

The background of the slide features a large, detailed sculpture of two mammoths in a close embrace, rendered in a light, textured material. The word "STIFEL" is overlaid on the left side of the image in a dark blue, serif font.

STIFEL

3rd Quarter 2016
Financial Results Presentation
November 3, 2016

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

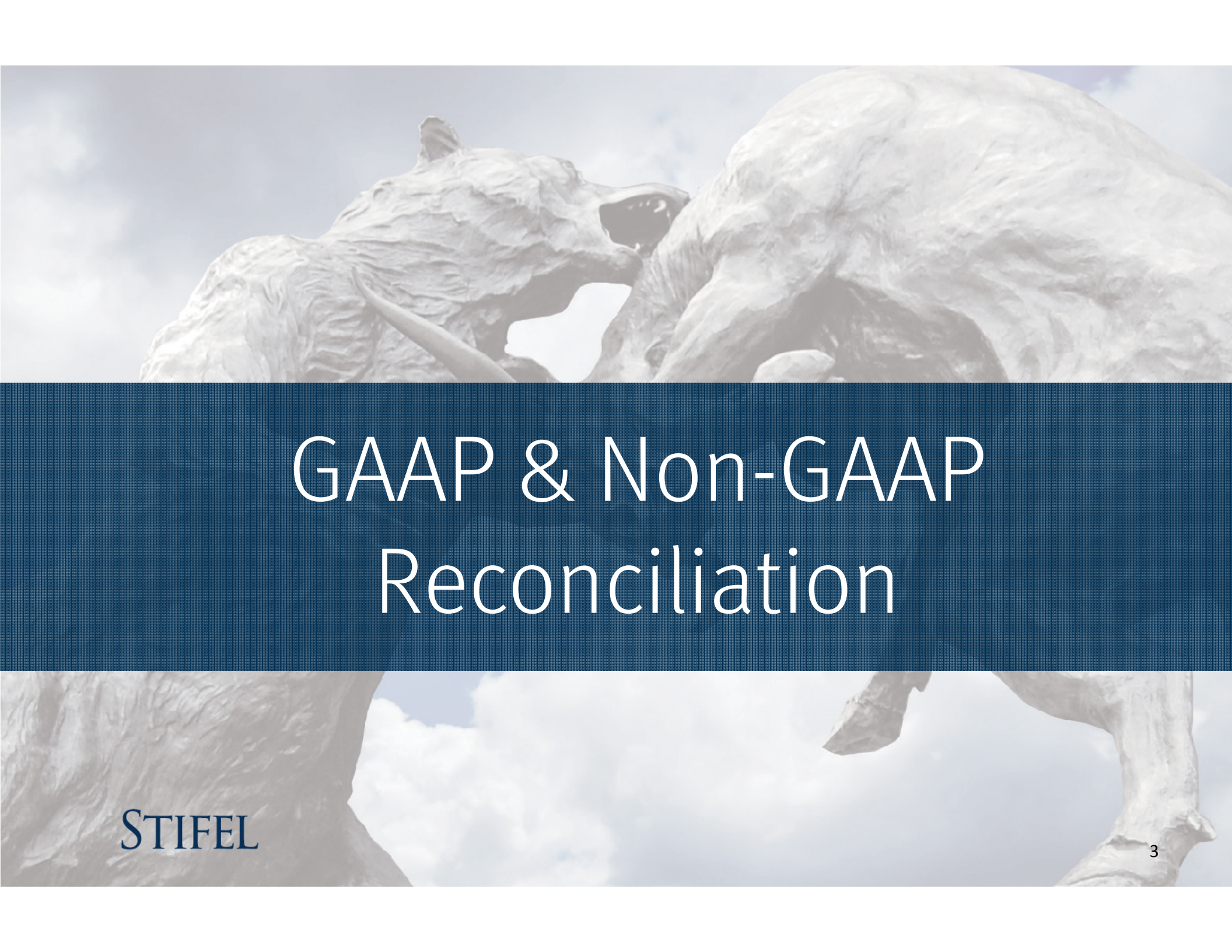
The Company utilized certain non-GAAP calculations as additional measures to aid in understanding and analyzing the Company’s financial results for the three months ended September 30, 2016. Specifically, the Company believes that the non-GAAP measures provide useful information by excluding certain 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, which is a change from prior periods.

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.

3rd Quarter Highlights

Financial Highlights <i>(000s, except per share data)</i>	Three Months Ended			Non-GAAP
	3Q16	3Q15	2Q16	3Q16
U.S. GAAP				
Net revenues	\$641,986	\$591,575	\$652,143	\$645,767
Compensation ratio	67.6%	68.3%	70.5%	62.5%
Non-compensation ratio	28.0%	27.9%	27.0%	23.5%
Pre-tax operating margin	4.4%	3.8%	2.4%	14.0%
Net income	\$17,814	\$17,179	\$9,771	\$54,719
Preferred dividend	\$1,563			\$1,563
Net income available to common shareholders	\$16,251	\$17,179	\$9,771	\$53,156
Earnings per diluted share available to common shareholders	\$0.21	\$0.22	\$0.13	\$0.69

- Completed sale of legacy Sterne Agee Clearing and Independent Broker Businesses
- Announced the acquisition of City Securities



GAAP & Non-GAAP Reconciliation

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GAAP to Non-GAAP Reconciliation

Three months ended September 30, 2016

GAAP Results (000s)	Three months ended 09/30/16
Total GAAP Compensation & benefits expense	\$434,236
GAAP comp. ratio	67.6%
Total GAAP non-compensation expense	\$179,768
GAAP non-comp. ratio	28.0%
GAAP pre-tax margin	4.4%

Adjusted Non-GAAP Results (000s)	Three months ended 09/30/16
Total Adjusted Non-GAAP Compensation & benefits expense	\$403,553
Adjusted Non-GAAP comp. ratio	62.5%
Total adjusted Non-GAAP non-compensation expense	\$15,198
Adjusted Non-GAAP non-comp. ratio	23.5%
Adjusted Non-GAAP pre-tax margin	14.0%

GAAP to Non-GAAP Reconciliation for Third Quarter 2016 (000s)	09/30/16
GAAP Net Income	\$17,814
Preferred Dividend	1,563
Net Income available to common Shareholders	\$16,251
Non-GAAP Adjustments	
Acquisition-Related	46,665
Litigation-Related Matters	11,796
Write-off of Debt Issuance & Other Acquisition-Related	3,781
Total Non-GAAP Adjustments	62,242
Provision for Income Taxes	(25,337)
Non-GAAP Net Income Available to Common Shareholders	\$53,156

Merger Related Expenses & Duplicative Expenses

<i>(in \$000s)</i>	2015A	Actual 9/30/2016	Three Months 12/31/2016E	2016E	2017E	Total	Initial Estimate Total
Acquisitions							
Barclays	\$12,854	\$29,715	\$4,900	\$86,347	\$15,500	\$114,701	\$115,000
Sterne Agee	\$102,037	\$13,610		\$44,401		\$146,438	\$126,500
Other*	\$46,391	\$3,340	\$4,400	\$20,579	\$2,600	\$69,570	\$69,570
Total Deal Costs (pre-tax)	\$161,282	\$46,665	\$9,300	\$151,327	\$18,100	\$330,709	\$311,070

*Other Acquisition expense estimates are updated quarterly

<i>Merger-Related Charges</i>			
	<i>Merger-Related</i>	<i>Duplicative</i>	<i>Total</i>
2015	\$91,085	\$70,197	\$161,282
2016	\$114,435	\$37,062	\$151,497

A large, light-colored sculpture of a bear and a bull in a rocky, mountainous landscape. The bear is on the left, and the bull is on the right. The sculpture is set against a background of a cloudy sky. A dark blue horizontal band with a fine grid pattern is overlaid across the middle of the image, containing the title text in white.

Brokerage & Investment Banking Revenue

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Brokerage & Investment Banking Revenue

Global Wealth Mangement: (000s)	Three Months Ended				
	3Q16	3Q15	% Change	2Q16	% Change
Global Wealth Mangement brokerage revenue	\$165,476	\$169,319	-2.3%	\$172,178	-3.9%
Institutional brokerage:					
Equity	51,004	59,769	-14.7%	55,008	-7.3%
Fixed income	71,794	60,588	18.5%	81,344	-11.7%
Total institutional brokerage	122,798	120,357	2.0%	136,352	-9.9%
Total brokerage revenue	\$288,274	\$289,676	-0.5%	\$308,530	-6.6%

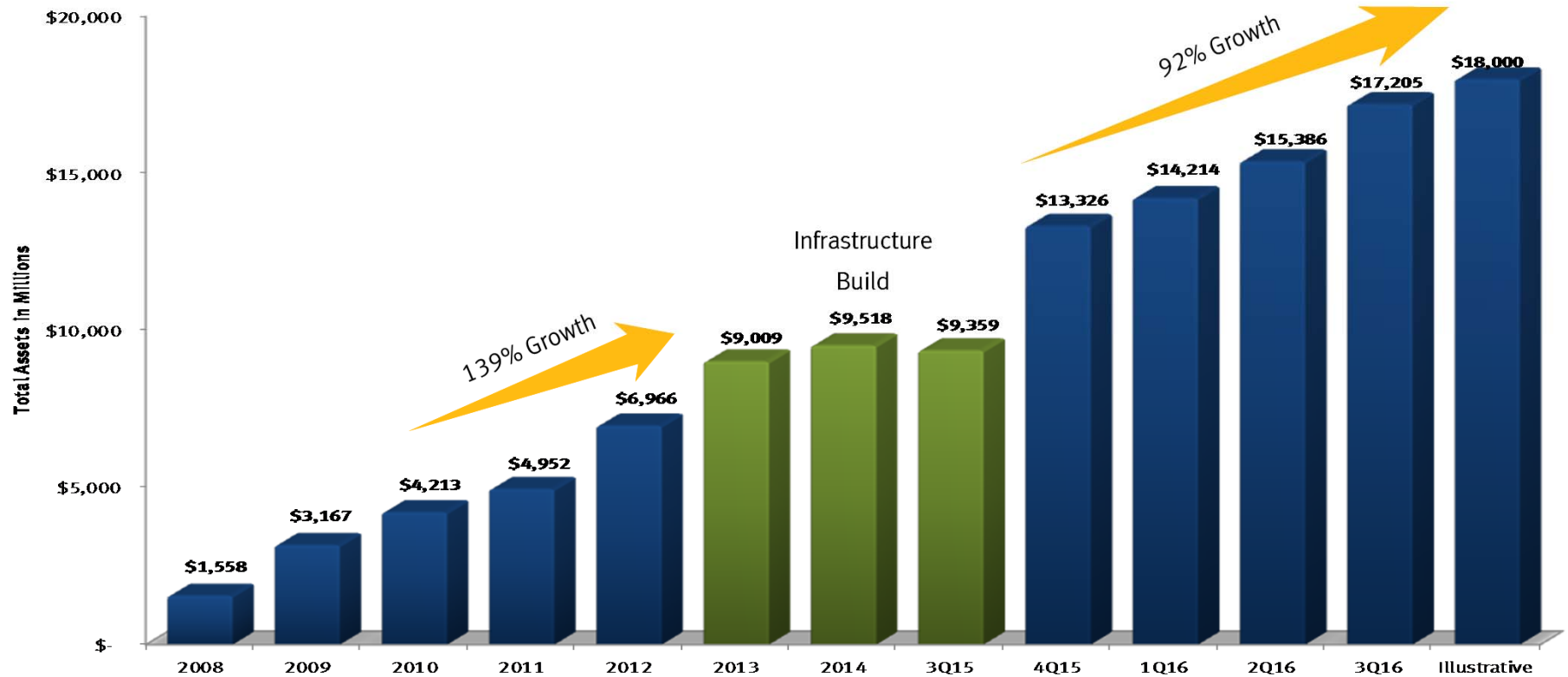
Investment banking: (000s)	Three Months Ended				
	3Q16	3Q15	% Change	2Q16	% Change
Investment banking:					
Capital raising:					
Equity	\$32,546	\$36,615	-11.2%	\$37,638	-13.6%
Fixed income	25,931	32,382	-19.8%	28,774	-9.7%
Total capital raising	58,477	68,997	-15.2%	66,412	-11.9%
Advisory fees:	86,322	49,756	73.5%	66,713	29.4%
Total investment banking	\$144,799	\$118,753	21.9%	\$133,125	8.8%



Balance Sheet & Net Interest Income

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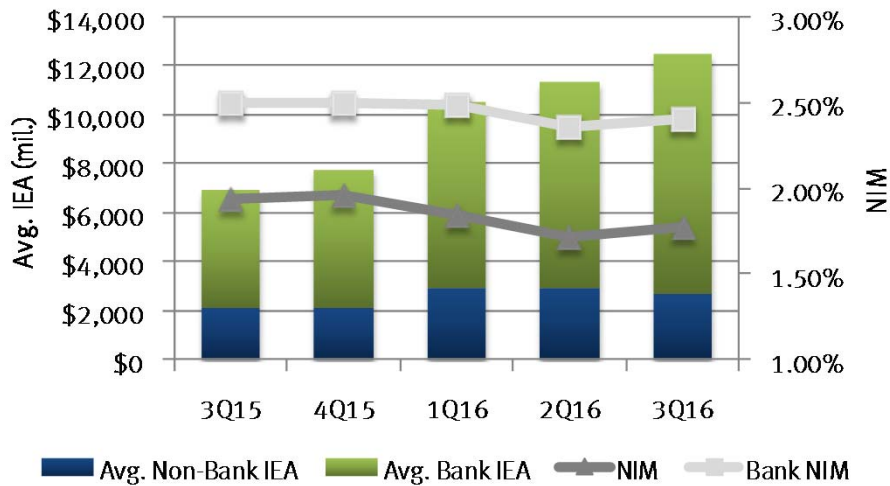
Balance Sheet Growth



Ratio	2008	2009	2010	2011	2012	2013	2014	3Q15	4Q15	1Q16	2Q16	3Q16	Illustrative
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%	9.7%
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%	21.4%
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%	46.2%

Balance Sheet & Net Interest Margin

Net Interest Income Drivers



Net Interest Income Drivers:

- Total assets increased to \$17.2 bil. up 12% sequentially & 84% Y/Y
- Average interest earning assets increased to \$12.2 bil. up 13% sequentially & 93% Y/Y
- NIM increased to 178 bps, up 7 bps sequentially but down 16 bps Y/Y.
- NIM at Stifel Bank of 240 bps increased 5bps sequentially but declined 9 bps Y/Y
- Firm-wide NII of \$55.5 mil. increased 14% sequentially and 65.3% Y/Y.
- Book value per share was \$40.65

Capital Structure

(in millions, except ratios)	3Q15	4Q15	1Q16	2Q16	3Q16
Total Assets	\$9,359	\$13,326	\$14,214	\$15,386	\$17,205
Total Equity	\$2,493	\$2,492	\$2,417	\$2,491	\$2,692
Debt to Equity	21.4%	33.4%	34.1%	32.4%	32.2%
Tier 1 Leverage Ratio	16.5%	16.6%	11.6%	11.5%	11.8%
Tier 1 Risk Based Capital Ratio	29.4%	26.3%	21.3%	20.9%	22.0%

Share Repurchases

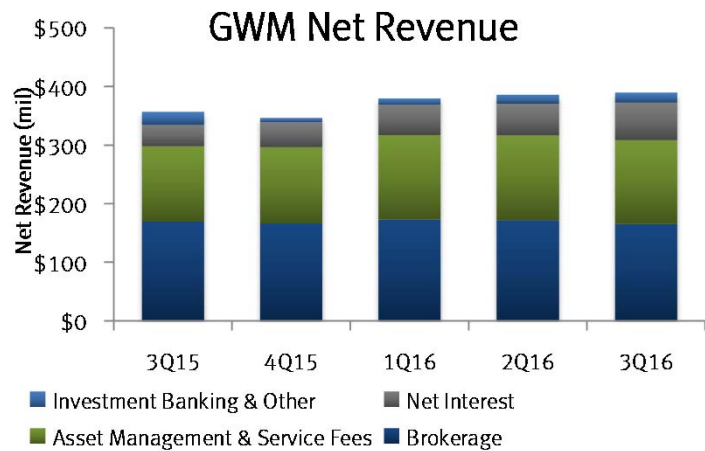
- The firm repurchased 600K shares in 3Q16
- 7.4 mil. shares remaining on current authorization.



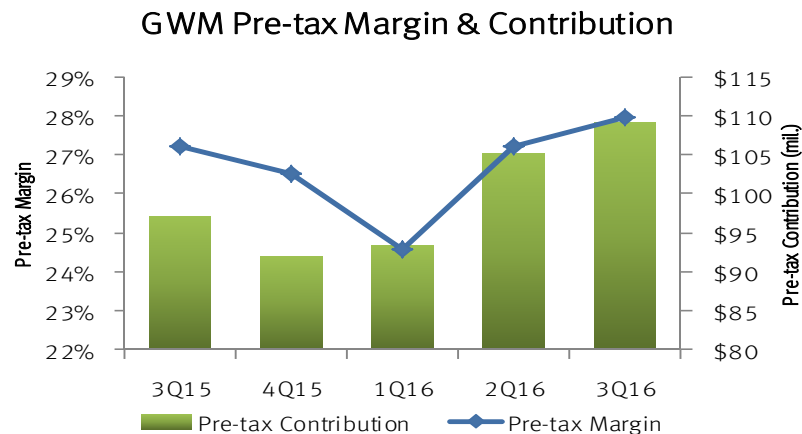
Segment Results

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Global Wealth Management



- Net revenue in the GWM segment was \$390 mil., up 1% sequentially & 9% Y/Y
 - Brokerage revenue declined 4% sequentially & 2% Y/Y
 - Ex. Sterne IBC & Clearing, Brokerage revenue increased 4% sequentially
 - Net interest income increased 18% sequentially & 76% Y/Y
 - 2,280 total FAs down 1% sequentially*
 - \$234.5 bil. in client AUA, up 3.8% sequentially*
- Compensation ratio was 55.2% down 140 bps sequentially & 190 bps Y/Y
- Non-comp. ratio was 17.0% up 80 bps sequentially & 130 bps Y/Y
- Pre-tax margin was 27.8% up 60 bps sequentially & Y/Y.



* Total FA and client AUA on 6/30/2016 exclude 540 independent contractor FAs and \$11.5 bil. of AUA, that were part of the legacy Sterne Agee business sold to INTL FCStone on July 1, 2016

Global Wealth Management

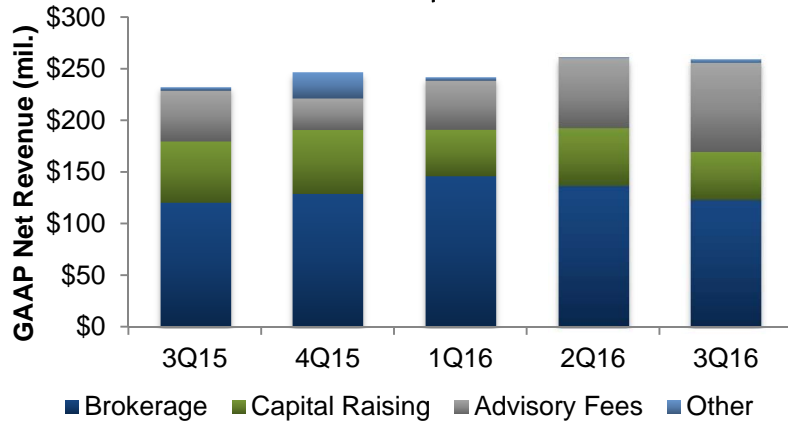
(\$ in thousands)	Three Months Ended					Nine Months Ended		
	9/30/16	9/30/15	% Change	6/30/16	% Change	9/30/16	9/30/15	% Change
Commissions	\$ 117,596	\$ 134,476	(12.6%)	\$ 127,241	(7.6%)	\$ 376,390	\$ 375,811	0.2%
Principal transactions	47,879	34,843	37.4%	44,938	6.5%	134,228	110,531	21.4%
<i>Brokerage revenues</i>	165,475	169,319	(2.3%)	172,179	(3.9%)	510,618	486,342	5.0%
Asset management & service fees	143,152	129,032	10.9%	144,360	(0.8%)	431,864	362,432	19.2%
Net interest	63,981	36,326	76.0%	54,246	17.9%	170,036	111,703	52.2%
Investment banking	12,212	10,146	20.4%	9,502	28.5%	30,123	35,374	(14.8%)
Other income	5,212	12,483	(58.2%)	5,752	(9.5%)	13,234	34,246	(61.4%)
Net revenues	390,032	357,306	9.2%	386,039	1.0%	1,155,875	1,030,097	12.2%
Compensation and benefits	215,151	203,959	5.5%	218,553	(1.6%)	655,119	583,436	12.3%
Non-comp operating expenses	65,802	56,120	17.3%	62,433	5.4%	193,290	156,612	23.4%
Total non-interest expenses	280,953	260,079	8.0%	280,986	0.0%	848,409	740,048	14.6%
Income before income taxes	\$ 109,079	\$ 97,227	12.2%	\$ 105,053	3.8%	\$ 307,466	\$ 290,049	6.0%
<i>Ratios to net revenues :</i>								
Compensation and benefits	55.2%	57.1%		56.6%		56.7%	56.6%	
Non-comp operating expenses	17.0%	15.7%		16.2%		16.7%	15.2%	
Income before income taxes	27.8%	27.2%		27.2%		26.6%	28.2%	

Stifel Bank & Trust

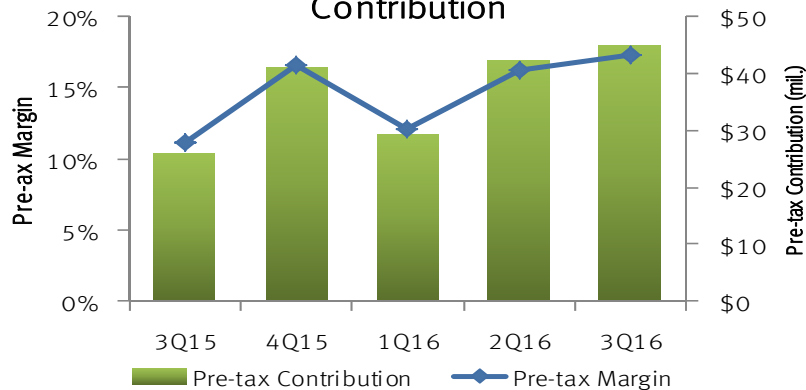
Stifel Bank (mil. except for %'s)	3Q16	3Q15	% Change	2Q16	% Change
Assets:					
Investments	\$5,377	\$1,750	207%	\$4,580	17%
Mortgage Loans	1,819	272	569%	1,242	46%
Commercial Loans	1,824	1,261	45%	1,684	8%
Securities Based Loans	1,452	1,004	45%	1,419	2%
Consumer	93	22	323%	36	158%
Total Loans, net	\$5,147	\$2,526	104%	\$4,338	19%
Loans Held for Sale	217	180	21%	251	-14%
Total Assets	\$11,207	\$4,619	143%	\$9,431	19%
Liabilities:					
Deposits	\$9,885	\$4,117	140%	\$7,881	25%
Credit Metrics					
Non-performing assets (\$s)	28	2	1300%	35	-20%
Non-performing assets (%s)	0.28%	0.03%	833%	0.37%	-24%
Allowance as a percentage of loans	0.76%	1.13%	-33%	0.86%	-12%
Net Interest Margin	2.40%	2.49%	-4%	2.35%	2%

Institutional Group

Institutional Group Net Revenue



Institutional Group Pre-tax Margin & Contribution



- Total net revenue of \$259 mil. decreased 1% sequentially but increased 11% Y/Y
 - Investment banking revenue of \$133 mil. increased 7% sequentially & 22% Y/Y
 - Equity underwriting of \$21 mil. decreased 23% sequentially & 33% Y/Y
 - Debt underwriting of \$25 mil. decreased 12% sequentially & 11% Y/Y
 - Advisory revenue of \$86 mil. increased 28% sequentially & 76% Y/Y
 - Brokerage revenue of \$123 mil. decreased 10% sequentially but increased 2% Y/Y
 - Fixed income brokerage revenue of \$72 mil. was down 12% sequentially but increased 19% Y/Y
 - Equity brokerage revenue of \$51 mil. was down 7% sequentially & 15% Y/Y
- Pre-tax margin was 17.4% up 120 bps sequentially & 630 bps Y/Y.
- Pre-tax Contribution increased by 6% sequentially and 74% Y/Y

Institutional Group

(\$ in thousands)	Three Months Ended					Nine Months Ended		
	9/30/16	9/30/15	% Change	6/30/16	% Change	9/30/16	9/30/15	% Change
Commissions	\$ 53,676	\$ 59,607	(10.0%)	\$ 54,864	(2.2%)	\$ 174,916	\$ 182,637	(4.2%)
Principal transactions	69,122	60,750	13.8%	81,488	(15.2%)	230,148	175,064	31.5%
<i>Brokerage revenues</i>	122,798	120,357	2.0%	136,352	(9.9%)	405,064	357,701	13.2%
Capital raising	46,265	59,466	(22.2%)	56,100	(17.5%)	147,260	203,154	(27.5%)
Advisory	86,323	49,142	75.7%	67,523	27.8%	201,199	161,773	24.4%
<i>Investment banking</i>	132,588	108,608	22.1%	123,623	7.3%	348,459	364,927	(4.5%)
Other *	3,414	3,160	8.0%	945	261.3%	7,473	6,641	12.5%
Net revenues	258,800	232,125	11.5%	260,920	(0.8%)	760,996	729,269	4.4%
Compensation and benefits	158,126	143,911	9.9%	153,371	3.1%	462,115	453,399	1.9%
Non-comp operating expenses	55,751	62,361	(10.6%)	65,135	(14.4%)	182,253	175,746	3.7%
Total non-interest expenses	213,877	206,272	3.7%	218,506	(2.1%)	644,368	629,145	2.4%
Income before income taxes	\$ 44,923	\$ 25,853	73.8%	\$ 42,414	5.9%	\$ 116,628	\$ 100,124	16.5%
<i>Ratios to net revenues :</i>								
Compensation and benefits	61.1%	62.0%		58.8%		60.7%	62.2%	
Non-comp operating expenses	21.5%	26.9%		25.0%		24.0%	24.1%	
Income before income taxes	17.4%	11.1%		16.2%		15.3%	13.7%	

* Includes net interest and other income



Department of Labor Fiduciary Rule & Interest Rate Sensitivity Update

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Q&A

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