STIFEL

2nd Quarter 2020

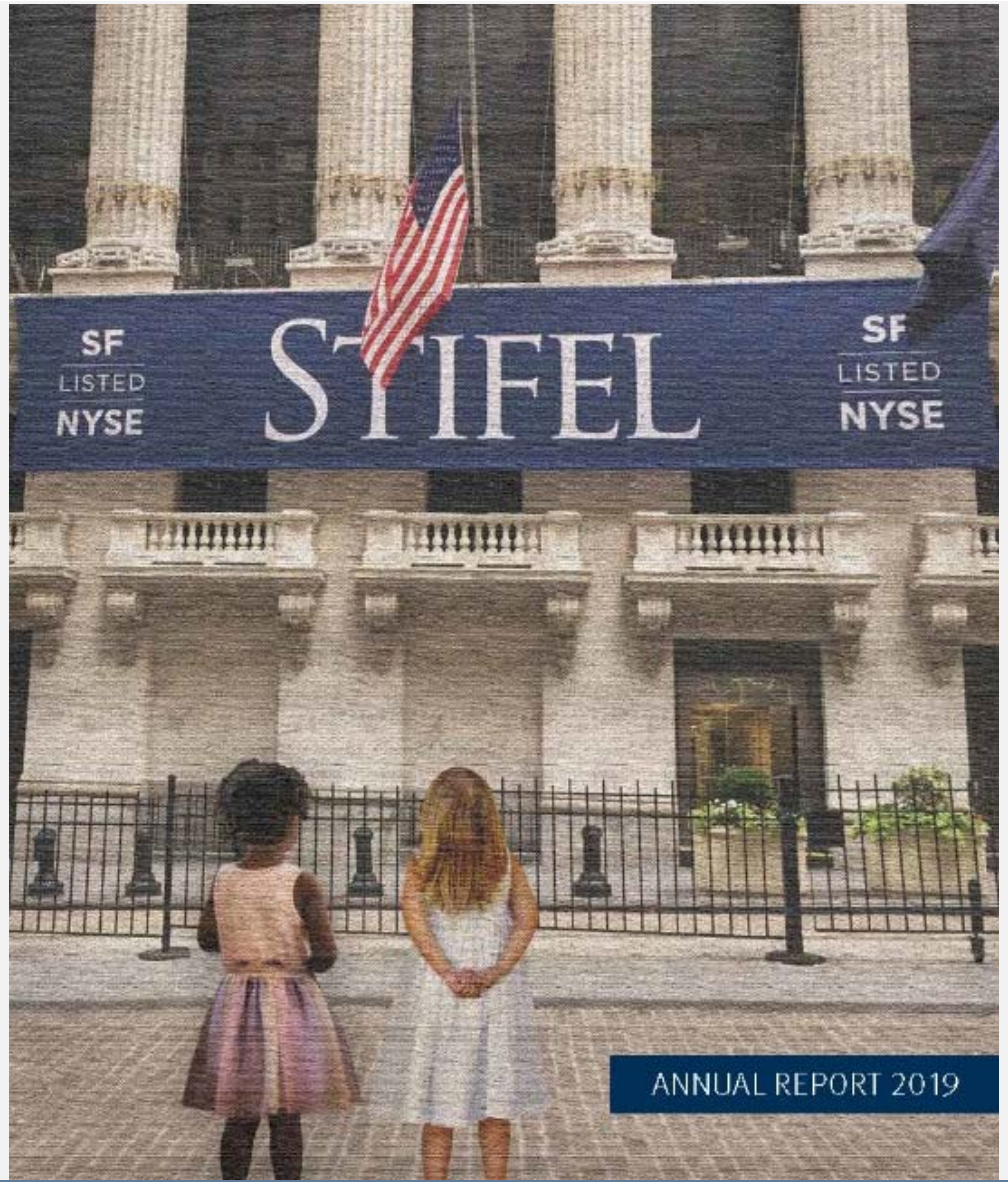
Financial Results Presentation

July 29, 2020

Stifel's **"FORCES"** statue by Harry Weber

Diversity

STIFEL



STIFEL FINANCIAL CORP. 2019 ANNUAL REPORT

"We can do much better with regard to diversity among our associates in particular. The business case for this effort is simple, as greater diversity – in all its forms – provides more opportunities to grow while reducing the risks of blinkered, narrow-minded thinking. This applies to greater diversity in our community just as in our revenue sources, business models, and geographic locations. More importantly, though, this is the only fair and just path forward. Look again at the cover of this annual report, because it expresses an ideal that we should strive for: There should be nothing about anyone's birth or personal background that limits their ability to contribute and compete at our firm. The benefits of moving toward this ideal will be unquantifiable, in the best sense of the word, so I cannot stress enough that diversity doesn't need to earn its place in our ranks. We need to work, and keep working, to earn its benefits."

- Ron Kruszewski, Chairman & CEO

Second Quarter Snapshot

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2Q20 RESULTS

millions, except per share and ratios

NET REVENUES	NET EARNINGS	EPS
GAAP **$895.8** NON-GAAP **$895.8**	GAAP **$103.0** NON-GAAP **$115.3**	GAAP $**1.39** NON-GAAP $**1.55**

ANNUALIZED ROE	ANNUALIZED ROTCE	BOOK VALUE PER SHARE
GAAP **12.6%** NON-GAAP **14.1%**	GAAP **20.7%** NON-GAAP **23.2%**	TBV **$30.16** BV **$48.84**

HIGHLIGHTS

- Institutional Group Generated Record Quarterly Revenue
- Continued to Attract High Quality Financial Advisors
- Record Quarterly Fixed Income Brokerage Revenue
- Strong Sequential Growth in Fee-Based Client Assets
- Capital Raising Generated Second Highest Quarterly Revenue
- Credit Quality at Stifel Bank Remains Strong

Second Quarter Results

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FINANCIAL RESULTS

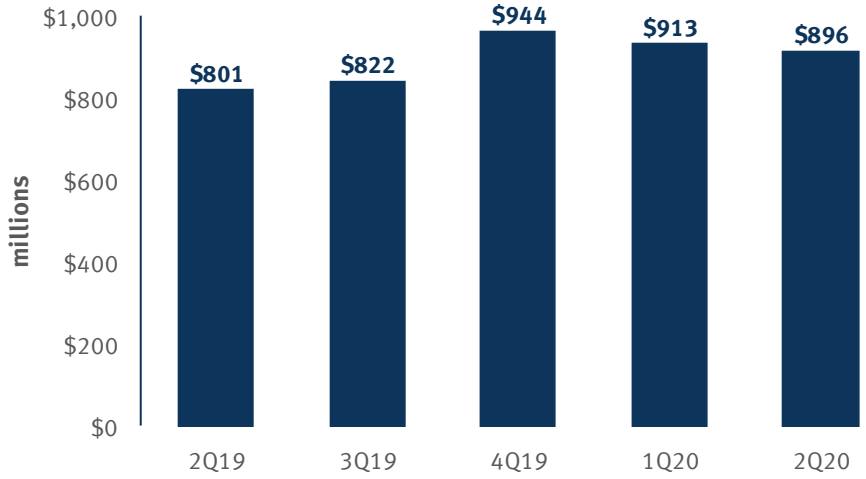
millions	2Q20	Y/Y Change	Sequential Change	YTD	VS 2019
Global Wealth Management	$506	-5%	-13%	$1,089	4%
Institutional	398	47%	20%	730	37%
Other	-8	259%	273%	-10	175%
Net revenues	**896**	**12%**	**-2%**	**1,809**	**15%**
Compensation expense	529	14%	-2%	1,067	16%
Operating expense	180	2%	-8%	376	9%
Earnings before special items [1]	**187**	**17%**	**5%**	**366**	**19%**
Provision for credit loss	19	716%	20%	35	661%
Additional compensation accrual[2]	9	-	-72%	41	-
Pre-tax income	**159**	**1%**	**24%**	**288**	**-5%**
Taxes	39	-5%	23%	71	-11%
Net income	**120**	**2%**	**24%**	**217**	**-3%**
Preferred dividends	5	-8%	0%	10	27%
Net income available to common shareholders	115	4%	26%	207	-4%
Diluted EPS	**$1.55**	**10%**	**29%**	**$2.74**	**0%**
Compensation ratio	60.0%	210 bps	-250 bps	61.3%	290 bps
Non-compensation ratio	22.2%	-10 bps	-120 bps	22.8%	60 bps
Pre-tax pre-provision margin	19.9%	-20 bps	380 bps	17.9%	-180 bps
Pre-tax operating margin	17.8%	-200 bps	370 bps	15.9%	-350 bps
Book value per share	$48.84	9%	6%		
Tangible book value per share	$30.16	6%	11%		
ROTCE	23.2%	60 bps	460 bps		

[1] Before provision credit loss and additional comp. [2] Amount in excess of 59%

SECOND QUARTER HIGHLIGHTS

- Second quarter Non-GAAP Net Revenue of $896 million, up 12% Y/Y.
- Record Institutional Group Net Revenue of $398 million, up 47% Y/Y
- Record Institutional Fixed Income Brokerage Revenue of $121 million, up 107% Y/Y
- Institutional Equity Brokerage Revenue of $63 million, up 55% Y/Y
- Investment Banking Revenue of $217 million, up 21% Y/Y
- Pre-tax Pre-Provision Margin of 19.9%, up 380 bps sequentially
- Fee-based Client Assets of $106 billion, up 13% sequentially
- Tangible Book Value Per Share of $30.16, up 6% Y/Y
- Non-GAAP annualized return on average tangible common shareholders' equity was 23.2%

NET REVENUE



Global Wealth Management

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GLOBAL WEALTH MANAGEMENT REVENUE

millions	2Q20	Y/Y Change	Sequential Change	YTD	VS 2019
Brokerage	$159	-2%	-12%	$339	7%
Asset Management & Service Fees	199	-6%	-16%	437	7%
Net Interest	122	-12%	-12%	260	-8%
Investment Banking	$8	-24%	-22%	18	-2%
Other	18	69%	11%	35	78%
Total Global Wealth Management Net Revenues	$506	-5%	-13%	$1,089	4%
Comp. Ratio	51.1%	180 bps	-10 bps	51.1%	220 bps
Non-Comp. Ratio	18.0%	340 bps	250 bps	16.7%	270 bps
Provision for credit loss	$19	716%	20%	$35	661%
Pre-tax Pre-provision Margin	34.7%	-190 bps	-290 bps	35.4%	-210 bps
Pre-tax Margin	30.9%	-520 bps	-240 bps	32.2%	-490 bps

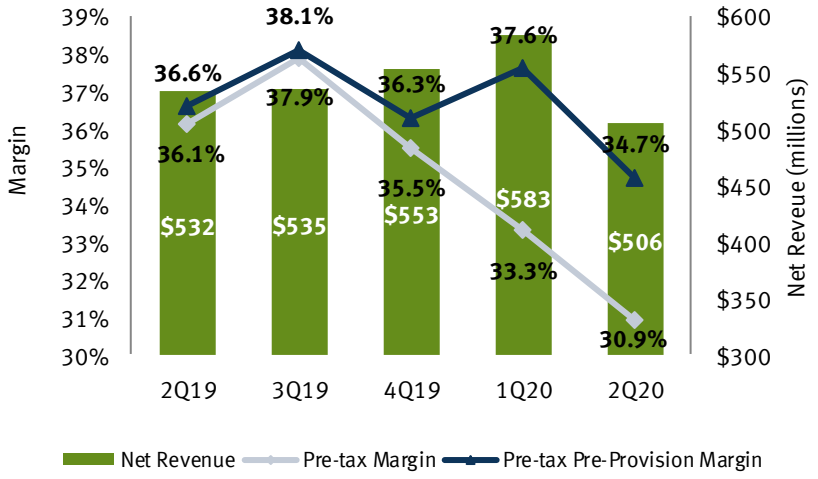
FINANCIAL ADVISOR & CLIENT ASSET METRICS

**millions*	2Q20	Y/Y	Sequential Change
Financial Advisors	2,138	2%	0%
Independent Contractors	94	-2%	0%
Total Financial Advisors	2,232	2%	0%
Client AUA*	$306,235	0%	10%
Fee-based Client Assets*	$106,218	2%	13%
Private Client Fee-based Client Assets*	$91,360	13%	13%

HIGHLIGHTS

- Record 6-Month Net Revenue of $1.1 billion, up% 4 Y/Y
- Pre-tax Pre-provision Margin of 34.7%
- Fee-based & Private Client Fee-based Assets Increased 13% Sequentially
- Recruited 28 Financial Advisor with total Trailing Twelve Month production of $23 million.

NET REVENUE & MARGIN



Wealth Management Metrics

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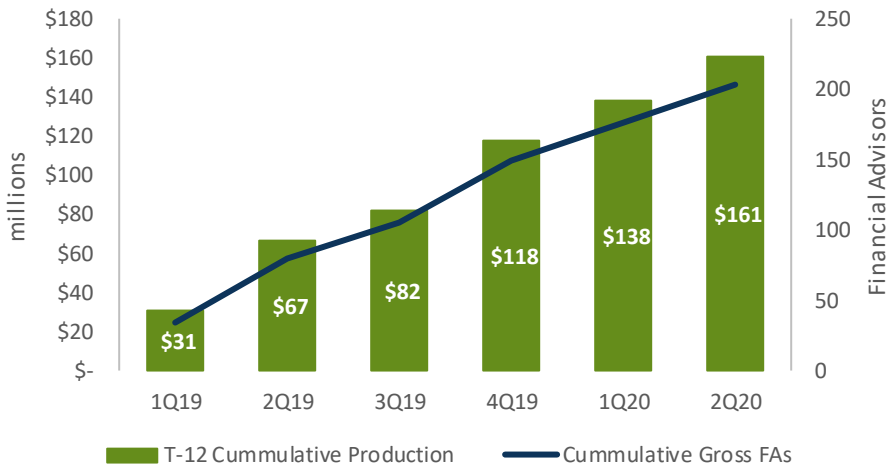
RECRUITING DRIVES REVENUE GROWTH



DYNAMIC BUSINESS

- 85% of FAs joined Stifel in past 10 years came through organic recruiting, 15% through acquisitions
- Recruiting remotely during pandemic
- Growth of average AUM
- Adding capabilities that attract FAs and differentiate Stifel
  - Stifel Wealth Tracker
  - CIO Office & behavioral finance practice
  - OurCrowd access to early-stage venture sponsors

EFFICIENT BUSINESS MODEL

- Advisors are empowered to do what is right for their clients
- Product-neutral compensation – not motivated by comp to use specific products or services
- Product desks are not layered profit centers
- Minimal management – supervisory function is centralized for efficiency and neutral approach
- Advisors have direct access to knowledgeable home office associates to collaboratively deliver services to clients

TECHNOLOGY TO SUPPORT ADVICE-BASED MODEL

- Stifel Wealth Tracker – online and mobile app: / free/ secure / smart aggregation / budgeting tools / advice when you want it / understand the markets / understand your complete financial picture
- Performance reporting tools – enhanced platform-wide capabilities with key vendor partners collaborating
- Cash management and digital banking capabilities in WM platform, including client mobile app
- Video meetings, centralized technology support

Institutional Group

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INSTITUTIONAL GROUP REVENUE

millions	2Q20	Y/Y Change	Sequential Change	YTD	VS 2019
Advisory	$98	18%	29%	$174	-7%
Capital Raising	$111	29%	19%	$204	51%
Brokerage	$184	86%	8%	$354	72%
Total Institutional Revenue*	$398	47%	20%	$730	37%
Comp. Ratio	60.6%	300 bps	-140 bps	61.3%	200 bps
Non-Comp. Ratio	18.5%	-940 bps	-690 bps	21.6%	-570 bps
Pre-tax Margin	20.9%	640 bps	830 bps	17.1%	370 bps

* Includes net interest, asset management and service fees, and other income

HIGHLIGHTS

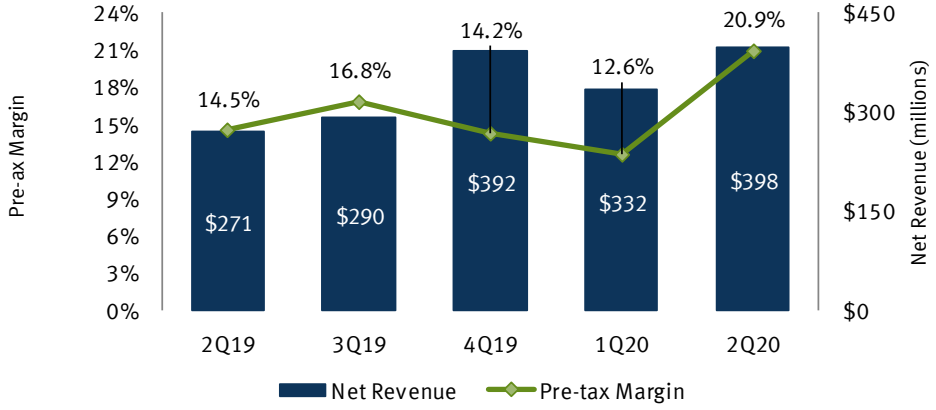
- Record Quarterly Revenue of $398 million, up 47% Y/Y
- Record Institutional Brokerage of $184 million, up 86% Y/Y
- Second Strongest Quarter for Capital Markets Revenue with $111 million, up 29% Y/Y
- Record Pre-tax Contribution of $83 million, up 111% Y/Y
- Pre-tax margin of 20.9%, up 640 bps Y/Y
- Balanced business mix between equities and fixed income

INSTITUTIONAL REVENUE SOURCES

millions	2Q20	Y/Y Change	Sequential Change	YTD	VS 2019
Advisory Fees	$98	18%	29%	$174	-7%
Equities	$126	26%	-3%	$256	54%
Fixed Income	$169	96%	27%	$301	73%
Total Institutional Revenue*	$398	47%	20%	$730	37%

* Includes net interest, asset management and service fees, and other income

NET REVENUE AND MARGIN



Institutional Equities & Fixed Income

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INSTITUTIONAL EQUITIES REVENUE

millions	2Q20	Y/Y Change	Sequential Change	YTD	VS 2019
Brokerage	$63	55%	-10%	$133	68%
Capital Raising	$63	7%	5%	$123	42%
Total Equities	$126	26%	-3%	$256	54%

INSTITUTIONAL FIXED INCOME REVENUE

millions	2Q20	Y/Y Change	Sequential Change	YTD	VS 2019
Brokerage	$121	107%	21%	$220	75%
Capital Raising	$48	77%	46%	$81	69%
Total Fixed Income	$169	96%	27%	$301	73%

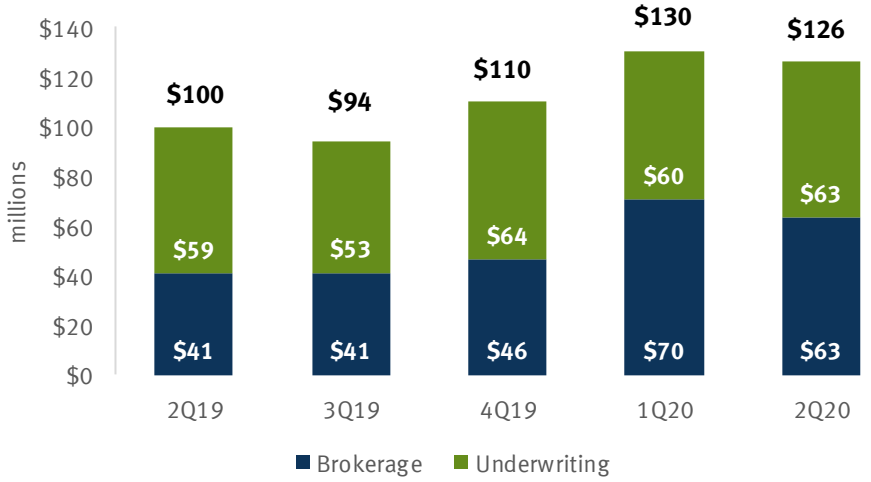
HIGHLIGHTS

- Record First Half Equities Revenue Surpassed Prior Record by 14% (2015)
- Third Highest Capital Raising Quarter
- Brokerage Activity in July Down from 2Q20 but Above 2019 Levels

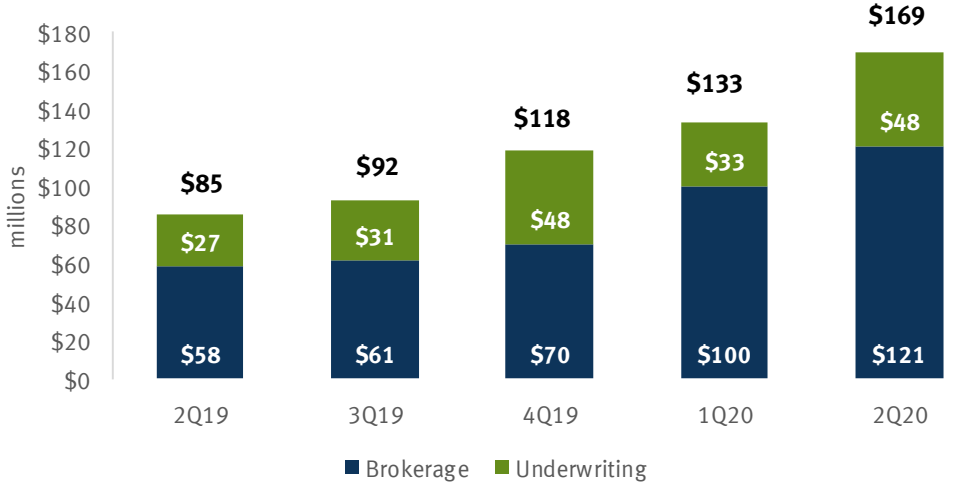
HIGHLIGHTS

- Record Quarterly Brokerage Revenue Surpassed Prior Record by 21% (1Q20)
- Second Strongest Quarterly Revenue in Capital Raising
- Lead Managed 211 Negotiated Municipal Offerings
- Brokerage Activity in July Down from 2Q20 but Above 2019 Levels

REVENUE



REVENUE



Investment Banking Revenue

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INVESTMENT BANKING REVENUE

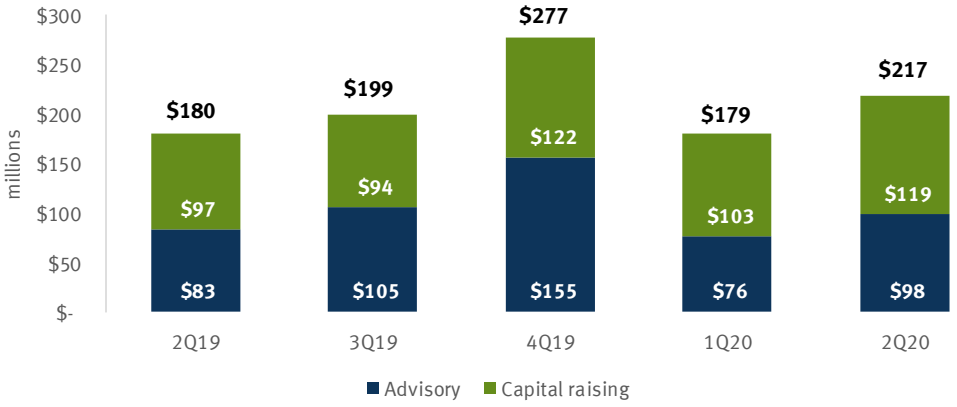
millions	2Q20	Y/Y Change	Sequential Change	YTD	VS 2019
Capital Raising:					
Equity	$70	4%	1%	$139	38%
Debt	$49	67%	44%	$84	58%
Total Capital Raising	$119	23%	15%	$223	45%
Advisory Fees	$98	18%	29%	$174	-7%
Total Investment Banking	$217	21%	21%	$397	16%

HIGHLIGHTS

- Third Strongest Investment Banking Quarter
- Second Strongest Record Capital Raising Quarter
- Strongest Verticals were Financials, Healthcare, Technology, and Industrials
- Miller Buckfire Continued to Generate Increased Mandates
- M&A Advisory Business Starting to Pick Up as Clients Re-Engage

by Mergers & Acquisitions Magazine

REVENUE



Net Interest Income

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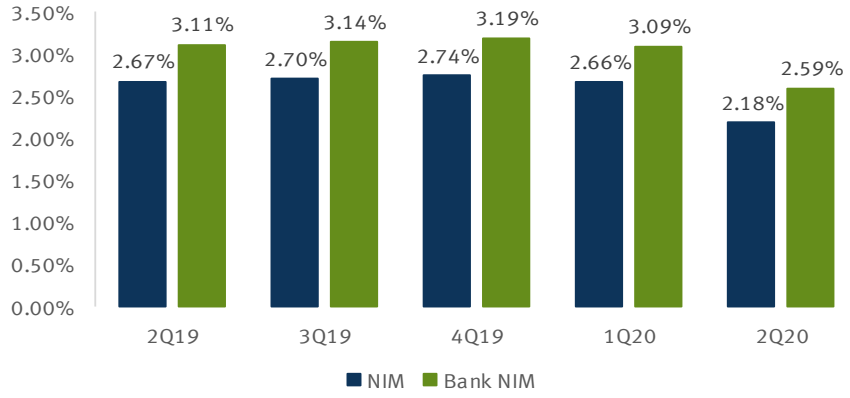
CONDENSED NET INTEREST INCOME

	2Q20		Y/Y Change		Sequential Change	
	Average Balance	Average Interest	Average Balance	Average Interest	Average Balance	Average Interest
Interest-earning Cash & Fed Funds Sold	$1,674	0.24%	123%	-207 bps	80%	-134 bps
Investment Portfolio	$6,386	2.60%	-8%	-116 bps	0%	-41 bps
Loans	$10,909	2.90%	20%	-131 bps	5%	-177 bps
Total Interest-earning Assets	$21,189	2.42%	5%	-129 bps	3%	-71 bps
Deposits	$16,677	0.05%	14%	-75 bps	8%	-20 bps
Other Interest-bearing Liabilities	$2,636	1.64%	-22%	-117 bps	-21%	-12 bps
Total Interest-bearing Liabilities	$19,313	0.27%	7%	-90 bps	3%	-25 bps
Net Interest Margin		2.18%		-49 bps		-48 bps

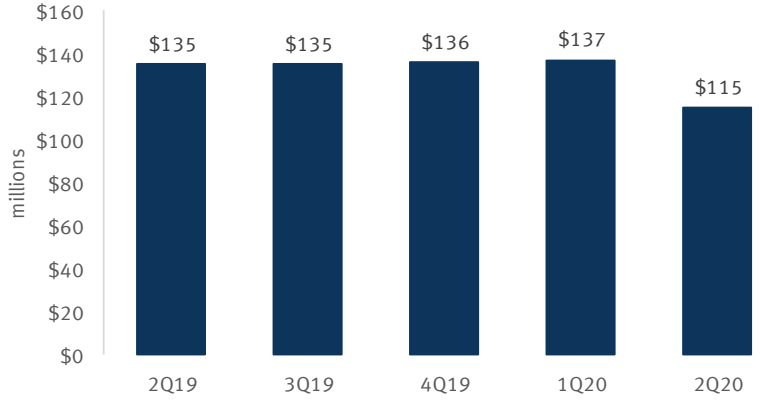
NET INTEREST COMMENTARY

- 2Q20 NII within previous guidance range, but negatively impacted by rate environment & impact of senior note issuance
- Interest Earning Asset increased year-on-year and sequentially due to higher cash & loan balances, primarily due to PPP loans
- 3Q20 Guidance:
  - Firm-wide NII Guidance: $100 – $110 million
  - Bank NIM Guidance: 235 – 245 bps

NET INTEREST MARGIN



NET INTEREST INCOME



Investment Portfolio & CLOs

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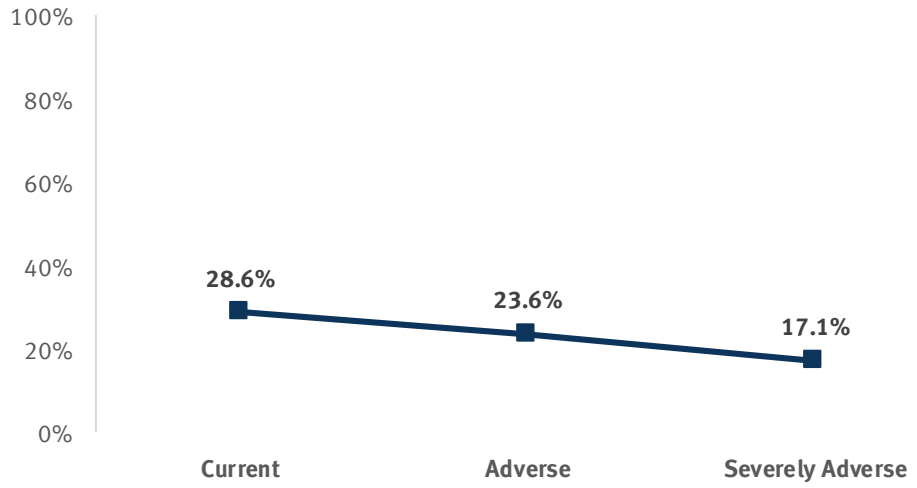
INVESTMENT PORTFOLIO

millions	Total Portfolio	% of Portfolio
CLO	$4,396	70%
Agency MBS	752	12%
Corporate Bonds	537	9%
SBA	290	5%
Student Loan ARS	156	2%
CMBS	102	2%
Others	13	0%
Total Portfolio	$6,246	100%

HIGHLIGHTS

- AAA /AA CLOs with a Portfolio Credit Enhancement of 28.6%
- 83% of CLO Collateral is BB/B
- Using Severely Adverse Default Expectations Results in Remaining Credit Enhancement of 17.1%
- Limited Exposure to Hotel, Gaming, & Leisure and Energy Verticals

CLO CREDIT ENHANCEMENT



CLO BY MAJOR SECTOR

Healthcare & Pharmaceuticals	10.5%
High Tech Industries	9.9%
Services: Business	8.2%
Banking, Finance, Insurance & Real Estate	7.5%
Telecommunications	5.6%
Media: Broadcasting & Subscription	5.1%
Hotel, Gaming, Leisure	4.8%
Chemicals, Plastics & Rubber	3.6%
Services: Consumer	3.6%
Beverage, Food & Tobacco	3.4%
Construction & Building	3.4%
Capital Equipment	3.2%

Stifel Bancorp Inc. Loan Portfolio

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LOAN PORTFOLIO

millions	*2Q20*	*% of Total Portfolio*
Residential Real Estate	$3,711	35%
Securities Based Lending	1,717	16%
Home Equity lines of Credit	63	1%
Other loans	56	1%
Total Consumer	**$5,547**	**52%**
Commercial Real Estate	407	4%
Commercial	4,149	39%
Construction and land	472	4%
Total Commercial	**$5,028**	**48%**
Total Loan Portfolio	**$10,575**	**100%**
Unfunded Commitments	**1,774**	
Total	**$12,349**	

1 Total excludes $475 million of loans classified as held for sale

HIGHLIGHTS

- Lending facilities for Stifel WM and Institutional clients, as well as banking relationships outside of Stifel
- Over 50% of the loan portfolio is to Wealth Management clients
- Diversity of geographic, sector, business phase, and loan type enhances stability in various markets; low NPLs historically
- Limited exposure to the Energy Industry as well as to the Hotel, Leisure, Entertainment & Restaurant Industry which on a combined basis is less than 3% of our SBI loans.

COMMERCIAL PORTFOLIO BY SECTOR

Financials	$763	7.22%
Industrials	$688	6.51%
Consumer Discretionary	$674	6.38%
Information Technology	$458	4.33%
PPP	$344	3.25%
Hotel, Leisure, Entertainment, Restaurants	$294	2.78%
Materials	$267	2.52%
REITs	$226	2.14%
Consumer Staples	$193	1.83%
Health Care	$156	1.48%
Telecom Services	$74	0.70%
Energy, Utilities	$12	0.11%
Total	**$4,149**	**39.23%**

CECL Impact

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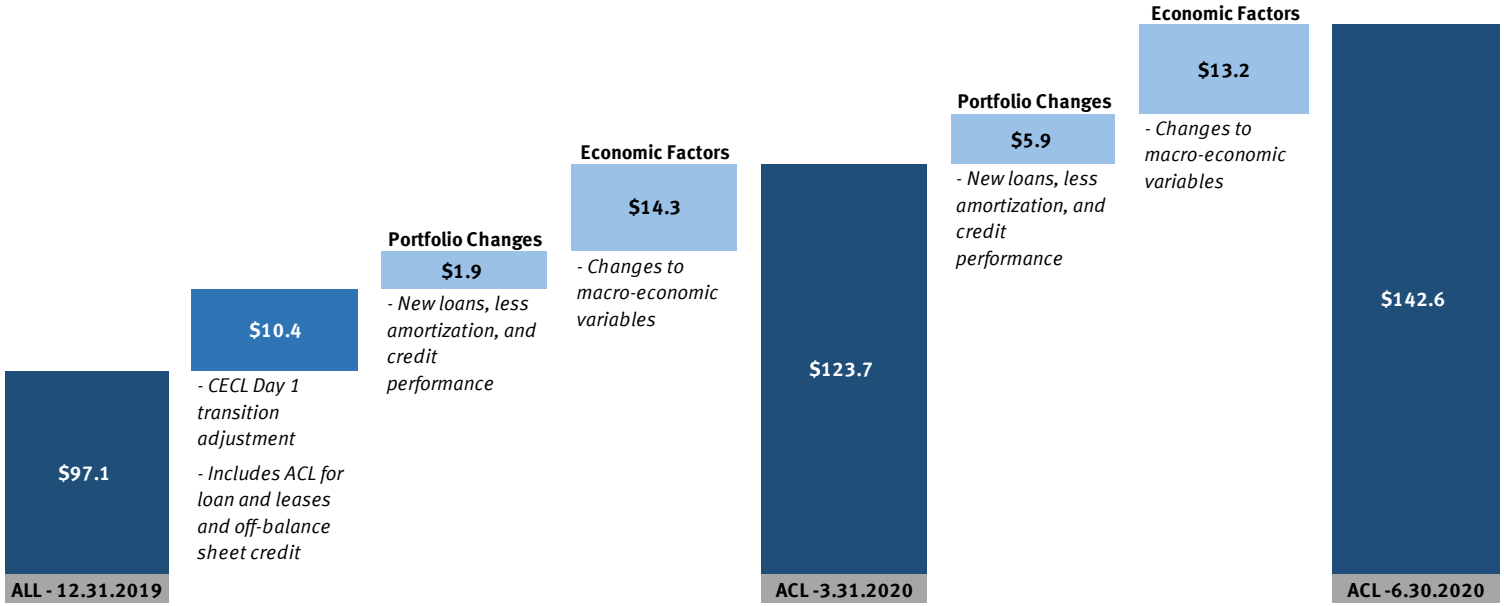
ASSUMPTIONS

- Moody's forecast:
  - 40% Baseline (sudden sharp recession)
  - 30% Downside (double dip recession)
  - 30% Upside (near term growth)
- Forecast update for most recent scenarios
  - Includes significant economic shock in 3Q and 4Q, followed by slow, sustained recovery
- Reserve build driven by COVID-19 recessionary assumptions

CECL 2Q20 FACTORS



- all figures are in millions
- ALL as of 12/31/2019 includes allowance for loans and off-balance sheet credit exposures

Allowance for Credit Losses

Portfolio	DAY 1		1Q'20				2Q'20					
	CECL Reserve Day 1	CECL Reserve % Day 1	Quarterly Reserve Build	CECL Reserve 3/31/2020	CECL Reserve %	Q/Q Change	Portfolio Activity	Economic Factors	Quarterly Reserve Build	CECL Reserve 6/30/2020	CECL Reserve %	Q/Q Change
Consumer	22,191	0.40%	1,550	23,723	0.43%	0.02%	1,139	1,732	2,871	26,596	0.48%	0.05%
Commercial	61,652	1.45%	17,429	79,079	1.71%	0.26%	1,600	8,696	10,296	89,225	1.90%	0.20%
PPP	-	0.00%	-	-	0.00%	0.00%	-	-	-	-	0.00%	0.00%
Unfunded / Other reserves	23,659	1.53%	(2,776)	20,883	1.40%	-0.14%	3,185	2,724	5,909	26,792	1.45%	0.06%
Total	107,502	1.10%	16,203	123,685	1.22%	0.12%	5,924	13,152	19,076	142,613	1.35%	0.13%
Totals Excluding PPP	107,502	1.10%	16,203	123,685	1.22%	0.12%			19,076	142,613	1.39%	0.18%

Expenses

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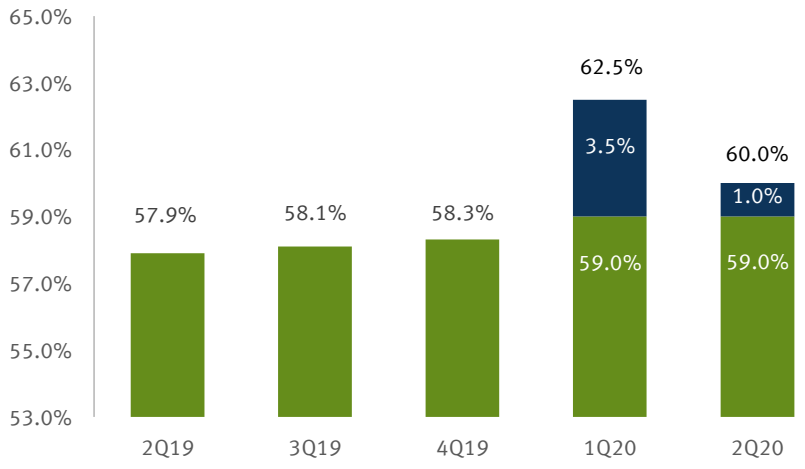
NON-GAAP EXPENSES & PRE-TAX INCOME

millions	2Q20	Y/Y Change	Sequential Change	YTD	VS 2019
Compensation	$537	16%	-6%	$1,108	21%
Ex. IB Gross Up & Loan Loss Provision	$167	2%	-10%	$355	10%
Loan Loss Provision & IB Gross Up	$32	114%	18%	$58	126%
Non-compensation	$199	11%	-7%	$413	18%
Pre-tax Income	$159	1%	24%	$288	-5%

COMPENSATION RATIO

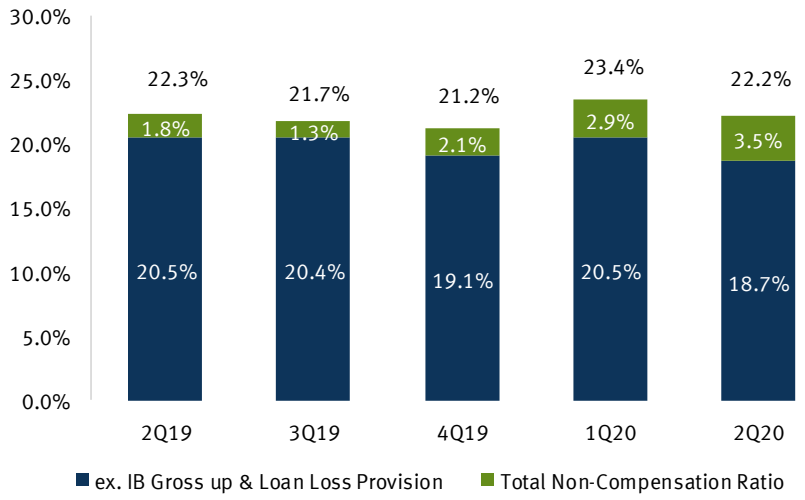


GAAP to Non-GAAP Reconciliation

(000s)	2Q20	YTD
GAAP Net Income	$107,887	$194,497
Preferred Dividend	$4,843	$9,687
Net Income available to common Shareholders	$103,044	$184,789
Non-GAAP After Tax Adjustments	$12,291	$22,479
Non-GAAP Net Income Available to Common Shareholders	$115,335	$207,268

* For reconciliation of GAAP to non-GAAP expenses, refer to our second quarter 2020 earnings release.

NON-COMPENSATION RATIO



Capital & Liquidity

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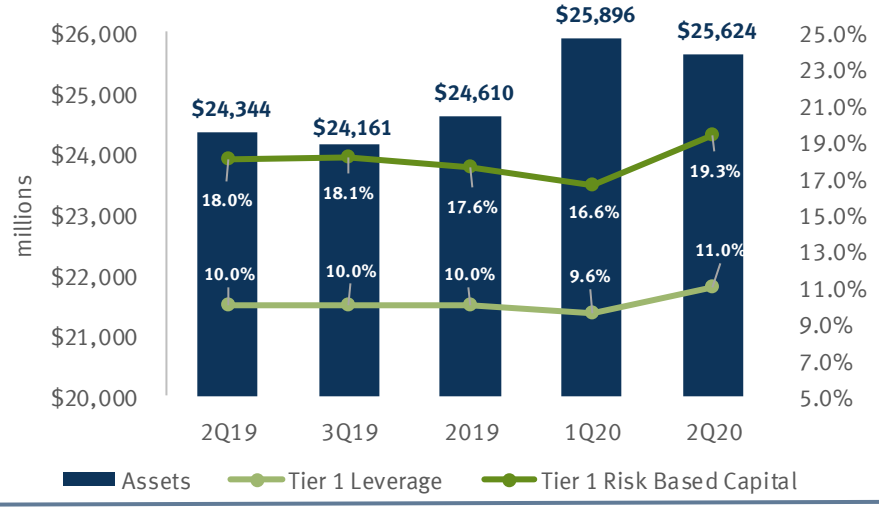
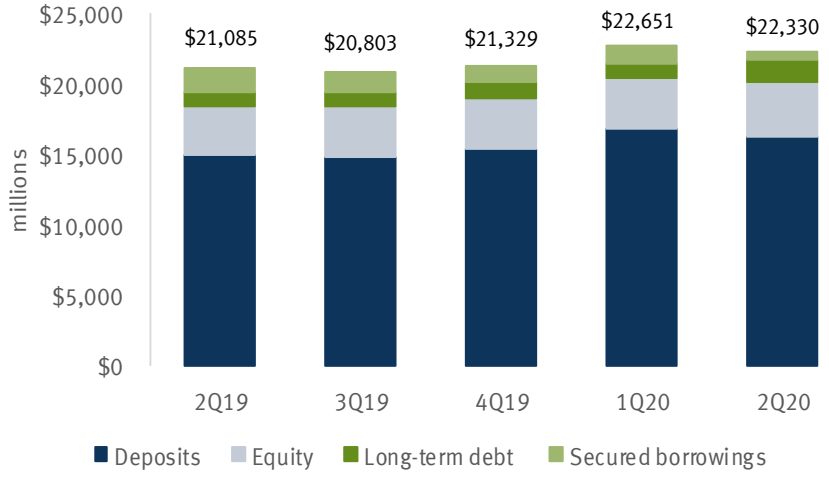
FIRM-WIDE ASSETS & CAPITAL RATIOS



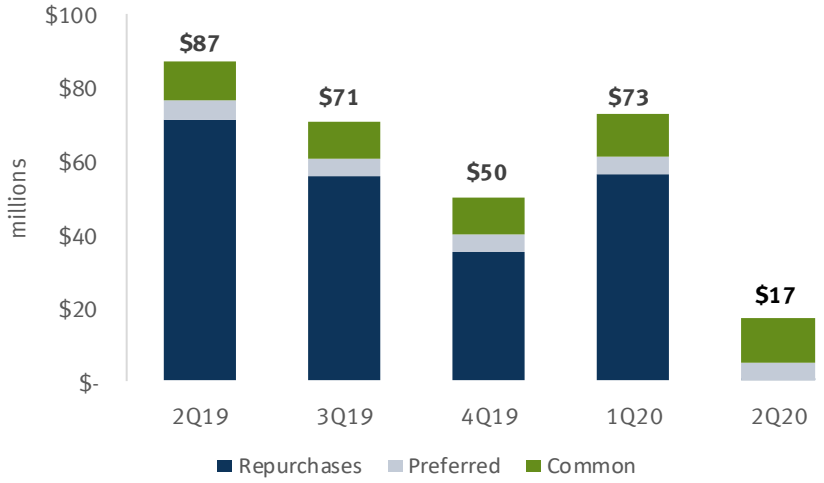
HIGHLIGHTS

- Sweep Balances Continued to Increase in 2Q20
- Capital Ratios Increased Meaningfully in 2Q20
- Projecting No Material Change in the Size or Composition of the Balance Sheet
- Raised $400 Million in Senior Notes & $225 million of Preferred Equity in 2Q20
- Capital Return in 2Q20 Limited to Dividends

STABLE FUNDING SOURCES



STOCK REPURCHASES & DIVIDENDS



Q&A

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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.

All statements not dealing with historical results are forward-looking and are based on various assumptions. The forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by the statements. For information about the risks and important factors that could affect the Company's future results, financial condition and liquidity, see "Risk Factors" in Part II, Item 1A of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31,2020 and in Part I of the Company's Annual Report on Form 10-K for the year ended December 31, 2019. Forward-looking statements speak only as to the date they are made. The Company disclaims any intent or obligation to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made.

Statements about the effects of the COVID-19 pandemic on the Company's business, results, financial position and liquidity may constitute forward-looking statements and are subject to the risk that the actual impact may differ, possibly materially, from what is currently expected.

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 six months ended June 30, 2020. 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..

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.