

# *Stifel Financial Corp.* **NEWS**

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## **For Immediate Release**

**Stifel Financial Corp. Reports  
Record Quarter Revenues and Net Income  
Revenues Increased 58%  
Net Income up 852%  
Return on Equity Reached 26%**

**St. Louis, Missouri, May 5, 2004** - Stifel Financial Corp. (NYSE: "SF") today reported unaudited record quarterly net income of \$6.9 million, or \$0.76 per diluted share, on record net revenues of \$67.5 million for the quarter ended March 31, 2004, compared to a net income of \$722,000, or \$0.09 per diluted share, on net revenues of \$42.7 million for the comparable quarter of 2003. Net income for the three-month period ended March 31, 2004 included a \$1.0 million tax benefit, or \$0.11 per diluted share, resulting from the settlement of a state tax matter covering a number of tax years.

At March 31, 2003, the Company's equity was \$114.6 million, resulting in book value per share of \$15.55. Annualized return on average equity was 26% for the quarter ended March 31, 2004. During the first quarter of 2004, the Company repurchased 29,517 shares, under existing Board authorization, at an average cost of \$19.35 per share.

Chairman and Chief Executive Officer, Ronald J. Kruszewski, commented, "We are pleased to report record quarterly results, which underscore our commitment to top-line revenue growth and prudent expense management. The quarter ending March 2004 marks a twelve-month period of favorable market conditions. For the trailing year ending March 31, 2004, Stifel Financial recorded total revenue of \$246 million and net income of \$21.2 million, up over 30% and 1000%, respectively, over the comparable prior twelve months. Earnings per diluted share totaled \$2.47, pre-tax profit margins were 14%, and return on average equity equaled 23%, again for the year ending March 31, 2004."

Kruszewski continued, "We believe our outstanding first quarter and the trailing twelve-month results underscore the earnings power of our Company. Looking forward, while mindful that market conditions can change quickly, we believe our "*Of Choice*" strategy provides the platform for continued growth for our Company."

## **First Quarter Discussion**

Net revenues for the quarter increased 58% to \$67.5 million from \$42.7 million in the prior year first quarter, and increased 9% from the fourth quarter of 2003. Commission and principal transaction revenues increased 51% to \$39.3 million from \$26.1 million in the same period last year and increased 8% from the fourth quarter of 2003. Investment banking revenues increased 98% to \$17.0 million in the first quarter of 2004 from \$8.6 million in the prior year first quarter, and 14% from the fourth quarter of 2003. Asset management and service fees increased 38% to \$8.6 million from \$6.2 million in the first quarter of 2003 and increased 12% from the preceding fourth quarter of 2003. Net interest increased 6% to \$1.9 million from \$1.8 million in the prior year first quarter, and 6% from the fourth quarter of 2003.

Total non-interest expenses in the 2004 first quarter were \$57.7 million, up 39% from \$41.5 million in the same period of 2003, and increased 14% from the fourth quarter of 2003. Employee compensation and benefits increased 52% to \$45.1 million from \$29.7 million in the prior year first quarter and 23% from the fourth quarter of 2003. As a percentage of net revenues, compensation totaled 66.9% in the first quarter of 2004, 69.5% in the 2003 comparable quarter, and 59.6% in the fourth quarter of 2003. A portion of compensation and benefits includes transition pay in connection with the Company's expansion efforts. Excluding these expenses, compensation as a percentage of net revenues totaled 63.5% in the first quarter of 2003, 64.5% in the 2003 comparable quarter, and 56.3% in the fourth quarter of 2003. Excluding compensation and benefits, non-interest expenses increased 6% from the prior year first quarter and decreased 9% from the fourth quarter of 2003.

### **Business Segment Results for the Three Months Ended March 31, 2003:**

- Private Client Group ("PCG") net revenues for the first quarter of 2004 were \$52.3 million, an increase of 58% from the first quarter of 2003, and up 16% from the fourth quarter of 2003. PCG recorded an operating contribution of \$14.4 million, a 242% increase from the first quarter of 2003, and a 37% increase from the 2003 fourth quarter.
- Equity Capital Markets ("ECM") recorded net revenues of \$10.9 million, up 93% over the same quarter last year and up 5% from the fourth quarter of 2003. ECM operating contribution totaled \$3.6 million, a 473% increase from the first quarter of 2003 and a 21% decrease from the fourth quarter of 2003. The Company lead or co-managed 22 equity, debt, closed end funds, or trust preferred offerings during the first quarter 2004, compared to 7 in the same period one year earlier and 18 during the fourth quarter 2003.
- Fixed Income Capital Markets ("FICM") posted net revenues of \$3.9 million, an increase of 1% from the prior year first quarter and down 27% from the previous quarter. During the 2004 first quarter, FICM recorded an operating contribution of \$353,000, compared to an operating contribution of \$973,000 in the first quarter of 2003 and \$1.9 million from the 2003 fourth quarter. The FICM senior or co-managed 43 offerings during the first quarter 2004, compared to 38 offerings in the same period one year earlier and 47 offerings during the fourth quarter 2003.

### **Conference Call Information**

Stifel Financial Corp. will hold a conference call tomorrow, Thursday, May 6, 2004, at 4:15 p.m. EST. This call will be Webcast and can be accessed on the Investor Relations portion of the Stifel Financial Corp. website at [www.stifel.com](http://www.stifel.com), as well as on all sites within CCBN's Investor Distribution Network. To participate on the call, please dial 888-676-3684 and request the Stifel Financial Corp. earnings call.

### **Company Information**

Stifel Financial Corp. is a financial services holding company whose subsidiaries are engaged in general securities brokerage, investment banking, and money management with 86 locations in 16 states, primarily in the Midwest. To learn more about Stifel, please visit the Company's web site at [www.stifel.com](http://www.stifel.com).

Statements in this news release contain forward-looking statements within the meaning of federal securities laws. Actual results are subject to risks and uncertainties, including both those specific to the Company and those specific to the industry, which could cause results to differ materially from those contemplated. The risks and uncertainties include, but are not limited to, general economic conditions, actions of competitors, regulatory actions, changes in legislation, and technology changes. Undue reliance should not be placed on the forward-looking statements, which speak only as of the date of this news release. The Company does not undertake any obligation to publicly update any forward-looking statements.

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(Tables attached)

**Stifel Financial Corp.**  
**Summary of Results of Operations (Unaudited)**  
(In Thousands, Except Per Share Amounts)

|                                    | Three Months Ended |                      |                 |                      |               |                      | Amount Change From |                 | Percent Change From |             |
|------------------------------------|--------------------|----------------------|-----------------|----------------------|---------------|----------------------|--------------------|-----------------|---------------------|-------------|
|                                    | 3/31/04            | % of Net<br>Revenues | 12/31/03        | % of Net<br>Revenues | 3/31/03       | % of Net<br>Revenues | 12/31/03           | 3/31/03         | 12/31/03            | 3/31/03     |
|                                    | <b>Revenues</b>    |                      |                 |                      |               |                      |                    |                 |                     |             |
| Commissions                        | \$ 27,034          | 40%                  | \$ 24,386       | 40%                  | \$ 16,235     | 38%                  | \$ 2,648           | \$ 10,799       | 11%                 | 67%         |
| Principal transactions             | 12,243             | 18%                  | 11,869          | 19%                  | 9,816         | 23%                  | 374                | 2,427           | 3%                  | 25%         |
| Investment banking                 | 16,986             | 25%                  | 14,952          | 24%                  | 8,587         | 20%                  | 2,034              | 8,399           | 14%                 | 98%         |
| Asset management and service fees  | 8,630              | 13%                  | 7,722           | 13%                  | 6,242         | 15%                  | 908                | 2,388           | 12%                 | 38%         |
| Other                              | 644                | 1%                   | 861             | 1%                   | 51            | 0%                   | (217)              | 593             | -25%                | 1163%       |
| <b>Total operating revenues</b>    | <b>65,537</b>      | <b>97%</b>           | <b>59,790</b>   | <b>97%</b>           | <b>40,931</b> | <b>96%</b>           | <b>5,747</b>       | <b>24,606</b>   | <b>10%</b>          | <b>60%</b>  |
| Interest revenue                   | 2,998              | 4%                   | 3,004           | 5%                   | 3,165         | 7%                   | (6)                | (167)           | 0%                  | -5%         |
| <b>Total revenues</b>              | <b>68,535</b>      | <b>102%</b>          | <b>62,794</b>   | <b>102%</b>          | <b>44,096</b> | <b>103%</b>          | <b>5,741</b>       | <b>24,439</b>   | <b>9%</b>           | <b>55%</b>  |
| Less: Interest expense             | 1,085              | 2%                   | 1,192           | 2%                   | 1,363         | 3%                   | (107)              | (278)           | -9%                 | -20%        |
| <b>Net revenues</b>                | <b>67,450</b>      | <b>100%</b>          | <b>61,602</b>   | <b>100%</b>          | <b>42,733</b> | <b>100%</b>          | <b>5,848</b>       | <b>24,717</b>   | <b>9%</b>           | <b>58%</b>  |
| <b>Non-Interest Expenses</b>       |                    |                      |                 |                      |               |                      |                    |                 |                     |             |
| Employee compensation and benefits | 45,124             | 67%                  | 36,704          | 60%                  | 29,689        | 69%                  | 8,420              | 15,435          | 23%                 | 52%         |
| Occupancy and equipment rental     | 4,973              | 7%                   | 4,989           | 8%                   | 4,767         | 11%                  | (16)               | 206             | 0%                  | 4%          |
| Communication and office supplies  | 2,547              | 4%                   | 2,725           | 4%                   | 2,757         | 6%                   | (178)              | (210)           | -7%                 | -8%         |
| Commissions and floor brokerage    | 804                | 1%                   | 893             | 1%                   | 689           | 2%                   | (89)               | 115             | -10%                | 17%         |
| Other operating expenses           | 4,202              | 6%                   | 5,193           | 8%                   | 3,626         | 8%                   | (991)              | 576             | -19%                | 16%         |
| <b>Total non-interest expenses</b> | <b>57,650</b>      | <b>85%</b>           | <b>50,504</b>   | <b>82%</b>           | <b>41,528</b> | <b>97%</b>           | <b>7,146</b>       | <b>16,122</b>   | <b>14%</b>          | <b>39%</b>  |
| <b>Income before income taxes</b>  | <b>9,800</b>       | <b>15%</b>           | <b>11,098</b>   | <b>18%</b>           | <b>1,205</b>  | <b>3%</b>            | <b>(1,298)</b>     | <b>8,595</b>    | <b>-12%</b>         | <b>713%</b> |
| Provision for income taxes         | 2,926              | 4%                   | 4,435           | 7%                   | 483           | 1%                   | (1,509)            | 2,443           | -34%                | 506%        |
| <b>Net income</b>                  | <b>\$ 6,874</b>    | <b>10%</b>           | <b>\$ 6,663</b> | <b>11%</b>           | <b>\$ 722</b> | <b>2%</b>            | <b>\$ 211</b>      | <b>\$ 6,152</b> | <b>3%</b>           | <b>852%</b> |

**Per Share Information**

|  | Three Months Ended         |          |         | Amount Change From |          | Percent Change From |         |
|--|----------------------------|----------|---------|--------------------|----------|---------------------|---------|
|  | 3/31/04                    | 12/31/03 | 3/31/03 | 12/31/03           | 03/31/03 | 12/31/03            | 3/31/03 |
|  | <b>Earnings Per Share:</b> |          |         |                    |          |                     |         |
| Basic  | \$ 0.95                    | \$ 0.96  | \$ 0.10 | \$ (0.01)          | \$ 0.85  | -1%                 | 850%    |
| Diluted  | \$ 0.76                    | \$ 0.78  | \$ 0.09 | \$ (0.02)          | \$ 0.67  | -3%                 | 744%    |
| <b>Number of Shares for Earnings Per Share Computations:</b> |                            |          |         |                    |          |                     |         |
| Basic shares   | 7,209                      | 6,925    | 6,904   | 284                | 304      | 4%                  | 4%      |
| Diluted shares   | 9,016                      | 8,538    | 7,953   | 479                | 1,063    | 6%                  | 13%     |

Note: Certain prior period amounts have been reclassified to conform to the current period presentation.

# Stifel Financial Corp.

## Summary of Segment Data & Statistical Information (Unaudited) (\$ In Thousands, Except Per Share Amounts)

### Segment Data

|                                   | Three Months Ended |                  |                  | Amount Change From |                  | Percent Change From |             |
|-----------------------------------|--------------------|------------------|------------------|--------------------|------------------|---------------------|-------------|
|                                   | 3/31/04            | 12/31/03         | 3/31/03          | 12/31/03           | 3/31/03          | 12/31/03            | 3/31/03     |
| <b>Net Revenues</b>               |                    |                  |                  |                    |                  |                     |             |
| Private client                    | \$ 52,313          | \$ 45,109        | \$ 33,102        | \$ 7,204           | \$ 19,211        | 16%                 | 58%         |
| Equity capital markets            | 10,854             | 10,351           | 5,613            | 503                | 5,241            | 5%                  | 93%         |
| Fixed income capital markets      | 3,883              | 5,286            | 3,844            | (1,403)            | 39               | -27%                | 1%          |
| Other                             | 400                | 856              | 174              | (456)              | 226              | -53%                | 130%        |
| <b>Total net revenues</b>         | <b>\$ 67,450</b>   | <b>\$ 61,602</b> | <b>\$ 42,733</b> | <b>\$ 5,848</b>    | <b>\$ 24,717</b> | <b>9%</b>           | <b>58%</b>  |
| <b>Operating Contribution</b>     |                    |                  |                  |                    |                  |                     |             |
| Private client                    | \$ 14,360          | \$ 10,453        | \$ 4,202         | \$ 3,907           | \$ 10,158        | 37%                 | 242%        |
| Equity capital markets            | 3,567              | 4,524            | 623              | (957)              | 2,944            | -21%                | 473%        |
| Fixed income capital markets      | 353                | 1,878            | 973              | (1,525)            | (620)            | -81%                | -64%        |
| Other / unallocated overhead      | (8,480)            | (5,757)          | (4,593)          | (2,723)            | (3,887)          | n/a                 | n/a         |
| <b>Income before income taxes</b> | <b>\$ 9,800</b>    | <b>\$ 11,098</b> | <b>\$ 1,205</b>  | <b>\$ (1,298)</b>  | <b>\$ 8,595</b>  | <b>-12%</b>         | <b>713%</b> |

### Statistical Information

|   | Three Months Ended |                 |               | Amount Change From |                 | Percent Change From |             |
|---|--------------------|-----------------|---------------|--------------------|-----------------|---------------------|-------------|
|   | 3/31/04            | 12/31/03        | 3/31/03       | 12/31/03           | 3/31/03         | 12/31/03            | 3/31/03     |
| Total Operating Revenues                  | \$ 65,537          | \$ 59,790       | \$ 40,931     | \$ 5,747           | \$ 24,606       | 10%                 | 60%         |
| Net Operating Interest                    | 2,689              | 2,588           | 2,578         | 101                | 111             | 4%                  | 4%          |
| Non-Interest Expenses <sup>(1)</sup>      | 55,164             | 48,357          | 38,725        | 6,807              | 16,439          | 14%                 | 42%         |
| <b>Adjusted EBITDA<sup>(2)</sup></b>      | <b>13,062</b>      | <b>14,021</b>   | <b>4,784</b>  | <b>(959)</b>       | <b>8,278</b>    | <b>-7%</b>          | <b>173%</b> |
| Amortization and Depreciation             | 2,486              | 2,147           | 2,803         | 339                | (317)           | 16%                 | -11%        |
| Interest on Long-Term Debt <sup>(3)</sup> | 776                | 776             | 776           | 0                  | 0               | 0%                  | 0%          |
| <b>Income before income taxes</b>         | <b>9,800</b>       | <b>11,098</b>   | <b>1,205</b>  | <b>(1,298)</b>     | <b>8,595</b>    | <b>-12%</b>         | <b>713%</b> |
| Provision for income taxes                | 2,926              | 4,435           | 483           | (1,509)            | 2,443           | -34%                | 506%        |
| <b>Net income</b>                         | <b>\$ 6,874</b>    | <b>\$ 6,663</b> | <b>\$ 722</b> | <b>\$ 211</b>      | <b>\$ 6,152</b> | <b>3%</b>           | <b>852%</b> |
| <i>Earnings Per Share:</i>                |                    |                 |               |                    |                 |                     |             |
| Diluted                                   | \$ 0.76            | \$ 0.78         | \$ 0.09       | \$ (0.02)          | \$ 0.67         | -3%                 | 744%        |
| Stockholders' Equity                      | \$ 114,589         | \$ 100,045      | \$ 83,115     | \$ 14,544          | \$ 31,474       | 15%                 | 38%         |
| Book Value Per Share                      | \$ 15.55           | \$ 14.47        | \$ 11.99      | \$ 1.08            | \$ 3.56         | 7%                  | 30%         |
| Total Assets                              | \$ 430,125         | \$ 412,019      | \$ 425,263    | \$ 18,106          | \$ 4,862        | 4%                  | 1%          |
| Investment Executives                     | 419                | 412             | 420           | 7                  | (1)             | 2%                  | 0%          |
| Full-Time Employees                       | 1,135              | 1,115           | 1,136         | 21                 | (1)             | 2%                  | 0%          |
| Locations                                 | 86                 | 84              | 82            | 2                  | 4               | 2%                  | 5%          |
| Total Client Assets                       | \$ 21,096,000      | \$ 20,385,000   | \$ 16,154,000 | \$ 711,000         | \$ 4,942,000    | 3%                  | 31%         |

<sup>(1)</sup> Non-interest expenses exclude depreciation and amortization of intangibles and employment incentives. Employment incentives include up-front loans and restricted stock units.

<sup>(2)</sup> Adjusted EBITDA, which is defined as net income before income taxes, depreciation, amortization of intangibles and employment incentives, and interest on long-term debt, represents a non-GAAP financial measure. A reconciliation of adjusted EBITDA to net income, the most directly comparable measure under accounting principles generally accepted in the United States (GAAP), is included in the table above. The Company believes that adjusted EBITDA is a useful measure of financial performance because of its focus on the Company's results from operations before income taxes, depreciation, amortization, and interest. The Company also believes that this measure is an alternative financial measure of performance used by investors, rating agencies, and financial analysts to estimate the value of a company and evaluate its ability to meet debt service requirements.

<sup>(3)</sup> Long-term debt is composed of 9% \$34.5 million Debenture to Stifel Financial Capital Trust I issued April 25, 2002.

Note: Certain prior period amounts have been reclassified to conform to the current period presentation.