STIFEL

2nd Quarter
Financial Results Presentation
July 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 six months ended June 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 & Second Quarter Results

- Non-GAAP Net Revenue of $743 million, up 2% Y/Y.
- Record Asset Management & Services Fees of $200 million, up 15% Y/Y.
- Record Net Interest Income of $117 million, up 27% Y/Y.
- Non-GAAP Comp. Ratio of 59%, down 240 bps Y/Y
- Non-GAAP Pre-tax Margin of 18.5%, up 220 bps Y/Y
- Non-GAAP EPS of $1.22, up 36% Y/Y
- GAAP EPS of $1.04, up 65% Y/Y
- Non-GAAP ROE of 14.5% & Non-GAAP ROTE of 24%
- Bank NIM of 2.97%, 20 bps Y/Y
- Record Client AUA of $278 billion
- Record Fee-based Assets of $91 billion
- Acquisition of Business Bancshares, Inc. Expected to Close in Third Quarter 2018

Financial Highlights	Three Months Ended Non-GAAP					Three Months Ended U.S. GAAP		
(000s, except per share data)	2Q18	2Q17	% Change	1Q18	% Change	2Q18	2Q17	1Q18
Net revenues	$742,541	$725,648	2%	$750,549	-1%	$742,732	$725,647	$750,358
Pre-tax Income	$137,123	$118,018	16%	$129,507	6%	$118,347	$83,198	$119,554
Net income	$101,131	$73,991	37%	$96,147	5%	$87,287	$52,811	$88,761
Preferred dividend	$2,344	$2,344	0%	$2,344	0%	$2,344	$2,344	$2,344
Net income available to common shareholders	$98,787	$71,647	38%	$93,803	5%	$84,943	$50,467	$86,417
Earnings per diluted share available to common shareholders	**$1.22**	**$0.90**	**36%**	**$1.15**	**6%**	**$1.04**	**$0.63**	**$1.06**
Compensation ratio	59.0%	61.4%	-240 bps	60.5%	150 bps	59.5%	62.5%	61.0%
Non-compensation ratio	22.5%	22.3%	20 bps	22.2%	30 bps	24.5%	26.0%	23.0%
Pre-tax operating margin	18.5%	16.3%	220 bps	17.3%	120 bps	16.0%	11.5%	16.0%
Effective Tax Rate	26.2%	37.3%	-1110 bps	25.8%	40 bps	26.2%	36.5%	25.8%

Revenue & Expenses

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Brokerage Revenue & Asset Management & Service Fees

Brokerage Revenue	Three Months Ended				
(000s)	2Q18	2Q17	% Change	1Q18	% Change
Global Wealth Management brokerage revenue	$159,290	$168,085	-5%	$162,734	-2%
Institutional brokerage:					
Equity Capital Markets	45,266	50,869	-11%	48,085	-6%
Fixed Income Capital Markets	51,330	49,013	5%	52,738	-3%
Total Institutional brokerage	96,596	99,882	-3%	100,823	-4%
Total Brokerage Revenue	*$255,886*	*$267,967*	*-5%*	*$263,557*	*-3%*

Asset Management & Service Fees:	Three Months Ended				
(000s)	2Q18	2Q17	% Change	1Q18	% Change
Asset Management & Service Fees	*$199,568*	*$172,914*	*15%*	*$195,801*	*2%*

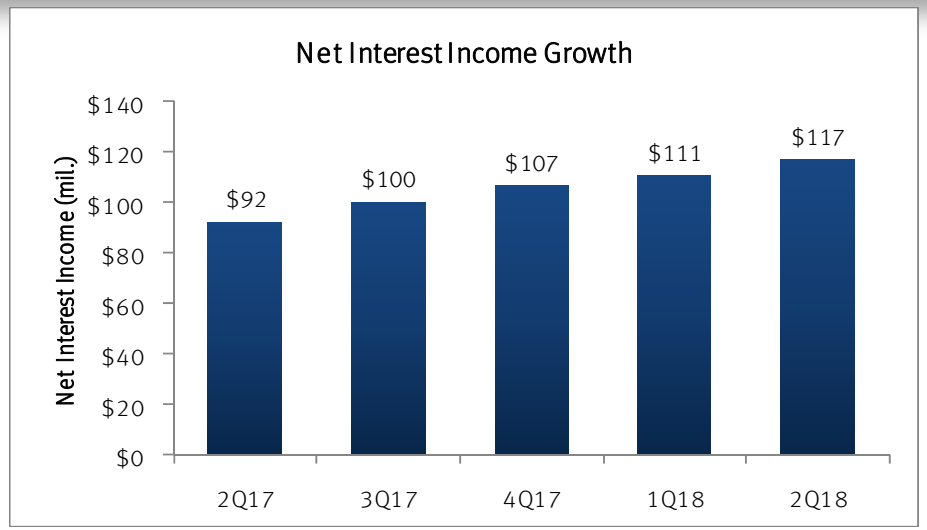
	Three Months Ended				
(000s)	2Q18	2Q17	% Change	1Q18	% Change
*Global Wealth Management Revenue & Fees**	*$358,858*	*$340,999*	*5%*	*$358,535*	*0%*

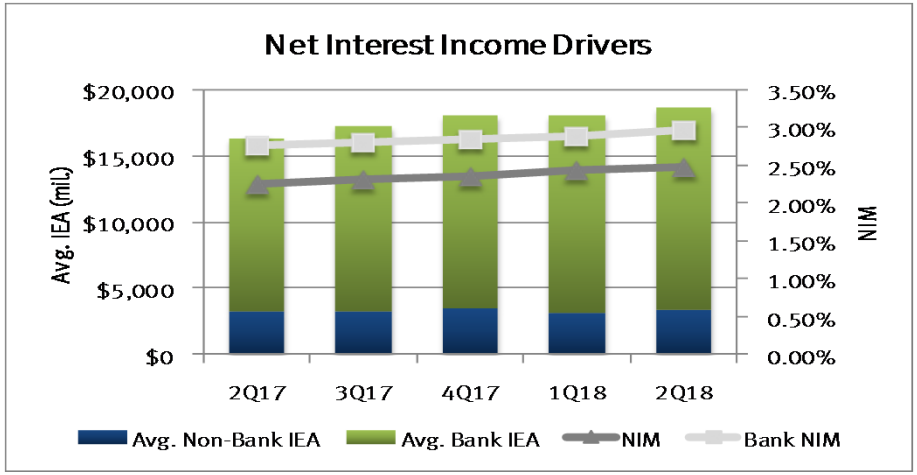
* Sum of Global Wealth Management Brokerage Revenue and Asset Management & Service Fees

Investment Banking Revenue

Investment banking:	Three Months Ended				
(000s)	2Q18	2Q17	% Change	1Q18	% Change
Capital raising:					
Global Wealth Management revenue	$7,968	$10,641	-25%	$7,688	4%
Equity Capital Markets	44,087	45,664	-3%	52,707	-16%
Fixed Income Capital Markets	22,025	46,495	-53%	18,294	20%
Total capital raising	74,080	102,800	-28%	78,689	-6%
Advisory fees	87,004	82,461	6%	97,673	-11%
Total investment banking revenue	*$161,084*	*$185,261*	*-13%*	*$176,362*	*-9%*

Net Interest Income

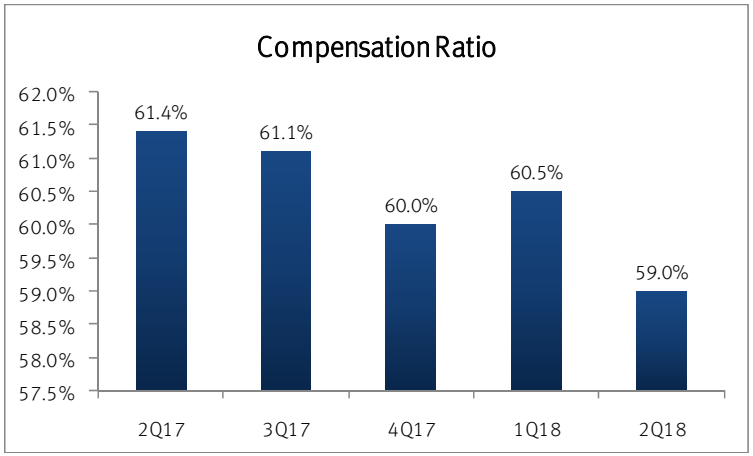


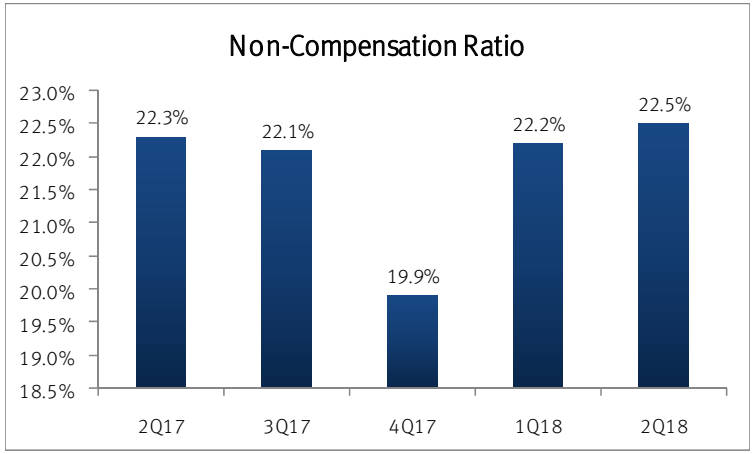


Average Yields on Balance Sheet	2Q18	2Q17	% Change	1Q18	% Change
Assets:					
Bank loans	3.63%	3.10%	53 bps	3.50%	13 bps
Commercial	*4.36%*	*3.76%*	*60 bps*	*4.30%*	*6 bps*
Securities based	*3.74%*	*2.84%*	*90 bps*	*3.41%*	*33 bps*
Mortgage	*2.78%*	*2.66%*	*12 bps*	*2.77%*	*1 bps*
Margin loans	3.75%	2.91%	84bps	3.43%	32 bps
Bank investments	3.29%	2.80%	49 bps	2.91%	38 bps
CLO	*3.87%*	*3.26%*	*61 bps*	*3.33%*	*54 bps*
Agency MBS	*2.11%*	*2.14%*	*-3 bps*	*2.17%*	*-6 bps*
Corporates	*2.74%*	*2.27%*	*47 bps*	*2.51%*	*23 bps*
Other	2.34%	2.86%	*-52 bps*	2.13%	*21 bps*
Average Assets	***3.25%***	***2.66%***	***59 bps***	***3.00%***	***25 bps***
Liabilities:					
Deposits	0.46%	0.07%	39 bps	0.25%	21 bps
Senior notes	4.38%	4.07%	31 bps	4.38%	0 bps
Short-term borrowings	2.71%	1.84%	87 bps	2.31%	40 bps
Average Liabilities	***0.87%***	***0.45%***	***42 bps***	***0.64%***	***23 bps***
Net interest margin	***2.47%***	***2.25%***	***22 bps***	***2.43%***	***4 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*

Expenses





Non-GAAP Expenses & Pre-tax Income	Three Months Ended				
	2Q18	2Q17	% Change	1Q18	% Change
(millions)					
Compensation	$438	$446	-2%	$454	-4%
Non-compensation	$167	$162	3%	$167	0%
Pre-tax Income	**$137**	**$118**	***16.1%***	**$130**	***5.8%***

GAAP to Non-GAAP Reconciliation for Second Quarter 2018 *(000s)*	06/30/18
GAAP Net Income	***$87,287***
Preferred Dividend	2,344
Net Income available to common Shareholders	***$84,943***
Non-GAAP After Tax Adjustments	
Acquistion-Related	9,474
Litigation-Related	4,370
Total Non-GAAP Adjustments	***13,844***
Non-GAAP Net Income Available to Common Shareholders	***$98,787***

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

Segment Results

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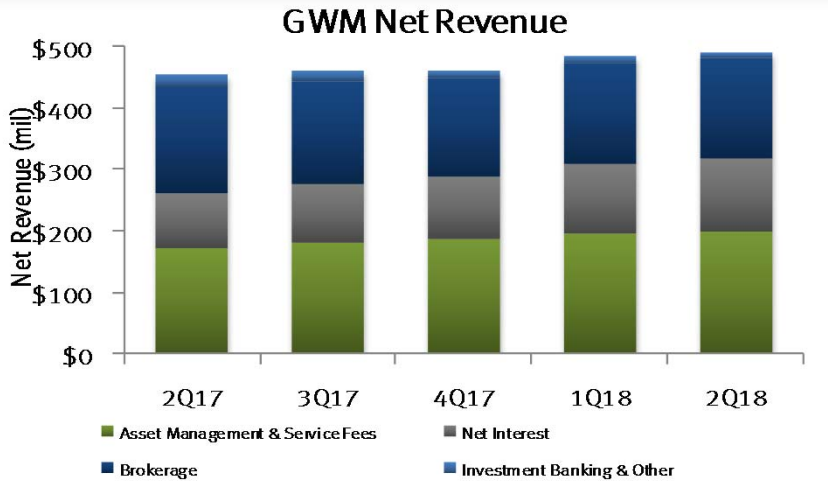
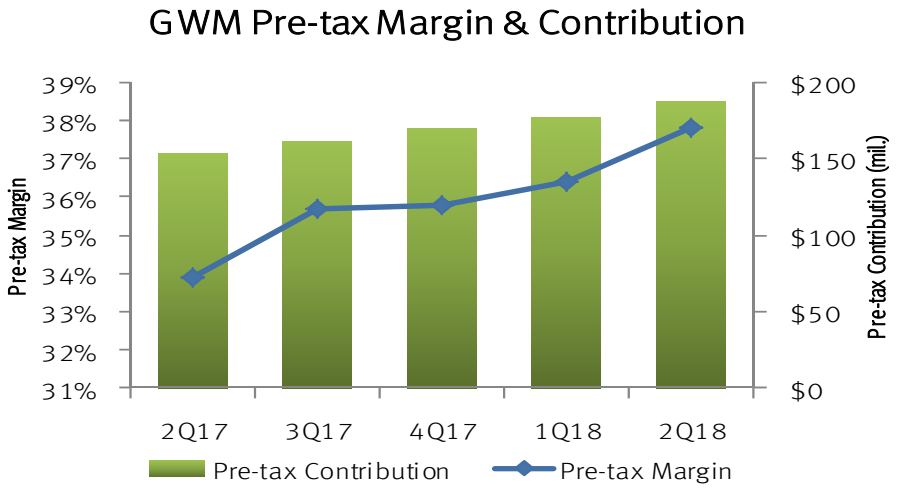
Global Wealth Management



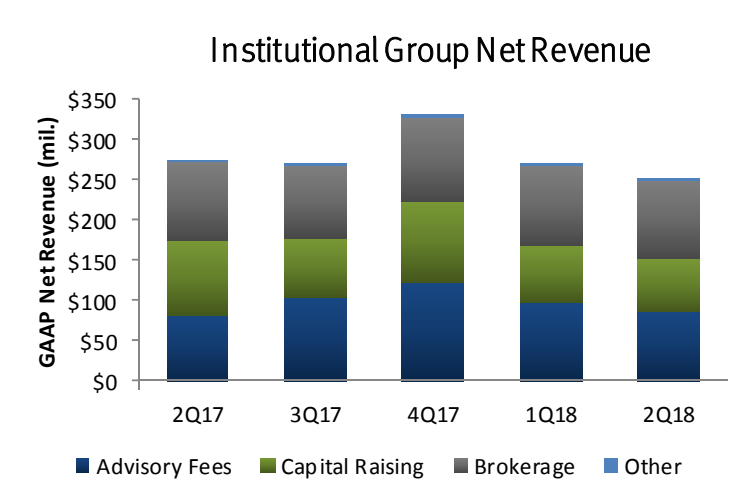


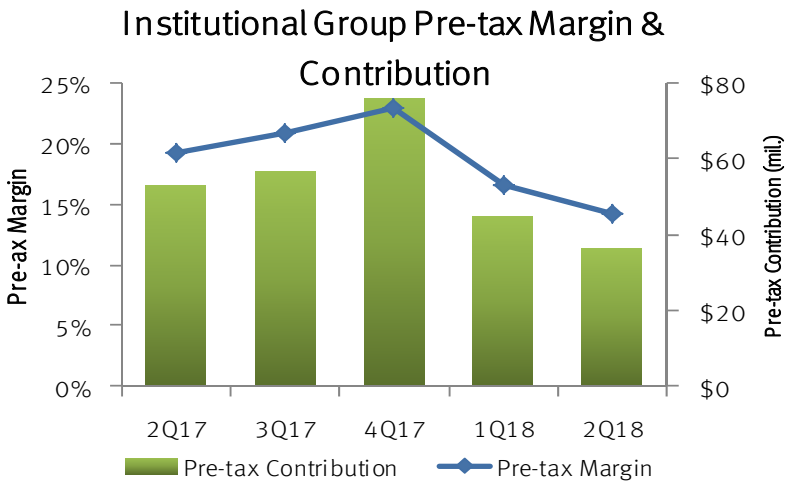
millions	2Q18	Y/Y Change	Sequential Change
Global Wealth Management Revenue			
Commissions	$118	-2%	-1%
Principal Transactions	$41	-14%	-5%
Brokerage	$159	-5%	-2%
Asset Management & Service Fees	$200	15%	2%
Net Interest	$125	31%	6%
Investment Banking	$8	-24%	5%
Other	$5	16%	499%
Total Global Wealth Management Net Revenue	**$497**	**10%**	**2%**
Comp. Ratio	47.8%	-290 bps	-200 bps
Non-Comp. Ratio	14.4%	-100 bps	60 bps
Pre-tax Margin	37.8%	390 bps	140 bps
Financial Advisors	2,267	-0.4%	0.0%
Client AUA	$277,708	8%	1%
Fee-based Client Assets	$91,275	15%	3%
Private Client Fee-based Client Assets	$67,807	17%	2%

Stifel Bank & Trust

(mil. except for %'s)	2Q18	2Q17	% Change	1Q18	% Change
Assets:					
CLO	$4,957	$3,764	32%	$4,503	10%
Agency MBS	1,562	1,773	-12%	1,556	0%
Corporates	1,269	1,009	26%	1,280	-1%
Other	198	206	-4%	200	-1%
Total Investments	*$7,985*	*$6,753*	18%	*$7,549*	*6%*
Mortgage Loans	2,704	2,249	20%	2,634	3%
Commercial Loans	2,677	2,064	30%	2,554	5%
Securities Based Loans	1,846	1,756	5%	1,809	2%
Consumer	25	43	-42%	25	0%
Total Loans, net	*$7,347*	*$6,160*	19%	*$7,076*	*4%*
Loans Held for Sale	211	140	51%	261	-19%
Total Assets	$15,844	$13,598	17%	$15,155	5%
Liabilities:					
Deposits	$13,891	$12,050	15%	$13,330	*4%*
Credit Metrics					
Non-performing assets ($s)	19	21	-10%	22	-14%
Non-performing assets (%s)	0.12%	0.15%	-3 bps	0.14%	-2 bps
Allowance as a percentage of loans	0.99%	0.88%	11 bps	0.97%	2 bps
Net Interest Margin	2.97%	2.77%	20 bps	2.89%	8 bps

Institutional Group





millions	2Q18	Y/Y Change	Sequential Change
Institutional Revenue			
Equity			
Advisory	$80	-1%	-17%
Underwriting	$44	-4%	-16%
Brokerage	$45	-11%	-6%
Equity Capital Markets Net Revenue	$170	-4%	-14%
Fixed Income			
Advisory	$6	297%	635%
Underwriting	$22	-53%	20%
Brokerage	$51	5%	-3%
Fixed Income Capital Markets Net Revenue	$82	-16%	14%
Total Institutional Group Net Revenue	**$253**	**-8%**	**-6%**
Comp. Ratio	59.3%	-30 bps	30 bps
Non-Comp. Ratio	26.5%	530 bps	200 bps
Pre-tax Margin	14.2%	-500 bps	-230 bps

Impact of Accounting Change for Investment Banking Expenses	2Q18 Adjusted	Y/Y Change	Sequential Change
Net Revenue (mil.)	$245	-11%	-6%
Comp. Ratio	61.1%	150 bps	10 bps
Non-Comp. Ratio	24.2%	290 bps	220 bps
Pre-tax Margin	14.7%	-450 bps	-230 bps

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Balance Sheet

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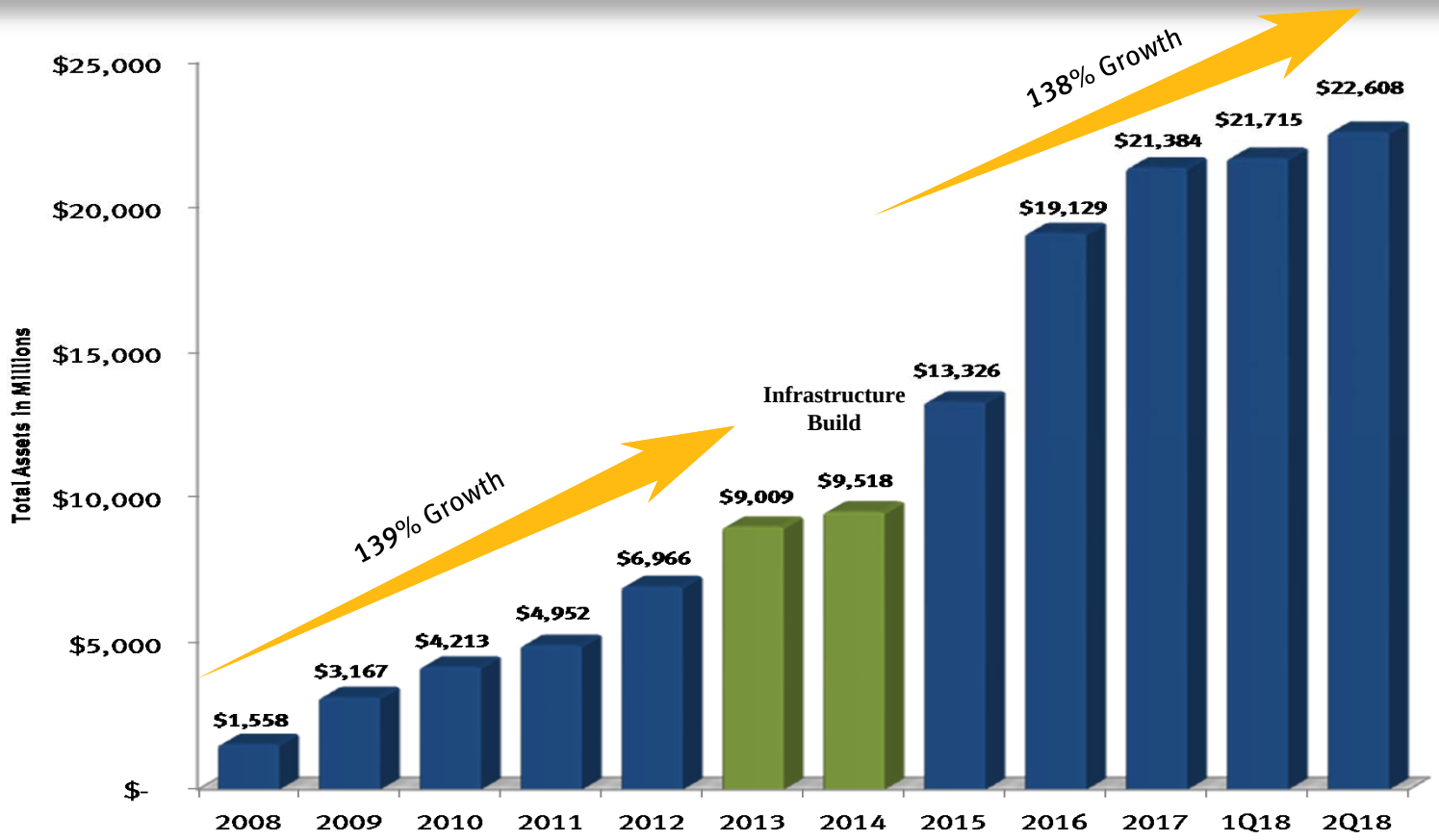
Balance Sheet



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	1Q18	2Q18
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%
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%
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%	47.1%

* 2Q18 Capital ratios are estimated

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Q&A

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