

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 backdrop of a cloudy sky. The word "STIFEL" is overlaid on the upper left portion of the image in a dark blue, serif font.

STIFEL

3rd Quarter
Financial Results Presentation
October 30, 2018

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 nine months ended September 30, 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 & Third Quarter Results

- Non-GAAP Net Revenue of \$738 million, up 2% Y/Y.
- Record Asset Management & Services Fees of \$201 million, up 12% Y/Y.
- Record Net Interest Income of \$121 million, up 21% Y/Y.
- Non-GAAP Comp. Ratio of 56.5%, down 460 bps Y/Y
- Non-GAAP Pre-tax Margin of 20.6%, up 380 bps Y/Y
- Non-GAAP ROE of 15.5% & Non-GAAP ROTCE of 25.2%
- Added 31 Net New Advisors in Quarter
- Record Client AUA of \$289 billion
- Record Fee-based Assets of \$96 billion
- Closed Acquisition of Business Bancshares, Inc.
- Repurchased 1.2 million shares since end of Second Quarter 2018

Financial Highlights <i>(000s, except per share data)</i>	Three Months Ended Non-GAAP					Three Months Ended U.S. GAAP		
	3Q18	3Q17	% Change	2Q18	% Change	3Q18	3Q17	2Q18
Net revenues	\$738,367	\$721,169	2%	\$742,541	-1%	\$738,342	\$721,169	\$742,732
Pre-tax Income	\$152,082	\$120,922	26%	\$137,122	11%	\$140,530	\$108,139	\$118,347
Net income	\$112,405	\$73,949	52%	\$101,131	11%	\$103,858	\$66,536	\$87,287
Preferred dividend	\$2,343	\$2,343	0%	\$2,344	0%	\$2,343	\$2,343	\$2,344
Net income available to common shareholders	\$110,062	\$71,606	54%	\$98,787	11%	\$101,515	\$64,193	\$84,943
Earnings per diluted share available to common shareholders	\$1.35	\$0.89	52%	\$1.22	11%	\$1.25	\$0.79	\$1.04
Compensation ratio	56.5%	61.1%	-460 bps	59.0%	-250 bps	57.2%	62.2%	59.5%
Non-compensation ratio	22.9%	22.1%	80 bps	22.5%	40 bps	23.8%	22.8%	24.5%
Pre-tax operating margin	20.6%	16.8%	380 bps	18.5%	200 bps	19.0%	15.0%	16.0%
Effective Tax Rate	26.1%	38.9%	-1280 bps	26.2%	-10 bps	26.1%	38.5%	26.2%

Highlights & Nine Month Results

- GAAP EPS of \$3.35, up 52%
- Non-GAAP EPS of \$3.72, up 48%
- Non-GAAP Net Revenue of \$2.23 billion, up 5%
- Record Asset Management & Services Fees of \$596 million, up 16%
- Record Net Interest Income of \$350 million, up 26%
- Non-GAAP Comp. Ratio of 58.7%, down 290 bps
- Non-GAAP Pre-tax Margin of 18.8%, up 280 bps

Financial Highlights <i>(000s, except per share data)</i>	Nine Months Non-GAAP			Nine Months U.S. GAAP		
	2018	2017	% Change	2018	2017	% Change
Net revenues	\$2,231,457	\$2,124,331	5%	\$2,231,432	\$2,122,347	5%
Pre-tax Income	\$418,711	\$339,607	23%	\$378,431	\$270,356	40%
Net income	\$309,683	\$209,789	48%	\$279,906	\$184,859	51%
Preferred dividend	\$7,031	\$7,031	0%	\$7,031	\$7,031	0%
Net income available to common shareholders	\$302,652	\$202,758	49%	\$272,875	\$177,828	53%
Earnings per diluted share available to common shareholders	\$3.72	\$2.52	48%	\$3.35	\$2.21	52%
Compensation ratio	58.7%	61.6%	-290 bps	59.3%	63.1%	-380 bps
Non-compensation ratio	22.5%	22.4%	10 bps	23.8%	24.2%	-40 bps
Pre-tax operating margin	18.8%	16.0%	280 bps	16.9%	12.7%	420 bps
Effective Tax Rate	26.0%	38.2%	-1220 bps	26.0%	31.6%	-560 bps

Fourth Quarter 2018 & Initial 2019 Outlook

<i>millions</i>	3Q18 Actual	4Q18 Estimate	2018 Estimate	2019 Estimate
Operating Net Revenue	\$617	\$637 - \$673	\$2,519- \$2,555	\$2,470 - \$2,800
Net Interest Income	\$121	\$123 - \$127	\$473 - \$477	\$530 - \$550
Net Revenue	\$738	\$760 - \$800	\$2,992 - \$3,032	\$3,000 - \$3,350
Compensation Ratio	56.5%	56%	58%	57% - 59%
Non-Compensation**	\$153	\$154 - \$160	\$620 - \$625	20% - 22%

* All dollar amounts and ratios are non-GAAP

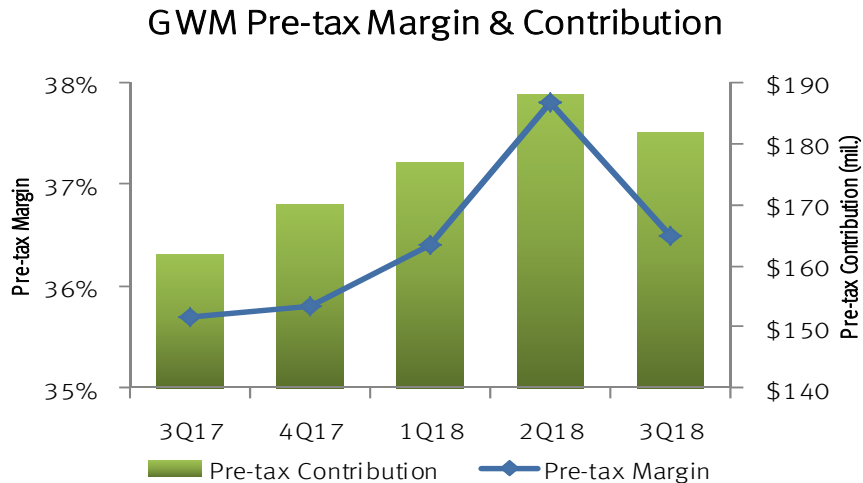
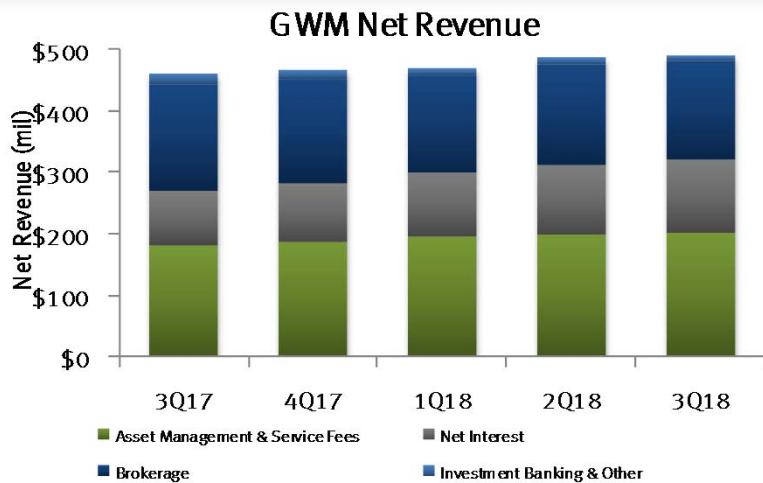
** Non-Compensation ranges *exclude* loan loss provision expense and investment banking gross ups.



Segment Results

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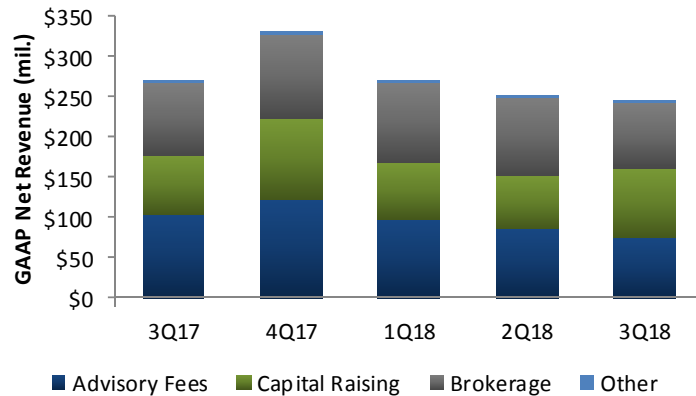
Global Wealth Management



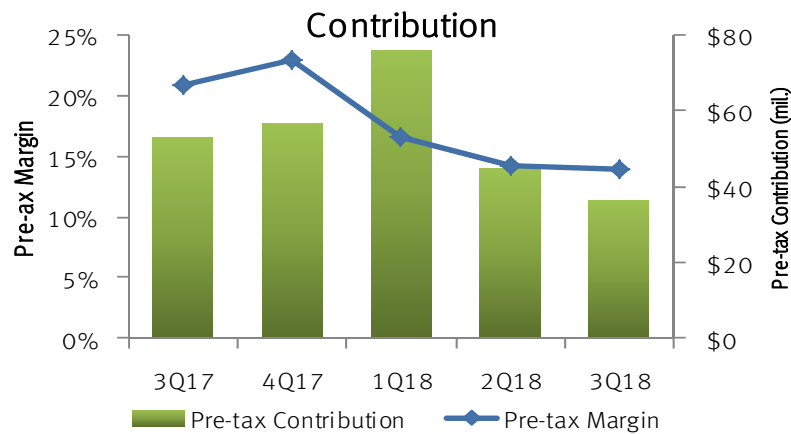
<i>millions</i>	3Q18	Y/Y Change	Sequential Change	2018	YTD Change
Global Wealth Management Revenue					
Commissions	\$118	2%	0%	\$355	0%
Principal Transactions	\$41	-4%	0%	\$126	-11%
Brokerage	\$159	0%	0%	\$481	-3%
Asset Management & Service Fees	\$201	12%	1%	\$596	16%
Net Interest	\$127	24%	2%	\$371	29%
Investment Banking	\$8	-15%	-4%	\$23	-26%
Other	\$3	2%	-35%	\$10	-35%
Total Global Wealth Management Net Revenue	\$498	10%	0%	\$1,481	10%
Comp. Ratio	48.5%	-60 bps	70 bps	48.7%	-180 bps
Non-Comp. Ratio	14.7%	-60 bps	30 bps	14.3%	-130 bps
Pre-tax Margin	36.8%	110 bps	-100 bps	37.0%	310 bps
Financial Advisors	2,298	2.0%	1.4%		
Client AUA	\$289,136	9%	4%		
Fee-based Client Assets	\$96,008	16%	5%		
Private Client Fee-based Client Assets	\$71,463	16%	5%		

Institutional Group

Institutional Group Net Revenue



Institutional Group Pre-tax Margin & Contribution



<i>millions</i>	3Q18	Y/Y Change	Sequential Change	2018	YTD Change
Institutional Revenue					
Equity					
Advisory	\$73	-23%	-9%	\$250	10%
Underwriting	\$65	50%	48%	\$162	30%
Brokerage	\$44	-3%	-3%	\$137	-8%
Equity Capital Markets Net Revenue	\$182	0%	7%	\$551	10%
Fixed Income					
Advisory	\$3	-62%	-56%	\$10	-5%
Underwriting	\$21	-26%	-7%	\$61	-39%
Brokerage	\$38	-17%	-25%	\$143	-12%
Fixed Income Capital Markets Net Revenue	\$64	-22%	-23%	\$218	-21%
Total Institutional Group Net Revenue	\$246	-7%	-3%	\$769	-1%
Comp. Ratio	59.4%	-60 bps	10 bps	59.2%	-80 bps
Non-Comp. Ratio	26.7%	620 bps	20 bps	25.9%	450 bps
Pre-tax Margin	13.9%	-560 bps	-30 bps	14.9%	-370 bps

Impact of Accounting Change for Investment Banking Expenses					
	3Q18	Y/Y	Sequential	YTD	
	Adjusted	Change	Change	2018	Change
Net Revenue (mil.)	\$236	-11%	-4%	\$743	-5%
Comp. Ratio	61.9%	190 bps	80 bps	61.3%	130 bps
Non-Comp. Ratio	23.6%	320 bps	-60 bps	23.2%	180 bps
Pre-tax Margin	14.5%	-500 bps	-20 bps	15.5%	-310 bps



Revenue & Expenses

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Brokerage Revenue and Asset Management & Service Fees

Brokerage Revenue (000s)	Three Months Ended					YTD		
	3Q18	3Q17	% Change	2Q18	% Change	2018	2017	% Change
Global Wealth Management brokerage revenue	\$158,818	\$158,334	0%	\$159,290	0%	\$480,842	\$497,913	-3%
Institutional brokerage:								
Equity Capital Markets	43,904	45,209	-3%	45,266	-3%	137,255	149,898	-8%
Fixed Income Capital Markets	38,446	46,079	-17%	51,330	-25%	142,514	161,909	-12%
Total Institutional brokerage	82,350	91,288	-10%	96,596	-15%	279,769	311,807	-10%
Total Brokerage Revenue	\$241,168	\$249,622	-3%	\$255,886	-6%	\$760,611	\$809,720	-6%

Asset Management & Service Fees: (000s)	Three Months Ended					YTD		
	3Q18	3Q17	% Change	2Q18	% Change	2018	2017	% Change
Asset Management & Service Fees	\$200,743	\$179,830	12%	\$199,568	1%	\$596,081	\$515,383	16%

(000s)	Three Months Ended					YTD		
	3Q18	3Q17	% Change	2Q18	% Change	2018	2017	% Change
Global Wealth Management Revenue & Fees*	\$359,561	\$338,164	6%	\$358,858	0%	\$1,076,923	\$1,013,296	6%

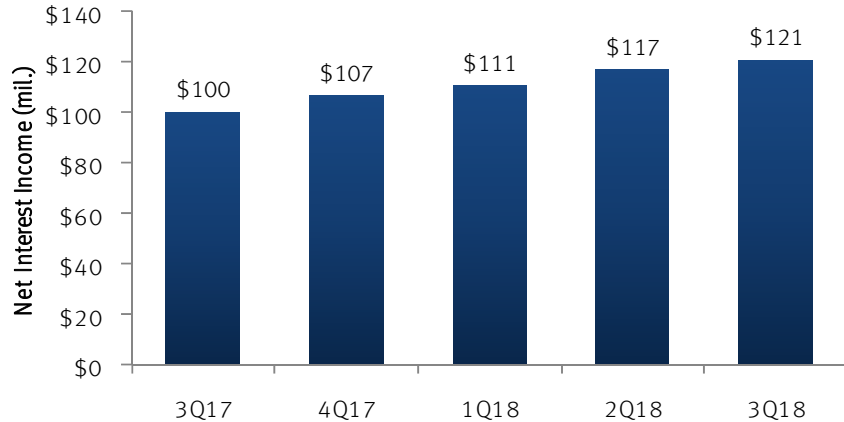
* Sum of Global Wealth Management Brokerage Revenue and Asset Management & Service Fees

Investment Banking Revenue

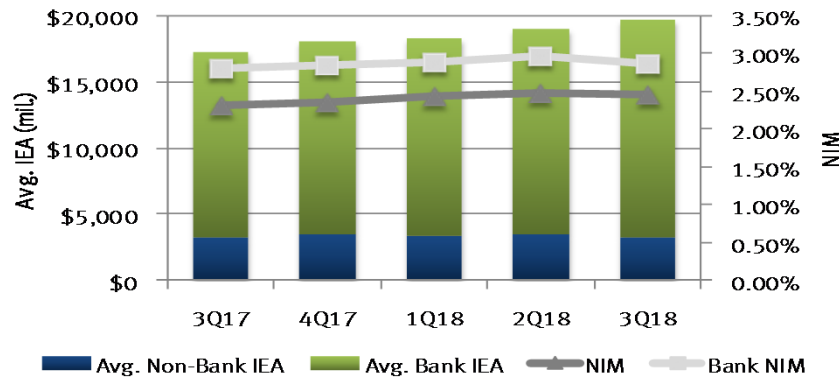
Investment banking: (000s)	Three Months Ended					YTD		
	3Q18	3Q17	% Change	2Q18	% Change	2018	2017	% Change
Capital raising:								
Global Wealth Management revenue	\$7,722	\$9,072	-15%	\$7,968	-3%	\$23,378	\$31,567	-26%
Equity Capital Markets	65,000	43,277	50%	44,087	47%	161,793	124,922	30%
Fixed Income Capital Markets	20,553	27,573	-25%	22,025	-7%	60,873	100,149	-39%
Total capital raising	93,275	79,922	17%	74,080	26%	246,044	256,638	-4%
Advisory fees	75,717	101,982	-26%	87,004	-13%	260,393	237,379	10%
Total investment banking revenue	\$168,992	\$181,904	-7%	\$161,084	5%	\$506,437	\$494,017	3%

Net Interest Income

Net Interest Income Growth



Net Interest Income Drivers



Average Yields on Balance Sheet

	3Q18	3Q17	% Change	2Q18	% Change
Assets:					
Bank loans	3.88%	3.10%	78 bps	3.63%	25 bps
Commercial	4.62%	3.96%	66 bps	4.36%	26 bps
Securities based	3.94%	3.09%	85 bps	3.74%	20 bps
Mortgage	2.88%	2.66%	22 bps	2.78%	10 bps
Margin loans	3.95%	3.20%	75 bps	3.75%	20 bps
Bank investments	3.34%	2.78%	56 bps	3.29%	5 bps
CLO	3.88%	3.21%	67 bps	3.87%	1 bps
Mortgage backed securities	2.18%	2.13%	5 bps	2.15%	3 bps
Corporates	2.85%	2.35%	50 bps	2.74%	11 bps
Other	1.94%	2.30%	-36 bps	2.00%	-6 bps
Average Assets	3.44%	2.65%	79 bps	3.25%	19 bps
Liabilities:					
Deposits	0.74%	0.15%	59 bps	0.46%	28 bps
Senior notes	4.43%	4.07%	36 bps	4.38%	5 bps
Short-term borrowings	2.89%	2.99%	-10 bps	2.71%	18 bps
Average Liabilities	1.10%	0.45%	65 bps	0.87%	23 bps
Net interest margin	2.46%	2.25%	21 bps	2.47%	-1 bps

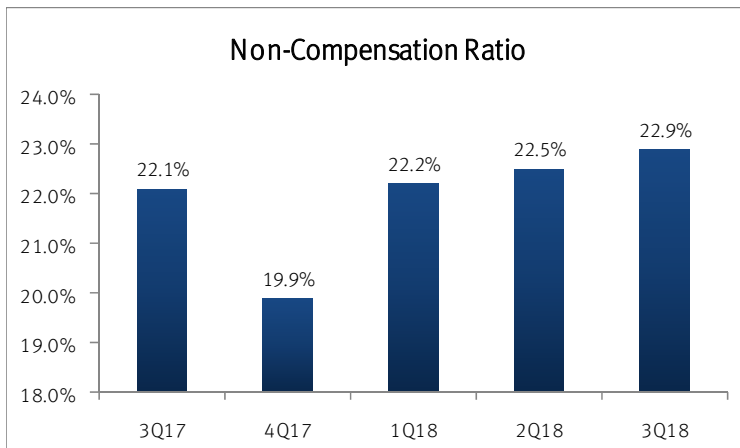
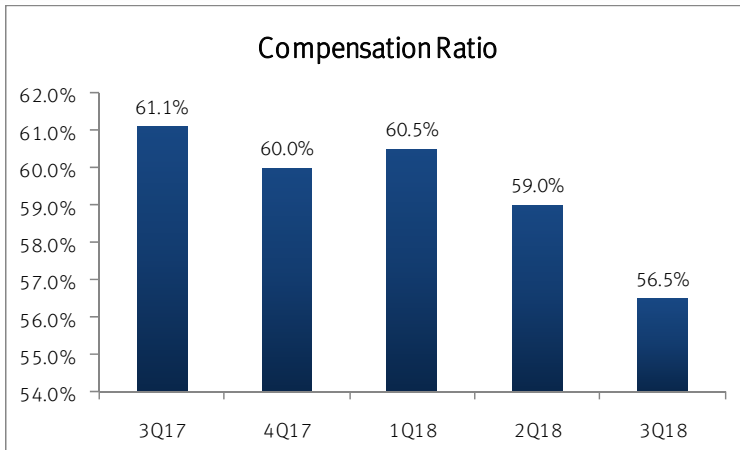
*Yields for Average Assets & Liabilities include the impact of Financial Instruments Owned, Stock Loan, Stifel Capital Trusts, Cash and Other.

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

Stifel Bancorp, Inc.

(mil. except for %'s)	3Q18	3Q17	% Change	2Q18	% Change
Assets:					
Mortgage Loans	2,792	2,518	11%	2,704	3%
Commercial Loans	3,127	2,380	31%	2,677	17%
Securities Based Loans	1,836	1,840	0%	1,846	-1%
Commercial Real Estate	329	79	316%	127	159%
Loans Held for Sale	262	166	58%	211	24%
Total Loans, net	\$8,516	6,949	23%	\$7,557	13%
Asset Backed Securities	\$5,039	\$4,219	19%	\$4,957	2%
Mortgage Backed Securities	1,621	1,838	-12%	1,690	-4%
Corporates	1,176	1,111	6%	1,269	-7%
Other	69	71	-3%	69	0%
Total Investments	\$7,905	\$7,238	9%	\$7,985	-1%
Total Assets	\$16,989	\$14,539	17%	\$15,844	7%
Liabilities:					
Deposits	\$14,503	\$12,884	13%	\$13,891	4%
Credit Metrics					
Non-performing assets (\$s)	24	22	11%	19	28%
Non-performing assets (%s)	0.14%	0.15%	-1 bps	0.12%	-2 bps
Allowance as a percentage of loans	0.97%	0.92%	5 bps	0.99%	-2 bps
Net Interest Margin	2.87%	2.80%	7 bps	2.97%	-10 bps

Expenses



Non-GAAP Expenses & Pre-tax Income	Three Months Ended				
	3Q18	3Q17	% Change	2Q18	% Change
<i>(millions)</i>					
Compensation	\$417	\$440	-5%	\$438	-5%
Non-compensation	\$169	\$160	6%	\$167	1%
Pre-tax Income	\$152	\$121	26%	\$137	11%

GAAP to Non-GAAP Reconciliation for Third Quarter 2018	
<i>(000s)</i>	09/30/18
GAAP Net Income	\$103,858
Preferred Dividend	2,343
Net Income available to common Shareholders	\$101,515
Non-GAAP After Tax Adjustments	
Acquisition-Related	7,974
Litigation-Related	573
Total Non-GAAP Adjustments	8,547
Non-GAAP Net Income Available to Common Shareholders	\$110,062

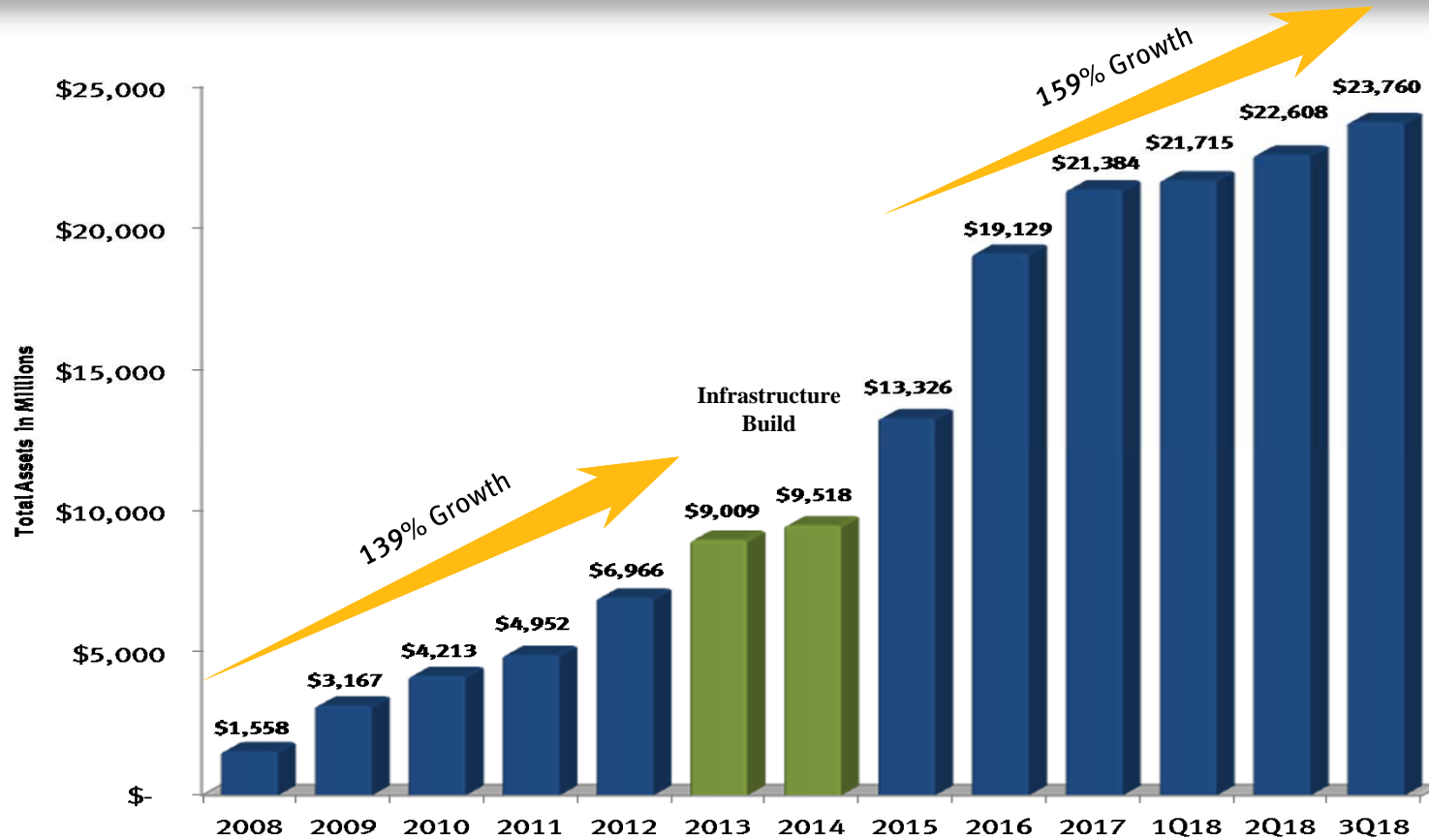
* For reconciliation of GAAP to non-GAAP expenses, refer to our third quarter 2018 earnings release.



Balance Sheet

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Balance Sheet



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	1Q18	2Q18	3Q18
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%
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%	17.9%
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%

* 3Q18 Capital ratios are estimated



Q&A

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