

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 image is semi-transparent, allowing the text to be clearly visible.

1st Quarter 2014
Financial Results Presentation

May 8, 2014

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 and six months ended June 30, 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

“During the first quarter we delivered solid results. Contributions from Global Wealth Management and Institutional Group drove a 25% year-over-year increase in total net revenues. We continue to attract experienced financial advisors, and total client assets reached a record \$168 billion. Investment banking produced nice results driven by both advisory and equity transactions. In the quarter, we continued to benefit from our expansion in the Institutional Group.

On April 3, 2014 we closed the previously announced acquisition of De La Rosa & Co., a California based public finance investment banking boutique. We have integrated this impressive group into our current platform and are excited about their contribution to Stifel's fixed income capabilities going forward.

Furthermore, today we announced the acquisition of Oriel Securities, which will significantly expand Stifel's depth, expertise, and reach in London, a vital global financial center. We are excited to partner with Oriel to grow our business internationally.”

Acquisition of Oriel Securities

Stifel Europe

- Offices in London, Geneva, Madrid and Zurich
- Profitable, well capitalized and poised for growth
- Provide U.S. equity sales and trading coverage to European accounts
- Fixed Income sales and trading from the former Knight Securities European operation
- Advisory and capital raising for European issuers
- Dedicated financial services coverage through KBW, including research, sales, trading and investment banking
- 160 Employees

Oriel Securities

- Based in London
- Founded in 2002, Employee owned
- 25 analysts covering 250 large, mid and small cap stocks across 15 sectors
- One of the largest UK-only sales and trading desk
- Market maker in over 400 stocks
- Investment Banking
 - Since 2010, raised more than £4 billion in new equity and completed M&A valued at more than £2.2 billion in
- 120 Employees

Pro forma - Leading UK-based full service investment bank to middle market companies



Financial Results

Stifel Financial Corp. Results

Three months ended March 31, 2014

	Three Months Ended March 31, 2014			Three Months Ended			
	Non-GAAP	Non-Core ⁽¹⁾	GAAP	3/31/13 ⁽²⁾	% Change	12/31/13 ⁽²⁾	% Change
<i>(\$ in thousands, except per share amounts)</i>							
Total revenues	\$ 557,288	\$ (1,910)	\$ 555,378	\$ 449,179	24.1%	\$ 576,236	(3.3%)
Interest expense	8,853	(221)	8,632	10,568	(16.2%)	11,555	(23.4%)
Net revenues	548,435	(1,689)	546,746	438,611	25.0%	\$ 564,681	(2.9%)
Compensation and benefits	344,487	2,284	346,771	281,126	22.5%	347,263	(0.8%)
Non-comp operating expenses	119,376	2,471	121,847	93,495	27.7%	126,990	(6.0%)
Total non-interest expenses	463,863	4,755	468,618	374,621	23.8%	474,253	(2.2%)
Income from continuing operations before income taxes	84,572	(6,444)	78,128	63,990	32.2%	90,428	(6.5%)
Provision for income taxes	32,544	(2,389)	30,155	23,932	36.0%	30,609	6.3%
Net income from continuing operations	\$ 52,028	\$ (4,055)	\$ 47,973	\$ 40,058	29.9%	\$ 59,819	(13.0%)
Discontinued operations:							
Loss from discontinued operations, net	-	(591)	(591)	-	<i>nm</i>	-	-
Net income	\$ 52,028	\$ (4,646)	\$ 47,382	\$ 40,058	29.9%	\$ 59,819	(13.0%)
<u>Earnings per diluted common share:</u>							
Income from continuing operations	\$ 0.69	\$ (0.06)	\$ 0.63	\$ 0.58	19.0%	\$ 0.79	(12.7%)
Loss from discontinued operations	-	-	-	-		-	
Earnings per diluted common share	\$ 0.69	\$ (0.06)	\$ 0.63	\$ 0.58	19.0%	\$ 0.79	(12.7%)
<u>Weighted average number of shares outstanding:</u>							
Diluted	75,691		75,691	69,189	9.4%	75,495	0.3%
<u>Ratios to net revenues:</u>							
Compensation and benefits	62.8%		63.4%	64.1%		61.5%	
Non-comp operating expenses	21.8%		22.3%	21.3%		22.5%	
Income from continuing operations before income taxes	15.4%		14.3%	14.6%		16.0%	

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(1) Non-core adjustments consist of merger-related revenues and expenses associated with our recent acquisitions and discontinued operations of SN Canada.
(2) Results for the three months ended March 31 and December 31, 2013 are Core (non-GAAP).

Source of Revenues

	Three Months Ended				
	3/31/14	3/31/13	% Change	12/31/13	% Change
<i>(\$ in thousands)</i>					
Commissions	\$ 159,416	\$ 145,867	9.3%	\$ 152,451	4.6%
Principal transactions	126,461	107,264	17.9%	118,815	6.4%
Brokerage revenues	285,877	253,131	12.9%	271,266	5.4%
Capital raising	73,804	49,849	48.1%	71,379	3.4%
Advisory	58,500	27,056	116.2%	87,481	(33.1%)
Investment banking	132,304	76,905	72.0%	158,860	(16.7%)
Asset mgt and service fees	89,170	68,912	29.4%	83,928	6.2%
Other	5,200	20,419	(74.5%)	19,391	(73.2%)
Total operating revenues	512,551	419,367	22.2%	533,445	(3.9%)
Interest revenue	42,826	29,806	43.7%	40,711	5.2%
Total revenues	555,377	449,173	23.6%	574,156	(3.3%)
Interest expense	8,631	10,569	(18.3%)	11,630	(25.8%)
Net revenues	\$ 546,746	\$ 438,604	24.7%	\$ 562,526	(2.8%)

Core Non-Interest Expenses

Three months ended March 31, 2014

(\$ in thousands)	Three Months Ended					% of Net revenues		
	3/31/14 ⁽¹⁾	3/31/13	% Change	12/31/13	% Change	3/31/14 ⁽¹⁾	3/31/13	12/31/13
Net revenues	\$ 548,435	\$ 438,611	25.0%	\$ 564,681	(2.9%)	100.0%	100.0%	100.0%
Compensation and benefits	321,035	260,299	23.3%	324,569	(1.1%)	58.5%	59.3%	57.5%
Transitional pay ⁽²⁾	23,452	20,827	12.6%	22,694	3.3%	4.3%	4.7%	4.0%
Total compensation and benefits	344,487	281,126	22.5%	347,263	(0.8%)	62.8%	64.1%	61.5%
Occupancy and equipment rental	39,570	30,973	27.8%	40,892	(3.2%)	7.2%	7.1%	7.2%
Communication and office supplies	24,801	21,336	16.2%	24,974	(0.7%)	4.5%	4.9%	4.4%
Commissions and floor brokerage	9,028	8,449	6.9%	8,213	9.9%	1.6%	1.9%	1.5%
Other operating expenses	45,977	32,737	40.4%	52,911	(13.1%)	8.3%	7.5%	9.3%
Total non-comp operating expenses	119,376	93,495	27.7%	126,990	(6.0%)	21.7%	21.3%	22.5%
Total non-interest expense	463,863	374,621	23.8%	474,253	(2.2%)	84.6%	85.4%	84.0%
Income from continuing operations before income taxes	84,572	63,990	32.2%	90,428	(6.5%)	15.4%	14.6%	16.0%
Provision for income taxes	32,544	23,932	36.0%	30,609	6.3%	5.9%	5.4%	5.4%
Non-GAAP net income from continuing operations	\$ 52,028	\$ 40,058	29.9%	\$ 59,819	(13.0%)	9.5%	9.1%	10.6%
Non-core expenses (after-tax)	(4,055)	(25,122)		(7,693)				
GAAP net income from continuing operations	\$ 47,973	\$ 14,936		\$ 52,126				

(1) Excludes non-core adjustments consisting of merger-related revenues and expenses associated with our recent acquisitions and discontinued operations of SN Canada.

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

Segment Comparison - Core

	Three Months Ended				
	3/31/14	3/31/13	% Change	12/31/13	% Change
<i>(\$ in thousands)</i>					
Net revenues:					
Global Wealth Management	\$ 297,183	\$ 266,957	11.3%	\$ 292,836	1.5%
Institutional Group	249,977	173,300	44.2%	267,282	(6.5%)
Other	1,275	(1,645)	(177.5%)	4,563	(72.1%)
	<u>\$ 548,435</u>	<u>\$ 438,612</u>	<u>25.0%</u>	<u>\$ 564,681</u>	<u>(2.9%)</u>
Operating contribution:					
Global Wealth Management	\$ 79,676	\$ 69,499	14.6%	\$ 79,022	0.8%
Institutional Group	45,622	28,230	61.6%	48,590	(6.1%)
Other	(40,726)	(33,739)	20.7%	(37,184)	9.5%
	<u>\$ 84,572</u>	<u>\$ 63,990</u>	<u>32.2%</u>	<u>\$ 90,428</u>	<u>(6.5%)</u>
As a percentage of net revenues:					
Operating contribution ⁽¹⁾					
Global Wealth Management	26.8	26.0		27.0	
Institutional Group	18.3	16.3		18.2	
Other	(7.4)	(7.7)		(6.6)	
	<u>15.4</u>	<u>14.6</u>		<u>16.0</u>	

(1) Contribution margin for the other segment is divided by consolidated net revenues.

Global Wealth Management

	Three Months Ended				
	3/31/14	3/31/13	% Change	12/31/13	% Change
<i>(\$ in thousands)</i>					
Commissions	\$ 107,739	\$ 102,086	5.5%	\$ 104,149	3.4%
Principal transactions	53,766	56,307	(4.5%)	55,809	(3.7%)
Asset management & service fees	89,130	68,934	29.3%	82,964	7.4%
Net interest	35,262	21,486	64.1%	31,092	13.4%
Investment banking	9,926	11,103	(10.6%)	9,568	3.6%
Other income	1,360	7,041	(80.7%)	9,254	(85.2%)
Net revenues	297,183	266,957	11.3%	292,836	1.5%
Compensation and benefits	174,168	157,596	10.5%	167,980	3.7%
Non-comp operating expenses	43,339	39,862	8.7%	45,834	(5.4%)
Total non-interest expenses	217,507	197,458	10.2%	213,814	1.7%
Income before income taxes	\$ 79,676	\$ 69,499	14.6%	\$ 79,022	0.8%
<i>Ratios to net revenues:</i>					
Compensation and benefits	58.6%	59.0%		57.4%	
Non-comp operating expenses	14.6%	15.0%		15.6%	
Income before income taxes	26.8%	26.0%		27.0%	

Stifel Bank & Trust

(an operating unit of GWM)

	As of			As of	
	3/31/14	3/31/13	% Change	12/31/13	% Change
Assets	\$ 4,994,215	\$ 3,832,281	30.3	\$ 5,021,943	(0.6)
Investment securities	3,083,902	2,440,146	26.4	3,062,549	0.7
Retained loans, net	1,495,124	886,597	68.6	1,412,136	5.9
Loans held for sale	102,367	165,698	(38.2)	109,110	(6.2)
Deposits	4,605,260	3,556,568	29.5	4,663,323	(1.2)
Allowance for loan losses	\$ 14,131	\$ 9,406	50.2	\$ 12,668	11.5
Allowance as a percentage of loans	0.94 %	1.01 %		0.89 %	
Non-performing loans	\$ 1,292	\$ 1,063	21.5	\$ 1,504	(14.1)
Other non-performing assets	-	373	(100.0)	131	100.0
Non-performing assets	\$ 1,292	\$ 1,436	(10.0)	\$ 1,635	(21.0)
Non-performing assets as a percentage of total assets	0.03 %	0.04 %		0.03 %	

Institutional Group

	Three Months Ended				
	3/31/14	3/31/13	% Change	12/31/13	% Change
<i>(\$ in thousands)</i>					
Net revenues	\$ 249,977	\$ 173,300	44.2%	\$ 267,282	(6.5%)
Compensation and benefits	154,016	106,821	44.2%	165,779	(7.1%)
Non-comp operating expenses	50,339	38,249	31.6%	52,913	(4.9%)
Total non-interest expenses	204,355	145,070	40.9%	218,692	(6.6%)
Income before income taxes	\$ 45,622	\$ 28,230	61.6%	\$ 48,590	(6.1%)
<i>Ratios to net revenues :</i>					
Compensation and benefits	61.6%	61.6%		62.0%	
Non-comp operating expenses	20.1%	22.1%		19.8%	
Income before income taxes	18.3%	16.3%		18.2%	

Institutional Group Revenues

	Three Months Ended				
	3/31/14	3/31/13	% Change	12/31/13	% Change
<i>(\$ in thousands)</i>					
Institutional brokerage:					
Equity	\$ 65,768	\$ 49,238	33.6%	\$ 60,204	9.2%
Fixed income	58,604	45,500	28.8%	51,103	14.7%
	124,372	94,738	31.3%	111,307	11.7%
Investment Banking:					
Capital raising					
Equity	44,476	23,031	93.1%	46,634	(4.6%)
Fixed income	19,402	15,715	23.5%	14,677	32.2%
	63,878	38,746	64.9%	61,311	4.2%
Advisory fees	58,500	27,056	116.2%	87,981	(33.5%)
Investment banking	122,378	65,802	86.0%	149,292	(18.0%)
Other ⁽¹⁾	3,227	12,760	(74.7%)	6,683	(51.7%)
Total net revenue	\$ 249,977	\$ 173,300	44.2%	\$ 267,282	(6.5%)

(1) Includes net interest and other income.



Financial Condition

Capital Structure

As of March 31, 2014

(in thousands, except ratios)

(\$ in thousands)

Total Assets	\$ 9,387,814
Stockholders' Equity	\$ 2,100,140
6.70% senior notes, due 2022	\$ 175,000
5.375% senior notes, due 2022	150,000
Debentures to Stifel Financial Capital Trusts II, III, & IV	82,500
Total Capitalization	\$ 2,507,640

Ratios:

Debt to Equity ⁽¹⁾	12.3%
Tier 1 Leverage Ratio	15.4%
Tier 1 Risk-Based Capital Ratio	25.9%

(1) Debt to equity ratio includes the debentures to Stifel Financial Capital Trusts (\$82.5m), and Senior Notes (\$325.0m) divided by stockholders' equity.

Other Financial Data

	As of			As of	
	3/31/14	3/31/13	% Change	12/31/13	% Change
Total assets (000s):					
Stifel Nicolaus & Stifel Financial	\$ 4,393,599	\$ 4,301,474	2.1%	\$ 3,986,927	10.2%
Stifel Bank	4,994,215	3,832,281	30.3%	5,021,943	(0.6%)
Total assets	\$ 9,387,814	\$ 8,133,755	15.4%	\$ 9,008,870	4.2%
Total stockholders' equity (000s):					
Stifel Nicolaus & Stifel Financial	\$ 1,748,450	\$ 1,620,204	7.9%	\$ 1,740,263	0.5%
Stifel Bank	351,690	283,462	24.1%	318,586	10.4%
Total stockholders' equity	\$ 2,100,140	\$ 1,903,666	10.3%	\$ 2,058,849	2.0%
Leverage ratio:					
Stifel Nicolaus & Stifel Financial	2.0	2.1	(1.3%)	1.9	9.6%
Stifel Bank	14.2	13.5	4.9%	15.6	(8.9%)
Total leverage ratio	3.7	3.4	8.9%	3.7	2.4%
Book value per common share	\$ 32.09	\$ 30.13	6.5%	\$ 32.30	(0.7%)
Financial advisors ⁽¹⁾	2,081	2,063	0.9%	2,077	0.2%
Full-time associates	5,831	5,680	2.7%	5,862	(0.5%)
Locations	359	357	0.6%	357	0.6%
Total client assets (000s) ⁽²⁾	\$ 168,423,000	\$ 147,119,000	14.5%	\$ 165,570,000	1.7%

(1) Includes 141, 148 and 143 independent contractors as of March 31, 2014, March 31, 2013 and December 31, 2013, respectively.

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

Alternatives to Deploy Excess Capital

With a 26% Tier 1 Risk Based Capital Ratio, Stifel is overcapitalized relative to peers ⁽¹⁾:

Available Methods

1) Leverage existing capital base by growing assets:

	Existing	Grow Assets	Pro Forma SF
Total Assets	9,387,815	4,519,527	13,907,342
Risk Weighted Assets	4,886,546	2,548,537	7,435,082
Equity	2,100,140	-	2,100,140
Core Earnings	216,600	45,195	261,795
Tier 1 RBC Ratio	26%	-	17%
Tier 1 Leverage Ratio	15%	-	10%
Shares	76,070	-	76,070
EPS \$	2.85	\$ 0.59	\$ 3.44
EPS Accretion	-	-	21%
BVPS Accretion/Dilution	-	-	-

2) Repurchase stock ⁽²⁾:

	Existing	Repurchase	Pro Forma SF
Total Assets	9,387,815	(403,215)	8,984,600
Risk Weighted Assets	4,886,546	(80,643)	4,805,903
Equity	2,100,140	(403,215)	1,696,925
Core Earnings	216,600	(5,242)	211,358
Tier 1 RBC Ratio	26%	-9%	17%
Tier 1 Leverage Ratio	15%	-5%	10%
Shares	76,070	(8,614)	67,456
EPS \$	2.85	\$ 0.29	\$ 3.13
EPS Accretion	-	-	10%
BVPS Accretion/Dilution	-	-	-8%

3) Return capital via a dividend – not currently being evaluated

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- 1) Our peer group average tier 1 leverage ratio is 10% and the average peer group tier 1 RBC ratio is 17%.
- 2) The repurchase scenario assumes a \$46.81 stock price and a 2% pre-tax opportunity cost of cash



Q & A