

The background of the slide features a large, detailed sculpture of two bears in a physical struggle, known as the 'FORCES' statue by Harry Weber. The sculpture is rendered in a light, textured material, possibly stone or concrete, and is set against a soft, overcast sky. The word 'STIFEL' is overlaid on the upper left portion of the image in a dark blue, serif font.

STIFEL

4th Quarter & Full Year 2018
Financial Results Presentation
February 1, 2019

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 and twelve months ended December 31, 2018. 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.

Highlights & Full Year Results

- 23rd Consecutive Year of Record Net Revenue of \$3.025 billion, up 3%
- Record GAAP EPS of \$4.73, up 121%
- Record Non-GAAP EPS of \$5.28, up 32%
- Record Asset Management & Services Fees of \$806 million, up 15%
- Record Net Interest Income of \$476 million, up 24%
- Non-GAAP Comp. Ratio of 58%, down 320 bps
- Non-GAAP Pre-tax Margin of 19.6%, up 250 bps
- Repurchased nearly 3.4 million shares at an average price of \$49.59
- Raising Quarterly Dividend by 25% to \$0.15
- Returned approximately \$215 million to shareholders through dividends and share repurchases

Financial Highlights (000s, except per share data)	Full Year Non-GAAP			Full Year U.S. GAAP		
	2018	2017	% Change	2018	2017	% Change
Net revenues	\$3,024,906	\$2,928,416	3%	\$3,024,881	\$2,926,432	3%
Pre-tax Income	\$592,374	\$501,152	18%	\$534,362	\$269,536	98%
Net income	\$438,817	\$332,758	32%	\$393,968	\$182,871	115%
Preferred dividend	\$9,375	\$9,375	0%	\$9,375	\$9,375	0%
Net income available to common shareholders	\$429,442	\$323,383	33%	\$384,593	\$173,496	122%
Earnings per diluted share available to common shareholders	\$5.28	\$3.99	32%	\$4.73	\$2.14	121%
Compensation ratio	58.0%	61.2%	-320 bps	58.5%	66.9%	-840 bps
Non-compensation ratio	22.4%	21.7%	70 bps	23.8%	23.9%	-10 bps
Pre-tax operating margin	19.6%	17.1%	250 bps	17.7%	9.2%	850 bps
Effective Tax Rate	25.9%	33.6%	-770 bps	26.3%	32.2%	-590 bps

Highlights & Fourth Quarter Results

- Non-GAAP Net Revenue of \$794 million, up 7% Q/Q.
- Record Asset Management & Services Fees of \$210 million, up 13% Y/Y.
- Record Net Interest Income of \$127 million, up 19% Y/Y.
- Second Strongest Investment Banking Quarter at \$201 million
- Record Non-GAAP Net Income Available to common Shareholders of \$127 million
- Non-GAAP Comp. Ratio of 56%, down 400 bps Y/Y
- Non-GAAP Pre-tax Margin of 21.9%, up 180 bps Y/Y
- Non-GAAP ROCE of 16.7% & Non-GAAP ROTCE of 27.0%
- Repurchased 2.3 million shares at an average price of \$46.64

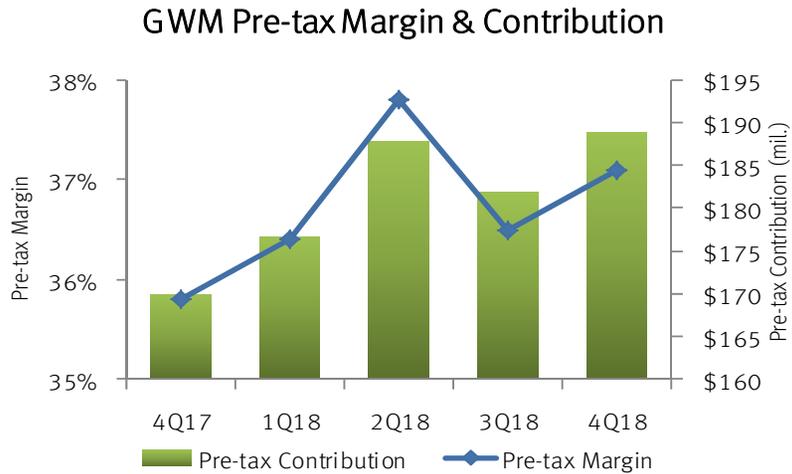
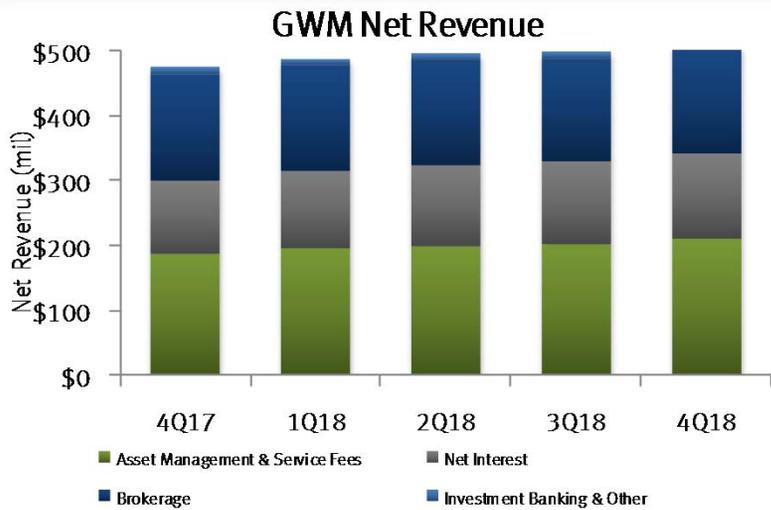
Financial Highlights (000s, except per share data)	Three Months Ended Non-GAAP					Three Months Ended U.S. GAAP		
	4Q18	4Q17	% Change	3Q18	% Change	4Q18	4Q17	3Q18
Net revenues	\$793,449	\$804,085	-1%	\$738,367	7%	\$793,449	\$804,085	\$738,342
Pre-tax Income	\$173,663	\$161,545	8%	\$152,082	14%	\$155,931	-\$820	\$140,530
Net income	\$129,134	\$122,969	5%	\$112,405	15%	\$114,062	-\$1,988	\$103,858
Preferred dividend	\$2,344	\$2,344	0%	\$2,343	0%	\$2,344	\$2,344	\$2,343
Net income available to common shareholders	\$126,790	\$120,625	5%	\$110,062	15%	\$111,718	-\$4,332	\$101,515
Earnings per diluted share available to common shareholders	\$1.57	\$1.47	7%	\$1.35	16%	\$1.38	-\$0.06	\$1.25
Compensation ratio	56.0%	60.0%	-400 bps	56.5%	-50 bps	56.5%	77.1%	57.2%
Non-compensation ratio	22.1%	19.9%	220 bps	22.9%	-80 bps	23.8%	23.0%	23.8%
Pre-tax operating margin	21.9%	20.1%	180 bps	20.6%	130 bps	19.7%	-0.1%	19.0%
Effective Tax Rate	25.6%	23.9%	170 bps	26.1%	-50 bps	26.9%	-142.4%	26.1%



Segment Results

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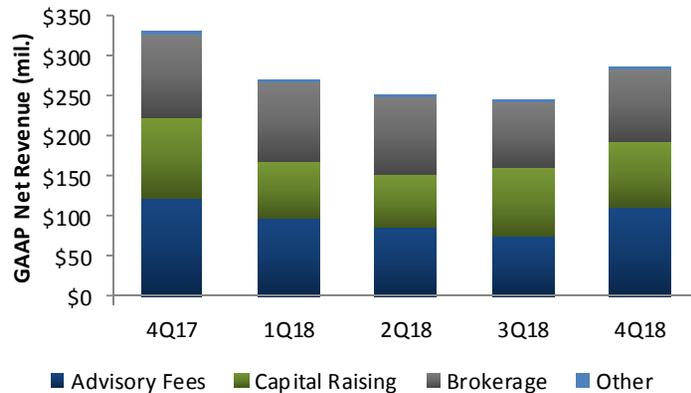
Global Wealth Management



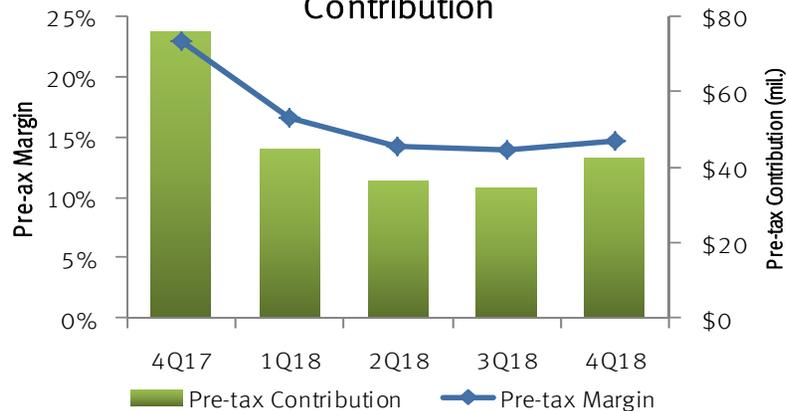
<i>millions</i>	4Q18	Y/Y Change	Sequential Change	2018	Y/Y Change
Global Wealth Management Revenue					
Commissions	\$117	-1%	-1%	\$472	-1%
Principal Transactions	\$40	-11%	-2%	\$166	-11%
Brokerage	\$157	-4%	-1%	\$638	-4%
Asset Management & Service Fees	\$210	13%	5%	\$806	15%
Net Interest	\$132	18%	4%	\$503	26%
Investment Banking	\$8	-11%	3%	\$31	-22%
Other	\$2	-49%	-56%	\$12	-37%
Total Global Wealth Management Net Revenue	\$509	8%	2%	\$1,990	9%
Comp. Ratio	48.5%	-40 bps	0 bps	48.6%	-140 bps
Non-Comp. Ratio	14.4%	-90 bps	-30 bps	14.4%	-120 bps
Pre-tax Margin	37.1%	130 bps	30 bps	37.0%	260 bps
Financial Advisors	2,301	3%	0%		
Client AUA	\$269,862	-1%	-7%		
Fee-based Client Assets	\$90,174	3%	-6%		
Private Client Fee-based Client Assets	\$66,097	2%	-8%		

Institutional Group

Institutional Group Net Revenue



Institutional Group Pre-tax Margin & Contribution



<i>millions</i>	4Q18	Y/Y Change	Sequential Change	2018	Y/Y Change
Institutional Revenue					
Equity					
Advisory	\$108	-9%	48%	\$358	4%
Underwriting	\$52	-10%	-20%	\$214	17%
Brokerage	\$49	-2%	11%	\$186	-7%
Equity Capital Markets Net Revenue	\$208	-8%	14%	\$759	4%
Fixed Income					
Advisory	\$4	-28%	26%	\$14	-12%
Underwriting	\$30	-29%	48%	\$91	-36%
Brokerage	\$42	-20%	10%	\$185	-14%
Fixed Income Capital Markets Net Revenue	\$79	-26%	24%	\$297	-22%
Total Institutional Group Net Revenue	\$287	-14%	17%	\$1,056	-5%
Comp. Ratio	62.0%	230 bps	260 bps	60.0%	10 bps
Non-Comp. Ratio	23.3%	510 bps	-340 bps	25.1%	460 bps
Pre-tax Margin	14.7%	-740 bps	80 bps	14.9%	-470 bps

Impact of Accounting Change for Investment Banking Expenses					
	4Q18	Y/Y	Sequential	2018	Y/Y
	Adjusted	Change	Change	2018	Change
Net Revenue (mil.)	\$279	-16%	18%	\$1,022	-8%
Comp. Ratio	63.8%	410 bps	190 bps	62.0%	210 bps
Non-Comp. Ratio	21.1%	290 bps	-250 bps	22.7%	220 bps
Pre-tax Margin	15.1%	-700 bps	60 bps	15.3%	-430 bps



Revenue & Expenses

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Brokerage Revenue and Asset Management & Service Fees

Brokerage Revenue (000s)	Three Months Ended					YTD		
	4Q18	4Q17	% Change	3Q18	% Change	2018	2017	% Change
Global Wealth Management brokerage revenue	\$157,331	\$163,421	-4%	\$158,818	-1%	\$638,173	\$661,334	-4%
Institutional brokerage:								
Equity Capital Markets	48,705	49,628	-2%	43,904	11%	185,960	199,526	-7%
Fixed Income Capital Markets	42,463	52,961	-20%	38,446	10%	184,977	214,870	-14%
Total Institutional brokerage	91,168	102,589	-11%	82,350	11%	370,937	414,396	-11%
Total Brokerage Revenue	\$248,499	\$266,010	-7%	\$241,168	3%	\$1,009,110	\$1,075,730	-6%

Asset Management & Service Fees: (000s)	Three Months Ended					YTD		
	4Q18	4Q17	% Change	3Q18	% Change	2018	2017	% Change
Asset Management & Service Fees	\$210,051	\$186,373	13%	\$200,735	5%	\$806,132	\$701,756	15%

(000s)	Three Months Ended					YTD		
	4Q18	4Q17	% Change	3Q18	% Change	2018	2017	% Change
Global Wealth Management Revenue & Fees*	\$367,382	\$349,794	5%	\$359,553	2%	\$1,444,305	\$1,363,090	6%

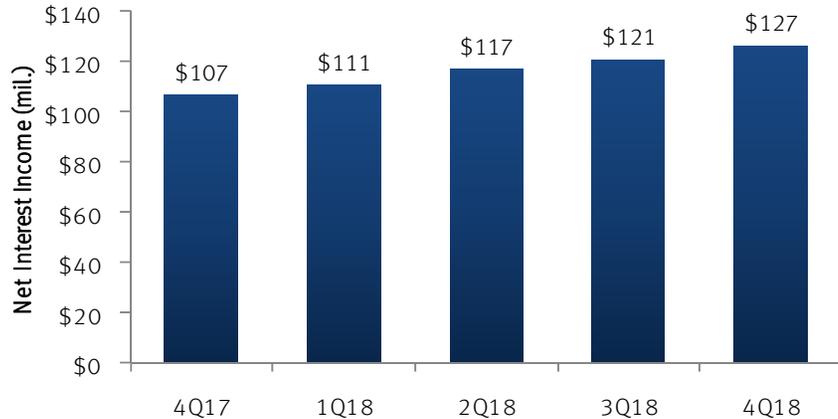
* Sum of Global Wealth Management Brokerage Revenue and Asset Management & Service Fees

Investment Banking Revenue

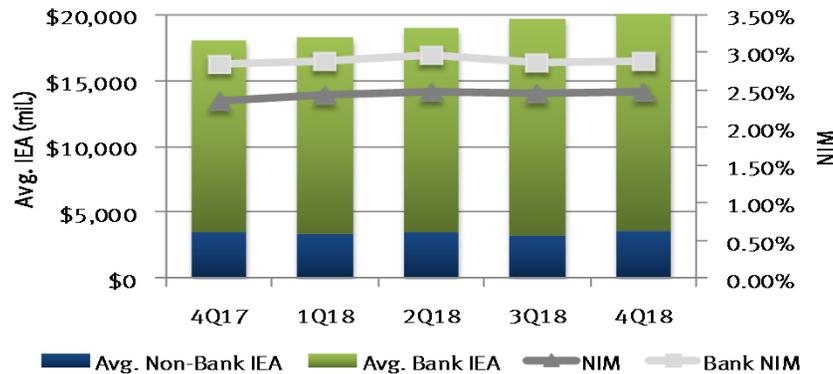
Investment banking: (000s)	Three Months Ended					YTD		
	4Q18	4Q17	% Change	3Q18	% Change	2018	2017	% Change
Capital raising:								
Global Wealth Management revenue	\$7,915	\$8,899	-11%	\$7,722	3%	\$31,293	\$40,466	-23%
Equity Capital Markets	51,839	57,800	-10%	65,000	-20%	213,633	182,728	17%
Fixed Income Capital Markets	30,390	42,820	-29%	20,553	48%	91,262	142,963	-36%
Total capital raising	90,144	109,519	-18%	93,275	-3%	336,188	366,157	-8%
Advisory fees	111,089	123,227	-10%	75,717	47%	371,482	360,606	3%
Total investment banking revenue	\$201,233	\$232,746	-14%	\$168,992	19%	\$707,670	\$726,763	-3%

Net Interest Income

Net Interest Income Growth



Net Interest Income Drivers



Average Yields on Balance Sheet

	4Q18	4Q17	Change	3Q18	%Change
Assets:					
Bank loans	4.11%	3.27%	84 bps	3.88%	23 bps
Commercial	4.79%	3.86%	93 bps	4.62%	17 bps
Securities based	4.18%	3.19%	99 bps	3.94%	24 bps
Mortgage	2.96%	2.73%	23 bps	2.88%	8 bps
Margin loans	4.24%	3.26%	98 bps	3.95%	29 bps
Bank investments	3.47%	2.82%	65 bps	3.34%	13 bps
CLO	4.01%	3.21%	80 bps	3.88%	13 bps
Mortgage backed securities	2.18%	2.21%	-3 bps	2.18%	0 bps
Corporates	2.98%	2.37%	61 bps	2.85%	13 bps
Other	2.02%	2.29%	-27 bps	1.94%	8 bps
Average Assets	3.59%	2.89%	70 bps	3.44%	15 bps
Liabilities:					
Deposits	0.90%	0.13%	77 bps	0.74%	16 bps
Senior notes	4.38%	4.29%	9 bps	4.43%	-5 bps
Short-term borrowings	3.09%	1.28%	181 bps	2.89%	20 bps
Average Liabilities	1.27%	0.45%	82 bps	1.10%	17 bps
Net interest margin	2.47%	2.44%	3 bps	2.46%	1 bps

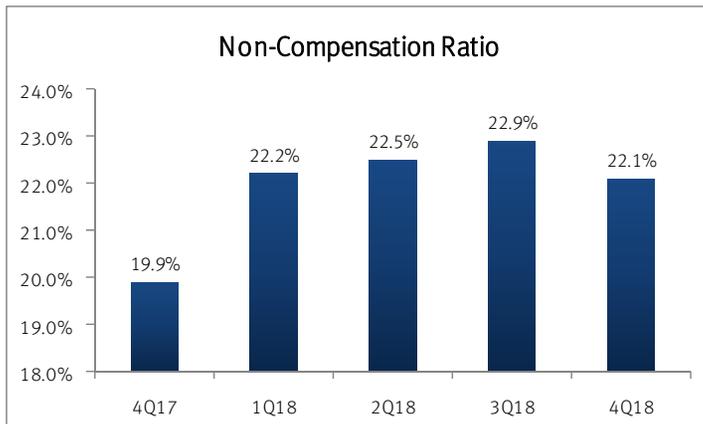
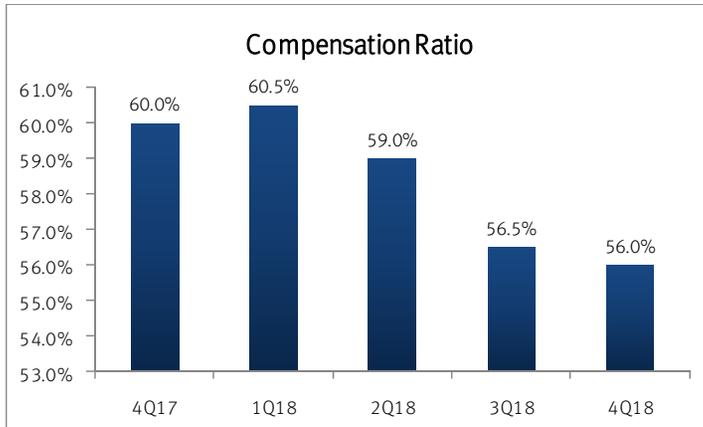
*Yields for Average Assets & Liabilities include the impact of Financial Instruments Owned, Stock Loan, Stifel Capital Trusts, Cash and Other.

**Net interest margin in historical periods reflect impact of reverse repos

Stifel Bancorp, Inc.

(mil. except for %'s)	4Q18	4Q17	% Change	3Q18	% Change
Assets:					
Mortgage Loans	2,875	2,594	11%	2,792	3%
Commercial Loans	3,304	2,438	36%	3,127	6%
Securities Based Loans	1,787	1,819	-2%	1,836	-3%
Commercial Real Estate	319	116	175%	329	-3%
Loans Held for Sale	206	226	-9%	262	-21%
Total Loans, net	\$8,723	\$7,174	22%	\$8,516	2%
Asset Backed Securities	\$4,730	\$4,367	8%	\$5,039	-6%
Mortgage Backed Securities	1,551	1,773	-13%	1,621	-4%
Corporates	931	1,250	-26%	1,176	-21%
Other	68	70	-3%	69	-1%
Total Other Securities	2,550	3,093	-18%	2,866	-11%
Total Investments	\$7,280	\$7,460	-2%	\$7,905	-8%
Total Assets	\$17,819	\$14,996	19%	\$16,989	5%
Liabilities:					
Deposits	\$15,864	\$13,412	18%	\$14,503	9%
Credit Metrics					
Non-performing assets (\$s)	24	27	-11%	24	0%
Non-performing assets (%s)	0.14%	0.18%	-4 bps	0.14%	0 bps
Allowance as a percentage of loans	1.00%	0.96%	4 bps	0.97%	3 bps
Net Interest Margin	2.89%	2.85%	4 bps	2.87%	2 bps

Expenses



Non-GAAP Expenses & Pre-tax Income	Three Months Ended					Full Year		
	4Q18	4Q17	% Change	3Q18	% Change	2018	2017	% Change
<i>(millions)</i>								
Compensation	\$444	\$483	-8%	\$417	7%	\$1,753	\$1,791	-2%
Non-compensation	\$175	\$160	9%	\$169	4%	\$679	\$636	7%
Pre-tax Income	\$174	\$162	8%	\$152	14%	\$592	\$501	18%

GAAP to Non-GAAP Reconciliation for Fourth Quarter & Full Year 2018		
<i>(000s)</i>	12/31/18	2018
GAAP Net Income	\$114,062	\$393,968
Preferred Dividend	2,344	9,375
Net Income available to common Shareholders	\$111,718	\$384,593
Non-GAAP After Tax Adjustments		
Acquisition-Related	15,057	39,891
Litigation-Related	15	4,958
Total Non-GAAP Adjustments	15,072	44,849
Non-GAAP Net Income Available to Common Shareholders	\$126,790	\$429,442

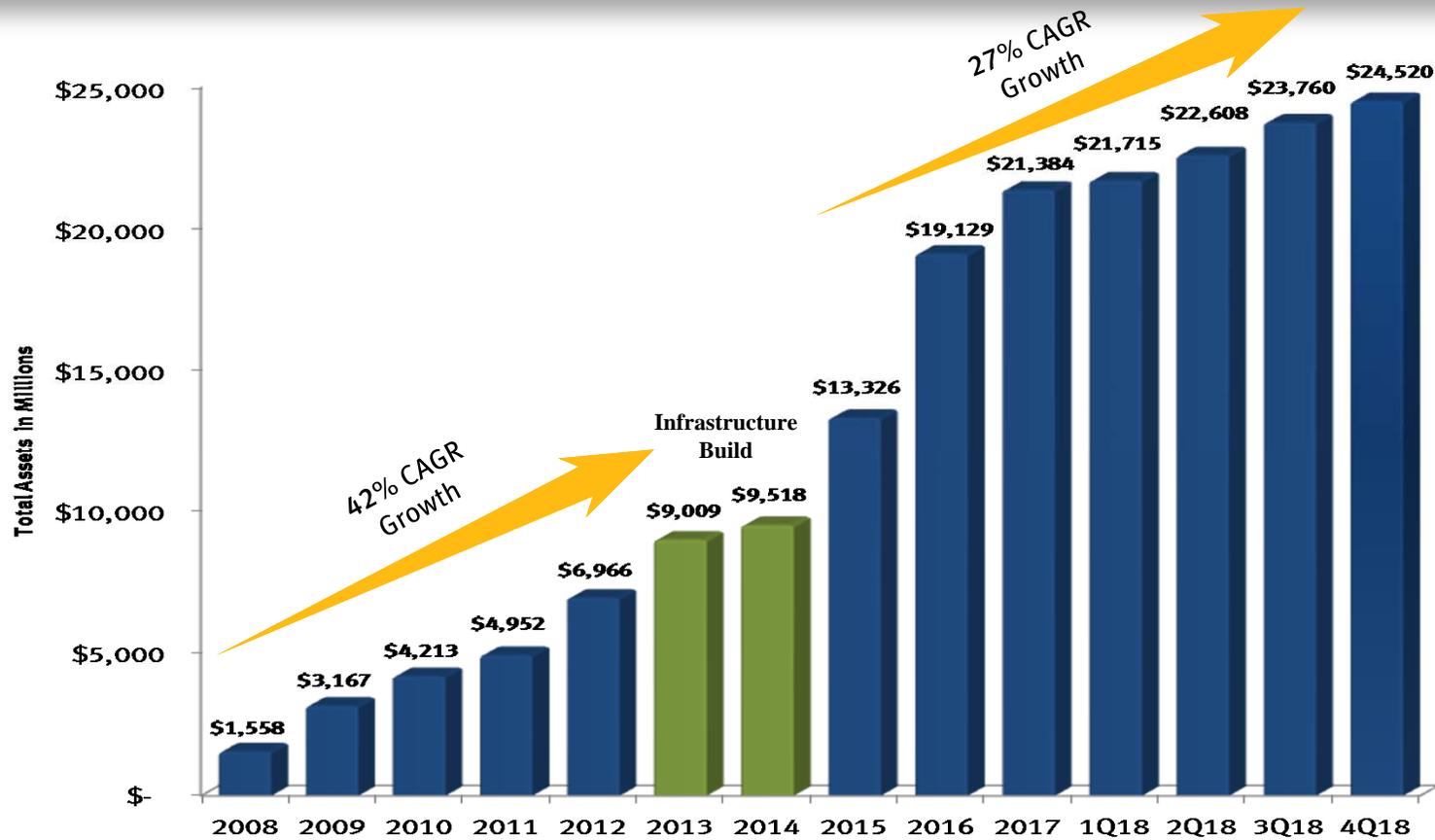
* For reconciliation of GAAP to non-GAAP expenses, refer to our fourth quarter 2018 earnings release.



Balance Sheet

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Balance Sheet



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	1Q18	2Q18	3Q18	4Q18
Tier 1 Leverage	32.3%	30.5%	25.6%	21.4%	17.7%	15.4%	16.5%	16.6%	10.2%	9.5%	9.6%	9.5%	9.6%	9.3%
Tier 1 Risk Based Capital	49.4%	40.5%	29.1%	27.4%	26.8%	26.7%	25.0%	26.3%	20.3%	19.0%	18.7%	18.4%	18.0%	18.2%
Risk Weighting Assets Density	64.9%	56.2%	67.3%	62.7%	57.0%	50.7%	58.2%	46.6%	46.5%	46.9%	46.1%	47.5%	49.0%	47.2%

* 4Q18 Capital ratios are estimated

Substantial Performance Improvement During 2018

<i>millions</i>	2018	2017	Change
Income Statement			
Total net revenue	\$3,025	\$2,928	3%
Pre-tax income	\$592	\$501	18%
Net income available to common share holders	\$429	\$323	33%
Non-GAAP EPS	\$5.28	\$3.99	32%
GAAP EPS	\$4.73	\$2.14	121%
Ratios			
Total comp. ratio	58.0%	61.2%	-320 bps
Total non-comp. ratio	22.4%	21.7%	70 bps
Pre-tax margin	19.6%	17.1%	250 bps

<i>millions</i>	2018	2017	Change
Balance Sheet			
Total assets	\$24,520	\$21,384	15%
Bank assets	\$17,819	\$14,996	19%
Bank NIM*	2.89%	2.85%	4 bps
ROCE - Non-GAAP	14.9%	12.2%	270 bps
ROCTE - Non-GAAP	24.4%	20.6%	380 bps
Valuation**			
Share Price	\$47.90	\$66.03	-27%
P/E	9.0x	13.4x	-33%
P/TBV	1.8x	2.9x	-37%

*Bank NIM as of fourth quarter 2018 & 2017

**Prices based market close 1/30/2019 & 1/30/2018

Fourth Quarter & 2018 Results

2019 Outlook

<i>millions</i>	4Q18 Actual	4Q18 Guidance	2018 Actual	2018 Guidance	2019 Estimate
Operating Net Revenue	\$667	\$637 - \$673	\$2,549	\$2,519 - \$2,555	\$2,520 - \$2,800
Net Interest Income	\$127	\$123 - \$127	\$476	\$473 - \$477	\$530 - \$550
Net Revenue	\$794	\$760 - \$800	\$3,025	\$2,992 - \$3,032	\$3,050 - \$3,350
Compensation Ratio	56%	56%	58%	58%	57% - 59%
Non-Compensation**	\$162	\$154 - \$160	\$627	\$620 - \$625	20% - 22%

* All dollar amounts and ratios are non-GAAP

** Non-Compensation ranges *exclude* loan loss provision expense and investment banking gross ups.



Q&A

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