

The background of the slide features a large, detailed bronze statue of two bears in a physical struggle, known as the 'FORCES' statue by Harry Weber. The statue is set against a backdrop of a cloudy sky. The word 'STIFEL' is overlaid in the top left corner in a dark blue, serif font.

# STIFEL

## 2nd Quarter 2017 Financial Results Presentation July 31, 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 June 30, 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.

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.

## 2nd Quarter Highlights & Results

- Record GAAP Net Revenue of \$726 million
- Record Net Revenue for Global Wealth Management Segment of \$452 million.
- Record Pre-Tax Operating Income for Global Wealth Management of \$153 million
- Record Institutional Net Revenue of \$276 million
- Record Investment Banking Revenue of \$185 million
- Total Assets of \$19.53 billion
- Bank NIM of 2.77% up 11 bps from Prior Quarter

Financial Highlights (000s, except per share data)	Three Months Ended			Non-GAAP
	2Q17	2Q16	1Q17	2Q17
<b>U.S. GAAP</b>				
Net revenues	\$725,647	\$652,145	\$675,531	\$725,647
Compensation ratio	62.5%	70.5%	64.6%	61.4%
Non-compensation ratio	26.0%	27.1%	23.7%	22.3%
Pre-tax operating margin	11.5%	2.4%	11.7%	16.3%
Net income	\$52,811	\$9,771	\$65,512	\$73,991
Preferred dividend	\$2,344		\$2,344	\$2,344
Net income available to common shareholders	\$50,467	\$9,771	\$63,167	\$71,647
Earnings per diluted share available to common shareholders	\$0.63	\$0.13	\$0.78	\$0.90





# Investment Banking & Brokerage Revenue

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# Investment Banking & Brokerage Revenue

Investment banking: (000s)	Three Months Ended				
	2Q17	2Q16	% Change	1Q17	% Change
Investment banking:					
Capital raising:					
Equity	\$56,970	\$37,638	51.4%	\$45,649	24.8%
Fixed income	45,830	28,774	59.3%	28,267	62.1%
Total capital raising	102,800	66,412	54.8%	73,916	39.1%
Advisory fees	82,461	66,713	23.6%	52,936	55.8%
Total investment banking	\$185,261	\$133,125	39.2%	\$126,852	46.0%
Brokerage: (000s)	Three Months Ended				
	2Q17	2Q16	% Change	1Q17	% Change
Global Wealth Management brokerage revenue	\$168,085	\$172,179	-2.4%	\$171,494	-2.0%
Institutional brokerage:					
Equity	50,869	55,008	-7.5%	53,820	-5.5%
Fixed income	49,013	81,344	-39.7%	66,817	-26.6%
Total institutional brokerage	99,882	136,352	-26.7%	120,637	-17.2%
Total brokerage revenue	\$267,967	\$308,531	-13.1%	\$292,131	-8.3%

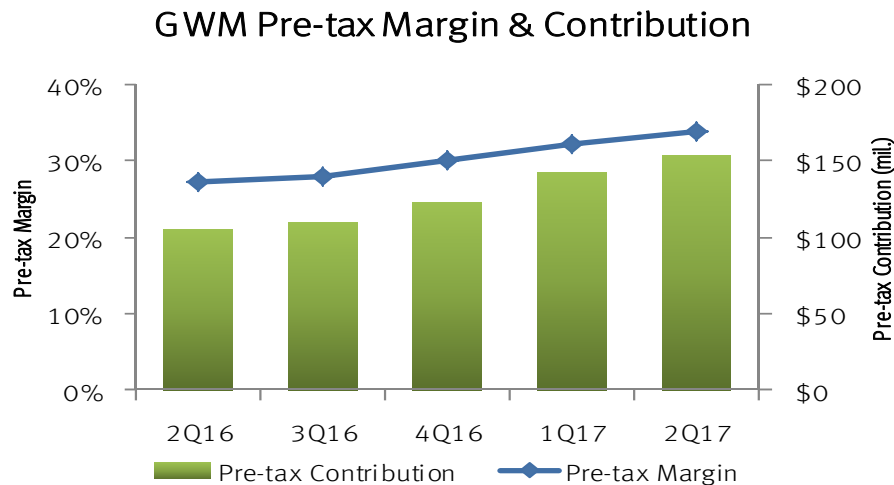
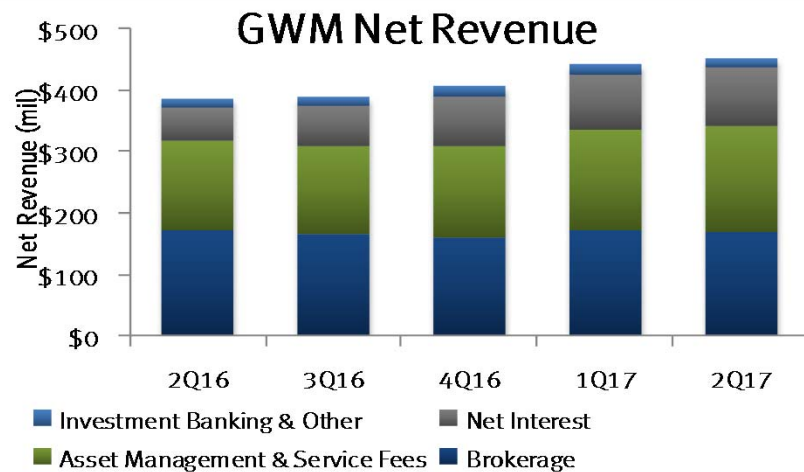


A large, light-colored sculpture of a mammoth's head and tusks, set against a cloudy sky. The sculpture is the central focus of the background image.

# Segment Results

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# Global Wealth Management



- Net revenue in the GWM segment was \$452 mil., up 2% sequentially & 17% Y/Y
  - Brokerage revenue declined 4% sequentially & Y/Y
    - Ex. Sterne IBC & Clearing, Brokerage revenue increased 13% Y/Y
  - Net interest income increased 7% sequentially & 76% Y/Y
  - 2,277 total FAs down sequentially from 2,299
  - \$258.1 billion. in client AUA, up 2% sequentially
  - \$79.2 billion in Fee-based client assets, up 5% sequentially
- Compensation ratio was 50.7% ,down 90 bps sequentially & 590 bps Y/Y
- Non-comp. ratio was 15.4%, down 90 bps sequentially & 80 bps Y/Y
- Pre-tax margin was 33.9%, up 180 bps sequentially & 670 bps Y/Y.

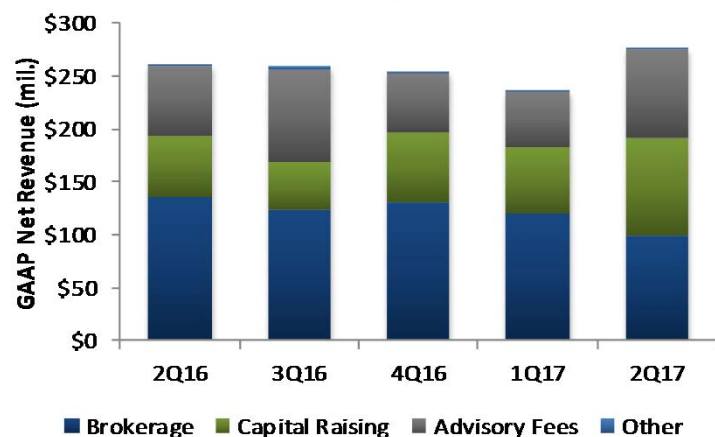
# Stifel Bank & Trust

(mil. except for %'s)	2Q17	2Q16	% Change	1Q17	% Change
<b>Assets:</b>					
Investments	\$6,753	\$4,580	47%	\$6,557	3%
Mortgage Loans	2,249	1,228	83%	2,214	2%
Commercial Loans	2,064	1,425	45%	1,831	13%
Securities Based Loans	1,756	1,419	24%	1,729	2%
<b>Total Loans, net</b>	<b>\$6,160</b>	<b>\$4,170</b>	<b>48%</b>	<b>\$5,865</b>	<b>5%</b>
Loans Held for Sale	140	251	-44%	207	-32%
Total Assets	<b>\$13,598</b>	<b>\$9,267</b>	<b>47%</b>	<b>\$13,233</b>	<b>3%</b>
<b>Liabilities:</b>					
Deposits	<b>\$12,050</b>	<b>\$7,881</b>	<b>53%</b>	<b>\$11,701</b>	<b>3%</b>
<b>Credit Metrics</b>					
Non-performing assets (\$s)	21	35	-40%	28	-25%
Non-performing assets (%s)	0.15%	0.37%	-22 bps	0.21%	6 bps
Allowance as a percentage of loans	0.88%	0.86%	2 bps	0.87%	1 bps
Net Interest Margin	2.77%	2.34%	43 bps	2.66%	11 bps

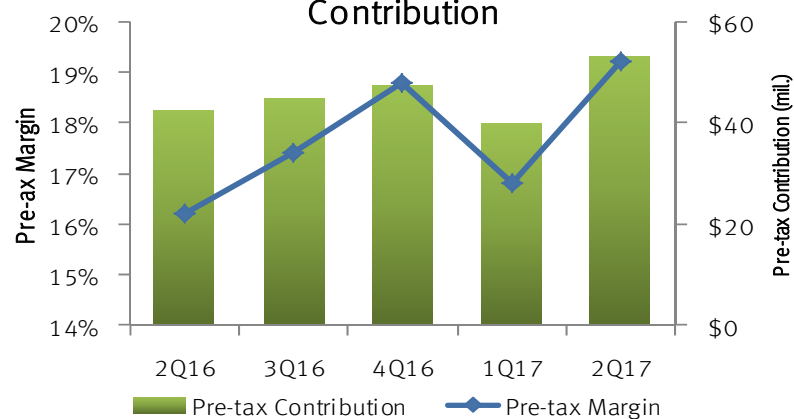


# Institutional Group

Institutional Group Net Revenue



Institutional Group Pre-tax Margin & Contribution



	2Q17	Sequential Change	Y/Y Change
<i>millions</i>			
<b>Institutional Revenue</b>			
<i>Equity</i>			
Advisory	\$81	58%	26%
Underwriting	\$46	27%	69%
Brokerage	\$51	-6%	-8%
Total Equity Capital Markets Revenue	\$178	25%	21%
<i>Fixed Income</i>			
Advisory	\$2	1%	0%
Underwriting	\$47	78%	60%
Brokerage	\$49	-27%	-40%
Total Fixed Income Capital Markets Revenue	\$98	3%	-14%
<b>Total Institutional Group Net Revenue</b>	<b>\$276</b>	<b>16%</b>	<b>6%</b>
Comp. Ratio	59.6%	(90 bps)	(80 bps)
Non-Comp. Ratio	21.2%	(150 bps)	(380 bps)
Pre-tax Margin	19.2%	240 bps	300 bps

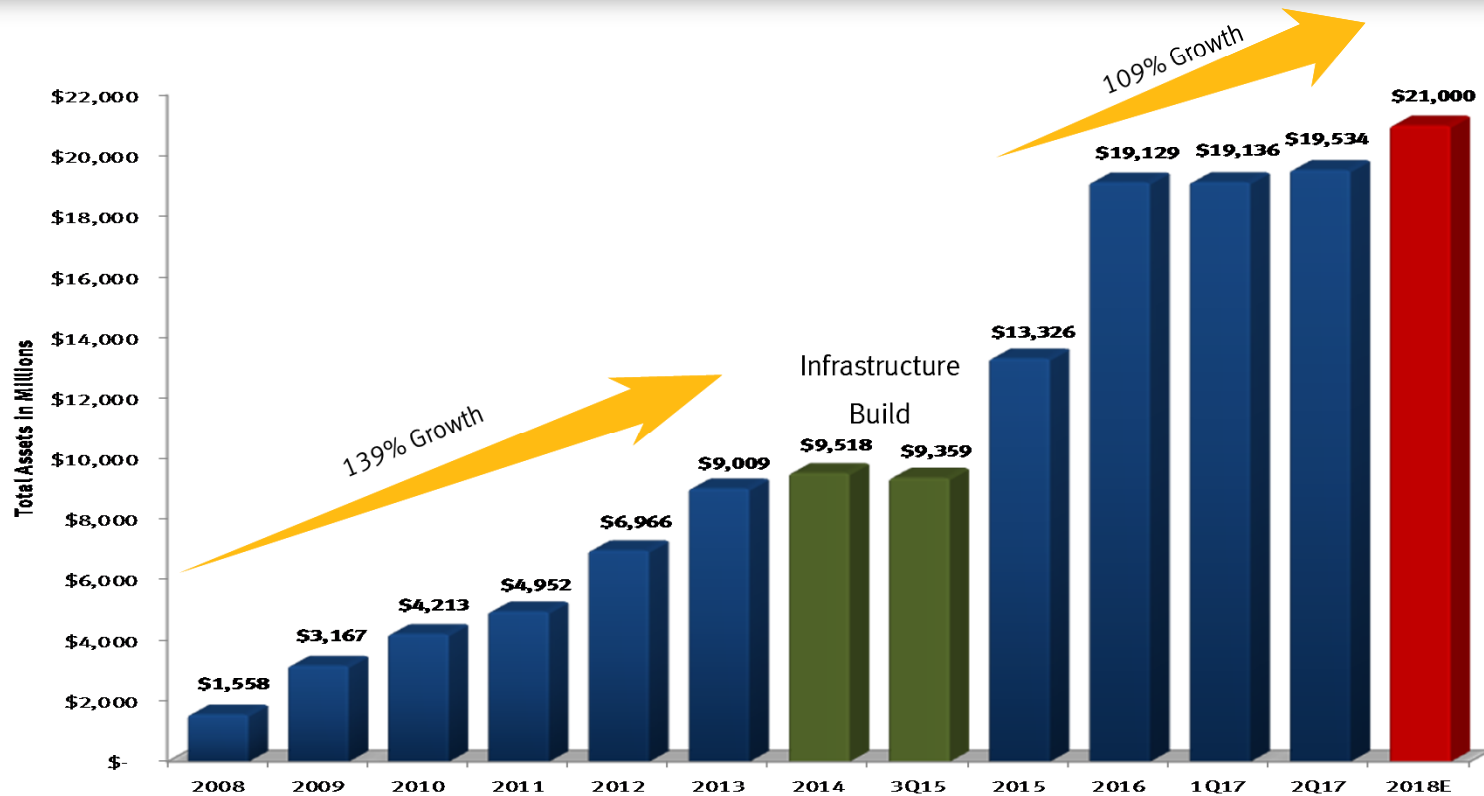


# Balance Sheet & Net Interest Income

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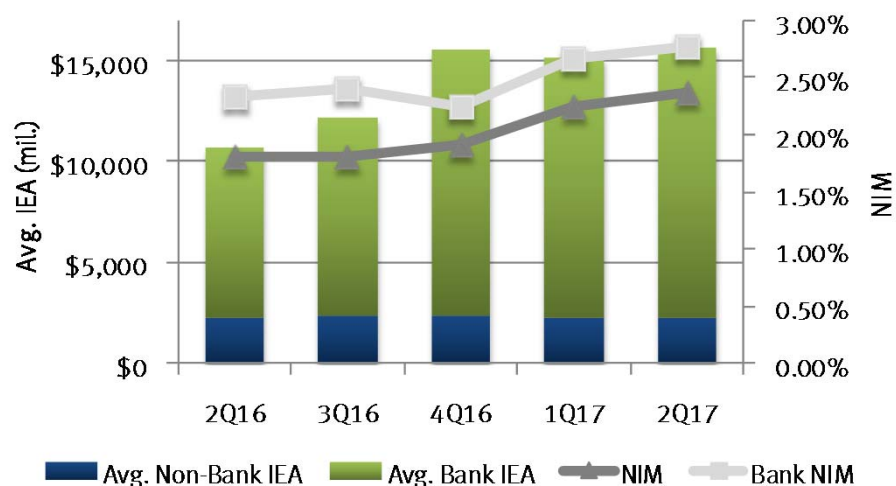
# Balance Sheet Growth



Ratio	2008	2009	2010	2011	2012	2013	2014	3Q15	2015	2016	1Q17	2Q17	2018E
Tier 1 Leverage	32.3%	30.5%	25.6%	21.4%	17.7%	15.4%	16.5%	16.4%	16.6%	10.2%	10.1%	10.3%	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%	20.3%	20.8%	20.5%	20.0%
Risk Weighting Assets Density	64.9%	56.2%	67.3%	62.7%	57.0%	50.7%	58.2%	52.0%	46.6%	46.5%	45.5%	47.2%	46.5%

# Balance Sheet & Net Interest Margin

Net Interest Income Drivers



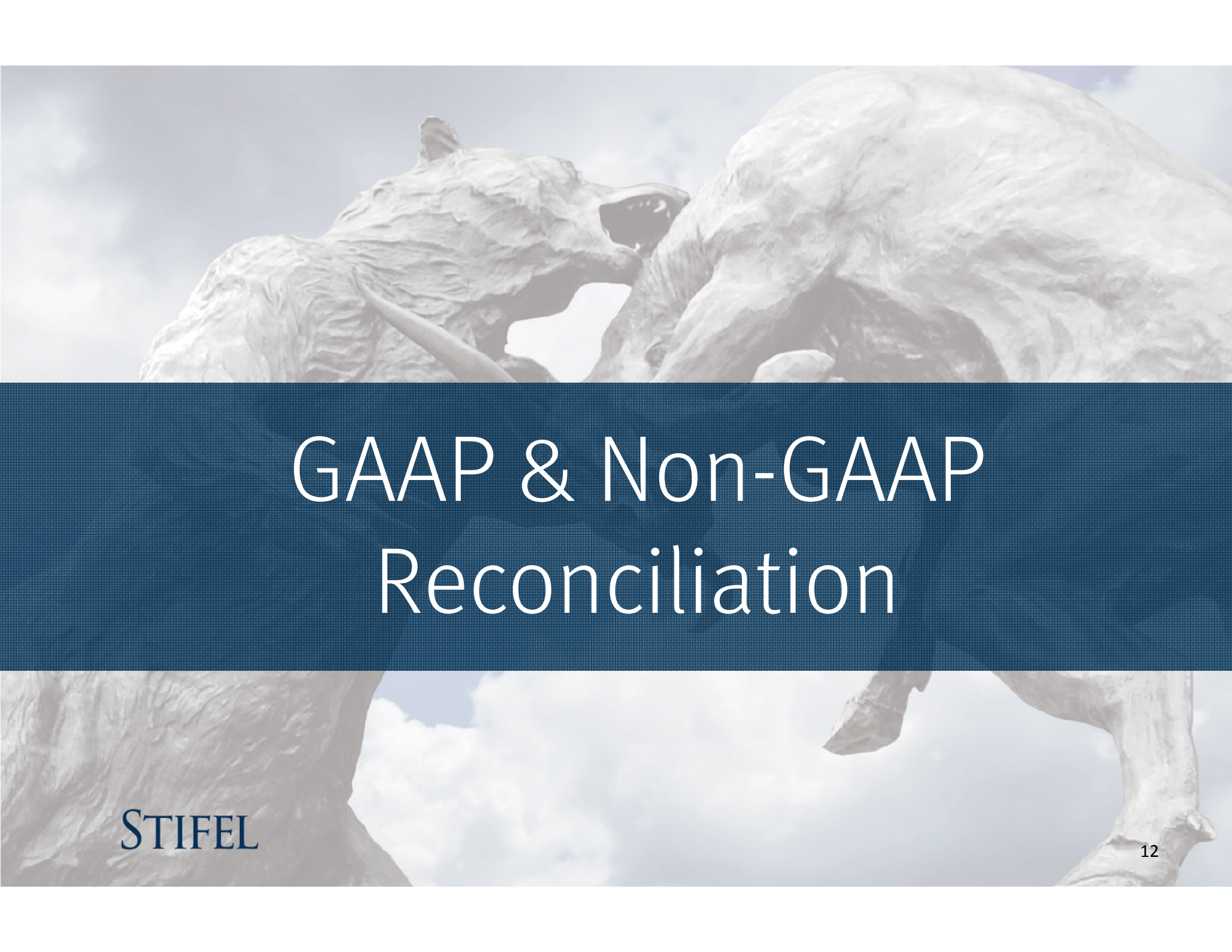
## Net Interest Income Drivers:

- Total assets of \$19.53 billion were up 2% sequentially & 27% Y/Y
- Average interest earning assets increased to \$15.4 billion up 3% sequentially & 46% Y/Y
- NIM increased to 235 bps, up 11 bps sequentially & 55 bps Y/Y
- NIM at Stifel Bank of 277 bps increased 11 bps sequentially & 43 bps Y/Y
- Firm-wide NII of \$92.3 mil. increased 9% sequentially and 90% Y/Y
- Book value per common share was \$39.47

Capital Structure

(in millions, except ratios)	2Q16	3Q16	4Q16	1Q17	2Q17
Total Assets	\$15,386	\$17,205	\$19,129	\$19,136	\$19,534
Total Equity	\$2,491	\$2,692	\$2,738	\$2,778	\$2,845
Tier 1 Leverage Ratio	11.5%	11.8%	10.2%	10.1%	10.3%
Tier 1 Risk Based Capital Ratio	20.9%	22.0%	20.3%	20.8%	20.5%





# GAAP & Non-GAAP Reconciliation

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# GAAP to Non-GAAP Reconciliation

Three months ended June 30, 2017

GAAP Results (000s)	Three months ended 06/30/17
Total GAAP Compensation & benefits expense	\$453,876
GAAP comp. ratio	62.5%
Total GAAP non-compensation expense	\$188,573
GAAP non-comp. ratio	26.0%
GAAP pre-tax margin	11.5%

Adjusted Non-GAAP Results (000s)	Three months ended 06/30/17
Total Adjusted Non-GAAP Compensation & benefits expense	\$445,905
Adjusted Non-GAAP comp. ratio	61.4%
Total adjusted Non-GAAP non-compensation expense	\$161,724
Adjusted Non-GAAP non-comp. ratio	22.3%
Adjusted Non-GAAP pre-tax margin	16.3%

GAAP to Non-GAAP Reconciliation for Second Quarter 2017 (000s)	06/30/17
<b>GAAP Net Income</b>	<b>\$52,811</b>
Preferred Dividend	2,344
<b>Net Income available to common Shareholders</b>	<b>\$50,467</b>
<b>Non-GAAP Adjustments</b>	
Acquisition-Related	12,400
Litigation-related	20,000
Severance	2,420
Provision for Income Taxes	(13,640)
<b>Total Non-GAAP Adjustments</b>	<b>21,180</b>
<b>Non-GAAP Net Income Available to Common Shareholders</b>	<b>\$71,647</b>





# Regulatory & Interest Rate Sensitivity Update

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The background of the slide features a large, light-colored sculpture of a mammoth's head and tusks, set against a sky with soft, white 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 runs across the middle of the slide, containing the text 'Q&A'.

# Q&A

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