

The background of the slide features a large, detailed sculpture of two bears in a physical struggle, known as the 'FORCES' statue by Harry Weber. The sculpture is rendered in a light, textured material, possibly stone or concrete, and is set against a backdrop of a cloudy sky. The word 'STIFEL' is overlaid on the upper left portion of the image in a dark blue, serif font.

STIFEL

4th Quarter & Full Year 2017
Financial Results Presentation
January 30, 2018

Stifel's "FORCES" statue by Harry Weber

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 certain non-GAAP calculations as additional measures to aid in understanding and analyzing the Company’s financial results for the three and twelve months ended December 31, 2017. 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 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 current financial performance. The non-GAAP financial information should be considered in addition to, not as a substitute for or as being superior to, operating income, cash flows, or other measures of financial performance prepared in accordance with GAAP. These non-GAAP measures primarily exclude expenses which management believes are, in some instances, non-recurring and not representative of ongoing business. Management has not included costs which they believe are duplicative in the analysis below.

A limitation of utilizing these non-GAAP measures is that the GAAP accounting effects of these charges do, in fact, reflect the underlying financial results of the Company’s business and these effects should not be ignored in evaluating and analyzing its financial results. Therefore, the Company believes that GAAP measures and the same respective non-GAAP measures of the Company’s financial performance should be considered together.

Highlights

Full Year 2017

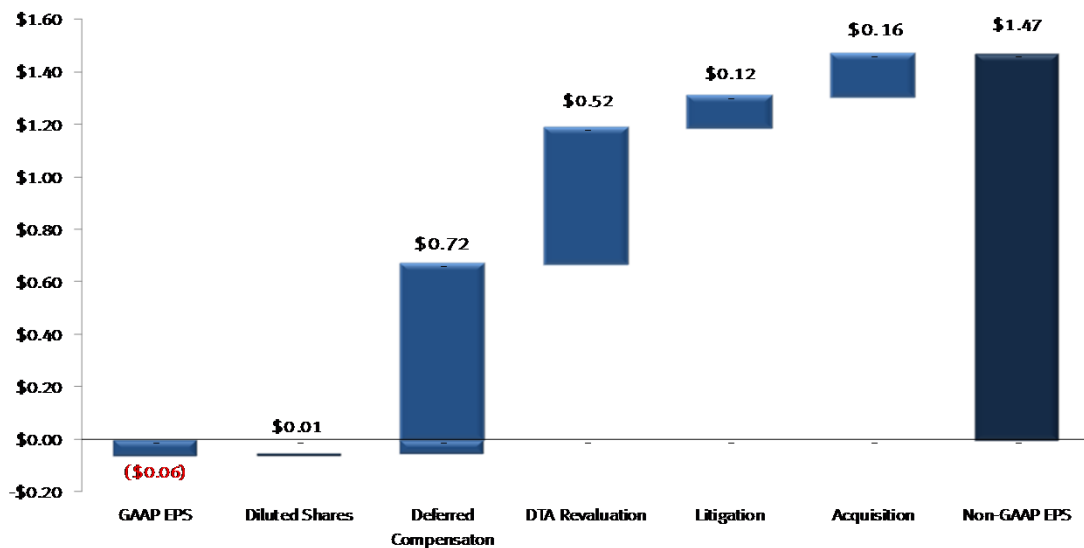
- 22nd Consecutive Year of Record Net Revenue of \$2.9 billion, up 14%
- Record Institutional Group Revenue of \$1.1 billion
 - Record Investment Banking Revenue of more than \$727 million, up 42%
 - Record Advisory Revenue of \$361 million
 - Record Capital Raising Revenue of \$366 million
- Record Global Wealth Management Revenue of \$1.8 billion, up 17%
- GAAP Pre-tax Margin of 9.2%
- Non-GAAP Pre-tax Margin of 17.1%
- Net Income Available to Common Shareholders of \$174 million or \$2.14 per Diluted Share.
- Record Non-GAAP Net Income Available to Common Shareholders of \$323 million or \$3.99 per Diluted Common Share.
- Payment of Regular Quarter Dividend of \$0.10 per Common Share
- Assets of \$21.4 billion
- Acquisition of Ziegler Wealth Management

Fourth Quarter 2017

- Record Net Revenue of \$804 million.
- Record Institutional Revenue of \$332 million
 - Record Investment Banking Revenue of \$233 million
 - Record Advisory revenue of \$123 million
 - Record Capital Raising revenue of \$110 million
- Record Global Wealth Management Revenue of \$474 million
- Non-GAAP Pre-tax Margin of 20.1%
- Record non-GAAP Net Income Available to Common Shareholders of \$121 million, or \$1.47 per Diluted Common Share.
- Bank NIM of 2.85% up 61 bps from 2016
- Record Client AUA of \$273 billion
- Record Fee-based Assets of \$88 billion
- Non-GAAP ROCE of 17.9%
- Non-GAAP ROTCE of 29.5%
- Raised Quarterly Dividend by 20% to \$0.12

Impact of Tax Reform

Impact of Tax Reform & Other Non-GAAP Charges on Quarterly Diluted EPS



- Recorded a \$101 million charge in 4Q17 as a result of the change in the tax code:
 - \$59 million was related to the acceleration of compensation expense (\$0.72)
 - \$42 million was related to the revaluation of our DTA (\$0.52)
- Settled last named litigation issue (\$0.12)
- Expect to generate \$70 million of cash savings as the result
- Estimate 2018 effective tax rate to be 25%-27%
- Expect lower tax rate to positively impact ROCE by 250-300 bps

Fourth Quarter Earnings Reconciliation	GAAP	Diluted Shares	Deferred Compensation	DTA Revaluation	Litigation	Acquisition	Non-GAAP
Net Revenue	\$804,084						\$804,084
Compensation Ratio	77.1%						60.0%
Non-compensation Ratio	23.0%						19.9%
Pre-Tax Margin	-0.1%						20.1%
Tax Rate	-142.4%						23.9%
Net Income to Common Shareholders	-\$4,332						\$120,625
EPS	-\$0.06						\$1.47
ROCE	-0.3%						17.9%
ROTCE	-0.5%						29.5%

2017 & Fourth Quarter Results

Financial Highlights (000s, except per share data)	Full Year Non-GAAP			Full Year U.S. GAAP	
	2017	2016	% Change	2017	2016
Net revenues	\$2,928,416	\$2,579,599	14%	\$2,926,432	\$2,575,496
Compensation ratio	61.2%	62.8%	-160 bps	66.9%	67.0%
Non-compensation ratio	21.7%	24.1%	-240 bps	23.9%	27.4%
Pre-tax operating margin	17.1%	13.1%	410 bps	9.2%	5.5%
Effective Tax Rate	33.6%	38.1%	-450 bps	38.1%	42.5%
Net income	\$332,758	\$189,611	75%	\$182,871	\$81,520
Preferred dividend	\$9,375	\$3,906	140%	\$9,375	\$3,906
Net income available to common shareholders	\$323,383	\$185,705	74%	\$173,496	\$77,614
Earnings per diluted share available to common shareholders	\$3.99	\$2.39	67%	\$2.14	\$1.00

Financial Highlights (000s, except per share data)	Three Months Ended Non-GAAP					Three Months Ended U.S. GAAP		
	4Q17	4Q16	% Change	3Q17	% Change	4Q17	4Q16	3Q17
Net revenues	\$804,085	\$661,392	22%	\$721,169	11%	\$804,085	\$661,391	\$721,169
Compensation ratio	60.0%	62.3%	-230 bps	61.1%	-110 bps	77.1%	63.6%	62.2%
Non-compensation ratio	19.9%	24.2%	-430 bps	21.1%	-220 bps	23.0%	28.1%	22.8%
Pre-tax operating margin	20.1%	13.5%	660 bps	16.8%	330 bps	-0.1%	8.3%	15.0%
Effective Tax Rate	23.9%	36.6%	-1270 bps	38.9%	-1500 bps	-142.4%	51.0%	38.5%
Net income	\$122,969	\$56,528	118%	\$73,949	66%	-\$1,988	\$26,880	\$66,536
Preferred dividend	\$2,344	\$2,343	0%	\$2,343	0%	\$2,344	\$2,343	\$2,343
Net income available to common shareholders	\$120,625	\$54,185	123%	\$71,606	68%	-\$4,332	\$24,537	\$64,193
Earnings per diluted share available to common shareholders	\$1.47	\$0.68	116%	\$0.89	65%	-\$0.06	\$0.31	\$0.79

Brokerage Revenue & Asset Management & Service Fees

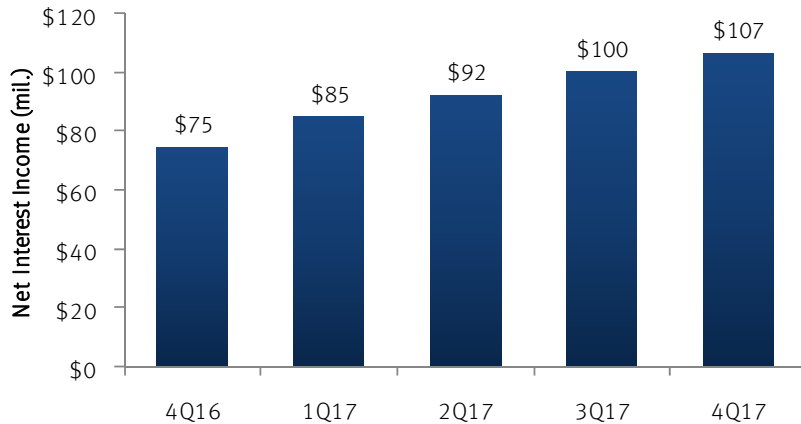
Brokerage Revenue (000s)	Three Months Ended					Full Year		
	4Q17	4Q16	% Change	3Q17	% Change	2017	2016	% Change
Global Wealth Management brokerage revenue	\$163,421	\$160,017	2%	\$158,334	3%	\$661,334	\$670,635	-1%
Institutional brokerage:								
Equity Capital Markets	49,628	64,007	-22%	45,209	10%	199,526	232,292	-14%
Fixed Income Capital Markets	52,961	65,712	-19%	46,079	15%	214,870	302,491	-29%
Total Institutional brokerage	102,589	129,719	-21%	91,288	12%	414,396	534,783	-23%
Total Brokerage Revenue	\$266,010	\$289,736	-8%	\$249,622	7%	\$1,075,730	\$1,205,418	-11%
Asset Management & Service Fees:								
(000s)								
Asset Management & Service Fees	\$186,563	\$149,484	25%	\$179,848	4%	\$702,064	\$582,789	20%
(000s)								
Global Wealth Management Revenue & Fees	\$349,984	\$309,501	13%	\$338,182	3%	\$1,363,398	\$1,253,424	9%

Investment Banking Revenue

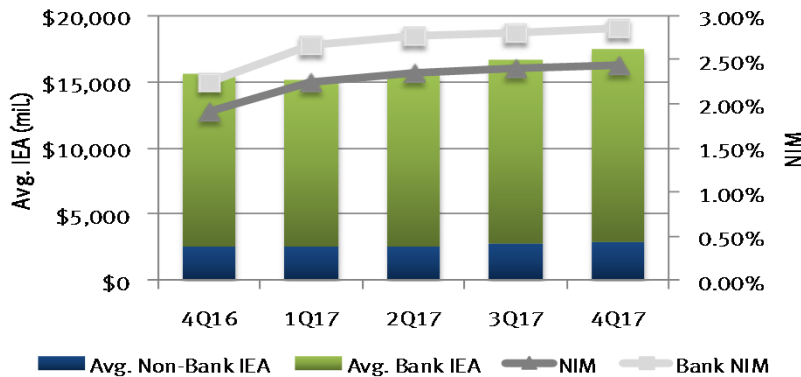
Investment banking: (000s)	Three Months Ended					Full Year		
	4Q17	4Q16	% Change	3Q17	% Change	2017	2016	% Change
Capital raising:								
Global Wealth Management revenue	\$8,899	\$12,064	-26%	\$9,072	-2%	\$40,466	\$42,187	-4%
Equity Capital Markets	57,800	36,714	57%	43,277	34%	182,728	103,443	77%
Fixed Income Capital Markets	42,820	30,235	42%	27,573	55%	142,963	110,766	29%
Total capital raising	109,519	79,013	39%	79,922	37%	366,157	256,396	43%
Advisory fees	123,227	55,439	122%	101,982	21%	360,606	256,637	41%
Total investment banking revenue	\$232,746	\$134,452	73%	\$181,904	28%	\$726,763	\$513,033	42%

Net Interest Income

Net Interest Income Growth



Net Interest Income Drivers



Average Yields on Balance Sheet

	4Q17	4Q16	% Change	3Q'17	% Change
Assets:					
Bank loans	3.27%	2.88%	39 bps	3.27%	0 bps
<i>Commercial</i>	3.86%	3.76%	10 bps	3.96%	-10 bps
<i>Securities based</i>	3.19%	2.36%	83 bps	3.09%	10 bps
<i>Mortgage</i>	2.73%	2.56%	17 bps	2.66%	7 bps
Margin loans	3.26%	3.20%	6 bps	3.20%	6 bps
Bank investments	2.82%	2.43%	38 bps	2.78%	4 bps
Average Assets	2.89%	2.35%	69 bps	2.82%	6 bps
Liabilities:					
Deposits	0.13%	0.06%	7 bps	0.15%	-2 bps
Senior notes	4.29%	4.07%	22 bps	4.07%	22 bps
Short-term borrowings	1.28%	1.19%	9 bps	0.63%	65 bps
Average Liabilities	0.45%	0.44%	16 bps	0.42%	3 bps
Net interest margin	2.44%	1.91%	53 bps	2.40%	4 bps

*Yields for Average Assets & Liabilities include the impact of Financial Instruments Owned, Stock Loan, Stifel Capital Trusts, and Other.

**Net interest margin in historical periods reflect impact of reverse repos

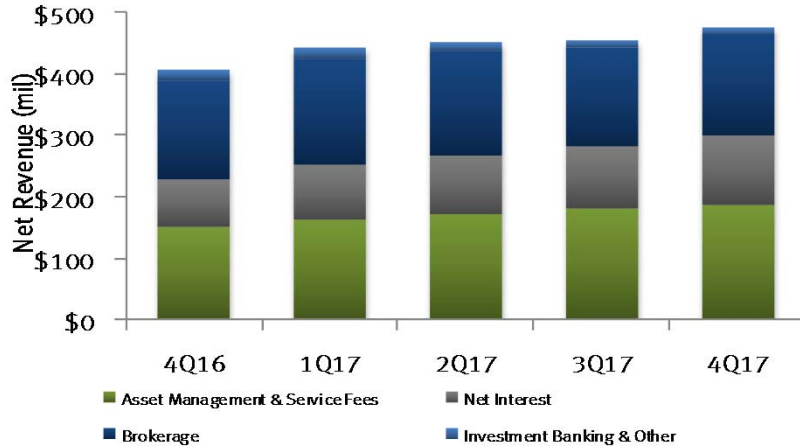


Segment Results

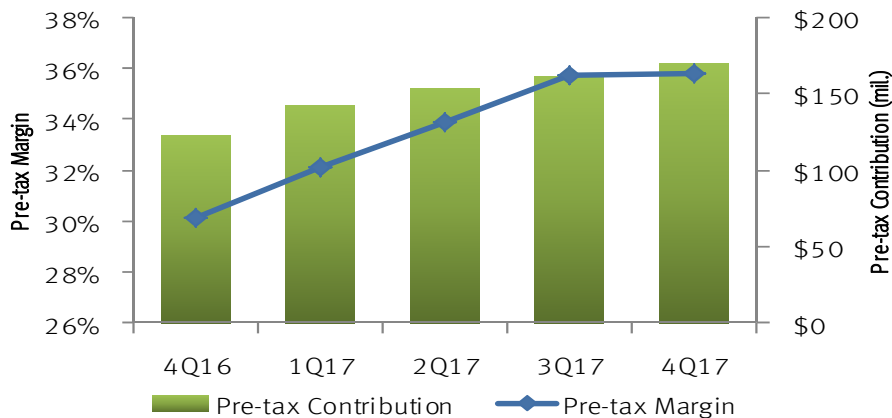
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Global Wealth Management

GWM Net Revenue



GWM Pre-tax Margin & Contribution



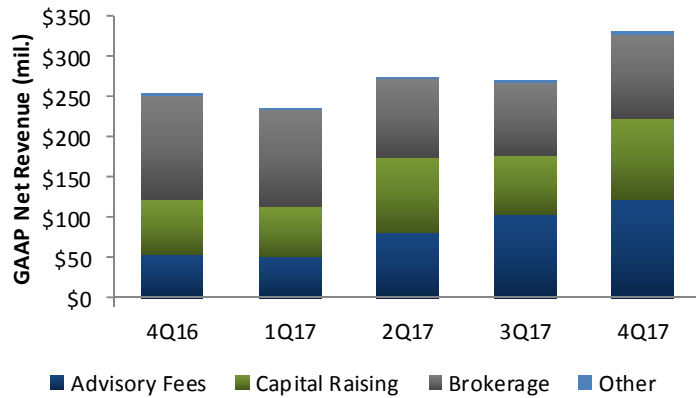
<i>millions</i>	4Q17	Y/Y Change	Sequential Change	2017	Y/Y Change
Global Wealth Management Revenue					
Commissions	\$118	3%	3%	\$475	-3%
Principal Transactions	\$45	0%	5%	\$187	4%
Brokerage	\$163	2%	3%	\$662	-1%
Asset Management & Service Fees	\$186	24%	4%	\$702	21%
Net Interest	\$112	43%	9%	\$400	61%
Investment Banking	\$9	-26%	-2%	\$40	-4%
Other	\$3	-55%	-13%	\$18	-9%
Total Global Wealth Management Net Revenue	\$474	16%	5%	\$1,822	17%
Comp. Ratio	48.9%	-400 bps	-20 bps	50.0%	-570 bps
Non-Comp. Ratio	15.3%	-170 bps	10 bps	15.6%	-120 bps
Pre-tax Margin	35.8%	570 bps	10 bps	34.4%	690 bps
Financial Advisors	2,244	-2%	-0.4%		
Client AUA	\$273	15%	3%		
Fee-based Client Assets	\$88	25%	6%		

Stifel Bank & Trust

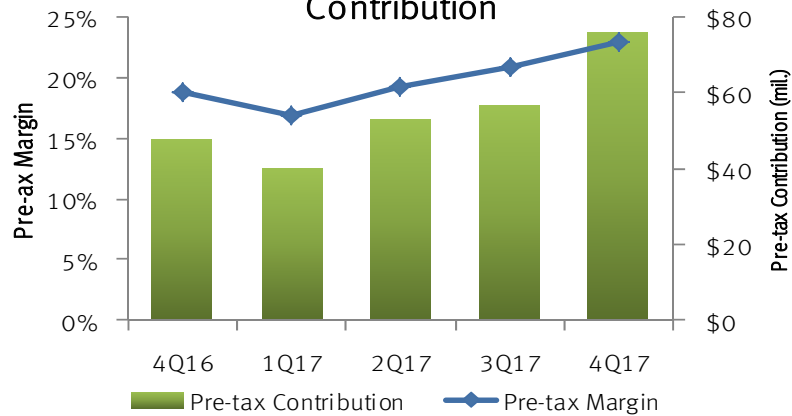
(mil. except for %'s)	4Q17	4Q16	% Change	3Q17	% Change
Assets:					
Investments	\$7,461	\$6,209	20%	\$7,238	3%
Mortgage Loans	2,594	2,161	20%	2,518	3%
Commercial Loans	2,438	1,710	43%	2,380	2%
Securities Based Loans	1,819	1,614	13%	1,840	-1%
Total Loans, net	\$6,948	\$5,591	24%	\$6,783	2%
Loans Held for Sale	226	229	-1%	166	36%
Total Assets	\$14,996	\$12,798	17%	\$14,539	3%
Liabilities:					
Deposits	\$13,412	\$11,527	16%	\$12,884	4%
Credit Metrics					
Non-performing assets (\$s)	27	27	0%	22	22%
Non-performing assets (%s)	0.18%	0.21%	-3 bps	0.15%	3 bps
Allowance as a percentage of loans	0.96%	0.81%	15 bps	0.92%	4 bps
Net Interest Margin	2.85%	2.24%	61 bps	2.80%	5 bps

Institutional Group

Institutional Group Net Revenue



Institutional Group Pre-tax Margin & Contribution



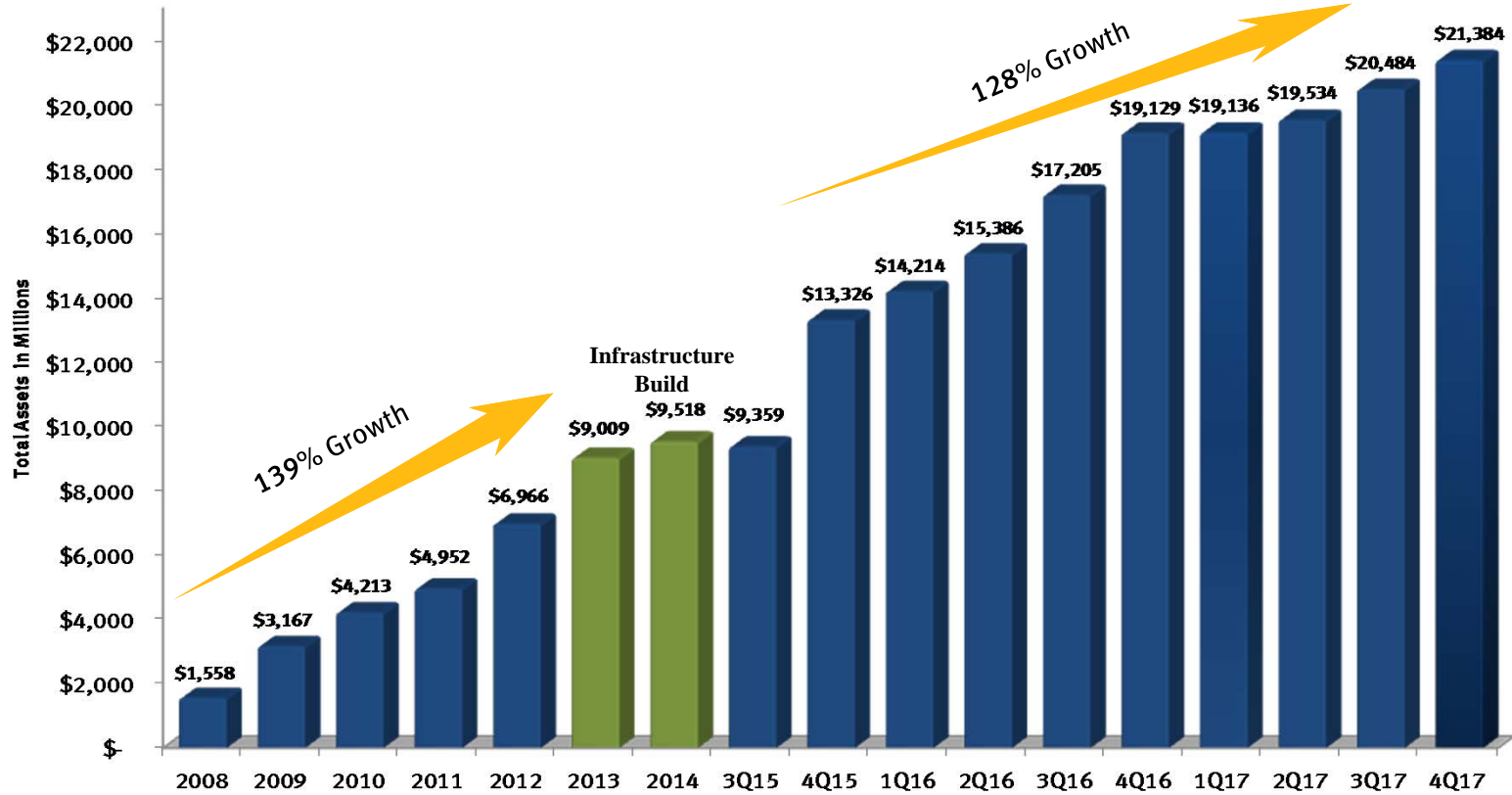
	4Q17	Y/Y Change	Sequential Change	2017	Y/Y Change
<i>millions</i>					
Institutional Revenue					
<i>Equity</i>					
Advisory	\$118	129%	20%	\$345	41%
Underwriting	\$58	57%	30%	\$183	77%
Brokerage	\$50	-23%	10%	\$200	-14%
Total Equity Capital Markets Revenue	\$226	49%	21%	\$729	25%
<i>Fixed Income</i>					
Advisory	\$5	31%	-34%	\$16	34%
Underwriting	\$43	42%	55%	\$143	29%
Brokerage	\$53	-19%	15%	\$215	-29%
Total Fixed Income Capital Markets Revenue	\$106	5%	29%	\$382	-12%
Total Institutional Group Net Revenue	\$332	31%	26%	\$1,111	10%
Comp. Ratio	59.7%	200 bps	-30 bps	59.9%	-10 bps
Non-Comp. Ratio	18.2%	-530 bps	-230 bps	20.5%	-330 bps
Pre-tax Margin	22.1%	330 bps	260 bps	19.6%	340 bps



Balance Sheet

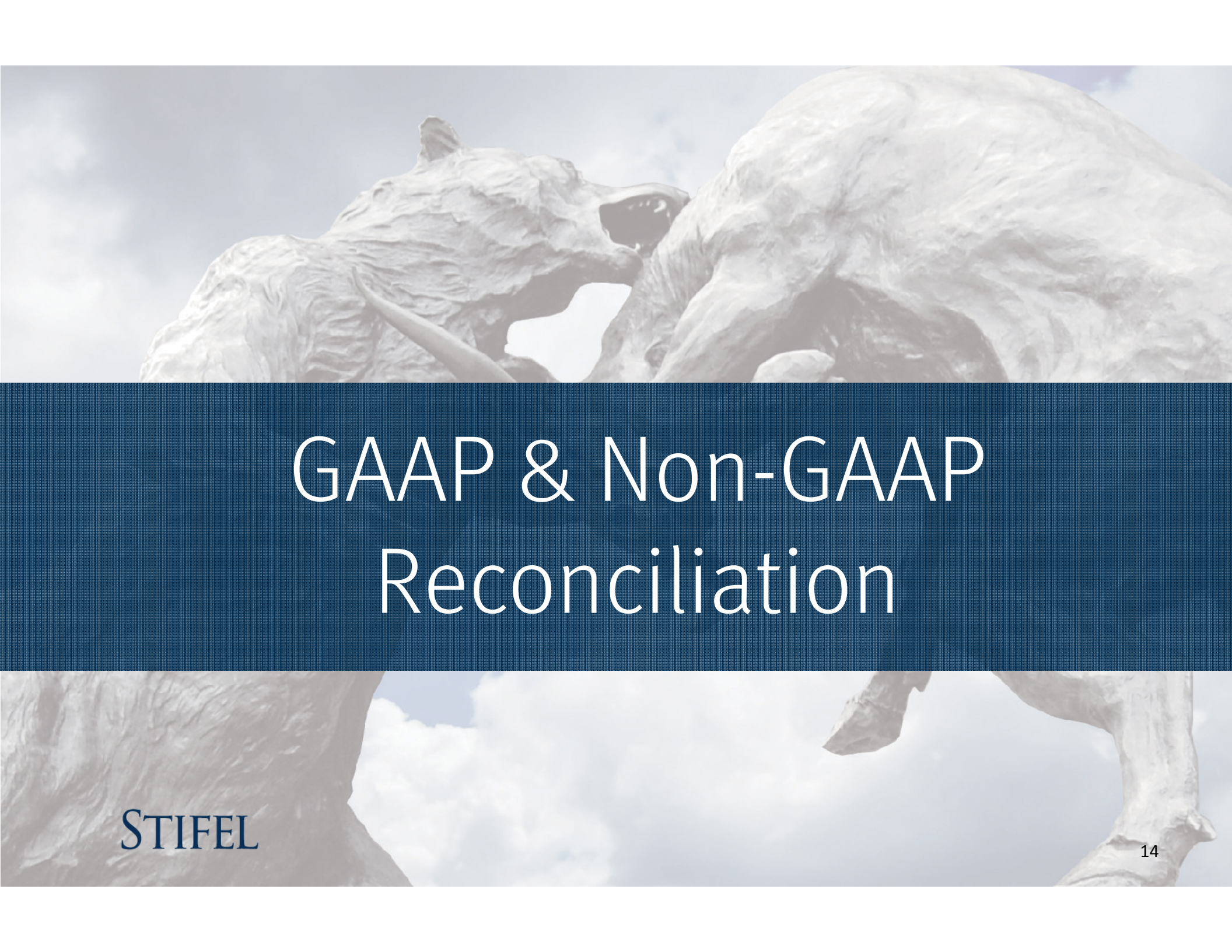
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Balance Sheet



	2008	2009	2010	2011	2012	2013	2014	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17
Tier 1 Leverage	32.3%	30.5%	25.6%	21.4%	17.7%	15.4%	16.5%	16.4%	16.6%	11.6%	11.5%	11.8%	10.2%	10.1%	10.3%	10.4%	9.5%
Tier 1 Risk Based Capital	49.4%	40.5%	29.1%	27.4%	26.8%	26.7%	25.0%	29.4%	26.3%	21.3%	20.9%	22.0%	20.3%	20.8%	20.5%	20.5%	19.0%
Risk Weighting Assets Density	64.9%	56.2%	67.3%	62.7%	57.0%	50.7%	58.2%	52.0%	46.6%	49.0%	49.1%	46.2%	46.5%	45.5%	47.2%	46.9%	46.9%

* 4Q17 Capital ratios are estimated



GAAP & Non-GAAP Reconciliation

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GAAP to Non-GAAP Reconciliation

Three months ended December 31, 2017

GAAP Results (000s)	Three months ended 12/31/17
Total GAAP Compensation & benefits expense	\$620,256
GAAP comp. ratio	77.1%
Total GAAP non-compensation expense	\$184,649
GAAP non-comp. ratio	23.0%
GAAP pre-tax margin	-0.1%

Adjusted Non-GAAP Results (000s)	Three months ended 12/31/17
Total Adjusted Non-GAAP Compensation & benefits expense	\$482,776
Adjusted Non-GAAP comp. ratio	60.0%
Total adjusted Non-GAAP non-compensation expense	\$159,764
Adjusted Non-GAAP non-comp. ratio	19.9%
Adjusted Non-GAAP pre-tax margin	20.1%

GAAP to Non-GAAP Reconciliation for Fourth Quarter 2017 (000s)	12/31/17
GAAP Net Income	(\$1,988)
Preferred Dividend	2,344
Net Income available to common Shareholders	(\$4,332)
Non-GAAP After Tax Adjustments	
Tax Reform	101,290
Acquisition-Related	13,771
Litigation-Related	9,896
Total Non-GAAP Adjustments	124,957
Non-GAAP Net Income Available to Common Shareholders	\$120,625

Please refer to our fourth quarter and full year 2017 financial results press release for our full year GAAP to non-GAAP reconciliation table.



Progress Update

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10 Years of Substantial Growth

Revenue	2017	% of Revenue	2007	% of Revenue	Change
Income Statement					
Total net revenue	\$2,928		\$763		284%
Brokerage	\$1,076	37%	\$455	60%	137%
Global Wealth Management	\$661	23%	\$281	37%	135%
Institutional Equities	\$200	7%	\$120	16%	66%
Institutional Fixed Income	\$215	7%	\$56	7%	283%
Investment Banking	\$727	25%	\$170	22%	328%
Advisory	\$361	12%	\$72	9%	404%
Capital Raising	\$366	13%	\$98	13%	274%
Asset Management & Service Fees	\$702	24%	\$102	13%	591%
Net Interest	\$384	13%	\$29	4%	1223%
Other	\$39	1%	\$8	1%	388%
Global Wealth Management net revenue	\$1,822	62%	\$436	57%	318%
Institutional net revenue	\$1,111	38%	\$306	40%	263%
Other	-\$5	0%	\$20	3%	-125%

Ratios & Metrics	2017	2007	Change
Expense Ratios*			
Total comp. ratio	61.2%	64.7%	-350 bps
Total non-comp. ratio	21.7%	20.8%	90 bps
Pre-tax margin*	17.1%	14.5%	260 bps
Net Income to common Shareholders* (mil.)	\$323	\$67	382%
Metrics			
Total assets (mil.)	\$21,384	\$1,490	1336%
Total common equity (mil.)	\$2,712	\$425	539%
Leverage Ratio	8x	4x	
Total Client AUA (mil.)	\$273,000	\$59,299	360%
Total Financial Advisors	2,244	966	132%
Locations	391	175	123%
Share Price**	\$66.25	\$23.36	184%
Market Capitalization (mil.)**	\$4,500	\$817	451%

*Non-GAAP Results

** Share Price and Market Capitalization as of 1/24/2018, FactSet



Q&A

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