

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 text is overlaid on this image.

3rd Quarter 2014
Financial Results Presentation

November 6, 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 from continuing operations before income taxes, provision for income taxes, net income from continuing operations, 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 nine months ended September 30, 2014. 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

“In the third quarter, we had record results in Global Wealth Management and solid results in Investment Banking. Our equity and fixed income brokerage businesses were impacted in the quarter by lower volumes, particularly in the month of August. On the positive side, market volumes have strengthened in the month of October.

Our results reflect two months of our partnership with Oriel Securities, our U.K. investment bank. The initial integration is going well and we look forward to their future contributions. Looking ahead, we expect to close the acquisition of Legg Mason Investment Counsel in November, which will add \$9 billion in client assets.”

Market Overview

	Market Valuations		Rates	Volatility / Volumes			Flows	Underwriting Volumes and M&A				
	S&P 500	Dow	U.S. 10yr Yield	VIX	Equity ADV	Corporate Bond ADV	Equity Mutual Fund (\$)	U.S. ECM (\$)	U.S. DCM (\$)	Municipal Bond DCM (\$)	U.S. Announced M&A (\$)	U.S. Completed M&A (\$)
2014 Q3	1,972	17,043	2.49%	16.3	5,678	21,086	(10.8)	56,384	476,339	72,611	449,620	251,732
2014 Q2	1,960	16,827	2.53%	11.6	6,053	21,854	11.0	83,539	516,576	63,600	501,035	213,441
3Q Δ	1%	1%	-4 bps	41%	-6%	-4%	-198%	-33%	-8%	14%	-10%	18%
9M 2014	1,972	17,043	2.49%	16.3	6,225	20,286	56.4	198,688	1,540,280	214,035	1,270,053	816,760
9M 2013	1,682	15,130	2.62%	16.6	6,249	20,586	98.8	192,684	1,702,980	273,925	872,034	713,597
Y/Y Δ	17%	13%	-13 bps	-2%								
9M/9M Δ					0%	-1%	-43%	3%	-10%	-22%	46%	14%

Equity Risk Premium					
Date	S&P 500		10yr	=	Risk Premium
9/30/2014	5.48%	less	2.49%	=	2.99%
12/31/2013	5.54%	less	3.04%	=	2.50%
9/30/2013	6.07%	less	2.62%	=	3.45%



Financial Results

Stifel Financial Corp. Results

Three months ended September 30, 2014

	Three Months Ended September 30, 2014			Three Months Ended			
	Non-GAAP	Non-Core ⁽¹⁾	GAAP	9/30/13 ⁽²⁾	% Change	6/30/14 ⁽²⁾	% Change
<i>(\$ in thousands, except per share amounts)</i>							
Total revenues	\$ 536,241	\$ (1,559)	\$ 534,682	\$ 491,101	9.2%	\$ 570,543	(6.0%)
Interest expense	11,516	(289)	11,227	11,467	0.4%	9,048	27.3%
Net revenues	524,725	(1,270)	523,455	479,634	9.4%	561,495	(6.5%)
Compensation and benefits	324,193	7,247	331,440	297,374	9.0%	353,754	(8.4%)
Non-comp operating expenses	122,501	3,748	126,249	116,817	4.9%	122,811	(0.3%)
Total non-interest expenses	446,694	10,995	457,689	414,191	7.8%	476,565	(6.3%)
Income from continuing operations before income taxes	78,031	(12,265)	65,766	65,443	19.2%	84,930	(8.1%)
Provision for income taxes	29,333	(3,660)	25,673	25,794	13.7%	33,664	(12.9%)
Net income from continuing operations	\$ 48,698	\$ (8,605)	\$ 40,093	\$ 39,649	22.8%	\$ 51,266	(5.0%)
Discontinued operations:							
Loss from discontinued operations, net of tax	-	(190)	(190)	-		-	
Net income	\$ 48,698	\$ (8,795)	\$ 39,903	\$ 39,649	22.8%	\$ 51,266	(5.0%)
<u>Earnings per diluted common share:</u>							
Income from continuing operations	\$ 0.64	\$ (0.12)	\$ 0.52	\$ 0.53	20.8%	\$ 0.68	(5.9%)
Loss from discontinued operations	-	-	-	-		-	
Earnings per diluted common share	\$ 0.64	\$ (0.12)	\$ 0.52	\$ 0.53	20.8%	\$ 0.68	(5.9%)
<u>Weighted average number of shares outstanding:</u>							
Diluted	76,681			75,191	2.0%	75,641	1.4%
<u>Ratios to net revenues:</u>							
Compensation and benefits	61.8%		63.3%	62.0%		63.0%	
Non-comp operating expenses	23.3%		24.1%	24.4%		21.9%	
Income from continuing operations before income taxes	14.9%		12.6%	13.6%		15.1%	

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(1) Non-core adjustments consist of merger-related revenues and expenses associated with our acquisitions and discontinued operations of SN Canada.

(2) Results for the three months ended September 30, 2013 and June 30, 2014 are Core (non-GAAP).

Q3 2014 Estimates - Core

	Q3 2014	Mean	\$ Change	% Change
Revenues				
Commissions	\$ 151.6	\$ 151.0	\$ 0.6	0.4%
Principal transactions	109.4	126.0	(16.6)	(13.2%)
Brokerage revenues	261.0	277.0	(16.0)	(5.8%)
Investment banking	120.1	128.0	(7.9)	(6.2%)
Asset management and service fees	96.6	97.0	(0.4)	(0.4%)
Net Interest	40.5	36.2	4.3	11.9%
Other income	6.4	9.5	(3.1)	(32.6%)
Net revenues	524.6	547.7	(23.1)	(4.2%)
Non-interest expenses				
Compensation and benefits	324.2	344.0	(19.8)	(5.8%)
Non-compensation operating expenses	122.5	123.0	(0.5)	(0.4%)
Total non-interest expenses	446.7	467.0	(20.3)	(4.3%)
Income before income taxes	77.9	80.7	(2.8)	(3.5%)
Provision for income taxes	29.3	31.4	(2.1)	(6.7%)
Non-GAAP Income	\$ 48.6	\$ 49.3	\$ (0.7)	(1.4%)
Diluted EPS				
Core	0.64	0.66	(0.02)	(3.0%)
Weighted average shares outstanding				
Diluted	76.7	75.7	1.0	1.3%
Operating net income margin	9.3%	9.0%		0.3%
Income before income taxes	14.8%	14.7%		0.1%
Compensation Ratio	61.8%	62.8%		(1.0%)
Non-Compensation Ratio	23.4%	22.5%		0.9%
Effective tax rate	37.6%	38.9%		(1.3%)

Stifel Financial Corp. Results

Nine months ended September 30, 2014

(\$ in thousands, except per share amounts)

	Nine Months Ended September 30, 2014			Nine Months Ended	
	Non-GAAP	Non-Core ⁽¹⁾	GAAP	9/30/13 ⁽²⁾	% Change
Total revenues	\$ 1,664,072	\$ (5,023)	\$ 1,659,049	\$ 1,448,302	14.9%
Interest expense	29,417	(716)	28,701	34,642	(15.1%)
Net revenues	1,634,655	(4,307)	1,630,348	1,413,660	15.6%
Compensation and benefits	1,022,434	11,044	1,033,478	889,728	14.9%
Non-comp operating expenses	364,688	10,765	375,453	319,275	14.2%
Total non-interest expenses	1,387,122	21,809	1,408,931	1,209,003	14.7%
Income from continuing operations before income taxes	247,533	(26,116)	221,417	204,657	21.0%
Provision for income taxes	95,541	(7,767)	87,774	79,817	19.7%
Net income from continuing operations	\$ 151,992	\$ (18,349)	\$ 133,643	\$ 124,840	21.7%
Discontinued operations:					
Loss from discontinued operations, net	-	(2,757)	(2,757)		
Net income	\$ 151,992	\$ (21,106)	\$ 130,886	\$ 124,840	21.7%
<u>Earnings per diluted common share:</u>					
Income from continuing operations	\$ 2.00	\$ (0.24)	\$ 1.76	\$ 1.71	17.0%
Loss from discontinued operations, net	-	(0.04)	(0.04)	-	
Earnings per diluted common share	\$ 2.00	\$ (0.28)	\$ 1.72	\$ 1.71	17.0%
<u>Weighted average number of shares outstanding:</u>					
Diluted	76,011			72,851	4.3%
<u>Ratios to net revenues:</u>					
Compensation and benefits	62.5%		63.4%	62.9%	
Non-comp operating expenses	22.4%		23.0%	22.6%	
Income from continuing operations before income taxes	15.1%		13.6%	14.5%	

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(1) Non-core adjustments consist of merger-related revenues and expenses associated with our acquisitions and discontinued operations of SN Canada.
(2) Results for the nine months ended September 30, 2013 are Core (non-GAAP).

Non-Core Deal Costs

(\$ in thousands)	Three Months Ended			
	Actual			Estimate
	3/31/14	6/30/14	9/30/14	12/31/14
Acquisitions				
Acacia Federal Savings Bank	\$ 1,132	\$ 2,259	\$ 1,227	\$ -
De La Rosa & Co., Inc.	130	765	164	-
Keefe, Bruyette & Woods, Inc.	709	480	23	-
Knight Fixed Income	1,477	94	9	-
Miller Buckfire & Co., LLC	1,172	1,233	1,182	1,200
Oriel Securities Holding Limited	-	557	7,415	5,000
Ziegler Capital Management	4	11	229	-
Intangible amortization	1,820	1,680	1,643	1,800
	<u>6,444</u>	<u>7,079</u>	<u>11,892</u>	<u>8,000</u>
Legg Mason Investment Counsel	-	328	373	TBD
Total Deal Costs (Pre-tax)	\$ 6,444	\$ 7,407	\$ 12,265	\$ 8,000
Discontinued Operations, net	\$ (591)	\$ (1,976)	\$ (190)	\$ (200)

Source of Revenues

	Three Months Ended					Nine Months Ended		
	9/30/14	9/30/13	% Change	6/30/14	% Change	9/30/14	9/30/13	% Change
<i>(\$ in thousands)</i>								
Commissions	\$ 151,621	\$ 145,837	4.0%	\$ 152,712	(0.7%)	\$ 463,749	\$ 446,498	3.9%
Principal transactions	109,378	122,583	(10.8%)	125,676	(13.0%)	361,515	341,153	6.0%
Brokerage revenues	260,999	268,420	(2.8%)	278,388	(6.2%)	825,264	787,651	4.8%
Capital raising	69,208	53,665	29.0%	81,159	(14.7%)	223,898	175,252	27.8%
Advisory	50,939	39,186	30.0%	60,356	(15.6%)	170,068	113,947	49.3%
Investment banking	120,147	92,851	29.4%	141,515	(15.1%)	393,966	289,199	36.2%
Asset mgt and service fees	96,638	76,710	26.0%	94,231	2.6%	280,039	221,711	26.3%
Other	4,803	13,063	(63.2%)	8,742	(45.1%)	18,745	45,269	(58.6%)
Total operating revenues	482,587	451,044	7.0%	522,876	(7.7%)	1,518,014	1,343,830	13.0%
Interest revenue	52,096	39,130	33.1%	46,113	13.0%	141,035	101,829	38.5%
Total revenues	534,683	490,174	9.1%	568,989	(6.0%)	1,659,049	1,445,659	14.8%
Interest expense	11,228	11,535	(2.7%)	8,842	27.0%	28,701	34,738	(17.4%)
Net revenues	\$ 523,455	\$ 478,639	9.4%	\$ 560,147	(6.6%)	\$ 1,630,348	\$ 1,410,921	15.6%

Brokerage & Investment Banking Revenues

	Three Months Ended					Nine Months Ended		
	9/30/14	9/30/13	% Change	6/30/14	% Change	9/30/14	9/30/13	% Change
<i>(\$ in thousands)</i>								
Global Wealth Management	\$ 159,372	\$ 158,085	0.8%	\$ 161,780	(1.5%)	\$ 482,657	\$ 477,367	1.1%
Institutional Group								
Equity brokerage	58,198	58,677	(0.8%)	62,087	(6.3%)	186,053	172,187	8.1%
Fixed income brokerage	43,429	51,658	(15.9%)	54,520	(20.3%)	156,553	138,097	13.4%
Total Institutional Group	101,627	110,335	(7.9%)	116,607	(12.8%)	342,606	310,284	10.4%
Total brokerage revenues	260,999	268,420	(2.8%)	278,387	(6.2%)	825,263	787,651	4.8%
Investment Banking:								
Capital raising								
Equity	44,068	38,653	14.0%	60,901	(27.6%)	158,037	126,198	25.2%
Fixed income	25,141	15,231	65.1%	20,258	24.1%	65,862	48,838	34.9%
Total capital raising	69,209	53,884	28.4%	81,159	(14.7%)	223,899	175,036	27.9%
Advisory fees	50,938	38,967	30.7%	60,356	(15.6%)	170,067	114,163	49.0%
Total Investment banking	120,147	92,851	29.4%	141,515	(15.1%)	393,966	289,199	36.2%

Core Non-Interest Expenses

Three months ended September 30, 2014

(\$ in thousands)	Three Months Ended					% of Net revenues		
	9/30/14 ⁽¹⁾	9/30/13	% Change	6/30/14	% Change	9/30/14 ⁽¹⁾	9/30/13	6/30/14
Net revenues	\$ 524,725	\$ 479,634	9.4%	\$ 561,495	(6.5%)	100.0%	100.0%	100.0%
Compensation and benefits	297,340	275,503	7.9%	328,380	(9.5%)	56.7%	57.4%	58.5%
Transitional pay ⁽²⁾	26,853	21,871	22.8%	25,374	5.8%	5.1%	4.6%	4.5%
Total compensation and benefits	324,193	297,374	9.0%	353,754	(8.4%)	61.8%	62.0%	63.0%
Occupancy and equipment rental	40,421	39,856	1.4%	40,493	(0.2%)	7.7%	8.3%	7.2%
Communication and office supplies	27,448	25,105	9.3%	25,691	6.8%	5.2%	5.2%	4.6%
Commissions and floor brokerage	9,971	9,775	2.0%	9,248	7.8%	1.9%	2.0%	1.6%
Other operating expenses	44,661	42,081	6.1%	47,379	(5.7%)	8.5%	8.8%	8.5%
Total non-comp operating expenses	122,501	116,817	4.9%	122,811	(0.3%)	23.3%	24.4%	21.9%
Total non-interest expense	446,694	414,191	7.8%	476,565	(6.3%)	85.1%	86.4%	84.9%
Income from continuing operations before income taxes	78,031	65,443	19.2%	84,930	(8.1%)	14.9%	13.6%	15.1%
Provision for income taxes	29,333	25,794	13.7%	33,664	(12.9%)	5.6%	5.4%	6.0%
Non-GAAP net income from continuing operations	\$ 48,698	\$ 39,649	22.8%	\$ 51,266	(5.0%)	9.3%	8.3%	9.1%
Non-core expenses (after-tax)	(8,605)	35,280		(5,689)				
GAAP net income from continuing operations	\$ 40,093	\$ 74,929		\$ 45,577				

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

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

Core Non-Interest Expenses

Nine months ended September 30, 2014

(\$ in thousands)	Nine Months Ended			% of Net revenues	
	9/30/14 ⁽¹⁾	9/30/13	% Change	9/30/14 ⁽¹⁾	9/30/13
Net revenues	\$ 1,634,655	\$ 1,413,660	15.6%	100.0%	100.0%
Compensation and benefits	946,755	826,314	14.6%	57.9%	58.5%
Transitional pay ⁽²⁾	75,679	63,414	19.3%	4.6%	4.5%
Total compensation and benefits	1,022,434	889,728	14.9%	62.5%	62.9%
Occupancy and equipment rental	120,484	108,596	10.9%	7.4%	7.7%
Communication and office supplies	77,940	70,565	10.5%	4.8%	5.0%
Commissions and floor brokerage	28,247	27,599	2.3%	1.7%	2.0%
Other operating expenses	138,017	112,515	22.7%	8.5%	8.0%
Total non-comp operating expenses	364,688	319,275	14.2%	22.4%	22.6%
Total non-interest expense	1,387,122	1,209,003	14.7%	84.9%	85.5%
Income from continuing operations before income taxes	247,533	204,657	21.0%	15.1%	14.5%
Provision for income taxes	95,541	79,817	19.7%	5.8%	5.6%
Non-GAAP net income from continuing operations	\$ 151,992	\$ 124,840	21.7%	9.3%	8.8%
Non-core expenses (after-tax)	(18,349)	(4,058)			
GAAP net income from continuing operations	\$ 133,643	\$ 120,782			

(1) Excludes non-core adjustments consisting of merger-related revenues and expenses associated with our 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					Nine Months Ended		
	9/30/14	9/30/13	% Change	6/30/14	% Change	9/30/14	9/30/13	% Change
<i>(\$ in thousands)</i>								
Net revenues:								
Global Wealth Management	\$ 317,241	\$ 274,669	15.5%	\$ 307,247	3.3%	\$ 921,671	\$ 824,344	11.8%
Institutional Group	215,160	205,132	4.9%	255,712	(15.9%)	720,849	593,875	21.4%
Other	(7,676)	(167)	(4496.4%)	(1,464)	424.3%	(7,865)	(4,559)	(72.5%)
	<u>\$ 524,725</u>	<u>\$ 479,634</u>	<u>9.4%</u>	<u>\$ 561,495</u>	<u>(6.5%)</u>	<u>\$ 1,634,655</u>	<u>\$ 1,413,660</u>	<u>15.6%</u>
Operating contribution:								
Global Wealth Management	\$ 94,026	\$ 72,128	30.4%	\$ 89,098	5.5%	\$ 262,800	\$ 220,551	19.2%
Institutional Group	29,500	34,986	(15.7%)	42,690	(30.9%)	117,812	94,298	24.9%
Other	(45,495)	(41,671)	(9.2%)	(46,858)	2.9%	(133,079)	(110,192)	(20.8%)
	<u>\$ 78,031</u>	<u>\$ 65,443</u>	<u>19.2%</u>	<u>\$ 84,930</u>	<u>(8.1%)</u>	<u>\$ 247,533</u>	<u>\$ 204,657</u>	<u>21.0%</u>
As a percentage of net revenues: ⁽¹⁾								
Operating contribution								
Global Wealth Management	29.6	26.3		29.0		28.5	26.8	
Institutional Group	13.7	17.1		16.7		16.3	15.9	
	<u>14.9</u>	<u>13.6</u>		<u>15.1</u>		<u>15.1</u>	<u>14.5</u>	

(1) Excludes the other segment.

Global Wealth Management

(\$ in thousands)	Three Months Ended					Nine Months Ended		
	9/30/14	9/30/13	% Change	6/30/14	% Change	9/30/14	9/30/13	% Change
Commissions	\$ 108,154	\$ 99,427	8.8%	\$ 107,438	0.7%	\$ 323,331	\$ 306,089	5.6%
Principal transactions	51,218	58,658	(12.7%)	54,342	(5.7%)	159,326	171,278	(7.0%)
Asset management & service fees	96,354	76,667	25.7%	94,187	2.3%	279,671	221,577	26.2%
Net interest	43,357	27,665	56.6%	35,839	21.0%	114,458	73,657	55.4%
Investment banking	11,666	9,394	24.2%	9,892	17.9%	31,484	35,832	(12.1%)
Other income	6,492	2,858	127.2%	5,549	17.0%	13,401	15,911	(15.8%)
Net revenues	317,241	274,669	15.5%	307,247	3.3%	921,671	824,344	11.8%
Compensation and benefits	177,296	159,949	10.8%	171,724	3.2%	523,188	480,701	8.8%
Non-comp operating expenses	45,919	42,592	7.8%	46,425	(1.1%)	135,683	123,092	10.2%
Total non-interest expenses	223,215	202,541	10.2%	218,149	2.3%	658,871	603,793	9.1%
Income before income taxes	\$ 94,026	\$ 72,128	30.4%	\$ 89,098	5.5%	\$ 262,800	\$ 220,551	19.2%
<i>Ratios to net revenues :</i>								
Compensation and benefits	55.9%	58.2%		55.9%		56.8%	58.3%	
Non-comp operating expenses	14.5%	15.5%		15.1%		14.7%	14.9%	
Income before income taxes	29.6%	26.3%		29.0%		28.5%	26.8%	

Stifel Bank & Trust

(an operating unit of GWM)

	As of 9/30/14		As of 9/30/13		As of 6/30/14		% Change	
	Actual (\$)	Yield (%)	Actual (\$)	Yield (%)	Actual (\$)	Yield (%)	Q314 v Q313	Q314 v Q214
Assets								
Cash	142,444	0.39	350,255	0.24	132,152	0.37	(59.3)	7.8
Investment securities ⁽¹⁾	2,720,860	2.39	2,949,080	2.33	2,915,235	2.47	(7.7)	(6.7)
Bank loans ⁽²⁾	1,988,076	4.82	1,136,590	2.95	1,893,330	3.38	74.9	5.0
Total interest earning assets	4,851,380	3.24	4,435,925	2.41	4,940,717	2.73	9.4	(1.8)
Other assets (non-interest earning)	109,192		111,146		109,319		(1.8)	(0.1)
Total assets	4,960,572		4,547,071		5,050,036		9.1	(1.8)
Liabilities								
Deposits	4,552,522	0.15	4,228,405	0.25	4,653,656	0.14	7.7	(2.2)
Other liabilities (non-interest bearing)	18,728		25,335		26,182		(26.1)	(28.5)
Total liabilities	4,571,250		4,253,740		4,679,838		7.5	(2.3)
Net interest margin		3.10		2.17		2.59		
Allowance for loan losses	\$ 18,996		\$ 13,233		\$ 17,104		43.6	11.1
Allowance as a percentage of loans	1.18 %		1.23 %		0.97 %			
Non-performing assets as a percentage of total assets	0.07 %		0.32 %		0.10 %			

Note: Actual amounts presented above are as of period-end and yields are based off of quarter-to-date averages.

(1) Investment securities includes available-for-sale and held-to-maturity securities.

(2) Includes loans held for sale.

STIFEL

Institutional Group

	Three Months Ended					Nine Months Ended		
	9/30/14	9/30/13	% Change	6/30/14	% Change	9/30/14	9/30/13	% Change
<i>(\$ in thousands)</i>								
Net revenues	\$ 215,160	\$ 205,132	4.9%	\$ 255,712	(15.9%)	\$ 720,849	\$ 593,875	21.4%
Compensation and benefits	131,589	119,874	9.8%	157,499	(16.5%)	443,104	359,091	23.4%
Non-comp operating expenses	54,071	50,272	7.6%	55,523	(2.6%)	159,933	140,486	13.8%
Total non-interest expenses	185,660	170,146	9.1%	213,022	(12.8%)	603,037	499,577	20.7%
Income before income taxes	\$ 29,500	\$ 34,986	(15.7%)	\$ 42,690	(30.9%)	\$ 117,812	\$ 94,298	24.9%
<i>Ratios to net revenues :</i>								
Compensation and benefits	61.2%	58.4%		61.6%		61.5%	60.5%	
Non-comp operating expenses	25.1%	24.5%		21.7%		22.2%	23.6%	
Income before income taxes	13.7%	17.1%		16.7%		16.3%	15.9%	



Financial Condition

Capital Structure

As of September 30, 2014

(in thousands, except ratios)

(\$ in thousands)

Total Assets	\$ 9,326,117
Stockholders' Equity	\$ 2,238,549
6.70% senior notes, due 2022	\$ 175,000
5.375% senior notes, due 2022	150,000
4.250% senior notes, due 2024	300,000
Debentures to Stifel Financial Capital Trusts II, III, & IV	82,500
Total Capitalization	\$ 2,946,049

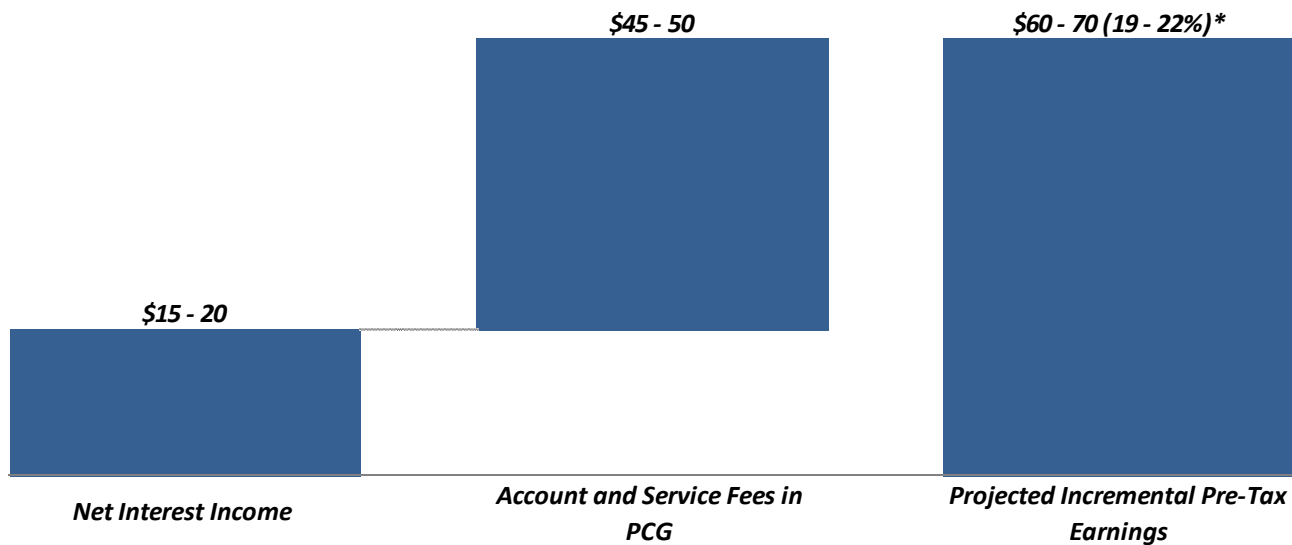
Ratios:

Debt to Equity ⁽¹⁾	18.2%
Tier 1 Leverage Ratio	16.0%
Tier 1 Risk Based Capital Ratio	27.9%

(1) Debt to equity ratio includes the debentures to Stifel Financial Capital Trusts (\$82.5m) and Senior Notes (\$625.0m) divided by stockholders' equity.

Interest Rate Risk Profile

PROJECTED INCREASE IN PRE-TAX EARNINGS FROM A 200 BPS RISE IN RATES
(\$ millions; as of September 30, 2014)



*: % based upon 3Q'14 annualized non-GAAP results

Key Assumptions:

- Based on static balances on September 30, 2014 and an instantaneous change in rates
- Ultimately, the amount earned by clients and kept by the firm will be influenced by market/competitive pricing, rates available on substitute products, the firm's philosophy/strategy, etc.
- The firm is expected to keep 40 bps of the every 100 bps increase and pass the remaining 60 bps to clients

Other Financial Data

	As of			As of	
	9/30/14	9/30/13	% Change	6/30/14	% Change
Total assets (000s):					
Stifel Nicolaus & Stifel Financial	\$ 4,365,545	\$ 4,162,388	4.9%	\$ 4,524,976	(3.5%)
Stifel Bank	4,960,572	4,547,071	9.1%	5,050,036	(1.8%)
Total assets	\$ 9,326,117	\$ 8,709,459	7.1%	\$ 9,575,012	(2.6%)
Total shareholders' equity (000s):					
Stifel Nicolaus & Stifel Financial	\$ 1,849,227	\$ 1,701,158	8.7%	\$ 1,802,993	2.6%
Stifel Bank	389,322	293,331	32.7%	370,198	5.2%
Total shareholders' equity	\$ 2,238,549	\$ 1,994,489	12.2%	\$ 2,173,191	3.0%
Leverage ratio:					
Stifel Nicolaus & Stifel Financial	1.7	1.9	(12.2%)	2.0	(16.6%)
Stifel Bank	12.7	15.5	(17.8%)	13.6	(6.6%)
Total leverage ratio	3.2	3.6	(11.5%)	3.7	(14.7%)
Book value per share	\$ 33.92	\$ 31.46	7.8%	\$ 33.18	2.2%
Financial advisors ⁽¹⁾	2,096	2,075	1.0%	2,085	0.5%
Full-time associates	6,083	5,780	5.2%	5,881	3.4%
Locations	360	354	1.7%	360	0.0%
Total client assets (000s)	\$ 172,742,000	\$ 153,901,000	12.2%	\$ 173,383,000	(0.4%)

(1) Includes 139, 145, and 140 independent contractors as of September 30, 2014, September 30, 2013, and June 30, 2014.

Acquisition Updates



- Closed July 31, 2014
- Full-service broker-dealer based in London
- Research, sales, trading and investment banking
- 23 analysts covering more than 260 UK companies in 9 industries
- Integration and conversion efforts scheduled for Q1 2015
- Added approximately \$4 million in incremental non-compensation expenses in the third quarter



- Expected to close in November
- Expected to add approximately \$9 billion in client assets





Q & A