

# *Stifel Investor Presentation*

**March 2013**

# STIFEL

## 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.

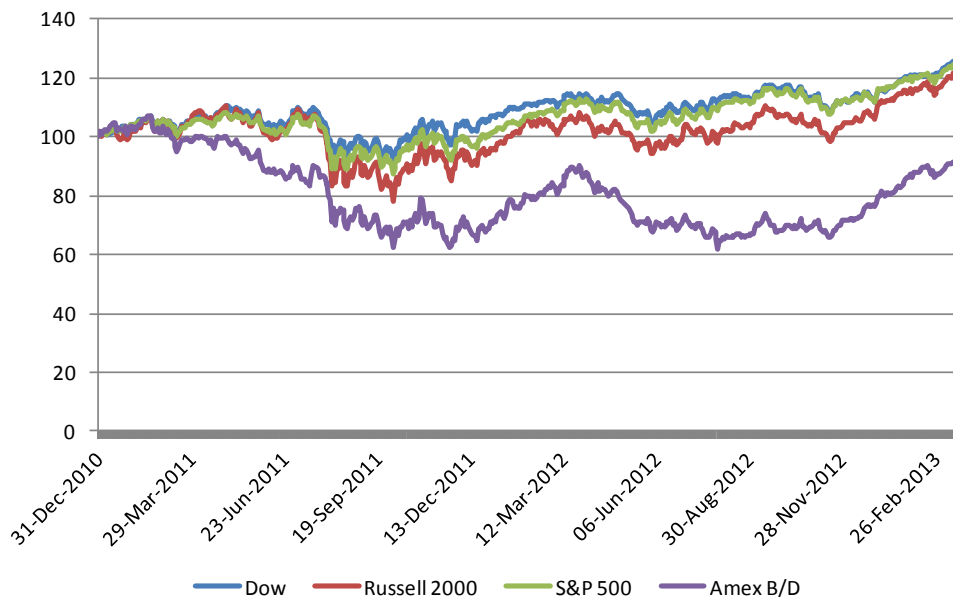
Actual results may differ materially and reported results should not be considered as an indication of future performance. Factors that could cause actual results to differ are included in the Company’s annual and quarterly reports and from time to time in other reports filed by the Company with the 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.

## Note Regarding the Use of Non-GAAP Financial Measures

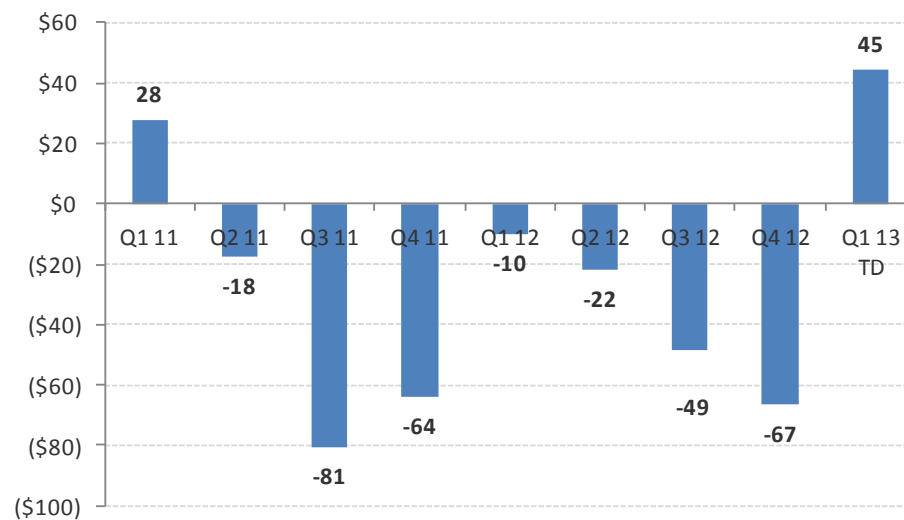
The Company utilized non-GAAP calculations of presented net revenues, compensation and benefits, non-compensation operating expenses, income before income taxes, provision for income taxes, net income, compensation and non-compensation operating expense ratios, pre-tax margin and diluted earnings per share as an additional measure to aid in understanding and analyzing the Company’s financial results. 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 the overall understanding of the Company’s current financial performance.

## Market Overview

## Market Indices



## Equity Mutual Fund Flows (\$B)



## Risk Premium

Yield	1/3/11	3/31/11	6/30/11	9/30/11	12/31/11	3/31/12	6/30/12	9/30/12	12/31/12	Current
S&P 500 <sup>1</sup>	7.2%	7.0%	7.2%	8.3%	7.6%	7.4%	7.6%	7.1%	7.1%	6.9%
10 YR	3.3%	3.5%	3.2%	1.9%	1.9%	2.2%	1.7%	1.6%	1.7%	2.0%
<b>Risk premium<sup>2</sup></b>	<b>3.8%</b>	<b>3.5%</b>	<b>4.0%</b>	<b>6.4%</b>	<b>5.7%</b>	<b>5.2%</b>	<b>6.0%</b>	<b>5.5%</b>	<b>5.4%</b>	<b>4.9%</b>

Date range includes January 1, 2011 through March 15, 2013. Market indices and equity mutual fund flows sources are Factset and ICI. Risk premium source is Factset.

(1) S&P 500 yield represents 2011, 2012 and 2013E calendar EPS over the value of the S&P.

(2) Risk premium is calculated as the difference between the S&P 500 yield and the 10 year.

## Stifel Overview

## Stifel Financial (NYSE: SF)

Financial services firm demonstrating *growth, scale and stability*

- \$2.0 billion market capitalization<sup>(1)</sup>
- 2012 Represented Stifel's 17<sup>th</sup> year of consecutive record net revenues
- Balanced business model
- Top performing financial stock over the past ten years
- 36% Insider ownership<sup>(2)</sup>

### Global Wealth Management (GWM)

- Private Client
- Stifel Bank & Trust
- Customer Financing
- Asset Management

- National presence with over 2,000 Financial Advisors
- \$138 billion in total client assets

### Institutional Group (IG)

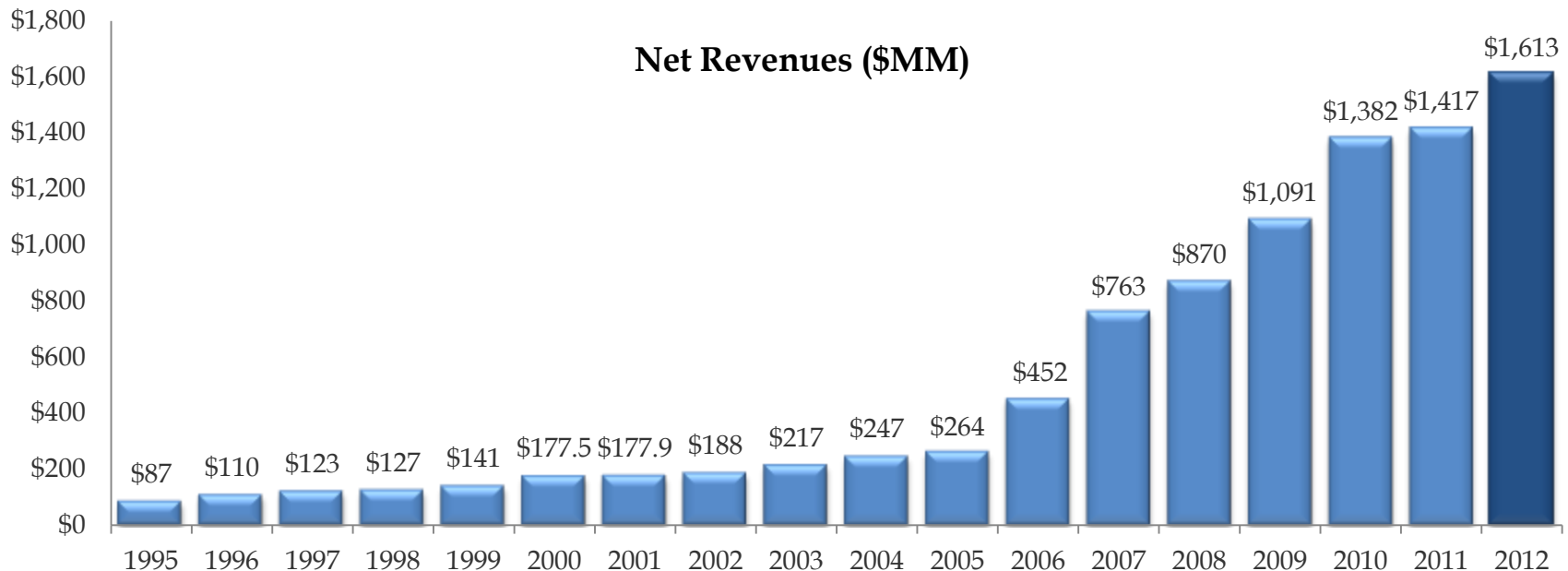
- Independent Research
- Institutional Equity & Fixed Income Brokerage
- Equity & Fixed Income Capital Raising
- M&A Advisory

- Largest U.S. equity research platform
- Broad product portfolio & industry expertise

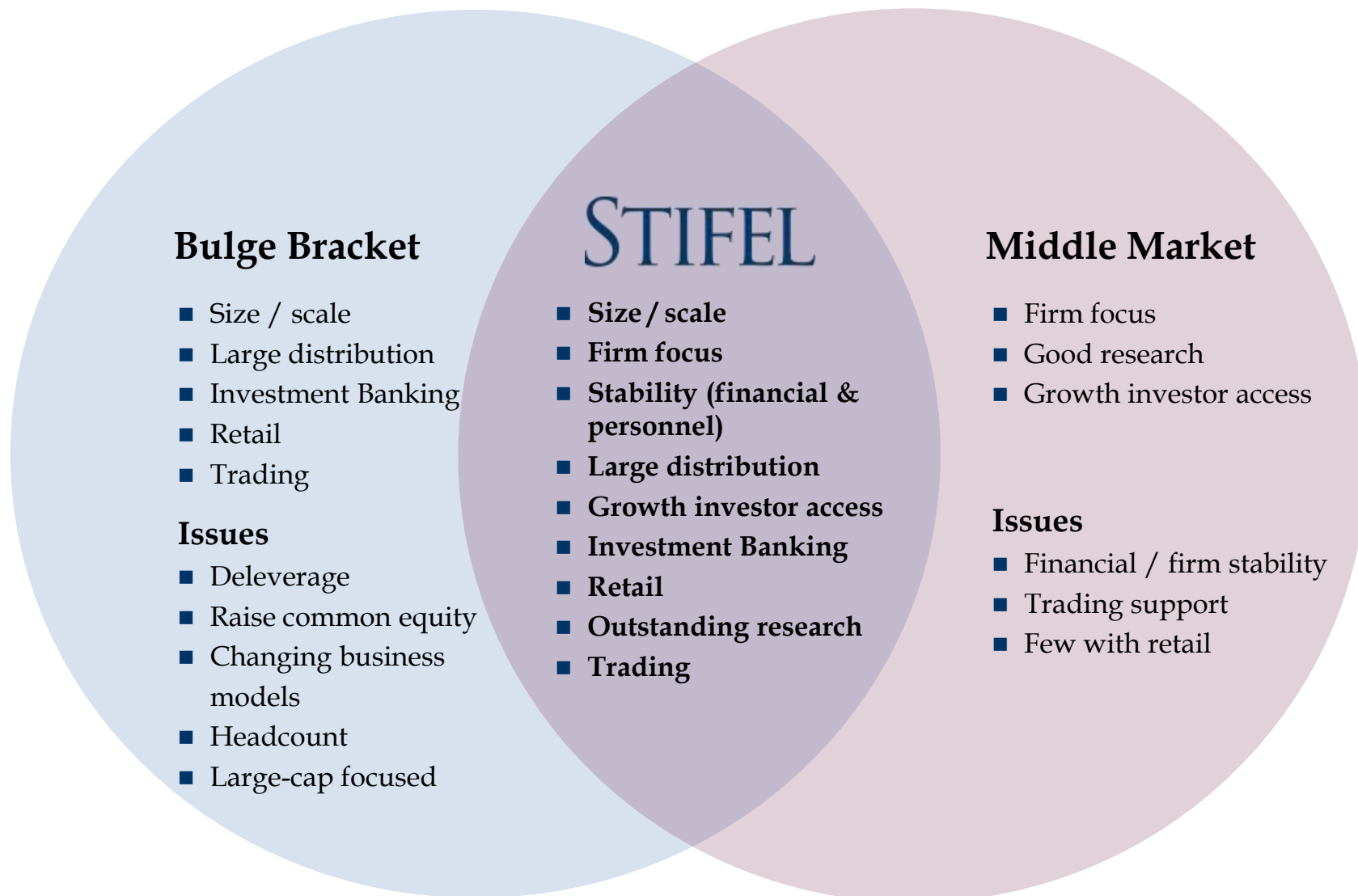
## Position Stifel to Take Advantage of Opportunities

- Unburdened by capital constraints
- Low leverage business model and conservative risk management
- Built the Company through 11 acquisitions since 2005; prudently evaluate all opportunities
- Capitalize on headwinds across the industry
- Select growth of high-quality talent
- Drive revenue synergies by leveraging the global wealth and institutional businesses

## 17<sup>th</sup> Consecutive Year of Record Net Revenues



*Stifel's Differentiated Value Proposition: Growth, Scale, and Stability*

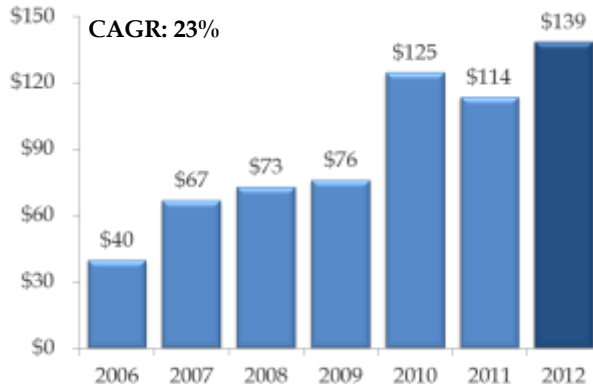


# A Growth Story...

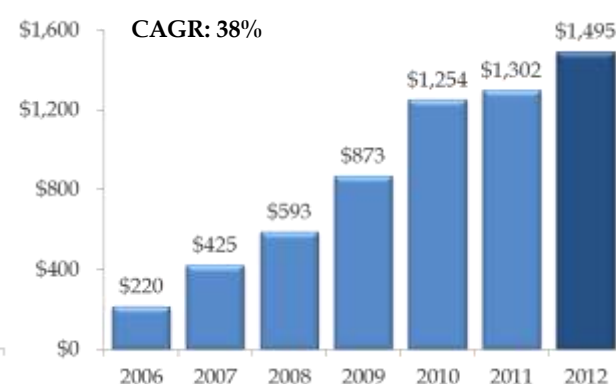
## Net Revenues (\$MM)<sup>(1)</sup>



## Core Net Income (\$MM)<sup>(1)</sup>



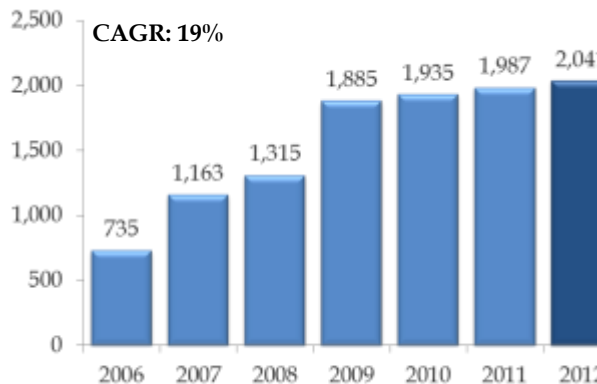
## Total Equity (\$MM)<sup>(1)</sup>



## Total Client Assets (\$BN)<sup>(1)(2)</sup>



## Financial Advisors<sup>(1)(3)</sup>



## Book Value Per Share<sup>(1)(4)</sup>



(1) CAGR reflects years 2006 to 2012.

(2) Client assets - Includes FDIC-insured products as of 12/31/12 for years 2008-2012

(3) Includes Independent Contractors.

(4) Book Value Per Share adjusted for April 2011 three-for-two stock split (2006-2010).

## Each merger has been accretive to Stifel Retention remains high

### Knight Fixed Income

- Fixed Income Sales and Trading – U.S. & Europe
- Fixed Income Research
- Announced March 2013

### 56 UBS Branches

- Private Client
- **Revenue production has exceeded expectations**
- October 2009



- FIG Investment Banking
- FIG Sales and Trading
- FIG Research
- February 2013



- Private Client
- Public Finance
- **Seamless & efficient integration**
- December 2008



- Restructuring advisory
- December 2012



- Bank holding company
- Financial holding company
- **Grown assets from ~ \$100M to \$3.2B**
- April 2007



- Fixed Income IB
- Fixed Income Sales and Trading
- Private Client
- **Seamless & efficient integration**
- October 2011

### RYAN BECK & CO.

- Private Client
- Capital Markets
- **Achieved cost savings objectives**
- February 2007



- Growth Focused
- Investment Banking
- Research, Sales and Trading
- **Achieved cost efficiencies**
- July 2010



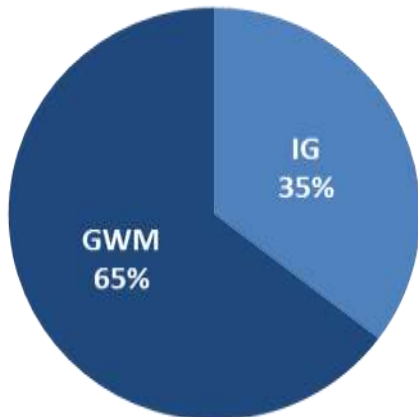
- **Significant enhancement to our Capital Markets business**
- Achieved cost savings objectives
- December 2005

## Stability Achieved Through A Balanced Business Model

- Balanced business model facilitates growth during volatile markets
- Stable GWM business is augmented by profitable and growing Institutional Group
- Proven ability to grow all businesses

### Net Revenues

2011

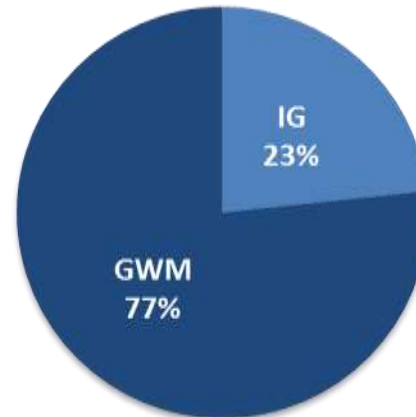


2012

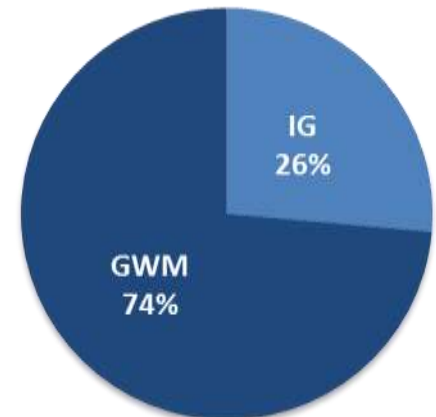


### Operating Contribution

2011



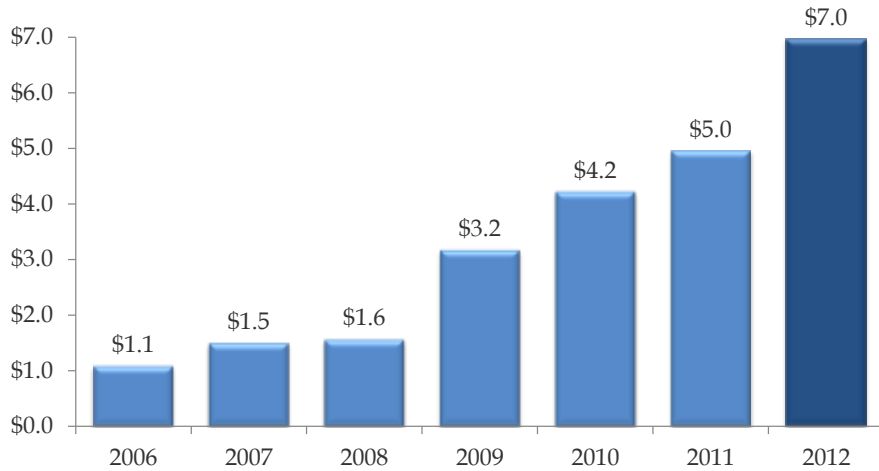
2012



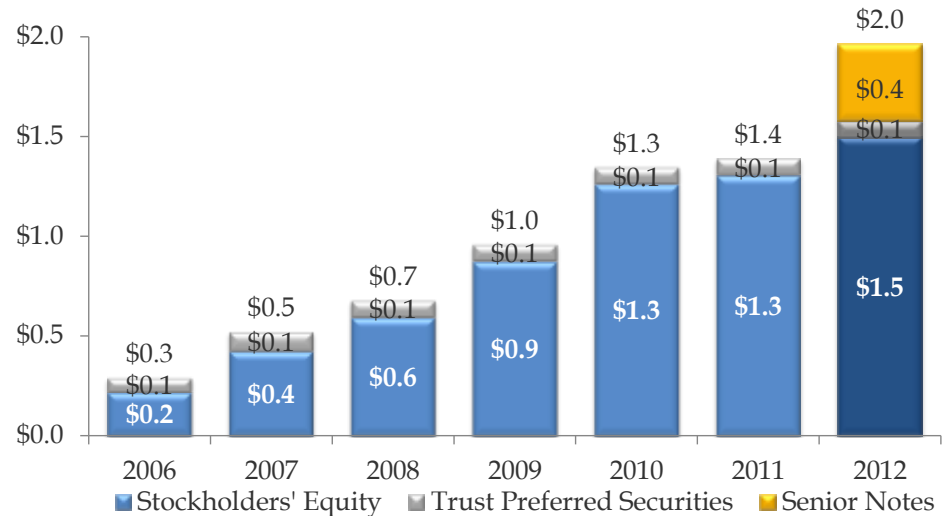
## Strong Balance Sheet Facilitates Growth

As December 31, 2012

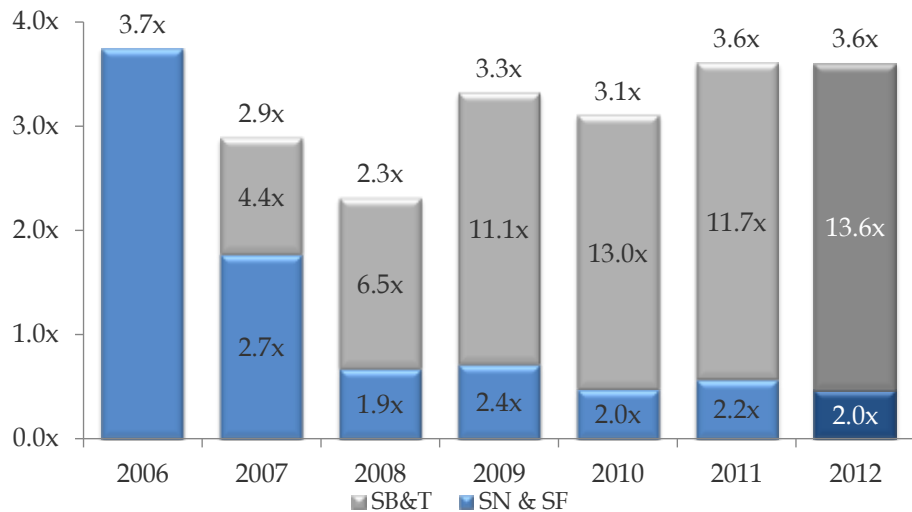
### Total Assets (\$ in Billions)



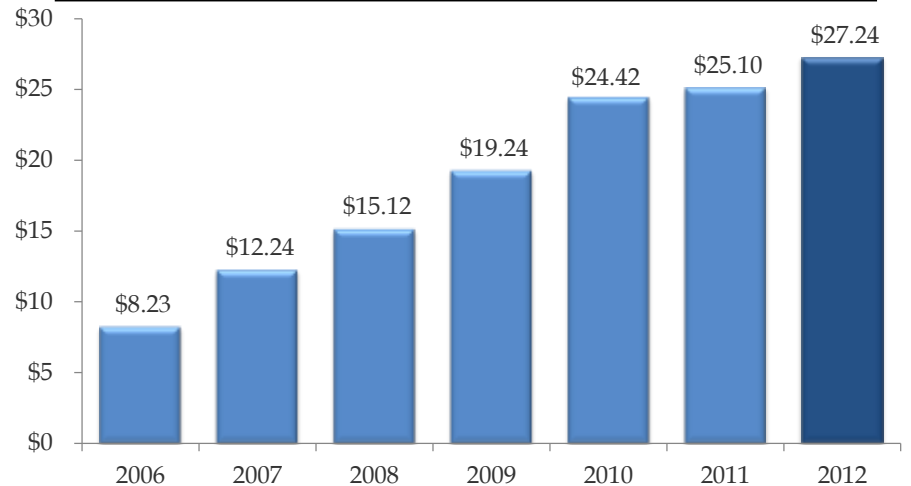
### Total Capitalization (\$ in Billions)



### Leverage Ratio



### Book Value Per Share<sup>(1)</sup>



<sup>(1)</sup>Per share information adjusted for April 2011 three-for-two stock split

## Top Performing Stock

*Cumulative Price Appreciation As of March 15, 2013*

Since 12/31/12	
Evercore Partners	45.38%
Legg Mason	24.22%
Raymond James Financial	24.11%
Morgan Stanley	23.38%
Piper Jaffray	23.09%
Goldman Sachs Group	21.39%
SWS Group	20.79%
Lazard	19.57%
FBR & Co.	19.06%
Oppenheimer	18.93%
Cowen Group	18.37%
Greenhill & Co.	16.06%
<b>Stifel Financial Corp.</b>	<b>14.54%</b>
S&P 500 Index	9.43%
JMP Group	9.23%

Since 12/31/07	
Evercore Partners	103.67%
<b>Stifel Financial Corp.</b>	<b>56.73%</b>
Raymond James Financial	46.42%
S&P 500 Index	6.29%
Greenhill & Co.	-9.24%
Lazard	-12.29%
Piper Jaffray	-14.62%
JMP Group	-21.82%
Goldman Sachs Group	-28.00%
SWS Group	-49.57%
Oppenheimer	-51.50%
FBR & Co.	-51.91%
Morgan Stanley	-55.58%
Legg Mason	-56.32%
Cowen Group	NM

Since 12/31/00	
<b>Stifel Financial Corp.</b>	<b>865.80%</b>
Raymond James Financial	208.52%
Goldman Sachs Group	44.79%
S&P 500 Index	18.21%
Legg Mason	-12.06%
Oppenheimer	-14.77%
SWS Group	-59.25%
Morgan Stanley	-70.23%
Piper Jaffray	NM
Cowen Group	NM
Evercore Partners	NM
FBR & Co.	NM
Greenhill & Co.	NM
JMP Group	NM
Lazard	NM

### Initiatives

- Attract and retain high-quality talent
- Continue to expand our private client footprint in the U.S.
- Continue to expand fixed income businesses
- Continue to expand investment banking capabilities
- Focus on quality asset generation within Stifel Bank
- Expand traditional asset management capabilities
- Approach acquisition opportunities with discipline

**Merger With KBW**

STIFEL



### Integration Update

- Closed the merger February 15, 2013
- Tom Michaud and Michael Zimmerman joined Stifel's Board of Directors
- Key employees remain with the firm
- Report core vs. non-core going forward as contracts roll off until the integration is complete

**STIFEL**  
(Private Client)

**STIFEL**  
(Bank & Trust)

**STIFEL**  
(Institutional)



## Global Wealth Management

- Private Client
- Stifel Bank & Trust
- Customer Financing
- Asset Management

## Middle-Market Experts

- Award-winning Research
- Institutional Equity & Fixed Income Brokerage
- Equity & Fixed Income Capital Raising
- M&A Advisory

## Financial Institution Experts

- Focused Research
- Focused M&A Advisory
- Focused Institutional Equity Brokerage
- Focused Equity & Fixed Income Capital Raising

Revenues (\$MM)	Global Wealth	Institutional	KBW	Pro Forma Total
4Q12	\$255.1	\$165.1	\$70.6	\$490.8
2012	\$995.2	\$618.5	\$245.8	\$1,859.5

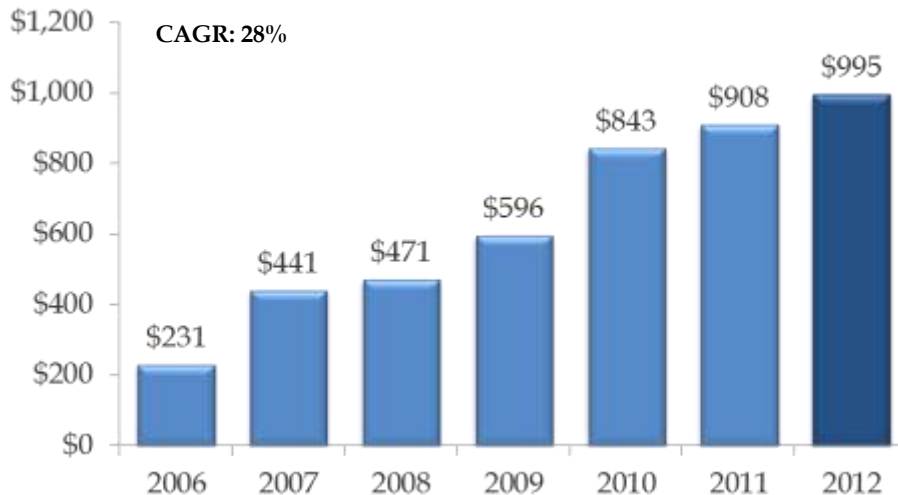
**Global Wealth Management**

*Provides Securities Brokerage Services and Stifel Bank Products*

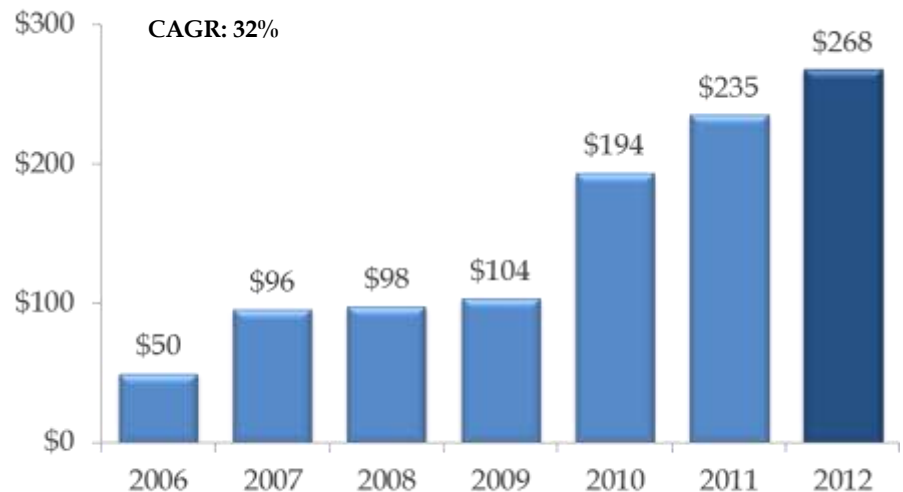
## Overview

- Grown from 600+ financial advisors in 2005 to over 2,000<sup>(1)</sup> financial advisors currently
- Proven organic growth and acquirer of private client business (56 UBS branches, Butler Wick, Ryan Beck)
- Retail investors are generally mid- to long-term buyers
- Goal of providing price stability and support to the institutional order book
- Strategy of recruiting experienced advisors with established client relationships
- Expanding U.S. footprint

## Net Revenues (\$MM) <sup>(2)</sup>



## Operating Contribution (\$MM) <sup>(2)</sup>



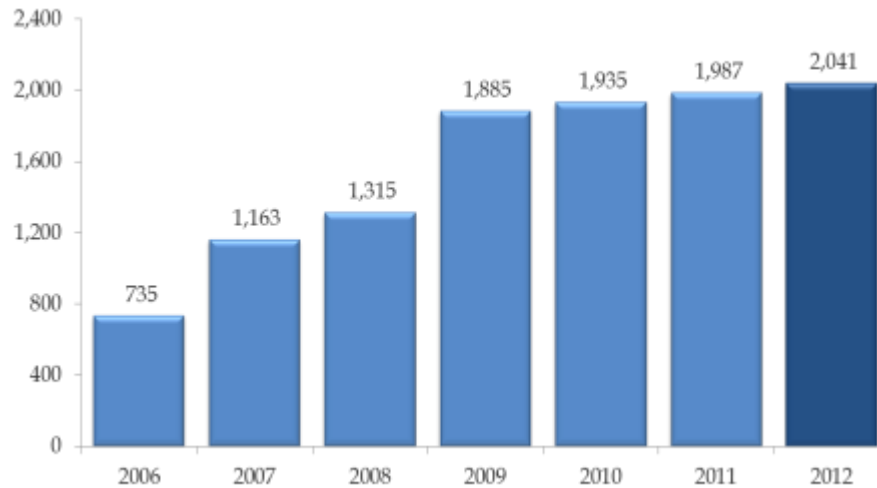
(1) Includes Independent Contractors.

(2) CAGR reflects years 2006 to 2012 annualized.

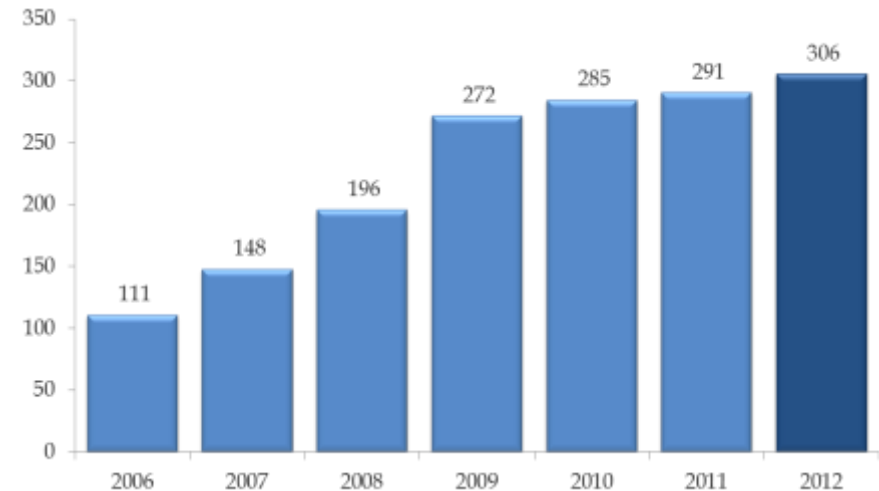
## Global Wealth Management

### Opportunity Through Growth

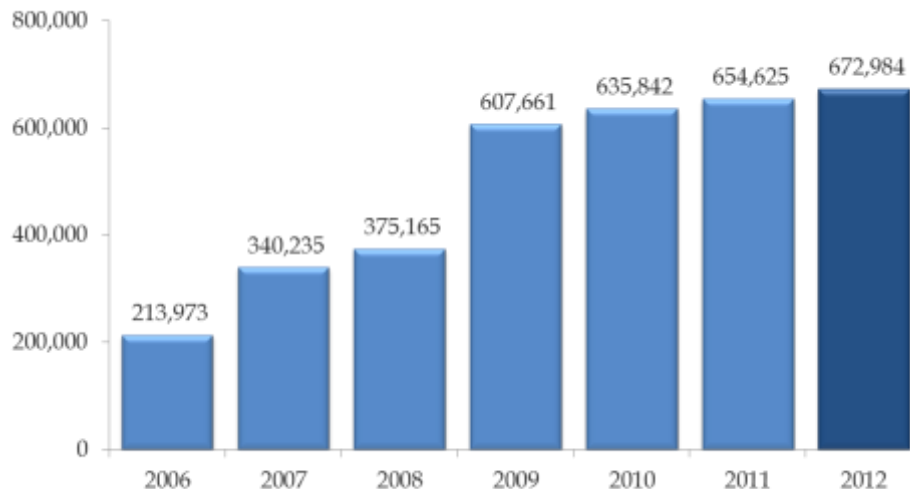
#### GWM Broker Growth <sup>(1)</sup>



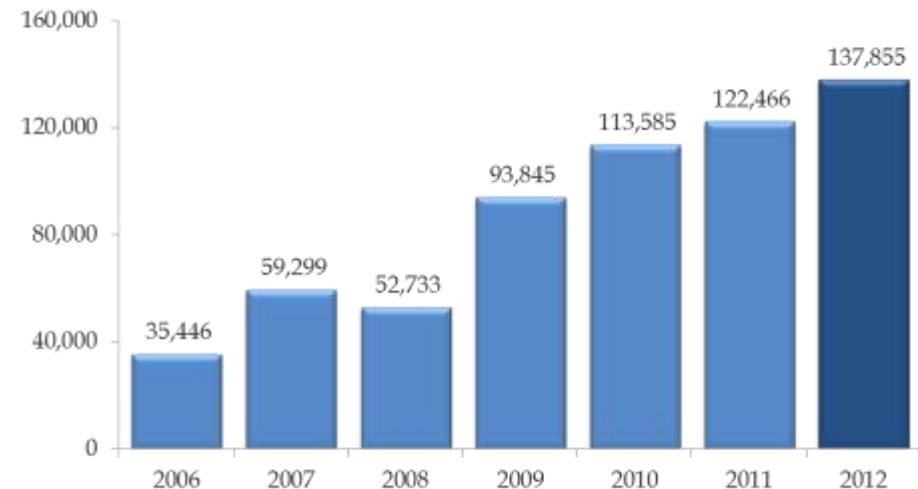
#### GWM Branch Growth



#### GWM Account Growth



#### GWM Assets Under Management Growth (\$MM) <sup>(2)</sup>



(1) Includes Independent Contractors. (2) Client assets - Includes FDIC-insured products as of 12/31/12 for years 2008-2012.

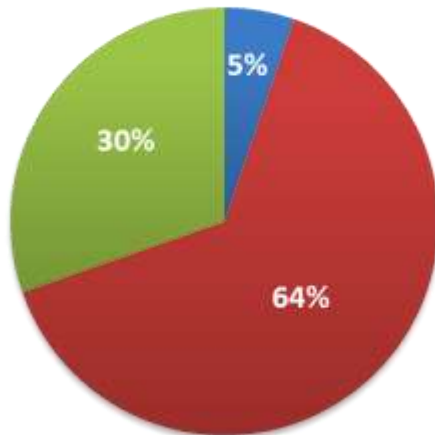
## Overview

- Acquired FirstService Bank, a St. Louis-based, Missouri-chartered commercial bank, in April 2007
- Stifel Financial became a bank holding company and financial services holding company
- Balance sheet growth with low-risk assets
- Funded by Stifel Nicolaus client deposits
- Maintain high levels of liquidity

## Strength of Brokerage Position

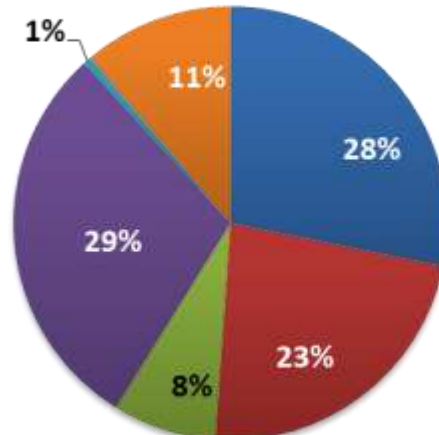
- Offers banking products (securities based loans and mortgage loans) within the GWM client base, including establishing trust services
  - Built-in source of business
  - High net worth clients
- Highly efficient due to lack of “brick and mortar” deposit focused facilities

## Interest Earnings Assets <sup>(1)</sup>



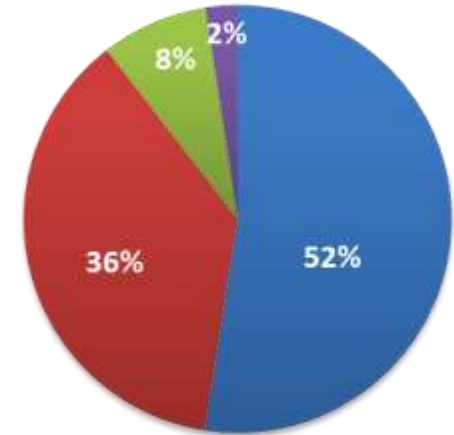
**Total: \$2.9 Billion**

## Investment Portfolio



**Total: \$2.3 Billion**

## Loan Portfolio (Gross)



**Total: \$823 Million<sup>(2)</sup>**

Note: Data as of 12/31/12.

(1) Average interest earning assets for the year ended December 31, 2012.

(2) Construction and Land and Commercial Real Estate make up less than 1% of the loan portfolio

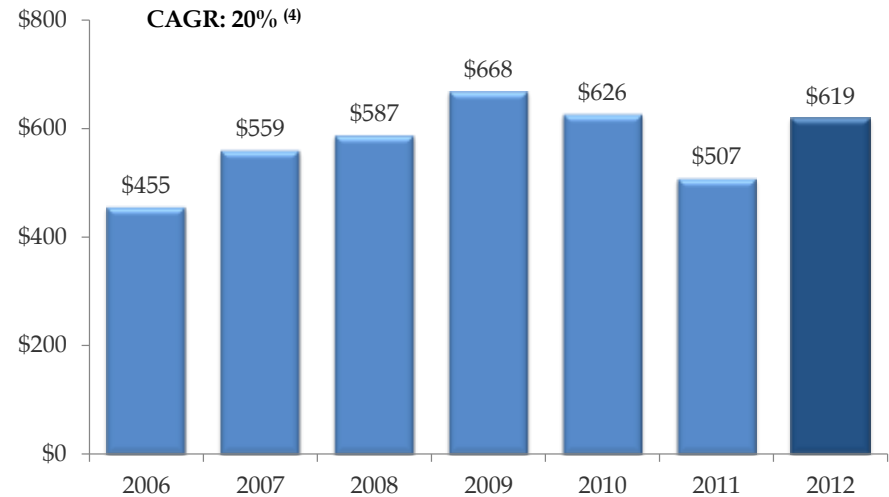
**Institutional Group**

## Institutional Group

### Overview

- Provides securities brokerage, trading, research, underwriting and corporate advisory services
- Largest providers of U.S. Equity Research
- 2<sup>nd</sup> largest Equity trading platform in the U.S. outside of the Bulge Bracket<sup>(1)</sup>
- Full Service Middle-Market Investment Bank
- Comprehensive Fixed Income platform

### Net Revenues (\$MM)<sup>(2)(3)</sup>



### Equity Brokerage + Investment Banking<sup>(2)</sup>



### Fixed Income Brokerage + Investment Banking



(1) Based on 2011 U.S. trading volume per Bloomberg. (2) Includes TWPG historical investment banking and brokerage revenues for years 2006 through June 30, 2010.

(3) 2012 includes realized and unrealized gains on the Company's investment in Knight Capital Group, Inc. of \$39.0 million. (4) CAGR reflects years 2006 to 2012.

## Institutional Group – Research

### Largest U.S. Equity Research Platform

#### U.S. Equity Research Coverage <sup>(1)</sup>

Rank	Firm	Companies Under Coverage	
		Overall	Small Cap <sup>(2)</sup>
1	<b>Stifel</b>	<b>1,347</b>	<b>538</b>
2	JPMorgan	1,118	190
3	Bank of America Merrill Lynch	1,052	172
4	<b>Raymond James</b>	<b>976</b>	<b>349</b>
5	Barclays Capital	973	123
6	Citi	927	126
7	Wells Fargo Securities	904	162
8	Goldman Sachs	893	100
9	Credit Suisse	861	156
10	Deutsche Bank	838	147
11	Morgan Stanley	825	101
12	UBS	819	98
12	RBC Capital Markets	819	158
14	<b>Jefferies &amp; Co.</b>	<b>795</b>	<b>180</b>
15	Sidoti & Company LLC	794	578
16	Morningstar, Inc.	704	53
17	<b>Robert W. Baird &amp; Co.</b>	<b>659</b>	<b>189</b>
18	BMO Capital Markets	549	106
19	<b>William Blair</b>	<b>529</b>	<b>161</b>
20	<b>Piper Jaffray</b>	<b>518</b>	<b>199</b>
21	<b>Keybanc Capital Markets</b>	<b>497</b>	<b>136</b>
22	<b>Oppenheimer &amp; Co.</b>	<b>493</b>	<b>133</b>
23	Macquarie Group	488	73
24	<b>Sterne, Agee &amp; Leach</b>	<b>436</b>	<b>N/A</b>
25	<b>Janney Capital Markets</b>	<b>401</b>	<b>129</b>

(1) Source: StarMine rankings as of 1/31/13, except Stifel which as of 2/20/13. Does not include Closed End Funds.

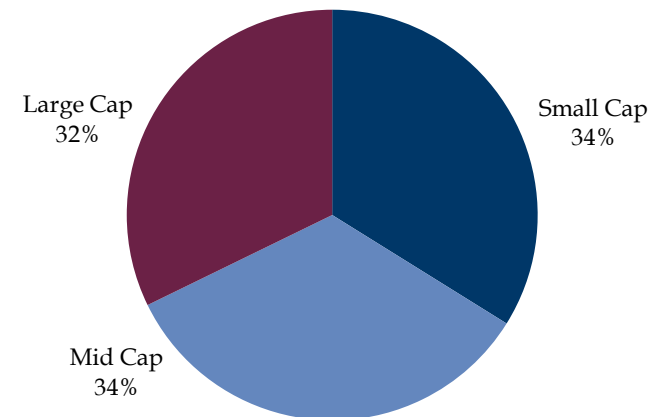
(2) Small Cap includes market caps less than \$1 billion; Mid Cap includes market caps less than \$5 billion.

Note: Bold font indicates middle-market firms. Research coverage distribution as of 2/20/13.

#### Stifel Research Highlights

- Largest provider of U.S. equity research
- 2<sup>nd</sup> largest provider of U.S. small cap equity coverage
- Largest provider of U.S. equity coverage in:
  - Consumer & Retail
  - FIG
  - Internet, Media & Telecom
  - Real Estate
  - Technology
- Ranked 3<sup>rd</sup> in the FT/Starmine 2012 Survey

#### Coverage Balanced Across All Market Caps



## Institutional Group – Equity Sales and Trading

*Powerful Platform Spanning North America and Europe*

### Institutional Equity Sales

- 110 person sales force, commission based
- Experts in small and mid cap growth and value
- Team based sales model with 2-4 sales people per account
- Team leaders have an average of 15 years experience
- Offices in all major institutional markets in North America & Europe
- Accounts range from large mutual funds to small industry focused investors
- Managed over 741 non-deal roadshow days in 2012
- Extensive experience with traditional and overnight corporate finance transactions

### Equity Trading

- 53 sales traders located in
  - Baltimore, New York, Boston, Dallas, San Francisco, Cleveland, London, and Canada
- 24 position traders covering each major industry
- 8 specialized traders focused on: Option Trading, Convertible and ETF Trading
- Agency model – no proprietary trading or prime brokerage
- Profitable model with advantages of scale

### Extensive Distribution Network

- Agency model – no proprietary trading or prime brokerage
- Major liquidity provider to largest equity money management complexes
- Multi-execution venues: high-touch, algorithms, program trading and direct market access
- Dedicated convertible sales, trading and research desk

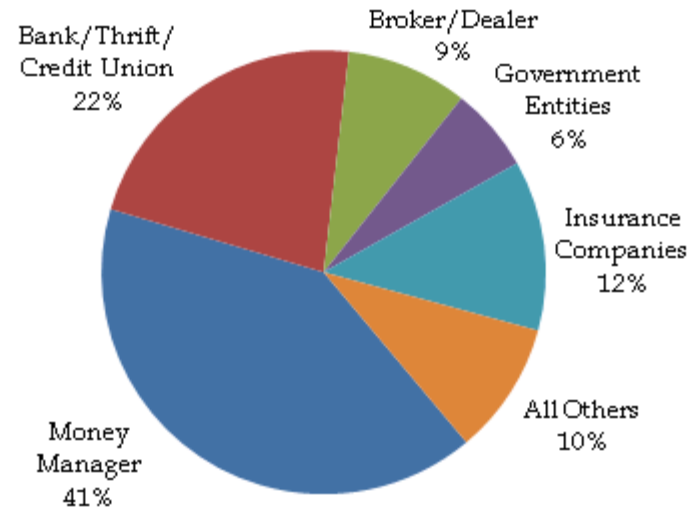
## Institutional Group – Fixed Income

### Strong Fixed Income Capital Markets Capabilities

#### Overview

- Comprehensive platform
  - 89 traders with annual client trade volume approaching \$275 billion across all products
  - 26 dedicated fixed income strategists using state-of-the-art portfolio and balance sheet analytics
- Widespread distribution
  - 165 fixed income sales professionals located in 32 institutional fixed income offices nationwide
  - Over 4,250 accounts ranging from community financial institutions to the largest investment managers in the country

#### Client Distribution (1)(2)



#### Platform & Products

- |   |                                       |                           |
|---|---------------------------------------|---------------------------|
| ■ Focus on long-only money managers and income funds versus hedge funds | ■ Agency/Gov't Securities             | ■ Whole Loans             |
| ■ Consistency of execution  | ■ Money Markets                       | ■ Municipals              |
| ■ Identification of relative value through security selection           | ■ Mortgages                           | ■ Emerging Markets        |
|   | ■ Asset-Backed Securities             | ■ Structured Products     |
|   | ■ Investment Grade Credit             | ■ Stifel Capital Advisors |
|   | ■ High Yield Credit                   |                           |
|   | ■ Aircraft Finance & Credit Solutions |                           |

(1) Client Distribution is for 1/1/12 – 12/31/12.

(2) Other category includes: Corporation, Hedge Fund, Pension Fund, Trust Company, Foundation, Endowment, University & Non-Profit.

## Accomplished U.S. Equity Underwriting Franchise – All Equity Transactions

### All Managed Equity Deals Since 2010

(\$ in billions)			
Rank	Firm	# of Deals	\$ Volume
1	Bank of America Merrill Lynch	599	\$398.1
2	JPMorgan	592	\$381.6
3	Citi	569	\$385.2
4	Morgan Stanley	545	\$375.3
5	Barclays	499	\$317.7
6	Deutsche Bank	486	\$330.8
7	Wells Fargo Securities	485	\$284.3
<b>8</b>	<b>Stifel</b>	<b>478</b>	<b>\$160.4</b>
9	RBC Capital Markets	471	\$229.8
10	Credit Suisse	466	\$316.0
11	UBS	437	\$264.0
12	Goldman Sachs	405	\$307.3
<b>13</b>	<b>Raymond James</b>	<b>352</b>	<b>\$188.0</b>
<b>14</b>	<b>Piper Jaffray &amp; Co</b>	<b>232</b>	<b>\$120.2</b>
<b>15</b>	<b>Robert W Baird &amp; Co</b>	<b>223</b>	<b>\$54.0</b>
<b>16</b>	<b>Jefferies &amp; Company</b>	<b>215</b>	<b>\$40.7</b>
<b>17</b>	<b>Oppenheimer &amp; Co Inc</b>	<b>214</b>	<b>\$57.4</b>
<b>18</b>	<b>JMP Securities LLC</b>	<b>184</b>	<b>\$39.6</b>
<b>19</b>	<b>William Blair &amp; Co LLC</b>	<b>154</b>	<b>\$46.3</b>
<b>20</b>	<b>BMO Capital Markets</b>	<b>144</b>	<b>\$62.6</b>
<b>21</b>	<b>Canaccord Genuity Corp</b>	<b>141</b>	<b>\$15.1</b>
<b>22</b>	<b>KeyBanc Capital Markets</b>	<b>139</b>	<b>\$52.2</b>
<b>23</b>	<b>Janney Montgomery Scott</b>	<b>131</b>	<b>\$21.7</b>
<b>24</b>	<b>Lazard Capital Markets</b>	<b>128</b>	<b>\$43.5</b>
<b>25</b>	<b>Ladenburg Thalmann &amp; Co Inc</b>	<b>118</b>	<b>\$13.1</b>

### Bookrun Equity Deals Since 2010

(\$ in billions)			
Rank	Firm	# of Deals	\$ Volume
1	Bank of America Merrill Lynch	544	\$71.1
2	JPMorgan	504	\$70.9
3	Morgan Stanley	496	\$86.5
4	Citi	483	\$65.4
5	Barclays	404	\$61.1
6	Credit Suisse	361	\$51.9
7	Goldman Sachs	355	\$61.5
7	Deutsche Bank	355	\$44.5
9	Wells Fargo Securities	334	\$27.1
10	UBS	283	\$32.0
<b>11</b>	<b>Jefferies &amp; Company</b>	<b>175</b>	<b>\$10.3</b>
<b>12</b>	<b>Stifel</b>	<b>150</b>	<b>\$8.1</b>
13	RBC Capital Markets	145	\$11.8
<b>14</b>	<b>Raymond James</b>	<b>92</b>	<b>\$5.5</b>
<b>15</b>	<b>Piper Jaffray &amp; Co</b>	<b>78</b>	<b>\$3.6</b>
<b>16</b>	<b>Roth Capital Partners</b>	<b>63</b>	<b>\$1.4</b>
<b>17</b>	<b>Lazard Capital Markets</b>	<b>51</b>	<b>\$1.5</b>
<b>18</b>	<b>Robert W Baird &amp; Co</b>	<b>46</b>	<b>\$2.0</b>
<b>19</b>	<b>Cowen &amp; Co LLC</b>	<b>43</b>	<b>\$1.3</b>
<b>20</b>	<b>Leerink Swann LLC</b>	<b>41</b>	<b>\$1.4</b>
<b>21</b>	<b>Sandler O'Neill &amp; Partners</b>	<b>39</b>	<b>\$3.4</b>
<b>22</b>	<b>KeyBanc Capital Markets</b>	<b>35</b>	<b>\$2.2</b>
<b>23</b>	<b>Canaccord Genuity Corp</b>	<b>29</b>	<b>\$1.4</b>
<b>24</b>	<b>Direct Markets Holdings Corp</b>	<b>27</b>	<b>\$0.6</b>
<b>25</b>	<b>Oppenheimer &amp; Co Inc</b>	<b>25</b>	<b>\$0.7</b>

Source: Dealogic. Rank eligible SEC registered IPOs and Follow-On offerings since 2010. Includes demutualizations. As of 2/15/13. Overlapping deals between Stifel and KBW have been removed.  
 Note: \$ Volume represents full credit to underwriter for All Managed Equity Deals and apportioned credit to bookrunner for Bookrun Equity Deals. Bold font indicates middle-market firms.

**Financial Results**

# Stifel Financial Corp. Results

# STIFEL

Three months ended December 31, 2012

(\$ in thousands, except per share amounts)	Three Months Ended				
	12/31/12 <sup>(1)</sup>	12/31/11	% Change	9/30/12	% Change
<b>Net revenues</b>	\$ 417,830	\$ 356,878	17.1%	\$ 420,080	(0.5%)
Compensation and benefits	262,213	228,743	14.6%	267,652	(2.0%)
Non-comp operating expenses	94,550	83,109	13.8%	90,751	4.2%
<b>Total non-interest expenses</b>	<b>356,763</b>	<b>311,852</b>	<b>14.4%</b>	<b>358,403</b>	<b>(0.5%)</b>
<b>Income before income taxes</b>	<b>61,067</b>	<b>45,026</b>	<b>35.6%</b>	<b>61,677</b>	<b>(1.0%)</b>
Provision for income taxes	21,113	18,010	17.2%	23,967	(11.9%)
<b>Net income</b>	<b>\$ 39,954</b>	<b>\$ 27,016</b>	<b>47.9%</b>	<b>\$ 37,710</b>	<b>6.0%</b>
<b><u>Earnings per share:</u></b>					
Diluted	\$ 0.63	\$ 0.43	46.5%	\$ 0.60	5.0%
<b><u>Weighted average number of shares outstanding:</u></b>					
Diluted	63,301	62,695	1.0%	63,054	0.4%
<b><u>Ratios to net revenues :</u></b>					
Compensation and benefits	62.8%	64.1%		63.7%	
Non-comp operating expenses	22.6%	23.3%		21.6%	
Income before income taxes	14.6%	12.6%		14.7%	

(1) Results for the three months ended December 31, 2012 included realized and unrealized gains on the Company's investment in Knight Capital Group, Inc. of \$13.4 million. The after-tax impact was \$0.05 per diluted share.

# Stifel Financial Corp. Results

# STIFEL

Year ended December 31, 2012

	Year Ended		
	12/31/12 <sup>(1)</sup>	12/31/11	% Change
<i>(\$ in thousands, except per share amounts)</i>			
<b>Net revenues</b>	<b>\$ 1,612,650</b>	\$ 1,416,562	<b>13.8%</b>
Compensation and benefits	<b>1,023,943</b>	900,421	<b>13.7%</b>
Non-comp operating expenses	<b>362,835</b>	377,533	<b>(3.9%)</b>
<b>Total non-interest expenses</b>	<b>1,386,778</b>	1,277,954	<b>8.5%</b>
<b>Income before income taxes</b>	<b>225,872</b>	138,608	<b>63.0%</b>
Provision for income taxes	<b>87,299</b>	54,474	<b>60.3%</b>
<b>Net income</b>	<b>\$ 138,573</b>	\$ 84,134	<b>64.7%</b>
<b><u>Earnings per share :</u></b>			
Diluted	<b>\$ 2.20</b>	\$ 1.33 <sup>(2)</sup>	<b>65.4%</b>
<b><u>Weighted average number of shares outstanding:</u></b>			
Diluted	<b>62,937</b>	63,058	<b>(0.2%)</b>
<b><u>Ratios to net revenues :</u></b>			
Compensation and benefits	<b>63.5%</b>	63.6%	
Non-comp operating expenses	<b>22.5%</b>	26.6%	
Income before income taxes	<b>14.0%</b>	9.8%	

(1) Results for the year ended December 31, 2012 included realized and unrealized gains on the Company's investment in Knight Capital Group, Inc. of \$39.0 million. The after-tax impact was \$0.14 per diluted share.

(2) Results for the year ended December 31, 2011 include previously disclosed litigation-related charges and merger-related expenses of \$0.47 per diluted share.

## Sources of Revenues

# STIFEL

(\$ in thousands)	Quarter Ended					Year Ended		
	12/31/12	12/31/11	% Change	9/30/12	% Change	12/31/12	12/31/11	% Change
Commissions	\$ 134,280	\$ 123,737	8.5%	\$ 127,966	4.9%	\$ 512,976	\$ 561,081	(8.6%)
Principal transactions	97,708	93,963	4.0%	102,979	(5.1%)	408,484	343,213	19.0%
Capital raising	49,203	27,347	79.9%	45,733	7.6%	190,502	124,648	52.8%
Advisory	26,643	28,728	(7.3%)	27,205	(2.1%)	96,083	74,936	28.2%
Investment banking	75,846	56,075	35.3%	72,938	4.0%	286,585	199,584	43.6%
Asset mgt and service fees	68,971	55,920	23.3%	62,881	9.7%	257,981	228,834	12.7%
Other <sup>(1)</sup>	19,597	8,379	133.9%	31,922	(38.6%)	70,231	19,731	255.9%
<b>Total operating revenues</b>	<b>396,402</b>	<b>338,074</b>	<b>17.3%</b>	<b>398,686</b>	<b>(0.6%)</b>	<b>1,536,257</b>	<b>1,352,443</b>	<b>13.6%</b>
Interest revenue	30,032	25,220	19.1%	27,306	10.0%	109,776	89,466	22.7%
<b>Total revenues</b>	<b>426,434</b>	<b>363,294</b>	<b>17.4%</b>	<b>425,992</b>	<b>0.1%</b>	<b>1,646,033</b>	<b>1,441,909</b>	<b>14.2%</b>
Interest expense	8,604	6,416	34.1%	5,912	45.5%	33,383	25,347	31.7%
<b>Net revenues</b>	<b>\$ 417,830</b>	<b>\$ 356,878</b>	<b>17.1%</b>	<b>\$ 420,080</b>	<b>(0.5%)</b>	<b>\$ 1,612,650</b>	<b>\$ 1,416,562</b>	<b>13.8%</b>

(1) Results for the three and twelve months ended December 31, 2012 included realized and unrealized gains on the Company's investment in Knight Capital Group, Inc. of \$13.4 million and \$39.0 million, respectively. The after-tax impact was \$0.05 and \$0.14 per diluted share, respectively.

## Non-Interest Expenses

Three months ended December 31, 2012

	Quarter Ended					% of Net revenues		
	12/31/12	12/31/11	% Change	9/30/12	% Change	12/31/12	12/31/11	9/30/12
<i>(\$ in thousands)</i>								
Compensation and benefits	<b>239,714</b>	210,924	<b>13.6%</b>	247,964	<b>(3.3%)</b>	<b>57.4%</b>	59.1%	59.0%
Transitional pay <sup>(1)</sup>	<b>22,499</b>	17,819	<b>26.3%</b>	19,688	<b>14.3%</b>	<b>5.4%</b>	5.0%	4.7%
<b>Total compensation and benefits</b>	<b>262,213</b>	228,743	<b>14.6%</b>	267,652	<b>(2.0%)</b>	<b>62.8%</b>	64.1%	63.7%
Occupancy and equipment rental	<b>34,075</b>	31,967	<b>6.6%</b>	33,061	<b>3.1%</b>	<b>8.2%</b>	9.0%	7.9%
Communication and office supplies	<b>19,795</b>	19,391	<b>2.1%</b>	19,976	<b>(0.9%)</b>	<b>4.7%</b>	5.4%	4.8%
Commissions and floor brokerage	<b>7,480</b>	6,097	<b>22.7%</b>	8,031	<b>(6.9%)</b>	<b>1.8%</b>	1.7%	1.9%
Other operating expenses	<b>33,200</b>	25,654	<b>29.4%</b>	29,683	<b>11.8%</b>	<b>7.9%</b>	7.2%	7.0%
<b>Total non-comp operating expenses</b>	<b>94,550</b>	83,109	<b>13.8%</b>	90,751	<b>4.2%</b>	<b>22.6%</b>	23.3%	21.6%
<b>Total non-interest expense</b>	<b>356,763</b>	311,852	<b>14.4%</b>	358,403	<b>(0.5%)</b>	<b>85.4%</b>	87.4%	85.3%

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

## Segment Comparison

# STIFEL

	Quarter Ended					Year Ended		
	12/31/12	12/31/11	% Change	9/30/12	% Change	12/31/12	12/31/11	% Change
<i>(\$ in thousands)</i>								
<b>Net revenues:</b>								
Global Wealth Management	\$ 255,084	\$ 224,569	13.6%	\$ 251,728	1.3%	\$ 995,189	\$ 908,158	9.6%
Institutional Group <sup>(1)</sup>	165,056	134,229	23.0%	169,679	(2.7%)	618,536	507,397	21.9%
Other	(2,310)	(1,920)	(20.3%)	(1,327)	(74.1%)	(1,075)	1,007	(206.8%)
	<u>\$ 417,830</u>	<u>\$ 356,878</u>	<u>17.1%</u>	<u>\$ 420,080</u>	<u>(0.5%)</u>	<u>\$ 1,612,650</u>	<u>\$ 1,416,562</u>	<u>13.8%</u>
<b>Operating contribution:</b>								
Global Wealth Management	\$ 69,282	\$ 62,872	10.2%	\$ 68,370	1.3%	\$ 268,183	\$ 235,382	13.9%
Institutional Group <sup>(1)</sup>	21,490	10,773	99.5%	33,427	(35.7%)	96,167	63,269	52.0%
Other <sup>(2)</sup>	(29,705)	(28,619)	3.8%	(40,120)	(26.0%)	(138,478)	(160,043)	(13.5%)
	<u>\$ 61,067</u>	<u>\$ 45,026</u>	<u>35.6%</u>	<u>\$ 61,677</u>	<u>(1.0%)</u>	<u>\$ 225,872</u>	<u>\$ 138,608</u>	<u>63.0%</u>

(1) Results for the three and twelve months ended December 31, 2012 included realized and unrealized gains on the Company's investment in Knight Capital Group, Inc. of \$13.4 million and \$39.0 million, respectively. The after-tax impact was \$0.05 and \$0.14 per diluted share, respectively.

(2) Results for the year ended December 31, 2011 include previously disclosed litigation-related charges and merger-related expenses of \$47.5 million pre-tax.

## 2012 Legacy Business vs. Investments

2012 Investments include hiring 152 financial advisors and 77 fixed income sales and trading professionals YTD<sup>1</sup>.

(\$ in thousands, except per share amounts)

	12M2012		
	Legacy <sup>2</sup>	Investments	Total
<b>Net revenues</b>	<b>1,567,133</b>	<b>45,517</b>	<b>1,612,650</b>
Compensation and benefits	981,111	42,832	1,023,943
Non-compensation operating expenses	341,701	21,134	362,835
<b>Total non-interest expenses</b>	<b>1,322,812</b>	<b>63,966</b>	<b>1,386,778</b>
<b>Income before income taxes</b>	<b>244,321</b>	<b>(18,449)</b>	<b>225,872</b>
Provision for income taxes <sup>3</sup>	94,429	(7,130)	87,299
<b>Net income</b>	<b>149,892</b>	<b>(11,319)</b>	<b>138,573</b>
<b>Earnings per share</b>	<b>\$ 2.38</b>	<b>\$ (0.18)</b>	<b>\$ 2.20</b>

### **Ratios to net revenues:**

Compensation and benefits	<b>62.6</b>	<b>63.5</b>
Non-compensation operating expenses	<b>21.8</b>	<b>22.5</b>
Income before income taxes	<b>15.6</b>	<b>14.0</b>

<sup>1</sup>As of December 31, 2012.

<sup>2</sup>Legacy revenues and expenses exclude new business and investments.

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