

The background of the slide features a grayscale image of a row of classical columns, receding into the distance. The columns are fluted and have papyrus capitals. The lighting creates strong shadows and highlights, giving a sense of depth and grandeur. The image is centered and occupies most of the slide's width.

1st Quarter 2013
Financial Results Presentation

May 9, 2013

STIFEL

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 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 for the three months ended March 31, 2013. 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 investors’ overall understanding of the Company’s financial performance.

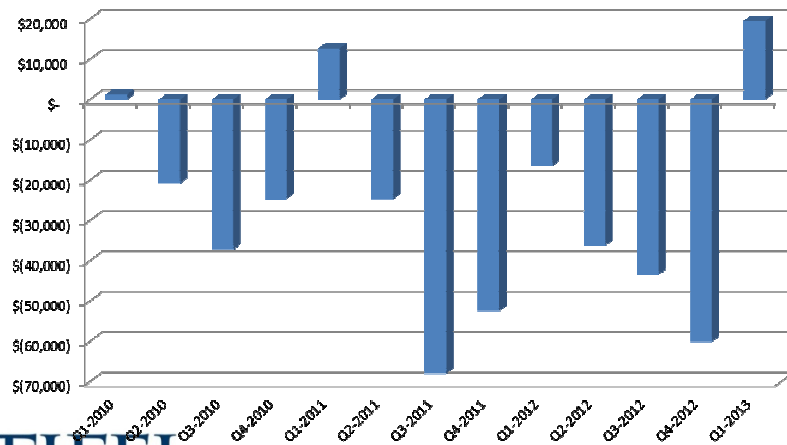
Chairman's Comments

“We are pleased with our performance for the quarter, which included record net revenues. While our profitability is clouded by merger-related charges, it is noteworthy that our Global Wealth Management segment posted record revenue and profitability, and our Institutional segment generated record quarterly revenue. As we work through the KBW integration process and the related expense reductions, we expect to continue to report both GAAP and non-GAAP results for the remainder of the year. Looking forward, we are focused on leveraging our new and established businesses to drive growth and profits across the platform. Additionally, we are on track this quarter to complete the acquisition of the U.S. institutional fixed income sales and trading team and hiring of the European team from Knight Capital Group.”

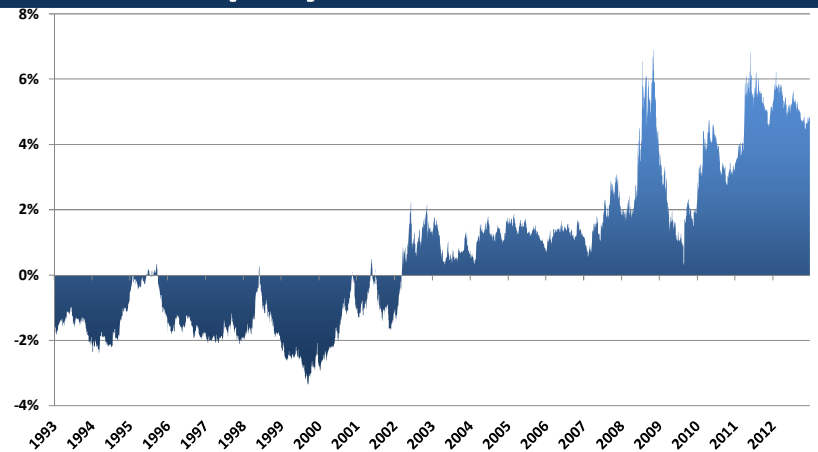
Market Overview


Activity Summary						First Quarter Results	
Volumes are in million \$, except trading volumes which are in million shares. Data as of 3/31/2013							
	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2012 Q1	QoQ	YoY
S&P 500	1,569	1,426	1,441	1,362	1,408	10%	11%
U.S. Treasury 10yr Yield	1.85%	1.76%	1.63%	1.65%	2.21%	+9 bps	-36 bps
Equity ADV	6,372	6,084	5,981	6,917	6,821	5%	-7%
Corporate Bond ADV	20,736	16,347	16,364	17,147	19,933	27%	4%
U.S. DCM (\$)	626,267	584,655	639,520	545,139	644,207	7%	-3%
U.S. DCM (#)	2,236	2,189	2,441	2,490	2,912	2%	-23%
U.S. ECM (\$)	75,491	63,033	79,976	69,876	57,535	20%	31%
U.S. ECM (#)	287	257	250	223	253	12%	13%
Municipal Bond DCM	82,870	97,126	87,670	115,009	79,087	-15%	5%
U.S. Announced M&A (\$)	316,339	356,033	218,295	228,630	170,273	-11%	86%
U.S. Announced M&A (#)	2,629	3,282	2,893	2,948	3,101	-20%	-15%
U.S. Completed M&A (\$)	231,503	320,126	211,771	302,664	193,951	-28%	19%
U.S. Completed M&A (#)	2,575	3,272	2,840	2,880	3,011	-21%	-14%

Domestic Equity Flows



Equity Risk Premium





KBW Merger

KBW Update

- **Merger closed:** February 15, 2013
 - All client facing decisions made by deal close
- Back-office conversion completed: March 6, 2013
- **Significant steps towards achieving cost savings target**

Market Acceptance of Transaction

KBW Investment Banking

- KBW is #1 year to date in the number of FIG and Bank mergers
- KBW is #1 in gross deal value for Bank mergers and has advised on the 5 largest Bank mergers this year
- Cross-selling success:
 - Boston Private Financial Holdings, Inc. preferred equity offering
 - Zions Bancorporation preferred equity offering
 - Radian Group, Inc. convertible senior debt offering
 - MGIC Investment Corporation convertible senior debt offering

KBW Equities

- KBW Research reassigned and launched
 - Readership of KBW Research is above pre-deal levels
- Market share in adv. Volume for KRX components was 4.5% for Q1 2013, compared to 2.7% for Q1 2012
- April was the best month for equity commissions for KBW in over a year in its U.S. and European products

Non-Core Expenses

Acquisition-Related Expenses

(\$ in thousands)

	<u>Q1 2013</u>	<u>Thereafter</u>	<u>Total</u>
Duplicate Compensation	\$ 3,138	\$ 9,100	\$ 12,238
Stock-Based Compensation	30,648	-	30,648
Duplicate/Non-Recurring Costs	6,552	16,700	23,252
Total estimated non-core operating expenses	<u>\$ 40,338</u>	<u>\$ 25,800</u>	<u>\$ 66,138</u>

Non-Core Expense Projections

Acquisition-Related Expenses

(\$ in thousands)	Three Months Ended			Total
	6/30/13	9/30/13	12/31/13	
Compensation	\$ 6,200	\$ 2,500	\$ 400	\$ 9,100
Non-Compensation Operating Expenses	6,800	5,000	4,900	16,700
Total estimated non-core operating expenses	13,000	7,500	5,300	\$ 25,800
Retention - KFI	-	20,100	-	20,100
Total estimated non-core operating expenses - Acquisition-related	\$ 13,000	\$ 27,600	\$ 5,300	\$ 45,900



Financial Results

Stifel Financial Corp. Results

Three months ended March 31, 2013

	Three Months Ended March 31, 2013			Three Months Ended			
	GAAP	Non-Core ⁽¹⁾	Non-GAAP	3/31/12	% Change	12/31/12	% Change
<i>(\$ in thousands, except per share amounts)</i>							
Net revenues	\$ 441,780	\$ 8	\$ 441,788	\$ 400,333	10.4%	\$ 417,830	5.7%
Compensation and benefits	315,727	(33,786)	281,941	254,704	10.7%	262,213	20.4%
Non-comp operating expenses	102,707	(6,552)	96,155	86,375	11.3%	94,550	8.6%
Total non-interest expenses	418,434	(40,338)	378,096	341,079	10.9%	356,763	17.3%
Income before income taxes	23,346	40,346	63,692	59,254	7.5%	61,067	(61.8%)
Provision for income taxes	8,727	15,081	23,808	24,481	(2.7%)	21,113	(58.7%)
Net income	\$ 14,619	\$ 25,265	\$ 39,884	\$ 34,773	14.7%	\$ 39,954	(63.4%)
<u>Earnings per share:</u>							
Diluted	\$ 0.21		\$ 0.58	\$ 0.55	5.5%	\$ 0.63	(66.7%)
<u>Weighted average number of shares outstanding:</u>							
Diluted	69,189		69,189	62,669	10.4%	63,301	9.3%
<u>Ratios to net revenues:</u>							
Compensation and benefits	71.5%		63.8%	63.6%		62.8%	
Non-comp operating expenses	23.2%		21.8%	21.6%		22.6%	
Income before income taxes	5.3%		14.4%	14.8%		14.6%	

(1) Non-core expenses consisted of a charge related to expensing stock awards issued as retention in connection with the acquisition of KBW and merger-related expenses.

Source of Revenues

(\$ in thousands)	Three Months Ended				
	3/31/13	3/31/12	% Change	12/31/12	% Change
Commissions	\$ 148,648	\$ 123,303	20.6%	\$ 134,280	10.7%
Principal transactions	107,244	116,233	(7.7%)	97,708	9.8%
Brokerage revenues	255,892	239,536	6.8%	231,988	10.3%
Capital raising	51,199	54,833	(6.6%)	49,203	4.1%
Advisory	27,180	15,605	74.2%	26,643	2.0%
Investment banking	78,379	70,438	11.3%	75,846	3.3%
Asset mgt and service fees	68,912	60,818	13.3%	68,971	(0.1%)
Other ⁽¹⁾	20,212	13,294	52.0%	19,597	3.1%
Total operating revenues	423,395	384,086	10.2%	396,402	6.8%
Interest revenue	29,845	25,257	18.2%	30,032	(0.6%)
Total revenues	453,240	409,343	10.7%	426,434	6.3%
Interest expense	11,460	9,010	27.2%	8,604	33.2%
Net revenues	\$ 441,780	\$ 400,333	10.4%	\$ 417,830	5.7%

(1) Results for the three months ended March 31, 2013 and December 31, 2012 included realized and unrealized gains on the Company's investment in Knight Capital Group, Inc. of \$2.2 million and \$13.4 million, respectively.

Brokerage Revenues by Segment

	Three Months Ended				
	3/31/13	3/31/12	% Change	12/31/12	% Change
<i>(\$ in thousands)</i>					
Private client group	\$ 158,392	\$ 149,401	6.0%	\$ 147,792	7.2%
Equity brokerage	52,000	44,171	17.7%	41,805	24.4%
Fixed income brokerage	45,500	45,964	(1.0%)	42,391	7.3%
Total Brokerage Revenues	\$ 255,892	\$ 239,536	6.8%	\$ 231,988	10.3%

Core Non-Interest Expenses

Three months ended March 31, 2013

(\$ in thousands)	Three Months Ended					% of Net revenues		
	3/31/13 ⁽¹⁾	3/31/12	% Change	12/31/12	% Change	3/31/13 ⁽¹⁾	3/31/12	12/31/12
Net revenues	\$ 441,788	\$ 400,333	10.4%	\$ 417,830	5.7%	100.0%	100.0%	100.0%
Compensation and benefits	259,135	236,332	9.6%	239,714	8.1%	58.7%	59.0%	57.4%
Transitional pay ⁽²⁾	22,806	18,372	24.1%	22,499	1.4%	5.2%	4.6%	5.4%
Total compensation and benefits	281,941	254,704	10.7%	262,213	7.5%	63.8%	63.6%	62.8%
Occupancy and equipment rental	31,501	30,791	2.3%	34,075	(7.6%)	7.1%	7.7%	8.2%
Communication and office supplies	21,858	20,373	7.3%	19,795	10.4%	4.9%	5.1%	4.7%
Commissions and floor brokerage	8,669	7,612	13.9%	7,480	15.9%	2.0%	1.9%	1.8%
Other operating expenses	34,127	27,599	23.7%	33,200	2.8%	7.7%	6.9%	7.8%
Total non-comp operating expenses	96,155	86,375	11.3%	94,550	1.7%	21.8%	21.6%	22.6%
Total non-interest expense	378,096	341,079	10.9%	356,763	6.0%	85.6%	85.2%	85.4%
Income before income taxes	63,692	59,254	7.5%	61,067	4.3%	14.4%	14.8%	14.6%
Provision for income taxes	23,808	24,481	(2.7%)	21,113	12.8%	5.4%	6.0%	5.1%
Non-GAAP net income	\$ 39,884	\$ 34,773	14.7%	\$ 39,954	(0.2%)	9.0%	8.7%	9.6%
Non-core expenses (after-tax)	(25,265)	-		-				
GAAP net income	\$ 14,619	\$ 34,773		\$ 39,954				

(1) Excludes non-core expenses consisting of a charge related to expensing stock awards issued as retention in connection with the acquisition of KBW and merger-related expenses.

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

Segment Comparison

Three Months Ended

(\$ in thousands)	⁽¹⁾		% Change		
	<u>3/31/13</u>	<u>3/31/12</u>		<u>12/31/12</u>	<u>% Change</u>
Net revenues:					
Global Wealth Management	\$ 266,957	\$ 247,608	7.8%	\$ 255,084	4.7%
Institutional Group ⁽²⁾	176,437	149,244	18.2%	165,056	6.9%
Other	(1,614)	3,481	(146.4%)	(2,310)	(30.1%)
	<u>\$ 441,780</u>	<u>\$ 400,333</u>	<u>10.4%</u>	<u>\$ 417,830</u>	<u>5.7%</u>
Operating contribution:					
Global Wealth Management	\$ 69,499	\$ 68,878	0.9%	\$ 69,282	0.3%
Institutional Group ⁽²⁾	28,137	24,004	17.2%	21,490	30.9%
Other	(33,944)	(33,628)	0.9%	(29,705)	14.3%
	<u>\$ 63,692</u>	<u>\$ 59,254</u>	<u>7.5%</u>	<u>\$ 61,067</u>	<u>4.3%</u>

(1) Non-GAAP results for the three months ended March 31, 2013 compared to GAAP results for the year-ago period and the three months ended December 31, 2012.

(2) Results for the three months ended March 31, 2013 and December 31, 2012 included realized and unrealized gains on the Company's investment in Knight Capital Group, Inc. of \$2.2 million and \$13.4 million, respectively.

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Global Wealth Management

(\$ in thousands)	Three Months Ended				
	3/31/13	3/31/12	% Change	12/31/12	% Change
Commissions	\$ 102,086	\$ 91,020	12.2%	\$ 93,045	9.7%
Principal transactions	56,307	58,381	(3.6%)	54,747	2.8%
Asset management & service fees	68,934	60,586	13.8%	68,631	0.4%
Net interest	21,486	17,642	21.8%	21,195	1.4%
Investment banking	11,103	12,402	(10.5%)	10,906	1.8%
Other income	7,041	7,577	(7.1%)	6,560	7.3%
Net revenues	266,957	247,608	7.8%	255,084	4.7%
Compensation and benefits	157,596	143,351	9.9%	147,029	7.2%
Non-comp operating expenses	39,862	35,379	12.7%	38,773	2.8%
Total non-interest expenses	197,458	178,730	10.5%	185,802	6.3%
Income before income taxes	\$ 69,499	\$ 68,878	0.9%	\$ 69,282	0.3%
<i>Ratios to net revenues :</i>					
Compensation and benefits	59.0%	57.9%		57.6%	
Non-comp operating expenses	15.0%	14.3%		15.2%	
Income before income taxes	26.0%	27.8%		27.2%	

Stifel Bank & Trust

(an operating unit of GWM)

	As of			As of	
	3/31/13	3/31/12	% Change	12/31/12	% Change
Assets	\$ 3,832,281	\$ 2,611,828	46.7	\$ 3,652,633	4.9
Investment securities	2,440,146	1,673,866	45.8	2,332,058	4.6
Retained loans, net	886,597	657,081	34.9	822,711	7.8
Loans held for sale	165,698	141,136	17.4	214,531	(22.8)
Deposits	3,556,568	2,357,912	50.8	3,346,133	6.3
Allowance for loan losses	\$ 9,406	\$ 5,781	62.7	\$ 8,145	15.5
Allowance as a percentage of loans	1.01 %	0.87 %		0.99 %	
Non-performing loans	\$ 1,063	\$ 2,144	(50.4)	\$ 1,809	(41.2)
Other non-performing assets	373	717	(48.0)	373	-
Non-performing assets	\$ 1,436	\$ 2,861	(49.8)	\$ 2,182	(34.2)
Non-performing assets as a percentage of total assets	0.04 %	0.11 %		0.06 %	

Institutional Group

	Three Months Ended				
	3/31/13	3/31/12	% Change	12/31/13	% Change
<i>(\$ in thousands)</i>					
Net revenues	\$ 176,437	\$ 149,244	18.2%	\$ 165,056	6.9%
Compensation and benefits	107,636	94,430	14.0%	108,371	(0.7%)
Non-comp operating expenses	40,664	30,810	32.0%	35,195	15.5%
Total non-interest expenses	148,300	125,240	18.4%	143,566	3.3%
Income before income taxes	\$ 28,137	\$ 24,004	17.2%	\$ 21,490	30.9%
<i>Ratios to net revenues :</i>					
Compensation and benefits	61.0%	63.3%		65.7%	
Non-comp operating expenses	23.1%	20.6%		21.3%	
Income before income taxes	15.9%	16.1%		13.0%	

Institutional Group Revenues

(\$ in thousands)	Three Months Ended				
	3/31/13	3/31/12	% Change	12/31/12	% Change
Institutional brokerage:					
Equity	\$ 52,000	\$ 44,171	17.7%	\$ 41,805	24.4%
Fixed income	45,500	45,964	(1.0%)	42,391	7.3%
	97,500	90,135	8.2%	84,196	15.8%
Investment Banking:					
Capital raising					
Equity	24,380	31,550	(22.7%)	19,830	22.9%
Fixed income	15,715	10,881	44.4%	18,466	(14.9%)
	40,095	42,431	(5.5%)	38,296	4.7%
Advisory fees	27,180	15,605	74.2%	26,644	2.0%
Investment banking	67,275	58,036	15.9%	64,940	3.6%
Other ⁽¹⁾	11,662	1,073	*	15,920	(26.7%)
Total net revenue	\$ 176,437	\$ 149,244	18.2%	\$ 165,056	6.9%

* Percentage not meaningful.

(1) Includes net interest and other income. Other income for the three months ended March 31, 2013 and December 31, 2012 included realized and unrealized gains on the Company's investment in Knight Capital Group, Inc. of \$2.2 million and \$13.4 million pre-tax, respectively.



Financial Condition

Capital Structure

As of March 31, 2013

(in thousands, except ratios)

(\$ in thousands)

Total Assets	\$ 8,133,755
Stockholders' Equity	\$ 1,903,666
6.70% senior notes, due 2022	\$ 175,000
5.375% senior notes, due 2022	150,000
Non-recourse debt, 6.75%, due 2016	55,934
Debentures to Stifel Financial Capital Trusts II, III, & IV	82,500
Total Capitalization	\$ 2,367,100

Ratios:

Debt to Equity ⁽¹⁾	13.5%
Leverage Ratio ⁽²⁾	3.4x
Equity Capitalization ⁽³⁾	4.3x

- (1) Debt to equity ratio includes the debentures to Stifel Financial Capital Trusts (\$82.5m), non-recourse debt (\$55.9m), and Senior Notes (\$325.0m) divided by stockholders' equity.
- (2) Leverage ratio = total assets divided by total capitalization.
- (3) Equity capitalization = total assets divided by stockholders' equity.

Other Financial Data

	As of			As of	
	3/31/13	3/31/12	% Change	12/31/12	% Change
Total assets (000s):					
Stifel Nicolaus & Stifel Financial	\$ 4,301,474	\$ 2,853,866	50.7%	\$ 3,313,507	29.8%
Stifel Bank	3,832,281	2,611,828	46.7%	3,652,633	4.9%
Total assets	\$ 8,133,755	\$ 5,465,694	48.8%	\$ 6,966,140	16.8%
Total shareholders' equity (000s):					
Stifel Nicolaus & Stifel Financial	\$ 1,620,204	\$ 1,144,532	41.6%	\$ 1,226,824	32.1%
Stifel Bank	283,462	198,410	42.9%	267,837	5.8%
Total shareholders' equity	\$ 1,903,666	\$ 1,342,942	41.8%	\$ 1,494,661	27.4%
Leverage ratio:					
Stifel Nicolaus & Stifel Financial	2.1	2.0	1.4%	2.0	5.5%
Stifel Bank	13.5	13.2	2.6%	13.6	(0.9%)
Total leverage ratio	3.4	3.4	0.6%	3.6	(3.3%)
Book value per share	\$ 30.13	\$ 25.07	20.2%	\$ 27.24	10.6%
Financial advisors ⁽¹⁾	2,063	2,013	2.5%	2,041	1.1%
Full-time associates	5,680	5,135	10.6%	5,343	6.3%
Locations	357	326	9.5%	340	5.0%
Total client assets (000s) ⁽²⁾	\$ 147,119,000	\$ 130,550,000	12.7%	\$ 137,855,000	6.7%

(1) Includes 148, 155 and 151 independent contractors as of March 31, 2013, March 31, 2012 and December 31, 2012.

(2) Includes money-market and FDIC-insured balances. Prior period amounts have been adjusted to conform to the current period presentation.



Q & A