

The background of the slide features a large, light-colored statue of two mammoths facing each other, with their tusks touching. The statue is set against a sky with soft clouds. The word "STIFEL" is overlaid on the left side of the image in a dark blue, serif font.

STIFEL

1st Quarter 2017 Financial Results Presentation May 1, 2017

Stifel's "**FORCES**" statue by Harry Weber

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 certain non-GAAP calculations as additional measures to aid in understanding and analyzing the Company’s financial results for the three months ended March 31, 2017. 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 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 current financial performance. The non-GAAP financial information should be considered in addition to, not as a substitute for or as being superior to, operating income, cash flows, or other measures of financial performance prepared in accordance with GAAP. These non-GAAP measures primarily exclude expenses which management believes are, in some instances, non-recurring and not representative of ongoing business. Management has not included costs which they believe are duplicative in the analysis below, which is a change from prior periods.

A limitation of utilizing these non-GAAP measures is that the GAAP accounting effects of these charges do, in fact, reflect the underlying financial results of the Company’s business and these effects should not be ignored in evaluating and analyzing its financial results. Therefore, the Company believes that GAAP measures and the same respective non-GAAP measures of the Company’s financial performance should be considered together.

1st Quarter Highlights & Results

- Record GAAP Net Revenue of \$676 million
- Record Net Revenue for Global Wealth Management Segment of \$443 million.
- Record Pre-Tax Operating Income for Global Wealth Management of \$142 million
- Total Assets of \$19.14 billion
- Bank NIM of 2.66% up 42 bps from Prior Quarter

Financial Highlights (000s, except per share data)	Three Months Ended			Non-GAAP
	1Q17	1Q16	4Q16	1Q17
U.S. GAAP				
Net revenues	\$675,531	\$619,974	\$661,391	\$677,515
Compensation ratio	64.6%	66.3%	63.6%	62.3%
Non-compensation ratio	23.7%	26.6%	28.1%	22.8%
Pre-tax operating margin	11.7%	7.1%	8.3%	14.9%
Net income	\$65,512	\$27,055	\$26,880	\$61,806
Preferred dividend	\$2,344		\$2,343	\$2,344
Net income available to common shareholders	\$63,168	\$27,055	\$24,537	\$59,462
Earnings per diluted share available to common shareholders	\$0.78	\$0.36	\$0.31	\$0.74



Brokerage & Investment Banking Revenue

STIFEL

Brokerage & Investment Banking Revenue

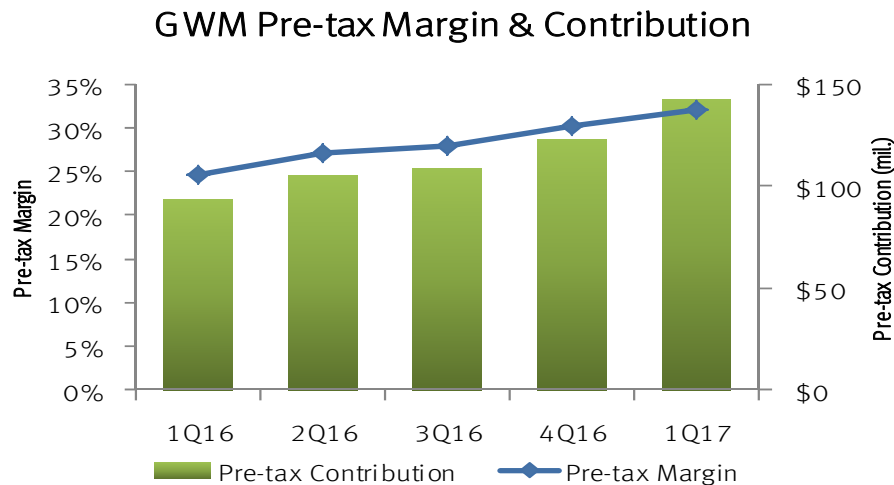
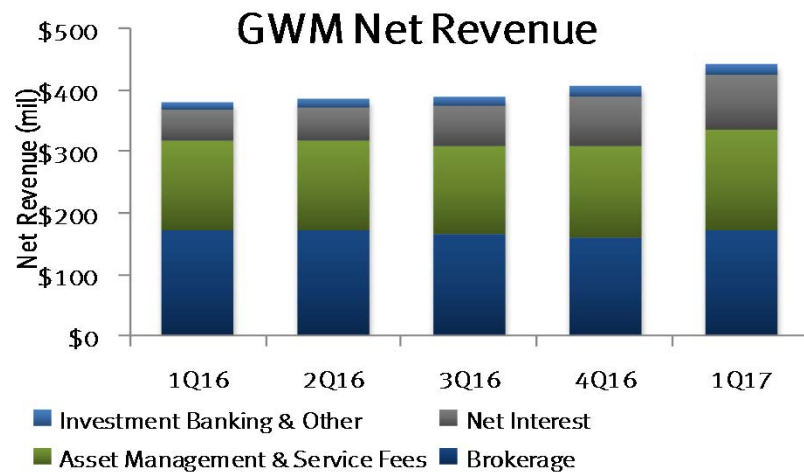
Brokerage: (000s)	Three Months Ended				
	1Q17	1Q16	% Change	4Q16	% Change
Global Wealth Management brokerage revenue	\$171,494	\$172,965	-0.9%	\$160,017	7.2%
Institutional brokerage:					
Equity	53,820	62,273	-13.6%	64,007	-15.9%
Fixed income	66,817	83,640	-20.1%	65,712	1.7%
Total institutional brokerage	120,637	145,913	-17.3%	129,719	-7.0%
Total brokerage revenue	\$292,131	\$318,878	-8.4%	\$289,736	0.8%
Investment banking: (000s)	Three Months Ended				
	1Q17	1Q16	% Change	4Q16	% Change
Investment banking:					
Capital raising:					
Equity	\$48,812	\$25,548	91.1%	\$48,393	0.9%
Fixed income	25,104	27,756	-9.6%	29,811	-15.8%
Total capital raising	73,916	53,304	38.7%	78,204	-5.5%
Advisory fees	52,936	47,354	11.8%	56,248	-5.9%
Total investment banking	\$126,852	\$100,658	26.0%	\$134,452	-5.7%

The background of the slide features a large, light-colored sculpture of a mammoth's head and tusks, set against a sky with soft clouds. The sculpture is positioned in the upper half of the frame, with its head facing right and its tusks extending downwards. A dark blue horizontal band with a fine grid pattern spans the middle of the slide, containing the title text.

Segment Results

STIFEL

Global Wealth Management



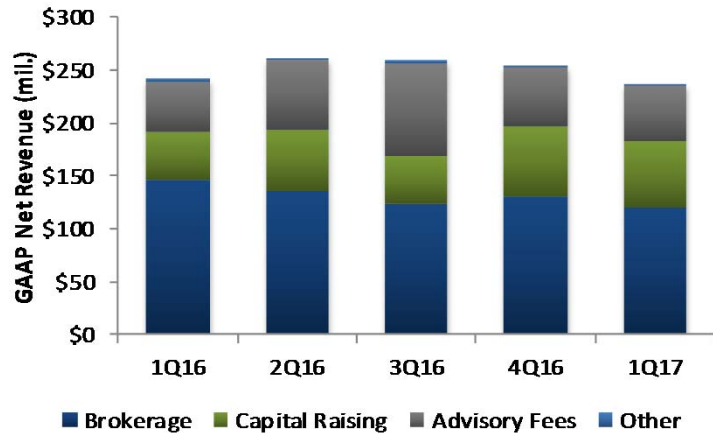
- Net revenue in the GWM segment was \$443 mil., up 9% sequentially & 17% Y/Y
 - Brokerage revenue increased 7% sequentially but declined 1% Y/Y
 - Ex. Sterne IBC & Clearing, Brokerage revenue increased 9% Y/Y
 - Net interest income increased 14% sequentially & 73% Y/Y
 - 2,299 total FAs up sequentially from 2,282
 - \$252.4 billion. in client AUA, up 7% sequentially
 - \$75.4 billion in Fee-based client assets, up 7% sequentially
- Compensation ratio was 51.6% down 130 bps sequentially & 670 bps Y/Y
- Non-comp. ratio was 16.3% down 70 bps sequentially & 80 bps Y/Y
- Pre-tax margin was 32.1% up 200 bps sequentially & 750 bps Y/Y.

Stifel Bank & Trust

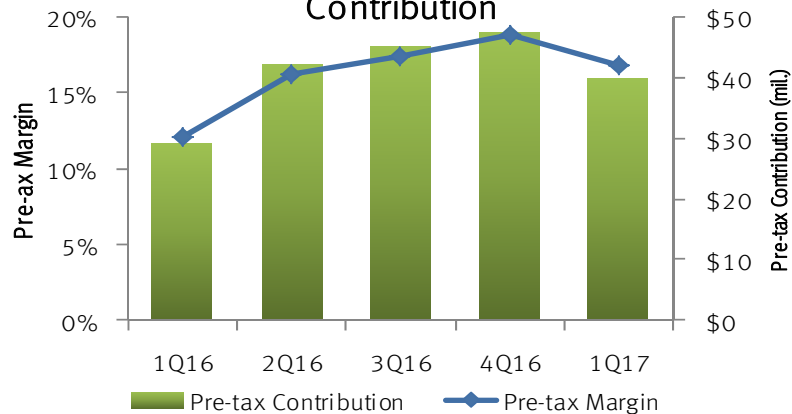
(mil. except for %'s)	1Q17	1Q16	% Change	4Q16	% Change
Assets:					
Investments	\$6,557	\$4,148	58%	\$6,209	6%
Mortgage Loans	2,214	731	203%	2,161	2%
Commercial Loans	1,831	1,295	41%	1,710	7%
Securities Based Loans	1,729	1,346	28%	1,614	7%
Total Loans, net	\$5,865	\$3,467	69%	\$5,591	5%
Loans Held for Sale	207	133	56%	229	-10%
Total Assets	\$13,233	\$8,172	62%	\$12,798	3%
Liabilities:					
Deposits	\$11,701	\$7,218	62%	\$11,527	2%
Credit Metrics					
Non-performing assets (\$s)	28	23	22%	27	4%
Non-performing assets (%s)	0.21%	0.28%	-7 bps	0.21%	0%
Allowance as a percentage of loans	0.87%	0.98%	-12 bps	0.81%	6 bps
Net Interest Margin	2.66%	2.47%	19 bps	2.24%	42 bps

Institutional Group

Institutional Group Net Revenue



Institutional Group Pre-tax Margin & Contribution



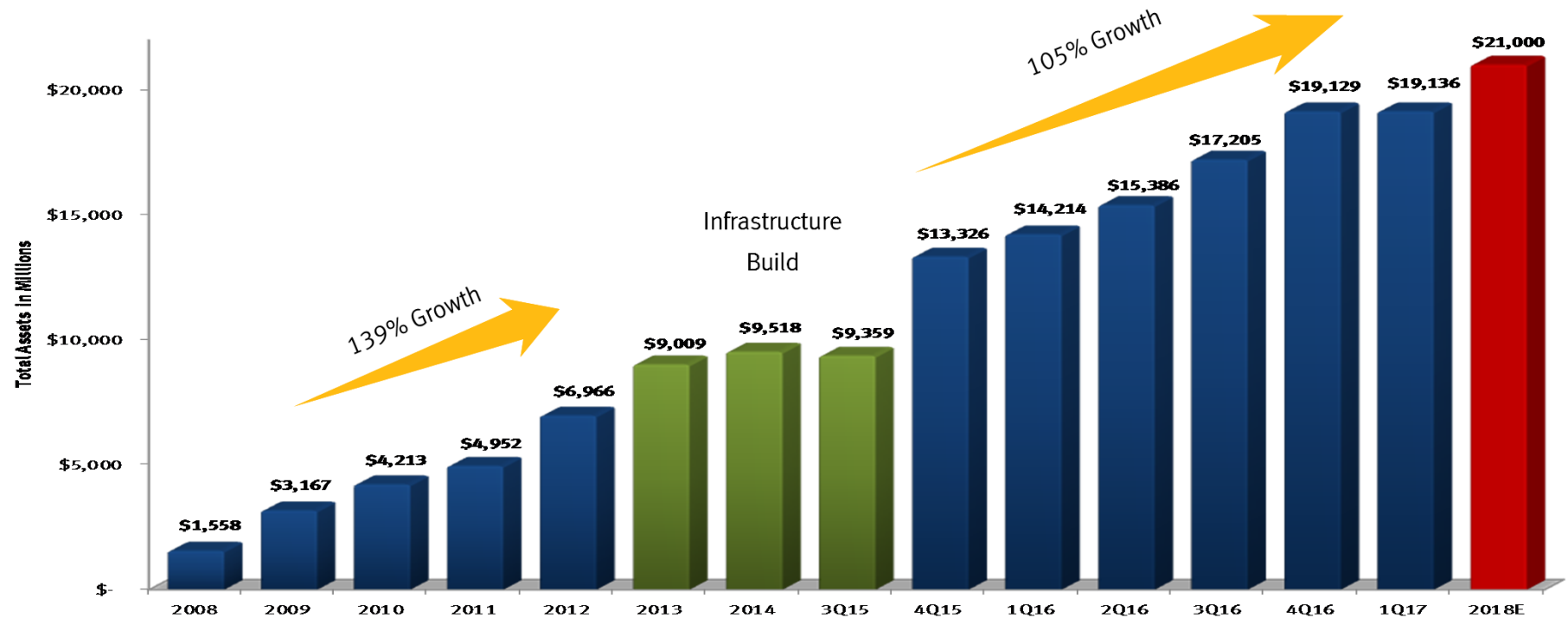
- Total net revenue of \$237 mil. decreased 6% sequentially & 2% Y/Y
- Investment banking revenue of \$115 mil. decreased 6% sequentially but increased 25% Y/Y
 - Equity underwriting of \$37 mil. decreased 5% sequentially but increased 97% Y/Y
 - Debt underwriting of \$25mil. decreased 10% sequentially & 4% Y/Y
 - Advisory revenue of \$53 mil. decreased 5% sequentially but increased 12% Y/Y
- Brokerage revenue of \$121 mil. decreased 7% sequentially & 17% Y/Y
 - Equity brokerage revenue of \$54 mil. was down 16% sequentially & 14% Y/Y
 - Fixed income brokerage revenue of \$67 mil. was up 2% sequentially but down 20% Y/Y
- Pre-tax margin was 16.8 % down 200 bps sequentially but up 470 bps Y/Y.
- Pre-tax Contribution decreased by 16% sequentially but increased 36% Y/Y



Balance Sheet & Net Interest Income

STIFEL

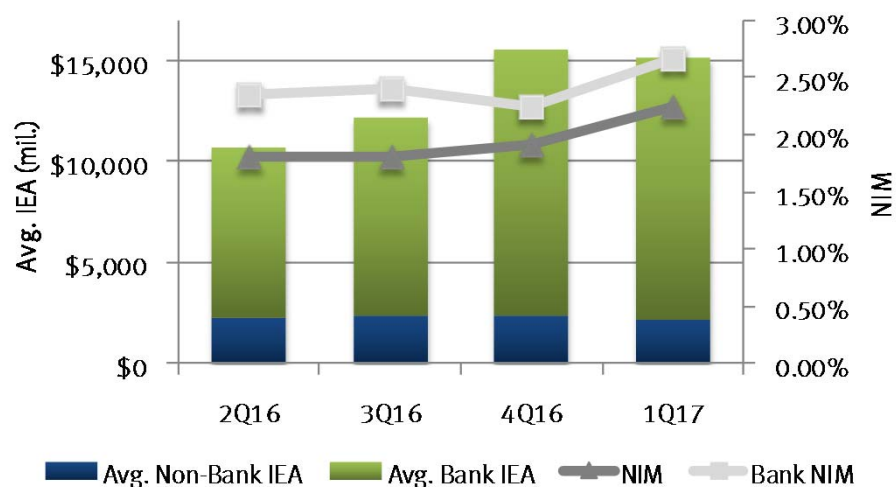
Balance Sheet Growth



Ratio	2008	2009	2010	2011	2012	2013	2014	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2018E
Tier 1 Leverage	32.3%	30.5%	25.6%	21.4%	17.7%	15.4%	16.5%	16.4%	16.6%	11.6%	11.5%	11.8%	10.2%	10.1%	10.0%
Tier 1 Risk Based Capital	49.4%	40.5%	29.1%	27.4%	26.8%	26.7%	25.0%	29.4%	26.3%	21.3%	20.9%	22.0%	20.3%	20.9%	20.0%
Risk Weighting Assets Density	64.9%	56.2%	67.3%	62.7%	57.0%	50.7%	58.2%	52.0%	46.6%	49.0%	49.1%	46.2%	46.5%	45.0%	46.5%

Balance Sheet & Net Interest Margin

Net Interest Income Drivers

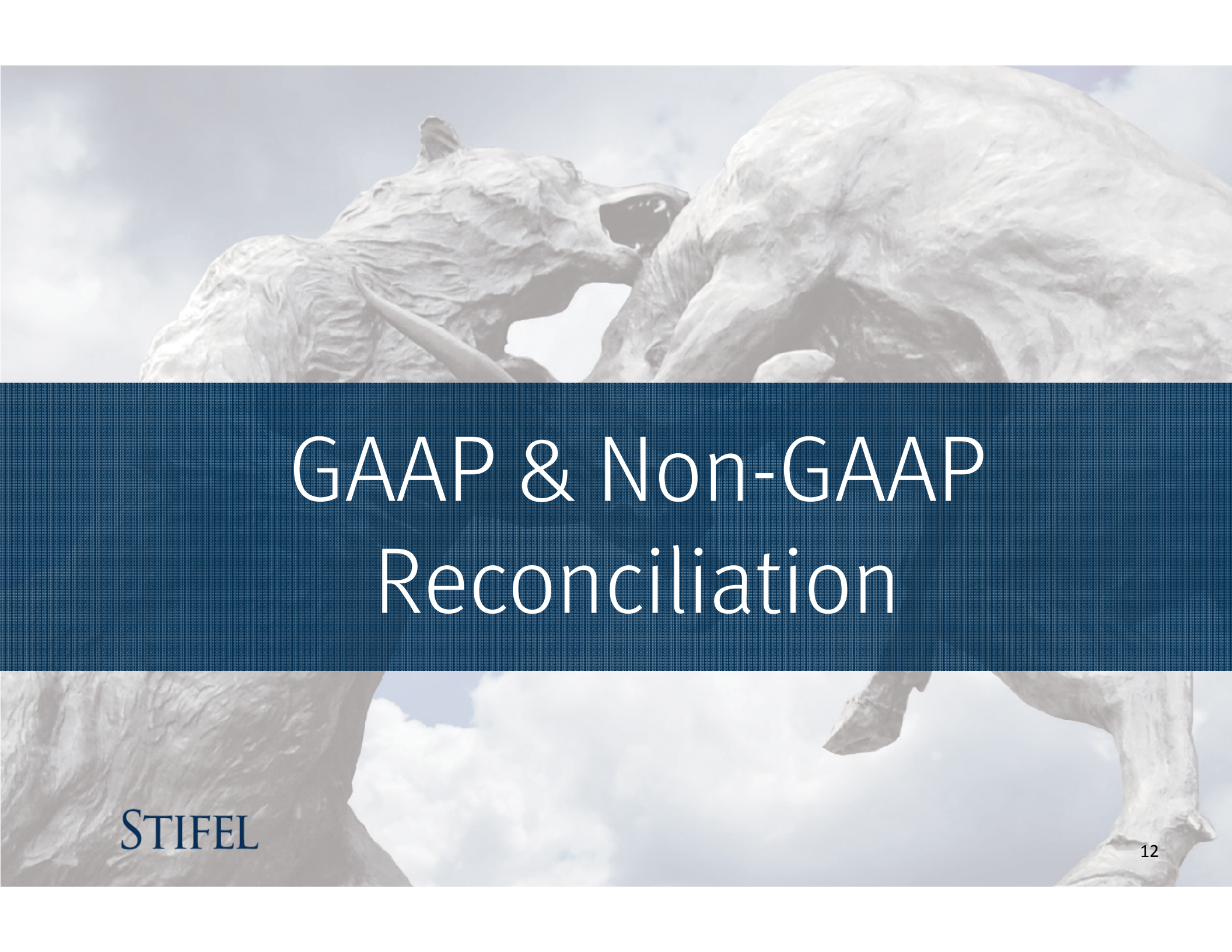


Net Interest Income Drivers:

- Total assets of \$19.14 billion were flat sequentially but increased 35% Y/Y
- Average interest earning assets decreased to \$15.2 billion down 3% sequentially but up 55% Y/Y
- NIM increased to 224 bps , up 33 bps sequentially & 26 bps Y/Y.
- NIM at Stifel Bank of 266 bps increased 42bps sequentially & 19 bps Y/Y
- Firm-wide NII of \$85.1 mil. increased 14% sequentially and 74% Y/Y.
- Book value per common share was \$38.40

Capital Structure

(in millions, except ratios)	1Q16	2Q16	3Q16	4Q16	1Q17
Total Assets	\$14,214	\$15,386	\$17,205	\$19,129	\$19,136
Total Equity	\$2,417	\$2,491	\$2,692	\$2,738	\$2,778
Tier 1 Leverage Ratio	11.6%	11.5%	11.8%	10.2%	10.1%
Tier 1 Risk Based Capital Ratio	21.3%	20.9%	22.0%	20.3%	20.9%



GAAP & Non-GAAP Reconciliation

STIFEL

GAAP to Non-GAAP Reconciliation

Three months ended March 31, 2017

GAAP Results (000s)	Three months ended 03/31/17
Total GAAP Compensation & benefits expense	\$436,387
GAAP comp. ratio	64.6%
Total GAAP non-compensation expense	\$160,125
GAAP non-comp. ratio	23.7%
GAAP pre-tax margin	11.7%


Adjusted Non-GAAP Results (000s)	Three months ended 03/31/17
Total Adjusted Non-GAAP Compensation & benefits expense	\$422,047
Adjusted Non-GAAP comp. ratio	62.3%
Total adjusted Non-GAAP non-compensation expense	\$154,800
Adjusted Non-GAAP non-comp. ratio	22.8%
Adjusted Non-GAAP pre-tax margin	14.9%

GAAP to Non-GAAP Reconciliation for Fourth Quarter 2016 (000s)	03/31/17
GAAP Net Income	\$65,512
Preferred Dividend	2,344
Net Income available to common Shareholders	\$63,168
Non-GAAP Adjustments	
Acquisition-Related	17,114
Severance	4,535
Provision for Income Taxes	(25,355)
Total Non-GAAP Adjustments	(3,706)
Non-GAAP Net Income Available to Common Shareholders	\$59,462



Department of Labor Fiduciary Rule & Interest Rate Sensitivity Update

STIFEL

A large, light-colored sculpture of a mammoth's head and tusks, set against a cloudy sky. The sculpture is the central focus of the background.

Q&A

STIFEL