Through the prism of Stifel, this letter should be an easy and celebratory recounting of the year. 2020 marked a milestone, as Stifel celebrated its 130th year, a remarkable achievement for any company, yet especially impressive for a financial services company. I could write pages describing our 2020 achievements, but will summarize as follows:

- Record revenue of $3.8 billion, up 12%, and representing Stifel's 25th consecutive year of record net revenue.
- Record non-GAAP net income of $523 million, or $4.56 per diluted common share.
- Return on tangible equity of 25%.
- Stifel stock price closed at $50.46, up 25%.

RONALD J. KRUSZEWSKI
Chairman of the Board and Chief Executive Officer

In 2020 more than ever, our success depended on the diversification of our business model and the talent of our more than 8,500 associates. We successfully integrated the six acquisitions from 2019, invested in technology, increased client access to investment opportunities, improved our service capabilities, and built upon our recruiting success. Most impressively, in a matter of days at the beginning of the pandemic, over 90% of our associates were seamlessly transferred to remote access, allowing uninterrupted service to Stifel clients. This transition, which impacted eight global trading venues, is a demonstration of our flexibility as an organization and culture of teamwork.

In my nearly 25 years as CEO of Stifel, this may be my most difficult shareholder letter because, for many, 2020 was a tumultuous and difficult year. While the year will be forever etched in history as the year of the pandemic, there is no simple way to summarize or condense it. The story of 2020 is not a simple one, and it is not just about COVID-19. The year also witnessed social unrest, the wildfires in California, a heightened awareness for environmental, social, and governance issues (ESG), and an election that did more to divide than unite our great country.

Stifel's record results set against this backdrop of adversity, uncertainty, and unrest is what makes this letter so hard to write. As individuals, we have all been affected by the events of this year. Alongside the rest of the nation, we have all suffered loss, we have all witnessed the struggles of our local communities and businesses, and we have all opened our eyes anew to persistent issues of social justice. Yet as a firm, Stifel has been resilient, and in many ways we have thrived. I acknowledge that disparity, and I recognize that part of the explanation is structural. Demand for our services, taken collectively, simply did not decline during the pandemic the way it did for many other businesses. Nonetheless, I believe this good fortune is only a small part of the picture. Our resilience is primarily drawn from our culture, from the independence and entrepreneurship of all our associates. Without their spirit, we would have been unable to navigate the uncertainty of this year.

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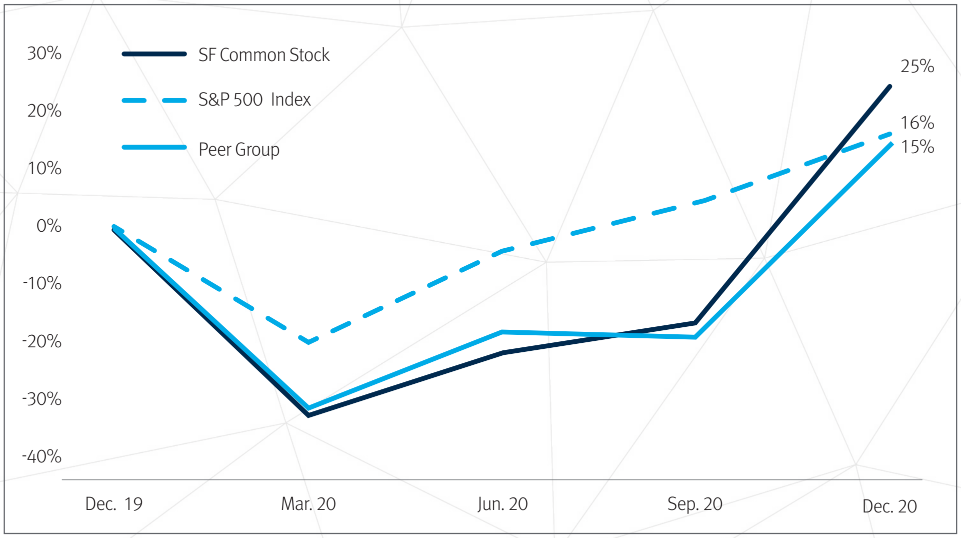
2020 FINANCIAL PERFORMANCE

2020 was a volatile year for equity markets. In March, as the impact of the pandemic began to crystallize, the S&P 500 index declined 31% as measured from the beginning of the year. Unprecedented fiscal and monetary stimulus proved an effective antidote to market concerns, providing a catalyst for the S&P 500 to recoup its losses by August and finish the year up approximately 16%.

Stifel stock followed a similar trajectory for the year. During the same month of March, Stifel stock hit an annual low of $20.75, as adjusted for the December 2020 three-for-two stock split, which was down 49% from the beginning of 2020. It then experienced a 143% recovery – outpacing both the broader market and our peers, as identified in our proxy. At year-end, Stifel stock stood at $50.46, an increase of 25% for the year. As we prepare this annual letter in March 2021, our stock traded as high as $68.94, which was up 37% from year-end, reflecting both the improved economic outlook and growing market recognition of our relative valuation.

2020 SF PERFORMANCE VS. PEERS



Looking back, if I had predicted in March 2020 that Stifel would have a record year, it would have been hard to believe. The pandemic was worsening, and its economic effects were buffeting our net interest and advisory businesses – two of our expected growth drivers. However, Stifel reacted quickly to the outbreak and its market impact, generating record results in our trading, capital-raising, and mortgage origination businesses that more than offset the declines elsewhere. As a result, it was a record year for the firm and for both of our primary operating segments. Global Wealth Management, which accounted for approximately 58% of our overall revenue, achieved record revenue of $2.2 billion, an increase of 3%. Our Institutional business, reflecting the investment of prior years, achieved record profitability and revenue, with revenues increasing 30% to $1.6 billion. Across the firm, our response to the challenges of 2020 showcased the strength and diversity of our business model and of our associates.

Our co-presidents, Victor Nesi and Jim Zemlyak, provide a more detailed financial assessment of 2020 in their "Year in Review" later in this report.

OUR COMMITMENT TO ENVIRONMENTAL, SOCIAL, AND GOVERNANCE PROGRESS

In 2020, we continued to make meaningful progress on ESG issues, important pillars that affect everyone, not only in business, but in everyday life. As we celebrate our 130th anniversary, a testament to sustainability, we underscore our responsibility to provide a diverse and welcoming environment for our associates. We also recognize our duty to contribute to the sustainable economic development of the communities in which we operate and society as a whole. At Stifel, we are committed to doing our part to address the many challenges of ESG. Transparency is an important factor, and we are examining approaches to expand our disclosures to better meet recognized frameworks such as those of the Sustainable Accounting Standards Board and the Task Force on Climate-Related Financial Disclosures. Also, we believe that we need to both act and increase transparency on issues such as diversity and inclusion, ethics and integrity, risk management, and sustainable finance. I believe that the incorporation of ESG into our business philosophy and policies is not only good for our business but, more importantly, the right thing to do.

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I encourage our shareholders to find out more about our commitments to ESG by reading our 2021 proxy and the information that follows within this annual report.

MOVING FORWARD, BACK TO THE OFFICE

One of the few silver linings of the pandemic is that it spurred us to adopt new tools and technologies for the workplace. I am impressed with the determination shown by our associates this year, using all their resources – and quickly adopting new ones – to overcome the myriad obstacles to doing business in the face of COVID-19. That we were able to service clients and manage volatile markets, even with most of our associates working remotely, underscores the dedication of our people, the comprehensiveness of our business continuity plans, and the flexibility of our technology platform. To the people of Stifel, I say thank you.

But now, even after the demonstrated success of remote work, we must plan for life after COVID-19. There is no doubt in my mind about the importance of physically working together. The benefits are clear – in training, collaborating, innovating, networking, and more. It is simply the best way to continue to build on our culture. As I write this letter, our country is in the process of vaccination and I can see life returning to some normalcy, although not yet to completely pre-pandemic conditions. For Stifel, this will include a return to our offices. Rest assured, I am committed to ensuring that this occurs in a safe and fair manner.

GOVERNMENT SPENDING AND THE RISK OF INFLATION

I would be remiss if I didn't discuss the impact of fiscal and monetary policy. In the short term, the CARES Act, combined with the additional stimulus in January, the American Rescue Plan Act of 2021, and the Biden administration's proposed infrastructure bill, together total nearly $6.5 trillion. That is approximately one-third of U.S. GDP. This stimulus, which constitutes war-level spending, is nine times larger than the Obama-era American Recovery and Reinvestment Act of 2009. Coupled with very accommodative monetary policy, this level of government spending has, in my opinion, more than offset the negative drag on our economy resulting from COVID-19.

So, upon reflection, it should be little surprise that the markets, and many asset classes, have surged in value. On the other side of the ledger, credit spreads are historically compressed due to accommodative policy. Looking toward the back half of 2021, assuming effective vaccination, there is a high probability of excess demand as people use their savings and stimulus to consume. Combined with renewed business investment, this excess may lead to upward price pressures.

So what is there to worry about? In my experience, when I am told that certain risks are low and can be managed, those are the risks that have the potential to be most disruptive if the consensus is proven wrong. Today, and frankly for the last decade, markets seem convinced that inflation poses little risk, and that we have sufficient tools to combat increasing inflation expectations when they arise. Without doubt, the Fed can manage short-term rates and adjust quantitative easing, and it has publicly stated its intention to keep rates low while allowing inflation to run above its stated goal of 2%. However, longer-term Treasury yields will adjust independently and have greater effect on the equity markets, especially on high-growth stocks. As seen on the Bloomberg screen blinking before me, expectations right now indicate sharper rate increases, evidenced in the yields on inflation-protected Treasuries, often referred to as real yields. Therefore, as is always the case, be cognizant of longer-term yields as they relate to equities.

THE SOCIAL SIDE OF INVESTING

As markets evolve, some things never change. As an example, take the strange saga of GameStop ("GME"), which seems to represent one of those grand, confounding collisions of technology and culture. With the very idea of a "meme stock," the dwellers of Reddit's r/wallstreetbets forum have shown us the possibility of a strange new mingling of social media and financial markets. Meanwhile, with "free" online trading apps in hand, anyone can join the speculation as easily as playing fantasy football. The optimist in me wants to see these trends mature, to see them live up to the promise of democratizing investing while increasing general financial literacy. The realist in me fears that we will see little more than the occasional speculative flare-up – fueled by the savings of those who can afford it least. To me, the most important thing to remind people is not to get caught up in the fear of missing out. Despite the new technologies, apps, and platforms involved, the core story of GME is a very old one, and the ending never changes.

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THE CURRENCY OF CRYPTO

As speculative activity and freely available liquidity have surged, cryptocurrencies such as Bitcoin have also sharply increased in price. Speculative swings aside, their utility as a currency and an investment vehicle varies around the world. Some countries, including China and India, place strict restrictions on their use, while others, like the United States, view each cryptocurrency transaction – whether for goods, services, or in exchange for national currency – as a taxable event. At the same time, Bitcoin mining consumes an ever-larger proportion of global electricity, with one recent report stating that its electricity consumption equals that of Pakistan, which has a population of 216 million. At that level of inefficiency, it is unclear whether cryptocurrencies are suitable for ESG investment goals. Still, cryptocurrencies and especially blockchains are a genuine financial innovation. They allow decentralized, distributed entities to come to consensus about transactions and ownership in a way that was not possible before. It is not their novelty that is in question, but the scope of their usefulness, and their general applicability as a currency and an investment. In the meantime, while they are so rapidly evolving and so fiercely competing with one another, their volatility must limit their portfolio suitability.

Whether we are talking about the next Amazon, the trade-offs of crypto, or the latest scheme on social media, investors today face an astounding menu of investment opportunities – and just as many potential pitfalls. In our business, we must decide how we will use technology to help people manage it all. First and foremost, I believe we have a responsibility not to use technology to inflame exuberance about new ideas. However glad we are to see a new generation's evolving perspective on investing, our goal is not to make it easier for them to pile into and rush out of speculative meme stocks. Rather, technology can help people get organized, increase their access to advice and research, and guide them in evaluating an ever-growing panoply of opportunity. At Stifel, we are investing in technology that helps people make sound decisions and lay stable foundations for the future, which means knowing when to say "yes" to a new idea – and more importantly, when to say "no."

130 YEARS AND COUNTING

From our humble beginnings in 1890 to where we are today

In conclusion, as I began, I want to emphasize the importance of our people and culture. When we look back on the trial that was 2020, our success will forever be a testament to the resiliency of our culture – the same culture of adaptability and independence that has seen us through the other great hardships of our 130-year history. Through the influenza pandemic of 1918, two world wars, the Great Depression, the Great Recession, and more, we have continued to be successful not because we stand apart, nor because we are somehow immune to the struggles of the nation as a whole. We are successful because we can change – and change without compromising our core values of independence and entrepreneurship. In fact, those values demand that we be always changing, always adapting, and always evolving. That is why each of our associates has the power to think independently, to raise issues, and to challenge the wisdom and folly of the status quo. This year has been a test of our ability to use that power not only to respond to crisis, but also to look critically at our own biases and inequities. Our success thus far is nothing more than a call to continue this work, alongside the rest of the nation, into the next year.

James M. Oates
Stifel Director Since 1996

Finally, I would like to thank Jim Oates, who has informed me of his intention to retire, for his nearly three decades of service as a Stifel Director. Jim was instrumental in my decision to join Stifel 25 years ago and has been a reliably fair, thoughtful, and, at times, appropriately critical voice. Jim has helped guide Stifel's incredible growth and has also been a partner and a mentor. I, and our shareholders, will miss his wisdom.

As always, we sincerely thank our shareholders and clients for their support, as well as our more than 8,500 associates for their commitment to excellence.

RONALD J. KRUSZEWSKI
Chairman of the Board and Chief Executive Officer
March 2021