
SHAREHOLDER LETTER

Twenty-five years ago, when I joined Stifel as CEO, we adopted a business plan for success that has remained unchanged to this day. The thought process started with our clients. How could we best meet the needs of a diverse and growing set of investors, companies, and institutions? The answer was simple, but not easy: attract the best people to work with us. To become the *advisor of choice* for clients, we needed to be the *firm of choice* for associates. If we could achieve that, the stock price would take care of itself, and we would naturally be an *investment of choice* for investors. This simple, self-reinforcing cycle was the foundation of our “*of choice*” business plan, and it has remained the core of our philosophy and culture ever since.

During our quarter century of commitment to this plan, Stifel has grown from \$102 million to \$4.7 billion in revenue, from \$35 million to, recently, approximately \$8 billion in market capitalization, and from January 1, 1997, until February of 2022, our stock price has increased 50-fold, compared to a six-fold increase for the S&P 500. Alongside this financial success, however, another kind of payoff has been quietly compounding. As I look across the firm now, it is clear that Stifel has grown into a hub for success-minded people, clients and associates alike. When the next generation of successful entrepreneurs looks for a place that reflects their own drive and values – as a client, an associate, or an investor – they will feel at home at Stifel. They will recognize it as a network for success. 2021 demonstrated how our 25-year “*of choice*” business plan has evolved to the point where we have become a place “where success meets success.”



Ronald J. Kruszewski

Chairman of the Board and Chief Executive Officer

2021 FINANCIAL PERFORMANCE

2021 was an extraordinary and rewarding year for both Stifel and its shareholders. The Company posted revenue of more than \$4.7 billion, our 26th consecutive year of record revenue and an increase of 26% over 2020. On a non-GAAP basis, our net earnings were \$840 million, diluted earnings per share totaled \$7.08, and return on tangible equity was 31%, all records. Reflecting our consistent earnings and growth, we doubled our annual dividend from \$0.60 to \$1.20 per share. In calendar 2021, Stifel stock rose 40%, exceeding the S&P 500 price increase of 27%. Please see the following “Year in Review” for a more detailed look at our company’s 2021 results.

It is worth noting that we achieved these results while navigating the twists and turns of the ongoing COVID-19 pandemic. This is a tribute to the entire organization. It required the flexibility and creativity of every associate to continue to serve our clients in this environment, and I thank them for their efforts.

Such outstanding financial results, year after year, are only possible thanks to Stifel’s culture of success. In this annual report, we will trace that culture across the entire firm and show how it is woven into our strategic plan. We will tell stories of success; we will look at the way Stifel recognizes success, combines with success, shares success, and supports and cultivates the success of the future. As always, it starts with our clients.

CLIENT SERVICE

Client service is the most visible, and the most critical, expression of our vision to be the firm “where success meets success.” The reason is simple: Even the most routine interaction is an opportunity to treat people with respect – and to show we believe in their potential for success. As we look to build on our tradition of service in 2022 and beyond, the goal is to use technology to improve those connections without getting in their way. We aim to instill a culture of “yes, we can” in our service associates, and back them up with the tools to make them confident in that statement. This year, our service teams are working on initiatives based on analyses of client journey maps as well as loyalty and service metrics. However, we will always depend on the human touch: a friendly voice answering the phone as opposed to a bot or a marketing funnel. All our innovations in client service will uphold this fundamental commitment.

DRIVING AN OWNERSHIP CULTURE

Stifel’s “can-do” attitude has always been anchored by a culture of ownership. Simply put, we think that owners take better care of their assets, which makes them better stewards of capital as well. We also believe that fostering an ownership mindset has been an essential part of our more than two decades of growth and success. Historically, about 30% of the firm’s fully diluted shares outstanding have been owned by approximately half of the firm’s associates. Since 1997, I have had the goal of broadening that inside ownership. Recently, we took a bold step toward achieving this goal by awarding approximately 4,200 associates with a one-time restricted stock unit grant of \$5,000 per individual. Going forward, qualifying new associates will be eligible for a similar award. With the implementation of this program, in combination with existing associate ownership, substantially all Stifel associates will achieve equity ownership in the company – yet another example of Stifel’s “one firm” culture, where everyone is empowered to think and care about the company like an owner.

TECHNOLOGY INNOVATIONS

In the spirit of being the firm “where success meets success,” Stifel partners with innovative technology providers who can deliver best-of-breed capabilities to our clients and associates. Working alongside the best minds in each domain, our expert teams co-develop the technology required to improve and evolve the Stifel Platform. Examples include the innovative work we did with Nasdaq Market Technology to develop world-class electronic trading capabilities and our partnership with an industry disruptor, Addepar, to deliver family office reporting capabilities to all of our Financial Advisors. 2022 will be a continuation of these efforts. This year will mark a significant milestone in our work with Salesforce to reimagine our Global Wealth and Institutional technologies – reaching almost 6,800 professionals. Our Wealth Tracker platform will continue evolving with more client-initiated features and organizational capabilities, and behind the scenes, we will continue to expand our cloud-based capabilities to enhance our infrastructure, security, and data strategy.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE UPDATE

At Stifel, we recognize the impact our firm has on the clients we serve, our associates, and the communities in which we live and work. As such, we continue to integrate environmental, social, and governance (ESG) considerations into our business practices. To us, it’s not just good for business, it’s the right thing to do.

We are committed to acting and increasing our transparency on issues such as diversity and inclusion, ethics and integrity, risk management, and sustainable finance. And we work to keep Stifel a safe and welcoming workplace for our associates, one in which we strive to truly understand each other’s needs and our best paths to building impactful relationships with both our colleagues and our clients.

I am proud of the significant strides we have made in our ESG initiatives in the past few years, and I invite our shareholders to learn more about them by reading our inaugural Environmental, Social & Governance Report, which is available at stifel.com, and the information that follows within this annual report.

LOOKING FORWARD

We do not expect 2022 to resemble 2021, especially considering the war in Ukraine and the increase of inflation, the latter of which requires a tightening of monetary policy and reduction of fiscal stimulus. With respect to inflation, its emergence reflects too much money, created through the combination of vast federal spending and easy monetary policy, chasing too few goods. U.S. economist Milton Friedman succinctly observed that inflation can only be produced by a more rapid increase in the quantity of money than in output. I think it is safe to say that the increase in broad U.S. M2 money supply in 2020 to 2021, to a growth rate that peaked at over four times the rate that existed during the pre-COVID-19 years, laid the foundation for inflation in 2022. As French economist Jacques Rueff poignantly said, “*Inflation consists of subsidizing expenditures that give no returns with money that does not exist.*”

With respect to the current war in Ukraine, above all, it is a humanitarian tragedy, and our thoughts are with the people of Ukraine. Regardless of a diplomatic solution, it is hard to imagine that these events do not impact the world order, the global economy, free trade, and the position of the U.S. dollar in that hierarchy.

Taken together, these factors introduce significant uncertainty and, as a result, more inherent risk. That said, as Stifel has demonstrated for over 25 years, we are a company that is both well-positioned and capable of adapting to changing environments. The balance of our business model, augmented by acquisitions, creates continued opportunities for growth and gives us confidence in our ability to generate strong results.

As always, we sincerely thank our shareholders and clients for their support, as well as our approximately 9,000 associates for their commitment to excellence and success.

2021 RESULTS

(in thousands, except per share amounts)

TOTAL FIRM	2021	% Δ
Total Revenues	\$4,783,086	25
Non-GAAP Net Income	839,533	61
Non-GAAP EPS	7.08	55
GLOBAL WEALTH MANAGEMENT		
Net Revenues	\$2,598,837	19
Contribution	914,953	26
AUM	435,978,000	22
INSTITUTIONAL GROUP		
Equity Net Revenues	\$1,453,959	56
Fixed Income Net Revenues	698,480	7
Net Revenues	2,152,439	36
Contribution	558,937	72
INSTITUTIONAL BROKERAGE		
Equity	\$254,684	(1)
Fixed Income	361,014	(11)
Total	615,698	(7)
INVESTMENT BANKING		
Equity	\$1,235,091	77
Fixed Income	330,290	30
Total	1,565,381	64
Capital Raising	709,236	35
Advisory	856,145	100



RONALD J. KRUSZEWSKI

Chairman of the Board and Chief Executive Officer
April 2022