

The background of the slide features a grayscale image of classical architectural columns, likely from a government building or a financial institution, creating a sense of stability and tradition. The columns are arranged in a perspective that recedes into the distance.

3rd Quarter 2012
Financial Results Presentation

November 5, 2012

STIFEL
FINANCIAL

Disclaimer

Forward-Looking Statements

This presentation may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 that involve significant risks, assumptions, and uncertainties, including statements relating to the market opportunity and future business prospects of Stifel Financial Corp., as well as Stifel, Nicolaus & Company, Incorporated and its subsidiaries (collectively, “SF” or the “Company”). These statements can be identified by the use of the words “may,” “will,” “should,” “could,” “would,” “plan,” “potential,” “estimate,” “project,” “believe,” “intend,” “anticipate,” “expect,” and similar expressions. In particular, these statements may refer to our goals, intentions, and expectations, our business plans and growth strategies, our ability to integrate and manage our acquired businesses, estimates of our risks and future costs and benefits, and forecasted demographic and economic trends relating to our industry.

You should not place undue reliance on any forward-looking statements, which speak only as of the date they were made. We will not update these forward-looking statements, even though our situation may change in the future, unless we are obligated to do so under federal securities laws.

Actual results may differ materially and reported results should not be considered as an indication of future performance. Factors that could cause actual results to differ are included in the Company’s annual and quarterly reports and from time to time in other reports filed by the Company with the Securities and Exchange Commission and include, among other things, changes in general economic and business conditions, actions of competitors, regulatory and legal actions, changes in legislation, and technology changes.

Use of Non-GAAP Financial Measures

The company utilized non-GAAP calculations of presented net revenues, compensation and benefits, non-compensation operating expenses, income before income taxes, provision for income taxes, net income, compensation and non-compensation operating expense ratios, pre-tax margin and diluted earnings per share as an additional measure to aid in understanding and analyzing the company’s financial results for the nine months ended September 30, 2012. Specifically, the company believes that the non-GAAP measures provide useful information by excluding certain items that may not be indicative of the company’s core operating results and business outlook. The company believes that these non-GAAP measures will allow for a better evaluation of the operating performance of the business and facilitate a meaningful comparison of the company’s results in the current period to those in prior periods and future periods. Reference to these non-GAAP measures should not be considered as a substitute for results that are presented in a manner consistent with GAAP. These non-GAAP measures are provided to enhance investors’ overall understanding of the company’s financial performance.

Chairman's Comments

“I am pleased with our third quarter results, which included record net revenues, as well as with our record net revenues and net income for the first nine months of 2012. Our results highlight the soundness of our balanced business model, particularly against a challenging economic backdrop. In the quarter, both the Global Wealth Management and Institutional Group segments performed well. We continue to invest in businesses that expand our client services, and which we believe will return shareholder value. Opportunities drive our growth. Today's announcement of our merger with KBW furthers our goal of creating the premier middle-market investment bank with a specialized focus on the financial services industry.”



Financial Results

Stifel Financial Corp. Results

Three months ended September 30, 2012

	Three Months Ended				
	9/30/12 ⁽¹⁾	9/30/11	% Change	6/30/12	% Change
<i>(\$ in thousands, except per share amounts)</i>					
Net revenues	\$ 420,080	\$ 334,214	25.7%	\$ 374,407	12.2%
Compensation and benefits	267,652	210,573	27.1%	239,374	11.8%
Non-comp operating expenses	90,751	84,618	7.2%	91,159	(0.4%)
Total non-interest expenses	358,403	295,191	21.4%	330,533	8.4%
Income before income taxes	61,677	39,023	58.1%	43,874	40.6%
Provision for income taxes	23,967	16,719	43.4%	17,738	35.1%
Net income	\$ 37,710	\$ 22,304	69.1%	\$ 26,136	44.3%
<u>Earnings per share:</u>					
Diluted	\$ 0.60	\$ 0.35	71.4%	\$ 0.42	42.9%
<u>Weighted average number of shares outstanding:</u>					
Diluted	63,054	63,152	(0.2%)	62,678	0.6%
<u>Ratios to net revenues :</u>					
Compensation and benefits	63.7%	63.0%		63.9%	
Non-comp operating expenses	21.6%	25.3%		24.4%	
Income before income taxes	14.7%	11.7%		11.7%	

⁽¹⁾ Results for the three months ended September 30, 2012 include realized and unrealized gains on the Company's investment in Knight Capital Group Inc. of \$25.6 million. The after-tax impact was \$0.09 per diluted share.

Stifel Financial Corp. Results

Nine months ended September 30, 2012

	Nine Months Ended		
	9/30/12 ⁽¹⁾	9/30/11	% Change
<i>(\$ in thousands, except per share amounts)</i>			
Net revenues	\$ 1,194,820	\$ 1,059,684	12.8%
Compensation and benefits	761,730	671,678	13.4%
Non-comp operating expenses	268,285	294,424	(8.9%)
Total non-interest expenses	1,030,015	966,102	6.6%
Income before income taxes	164,805	93,582	76.1%
Provision for income taxes	66,186	36,464	81.5%
Net income	\$ 98,619	\$ 57,118	72.7%
<u>Earnings per share :</u>			
Diluted ⁽²⁾	\$ 1.57	\$ 0.90	74.4%
<u>Weighted average number of shares outstanding:</u>			
Diluted	62,817	63,174	(0.6%)
<u>Ratios to net revenues :</u>			
Compensation and benefits	63.8%	63.4%	
Non-comp operating expenses	22.4%	27.8%	
Income before income taxes	13.8%	8.8%	

⁽¹⁾ Results for the nine months ended September 30, 2012 include realized and unrealized gains on the Company's investment in Knight Capital Group, Inc. of \$25.6 million. The after-tax impact was \$0.09 per diluted share.

⁽²⁾ Results for the nine months ended September 30, 2011 include previously disclosed litigation-related charges and merger-related expenses of \$0.47 per diluted share after-tax.

Source of Revenues

(\$ in thousands)	Quarter Ended					Nine Months Ended		
	9/30/12	9/30/11	% Change	6/30/12	% Change	9/30/12	9/30/11	% Change
Commissions	\$ 127,966	\$ 143,243	(10.7%)	\$ 127,427	0.4%	\$ 378,696	\$ 437,344	(13.4%)
Principal transactions	102,979	76,650	34.3%	91,564	12.5%	310,776	249,250	24.7%
Capital raising	45,733	25,254	81.1%	40,733	12.3%	141,299	97,301	45.2%
Advisory	27,205	12,419	119.1%	26,630	2.2%	69,440	46,208	50.3%
Investment banking	72,938	37,673	93.6%	67,363	8.3%	210,739	143,509	46.8%
Asset mgt and service fees	62,881	58,253	7.9%	65,311	(3.7%)	189,010	172,914	9.3%
Other ⁽¹⁾	31,922	540	*	5,418	489.2%	50,634	11,352	346.0%
Total operating revenues	398,686	316,359	26.0%	357,083	11.7%	1,139,855	1,014,369	12.4%
Interest revenue	27,306	24,161	13.0%	27,181	0.5%	79,744	64,246	24.1%
Total revenues	425,992	340,520	25.1%	384,264	10.9%	1,219,599	1,078,615	13.1%
Interest expense	5,912	6,306	(6.2%)	9,857	(40.0%)	24,779	18,931	30.9%
Net revenues	\$ 420,080	\$ 334,214	25.7%	\$ 374,407	12.2%	\$ 1,194,820	\$ 1,059,684	12.8%

* Percentage not meaningful.

⁽¹⁾ Results for the three and nine months ended September 30, 2012 include \$25.6 million in realized and unrealized gains on the Company's investment in Knight Capital Group, Inc.

Brokerage Revenues

	Quarter Ended					Nine Months Ended		
	9/30/12	9/30/11	% Change	6/30/12	% Change	9/30/12	9/30/11	% Change
<i>(\$ in thousands)</i>								
Principal transactions:								
Taxable debt	\$ 55,908	\$ 41,871	33.5%	\$ 47,831	16.9%	\$ 165,172	\$ 136,310	21.2%
Municipal debt	24,412	19,335	26.3%	23,851	2.4%	70,089	57,722	21.4%
Equities	10,959	6,397	71.3%	8,463	29.5%	40,530	26,916	50.6%
Other	11,700	9,047	29.3%	11,419	2.5%	34,985	28,302	23.6%
Total principal transactions	\$ 102,979	\$ 76,650	34.3%	\$ 91,564	12.5%	\$ 310,776	\$ 249,250	24.7%
Commissions	127,966	143,243	(10.7%)	127,427	0.4%	378,696	437,344	(13.4%)
Total brokerage revenues	\$ 230,945	\$ 219,893	5.0%	\$ 218,991	5.5%	\$ 689,472	\$ 686,594	0.4%

Non-Interest Expenses

Three months ended September 30, 2012

(\$ in thousands)	Quarter Ended					% of Net revenues		
	9/30/12	9/30/11	% Change	6/30/12	% Change	9/30/12	9/30/11	6/30/12
Compensation and benefits	247,964	193,818	27.9%	219,004	13.2%	59.0%	58.0%	58.5%
Transitional pay ⁽¹⁾	19,688	16,755	17.5%	20,370	(3.3%)	4.7%	5.0%	5.4%
Total compensation and benefits	267,652	210,573	27.1%	239,374	11.8%	63.7%	63.0%	63.9%
Occupancy and equipment rental	33,061	30,914	6.9%	32,320	2.3%	7.9%	9.2%	8.6%
Communication and office supplies	19,976	18,838	6.0%	20,797	(3.9%)	4.8%	5.6%	5.6%
Commissions and floor brokerage	8,031	7,400	8.5%	7,747	3.7%	1.9%	2.2%	2.1%
Other operating expenses	29,683	27,466	8.1%	30,295	(2.0%)	7.1%	8.1%	8.1%
Total non-comp operating expenses	90,751	84,618	7.2%	91,159	(0.4%)	21.7%	25.3%	24.3%
Total non-interest expense	358,403	295,191	21.4%	330,533	8.4%	85.3%	88.3%	88.3%

⁽¹⁾ Transition pay includes amortization of upfront notes, signing bonuses and retention awards.

Non-Interest Expenses

Nine months ended September 30, 2012

<i>(\$ in thousands)</i>	Nine Months Ended			% of Net revenues	
	9/30/12	9/30/11	% Change	9/30/12	9/30/11
Compensation and benefits	703,300	618,556	13.7%	58.9%	58.5%
Transitional pay ⁽¹⁾	58,430	53,122	10.0%	4.9%	5.0%
Total compensation and benefits	761,730	671,678	13.4%	63.8%	63.4%
Occupancy and equipment rental	96,172	89,962	6.9%	8.0%	8.5%
Communication and office supplies	61,146	56,198	8.8%	5.1%	5.3%
Commissions and floor brokerage	23,390	20,943	11.7%	2.0%	2.0%
Other operating expenses ⁽²⁾	87,577	127,321	(31.2%)	7.3%	12.0%
Total non-comp operating expenses	268,285	294,424	(8.9%)	22.5%	27.8%
Total non-interest expense	1,030,015	966,102	6.6%	86.2%	91.2%

⁽¹⁾ Transition pay includes amortization of upfront notes, signing bonuses and retention awards.

⁽²⁾ Results for the nine months ended September 30, 2011 include litigation-related charges and merger-related expenses of \$29.4 million after-tax.

Segment Comparison

	Quarter Ended					Nine Months Ended		
	9/30/12	9/30/11	% Change	6/30/12	% Change	9/30/12	9/30/11	% Change
<i>(\$ in thousands)</i>								
Net revenues:								
Global Wealth Management	\$ 251,728	\$ 219,489	14.7%	\$ 240,029	4.9%	\$ 740,105	\$ 683,589	8.3%
Institutional Group ⁽¹⁾	169,679	113,259	49.8%	135,297	25.4%	453,480	373,168	21.5%
Other	(1,327)	1,457	(191.1%)	(919)	(44.4%)	1,235	2,927	(57.8%)
	\$ 420,080	\$ 334,205	25.7%	\$ 374,407	12.2%	\$ 1,194,820	\$ 1,059,684	12.8%
Operating contribution:								
Global Wealth Management	\$ 68,370	\$ 55,612	22.9%	\$ 61,353	11.4%	\$ 198,901	\$ 172,510	15.3%
Institutional Group ⁽¹⁾	33,427	9,152	265.2%	17,546	90.5%	74,677	52,496	42.3%
Other ⁽²⁾	(40,120)	(25,741)	55.9%	(35,025)	14.5%	(108,773)	(131,424)	(17.2%)
	\$ 61,677	\$ 39,023	58.1%	\$ 43,874	40.6%	\$ 164,805	\$ 93,582	76.1%

⁽¹⁾ Results for the three and nine months ended September 30, 2012 include \$25.6 million in realized and unrealized gains recognized on the Company's investment in Knight Capital Group, Inc.

⁽²⁾ Results for the nine months ended September 30, 2011 include litigation-related charges and merger-related expenses of \$47.5 million pre-tax.

Global Wealth Management

(\$ in thousands)	Quarter Ended					Nine Months Ended		
	9/30/12	9/30/11	% Change	6/30/12	% Change	9/30/12	9/30/11	% Change
Commissions	\$ 89,393	\$ 92,029	(2.9%)	\$ 88,423	1.1%	\$ 268,839	\$ 287,384	(6.5%)
Principal transactions	58,801	48,836	20.4%	55,628	5.7%	173,474	156,262	11.0%
Asset management & service fees	62,871	58,007	8.4%	65,169	(3.5%)	188,626	172,354	9.4%
Net interest	22,283	15,016	48.4%	18,233	22.2%	58,163	39,586	46.9%
Investment banking	13,347	3,737	257.2%	8,531	56.5%	34,348	16,460	108.7%
Other income	5,033	1,873	168.7%	4,045	24.4%	16,655	11,543	44.3%
Net revenues	251,728	219,498	14.7%	240,029	4.9%	740,105	683,589	8.3%
Compensation and benefits	146,882	128,244	14.5%	140,984	4.2%	431,623	403,782	6.9%
Non-comp operating expenses	36,476	35,642	2.3%	37,692	(3.2%)	109,581	107,297	2.1%
Total non-interest expenses	183,358	163,886	11.9%	178,676	2.6%	541,204	511,079	5.9%
Income before income taxes	\$ 68,370	\$ 55,612	22.9%	\$ 61,353	11.4%	\$ 198,901	\$ 172,510	15.3%
<i>Ratios to net revenues :</i>								
Compensation and benefits	58.3%	58.4%		58.7%		58.3%	59.1%	
Non-comp operating expenses	14.5%	16.3%		15.7%		14.8%	15.7%	
Income before income taxes	27.2%	25.3%		25.6%		26.9%	25.2%	

Stifel Bank & Trust

(an operating unit of GWM)

	For the Three Months Ended				
	9/30/12	9/30/11	% Change	6/30/12	% Change
<i>(in 000s, except percentages)</i>					
Net revenues	\$ 19,862	\$ 17,584	13.0	\$ 18,997	4.6
Income before income taxes	18,063	13,240	36.4	14,769	22.3

	As of			As of	
	9/30/12	9/30/11	% Change	6/30/12	% Change
Assets	\$ 3,228,021	\$ 2,311,371	39.7	\$ 3,058,971	5.5
Investment securities	2,133,494	1,470,812	45.1	1,849,622	15.3
Retained loans, net	746,120	567,341	31.5	709,079	5.2
Loans held for sale	209,358	114,452	82.9	117,166	78.7
Deposits	2,923,671	2,120,763	37.9	2,776,684	5.3
Allowance as a percentage of loans	0.85 %	0.67 %		0.88 %	
Non-performing assets as a percentage of total assets	0.07 %	0.08 %		0.08 %	

Institutional Group

	Quarter Ended					Nine Months Ended		
	9/30/12	9/30/11	% Change	6/30/12	% Change	9/30/12	9/30/11	% Change
<i>(\$ in thousands)</i>								
Commissions	\$ 38,574	\$ 51,214	(24.7%)	\$ 39,004	(1.1%)	\$ 109,858	\$ 149,960	(26.7%)
Principal transactions	44,178	27,815	58.8%	35,936	22.9%	137,302	92,988	47.7%
Investment banking	59,591	33,936	75.6%	58,832	1.3%	176,391	127,049	38.8%
Other ⁽¹⁾	27,336	294	*	1,525	*	29,929	3,171	*
Net revenues	169,679	113,259	49.8%	135,297	25.4%	453,480	373,168	21.5%
Compensation and benefits	104,913	74,813	40.2%	84,754	23.8%	283,691	234,006	21.2%
Non-comp operating expenses	31,339	29,294	7.0%	32,997	(5.0%)	95,112	86,666	9.7%
Total non-interest expenses	136,252	104,107	30.9%	117,751	15.7%	378,803	320,672	18.1%
Income before income taxes	\$ 33,427	\$ 9,152	265.2%	\$ 17,546	90.5%	\$ 74,677	\$ 52,496	42.3%
<i>Ratios to net revenues :</i>								
Compensation and benefits	61.8%	66.0%		62.6%		62.6%	62.7%	
Non-comp operating expenses	18.5%	25.9%		24.4%		20.9%	23.2%	
Income before income taxes	19.7%	8.1%		13.0%		16.5%	14.1%	

* Percentage not meaningful.

⁽¹⁾ Includes net interest and other income. Other income for the three and nine months ended September 30, 2012 includes \$25.6 million pre-tax in realized and unrealized gains recognized on the Company's investment in Knight Capital Group, Inc.

Institutional Group Revenues

(\$ in thousands)	Quarter Ended					Nine Months Ended		
	9/30/12	9/30/11	% Change	6/30/12	% Change	9/30/12	9/30/11	% Change
Institutional brokerage:								
Equity	\$ 37,956	\$ 47,185	(19.6%)	\$ 38,466	(1.3%)	\$ 120,594	\$ 141,278	(14.6%)
Fixed income	44,796	31,844	40.7%	36,474	22.8%	126,566	101,670	24.5%
	82,752	79,029	4.7%	74,940	10.4%	247,160	242,948	1.7%
Investment Banking:								
Capital raising								
Equity	17,527	16,382	7.0%	17,651	(0.7%)	66,728	67,386	(1.0%)
Fixed income	14,859	5,054	194.0%	14,551	2.1%	40,223	13,268	203.2%
	32,386	21,436	51.1%	32,202	0.6%	106,951	80,654	32.6%
Advisory fees	27,205	12,500	117.6%	26,630	2.2%	69,440	46,395	49.7%
Investment banking	59,591	33,936	75.6%	58,832	1.3%	176,391	127,049	38.8%
Other ⁽¹⁾	27,336	294	*	1,525	*	29,929	3,171	*
Total net revenue	\$ 169,679	\$ 113,259	49.8%	\$ 135,297	25.4%	\$ 453,480	\$ 373,168	21.5%

* Percentage not meaningful.

⁽¹⁾ Includes net interest and other income. Other income for the three and nine months ended September 30, 2012 includes \$25.6 million pre-tax in realized and unrealized gains recognized on the Company's investment in Knight Capital Group, Inc.



Financial Condition

Capital Structure

As of September 30, 2012

(in thousands, except ratios)

(\$ in thousands)

Total Assets	\$ 6,139,530
Stockholders' Equity	\$ 1,427,124
Debentures to Stifel Financial Capital Trusts II, III, & IV	\$ 82,500
6.70% Senior Notes due 2022	\$ 175,000
Total Capitalization	\$ 1,684,624

Ratios:

Debt to Equity ⁽¹⁾	18.0%
Leverage Ratio ⁽²⁾	3.6x
Equity Capitalization ⁽³⁾	4.3x

(1) Debt to equity ratio includes the debentures to Stifel Financial Capital Trusts (\$82.5m) and Senior Notes (\$175.0m) divided by stockholders' equity.

(2) Leverage ratio = total assets divided by total capitalization.

(3) Equity capitalization = total assets divided by stockholders' equity.

Other Financial Data

	As of			As of	
	9/30/12	9/30/11	% Change	6/30/12	% Change
Total assets (000s):					
Stifel Nicolaus & Stifel Financial	\$ 2,911,509	\$ 2,630,993	10.7%	\$ 3,079,564	(5.5%)
Stifel Bank	3,228,021	2,311,371	39.7%	3,058,971	5.5%
Total assets	\$ 6,139,530	\$ 4,942,364	24.2%	\$ 6,138,535	0.0%
Total shareholders' equity (000s):					
Stifel Nicolaus & Stifel Financial	\$ 1,176,935	\$ 1,086,832	8.3%	\$ 1,140,188	3.2%
Stifel Bank	250,189	174,919	43.0%	231,657	8.0%
Total shareholders' equity	\$ 1,427,124	\$ 1,261,751	13.1%	\$ 1,371,845	4.0%
Leverage ratio:					
Stifel Nicolaus & Stifel Financial	2.0	2.2	0.0%	2.2	10.0%
Stifel Bank	12.9	13.2	(2.5%)	13.2	0.0%
Total leverage ratio	3.6	3.7	(0.8%)	3.8	11.8%
Book value per share	\$ 26.62	\$ 24.48	8.7%	\$ 25.63	3.9%
Financial advisors ⁽¹⁾	2,042	1,961	4.1%	2,028	0.7%
Full-time associates	5,266	4,942	6.6%	5,196	1.3%
Locations	338	313	8.0%	332	1.8%
Total client assets (000s) ⁽²⁾	\$ 136,015,000	\$ 110,797,000	22.8%	\$ 131,026,000	3.8%

⁽¹⁾ Includes 154, 160 and 156 independent contractors as of September 30, 2012 and 2011 and June 30, 2012, respectively.

⁽²⁾ Includes money market and FDIC-insured balances. Prior period amounts have been adjusted to conform to the current period presentation.

Level 3 Assets

<i>(\$ in thousands)</i>	Carrying Value	
	9/30/12	12/31/11
Auction Rate Securities (ARS) ⁽¹⁾	\$ 162,761	\$ 181,801
Stifel Bank & Trust Investments	11,529	12,000
Trading Securities	3,471	3,742
Other Investments ⁽²⁾	36,717	37,033
Level 3 assets (excluding ARS)	51,717	52,775
Total Level 3 assets	\$ 214,478	\$ 234,576
<i>Percentage of Equity</i>	15.0%	18.0%
<i>Percentage of Equity (excluding ARS)</i>	3.6%	4.1%

⁽¹⁾ Includes \$84.1 million and \$66.9 million, respectively, of ARS held at Stifel Bank & Trust.

⁽²⁾ Includes \$30.0 million and \$30.2 million, respectively, of investments held by TWPG subsidiaries.



2012 Investments

2012 Legacy Business vs. Investments

2012 Investments include hiring 132 financial advisors and 65 fixed income sales and trading professionals YTD¹.

(\$ in thousands, except per share amounts)

	9M2012		
	Legacy ²	Investments	Total
Net revenues	1,165,461	29,359	1,194,820
Compensation and benefits	732,609	29,121	761,730
Non-compensation operating expenses	252,305	15,980	268,285
Total non-interest expenses	984,914	45,101	1,030,015
Income before income taxes	180,547	(15,742)	164,805
Provision for income taxes ³	72,508	(6,322)	66,186
Net income	108,039	(9,420)	98,619
Earnings per share	\$ 1.72	\$ (0.15)	\$ 1.57

	As Reported			
	Investments - 2012 Comparison			
	9m2012	Q3	Q2	Q1
	29,359	15,131	9,227	5,001
	29,121	11,603	10,013	7,505
	15,980	5,104	5,844	5,032
	45,101	16,707	15,857	12,537
	(15,742)	(1,576)	(6,630)	(7,536)
	(6,322)	(523)	(2,685)	(3,114)
	(9,420)	(1,053)	(3,945)	(4,422)
Earnings per share	\$ (0.15)	\$ (0.02)	\$ (0.06)	\$ (0.07)

Ratios to net revenues:

Compensation and benefits	62.9	63.8
Non-compensation operating expenses	21.6	22.5
Income before income taxes	15.5	13.8

¹As of October 31, 2012.

²Legacy revenues and expenses exclude new business and investments.

³Legacy provision for income taxes is calculated using the tax rate for the nine month period 2012 of 40.2%.



Q & A