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# STIFEL

## Second Quarter 2023 Financial Results Presentation July 26, 2023

Stifel's "FORCES" statue by Harry Weber

# Second Quarter Snapshot

# STIFEL

## 2Q23 RESULTS

millions, except per share and ratios

### NET REVENUE

2Q23: GAAP & NON-GAAP **\$1,051**  
YTD: GAAP & NON-GAAP **\$2,158**

### NET EARNINGS

2Q23: GAAP **\$125** & NON-GAAP **\$136**  
YTD: GAAP **\$273** & NON-GAAP **\$298**

### EPS

2Q23: GAAP **\$1.10** & NON-GAAP **\$1.20**  
YTD: GAAP **\$2.38** & NON-GAAP **\$2.59**

### ANNUALIZED ROCE

2Q23:GAAP **10.7%** & NON-GAAP **11.6%**  
YTD: GAAP **11.7%** & NON-GAAP **12.8%**

### ANNUALIZED ROTCE\*

2Q23: GAAP **15.5%** NON-GAAP **16.8%**  
YTD: GAAP **16.9%** NON-GAAP **18.4%**

### BOOK VALUE PER SHARE

TBV **\$30.64** BV **\$44.41**

\* Please see our definition of ROTCE in our second quarter 2023 earnings release

## HIGHLIGHTS

Ranked #1 by J.D. Power  
For Employee Advisor Satisfaction

Increased Deposits  
By \$1.0 billion

Record  
Global Wealth Management Revenue

Repurchased  
1.5 million Common Shares

3rd Highest  
Net Interest Income

Continued Recruiting  
Strength

# Variance to Consensus Estimates

## Second Quarter Results Variance to Consensus Estimates

(in Millions, except diluted EPS and share data)

Revenues	2Q23 Non-GAAP	2Q23 Mean ANALYST	% Δ
<b>Commissions + Principal transactions</b>	\$271	\$267	1%
<b>Investment banking</b>	\$167	\$185	(10%)
<b>Asset management and service fees</b>	\$320	\$320	0%
<b>Net interest</b>	\$292	\$295	(1%)
<b>Net revenues</b>	\$1,051	\$1,071	(2%)
<b>Non-interest expenses</b>			
<b>Compensation and benefits</b>	609	618	1%
<i>Compensation Ratio</i>	58.0%	57.7%	(30 bps)
<b>Non-compensation expenses</b>	245	235	4%
<b>Total non-interest expenses</b>	854	853	0%
<b>Income before income taxes</b>	196	218	(10%)
<i>Tax Rate</i>	25.9%	25.7%	1%
<b>Net Income</b>	\$146	\$162	(10%)
<b>Diluted Operating EPS</b>	\$1.20	\$1.33	(10%)

## Commentary on Variance to Analyst Estimates

- Commissions & Principal Transactions:
  - Stronger Revenue from GWM & Institutional Equity
- Investment Banking:
  - Four Transactions, Worth Approximately \$18 million in Fees, Delayed at End of 2Q23
  - Anticipated to Close in 3Q23
- Net Interest Income
  - Decline in Interest Earning Assets
  - Cash Sorting
- Compensation Ratio
  - Weakness in Institutional Business
- Non-compensation Expense:
  - Increased Marketing Spend
  - Increased FDIC Insurance Cost



## **#1 WEALTH MANAGEMENT FIRM FOR EMPLOYEE ADVISOR SATISFACTION!**

*For J.D. Power 2023 award information, visit [jdpower.com/awards](https://www.jdpower.com/awards)*

# Second Quarter Results

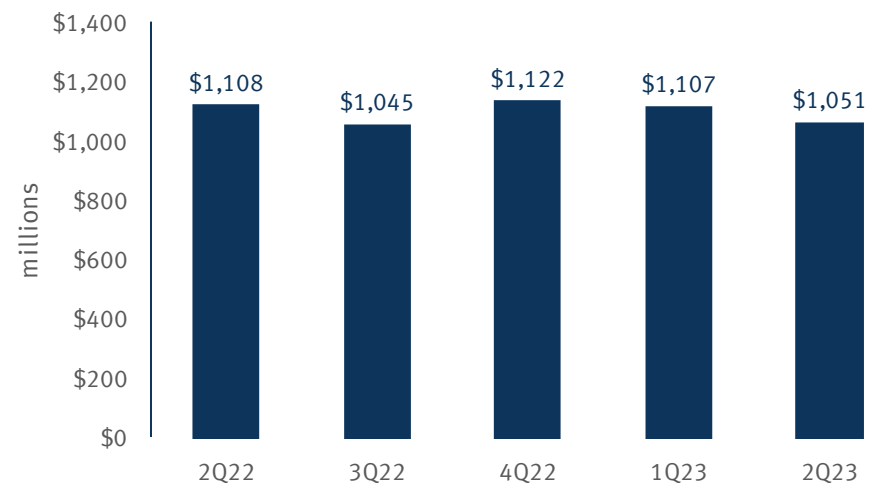


## FINANCIAL RESULTS

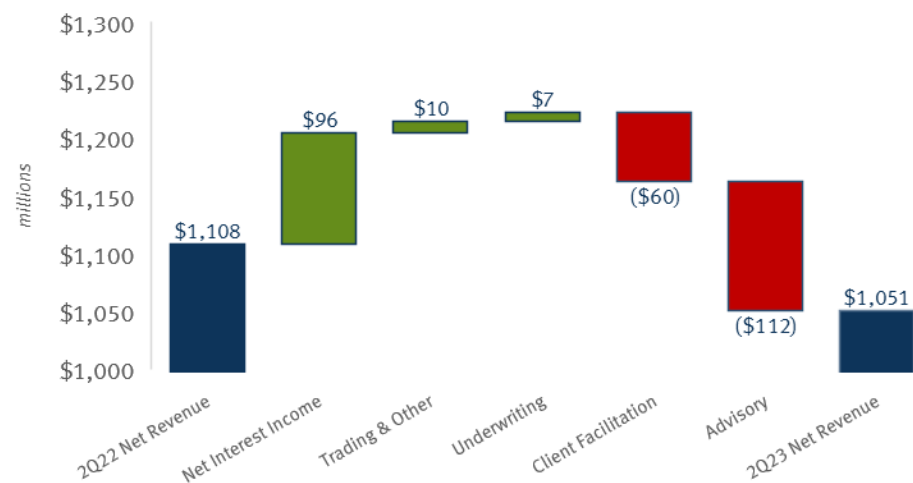
millions	2Q23	Y/Y Change	Sequential Change	2023 YTD	VS 2022 YTD
Global Wealth Management	\$758	9%	0%	\$1,515	10%
Institutional	276	-33%	-17%	609	-28%
Other	16	n/m	-4%	33	n/m
<b>Net revenue</b>	<b>1,051</b>	<b>-5%</b>	<b>-5%</b>	<b>2,158</b>	<b>-3%</b>
Compensation expense	609	-5%	-5%	1,251	-4%
Operating expense <sup>1</sup>	237	9%	2%	470	12%
Provision for credit loss <sup>2</sup>	8	-39%	59%	13	-39%
<b>Pre-tax pre-provision income</b>	<b>204</b>	<b>-17%</b>	<b>-12%</b>	<b>437</b>	<b>-12%</b>
<b>Pre-tax income</b>	<b>197</b>	<b>-17%</b>	<b>-14%</b>	<b>424</b>	<b>-11%</b>
Taxes	51	-18%	-10%	108	-10%
<b>Net income</b>	<b>146</b>	<b>-16%</b>	<b>-15%</b>	<b>316</b>	<b>-12%</b>
Preferred dividends	9	0%	0%	19	0%
Net income available to common shareholders	136	-17%	-16%	298	-12%
<b>Diluted EPS</b>	<b>\$1.20</b>	<b>-14%</b>	<b>-14%</b>	<b>\$2.59</b>	<b>-10%</b>
Compensation ratio	58.0%	-10 bps	0 bps	58.0%	-80 bps
Operating expense ratio <sup>3</sup>	22.6%	300 bps	160 bps	21.8%	220 bps
Pre-tax operating margin	18.7%	-250 bps	-180 bps	19.6%	-190 bps
Book value per share	\$44.41	6%	2%		
Tangible book value per share	\$30.64	6%	2%		
ROTCE <sup>4</sup>	16.8%	-480 bps	-310 bps		

- (1) Operating Expense = Non-Compensation Expense – Provision for Credit Loss
- (2) Provision for Credit Loss at bank subsidiary
- (3) Operating Expense Ratio excludes Provision for Credit Loss
- (4) Please see our definition of ROTCE in our first quarter earnings release

## NET REVENUE



## REVENUE BRIDGE



## GLOBAL WEALTH MANAGEMENT REVENUE

millions	2Q23	Y/Y Change	Sequential Change	2023 YTD	VS 2022 YTD
Transactional	\$158	-7%	-2%	\$319	-8%
Asset Management	320	-3%	1%	636	-6%
Net Interest	277	42%	-2%	559	59%
Investment Banking	4	-20%	-2%	8	-19%
Other	(1)	nm	nm	(7)	nm
<b>Total Global Wealth Management Net Revenue</b>	<b>\$758</b>	<b>9%</b>	<b>0%</b>	<b>\$1,515</b>	<b>10%</b>
Comp. Ratio	46.7%	-340 bps	150 bps	46.0%	-580 bps
Non-Comp. Ratio	13.7%	-110 bps	60 bps	13.3%	-80 bps
Provision for credit loss	\$8	-39%	59%	\$13	-39%
Pre-tax Margin	39.6%	450 bps	-210 bps	40.7%	660 bps
Pre-tax Pre-provision Margin	40.6%	380 bps	-180 bps	41.5%	600 bps

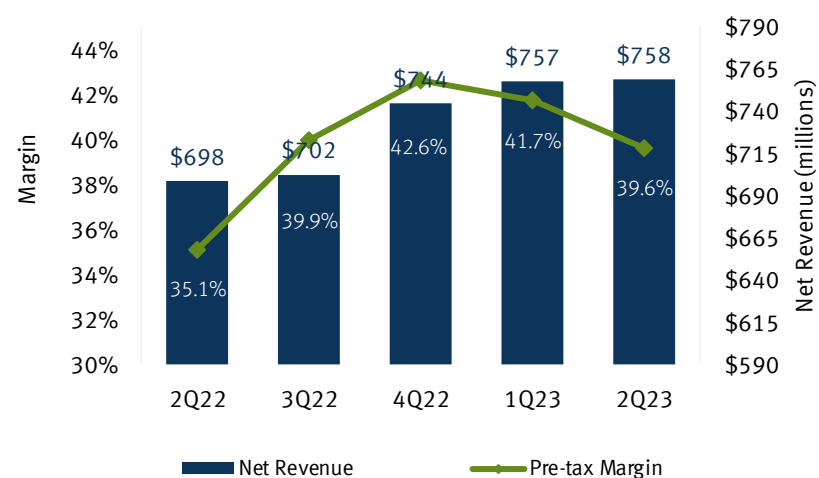
## FINANCIAL ADVISOR & CLIENT ASSET METRICS

millions	2Q23	Y/Y	Sequential Change
Financial Advisors	2,260	1%	1%
Independent Contractors	109	9%	7%
<b>Total Financial Advisors</b>	<b>2,369</b>	<b>2%</b>	<b>1%</b>
Client AUA	\$417,669	11%	3%
Fee-based Client Assets	\$154,538	9%	3%
Private Client Fee-based Client Assets	\$135,606	10%	3%

## HIGHLIGHTS

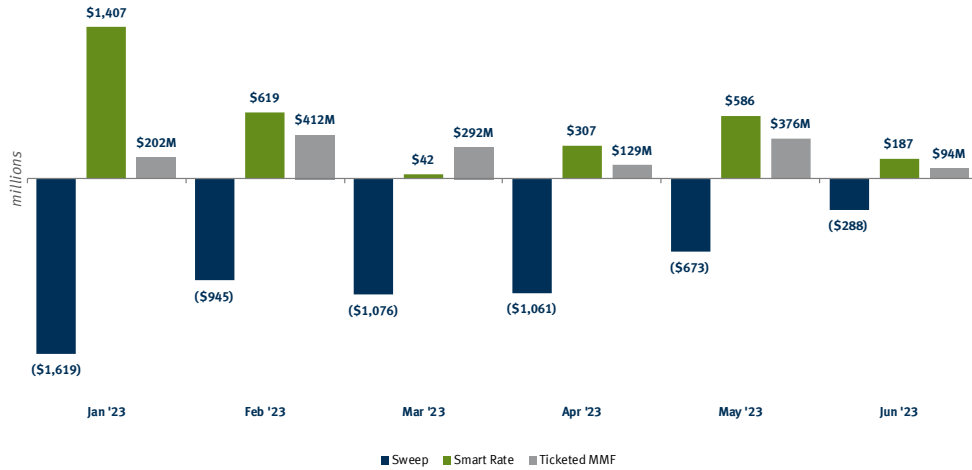
- Ranked #1 by J.D. Power For Employee Advisor Satisfaction
- Record Quarterly & First Half Net Revenue
- Third Highest Quarterly Net Interest Income
- Third Highest Quarterly Asset Management Revenue
- Added 46 Financial Advisors, Including 28 Experienced with Total Trailing Twelve Month Production of \$24.8 million

## NET REVENUE & MARGIN

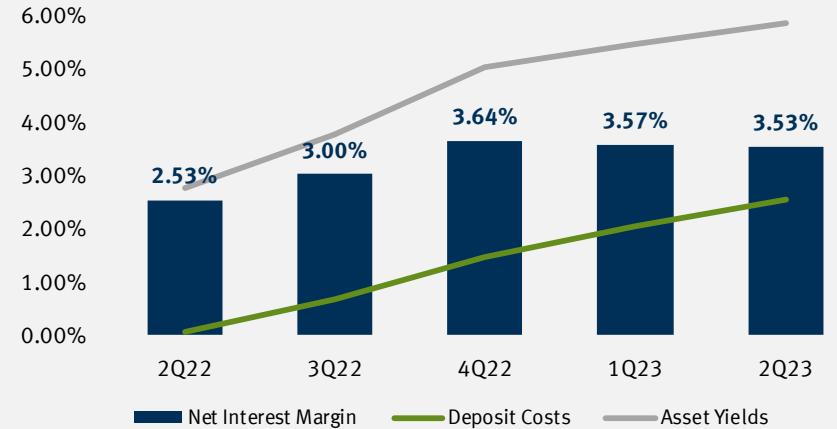


# Strong Bank Fundamentals

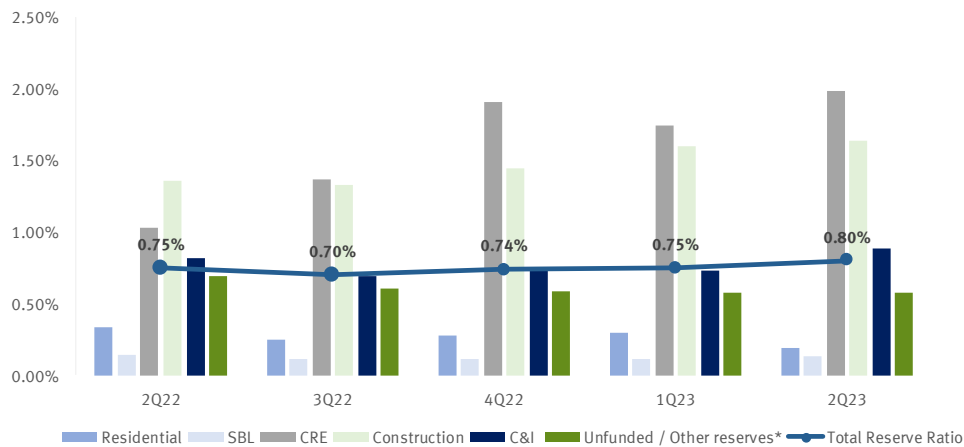
## SLOWING CASH SORTING



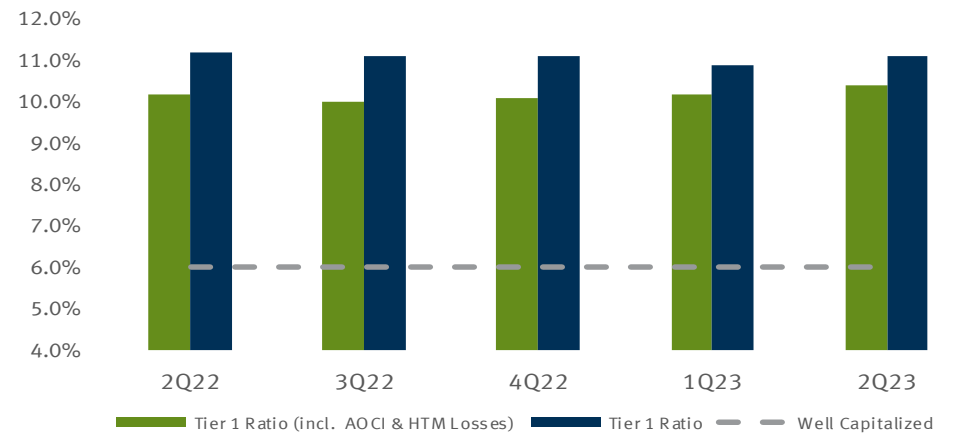
## NIM STABLE DESPITE RISING DEPOSIT COSTS



## ALLOWANCE FOR CREDIT LOSSES / TOTAL LOANS



## WELL CAPITALIZED UNDER STRESS SCENARIO



## INSTITUTIONAL GROUP REVENUE

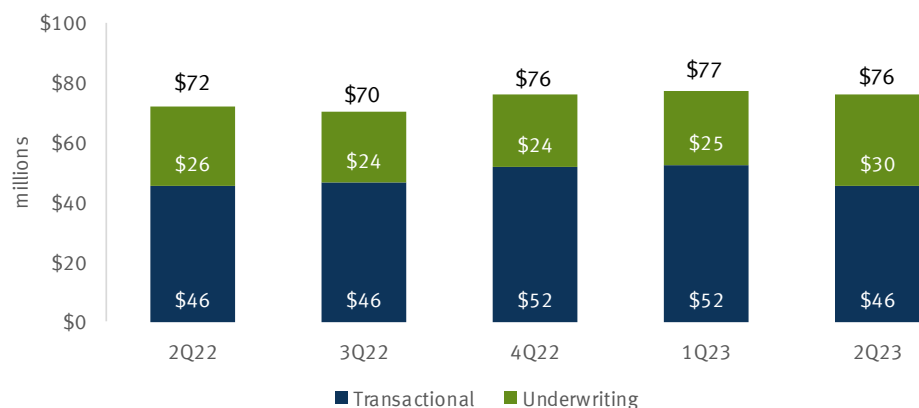
millions	2Q23	Y/Y Change	Sequential Change	2023 YTD	VS 2022 YTD
Advisory	\$87	-57%	-43%	\$238	-38%
Capital Raising	\$75	13%	32%	\$132	-2%
Transactional	\$113	-20%	-9%	\$237	-26%
<b>Total Institutional Revenue*</b>	<b>\$276</b>	<b>-33%</b>	<b>-17%</b>	<b>\$609</b>	<b>-28%</b>
Comp. Ratio	70.3%	1080 bps	840 bps	65.7%	670 bps
Non-Comp. Ratio	34.4%	1160 bps	640 bps	30.9%	1000 bps
Pre-tax Margin	-4.7%	-2240 bps	-1480 bps	3.4%	-1670 bps

\* Includes net interest, asset management, and other income

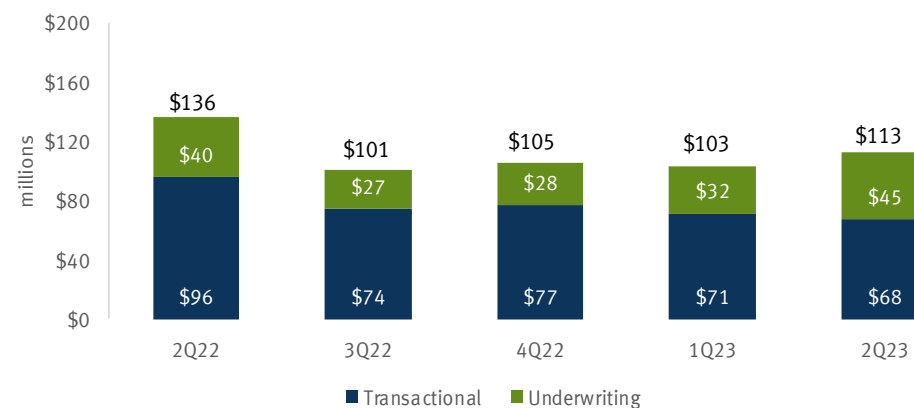
## HIGHLIGHTS

- Strongest Capital Raising Revenue Since 4Q21
- Ranked #1 in Municipal Issuance in 1H23 with 15.7% Market Share
- Increased Market Share in Equity Transactions

## EQUITIES REVENUE



## FIXED INCOME REVENUE



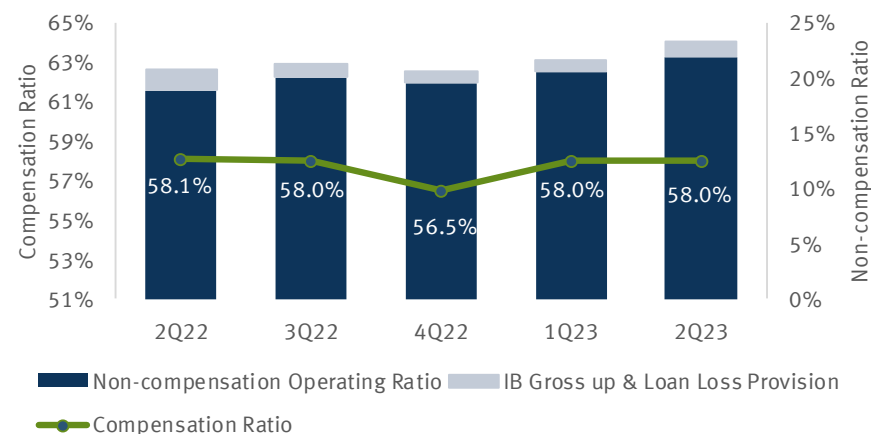


# Expenses

## NON-GAAP EXPENSES & PRE-TAX INCOME

millions	2Q23	2Q22	Y/Y Change
Compensation	\$609	\$644	-5%
Non-compensation Expense, Ex. IB Gross Up & Credit Loss	\$230	\$208	11%
Credit Loss Provision & IB Gross Up	\$15	\$21	-27%
Non-compensation	\$245	\$229	7%
Pre-tax Income	\$197	\$235	-17%

## Non-GAAP EXPENSE RATIOS

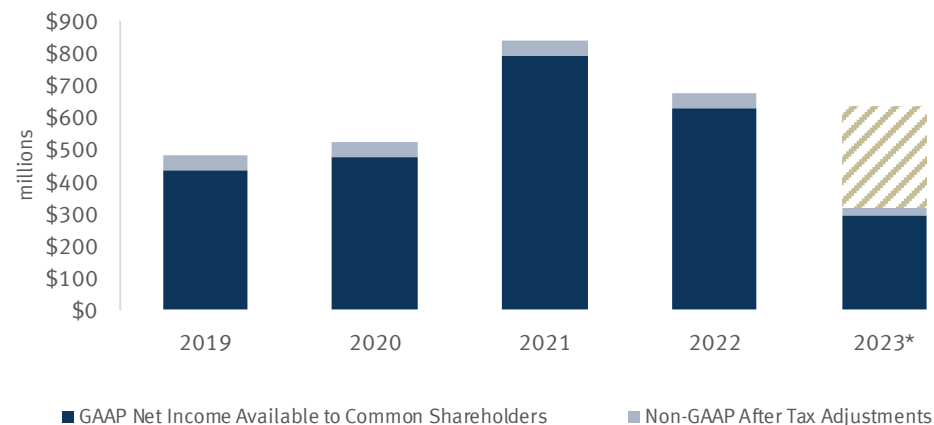


## GAAP to Non-GAAP RECONCILIATION

(000s)	2Q23
GAAP Net Income	\$134,352
Preferred Dividend	\$9,320
Net Income available to common Shareholders	\$125,032
Non-GAAP After Tax Adjustments	\$11,224
Non-GAAP Net Income Available to Common Shareholders	\$136,256

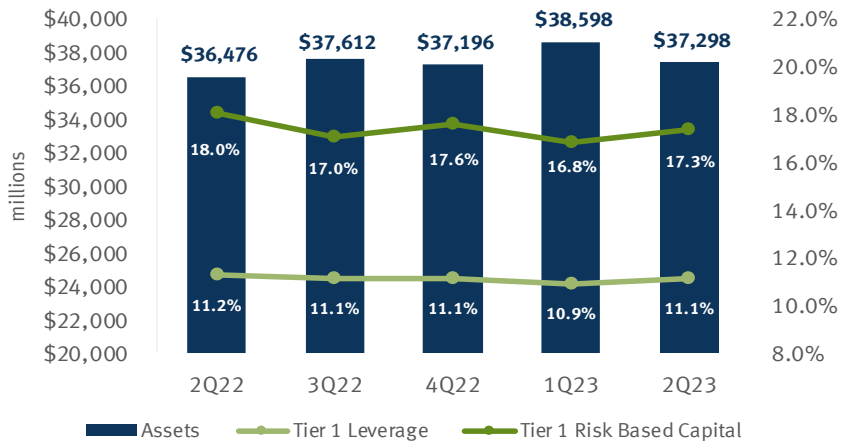
\* For reconciliation of GAAP to non-GAAP expenses, refer to our second quarter 2023 earnings release.

## ANNUAL GAAP to Non-GAAP RESULTS



\*2023 annual GAAP to non-GAAP results based on annualized results through 6/30/2023

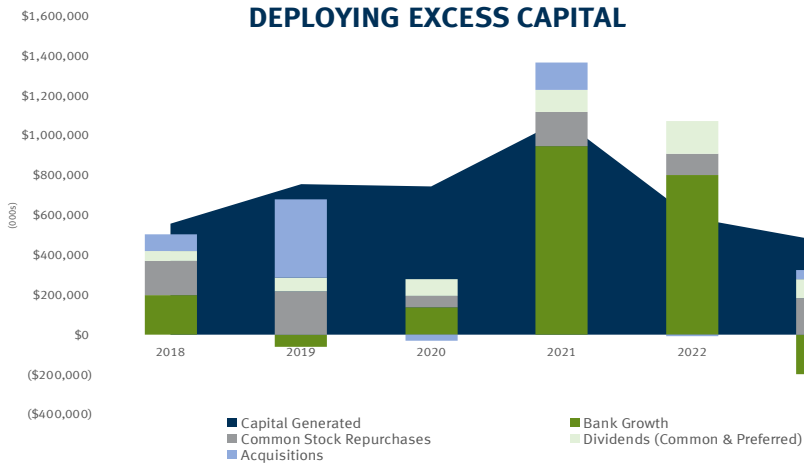
## FIRM-WIDE ASSETS & CAPITAL RATIOS



## HIGHLIGHTS

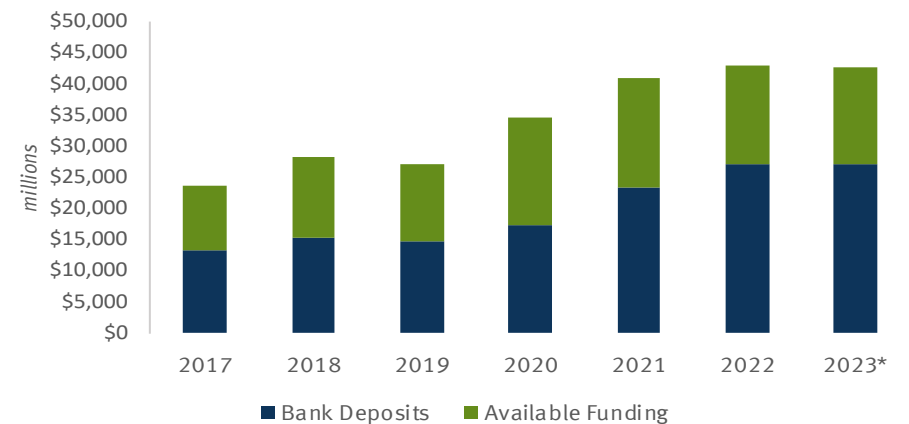
- Total Assets Decreased \$1.3 billion
- Bank Funding Increased at CAGR of 12% Since 2019
- Repurchased 1.5 million Shares
  - 6.1 million Shares Remaining on Current Authorization

## DEPLOYING EXCESS CAPITAL



\*2023 Estimated Capital Generated based annualized 2Q23 Net Income plus current capital in excess of regulatory minimum.

## BANK FUNDING: A TRACK RECORD of GROWTH



\*2023 based on results through 6/30/2023

# Outlook Illustrates Operating Leverage

# STIFEL

<i>millions</i>	Actuals	
	2022	1H23
Operating Net Revenue	\$3,482	\$1,565
Global Wealth Management	\$1,946	\$956
Institutional	\$1,536	\$609
Net Interest Income	\$898	\$588
Net Revenue*	\$4,391	\$2,158
Compensation Ratio	58.0%	58.0%
Non-Compensation Opex. Ratio**	19.6%	21.2%
Pre-tax Margin	21.7%	19.6%

Guidance	
2H23	2023
\$1,700 - \$1,850	\$3,260 - \$3,425
\$1,000 - \$1,050	\$1,950 - \$2,010
\$700 - \$800	\$1,310 - \$1,415
\$575 - \$600	\$1,165 - \$1,188
\$2,275 - \$2,450	\$4,425 - \$4,615
58.0%	58.0%
19.0% - 20.0%	20.0% - 21.0%
20.5% - 21.5%	20.0% - 21.0%

\* Net Revenue Includes Other Revenue

\*\* Non-Compensation Opex. Ratio = Non-Compensation Expense – Credit Provision & Investment Banking Gross Up / Net Revenue



# STIFEL

## Concluding Remarks

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

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# STIFEL

## Second Quarter 2023 Financial Results Presentation

July 26, 2023

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

## **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 I of the Company’s Annual Report on Form 10-K for the year ended December 31, 2022. 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.

## **Use of Non-GAAP Financial Measures**

The Company prepares its Consolidated Financial Statements using accounting principles generally accepted in the United States (U.S. GAAP). The Company may disclose certain “non-GAAP financial measures” in the course of its earnings releases, earnings conference calls, financial presentations and otherwise. The Securities and Exchange Commission defines a “non-GAAP financial measure” as a numerical measure of historical or future financial performance, financial position, or cash flows that is subject to adjustments that effectively exclude, or include, amounts from the most directly comparable measure calculated and presented in accordance with U.S. GAAP. Non-GAAP financial measures disclosed by the Company are provided as additional information to analysts, investors and other stakeholders in order to provide them with greater transparency about, or an alternative method for assessing the Company’s financial condition or operating results. These measures are not in accordance with, or a substitute for U.S. GAAP, and may be different from or inconsistent with non-GAAP financial measures used by other companies. Whenever the Company refers to a non-GAAP financial measure, it will also define it or present the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP, along with a reconciliation of the differences between the non-GAAP financial measure it references and such comparable U.S. GAAP financial measure.