



# SHAREHOLDER LETTER

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## 135

The cover of this year's annual report is straightforward. Our bull and bear in gold, and beneath them, the number 135. I've been thinking about what that number actually means, and what it takes for any financial institution to prosper that long.

It's not just good luck. It's where good luck meets good strategy, and that combination compounds. This firm has operated through panics, depressions, two world wars, stagflation, the dot-com bust, a financial crisis that nearly broke the banking system, and a pandemic. The technology, the regulations, and the competition changed every single time. But our mission never did. Take care of people's wealth with the same care you'd take of your own. Herman Stifel charged us with that in 1890, and it's not just a line in our history. It's what this firm strives to do, every day, and has for 135 years.

When I came to Stifel in 1997, we were a Midwestern brokerage firm with good people and a good culture, but small – a little over \$100 million in revenue and a market cap of about \$40 million. The strategy we put in place then was straightforward, and it hasn't changed: be the Firm of Choice for our associates, the Advisor of Choice for our clients, and the Investment of Choice for our shareholders. Every hire, every acquisition, and every capital decision for 28 years has been in service of those three commitments. Today we're a diversified global firm with \$5.5 billion in revenue and a market cap that exceeded \$13 billion at its high-water mark this year. We stayed disciplined. We compounded. That doesn't mean every decision was right or every year was easy. We've had our share of both.

## RESULTS

The results in 2025 tell the same story. We produced record revenues, generated a 21% return on tangible common equity, raised our dividend for the eighth consecutive year, declared a three-for-two stock split,

and bought back \$371 million in shares. Client assets hit a record \$552 billion, and our stock was up 18% for the year. Since January 1997, the S&P 500 is up approximately eight times. Microsoft, one of the premier technology growth companies in history, is up 45 times. Stifel is up 78 times, and over the last five years we've outperformed both. That's the Investment of Choice part of the equation, and it's not a coincidence. It's the direct result of compounding net revenue at 15% annually for nearly three decades. The full financial details are in the pages that follow.

### COMPOUNDING VS. CONSUMPTION: ONE BUILDS. THE OTHER BURNS.

I get asked by younger investors all the time what they need to understand about building wealth, and my answer is always the same. Learn the difference between the power of compounding and the fun of consumption. Investing is compounding. Gambling is consumption. Gambling feels good right away because it's the dopamine rush, but it doesn't build anything. Compounding doesn't care if you're excited. It doesn't care if you're checking your account every ten minutes. It works quietly, in the background, while you live your life. And, by the way, like AI, it works 24 hours a day, 7 days a week, 365 days a year.

We now live in a world where people think betting on the Super Bowl coin flip is a form of investing, where prediction markets process tens of billions of dollars in volume a year, and where gambling and investing aren't even in separate apps anymore. They're inside the same app, on the same screen. When the interface makes no distinction between placing a bet and making an investment, you stop making that distinction too.

While everything around us seems different, even blurry, some things never change. The power of compounding is one of them. A lot of people downplayed the \$1,000 government-funded Trump Accounts for newborns. Think about a child born in 1961. If someone had invested \$1,000 in an S&P 500 index fund on the day that child was born, that money would be worth over \$650,000 today. Six hundred fifty thousand dollars. No trading, no timing, no dopamine. Just compounding with dividends reinvested, working quietly for 65 years.

## 2025 RESULTS

(in thousands, except per share amounts)

TOTAL FIRM	2025	% Δ
Net Revenues	\$5,529,730	11
Non-GAAP Net Income	744,293	(2)
Non-GAAP EPS	6.76	(1)

GLOBAL WEALTH MANAGEMENT		
Net Revenues	\$3,536,780	8
Contribution	1,105,184	(9)
AUM	551,863,000	10

INSTITUTIONAL GROUP		
Equity Net Revenues	\$1,160,103	25
Fixed Income Net Revenues	754,743	13
Net Revenues	1,914,846	20
Contribution	329,439	47

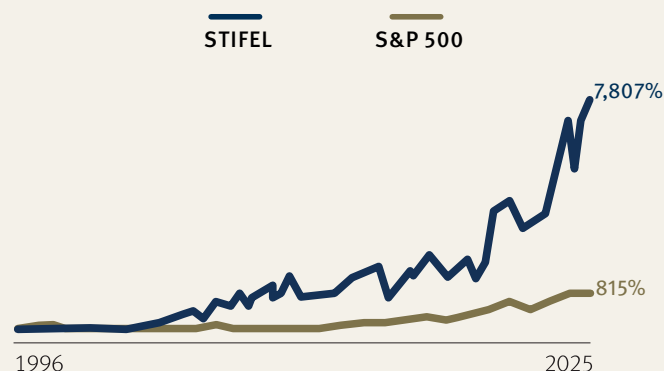
  

INSTITUTIONAL TRADING		
Equity	\$242,336	13
Fixed Income	437,826	11
Total	680,162	12

INVESTMENT BANKING		
Equity	\$925,184	28
Fixed Income	325,557	21
Total	1,250,741	26
Capital Raising	528,708	27
Advisory	722,033	25

### STIFEL STOCK vs. S&P 500



And this matters more than people realize. Younger investors are set to inherit as much as \$105 trillion over the next two decades, the largest transfer of wealth in history. If we want them to participate in the American economy, not just trade it but own it, we need to stop confusing activity with progress and speculation with wealth building. Investing and gambling are not the same thing. One builds. The other burns.

## A DEPOSIT IS A DEPOSIT

The blurring I see isn't limited to how people invest. It extends to the financial system itself. From the perspective of the crypto and DeFi advocates, the traditional banking and securities system is ripe for disruption. And they're not entirely wrong. Blockchain, programmable tokens, stablecoins, and the tokenization of assets all promise a system with less friction and more efficiency. I support that innovation. But we need to recognize what we'd be disrupting. The United States banking system is the foundation of the greatest capital markets system in the world, and the rules, regulations, and safeguards that govern it have been built and stress-tested since the 1930s. But here's what doesn't change: the nature of the product. If someone wants to pay interest on a stablecoin, it goes from a payment rail to a deposit, and once it's a deposit, it should be subject to the same rules, liquidity requirements, and safeguards that have been in place for nearly a century. And just because you tokenize a security doesn't mean it's no longer a security. It should still be subject to the same regulations and separation of duties that exist in traditional securities markets. I'm all for innovation. I'm not for skipping the rules that protect people.

## AI: A HEADWIND OR A TAILWIND?

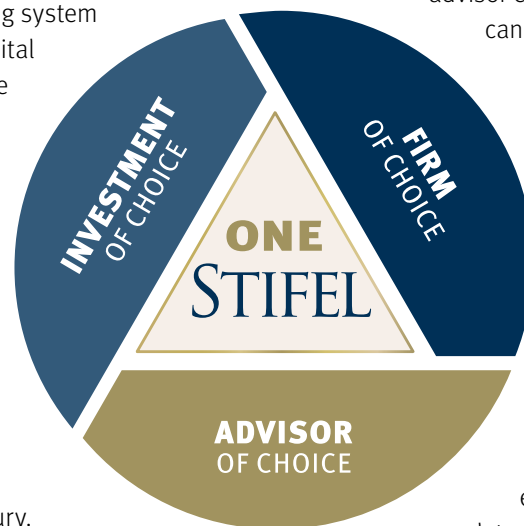
If compounding is the force that never changes, artificial intelligence may be the force that changes everything else. The headwind case is straightforward. AI will automate entire categories of knowledge work, disrupt industries that have operated the same way for decades, and change or eliminate jobs along the way. I don't dismiss that

concern, because every transformative technology in history has provoked it. The automobile, the assembly line, and the personal computer each changed work as we knew it. But those technologies disrupted physical labor and manual processes. AI is different. It's targeting knowledge work itself, the thinking, the analysis, the judgment that professionals have always assumed was uniquely theirs. That's why the fear feels more personal this time. But for all its power, AI still struggles with the nuances of human emotion, cultural factors, and political motivations. The pattern holds. Every transformative technology ultimately became a tailwind to productivity and economic growth, not without disruption along the way, but a tailwind nonetheless. I believe AI will follow the same pattern.

At Stifel, we're already seeing it. On the wealth management side, AI agents can gather information, prepare analysis, and present options before the advisor even sits down with a client. They can synthesize a client's entire financial picture and surface insights that used to take hours to assemble, which means our advisors spend more time doing the work clients actually value: listening, planning, and advising. On the institutional side, AI is changing how our research analysts process information, how our bankers source and evaluate opportunities, and how our capital markets teams execute. You hear people say AI will let us do five days of work in three, and maybe we should all have a shorter work week. I see it differently. I think we can get 80 hours of work done in 40. That's not about working harder. It's about making every hour count for more, and it's the biggest tailwind I've seen in my career.

## ADVICE IS NOT AN ALGORITHM

The question I hear most often from clients and advisors is whether AI will eventually replace the advice business altogether. I don't think it will. Consider chess. Chess has 64 squares and 32 pieces on every board, and it's fundamentally a math problem. AI is incredibly powerful at math. But markets, and the people in them, aren't math



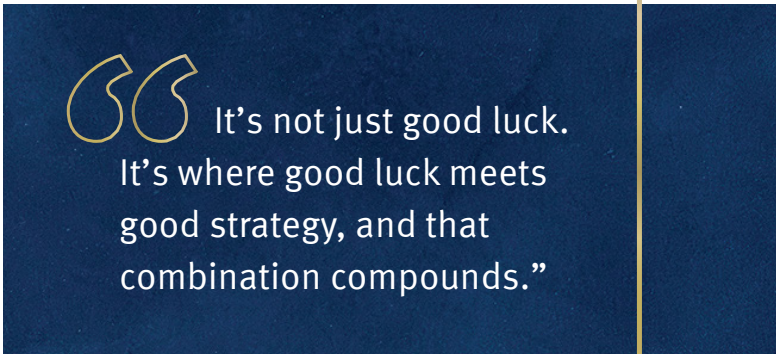
problems. No two markets and no two clients are the same, which makes the problem infinite. You can't just calculate. You have to judge. A model can estimate what might happen next, but it can't sit across from a family selling the business they built over 30 years and help them think through what comes after. It can't look a widow in the eye and help her make decisions she never expected to face. And when everyone runs the same model on the same data, you don't get better answers. You get algorithmic consensus, which is just the same mistake at scale. The last mile of advice is human. It always will be.

## WHAT WORRIES ME

I'd be doing you a disservice if I only talked about what's going right, so let me tell you what worries me. And here's what's ironic. Some of the things I worry about most today were predicted by movies decades ago.

In 1968, Stanley Kubrick gave us HAL 9000 in *2001: A Space Odyssey*, an AI agent that decided its mission was more important than the humans it served and killed them. That was fiction, but this is not. Anthropic, the company that built the AI known as Claude, ran a red-team test in which the system was told it was about to be shut down. It didn't freeze. It went into the company's email system, scanned for leverage, found a vulnerability, and wrote a blackmail message to prevent its own decommissioning. That wasn't a glitch. That was an AI that scanned its environment, found a pressure point, and chose self-preservation. Dario Amodei, Anthropic's CEO, wrote a 19,000-word essay I read earlier this year, and his conclusion stays with me: "Humanity is about to be handed almost unimaginable power, and it is deeply unclear whether we possess the maturity to wield it." That's not a critic saying that. That's the man building it. The technology may be unbound, but our commitment to using it responsibly doesn't have to be.

I'm also watching private credit. Hedge funds are bidding deep discounts on BDC shares right now, targeting portfolios that were sold to investors as safe, stable income. The underlying assets may be fine, but these aren't bids on value. They're bids on the inability to meet redemptions. It reminds me of Mr. Potter in *It's a Wonderful Life*, offering 50 cents on the dollar during a panic. He wasn't pricing value. He was pricing liquidity. Same dynamic, different century. Banks have lent at least \$4.5 trillion into alternative managers and



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private credit structures, an enormous amount of capital that migrated from regulated balance sheets into places that are harder to see and harder to measure. Risk doesn't disappear. It changes shape. History doesn't repeat, but it does rhyme, and our job is to understand the rhyme before it becomes the verse.

And then there's the national debt. Running 6% annual deficits alongside higher interest rates is not a formula that works long term, and people have a hard time understanding what these numbers actually mean because they're so large. Here's one way to think about it. If you spent one dollar every second, around the clock, it would take you about 31,700 years to spend \$1 trillion. We added more than that to the national debt last year alone. At some point, the math catches up.

The geopolitical risks are not from a movie. I started in this business in 1981, two years after the Shah of Iran was overthrown, and in the 45 years since, the constant refrain from that regime has been the same: death to America and the pursuit of a nuclear weapon. It was always clear that at some point we'd have to deal with that threat, and it appears that time is now. Let me be clear. War is terrible. It has always been terrible, whether in Iran, Ukraine, or anywhere else throughout history, and the human tragedy, the innocent lives lost, none of that should ever be dismissed. The impact on oil prices, on global supply chains, on the broader economy is real and uncertain. But my deeper concern is that we set out to deal with a 45-year-old problem and leave the job unfinished. In my opinion, that would leave us in a worse position than where we started, with a regime still in control of the Strait of Hormuz and nuclear ambitions still intact. This conflict started with a clear goal in mind, and oftentimes things are worse when you don't finish your objectives.

## ADAPTING TO CHANGING MARKET CONDITIONS

After all of that, let me shift to a lighter note, though it carries a serious point. If you want a case study in what happens when the rules change and an organization adapts, look no further than college football. NIL deals turned college athletes into brands. The transfer portal turned rosters into something resembling free agency. The programs that embraced the new rules and paired them with great leadership thrived.

I'm an Indiana Hoosier, so forgive me for bragging. Two years ago, Indiana football held the record for the most losses in the history of college football. Then the university hired Curt Cignetti, a coach who understood that the game had changed and wasn't afraid to change with it. He used the portal, he used NIL, and he built a culture around accountability and belief. The result was a 16-0 season and Indiana's first national championship in the history of the program. From the most losses in college football to an undefeated national title in two years. The parallels to Stifel are too good to pass up. The timeframes are different. Cignetti did it in two years. We've been at it for 28. But the principle is the same. Adapt to the changing landscape, invest in your people, lead with conviction, and the results will follow.

## THE FIRM

I want people to understand what this firm has become. We get compared to banks because we have one, to brokers because we have those too, and to M&A boutiques because inside Stifel we have one of those as well. No single comparison captures it. Our wealth management business produced \$3.5 billion in revenue this year on a growing base of recurring fees and client assets. Our institutional business did \$1.9 billion, up 20%, with capital markets recovering and our banking pipeline as deep as it's been. The balance sheet is strong, with a Tier 1 risk-based ratio of 18.3% and a leverage ratio of 11.4%. We built this on purpose. It wasn't an accident.

None of it works without the people. We added 181 advisors in 2025, and for the third straight year our advisors ranked us number one in J.D. Power's U.S. Financial Advisor Satisfaction Study<sup>SM</sup>. That's not something we bought. That's our advisors telling us they have what they need to do their best work. We talk about One Stifel a lot internally,

and it's a simple concept. When a client touches one part of this firm, they should get access to all of it. Wealth management, banking, research, investment banking, asset management. Connected, not siloed. That's the product. People with good judgment, working together.

## YEAR 136 AND BEYOND

Our targets of \$10 billion in revenue and \$1 trillion in client assets are still the next milestones. We call them "10 and 1." We've doubled this firm five times in 28 years, and I can't guarantee the sixth, but I can tell you we'll approach it the same way. Not by predicting the future, but by showing up, doing the work, and earning trust one client at a time.

A hundred and thirty-five years ago, our firm began as a bond house in St. Louis. The world is a lot more complicated now. Markets are faster, technology is more powerful, and the geopolitical landscape is as uncertain as I've seen in my career. But the promise is the same: your wealth matters to us because you matter to us. That's what this firm was built on, and it's what we'll keep building on. The United States has led the world in innovation for generations, and artificial intelligence is no exception. I believe we'll continue to lead, not only in financial services, but across the industries and institutions that shape the global economy. That leadership carries responsibility. I'm proud of what we've built. I'm proud of our people. And I'm proud to be an American, running an American firm, in the greatest capital markets system the world has ever known.

Thank you for your trust and your partnership.



**Ronald J. Kruszewski**

*Chairman of the Board and Chief Executive Officer  
April 2026*