



# KEEFE, BRUYETTE & WOODS

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Greetings:

This year marks a milestone for KBW as we proudly celebrate our 50<sup>th</sup> Anniversary. We are taking this opportunity to look back with great pride on our accomplishments and growth, and we are thankful for the confidence that our clients have in us. Our firm was founded on June 11, 1962, with eight employees and \$50,000 in equity capital. Today, we have nearly 500 employees, more than \$380 million in equity capital, and a global presence. KBW became a public company listed on the New York Stock Exchange on November 9, 2006, and now trades with a market capitalization in excess of \$500 million.

Over the past half century we have served our clients well, created a strong franchise, and built shareholder value. While our firm expanded over these years to include the full scope of the global financial services sector, our origins are deeply rooted in domestic banks. The banking industry has vastly changed over the past fifty years, experiencing significant asset growth and consolidation. Back in 1962, there were more than 13,000 commercial banks in the United States with \$296 billion in assets. By the end of 2011, there was nearly half the number of commercial banks in the United States with more than \$12.6 trillion in assets, about 42 times the amount of assets from fifty years ago. At year-end 1962, Bank of America NTSA was the largest bank in the United States and accounted for 5% of industry assets with \$13.4 billion in assets. In comparison, at year-end 2011, JPMorgan Chase was the largest bank in the United States with \$2.2 trillion in assets, representing 17% of industry assets. The top 10 banks controlled 23% of both the assets and deposits in 1962 versus 72% of the assets and 76% of the deposits at year-end 2011.

KBW has been at the epicenter of these changing industry conditions. Our firm has successfully weathered challenging market conditions, and evolved over the past five decades to become the leading specialist in the global financial services industry. KBW was dramatically impacted by the tragedies of September 11, 2001, as our headquarters in the World Trade Center were destroyed, and 67 employees, nearly half of our New York staff, perished. While we never forget the personal losses we suffered that day, we have been able to successfully rebuild and maintain our commitment to the business due to the incredible effort of our staff and the support of our clients.

As KBW celebrates this important year in our history, we acknowledge the hard work, and dedication of our employees and board members. We also thank our clients for their support, trust, and commitment over these fifty years. Please accept the enclosed poster as a token of our gratitude. Since KBW's origins are rooted in the U.S. banking industry, the poster tracks the performance of bank stock prices as well as key market, industry, and company events over the past fifty years.

While we have accomplished much since 1962, I am most excited by the opportunities that lie ahead for our firm. I am confident that our hard work, dedication, and commitment to our clients over the past fifty years make KBW well positioned to achieve even greater success over the next fifty years.

Thank you again for the relationship that you have with our firm.

Sincerely,

A handwritten signature in dark ink that reads "Thomas B. Michaud".

Thomas B. Michaud  
*President and Chief Executive Officer*