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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**  
**FORM 10-Q**

(Mark One)

**Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended September 30, 2024

OR

**Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from \_\_\_\_\_ to

Commission File Number: 001-09305

**STIFEL FINANCIAL CORP.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

43-1273600  
(I.R.S. Employer  
Identification No.)

501 North Broadway, St. Louis, Missouri 63102-2188  
(Address of principal executive offices and zip code)

(314) 342-2000  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class/ Trading Symbol	Name of Each Exchange on Which Registered	Shares or principal amount outstanding - November 1, 2024
Common Stock, \$0.15 par value per share (SF)	New York Stock Exchange	102,352,531
Depository Shares, each representing 1/1,000th interest in a share of 6.25% Non-Cumulative		
Preferred Stock, Series B (SF-PB)	New York Stock Exchange	6,400
Depository Shares, each representing 1/1,000th interest in a share of 6.125% Non-Cumulative		
Preferred Stock, Series C (SF-PC)	New York Stock Exchange	9,000
Depository Shares, each representing 1/1,000th interest in a share of 4.50% Non-Cumulative		
Preferred Stock, Series D (SF-PD)	New York Stock Exchange	12,000
5.20% Senior Notes due 2047 (SFB)	New York Stock Exchange	\$ 225,000,000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 ("the Exchange Act") during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

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Form 10-Q  
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**PART I – FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**STIFEL FINANCIAL CORP.**  
**Consolidated Statements of Financial Condition**

	September 30, 2024	December 31, 2023
<i>(in thousands, except share and per share amounts)</i>		
<b>Assets</b>		(Unaudited)
Cash and cash equivalents	\$ 1,915,767	\$ 3,361,801
Cash segregated for regulatory purposes	29,519	162,048
Receivables:		
Brokerage clients, net	916,982	841,507
Brokers, dealers, and clearing organizations	560,984	414,144
Securities purchased under agreements to resell	665,067	349,849
Financial instruments owned, at fair value	1,351,298	918,741
Available-for-sale securities, at fair value	1,618,289	1,551,686
Held-to-maturity securities, at amortized cost	6,613,793	5,888,798
Loans:		
Held for investment, net	20,167,686	19,305,805
Held for sale, at lower of cost or market	465,739	423,999
Investments, at fair value	93,050	91,105
Fixed assets, net	190,636	191,528
Operating lease right-of-use assets, net	812,659	778,216
Goodwill	1,394,091	1,388,243
Intangible assets, net	117,167	133,279
Loans and advances to financial advisors and other employees, net	702,810	683,486
Deferred tax assets, net	156,439	121,522
Other assets	1,162,528	1,121,703
<b>Total assets</b>	<u>\$ 38,934,504</u>	<u>\$ 37,727,460</u>
<b>Liabilities</b>		
Payables:		
Brokerage clients	\$ 668,797	\$ 734,821
Brokers, dealers, and clearing organizations	210,267	231,736
Drafts	134,430	117,688
Securities sold under agreements to repurchase	657,984	417,644
Bank deposits	28,120,518	27,334,579
Financial instruments sold, but not yet purchased, at fair value	768,909	497,741
Accrued compensation	613,133	585,612
Lease liabilities, net	872,369	825,529
Accounts payable and accrued expenses	654,605	512,050
Senior notes	616,412	1,115,629
Debentures to Stifel Financial Capital Trusts	60,000	60,000
<b>Total liabilities</b>	<u>33,377,424</u>	<u>32,433,029</u>
<b>Equity</b>		
Preferred stock - \$1 par value; authorized 3,000,000 shares; issued 27,400 shares	685,000	685,000
Common stock - \$0.15 par value; authorized 194,000,000 shares; issued 111,662,525 and 111,662,321 shares, respectively	16,749	16,749
Additional paid-in-capital	1,872,468	1,905,097
Retained earnings	3,617,476	3,398,610
Accumulated other comprehensive loss	(40,386)	(74,326)
Treasury stock, at cost, 9,349,460 and 10,600,793 shares, respectively	(594,227)	(636,699)
<b>Total equity</b>	<u>5,557,080</u>	<u>5,294,431</u>
<b>Total liabilities and equity</b>	<u>\$ 38,934,504</u>	<u>\$ 37,727,460</u>

See accompanying Notes to Consolidated Financial Statements.

**STIFEL FINANCIAL CORP.**  
**Consolidated Statements of Operations**  
**(Unaudited)**

(in thousands, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Revenues:</b>				
Commissions	\$ 183,445	\$ 165,075	\$ 552,238	\$ 499,983
Principal transactions	137,089	114,841	429,677	336,063
Investment banking	243,182	146,887	690,412	525,591
Asset management	382,616	333,127	1,130,849	968,960
Interest	510,823	505,198	1,515,803	1,439,532
Other income	18,705	459	39,835	(940)
<b>Total revenues</b>	<b>1,475,860</b>	1,265,587	<b>4,358,814</b>	3,769,189
Interest expense	251,192	220,536	753,176	566,624
<b>Net revenues</b>	<b>1,224,668</b>	1,045,051	<b>3,605,638</b>	3,202,565
<b>Non-interest expenses:</b>				
Compensation and benefits	718,065	613,287	2,120,479	1,880,144
Occupancy and equipment rental	89,625	84,396	268,189	251,140
Communications and office supplies	48,869	46,215	144,417	137,320
Commissions and floor brokerage	16,239	14,413	46,389	42,965
Provision for credit losses	5,287	9,992	13,509	22,736
Other operating expenses	129,925	167,319	350,412	367,563
<b>Total non-interest expenses</b>	<b>1,008,010</b>	935,622	<b>2,943,395</b>	2,701,868
Income from operations before income tax expense	216,658	109,429	662,243	500,697
Provision for income taxes	58,153	41,268	174,869	140,645
Net income	158,505	68,161	487,374	360,052
Preferred dividends	9,320	9,321	27,961	27,961
<b>Net income available to common shareholders</b>	<b>\$ 149,185</b>	<b>\$ 58,840</b>	<b>\$ 459,413</b>	<b>\$ 332,091</b>
<b>Earnings per common share:</b>				
Basic	\$ 1.43	\$ 0.55	\$ 4.41	\$ 3.09
Diluted	\$ 1.34	\$ 0.52	\$ 4.16	\$ 2.91
Cash dividends declared per common share	\$ 0.42	\$ 0.36	\$ 1.26	\$ 1.08
<b>Weighted-average number of common shares outstanding:</b>				
Basic	103,966	106,068	104,135	107,580
Diluted	110,994	113,195	110,457	114,170

See accompanying Notes to Consolidated Financial Statements.

**STIFEL FINANCIAL CORP.**  
**Consolidated Statements of Comprehensive Income**  
**(Unaudited)**

<i>(in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	\$ 158,505	\$ 68,161	\$ 487,374	\$ 360,052
Other comprehensive income/(loss), net of tax: <sup>(1)</sup>				
Changes in unrealized gains/(losses) on available-for-sale securities <sup>(2)</sup>	39,411	(26,172)	31,174	(17,113)
Foreign currency translation adjustment	4,984	(3,472)	2,766	914
Total other comprehensive income/(loss), net of tax	<u>44,395</u>	<u>(29,644)</u>	<u>33,940</u>	<u>(16,199)</u>
Comprehensive income	<u><u>\$ 202,900</u></u>	<u><u>\$ 38,517</u></u>	<u><u>\$ 521,314</u></u>	<u><u>\$ 343,853</u></u>

<sup>(1)</sup>Net of a tax expense of \$16.3 million and tax benefit of \$17.9 million for the three months ended September 30, 2024 and 2023, respectively. Net of a tax expense of \$12.2 million and tax benefit of \$6.3 million for the nine months ended September 30, 2024 and 2023, respectively.

<sup>(2)</sup>There were no reclassifications to earnings for the nine months ended September 30, 2024. There were no reclassifications to earnings for the three months ended September 30, 2023. Net of reclassifications to earnings of realized losses of \$5.6 million for the nine months ended September 30, 2023.

*See accompanying Notes to Consolidated Financial Statements.*

**STIFEL FINANCIAL CORP.**  
**Consolidated Statements of Changes in Shareholders' Equity**  
**(Unaudited)**

<i>(in thousands, except per share amounts)</i>	<b>Three Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>Preferred stock, par value \$1.00 per share:</b>		
Balance, beginning of period	\$ 685,000	\$ 685,000
Issuance of preferred stock	—	—
Balance, end of period	685,000	685,000
<b>Common stock, par value \$0.15 per share:</b>		
Balance, beginning of period	16,749	16,749
Issuance of common stock	—	—
Balance, end of period	16,749	16,749
<b>Additional paid-in-capital:</b>		
Balance, beginning of period	1,836,561	1,856,578
Unit amortization, net of forfeitures	38,430	35,862
Distributions under employee plans	(2,610)	(7,016)
Other	87	—
Balance, end of period	1,872,468	1,885,424
<b>Retained earnings:</b>		
Balance, beginning of period	3,521,015	3,286,777
Net income	158,505	68,161
Dividends declared:		
Common	(48,707)	(43,235)
Preferred	(9,320)	(9,321)
Distributions under employee plans	(1,323)	(3,240)
Other	(2,694)	1
Balance, end of period	3,617,476	3,299,143
<b>Accumulated other comprehensive loss:</b>		
Balance, beginning of period	(84,781)	(104,515)
Unrealized gains/(losses) on securities, net of tax	39,411	(26,172)
Foreign currency translation adjustment, net of tax	4,984	(3,472)
Balance, end of period	(40,386)	(134,159)
<b>Treasury stock, at cost:</b>		
Balance, beginning of period	(576,337)	(397,602)
Distributions under employee plans	2,332	6,849
Common stock repurchased	(20,222)	(118,810)
Balance, end of period	(594,227)	(509,563)
<b>Total Shareholders' Equity</b>	<b>\$ 5,557,080</b>	<b>\$ 5,242,594</b>

*See accompanying Notes to Consolidated Financial Statements.*

**STIFEL FINANCIAL CORP.**  
**Consolidated Statements of Changes in Shareholders' Equity (continued)**  
**(Unaudited)**

<i>(in thousands, except per share amounts)</i>	<b>Nine Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>Preferred stock, par value \$1.00 per share:</b>		
Balance, beginning of period	\$ 685,000	\$ 685,000
Issuance of preferred stock	—	—
Balance, end of period	685,000	685,000
<b>Common stock, par value \$0.15 per share:</b>		
Balance, beginning of period	16,749	16,749
Issuance of common stock	—	—
Balance, end of period	16,749	16,749
<b>Additional paid-in-capital:</b>		
Balance, beginning of period	1,905,097	1,928,069
Unit amortization, net of forfeitures	119,399	113,426
Distributions under employee plans	(152,308)	(156,080)
Other	280	9
Balance, end of period	1,872,468	1,885,424
<b>Retained earnings:</b>		
Balance, beginning of period	3,398,610	3,169,095
Net income	487,374	360,052
Dividends declared:		
Common	(146,127)	(130,800)
Preferred	(27,961)	(27,961)
Distributions under employee plans	(92,168)	(73,069)
Other	(2,252)	1,826
Balance, end of period	3,617,476	3,299,143
<b>Accumulated other comprehensive loss:</b>		
Balance, beginning of period	(74,326)	(117,960)
Unrealized gains/(losses) on securities, net of tax	31,174	(17,113)
Foreign currency translation adjustment, net of tax	2,766	914
Balance, end of period	(40,386)	(134,159)
<b>Treasury stock, at cost:</b>		
Balance, beginning of period	(636,699)	(352,482)
Distributions under employee plans	141,001	143,071
Common stock repurchased	(98,529)	(300,152)
Balance, end of period	(594,227)	(509,563)
<b>Total Shareholders' Equity</b>	<b>\$ 5,557,080</b>	<b>\$ 5,242,594</b>

*See accompanying Notes to Consolidated Financial Statements.*

**STIFEL FINANCIAL CORP.**  
**Consolidated Statements of Cash Flows**  
**(Unaudited)**

(in thousands)	Nine Months Ended September 30,	
	2024	2023
<b>Cash Flows From Operating Activities:</b>		
Net income	\$ 487,374	\$ 360,052
Adjustments to reconcile net income to net cash (used in)/provided by operating activities:		
Depreciation and amortization	47,487	43,124
Amortization of loans and advances to financial advisors and other employees	115,803	104,703
Amortization of premium on investment portfolio	6,442	7,444
Provision for credit losses and allowance for loans and advances to financial advisors and other employees	13,509	22,736
Amortization of intangible assets	17,710	13,872
Deferred income taxes	(43,545)	(33,022)
Stock-based compensation	118,447	106,237
Unrealized gains on sale of investments	(311)	(2,290)
Gain on sale of leased aircraft engines	(20,816)	—
Other, net	(2,435)	2,141
Decrease/(increase) in operating assets, net of assets acquired:		
Receivables:		
Brokerage clients	(75,475)	38,711
Brokers, dealers, and clearing organizations	(145,855)	56,477
Securities purchased under agreements to resell	(315,218)	(64,205)
Financial instruments owned, including those pledged	(398,350)	(269,580)
Loans originated as held for sale	(1,531,378)	(614,254)
Proceeds from loans held for sale	1,383,014	626,663
Loans and advances to financial advisors and other employees	(141,509)	(130,665)
Other assets	114,950	(31,913)
Increase/(decrease) in operating liabilities, net of liabilities assumed:		
Payables:		
Brokerage clients	(66,024)	(65,852)
Brokers, dealers, and clearing organizations	(38,031)	60,363
Drafts	16,742	(24,780)
Financial instruments sold, but not yet purchased	236,961	93,131
Other liabilities and accrued expenses	16,363	(74,940)
<b>Net cash (used in)/provided by operating activities</b>	<b>\$ (204,145)</b>	<b>\$ 224,153</b>

*See accompanying Notes to Consolidated Financial Statements.*

**STIFEL FINANCIAL CORP.**  
**Consolidated Statements of Cash Flows (continued)**  
**(Unaudited)**

(in thousands)	Nine Months Ended September 30,	
	2024	2023
<b>Cash Flows From Investing Activities:</b>		
Proceeds from:		
Principal paydowns, calls, maturities, and sales of available-for-sale securities	\$ 206,665	\$ 112,928
Calls and principal paydowns of held-to-maturity securities	1,537,637	89,815
Sale or maturity of investments	5,204	15,694
Sale of leased aircraft engines	44,248	—
(Increase)/decrease in loans held for investment, net	(764,645)	147,629
Payments for:		
Purchase of fixed assets	(56,357)	(39,026)
Purchase of available-for-sale securities	(237,640)	(19,635)
Purchase of held-to-maturity securities	(2,262,874)	—
Purchase of investments	(8,098)	(15,272)
Acquisitions, net of cash received	(8,106)	(113,452)
Net cash (used in)/provided by investing activities	(1,543,966)	178,681
<b>Cash Flows From Financing Activities:</b>		
Payment of contingent consideration	(902)	(6,045)
Increase in securities sold under agreements to repurchase	240,340	196,939
Increase in bank deposits, net	785,939	477,247
Increase in securities loaned	16,562	36,465
Tax payments related to shares withheld for stock-based compensation plans	(104,029)	(83,909)
Repayment of senior notes	(500,000)	—
Repurchase of common stock	(98,529)	(300,152)
Cash dividends on preferred stock	(27,961)	(27,961)
Cash dividends paid to common stock and equity-award holders	(144,638)	(123,582)
Net cash provided by financing activities	166,782	169,002
Effect of exchange rate changes on cash	2,766	914
(Decrease)/increase in cash, cash equivalents, and cash segregated for regulatory purposes	(1,578,563)	572,750
Cash, cash equivalents, and cash segregated for regulatory purposes at beginning of period	3,523,849	2,229,002
Cash, cash equivalents, and cash segregated for regulatory purposes at end of period	\$ 1,945,286	\$ 2,801,752
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	\$ 763,539	\$ 575,121
Cash paid for income taxes, net of refunds	185,354	104,569
<b>Noncash financing activities:</b>		
Unit grants, net of forfeitures	157,748	179,078

The following presents cash, cash equivalents, and cash restricted for regulatory purposes for the periods presented (in thousands):

	September 30, 2024	December 31, 2023
Cash and cash equivalents	\$ 1,915,767	\$ 3,361,801
Cash segregated for regulatory purposes	29,519	162,048
Total cash, cash equivalents, and cash segregated for regulatory purposes	\$ 1,945,286	\$ 3,523,849

*See accompanying Notes to Consolidated Financial Statements.*

**STIFEL FINANCIAL CORP.**  
**Notes to Consolidated Financial Statements**  
**(Unaudited)**

**NOTE 1 – Nature of Operations, Basis of Presentation, and Summary of Significant Accounting Policies**

***Nature of Operations***

Stifel Financial Corp. (the “Company”), through its wholly owned subsidiaries, is principally engaged in retail brokerage; securities trading; investment banking; investment advisory; retail, consumer, and commercial banking; and related financial services. Our major geographic area of concentration is throughout the United States, with a presence in the United Kingdom, Europe, and Canada. Our company’s principal customers are individual investors, corporations, municipalities, and institutions.

***Basis of Presentation***

The consolidated financial statements include Stifel Financial Corp. and its wholly owned subsidiaries, principally Stifel, Nicolaus & Company, Incorporated (“Stifel”), Keefe, Bruyette & Woods, Inc. (“KBW”), Stifel Bancorp, Inc. (“Stifel Bancorp”), Stifel Nicolaus Canada Inc. (“SNC”), and Stifel Nicolaus Europe Limited (“SNEL”). Unless otherwise indicated, the terms “we,” “us,” “our,” or “our company” in this report refer to Stifel Financial Corp. and its wholly owned subsidiaries.

We have prepared the accompanying unaudited consolidated financial statements pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). Pursuant to these rules and regulations, we have omitted certain information and footnote disclosures we normally include in our annual consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles. In management’s opinion, we have made all adjustments (consisting only of normal, recurring adjustments, except as otherwise noted) necessary to fairly present our financial position, results of operations and cash flows. Our interim period operating results do not necessarily indicate the results that may be expected for any other interim period or for the full fiscal year. These financial statements and accompanying notes should be read in conjunction with the consolidated financial statements and the notes thereto in our Annual Report on Form 10-K for the year ended December 31, 2023 on file with the SEC.

Certain amounts from prior periods have been reclassified to conform to the current period’s presentation. The effect of these reclassifications on our company’s previously reported consolidated financial statements was not material.

***Consolidation Policies***

The consolidated financial statements include the accounts of Stifel Financial Corp. and its subsidiaries. All material intercompany balances and transactions have been eliminated in consolidation.

We have investments or interests in other entities for which we must evaluate whether to consolidate by determining whether we have a controlling financial interest or are considered to be the primary beneficiary. Under our current consolidation policy we consolidate those entities where we have the power to direct the activities of the entity that most significantly impact the entity’s economic performance and the obligation to absorb losses of the entity or the rights to receive benefits from the entity that could potentially be significant to the entity.

We determine whether we are the primary beneficiary of a variable interest entity (“VIE”) by performing an analysis of the VIE’s control structure, expected benefits and losses, and expected residual returns. This analysis includes a review of, among other factors, the VIE’s capital structure, contractual terms, which interests create or absorb benefits or losses, variability, related party relationships, and the design of the VIE. We reassess our evaluation of whether an entity is a VIE when certain reconsideration events occur. We reassess our determination of whether we are the primary beneficiary of a VIE on an ongoing basis based on current facts and circumstances. See Note 25 for additional information on VIEs.

**NOTE 2 – New Accounting Pronouncements**

***Recently Adopted Accounting Guidance***

***Fair Value Measurement***

In June 2022, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2022-03, “Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions” (ASU 2022-03), an update to ASC Topic 820 – Fair Value Measurement. The amendments in ASU 2022-03 clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments clarify that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. The amendments require new disclosures related to equity securities subject to contractual sale restrictions, including the fair value of such equity securities, the nature and remaining duration of the corresponding restrictions, and any circumstances that could cause a lapse in the restrictions. The amendments are effective for annual reporting periods beginning after December 15, 2023 (January 1, 2024, for our company), and for the interim periods within those annual reporting periods. The adoption of the accounting update did not have a material impact on our consolidated financial statements.

## Leases

In March 2023, the FASB issued ASU 2023-01, "Leases (Topic 842): Common Control Arrangements," which requires entities to classify and account for leases with related parties on the basis of legally enforceable terms and conditions of the arrangement. The accounting update is effective for interim and annual periods beginning after December 15, 2023 (January 1, 2024, for our company). The adoption of the accounting update did not have a material impact on our consolidated financial statements.

## Segment Reporting

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures," which requires enhanced disclosures for significant expenses by reportable operating segment. Significant expense categories and amounts are those regularly provided to the chief operating decision maker (CODM) and included in the measure of a segment's profit or loss. The updated guidance will also require us to disclose the title and position of our CODM, including an explanation of how our CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources. The accounting update is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. While the adoption of the accounting update will not have a material impact on our consolidated financial statements, we are currently evaluating the impact to our segment disclosures.

## Recently Issued Accounting Guidance

### Income Taxes

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 240): Improvements to Income Tax Disclosures," which requires additional disclosure and disaggregated information in the Income Tax Rate reconciliation using both percentages and reporting currency amounts, with additional qualitative explanations of individually significant reconciling items. The updated guidance also requires disclosure of the amount of income taxes paid (net of refunds received) disaggregated by jurisdictional categories (federal (national), state, and foreign). The accounting update is effective for annual periods beginning after December 15, 2024 (January 1, 2025 for our company), with early adoption permitted. We are currently assessing the updated guidance; however, it is not expected to have a material impact to our consolidated financial statements.

## NOTE 3 – Receivables From and Payables to Brokers, Dealers, and Clearing Organizations

Amounts receivable from brokers, dealers, and clearing organizations at September 30, 2024 and December 31, 2023, included (in thousands):

	September 30, 2024	December 31, 2023
Receivable from clearing organizations	\$ 262,949	\$ 178,991
Deposits paid for securities borrowed	252,037	215,368
Securities failed to deliver	45,998	19,785
	<u>\$ 560,984</u>	<u>\$ 414,144</u>

Amounts payable to brokers, dealers, and clearing organizations at September 30, 2024 and December 31, 2023, included (in thousands):

	September 30, 2024	December 31, 2023
Deposits received from securities loaned	\$ 152,255	\$ 135,693
Securities failed to receive	42,296	91,636
Payable to clearing organizations	15,716	4,407
	<u>\$ 210,267</u>	<u>\$ 231,736</u>

Deposits paid for securities borrowed approximate the market value of the securities. Securities failed to deliver and receive represent the contract value of securities that have not been delivered or received on settlement date.

#### **NOTE 4 – Fair Value Measurements**

We measure certain financial assets and liabilities at fair value on a recurring basis, including financial instruments owned, available-for-sale securities, investments, financial instruments sold, but not yet purchased, and derivatives.

We generally utilize third-party pricing services to value Level 1 and Level 2 available-for-sale investment securities, as well as certain derivatives designated as cash flow hedges. We review the methodologies and assumptions used by the third-party pricing services and evaluate the values provided, principally by comparison with other available market quotes for similar instruments and/or analysis based on internal models using available third-party market data. We may occasionally adjust certain values provided by the third-party pricing service when we believe, as the result of our review, that the adjusted price most appropriately reflects the fair value of the particular security.

Following are descriptions of the valuation methodologies and key inputs used to measure financial assets and liabilities recorded at fair value. The descriptions include an indication of the level of the fair value hierarchy in which the assets or liabilities are classified.

##### *Financial Instruments Owned and Available-For-Sale Securities*

When available, the fair value of financial instruments is based on quoted prices in active markets and reported in Level 1. Level 1 financial instruments include highly liquid instruments with quoted prices, primarily U.S. government securities and corporate equity securities listed in active markets.

If quoted prices are not available for identical instruments, fair values are obtained from pricing services, broker quotes, or other model-based valuation techniques with observable inputs, such as the present value of estimated cash flows, and reported as Level 2. The nature of these financial instruments include instruments for which quoted prices are available but traded less frequently, instruments whose fair value has been derived using a model where inputs to the model are directly observable in the market, or can be derived principally from or corroborated by observable market data, and instruments that are fair valued using other financial instruments, the parameters of which can be directly observed. Level 2 financial instruments include U.S. government agency securities, agency mortgage-backed securities, asset-backed securities, fixed income and equity securities infrequently traded, state and municipal securities, and non-agency mortgage-backed securities and sovereign debt securities, included in other in the table below.

We have identified Level 3 financial instruments to include certain asset-backed securities and syndicated loans, included in other in the table below, with unobservable pricing inputs. Level 3 financial instruments have little to no pricing observability as of the report date. These financial instruments do not have active two-way markets and are measured using management's best estimate of fair value, where the inputs into the determination of fair value require significant management judgment or estimation.

##### *Investments*

Investments carried at fair value primarily include corporate equity securities, auction-rate securities ("ARS"), and private company investments.

Corporate equity securities are primarily valued based on quoted prices in active markets and reported in Level 1. Corporate equity securities that have little to no pricing observability are reported in Level 3.

ARS are primarily valued based upon our expectations of issuer redemptions and using internal discounted cash flow models that utilize unobservable inputs. ARS are reported as Level 3 assets. Private company investments are primarily valued based upon internally developed models. These valuations require significant management judgment due to the absence of quoted market prices, the inherent lack of liquidity, and their long-term nature. Typically, the initial costs of these investments are considered to represent fair market value, as such amounts are negotiated between willing market participants. Private company investments are primarily reported as Level 3 assets.

Investments at fair value include investments in funds, including certain money market funds that are measured at net asset value ("NAV"). The Company uses NAV to measure the fair value of its fund investments when (i) the fund investment does not have a readily determinable fair value and (ii) the NAV of the investment fund is calculated in a manner consistent with the measurement principles of investment company accounting, including measurement of the underlying investments at fair value.

The Company's investments in funds measured at NAV include partnership interests, mutual funds, money market funds, and private equity funds. Private equity funds primarily invest in a broad range of industries worldwide in a variety of situations, including leveraged buyouts, recapitalizations, growth investments and distressed investments. The private equity funds are primarily closed-end funds in which the Company's investments are generally not eligible for redemption. Distributions will be received from these funds as the underlying assets are liquidated or distributed.

The general and limited partnership interests in investment partnerships were primarily valued based upon NAVs received from third-party fund managers. The various partnerships are investment companies, which record their underlying investments at fair value based on fair value policies established by management of the underlying fund. Fair value policies at the underlying fund generally require the funds to utilize pricing/valuation information, including independent appraisals, from third-party sources. However, in some instances, current valuation information for illiquid securities or securities in markets that are not active may not be available from any third-party source or fund management may conclude that the valuations that are available from third-party sources are not reliable. In these instances, fund management may perform model-based analytical valuations that may be used as an input to value these investments.

The table below presents the fair value of our investments in, and unfunded commitments to, funds that are measured at NAV as of September 30, 2024 and December 31, 2023 (*in thousands*):

	September 30, 2024		December 31, 2023	
	Fair value of investments	Unfunded commitments	Fair value of investments	Unfunded commitments
Partnership interests	\$ 26,025	\$ 11,692	\$ 24,261	\$ 14,454
Money market funds	1,768	—	4,706	—
Mutual funds	570	—	3,632	—
Private equity funds	448	1,181	368	1,181
<b>Total</b>	<b>\$ 28,811</b>	<b>\$ 12,873</b>	<b>\$ 32,967</b>	<b>\$ 15,635</b>

*Financial Instruments Sold, But Not Yet Purchased*

Financial instruments sold, but not purchased, recorded at fair value based on quoted prices in active markets and other observable market data include highly liquid instruments with quoted prices, such as U.S. government securities and corporate equity securities listed in active markets, which are reported as Level 1.

If quoted prices are not available, fair values are obtained from pricing services, broker quotes, or other model-based valuation techniques with observable inputs, such as the present value of estimated cash flows, and reported as Level 2. The nature of these financial instruments include instruments for which quoted prices are available but traded less frequently, instruments whose fair value has been derived using a model where inputs to the model are directly observable in the market, or can be derived principally from or corroborated by observable market data, and instruments that are fair valued using other financial instruments, the parameters of which can be directly observed. Level 2 financial instruments include agency mortgage-backed securities not actively traded, fixed income securities, and U.S. government agency securities, sovereign debt, state and municipal securities, and asset-backed securities, included in other in the table below.

We have identified Level 3 financial instruments to include syndicated loans, included in other in the table below. Level 3 financial instruments have little to no pricing observability as of the report date. These financial instruments do not have active two-way markets and are measured using management's best estimate of fair value, where the inputs into the determination of fair value require significant management judgment or estimation.

*Derivatives*

Derivatives are valued using quoted market prices for identical instruments when available or observable inputs from forward and futures yield curves. The valuation models used require market observable inputs, including contractual terms, market prices, yield curves, credit curves, and measures of volatility. We have classified our derivatives as Level 2. The counterparties to most of our company's derivative transactions represent regulated banks, bank holding companies, and derivative clearing houses. Management has determined that the counterparty credit risk associated with its derivative transactions is not significant. Accordingly, the recorded fair values for these transactions have not been adjusted to reflect counterparty credit risk.

Assets and liabilities measured at fair value on a recurring basis as of September 30, 2024, are presented below (in thousands):

	Total	September 30, 2024		
		Level 1	Level 2	Level 3
<b>Financial instruments owned:</b>				
U.S. government securities	\$ 19,662	\$ 19,662	\$ —	\$ —
U.S. government agency securities	198,038	—	198,038	—
Agency mortgage-backed securities	369,513	—	369,513	—
Asset-backed securities	96,290	—	95,155	1,135
Corporate securities:				
Fixed income securities	302,247	—	302,247	—
Equity securities	58,526	56,605	1,921	—
State and municipal securities	244,491	—	244,491	—
Other <sup>(1)</sup>	62,531	—	4,006	58,525
Total financial instruments owned	1,351,298	76,267	1,215,371	59,660
<b>Available-for-sale securities:</b>				
U.S. government agency securities	2,298	—	2,298	—
State and municipal securities	2,351	—	2,351	—
Mortgage-backed securities:				
Agency	925,385	—	925,385	—
Commercial	67,898	—	67,898	—
Non-agency	215	—	215	—
Corporate fixed income securities	486,817	—	486,817	—
Asset-backed securities	133,325	—	133,325	—
Total available-for-sale securities	1,618,289	—	1,618,289	—
<b>Investments:</b>				
Corporate equity securities	25,887	13,795	214	11,878
Auction rate securities	738	—	—	738
Other <sup>(2)</sup>	39,382	35	—	39,347
Investments in funds and partnerships measured at NAV	27,043			
Total investments	93,050	13,830	214	51,963
Cash equivalents measured at NAV	1,768			
Derivative contracts <sup>(3)</sup>	95,327	—	95,327	—
	<b>\$ 3,159,732</b>	<b>\$ 90,097</b>	<b>\$ 2,929,201</b>	<b>\$ 111,623</b>

(1) Includes syndicated loans, non-agency mortgage-backed securities, and sovereign debt.

(2) Primarily includes private company investments.

(3) Included in other assets in the consolidated statements of financial condition.

	Total	September 30, 2024		
		Level 1	Level 2	Level 3
<b>Liabilities:</b>				
<b>Financial instruments sold, but not yet purchased:</b>				
U.S. government securities	\$ 441,703	\$ 441,703	\$ —	\$ —
Agency mortgage-backed securities	114,969	—	114,969	—
Corporate securities:				
Fixed income securities	186,964	—	186,964	—
Equity securities	24,221	24,221	—	—
Other <sup>(4)</sup>	1,052	—	334	718
Total financial instruments sold, but not yet purchased	768,909	465,924	302,267	718
Derivative contracts <sup>(5)</sup>	95,314	—	95,314	—
	<b>\$ 864,223</b>	<b>\$ 465,924</b>	<b>\$ 397,581</b>	<b>\$ 718</b>

(4) Includes syndicated loans, U.S. government agency securities, and sovereign debt.

(5) Included in accounts payable and accrued expenses in the consolidated statements of financial condition.

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2023, are presented below (in thousands):

	Total	Level 1	Level 2	Level 3
<b>Financial instruments owned:</b>				
U.S. government securities	\$ 32,411	\$ 32,411	\$ —	\$ —
U.S. government agency securities	106,634	—	106,634	—
Agency mortgage-backed securities	159,903	—	159,903	—
Asset-backed securities	19,604	—	18,106	1,498
Corporate securities:				
Fixed income securities	237,671	210	237,461	—
Equity securities	52,520	52,158	362	—
State and municipal securities	223,155	—	223,155	—
Other <sup>(1)</sup>	86,843	—	3,879	82,964
Total financial instruments owned	918,741	84,779	749,500	84,462
<b>Available-for-sale securities:</b>				
U.S. government agency securities	2,219	—	2,219	—
State and municipal securities	2,351	—	2,351	—
Mortgage-backed securities:				
Agency	746,170	—	746,170	—
Commercial	66,671	—	66,671	—
Non-agency	261	—	261	—
Corporate fixed income securities	556,161	—	556,161	—
Asset-backed securities	177,853	—	177,853	—
Total available-for-sale securities	1,551,686	—	1,551,686	—
<b>Investments:</b>				
Corporate equity securities	22,406	10,313	215	11,878
Auction rate securities	783	—	—	783
Other <sup>(2)</sup>	39,655	73	115	39,467
Investments in funds and partnerships measured at NAV	28,261			
Total investments	91,105	10,386	330	52,128
Cash equivalents measured at NAV	4,706			
Derivative contracts <sup>(3)</sup>	118,668	—	118,668	—
	<u>\$ 2,684,906</u>	<u>\$ 95,165</u>	<u>\$ 2,420,184</u>	<u>\$ 136,590</u>

(1)Includes syndicated loans, non-agency mortgage-backed securities, and sovereign debt.

(2)Primarily includes private company investments.

(3)Included in other assets in the consolidated statements of financial condition.

	Total	Level 1	Level 2	Level 3
<b>Liabilities:</b>				
<b>Financial instruments sold, but not yet purchased:</b>				
U.S. government securities	\$ 273,653	\$ 273,653	\$ —	\$ —
U.S. government agency securities	4,924	—	4,924	—
Agency mortgage-backed securities	52,664	—	52,664	—
Corporate securities:				
Fixed income securities	138,359	—	138,359	—
Equity securities	21,576	21,576	—	—
Other <sup>(4)</sup>	6,565	—	2,729	3,836
Total financial instruments sold, but not yet purchased	497,741	295,229	198,676	3,836
Derivative contracts <sup>(5)</sup>	118,651	—	118,651	—
	<u>\$ 616,392</u>	<u>\$ 295,229</u>	<u>\$ 317,327</u>	<u>\$ 3,836</u>

(4)Includes syndicated loans, state and municipal securities, and asset-backed securities.

(5)Included in accounts payable and accrued expenses in the consolidated statements of financial condition.

The following table summarizes the changes in fair value associated with Level 3 financial instruments during the three months ended September 30, 2024 (in thousands):

	Three Months Ended September 30, 2024					
	Financial instruments owned			Investments		
	Asset-Backed Securities	Syndicated Loans	Corporate Equity Securities	Auction Rate Securities	Other	
<b>Balance at June 30, 2024</b>	\$ 1,203	\$ 65,713	\$ 11,878	\$ 739	\$ 39,349	
Unrealized gains/(losses)	—	146	—	(1)	(2)	
Realized gains/(losses)	97	(1,460)	—	—	—	
Purchases	—	19,118	—	—	—	
Sales	—	(16,866)	—	—	—	
Redemptions	(165)	(8,126)	—	—	—	
Net change	(68)	(7,188)	—	(1)	(2)	
<b>Balance at September 30, 2024</b>	<b>\$ 1,135</b>	<b>\$ 58,525</b>	<b>\$ 11,878</b>	<b>\$ 738</b>	<b>\$ 39,347</b>	

The following table summarizes the change in fair value associated with Level 3 financial instruments during the nine months ended September 30, 2024 (in thousands):

	Nine Months Ended September 30, 2024					
	Financial instruments owned			Investments		
	Asset-Backed Securities	Syndicated Loans	Corporate Equity Securities	Auction Rate Securities	Other	
<b>Balance at December 31, 2023</b>	<b>\$ 1,498</b>	<b>\$ 82,964</b>	<b>\$ 11,878</b>	<b>\$ 783</b>	<b>\$ 39,467</b>	
Unrealized gains/(losses)	—	1,694	—	(45)	(120)	
Realized gains/(losses)	1,397	(3,252)	—	—	—	
Purchases	—	47,546	—	—	—	
Sales	—	(49,810)	—	—	—	
Redemptions	(1,760)	(20,617)	—	—	—	
Net change	(363)	(24,439)	—	(45)	(120)	
<b>Balance at September 30, 2024</b>	<b>\$ 1,135</b>	<b>\$ 58,525</b>	<b>\$ 11,878</b>	<b>\$ 738</b>	<b>\$ 39,347</b>	

The results included in the tables above are only a component of the overall investment strategies of our company. The tables above do not present Level 1 or Level 2 valued assets or liabilities. The changes in unrealized gains/(losses) recorded in earnings for the three and nine months ended September 30, 2024, relating to Level 3 assets still held at September 30, 2024, were immaterial.

The fair value of certain Level 3 assets was determined using various methodologies, as appropriate, including third-party pricing vendors and broker quotes. These inputs are evaluated for reasonableness through various procedures, including due diligence reviews of third-party pricing vendors, variance analyses, consideration of current market environment, and other analytical procedures.

The fair value for our auction rate securities was determined using an income approach based on an internally developed discounted cash flow model. The discounted cash flow model utilizes two significant unobservable inputs: discount rate and workout period. Significant increases in any of these inputs in isolation would result in a significantly lower fair value. On an ongoing basis, management verifies the fair value by reviewing the appropriateness of the discounted cash flow model and its significant inputs.

*Fair Value of Financial Instruments*

The following reflects the fair value of financial instruments as of September 30, 2024 and December 31, 2023, whether or not recognized in the consolidated statements of financial condition at fair value (*in thousands*).

	September 30, 2024		December 31, 2023	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
<b>Financial assets:</b>				
Cash and cash equivalents	\$ 1,915,767	\$ 1,915,767	\$ 3,361,801	\$ 3,361,801
Cash segregated for regulatory purposes	29,519	29,519	162,048	162,048
Securities purchased under agreements to resell	665,067	665,067	349,849	349,849
Financial instruments owned	1,351,298	1,351,298	918,741	918,741
Available-for-sale securities	1,618,289	1,618,289	1,551,686	1,551,686
Held-to-maturity securities	6,613,793	6,626,453	5,888,798	5,852,176
Bank loans	20,167,686	19,447,489	19,305,805	18,259,923
Loans held for sale	465,739	465,739	423,999	423,999
Investments	93,050	93,050	91,105	91,105
Derivative contracts <sup>(1)</sup>	95,327	95,327	118,668	118,668
<b>Financial liabilities:</b>				
Securities sold under agreements to repurchase	\$ 657,984	\$ 657,984	\$ 417,644	\$ 417,644
Bank deposits	28,120,518	26,182,382	27,334,579	25,326,174
Financial instruments sold, but not yet purchased	768,909	768,909	497,741	497,741
Senior notes	616,412	592,839	1,115,629	1,041,217
Debentures to Stifel Financial Capital Trusts	60,000	55,508	60,000	55,507
Derivative contracts <sup>(2)</sup>	95,314	95,314	118,651	118,651

(1) Included in other assets in the consolidated statements of financial condition.

(2) Included in accounts payable and accrued expenses in the consolidated statements of financial condition.

The following tables present the estimated fair values of financial instruments not measured at fair value on a recurring basis as of September 30, 2024 and December 31, 2023 (*in thousands*):

	September 30, 2024			
	Total	Level 1	Level 2	Level 3
<b>Financial assets:</b>				
Cash	\$ 1,913,999	\$ 1,913,999	\$ —	\$ —
Cash segregated for regulatory purposes	29,519	29,519	—	—
Securities purchased under agreements to resell	665,067	—	665,067	—
Held-to-maturity securities	6,626,453	—	6,555,074	71,379
Bank loans	19,447,489	—	19,447,489	—
Loans held for sale	465,739	—	465,739	—
<b>Financial liabilities:</b>				
Securities sold under agreements to repurchase	\$ 657,984	\$ —	\$ 657,984	\$ —
Bank deposits	26,182,382	—	26,182,382	—
Senior notes	592,839	592,839	—	—
Debentures to Stifel Financial Capital Trusts	55,508	—	—	55,508

	December 31, 2023			
	Total	Level 1	Level 2	Level 3
<b>Financial assets:</b>				
Cash	\$ 3,357,095	\$ 3,357,095	\$ —	\$ —
Cash segregated for regulatory purposes	162,048	162,048	—	—
Securities purchased under agreements to resell	349,849	—	349,849	—
Held-to-maturity securities	5,852,176	—	5,758,130	94,046
Bank loans	18,259,923	—	18,259,923	—
Loans held for sale	423,999	—	423,999	—
<b>Financial liabilities:</b>				
Securities sold under agreements to repurchase	\$ 417,644	\$ —	\$ 417,644	\$ —
Bank deposits	25,326,174	—	25,326,174	—
Senior notes	1,041,217	1,041,217	—	—
Debentures to Stifel Financial Capital Trusts	55,507	—	—	55,507

The following, as supplemented by the discussion above, describes the valuation techniques used in estimating the fair value of our financial instruments as of September 30, 2024 and December 31, 2023.

## Financial Assets

### *Securities Purchased Under Agreements to Resell*

Securities purchased under agreements to resell are collateralized financing transactions that are recorded at their contractual amounts plus accrued interest. The carrying values at September 30, 2024 and December 31, 2023 approximate fair value due to their short-term nature.

### *Held-to-Maturity Securities*

Securities held to maturity are recorded at amortized cost based on our company's positive intent and ability to hold these securities to maturity. Securities held to maturity include asset-backed securities, consisting of collateralized loan obligation securities and student loan ARS. The estimated fair value, included in the above table, is determined using several factors; however, primary weight is given to discounted cash flow modeling techniques that incorporated an estimated discount rate based upon recent observable debt security issuances with similar characteristics.

### *Bank Loans*

The fair values of mortgage loans and commercial loans were estimated using a discounted cash flow method, a form of the income approach. Discount rates were determined considering rates at which similar portfolios of loans, with similar remaining maturities, would be made and considering liquidity spreads applicable to each loan portfolio based on the secondary market.

### *Loans Held for Sale*

Loans held for sale consist of fixed-rate and adjustable-rate residential real estate mortgage loans intended for sale. Loans held for sale are stated at lower of cost or market value. Market value is determined based on prevailing market prices for loans with similar characteristics or on sale contract prices.

## Financial Liabilities

### *Securities Sold Under Agreements to Repurchase*

Securities sold under agreements to repurchase are collateralized financing transactions that are recorded at their contractual amounts plus accrued interest. The carrying values at September 30, 2024 and December 31, 2023 approximate fair value due to the short-term nature.

### *Bank Deposits*

The fair value of interest-bearing deposits, including certificates of deposits, demand deposits, savings, and checking accounts, was calculated by discounting the future cash flows using discount rates based on the replacement cost of funding of similar structures and terms.

### *Senior Notes*

The fair value of our senior notes is estimated based upon quoted market prices.

**Debentures to Stifel Financial Capital Trusts**

The fair value of our trust preferred securities is based on the discounted value of contractual cash flows. We have assumed a discount rate based on similar type debt instruments.

These fair value disclosures represent our best estimates based on relevant market information and information about the financial instruments. Fair value estimates are based on judgments regarding future expected losses, current economic conditions, risk characteristics of the various instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in the above methodologies and assumptions could significantly affect the estimates.

**NOTE 5 – Financial Instruments Owned and Financial Instruments Sold, But Not Yet Purchased**

The components of financial instruments owned and financial instruments sold, but not yet purchased, at September 30, 2024 and December 31, 2023 are as follows (*in thousands*):

	September 30, 2024	December 31, 2023
<b>Financial instruments owned:</b>		
U.S. government securities	\$ 19,662	\$ 32,411
U.S. government agency securities	198,038	106,634
Agency mortgage-backed securities	369,513	159,903
Asset-backed securities	96,290	19,604
Corporate securities:		
Fixed income securities	302,247	237,671
Equity securities	58,526	52,520
State and municipal securities	244,491	223,155
Other <sup>(1)</sup>	62,531	86,843
	<u>\$ 1,351,298</u>	<u>\$ 918,741</u>
<b>Financial instruments sold, but not yet purchased:</b>		
U.S. government securities	\$ 441,703	\$ 273,653
Agency mortgage-backed securities	114,969	52,664
Corporate securities:		
Fixed income securities	186,964	138,359
Equity securities	24,221	21,576
Other <sup>(2)</sup>	1,052	11,489
	<u>\$ 768,909</u>	<u>\$ 497,741</u>

<sup>(1)</sup> Includes syndicated loans, non-agency mortgage-backed securities, and sovereign debt.

<sup>(2)</sup> Includes syndicated loans, U.S. government agency securities, sovereign debt, state and municipal securities, and asset-backed securities.

At September 30, 2024 and December 31, 2023, financial instruments owned in the amount of \$563.1 million and \$303.2 million, respectively, were pledged as collateral for our repurchase agreements and short-term borrowings. Our financial instruments owned are presented on a trade-date basis in the consolidated statements of financial condition.

Financial instruments sold, but not yet purchased, represent obligations of our company to deliver the specified security at the contracted price, thereby creating a liability to purchase the security in the market at prevailing prices in future periods. We are obligated to acquire the securities sold short at prevailing market prices in future periods, which may exceed the amount reflected in the consolidated statements of financial condition.

**NOTE 6 – Available-for-Sale and Held-to-Maturity Securities**

The following tables provide a summary of the amortized cost and fair values of the available-for-sale securities and held-to-maturity securities at September 30, 2024 and December 31, 2023 (in thousands):

	September 30, 2024				
	Amortized Cost	Gross Unrealized Gains <sup>(1)</sup>	Gross Unrealized Losses <sup>(1)</sup>	Fair Value	
<b>Available-for-sale securities</b>					
U.S. government agency securities	\$ 2,399	\$ 10	\$ (111)	\$ 2,298	
State and municipal securities	2,350	1	—	2,351	
Mortgage-backed securities:					
Agency	1,017,358	1,202	(93,175)	925,385	
Commercial	69,659	—	(1,761)	67,898	
Non-agency	224	—	(9)	215	
Corporate fixed income securities	526,303	—	(39,486)	486,817	
Asset-backed securities	134,111	74	(860)	133,325	
	<u>\$ 1,752,404</u>	<u>\$ 1,287</u>	<u>\$ (135,402)</u>	<u>\$ 1,618,289</u>	
<b>Held-to-maturity securities <sup>(2)</sup></b>					
Asset-backed securities	\$ 6,613,793	\$ 17,893	\$ (5,233)	\$ 6,626,453	
	December 31, 2023				
	Amortized Cost	Gross Unrealized Gains <sup>(1)</sup>	Gross Unrealized Losses <sup>(1)</sup>	Fair Value	
<b>Available-for-sale securities</b>					
U.S. government agency securities	\$ 2,376	\$ 5	\$ (162)	\$ 2,219	
State and municipal securities	2,350	1	—	2,351	
Mortgage-backed securities:					
Agency	855,456	—	(109,286)	746,170	
Commercial	70,326	—	(3,655)	66,671	
Non-agency	274	—	(13)	261	
Corporate fixed income securities	615,131	—	(58,970)	556,161	
Asset-backed securities	181,717	—	(3,864)	177,853	
	<u>\$ 1,727,630</u>	<u>\$ 6</u>	<u>\$ (175,950)</u>	<u>\$ 1,551,686</u>	
<b>Held-to-maturity securities <sup>(2)</sup></b>					
Asset-backed securities	\$ 5,888,798	\$ 6,387	\$ (43,009)	\$ 5,852,176	

(1)Unrealized gains/(losses) related to available-for-sale securities are reported in accumulated other comprehensive loss.

(2)Held-to-maturity securities are carried in the consolidated statements of financial condition at amortized cost, and the changes in the value of these securities, other than impairment charges, are not reported on the consolidated financial statements.

We are required to evaluate our available-for-sale and held-to-maturity debt securities for any expected losses with recognition of an allowance for credit losses, when applicable. At September 30, 2024, we did not have an allowance for credit losses recorded on our investment portfolio.

Accrued interest receivable for our investment portfolio at September 30, 2024 and December 31, 2023 was \$99.1 million and \$95.7 million, respectively, and is reported in other assets in the consolidated statements of financial condition. We do not include reserves for interest receivable in the measurement of the allowance for credit losses.

There were no sales of available-for-sale securities during the three and nine months ended September 30, 2024. There were no sales of available-for-sale securities during the three months ended September 30, 2023. During the nine months ended September 30, 2023, we received proceeds of \$2.4 million from the sale of available-for-sale securities, which resulted in a realized loss of \$7.6 million.

The table below summarizes the amortized cost and fair values of our securities by contractual maturity at September 30, 2024 and December 31, 2023 (in thousands). Expected maturities may differ significantly from contractual maturities, as issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	September 30, 2024		December 31, 2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
<b>Available-for-sale securities</b>				
Within one year	\$ 85,543	\$ 84,944	\$ 105,389	\$ 104,113
After one year through three years	128,649	123,743	184,975	174,827
After three years through five years	26,268	24,226	38,462	34,316
After five years through ten years	400,645	364,789	448,931	398,624
After ten years	1,111,299	1,020,587	949,873	839,806
	<b>\$ 1,752,404</b>	<b>\$ 1,618,289</b>	<b>\$ 1,727,630</b>	<b>\$ 1,551,686</b>
<b>Held-to-maturity securities</b>				
After three years through five years	26,584	26,598	—	—
After five years through ten years	2,916,495	2,922,027	2,754,817	2,740,154
After ten years	3,670,714	3,677,828	3,133,981	3,112,022
	<b>\$ 6,613,793</b>	<b>\$ 6,626,453</b>	<b>\$ 5,888,798</b>	<b>\$ 5,852,176</b>

The maturities of our available-for-sale (fair value) and held-to-maturity (amortized cost) securities at September 30, 2024, are as follows (in thousands):

	Within 1 Year	1-5 Years	5-10 Years	After 10 Years	Total
<b>Available-for-sale securities <sup>(1)</sup></b>					
U.S. government agency securities	\$ —	\$ 2,298	\$ —	\$ —	\$ 2,298
State and municipal securities	—	2,351	—	—	2,351
Mortgage-backed securities:					
Agency	—	224	80,761	844,400	925,385
Commercial	—	—	—	67,898	67,898
Non-agency	—	—	215	—	215
Corporate fixed income securities	84,944	143,096	258,777	—	486,817
Asset-backed securities	—	—	25,036	108,289	133,325
	<b>\$ 84,944</b>	<b>\$ 147,969</b>	<b>\$ 364,789</b>	<b>\$ 1,020,587</b>	<b>\$ 1,618,289</b>
<b>Held-to-maturity securities</b>					
Asset-backed securities	\$ —	\$ 26,584	\$ 2,916,495	\$ 3,670,714	\$ 6,613,793

(1) Due to the immaterial amount of income recognized on tax-exempt securities, yields were not calculated on a tax-equivalent basis.

At September 30, 2024 and December 31, 2023, securities of \$897.5 million and \$746.4 million, respectively, were pledged at the Federal Home Loan Bank as collateral for borrowings and letters of credit obtained to secure public deposits. At September 30, 2024 and December 31, 2023, securities of \$1.8 billion and \$1.3 billion, respectively, were pledged with the Federal Reserve discount window.

The following table shows the gross unrealized losses and fair value of the Company's investment securities with unrealized losses, aggregated by investment category and length of time the individual investment securities have been in continuous unrealized loss positions, at September 30, 2024 (in thousands):

	Less than 12 months		12 months or more		Total	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
<b>Available-for-sale securities</b>						
U.S. government agency securities	\$ —	\$ —	\$ (111)	\$ 1,839	\$ (111)	\$ 1,839
Mortgage-backed securities:						
Agency	(281)	12,388	(92,894)	682,765	(93,175)	695,153
Commercial	—	—	(1,761)	67,898	(1,761)	67,898
Non-agency	—	—	(9)	215	(9)	215
Corporate fixed income securities	—	—	(39,486)	486,817	(39,486)	486,817
Asset-backed securities	(17)	8,250	(843)	93,001	(860)	101,251
	<b>\$ (298)</b>	<b>\$ 20,638</b>	<b>\$ (135,104)</b>	<b>\$ 1,332,535</b>	<b>\$ (135,402)</b>	<b>\$ 1,353,173</b>

At September 30, 2024, the amortized cost of 243 securities classified as available for sale exceeded their fair value by \$135.4 million, of which \$135.1 million related to investment securities that had been in a loss position for 12 months or longer. The total fair value of these investments at September 30, 2024, was \$1.4 billion, which was 83.6% of our available-for-sale portfolio.

#### Credit Quality Indicators

The Company uses Moody credit ratings as the primary credit quality indicator for its held-to-maturity debt securities. Each security is evaluated at least quarterly. The indicators represent the rating for debt securities, as of the date presented, based on the most recent assessment performed. The following table shows the amortized cost of our held-to-maturity securities by credit quality indicator at September 30, 2024 (in thousands):

	AAA	AA	C	NR	Total
<b>Held-to-maturity securities</b>					
Asset-backed securities	\$ 2,697,543	\$ 3,871,408	\$ 842	\$ 44,000	\$ 6,613,793

#### NOTE 7 – Bank Loans

Our loan portfolio consists primarily of the following segments:

**Real Estate.** Real estate loans include residential real estate non-conforming loans, residential real estate conforming loans, commercial real estate, and home equity lines of credit. The allowance methodology related to real estate loans considers several factors, including, but not limited to, loan-to-value ratio, FICO score, home price index, delinquency status, credit limits, and utilization rates.

**Commercial and industrial (C&I).** C&I loans primarily include commercial and industrial lending used for general corporate purposes, working capital and liquidity, and "event-driven." "Event-driven" loans support client merger, acquisition or recapitalization activities. C&I lending is structured as revolving lines of credit, letter of credit facilities, term loans and bridge loans. Risk factors considered in determining the allowance for corporate loans include the borrower's financial strength, seniority of the loan, collateral type, leverage, volatility of collateral value, debt cushion, and covenants.

**Fund banking.** Fund banking loans primarily include capital call lines of credit, also known as subscription lines of credit. These credit facilities are used by closed-end private investment funds ("Fund") that have raised capital commitments from limited partners to effectively manage the Fund's cash and bridge timing between the Fund's investments and capital calls. The lines of credit are collateralized by a pledge of the limited partner's contractually callable capital and the general partner's right to call such capital as permitted in the Fund's partnership agreement.

**Securities-based loans.** Securities-based loans allow clients to borrow money against the value of qualifying securities for any suitable purpose other than purchasing, trading, or carrying securities or refinancing margin debt. The majority of consumer loans are structured as revolving lines of credit and letter of credit facilities and are primarily offered through Stifel's Pledged Asset ("SPA") program. The allowance methodology for securities-based lending considers the collateral type underlying the loan, including the liquidity and trading volume of the collateral, position concentration and other borrower specific factors such as personal guarantees.

**Construction and land.** Short-term loans used to finance the development of commercial real estate projects.

**Other.** Other loans include consumer and credit card lending.

The following table presents the balance and associated percentage of each major loan category in our bank loan portfolio at September 30, 2024 and December 31, 2023 (in thousands, except percentages):

	September 30, 2024		December 31, 2023	
	Balance	Percent	Balance	Percent
Residential real estate	\$ 8,406,932	41.3%	\$ 8,047,647	41.4%
Commercial and industrial	3,896,824	19.1	3,566,987	18.3
Fund banking	3,762,960	18.5	3,633,126	18.7
Securities-based loans	2,273,246	11.2	2,306,455	11.9
Construction and land	1,219,787	6.0	1,034,370	5.3
Commercial real estate	565,686	2.8	660,631	3.4
Home equity lines of credit	170,732	0.8	136,270	0.7
Other	53,414	0.3	55,981	0.3
<b>Gross bank loans</b>	<b>20,349,581</b>	<b>100.0%</b>	<b>19,441,467</b>	<b>100.0%</b>
Loans in process/(unapplied loan payments), net	(38,825)		1,108	
Unamortized loan fees, net	(5,720)		(8,478)	
Allowance for loan losses	(137,350)		(128,292)	
<b>Loans held for investment, net</b>	<b>\$ 20,167,686</b>		<b>\$ 19,305,805</b>	

At September 30, 2024 and December 31, 2023, Stifel Bancorp had loans outstanding to its executive officers and directors and executive officers and directors of certain affiliated entities in the amount of \$41.8 million and \$46.0 million, respectively.

At September 30, 2024 and December 31, 2023, we had loans held for sale of \$465.7 million and \$424.0 million, respectively. For the three months ended September 30, 2024 and 2023, we recognized losses, included in other income in the accompanying consolidated statements of operations, of \$0.1 million and \$0.2 million, respectively, from the sale of originated loans, net of fees and costs. For the nine months ended September 30, 2024 and 2023, we recognized losses, included in other income in the accompanying consolidated statements of operations, of \$3.0 million and \$2.8 million, respectively, from the sale of originated loans, net of fees and costs.

At September 30, 2024 and December 31, 2023, loans, primarily consisting of residential and commercial real estate loans of \$7.8 billion and \$7.4 billion, respectively, were pledged at the Federal Home Loan Bank as collateral for borrowings. At September 30, 2024, loans of \$2.3 billion were pledged with the Federal Reserve discount window.

Accrued interest receivable for loans and loans held for sale at September 30, 2024 and December 21, 2023 was \$100.9 million and \$94.0 million, respectively, and is reported in other assets on the consolidated statement of financial condition.

The following tables detail activity in the allowance for loan losses by portfolio segment for the three and nine months ended September 30, 2024 (*in thousands*).

	Three Months Ended September 30, 2024				
	Beginning Balance	Provision	Charge-offs	Recoveries	Ending Balance
Commercial and industrial	\$ 76,354	\$ 10,321	\$ (6,813)	\$ —	\$ 79,862
Construction and land	16,379	3,396	—	—	19,775
Commercial real estate	15,312	(2,997)	—	—	12,315
Fund banking	12,179	(1,642)	—	—	10,537
Residential real estate	11,242	28	—	—	11,270
Securities-based loans	2,813	40	—	—	2,853
Home equity lines of credit	362	(143)	—	—	219
Other	473	205	(159)	—	519
	<b>\$ 135,114</b>	<b>\$ 9,208</b>	<b>\$ (6,972)</b>	<b>\$ —</b>	<b>\$ 137,350</b>

	Nine Months Ended September 30, 2024				
	Beginning Balance	Provision	Charge-offs	Recoveries	Ending Balance
Commercial and industrial	\$ 67,077	\$ 22,476	\$ (10,624)	\$ 933	\$ 79,862
Construction and land	11,817	7,958	—	—	19,775
Commercial real estate	21,386	(7,381)	(1,690)	—	12,315
Fund banking	10,173	364	—	—	10,537
Residential real estate	13,855	(2,585)	—	—	11,270
Securities-based loans	3,035	(182)	—	—	2,853
Home equity lines of credit	371	(152)	—	—	219
Other	578	100	(159)	—	519
	<b>\$ 128,292</b>	<b>\$ 20,598</b>	<b>\$ (12,473)</b>	<b>\$ 933</b>	<b>\$ 137,350</b>

During the three months ended September 30, 2024, we recorded \$5.3 million of net credit loss reserves, including \$9.2 million of the reserve for credit losses for funded loans, partially offset by a release of \$3.9 million of the allowance for unfunded lending commitments. During the nine months ended September 30, 2024, we recorded \$13.5 million of net credit loss reserves, including \$20.6 million of the reserve for credit losses for funded loans and \$0.3 million related to employee retention awards, partially offset by a release of \$7.4 million of the allowance for unfunded lending commitments. During the three months ended September 30, 2023, we recorded \$10.0 million of net credit loss reserves, including \$13.4 million of the reserve for credit losses for funded loans, partially offset by a release of \$3.4 million of the allowance for unfunded lending commitments. During the nine months ended September 30, 2023, we recorded \$22.7 million of net credit loss reserves, including \$24.9 million of the reserve for credit losses for funded loans, partially offset by a release of \$2.2 million of the allowance for unfunded lending commitments. The provision for unfunded lending agreements is included in the provision for credit losses on the consolidated statement of operations. The expected credit losses for unfunded lending commitments, including standby letters of credit and binding unfunded loan commitments, are reported on the consolidated statement of financial condition in accounts payable and accrued expenses.

The following tables detail activity in the allowance for loan losses by portfolio segment for the three and nine months ended September 30, 2023 (in thousands).

	Three Months Ended September 30, 2023					
	Beginning Balance	Provision	Charge-offs	Recoveries	Ending Balance	
Commercial and industrial	\$ 66,377	\$ 8,584	\$ (302)	\$ —	\$ 74,659	
Commercial real estate	13,429	6,437	—	—	19,866	
Residential real estate	14,413	194	—	—	14,607	
Fund banking	12,178	(660)	—	—	11,518	
Construction and land	12,645	(1,145)	—	—	11,500	
Securities-based loans	3,086	(68)	—	—	3,018	
Home equity lines of credit	168	27	—	—	195	
Other	385	49	—	—	434	
	<b>\$ 122,681</b>	<b>\$ 13,418</b>	<b>\$ (302)</b>	<b>\$ —</b>	<b>\$ 135,797</b>	

  

	Nine Months Ended September 30, 2023					
	Beginning Balance	Provision	Charge-offs	Recoveries	Ending Balance	
Commercial and industrial	\$ 54,143	\$ 21,283	\$ (920)	\$ 153	\$ 74,659	
Commercial real estate	12,897	6,969	—	—	19,866	
Residential real estate	20,441	(5,834)	—	—	14,607	
Fund banking	11,711	(193)	—	—	11,518	
Construction and land	8,568	2,932	—	—	11,500	
Securities-based loans	3,157	(139)	—	—	3,018	
Home equity lines of credit	364	(169)	—	—	195	
Other	372	62	—	—	434	
	<b>\$ 111,653</b>	<b>\$ 24,911</b>	<b>\$ (920)</b>	<b>\$ 153</b>	<b>\$ 135,797</b>	

The following tables present the aging of the recorded investment in past due loans at September 30, 2024 and December 31, 2023 by portfolio segment (in thousands):

	As of September 30, 2024						
	30 – 89 Days Past Due	90 or More Days Past Due	Total Past Due	Current Balance	Total		
Residential real estate	\$ 12,597	\$ 3,226	\$ 15,823	\$ 8,391,109	\$ 8,406,932		
Commercial and industrial	60,901	—	60,901	3,835,923	3,896,824		
Fund banking	—	—	—	3,762,960	3,762,960		
Securities-based loans	—	850	850	2,272,396	2,273,246		
Construction and land	—	—	—	1,219,787	1,219,787		
Commercial real estate	—	—	—	565,686	565,686		
Home equity lines of credit	305	568	873	169,859	170,732		
Other	58	51	109	53,305	53,414		
<b>Total</b>	<b>\$ 73,861</b>	<b>\$ 4,695</b>	<b>\$ 78,556</b>	<b>\$ 20,271,025</b>	<b>\$ 20,349,581</b>		

	As of September 30, 2024*			
	Nonaccrual	Nonperforming loans with no allowance	Total	
Commercial and industrial	\$ 43,742	\$ 13,833	\$ 57,575	
Construction and land	48,349	—	48,349	
Commercial real estate	34,813	—	34,813	
Residential real estate	1,251	1,705	2,956	
Home equity lines of credit	378	—	378	
Other	51	—	51	
<b>Total</b>	<b>\$ 128,584</b>	<b>\$ 15,538</b>	<b>\$ 144,122</b>	

\* There were no loans past due 90 days and still accruing interest at September 30, 2024.

	As of December 31, 2023					
	30 – 89 Days Past Due	90 or More Days Past Due	Total Past Due	Current Balance	Total	
Residential real estate	\$ 15,312	\$ 3,945	\$ 19,257	\$ 8,028,390	\$ 8,047,647	
Fund banking	—	—	—	3,633,126	3,633,126	
Commercial and industrial	—	2,022	2,022	3,564,965	3,566,987	
Securities-based loans	—	3	3	2,306,452	2,306,455	
Construction and land	—	—	—	1,034,370	1,034,370	
Commercial real estate	—	—	—	660,631	660,631	
Home equity lines of credit	570	87	657	135,613	136,270	
Other	45	59	104	55,877	55,981	
<b>Total</b>	<b>\$ 15,927</b>	<b>\$ 6,116</b>	<b>\$ 22,043</b>	<b>\$ 19,419,424</b>	<b>\$ 19,441,467</b>	

	As of December 31, 2023*			
	Nonaccrual	Nonperforming loans with no allowance	Total	
Commercial real estate	\$ 39,195	\$ —	\$ 39,195	
Residential real estate	3,090	1,000	4,090	
Commercial and industrial	—	2,022	2,022	
Securities-based loans	—	3	3	
Home equity lines of credit	22	65	87	
Other	59	—	59	
<b>Total</b>	<b>\$ 42,366</b>	<b>\$ 3,090</b>	<b>\$ 45,456</b>	

\* There were no loans past due 90 days and still accruing interest at December 31, 2023.

In the normal course of business, we may modify the original terms of a loan agreement. In certain circumstances, we may agree to modify the original terms of a loan agreement to a borrower experiencing financial difficulty, which may include a borrower in default, financial distress, bankruptcy or other circumstances. Modifications of loans to borrowers experiencing financial difficulty are designed to reduce our loss exposure while providing borrowers with an opportunity to work through financial difficulties, often to avoid foreclosure or bankruptcy. Loan modifications to borrowers experiencing financial difficulty typically involve principal forgiveness, an

interest rate reduction, an other-than-insignificant payment delay (i.e., payment or maturity forbearance greater than six months), or a term extension, or any combination thereof. Modified loans to borrowers experiencing financial difficulty are subject to our nonaccrual policies. Loans to borrowers experiencing financial difficulty which were modified during the three and nine months ended September 30, 2024 and 2023 were not significant.

The gross interest income related to impaired loans, which would have been recorded, had these loans been current in accordance with their original terms, and the interest income recognized on these loans during the three and nine months ended September 30, 2024 and 2023, were insignificant to the consolidated financial statements.

#### Credit quality indicators

As of September 30, 2024, bank loans were primarily extended to non-investment grade borrowers. Substantially all of these loans align with the U.S. Federal bank regulatory agencies' definition of Pass. Loans meet the definition of Pass when they are performing and do not demonstrate adverse characteristics that are likely to result in a credit loss. A loan is determined to be impaired when principal or interest becomes 90 days past due or when collection becomes uncertain. At the time a loan is determined to be impaired, the accrual of interest and amortization of deferred loan origination fees is discontinued ("nonaccrual status"), and any accrued and unpaid interest income is reversed.

We closely monitor economic conditions and loan performance trends to manage and evaluate our exposure to credit risk. Trends in delinquency ratios are an indicator, among other considerations, of credit risk within our loan portfolio. The level of nonperforming assets represents another indicator of the potential for future credit losses. Accordingly, key metrics we track and use in evaluating the credit quality of our loan portfolio include delinquency and nonperforming asset rates, as well as charge-off rates and our internal risk ratings of the loan portfolio. In general, we are a secured lender. At September 30, 2024 and December 31, 2023, 96.8% and 97.0% of our loan portfolio was collateralized, respectively. Collateral is required in accordance with the normal credit evaluation process based upon the creditworthiness of the customer and the credit risk associated with the particular transaction. The Company uses the following definitions for risk ratings:

**Pass.** A credit exposure rated pass has a continued expectation of timely repayment, all obligations of the borrower are current, and the obligor complies with material terms and conditions of the lending agreement.

**Special Mention.** Extensions of credit that have potential weakness that deserve management's close attention, and if left uncorrected may, at some future date, result in the deterioration of the repayment prospects or collateral position.

**Substandard.** Obligor has a well-defined weakness that jeopardizes the repayment of the debt and has a high probability of payment default with the distinct possibility that the Company will sustain some loss if noted deficiencies are not corrected.

**Doubtful.** Inherent weakness in the exposure makes the collection or repayment in full, based on existing facts, conditions and circumstances, highly improbable, and the amount of loss is uncertain.

Substandard loans are regularly reviewed for impairment. Doubtful loans are considered impaired. When a loan is impaired the impairment is measured based on the present value of expected future cash flows discounted at the loan's effective interest rate, or as a practical expedient, the observable market price of the loan or the fair value of the collateral if the loan is collateral dependent.

Based on the most recent analysis performed, the risk category of our loan portfolio was as follows (*in thousands*):

	As of September 30, 2024				
	Pass	Special Mention	Substandard	Doubtful	Total
Residential real estate	\$ 8,401,700	\$ 2,006	\$ 3,226	\$ —	\$ 8,406,932
Commercial and industrial	3,526,625	140,345	185,342	44,512	3,896,824
Fund banking	3,762,960	—	—	—	3,762,960
Securities-based loans	2,273,246	—	—	—	2,273,246
Construction and land	1,171,438	—	—	48,349	1,219,787
Commercial real estate	462,443	11,980	56,450	34,813	565,686
Home equity lines of credit	170,070	94	568	—	170,732
Other	53,338	76	—	—	53,414
<b>Total</b>	<b>\$ 19,821,820</b>	<b>\$ 154,501</b>	<b>\$ 245,586</b>	<b>\$ 127,674</b>	<b>\$ 20,349,581</b>

As of December 31, 2023

	Pass	Special Mention	Substandard	Doubtful	Total
Residential real estate	\$ 8,042,246	\$ 1,456	\$ 3,945	\$ —	\$ 8,047,647
Fund banking	3,633,126	—	—	—	3,633,126
Commercial and industrial	3,294,891	89,302	180,772	2,022	3,566,987
Securities-based loans	2,306,452	—	—	3	2,306,455
Construction and land	963,083	71,287	—	—	1,034,370
Commercial real estate	512,171	49,264	99,196	—	660,631
Home equity lines of credit	135,806	377	87	—	136,270
Other	55,922	—	—	59	55,981
<b>Total</b>	<b>\$ 18,943,697</b>	<b>\$ 211,686</b>	<b>\$ 284,000</b>	<b>\$ 2,084</b>	<b>\$ 19,441,467</b>

**Term Loans Amortized Cost Basis by Origination Year – September 30, 2024**

	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost Basis	Total
<b>Residential real estate:</b>								
Pass	\$ 872,201	\$ 1,105,958	\$ 2,505,122	\$ 2,192,501	\$ 859,573	\$ 866,345	\$ —	\$ 8,401,700
Special Mention	—	—	574	1,432	—	—	—	2,006
Substandard	—	—	2,355	88	—	783	—	3,226
Doubtful	—	—	—	—	—	—	—	—
	<b>\$ 872,201</b>	<b>\$ 1,105,958</b>	<b>\$ 2,508,051</b>	<b>\$ 2,194,021</b>	<b>\$ 859,573</b>	<b>\$ 867,128</b>	<b>\$ —</b>	<b>\$ 8,406,932</b>
<b>Commercial and industrial:</b>								
Pass	\$ 646,852	\$ 585,845	\$ 799,469	\$ 652,190	\$ 65,669	\$ 123,823	\$ 652,777	\$ 3,526,625
Special Mention	1,421	10,148	29,331	27,867	14,258	—	57,320	140,345
Substandard	—	—	55,406	49,249	—	—	80,687	185,342
Doubtful	—	—	5,132	27,190	—	3,254	8,936	44,512
	<b>\$ 648,273</b>	<b>\$ 595,993</b>	<b>\$ 889,338</b>	<b>\$ 756,496</b>	<b>\$ 79,927</b>	<b>\$ 127,077</b>	<b>\$ 799,720</b>	<b>\$ 3,896,824</b>
<b>Fund banking:</b>								
Pass	\$ 1,200	\$ 790	\$ 41,544	\$ —	\$ 334	\$ —	\$ 3,719,092	\$ 3,762,960
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
	<b>\$ 1,200</b>	<b>\$ 790</b>	<b>\$ 41,544</b>	<b>\$ —</b>	<b>\$ 334</b>	<b>\$ —</b>	<b>\$ 3,719,092</b>	<b>\$ 3,762,960</b>
<b>Securities-based loans:</b>								
Pass	\$ 8,115	\$ 14,491	\$ 2,147	\$ 2,123	\$ 51,807	\$ 36,572	\$ 2,157,991	\$ 2,273,246
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
	<b>\$ 8,115</b>	<b>\$ 14,491</b>	<b>\$ 2,147</b>	<b>\$ 2,123</b>	<b>\$ 51,807</b>	<b>\$ 36,572</b>	<b>\$ 2,157,991</b>	<b>\$ 2,273,246</b>
<b>Construction and land:</b>								
Pass	\$ 4,224	\$ 208,373	\$ 596,763	\$ 197,077	\$ 151,861	\$ 13,140	\$ —	\$ 1,171,438
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	48,349	—	48,349
	<b>\$ 4,224</b>	<b>\$ 208,373</b>	<b>\$ 596,763</b>	<b>\$ 197,077</b>	<b>\$ 151,861</b>	<b>\$ 61,489</b>	<b>\$ —</b>	<b>\$ 1,219,787</b>
<b>Commercial real estate:</b>								
Pass	\$ —	\$ 33,736	\$ 260,279	\$ 64,881	\$ 29,991	\$ 73,556	\$ —	\$ 462,443
Special Mention	—	—	11,980	—	—	—	—	11,980
Substandard	—	—	56,450	—	—	—	—	56,450
Doubtful	—	—	—	34,813	—	—	—	34,813
	<b>\$ —</b>	<b>\$ 33,736</b>	<b>\$ 328,709</b>	<b>\$ 99,694</b>	<b>\$ 29,991</b>	<b>\$ 73,556</b>	<b>\$ —</b>	<b>\$ 565,686</b>
<b>Home equity lines of credit:</b>								
Pass	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 170,070	\$ 170,070
Special Mention	—	—	—	—	—	—	94	94
Substandard	—	—	—	—	—	—	568	568
Doubtful	—	—	—	—	—	—	—	—
	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 170,732</b>	<b>\$ 170,732</b>
<b>Other:</b>								
Pass	\$ 3,492	\$ —	\$ 3,991	\$ —	\$ 10,000	\$ 24,954	\$ 10,901	\$ 53,338
Special Mention	—	—	—	—	—	—	76	76
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
	<b>\$ 3,492</b>	<b>\$ —</b>	<b>\$ 3,991</b>	<b>\$ —</b>	<b>\$ 10,000</b>	<b>\$ 24,954</b>	<b>\$ 10,977</b>	<b>\$ 53,414</b>

#### NOTE 8 – Goodwill and Intangible Assets

The carrying amount of goodwill and intangible assets attributable to each of our reporting segments is presented in the following table (*in thousands*):

	December 31, 2023	Adjustments	Write-off	September 30, 2024
<b>Goodwill</b>				
Global Wealth Management	\$ 335,009	\$ —	\$ —	\$ 335,009
Institutional Group	1,053,234	5,848	—	1,059,082
	<u>\$ 1,388,243</u>	<u>\$ 5,848</u>	<u>\$ —</u>	<u>\$ 1,394,091</u>
<b>Intangible assets</b>				
Global Wealth Management	\$ 28,687	\$ —	\$ (3,305)	\$ 25,382
Institutional Group	104,592	1,598	(14,405)	91,785
	<u>\$ 133,279</u>	<u>\$ 1,598</u>	<u>\$ (17,710)</u>	<u>\$ 117,167</u>

The adjustments to goodwill and intangible assets during the nine months ended September 30, 2024 are primarily attributable to the acquisition of Finance 500, Inc. ("Finance 500") and CB Resource, Inc. ("CBR").

On August 1, 2024, the Company acquired Finance 500 and CBR (collectively, the "acquired business"), which operate as strategic partners under common ownership. Finance 500 is a brokerage and investment services provider focused on underwriting FDIC-insured Certificates of Deposits and fixed income securities trading. CBR integrates ERM, strategic and capital plan solutions, and industry analytics through its fully integrated tech-enabled platform. Consideration for this acquisition consisted of cash from operations. The acquisition was accounted for under the acquisition method of accounting in accordance with ASC 805, "Business Combinations." Accordingly, goodwill was measured as the excess of the acquisition-date fair value of the consideration transferred over the amount of acquisition-date identifiable assets acquired net of assumed liabilities. We recorded \$7.5 million of goodwill and intangible assets in the consolidated statement of financial condition, which has been allocated to our company's Institutional Group segment. The allocation of the purchase price of the acquired business is preliminary and will be finalized upon completion of the analysis of the fair values of the net assets of the acquired business as of the acquisition date and the identified intangible assets. The final goodwill recorded on the consolidated statement of financial condition may differ from that reflected herein as a result of future measurement period adjustments and the recording of identified intangible assets.

The goodwill represents the value expected from the synergies created through the operational enhancement benefits that will result from the integration of the acquired business, its employees, and customer base.

Amortizable intangible assets consist of acquired customer relationships, trade names, acquired technology, non-compete agreements, investment banking backlog, and core deposits that are amortized over their contractual or determined useful lives. Intangible assets as of September 30, 2024 and December 31, 2023 were as follows (*in thousands*):

	September 30, 2024		December 31, 2023	
	Gross Carrying Value	Accumulated Amortization	Gross Carrying Value	Accumulated Amortization
Customer relationships	\$ 229,320	\$ 133,214	\$ 227,486	\$ 122,971
Trade names	30,359	23,477	30,359	22,366
Acquired technology	18,314	7,635	18,314	3,447
Non-compete agreements	10,700	9,314	10,700	8,421
Investment banking backlog	8,913	6,935	8,913	5,758
Core deposits	8,615	8,479	8,615	8,145
	<u>\$ 306,221</u>	<u>\$ 189,054</u>	<u>\$ 304,387</u>	<u>\$ 171,108</u>

Amortization expense related to intangible assets was \$5.9 million and \$4.8 million for the three months ended September 30, 2024 and 2023, respectively. Amortization expense related to intangible assets was \$17.7 million and \$13.9 million for the nine months ended September 30, 2024 and 2023, respectively. Amortization expense is included in other operating expenses in the consolidated statements of operations.

The weighted-average remaining lives of the following intangible assets at September 30, 2024, are: customer relationships, 9.6 years; trade names, 6.6 years; non-compete agreements, 4.1 years; acquired technology, 1.8 years; core deposits, 0.7 years; and investment banking backlog, 4.2 years. We have an intangible asset that is not subject to amortization and is, therefore, not included in the table below. As of September 30, 2024, we expect amortization expense in future periods to be as follows (*in thousands*):

Fiscal year		
Remainder of 2024	\$	5,558
2025		21,109
2026		17,005
2027		13,308
2028		12,350
Thereafter		45,719
	\$	<b>115,049</b>

#### **NOTE 9 – Borrowings and Federal Home Loan Bank Advances**

Our short-term financing is generally obtained through short-term bank line financing on an uncommitted, secured basis, securities lending arrangements, repurchase agreements, advances from the Federal Home Loan Bank, term loans, and committed bank line financing on an unsecured basis. We borrow from various banks on a demand basis with company-owned and customer securities pledged as collateral. The value of customer-owned securities used as collateral is not reflected in the consolidated statements of financial condition. We also have an unsecured, committed bank line available.

Our uncommitted secured lines of credit at September 30, 2024, totaled \$880.0 million with four banks and are dependent on having appropriate collateral, as determined by the bank agreements, to secure an advance under the line. The availability of our uncommitted lines is subject to approval by the individual banks each time an advance is requested and may be denied. Our peak daily borrowing on our uncommitted secured lines was \$70.0 million during the nine months ended September 30, 2024. There are no compensating balance requirements under these arrangements. Any borrowings on secured lines of credit are generally utilized to finance certain fixed income securities. At September 30, 2024, we had no outstanding balances on our uncommitted secured lines of credit.

The Federal Home Loan advances are floating-rate advances. The weighted average interest rates on these advances during nine months ended September 30, 2024 was 2.15%. The advances are secured by Stifel Bancorp's residential mortgage loan portfolio and investment portfolio. The interest rates reset on a daily basis. Stifel Bancorp has the option to prepay these advances without penalty on the interest reset date. At September 30, 2024, there were no Federal Home Loan advances.

On September 27, 2023, the Company and Stifel (the "Borrowers") entered into an unsecured credit agreement with a syndicate of lenders led by Bank of America, N.A., as administrative agent (the "Credit Agreement"). Concurrently with, and conditional upon, the effectiveness of the Credit Agreement, all of the commitments under the Borrowers' existing \$500.0 million unsecured revolving credit facility agreement were terminated.

The Credit Agreement has a maturity date of September 27, 2028, and provides for a committed unsecured borrowing facility for maximum aggregate borrowings of up to \$750.0 million, depending on the amount of outstanding borrowings of the Borrowers from time to time during the duration of the Credit Agreement. The interest rates on borrowings under the Credit Agreement are variable and based on the Secured Overnight Financing Rate. The Borrowers can draw upon this line as long as certain restrictive covenants are maintained. Under the Credit Agreement, the Borrowers are required to maintain compliance with a minimum consolidated tangible net worth covenant, as defined, and a maximum consolidated total capitalization ratio covenant, as defined. In addition, Stifel is required to maintain compliance with a minimum regulatory excess net capital percentage covenant, as defined, and our bank subsidiaries are required to maintain their status as well-capitalized, as defined.

Upon the occurrence and during the continuation of an event of default, the Company's obligations under the Credit Agreement may be accelerated and the lending commitments thereunder terminated. The Credit Agreement contains customary events of default, including, without limitation, payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults to similar obligations, certain events of bankruptcy and insolvency, change of control, and judgment defaults. At September 30, 2024, we had no advances on the Credit Facility and were in compliance with all covenants and currently do not expect any covenant violations.

#### NOTE 10 – Senior Notes

The following table summarizes our senior notes as of September 30, 2024 and December 31, 2023 (*in thousands*):

	September 30, 2024	December 31, 2023
4.25% senior notes, due 2024 <sup>(1)</sup>	\$ —	\$ 500,000
4.00% senior notes, due 2030 <sup>(2)</sup>	400,000	400,000
5.20% senior notes, due 2047 <sup>(3)</sup>	225,000	225,000
	625,000	1,125,000
Debt issuance costs, net	(8,588)	(9,371)
Senior notes, net	<u>\$ 616,412</u>	<u>\$ 1,115,629</u>

(1) In July 2014, we sold in a registered underwritten public offering, \$300.0 million in aggregate principal amount of 4.25% senior notes due July 2024. Interest on these senior notes is payable semi-annually in arrears. We may redeem the notes in whole or in part, at our option, at a redemption price equal to 100% of their principal amount, plus a “make-whole” premium and accrued and unpaid interest, if any, to the date of redemption. In July 2016, we issued an additional \$200.0 million in aggregate principal amount of 4.25% senior notes due July 2024. On July 18, 2024, the Company's 4.25% Senior Notes matured resulting in the retirement of the \$500.0 million outstanding balance.

(2) In May 2020, we sold in a registered underwritten public offering, \$400.0 million in aggregate principal amount of 4.00% senior notes due May 2030. Interest on these senior notes is payable semi-annually in arrears. We may redeem the notes in whole or in part, at our option, at a redemption price equal to the greater of a) 100% of their principal amount, or b) discounted present value at Treasury rate plus 50 basis points prior to February 15, 2030, and on or after February 15, 2030, at 100% of their principal amount, and accrued and unpaid interest, if any, to the date of redemption.

(3) In October 2017, we completed the pricing of a registered underwritten public offering of \$200.0 million in aggregate principal amount of 5.20% senior notes due October 2047. Interest on the senior notes is payable quarterly in arrears. We may redeem some or all of the senior notes at any time at a redemption price equal to 100% of the principal amount of the notes being redeemed plus accrued interest thereon to the redemption date. On October 27, 2017, we completed the sale of an additional \$25.0 million aggregate principal amount of Notes pursuant to the over-allotment option.

Our senior notes mature as follows, based upon contractual terms (*in thousands*):

2024	\$ —
2025	—
2026	—
2027	—
2028	—
Thereafter	625,000
	<u>\$ 625,000</u>

#### NOTE 11 – Bank Deposits

Deposits consist of interest-bearing demand deposits (primarily money market and savings accounts), non-interest bearing demand deposits, and certificates of deposit. Deposits at September 30, 2024 and December 31, 2023 were as follows (*in thousands*):

	September 30, 2024	December 31, 2023
Demand deposits (interest-bearing)	\$ 27,539,904	\$ 27,111,072
Demand deposits (non-interest-bearing)	309,982	223,505
Certificates of deposit	270,632	2
	<u>\$ 28,120,518</u>	<u>\$ 27,334,579</u>

The weighted-average interest rate on deposits was 3.32% and 2.66% at September 30, 2024 and December 31, 2023, respectively. Certificates of deposit, of \$0.1 million and greater, due within one year at September 30, 2024 was \$270.6 million.

At September 30, 2024 and December 31, 2023, bank deposits include related party deposits, primarily interest-bearing and time deposits of executive officers, directors, and their affiliates were \$2.4 million and \$9.0 million, respectively. Brokerage customers' deposits were \$26.0 billion and \$24.1 billion, respectively.

#### NOTE 12 – Derivative Instruments and Hedging Activities

We manage the interest rate risk associated with our derivative transactions with customers by entering into offsetting positions with other derivative dealers, resulting in a substantially "matched book" portfolio. These interest rate contracts are not designated as hedging instruments for accounting purposes. Credit risk associated with its derivative transactions is managed through a variety of measures, including initial and ongoing periodic underwriting of its counterparties' creditworthiness, establishment of customer credit limits, and collateral maintenance requirements for customer exposures that exceed certain preset thresholds.

Our policy is not to offset fair value amounts recognized for derivative instruments and fair value amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral arising from derivative instruments recognized at fair value executed with the same counterparty under master netting arrangements.

The following tables provide the notional values and fair values of our derivative instruments as of September 30, 2024 and December 31, 2023 (*in thousands*):

	September 30, 2024		
	Derivative Assets	Derivative Liabilities	Notional value
Interest rate contracts	\$ 95,327	\$ 95,314	\$ 2,195,110

	December 31, 2023		
	Derivative Assets	Derivative Liabilities	Notional value
Interest rate contracts	\$ 118,668	\$ 118,651	\$ 1,994,919

The scheduled maturities of our derivative instruments as of September 30, 2024, are as follows (*in thousands*):

Within one year	\$ 219,563
One to three years	780,905
Three to five years	456,562
Five to ten years	662,976
Ten to fifteen years	58,020
Fifteen years and thereafter	17,084
	<u>\$ 2,195,110</u>

The following table presents the distribution of customer interest rate derivative transactions, by derivative product, as of September 30, 2024 and December 31, 2023 (*in thousands*):

	September 30, 2024	December 31, 2023
Swaps	\$ 2,025,110	\$ 1,824,919
Written options	170,000	170,000
	<u>\$ 2,195,110</u>	<u>\$ 1,994,919</u>

**NOTE 13 – Disclosures About Offsetting Assets and Liabilities**

The following table provides information about financial assets and derivative assets that are subject to offset as of September 30, 2024 and December 31, 2023 (in thousands):

	As of September 30, 2024				
	Securities borrowing <sup>(1)</sup>	Reverse repurchase agreements <sup>(2)</sup>	Interest rate contracts <sup>(3)</sup>		Total
Gross amounts of recognized assets	\$ 252,037	\$ 665,067	\$ 95,327	\$ 1,012,431	
Gross amounts offset in the statement of financial condition	—	—	—	—	—
Net amounts presented in the statement of financial condition	252,037	665,067	95,327		1,012,431
<i>Gross amounts not offset in the statement of financial condition:</i>					
Amounts available for offset	(83,345)	(4,079)	(24,945)		(112,369)
Available collateral	(158,275)	(657,485)	(63,929)		(879,689)
Net amount	<u>\$ 10,417</u>	<u>\$ 3,503</u>	<u>\$ 6,453</u>		<u>\$ 20,373</u>
	As of December 31, 2023				
	Securities borrowing <sup>(1)</sup>	Reverse repurchase agreements <sup>(2)</sup>	Interest rate contracts <sup>(3)</sup>		Total
Gross amounts of recognized assets	\$ 215,368	\$ 349,849	\$ 118,668	\$ 683,885	
Gross amounts offset in the statement of financial condition	—	—	—	—	—
Net amounts presented in the statement of financial condition	215,368	349,849	118,668		683,885
<i>Gross amounts not offset in the statement of financial condition:</i>					
Amounts available for offset	(23,691)	(23,441)	(14,556)		(61,688)
Available collateral	(184,689)	(325,627)	(82,607)		(592,923)
Net amount	<u>\$ 6,988</u>	<u>\$ 781</u>	<u>\$ 21,505</u>		<u>\$ 29,274</u>

(1) Securities borrowing transactions are included in receivables from brokers, dealers, and clearing organizations on the consolidated statements of financial condition. See Note 3 in the notes to consolidated financial statements for additional information on receivables from brokers, dealers, and clearing organizations.

(2) Available collateral includes securities received from the counterparty. These securities are not included on the consolidated statements of financial condition unless there is an event of default. The fair value of securities received as collateral was \$661.5 million and \$350.2 million at September 30, 2024 and December 31, 2023, respectively.

(3) Available collateral includes securities received from the counterparty. These securities are not included on the consolidated statements of financial condition unless there is an event of default. The fair value of securities received as collateral was \$73.5 million and \$84.1 million at September 30, 2024 and December 31, 2023, respectively.

The following table provides information about financial liabilities and derivative liabilities that are subject to offset as of September 30, 2024 and December 31, 2023 (*in thousands*):

	As of September 30, 2024				
	Securities <sup>(4)</sup> lending	Repurchase agreements <sup>(5)</sup>	Interest rate contracts <sup>(6)</sup>	Total	
<b>Gross amounts of recognized liabilities</b>	<b>\$ (152,255)</b>	<b>\$ (657,984)</b>	<b>\$ (95,314)</b>	<b>\$ (905,553)</b>	
Gross amounts offset in the statement of financial condition	—	—	—	—	—
Net amounts presented in the statement of financial condition	<b>(152,255)</b>	<b>(657,984)</b>	<b>(95,314)</b>	<b>(905,553)</b>	
<i>Gross amounts not offset in the statement of financial condition:</i>					
Amounts available for offset	<b>83,345</b>	<b>4,079</b>	<b>24,945</b>	<b>112,369</b>	
Collateral pledged	<b>68,910</b>	<b>653,905</b>	<b>15,453</b>	<b>738,268</b>	
<b>Net amount</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (54,916)</b>	<b>\$ (54,916)</b>	
	As of December 31, 2023				
	Securities <sup>(4)</sup> lending	Repurchase agreements <sup>(5)</sup>	Interest rate contracts <sup>(6)</sup>	Total	
<b>Gross amounts of recognized liabilities</b>	<b>\$ (135,693)</b>	<b>\$ (417,644)</b>	<b>\$ (118,651)</b>	<b>\$ (671,988)</b>	
Gross amounts offset in the statement of financial condition	—	—	—	—	—
Net amounts presented in the statement of financial condition	<b>(135,693)</b>	<b>(417,644)</b>	<b>(118,651)</b>	<b>(671,988)</b>	
<i>Gross amounts not offset in the statement of financial condition:</i>					
Amounts available for offset	<b>23,691</b>	<b>23,441</b>	<b>14,556</b>	<b>61,688</b>	
Collateral pledged	<b>111,981</b>	<b>394,203</b>	<b>22,661</b>	<b>528,845</b>	
<b>Net amount</b>	<b>\$ (21)</b>	<b>\$ —</b>	<b>\$ (81,434)</b>	<b>\$ (81,455)</b>	

(4) Securities lending transactions are included in payables to brokers, dealers, and clearing organizations on the consolidated statements of financial condition. See Note 3 in the notes to consolidated financial statements for additional information on payables to brokers, dealers, and clearing organizations.

(5) Collateral pledged includes the fair value of securities pledged to the counterparty. These securities are included on the consolidated statements of financial condition unless we default. Collateral pledged by our company to the counterparty includes U.S. government agency securities, U.S. government securities, and corporate fixed income securities with market values of \$689.0 million and \$425.9 million at September 30, 2024 and December 31, 2023, respectively.

(6) Collateral pledged includes the fair value of securities pledged to the counterparty. The fair value of securities pledged as collateral was \$21.2 million and \$19.1 million at September 30, 2024 and December 31, 2023, respectively.

#### NOTE 14 – Commitments, Guarantees, and Contingencies

##### Broker-Dealer Commitments and Guarantees

In the normal course of business, we enter into underwriting commitments. Settlement of transactions relating to such underwriting commitments, which were open at September 30, 2024, had no material effect on the consolidated financial statements.

As a part of our fixed income public finance operations, we enter into forward commitments to purchase agency mortgage-backed securities. In order to hedge the market interest rate risk to which we would otherwise be exposed between the date of the commitment and date of sale of the mortgage-backed securities, we enter into to be announced ("TBA") security contracts with investors for generic mortgage-backed securities at specific rates and prices to be delivered on settlement dates in the future. We may be subject to loss if the timing of, or the actual amount of, the mortgage-backed security differs significantly from the term and notional amount of the TBA security contract to which we entered. These TBA securities and related purchase commitment are accounted for at fair value. As of September 30, 2024, the fair value of the TBA securities and the estimated fair value of the purchase commitments were \$115.0 million.

We also provide guarantees to securities clearinghouses and exchanges under their standard membership agreement, which requires members to guarantee the performance of other members. Under the agreement, if another member becomes unable to satisfy its obligations to the clearinghouse, other members would be required to meet shortfalls. Our liability under these agreements is not quantifiable and may exceed the cash and securities we have posted as collateral. However, the potential requirement for us to make payments under these arrangements is considered remote. Accordingly, no liability has been recognized for these arrangements.

##### Other Commitments

In the ordinary course of business, Stifel Bancorp has commitments to extend credit in the form of commitments to originate loans, standby letters of credit, and lines of credit. See Note 21 in the notes to consolidated financial statements for further details.

#### *Concentration of Credit Risk*

We provide investment, capital-raising, and related services to a diverse group of domestic customers, including governments, corporations, and institutional and individual investors. Our exposure to credit risk associated with the non-performance of customers in fulfilling their contractual obligations pursuant to securities transactions can be directly impacted by volatile securities markets, credit markets, and regulatory changes. This exposure is measured on an individual customer basis and on a group basis for customers that share similar attributes. To reduce the potential for risk concentrations, counterparty credit limits have been implemented for certain products and are continually monitored in light of changing customer and market conditions. As of September 30, 2024, we did not have significant concentrations of credit risk with any one customer or counterparty, or any group of customers or counterparties.

#### **NOTE 15 – Legal Proceedings**

Our company and its subsidiaries are named in and subject to various proceedings and claims arising primarily from our securities business activities, including lawsuits, arbitration claims, class actions, and regulatory matters. Some of these claims seek substantial compensatory, punitive, or indeterminate damages. Our company and its subsidiaries are also involved in other reviews, investigations, and proceedings by governmental and self-regulatory organizations regarding our business, which may result in adverse judgments, settlements, fines, penalties, injunctions, and other relief. We are contesting allegations in these claims, and we believe that there are meritorious defenses in each of these lawsuits, arbitrations, and regulatory investigations. In view of the number and diversity of claims against our company, the number of jurisdictions in which litigation is pending, and the inherent difficulty of predicting the outcome of litigation and other claims, we cannot state with certainty what the eventual outcome of pending litigation or other claims will be.

We have accrued for potential losses that are probable and reasonably estimable that may result from pending and potential legal actions, investigations, and regulatory proceedings. In many cases, however, it is inherently difficult to determine whether any loss is probable or reasonably possible or to estimate the amount or range of any potential loss, particularly where proceedings may be in relatively early stages or where plaintiffs are seeking substantial or indeterminate damages. Matters frequently need to be more developed before a loss or range of loss can reasonably be estimated.

In our opinion, based on currently available information, review with outside legal counsel, and consideration of amounts provided for in our consolidated financial statements with respect to these matters, including the matter described below, the ultimate resolution of these matters will not have a material adverse impact on our financial position and results of operations. However, resolution of one or more of these matters may have a material effect on the results of operations in any future period, depending upon the ultimate resolution of those matters and depending upon the level of income for such period. For matters where a liability has not been established and for which we believe a loss is reasonably possible, as well as for matters where an accrual has been recorded but for which an exposure to loss in excess of the amount accrued is reasonably possible, based on currently available information, we believe that such losses will not have a material effect on our consolidated financial statements.

#### *SEC and CFTC Investigation of Communications Recordkeeping*

The Company has been contacted by each of the SEC and the CFTC in connection with an investigation of the Company's compliance with records preservation requirements for off-channel communications relating to the broker-dealer or investment adviser business activities of the Company using personally owned communications devices and/or messaging platforms that have not been approved by the Company. The Company entered into an agreement with the SEC to resolve the SEC's investigation pursuant to the terms of a formal offer from the Company's subsidiary, Stifel that was reflected in an Order entered by the SEC on September 24, 2024. The CFTC has provided the Company with a settlement offer, which the Company declined to accept. With respect to the ongoing CFTC investigation, the Company has established an accrual for potential losses that are probable and reasonably estimable, but at this time, based upon currently available information and review with outside counsel, the Company is not able to state with certainty that a settlement will be achieved or the ultimate resolution of the matter.

#### **NOTE 16 – Regulatory Capital Requirements**

We operate in a highly regulated environment and are subject to capital requirements, which may limit distributions to our company from its subsidiaries. Distributions from our broker-dealer subsidiaries are subject to net capital rules. A broker-dealer that fails to comply with the SEC's Uniform Net Capital Rule (Rule 15c3-1) may be subject to disciplinary actions by the SEC and self-regulatory organizations, such as FINRA, including censures, fines, suspension, or expulsion. Stifel has chosen to calculate its net capital under the alternative method, which prescribes that their net capital shall not be less than the greater of \$1.0 million or two percent of aggregate debit balances (primarily receivables from customers) computed in accordance with the SEC's Customer Protection Rule (Rule 15c3-3). Our other broker-dealer subsidiaries calculate their net capital under the aggregate indebtedness method, whereby their aggregate indebtedness may not be greater than fifteen times their net capital (as defined).

At September 30, 2024, Stifel had net capital of \$486.2 million, which was 41.0% of aggregate debit items and \$462.5 million in excess of its minimum required net capital. At September 30, 2024, all of our other broker-dealer subsidiaries' net capital exceeded the minimum net capital required under the SEC rule.

Our international subsidiary, SNEL, is subject to the regulatory supervision and requirements of the Financial Conduct Authority ("FCA") in the United Kingdom. At September 30, 2024, our international subsidiary's capital and reserves were in excess of the financial resources requirement under the rules of the FCA.

Our Canadian subsidiary, SNC, is subject to the regulatory supervision and requirements of the Canadian Investment Regulatory Organization ("CIRO"). At September 30, 2024, SNC's net capital and reserves were in excess of the financial resources requirement under the rules of the CIRO.

Our company, as a bank holding company, Stifel Bank & Trust, Stifel Bank, Stifel Trust Company, N.A., and Stifel Trust Company, Delaware, N.A., (collectively, "banking subsidiaries"), are subject to various regulatory capital requirements administered by the Federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on our company's and its banking subsidiaries' financial results. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, our company and its banking subsidiaries must meet specific capital guidelines that involve quantitative measures of our assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. Our company's and its banking subsidiaries' capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Under the Basel III rules, the quantity and quality of regulatory capital increased, a capital conservation buffer was established, selected changes were made to the calculation of risk-weighted assets, and a new ratio, common equity Tier 1 was introduced, all of which are applicable to both our company and its banking subsidiaries.

Our company and its banking subsidiaries are required to maintain minimum amounts and ratios of Total and Tier 1 capital (as defined) to risk-weighted assets (as defined), Tier 1 capital to average assets (as defined), and under rules defined in Basel III, Common equity Tier 1 capital to risk-weighted assets. Our company and its banking subsidiaries each calculate these ratios in order to assess compliance with both regulatory requirements and their internal capital policies. At current capital levels, our company and its banking subsidiaries are each categorized as "well capitalized" under the regulatory framework for prompt corrective action. To be categorized as "well capitalized," our company and its banking subsidiaries must maintain total risk-based, Tier 1 risk-based, and Tier 1 leverage ratios.

The amounts and ratios for Stifel Financial Corp., Stifel Bank & Trust, and Stifel Bank as of September 30, 2024 are represented in the tables below (*in thousands, except ratios*).

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<b>Stifel Financial Corp.</b>						
Common equity tier 1 capital	3,474,27 \$ 6	15.0 %	1,043,24 \$ 6	4.5 %	1,506,91 \$ 1	6.5 %
Tier 1 capital	4,159,27 6	17.9 %	1,390,99 4	6.0 %	1,854,65 9	8.0 %
Total capital	4,377,74 3	18.9 %	1,854,65 9	8.0 %	2,318,32 4	10.0 %
Tier 1 leverage	4,159,27 6	11.3 %	1,472,53 9	4.0 %	1,840,67 4	5.0 %
<b>Stifel Bank &amp; Trust</b>						
Common equity tier 1 capital	1,306,47 \$ 6	10.7 %	549,600	4.5 %	793,866	6.5 %
Tier 1 capital	1,306,47 6	10.7 %	732,800	6.0 %	977,066	8.0 %
Total capital	1,429,15 6	11.7 %	977,066	8.0 %	1,221,33 3	10.0 %
Tier 1 leverage	1,306,47 6	7.1 %	735,906	4.0 %	919,883	5.0 %
<b>Stifel Bank</b>						
Common equity tier 1 capital	\$ 758,397	13.6 %	\$ 251,615	4.5 %	\$ 363,444	6.5 %
Tier 1 capital	758,397	13.6 %	335,487	6.0 %	447,315	8.0 %
Total capital	799,189	14.3 %	447,315	8.0 %	559,144	10.0 %
Tier 1 leverage	758,397	7.1 %	428,036	4.0 %	535,045	5.0 %

#### NOTE 17 – Operating Leases

Our operating leases primarily relate to office space and office equipment with remaining lease terms of 1 to 15 years. At September 30, 2024 and December 31, 2023, operating lease right-of-use assets were \$812.7 million and \$778.2 million, respectively, and lease liabilities were \$872.4 million and \$825.5 million, respectively.

The table below summarizes our net lease cost for the three and nine months ended September 30, 2024 and 2023 (*in thousands*):

	Three Months Ended September 30,	
	2024	2023
Operating lease cost	\$ 27,789	\$ 27,183
Short-term lease cost	814	710
Variable lease cost	6,567	7,299
Sublease income	(290)	(274)
<b>Net lease cost</b>	<b>\$ 34,880</b>	<b>\$ 34,918</b>

  

	Nine Months Ended September 30,	
	2024	2023
Operating lease cost	\$ 82,981	\$ 79,961
Short-term lease cost	2,192	1,425
Variable lease cost	20,579	21,244
Sublease income	(839)	(836)
<b>Net lease cost</b>	<b>\$ 104,913</b>	<b>\$ 101,794</b>

Operating lease costs are included in occupancy and equipment rental in the consolidated statements of operations.

The table below summarizes other information related to our operating leases as of and for the nine months ended September 30, 2024 (*in thousands*):

Operating lease cash flows	\$ 75,816
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 85,088
Weighted-average remaining lease term (years)	12.6
Weighted-average discount rate	4.93%

The weighted average discount rate represents our company's incremental borrowing rate at the lease inception date.

The table below presents information about operating lease liabilities as of September 30, 2024, (*in thousands, except percentages*):

Remainder of 2024	\$ 27,139
2025	104,756
2026	105,723
2027	106,217
2028	103,840
Thereafter	762,653
<b>Total undiscounted lease payments</b>	<b>1,210,328</b>
Imputed interest	(337,959)
<b>Total operating lease liabilities</b>	<b>\$ 872,369</b>

#### Aircraft Engine Operating Leases

As of September 30, 2024, the Company had a total lease portfolio of 24 aircraft engines with a net book value of \$157.0 million. The aircraft engines were purchased by the Company, through its subsidiaries, during 2024. See Note 25 for additional information.

During the third quarter of 2024, the Company transferred 22 aircraft engines with a net book value of \$152.1 million from aircraft engine operating leases included in fixed assets, net to aircraft engines held for sale, included in other assets in the accompanying consolidated statements of financial condition. The Company ceases recognition of depreciation expense once an aircraft engine is classified as held for sale.

During the third quarter of 2024, the Company sold 2 aircraft engines with a net book value of \$6.2 million and recognized a gain from the sale of \$1.1 million, which is included in other income in the consolidated statements of operations. During the nine months ended September 30, 2024, the Company sold 5 aircraft engines with a net book value of \$23.8 million and recognized a gain from the sale of \$20.8 million.

Lease income, included in other income in the consolidated statements of operations, was \$8.6 million and \$18.2 million for the three and nine months ended September 30, 2024, respectively.

**NOTE 18 – Revenues from Contracts with Customers**

The following table presents the Company's total revenues broken out by revenues from contracts with customers and other sources of revenue for the three and nine months ended September 30, 2024 and 2023 (*in thousands*):

	Three Months Ended September 30,	
	2024	2023
<b>Revenues from contracts with customers:</b>		
Commissions	\$ 183,445	\$ 165,075
Investment banking	243,182	146,887
Asset management	382,616	333,127
Other	1,649	1,380
<b>Total revenue from contracts with customers</b>	<b>810,892</b>	646,469
<b>Other sources of revenue:</b>		
Interest	510,823	505,198
Principal transactions	137,089	114,841
Other	17,056	(921)
<b>Total revenues</b>	<b>\$ 1,475,860</b>	<b>\$ 1,265,587</b>

	Nine Months Ended September 30,	
	2024	2023
<b>Revenues from contracts with customers:</b>		
Commissions	\$ 552,238	\$ 499,983
Investment banking	690,412	525,591
Asset management	1,130,849	968,960
Other	4,447	3,987
<b>Total revenue from contracts with customers</b>	<b>2,377,946</b>	1,998,521
<b>Other sources of revenue:</b>		
Interest	1,515,803	1,439,532
Principal transactions	429,677	336,063
Other	35,388	(4,927)
<b>Total revenues</b>	<b>\$ 4,358,814</b>	<b>\$ 3,769,189</b>

Revenue from contracts with customers is recognized when, or as, we satisfy our performance obligations by transferring the promised services to the customers. A service is transferred to a customer when, or as, the customer obtains control of that service. A performance obligation may be satisfied over time or at a point in time. Revenue from a performance obligation satisfied over time is recognized by measuring our progress in satisfying the performance obligation in a manner that depicts the transfer of the services to the customer. Revenue from a performance obligation satisfied at a point in time is recognized at the point in time that we determine the customer obtains control over the promised service. The amount of revenue recognized reflects the consideration we expect to be entitled to in exchange for those promised services (i.e., the "transaction price"). In determining the transaction price, we consider multiple factors, including the effects of variable consideration. Variable consideration is included in the transaction price only to the extent it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainties with respect to the amount are resolved. In determining when to include variable consideration in the transaction price, we consider the range of possible outcomes, the predictive value of our past experiences, the time period of when uncertainties expect to be resolved and the amount of consideration that is susceptible to factors outside of our influence, such as market volatility or the judgment and actions of third parties.

The following provides detailed information on the recognition of our revenues from contracts with customers:

**Commissions.** We earn commission revenue by executing, settling, and clearing transactions for clients primarily in OTC and listed equity securities, insurance products, and options. Trade execution and clearing and custody services, when provided together, represent a single performance obligation as the services are not separately identifiable in the context of the contract. Commission revenues associated with combined trade execution and clearing and custody services, as well as trade execution services on a standalone basis, are recognized at a point in time on trade-date. Commission revenues are generally paid on settlement date and we record a receivable between trade-date and payment on settlement date.

**Investment Banking.** We provide our clients with a full range of capital markets and financial advisory services. Capital markets services include underwriting and placement agent services in both the equity and debt capital markets, including private equity placements, initial public offerings, follow-on offerings, underwriting and distributing public and private debt.

Capital-raising revenues are recognized at a point in time on trade-date, as the client obtains the control and benefit of the capital markets offering at that point. Costs associated with capital-raising transactions are deferred until the related revenue is recognized or the engagement is otherwise concluded, and are recorded on a gross basis within other operating expenses in the consolidated statements of operations as we are acting as a principal in the arrangement. Any expenses reimbursed by our clients are recognized as investment banking revenues.

Revenues from financial advisory services primarily consist of fees generated in connection with merger, acquisition and restructuring transactions. Advisory revenues from mergers and acquisitions engagements are recognized at a point in time when the related transaction is completed, as the performance obligation is to successfully broker a specific transaction. Fees received prior to the completion of the transaction are deferred within accounts payable and accrued expenses on the consolidated statements of financial condition. Advisory revenues from restructuring engagements are recognized over time using a time elapsed measure of progress as our clients simultaneously receive and consume the benefits of those services as they are provided. A significant portion of the fees we receive for our advisory services are considered variable as they are contingent upon a future event (e.g., completion of a transaction or third party emergence from bankruptcy) and are excluded from the transaction price until the uncertainty associated with the variable consideration is subsequently resolved, which is expected to occur upon achievement of the specified milestone. Payment for advisory services are generally due promptly upon completion of a specified milestone or, for retainer fees, periodically over the course of the engagement. We recognize a receivable between the date of completion of the milestone and payment by the customer. Expenses associated with investment banking advisory engagements are deferred only to the extent they are explicitly reimbursable by the client and the related revenue is recognized at the same time as the associated expense. All other investment banking advisory related expenses, including expenses incurred related to restructuring assignments, are expensed as incurred. All investment banking advisory expenses are recognized within other operating expenses on the consolidated statements of operations and any expenses reimbursed by our clients are recognized as investment banking revenues.

**Asset Management Fees.** We earn management and performance fees in connection with investment advisory services provided to institutional and individual clients. Investment advisory fees are charged based on the value of assets in fee-based accounts and are affected by changes in the balances of client assets due to market fluctuations and levels of net new client assets. Fees are charged either in advance based on fixed rates applied to the value of the customers' account at the beginning of the period or periodically based on contracted rates and account performance. Contracts can be terminated at any time with no incremental payments due to our company upon termination. If the contract is terminated by the customer fees are prorated for the period and fees charged for the post termination period are refundable to the customer.

*Disaggregation of Revenue*

The following tables present the Company's revenues from contracts with customers by reportable segment disaggregated by major business activity and primary geographic regions for the three and nine months ended September 30, 2024 and 2023 (*in thousands*):

	Three Months Ended September 30, 2024				
	Global Wealth Management	Institutional Group	Other		Total
<b>Major Business Activity:</b>					
Commissions	\$ 129,230	\$ 54,215	\$ —	\$ —	\$ 183,445
Capital raising	6,217	100,108	—	—	106,325
Advisory	—	136,857	—	—	136,857
Investment banking	6,217	236,965	—	—	243,182
Asset management	382,309	307	—	—	382,616
Other	1,649	—	—	—	1,649
Total	<b>519,405</b>	<b>291,487</b>	—	—	<b>810,892</b>

	Three Months Ended September 30, 2024				
	Global Wealth Management	Institutional Group	Other		Total
<b>Primary Geographic Region:</b>					
United States	519,405	239,789	—	—	759,194
United Kingdom	—	28,393	—	—	28,393
Canada	—	9,969	—	—	9,969
Other	—	13,336	—	—	13,336
	<b>\$ 519,405</b>	<b>\$ 291,487</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 810,892</b>

	Three Months Ended September 30, 2023				
	Global Wealth Management	Institutional Group	Other		Total
<b>Major Business Activity:</b>					
Commissions	\$ 112,300	\$ 52,775	\$ —	\$ —	\$ 165,075
Capital raising	3,895	45,719	—	—	49,614
Advisory	—	97,273	—	—	97,273
Investment banking	3,895	142,992	—	—	146,887
Asset management	333,088	39	—	—	333,127
Other	1,319	17	44	—	1,380
Total	<b>450,602</b>	<b>195,823</b>	<b>44</b>	—	<b>646,469</b>
<b>Primary Geographic Region:</b>					
United States	450,602	145,787	44	—	596,433
United Kingdom	—	31,240	—	—	31,240
Canada	—	8,601	—	—	8,601
Other	—	10,195	—	—	10,195
	<b>\$ 450,602</b>	<b>\$ 195,823</b>	<b>\$ 44</b>	<b>\$ —</b>	<b>\$ 646,469</b>

	Nine Months Ended September 30, 2024				
	Global Wealth Management	Institutional Group	Other		Total
<b>Major business activity:</b>					
Commissions	\$ 371,912	\$ 180,326	\$ —	\$ —	\$ 552,238
Capital raising	16,277	286,615	—	—	302,892
Advisory	—	387,520	—	—	387,520
Investment banking	16,277	674,135	—	—	690,412
Asset management	1,130,496	353	—	—	1,130,849
Other	4,447	—	—	—	4,447
Total	<b>1,523,132</b>	<b>854,814</b>	—	—	<b>2,377,946</b>
<b>Primary Geographic Region:</b>					
United States	1,523,132	697,337	—	—	2,220,469
United Kingdom	—	89,964	—	—	89,964
Canada	—	31,056	—	—	31,056
Other	—	36,457	—	—	36,457
	<b>\$ 1,523,132</b>	<b>\$ 854,814</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 2,377,946</b>

	Nine Months Ended September 30, 2023				
	Global Wealth Management	Institutional Group	Other		Total
<b>Major business activity:</b>					
Commissions	\$ 332,327	\$ 167,656	\$ —	\$ —	499,983
Capital raising	12,118	177,263	—	—	189,381
Advisory	—	336,210	—	—	336,210
Investment banking	12,118	513,473	—	—	525,591
Asset management	968,863	97	—	—	968,960
Other	3,821	17	149	—	3,987
<b>Total</b>	<b>1,317,129</b>	<b>681,243</b>	<b>149</b>	<b>—</b>	<b>1,998,521</b>
<b>Primary Geographic Region:</b>					
United States	1,317,129	499,047	149	—	1,816,325
United Kingdom	—	99,844	—	—	99,844
Canada	—	38,738	—	—	38,738
Other	—	43,614	—	—	43,614
<b>\$ 1,317,129</b>	<b>\$ 681,243</b>	<b>\$ 149</b>	<b>\$ —</b>	<b>\$ 1,998,521</b>	

See Note 22 for further break-out of revenues by geography.

*Information on Remaining Performance Obligations and Revenue Recognized From Past Performance*

We do not disclose information about remaining performance obligations pertaining to contracts that have an original expected duration of one year or less. The transaction price allocated to remaining unsatisfied or partially unsatisfied performance obligations with an original expected duration exceeding one year was not material at September 30, 2024. Investment banking advisory revenues that are contingent upon completion of a specific milestone and fees associated with certain distribution services are also excluded as the fees are considered variable and not included in the transaction price at September 30, 2024.

*Contract Balances*

The timing of our revenue recognition may differ from the timing of payment by our customers. We record a receivable when revenue is recognized prior to payment and we have an unconditional right to payment. Alternatively, when payment precedes the provision of the related services, we record deferred revenue until the performance obligations are satisfied.

We had receivables related to revenues from contracts with customers of \$131.4 million and \$136.9 million at September 30, 2024 and December 31, 2023, respectively, in other assets in the consolidated statements of financial condition. We had no significant impairments related to these receivables during the nine months ended September 30, 2024.

Our deferred revenue primarily relates to retainer fees received in investment banking advisory engagements where the performance obligation has not yet been satisfied. Deferred revenue at September 30, 2024 and December 31, 2023 was \$21.5 million and \$18.5 million, respectively, and is included in accounts payable and accrued expenses in the consolidated statements of financial condition.

**NOTE 19 – Interest Income and Interest Expense**

The components of interest income and interest expense are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Interest income:</b>				
Loans held for investment, net	\$ 319,493	\$ 320,715	\$ 936,714	\$ 928,801
Investment securities	124,582	120,670	360,975	345,201
Interest-bearing cash and federal funds sold	36,684	35,560	128,842	83,280
Margin balances	13,710	15,651	41,870	45,874
Financial instruments owned	7,027	4,402	18,232	12,754
Other	9,327	8,200	29,170	23,622
	<b>\$ 510,823</b>	<b>\$ 505,198</b>	<b>\$ 1,515,803</b>	<b>\$ 1,439,532</b>
<b>Interest expense:</b>				
Bank deposits	\$ 229,725	\$ 198,197	\$ 680,076	\$ 506,847
Senior notes	8,184	12,507	33,197	37,519
Other	13,283	9,832	39,903	22,258
	<b>\$ 251,192</b>	<b>\$ 220,536</b>	<b>\$ 753,176</b>	<b>\$ 566,624</b>

## **NOTE 20 – Employee Incentive, Deferred Compensation, and Retirement Plans**

We maintain an incentive stock plan and a wealth accumulation plan ("the Plan") that provides for the granting of stock options, stock appreciation rights, restricted stock, performance awards, stock units, and debentures (collectively, "deferred awards") to our associates. We are permitted to issue new shares under all stock award plans approved by shareholders or to reissue our treasury shares. Stock awards issued under our company's incentive stock plan are granted at market value at the date of grant. Our deferred awards generally vest ratably over a one- to ten-year vesting period.

Our stock-based compensation plans are administered by the Compensation Committee of the Board of Directors ("Compensation Committee"), which has the authority to interpret the plans, determine to whom awards may be granted under the plans, and determine the terms of each award. According to the incentive stock plan, we are authorized to grant an additional 3.9 million shares at September 30, 2024.

Expense associated with our stock-based compensation, included in compensation and benefits expense in the consolidated statements of operations for our company's incentive stock award plan was \$36.6 million and \$35.2 million for the three months ended September 30, 2024 and 2023, respectively, and \$106.7 million and \$102.9 million for the nine months ended September 30, 2024 and 2023, respectively.

Expense associated with our debentures, included in compensation and benefits expense in the consolidated statements of operations was \$30.2 million and \$27.2 million for the three months ended September 30, 2024 and 2023, respectively, and \$88.2 million and \$78.4 million for the nine months ended September 30, 2024 and 2023, respectively.

### *Deferred Awards*

A restricted stock unit represents the right to receive a share of the Company's common stock at a designated time in the future without cash payment by the associate and is issued in lieu of cash incentive, principally for deferred compensation and employee retention plans. The restricted stock units vest on an annual basis over the next one to ten years and are distributable, if vested, at future specified dates. Restricted stock awards are restricted as to sale or disposition. These restrictions lapse over the next one to two years.

The Company grants Performance-based Restricted Stock Units ("PRSUs") to certain of its executive officers. Under the terms of the grants, the number of PRSUs that will vest and convert to shares will be based on the Company's achievement of the pre-determined performance objectives during the performance period. The PRSUs will be measured over a four-year performance period and vested over a five-year period. Any resulting delivery of shares for PRSUs granted as part of compensation will occur after four years for 80% of the earned award, and in the fifth year for the remaining 20% of the earned award. The number of shares converted has the potential to range from 0% to 200% based on how the Company performs during the performance period. Compensation expense is amortized over the service period based on the fair value of the deferred award on the grant date. The Company's pre-determined performance objectives must be met for the awards to vest. Associates forfeit unvested deferred awards upon termination of employment with a corresponding reversal of compensation expense. Certain deferred awards may continue to vest under certain circumstances as described in the Plan. At September 30, 2024, the total number of restricted stock units, PRSUs, and restricted stock awards outstanding was 13.7 million, of which 12.1 million were unvested.

At September 30, 2024, there was unrecognized compensation cost for deferred awards of approximately \$712.9 million, which is expected to be recognized over a weighted-average period of 2.5 years.

### *Deferred Compensation Plans*

The Plan is provided to certain revenue producers, officers, and key administrative associates, whereby a certain percentage of their incentive compensation is deferred as defined by the Plan into company stock units, restricted stock, and debentures. Participants may elect to defer a portion of their incentive compensation. Deferred awards generally vest over a one- to ten-year period and are distributable upon vesting or at future specified dates. Deferred compensation costs are amortized on a straight-line basis over the vesting period. Elective deferrals are 100% vested.

Additionally, the Plan allows Stifel financial advisors who achieve certain levels of production the ability to earn deferred awards. These financial advisors can earn 5-6% of their gross commissions that is contributed to their mandatory deferral. The mandatory deferral is split between company restricted stock units and debentures. They have the option to defer an additional 1% of gross commissions into company stock units.

In addition, certain revenue producers, upon joining the Company, may receive company stock units in lieu of transition cash payments. Deferred compensation related to these awards generally vests over a one- to eight-year period. Deferred compensation costs are amortized on a straight-line basis over the deferral period.

### *Profit Sharing Plan*

Eligible U.S. associates of the Company who have met certain service requirements may participate in the Stifel Financial Corp. Profit Sharing 401(k) Plan (the "401(k) Plan"). Associates are permitted within limitations imposed by tax law to make pre-tax contributions

to the 401(k) Plan. We may match certain associate contributions or make additional contributions to the 401(k) Plan at our discretion. Our contributions to the 401(k) Plan, included in compensation and benefits in the consolidated statements of operations, were \$4.2 million and \$4.3 million for the three months ended September 30, 2024 and 2023, respectively and \$13.4 million and \$13.2 million for the nine months ended September 30, 2024 and 2023, respectively.

#### **NOTE 21 – Off-Balance Sheet Credit Risk**

In the normal course of business, we execute, settle, and finance customer and proprietary securities transactions. These activities expose our company to off-balance sheet risk in the event that customers or other parties fail to satisfy their obligations.

In accordance with industry practice, securities transactions generally settle within one business day after trade date. Should a customer or broker fail to deliver cash or securities as agreed, we may be required to purchase or sell securities at unfavorable market prices.

We borrow and lend securities to facilitate the settlement process and finance transactions, utilizing customer margin securities held as collateral. We monitor the adequacy of collateral levels on a daily basis. We periodically borrow from banks on a collateralized basis, utilizing firm and customer margin securities in compliance with SEC rules. Should the counterparty fail to return customer securities pledged, we are subject to the risk of acquiring the securities at prevailing market prices in order to satisfy our customer obligations. We control our exposure to credit risk by continually monitoring our counterparties' positions, and where deemed necessary, we may require a deposit of additional collateral and/or a reduction or diversification of positions. Our company sells securities it does not currently own (short sales) and is obligated to subsequently purchase such securities at prevailing market prices. We are exposed to risk of loss if securities prices increase prior to closing the transactions. We control our exposure to price risk from short sales through daily review and setting position and trading limits.

We manage our risks associated with the aforementioned transactions through position and credit limits and the continuous monitoring of collateral. Additional collateral is required from customers and other counterparties when appropriate.

We have accepted collateral in connection with resale agreements, securities borrowed transactions, and customer margin loans. Under many agreements, we are permitted to sell or repledge these securities held as collateral and use these securities to enter into securities lending arrangements or to deliver to counterparties to cover short positions. At September 30, 2024 and December 31, 2023, the fair value of securities accepted as collateral where we are permitted to sell or repledge the securities was \$1.8 billion and \$1.6 billion, respectively, and the fair value of the collateral that had been sold or repledged was \$658.0 million and \$417.6 million, respectively.

We enter into interest rate derivative contracts to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. Our derivative financial instruments are principally used to manage differences in the amount, timing, and duration of our known or expected cash payments related to certain variable-rate affiliated deposits. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for us making fixed-rate payments. Our interest rate hedging strategies may not work in all market environments and, as a result, may not be effective in mitigating interest rate risk.

Derivatives' notional contract amounts are not reflected as assets or liabilities in the consolidated statements of financial condition. Rather, the market or fair value of the derivative transactions are reported in the consolidated statements of financial condition as other assets or accounts payable and accrued expenses, as applicable. For a complete discussion of our activities related to derivative instruments, see Note 12 in the notes to consolidated financial statements.

In the ordinary course of business, Stifel Bancorp has commitments to originate loans, standby letters of credit, and lines of credit. Commitments to originate loans are agreements to lend to a customer as long as there is no violation of any condition established by the contract. These commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since a portion of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash commitments. Each customer's creditworthiness is evaluated on a case-by-case basis. The amount of collateral obtained, if necessary, is based on the credit evaluation of the counterparty. Collateral held varies, but may include accounts receivable, inventory, property, plant and equipment, commercial real estate, and residential real estate.

At September 30, 2024 and December 31, 2023, Stifel Bancorp had outstanding commitments to originate loans aggregating \$242.2 million and \$103.6 million, respectively. The commitments extended over varying periods of time, with all commitments at September 30, 2024, scheduled to be disbursed in the following three months.

Through Stifel Bancorp, in the normal course of business, we originate residential mortgage loans and sell them to investors. We may be required to repurchase mortgage loans that have been sold to investors in the event there are breaches of certain representations and warranties contained within the sales agreements. We may be required to repurchase mortgage loans that were sold to investors in the event that there was inadequate underwriting or fraud, or in the event that the loans become delinquent shortly after they are originated. We also may be required to indemnify certain purchasers and others against losses they incur in the event of breaches of representations and warranties and in various other circumstances, and the amount of such losses could exceed the repurchase amount of the related loans. Consequently, we may be exposed to credit risk associated with sold loans.

Standby letters of credit are irrevocable conditional commitments issued by Stifel Bancorp to guarantee the performance of a customer to a third party. Financial standby letters of credit are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing, and similar transactions. Performance standby letters of credit are issued to guarantee performance of certain customers under non-financial contractual obligations. The credit risk involved in issuing standby letters of credit is essentially the same as that involved in extending loans to customers. Should Stifel Bancorp be obligated to perform under the standby letters of credit, it may seek recourse from the customer for reimbursement of amounts paid. At September 30, 2024 and December 31, 2023, Stifel Bancorp had outstanding letters of credit totaling \$41.6 million and \$37.1 million, respectively. A majority of the standby letters of credit commitments at September 30, 2024, have expiration terms that are less than one year.

Lines of credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Lines of credit generally have fixed expiration dates. Stifel Bancorp uses the same credit policies in granting lines of credit as it does for on-balance sheet instruments. At September 30, 2024 and December 31, 2023, Stifel Bancorp had granted unused lines of credit to commercial and consumer borrowers aggregating \$5.3 billion and \$6.3 billion, respectively.

We are required to evaluate our loan portfolio for any expected losses with recognition of an allowance for credit losses, when applicable. At September 30, 2024 and December 31, 2023, the expected credit losses for unfunded lending commitments was \$25.9 million and \$33.3 million, respectively.

#### **NOTE 22 – Segment Reporting**

We currently operate through the following three business segments: Global Wealth Management, Institutional Group, and various corporate activities combined in the Other segment.

Our Global Wealth Management segment consists of two businesses, the Private Client Group and Stifel Bancorp. The Private Client Group includes branch offices and independent contractor offices of our broker-dealer subsidiaries located throughout the United States. These branches provide securities brokerage services, including the sale of equities, mutual funds, fixed income products, and insurance, as well as offering banking products to their clients through our bank subsidiaries, which provide residential, consumer, and commercial lending, as well as FDIC-insured deposit accounts to customers of our private client group and to the general public.

The Institutional Group segment includes institutional sales and trading. It provides securities brokerage, trading, and research services to institutions, with an emphasis on the sale of equity and fixed income products. This segment also includes the management of and participation in underwritings for both corporate and public finance (exclusive of sales credits generated through the private client group, which are included in the Global Wealth Management segment), merger and acquisition, and financial advisory services.

The Other segment includes interest income from stock borrow activities, unallocated interest expense, interest income and gains and losses from investments held, amortization of stock-based awards, and all unallocated overhead cost associated with the execution of orders; processing of securities transactions; custody of client securities; receipt, identification, and delivery of funds and securities; compliance with regulatory and legal requirements; internal financial accounting and controls; and general administration and acquisition charges.

Information concerning operations in these segments of business for the three and nine months ended September 30, 2024 and 2023 is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Net revenues:</b> <sup>(1)</sup>				
Global Wealth Management	\$ 827,116	\$ 768,558	\$ 2,418,751	\$ 2,283,934
Institutional Group	372,401	256,888	1,114,498	867,025
Other	25,151	19,605	72,389	51,606
	<b>\$ 1,224,668</b>	<b>\$ 1,045,051</b>	<b>\$ 3,605,638</b>	<b>\$ 3,202,565</b>
<b>Income/(loss) before income taxes:</b>				
Global Wealth Management	\$ 301,703	\$ 298,449	\$ 891,624	\$ 914,462
Institutional Group	41,797	(27,804)	127,719	(5,671)
Other	(126,842)	(161,216)	(357,100)	(408,094)
	<b>\$ 216,658</b>	<b>\$ 109,429</b>	<b>\$ 662,243</b>	<b>\$ 500,697</b>

(1)No individual client accounted for more than 10 percent of total net revenues for the three and nine months ended September 30, 2024 and 2023.

The following table presents our company's total assets on a segment basis at September 30, 2024 and December 31, 2023 (in thousands):

	September 30, 2024	December 31, 2023
Global Wealth Management	\$ 33,511,302	\$ 32,773,613
Institutional Group	5,211,808	4,564,058
Other	211,394	389,789
	<b>\$ 38,934,504</b>	<b>\$ 37,727,460</b>

We have operations in the United States, United Kingdom, Europe, and Canada. The Company's foreign operations are conducted through its wholly owned subsidiaries, SNEL and SNC. Substantially all long-lived assets are located in the United States.

Revenues, classified by the major geographic areas in which they were earned for the three and nine months ended September 30, 2024 and 2023, were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
United States	\$ 1,167,463	\$ 979,282	\$ 3,415,635	\$ 2,982,274
United Kingdom	32,945	45,095	113,168	131,855
Canada	9,309	8,364	31,539	37,195
Other	14,951	12,310	45,296	51,241
	<b>\$ 1,224,668</b>	<b>\$ 1,045,051</b>	<b>\$ 3,605,638</b>	<b>\$ 3,202,565</b>

#### NOTE 23 – Earnings Per Share (“EPS”)

Basic EPS is computed by dividing earnings available to common shareholders by the weighted-average number of common shares outstanding. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity. Diluted earnings per share include dilutive stock options and stock units under the treasury stock method.

The following table sets forth the computation of basic and diluted earnings per share for the three and nine months ended September 30, 2024 and 2023 (in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Net income</b>	\$ 158,505	\$ 68,161	\$ 487,374	\$ 360,052
Preferred dividends	9,320	9,321	27,961	27,961
<b>Net income available to common shareholders</b>	<b>\$ 149,185</b>	<b>\$ 58,840</b>	<b>\$ 459,413</b>	<b>\$ 332,091</b>
Shares for basic and diluted calculation:				
Average shares used in basic computation	103,966	106,068	104,135	107,580
Dilutive effect of stock options and units <sup>(1)</sup>	7,028	7,127	6,322	6,590
Average shares used in diluted computation	110,994	113,195	110,457	114,170
<b>Earnings per common share:</b>				
Basic	\$ 1.43	\$ 0.55	\$ 4.41	\$ 3.09
Diluted	\$ 1.34	\$ 0.52	\$ 4.16	\$ 2.91

(1) Diluted earnings per share is computed on the basis of the weighted-average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Diluted earnings per share include units.

For the three and nine months ended September 30, 2024 and 2023, the anti-dilutive effect from restricted stock units was immaterial.

#### Cash Dividends

During the three and nine months ended September 30, 2024, we declared and paid cash dividends of \$0.42 and \$1.26 per common share. During the three and nine months ended September 30, 2023, we declared and paid cash dividends of \$0.36 and \$1.08 per common share.

#### NOTE 24 – Shareholders’ Equity

##### Share Repurchase Program

We have an ongoing authorization from the Board of Directors to repurchase our common stock in the open market or in negotiated transactions. At September 30, 2024, the maximum number of shares that may yet be purchased under this plan was 10.5 million. The repurchase program has no expiration date. These purchases may be made on the open market or in privately negotiated transactions, depending upon market conditions and other factors. Repurchased shares may be used to meet obligations under our company’s employee benefit plans and for general corporate purposes.

The following table presents the Company’s share repurchase activity using existing Board authorizations during the three and nine months ending September 30, 2024 and 2023 (in thousands, except average price):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Share repurchases	\$ 20,222	\$ 118,810	\$ 98,529	\$ 300,152
Number of shares	249	1,886	1,318	4,830
Average price	\$ 81.23	\$ 63.00	\$ 74.78	\$ 62.14

##### Issuance of Common Stock from Treasury

During the nine months ended September 30, 2024, we issued 2.6 million shares of common stock from treasury, primarily a result of vesting and exercise transactions under our incentive stock award plans.

## NOTE 25 – Variable Interest Entities

Our variable interests in VIEs include debt and equity interests, commitments, certain fees, the establishment of Stifel Financial Capital Trusts, and our issuance of a convertible promissory note.

Our involvement with VIEs arises primarily from the following activities: purchases of securities in connection with our trading and secondary market-making activities; retained interests held as a result of securitization activities; and loans to, investments in, and fees from various investment vehicles.

### Securitization Interests

During the first quarter of 2024, the Company purchased the E-Certificates of Turbine Engines Securitization Ltd. ("Turbine"). The purchase of these Turbine E-Certificates represents 100% of the equity of Turbine. During the second quarter of 2024, the Company purchased additional membership interests in Stifel Aviation Finance II, LLC ("SAF II"). The purchase of the additional membership interests gave the Company a controlling financial interest in SAF II. The Company has determined the interest it holds in these VIEs require consolidation in its financial statements, as it is deemed to be the primary beneficiary. The assets acquired and liabilities assumed were recorded at fair value as of the respective consolidation dates. At September 30, 2024, the assets primarily consist of aircraft engines that are under operating leases, included in other assets in the accompanying consolidated statements of financial condition. See Note 17 for additional information. The liabilities primarily consist of debt, included in accounts payable and accrued expenses in the accompanying consolidated statements of financial condition.

The following table presents the aggregate assets and liabilities from those VIEs in which we hold a variable interest and have concluded that we are the primary beneficiary (*in thousands*):

	September 30, 2024	
	Aggregate Assets	Aggregate Liabilities
Securitization interests	\$ 182,051	\$ 168,452

### Debt and Equity Investments

The Company's investment in and additional capital commitments to these investment vehicles are considered variable interests. The Company's additional capital commitments are subject to call and are limited to the amount committed. These investment vehicles have net assets, primarily consisting of investments, aircraft engine-related assets, and debt. We have concluded that we are not the primary beneficiary of these VIEs, and therefore, we do not consolidate these entities. Our maximum exposure to loss is limited to the total of our carrying value.

### Partnership Interests

We have formed several non-consolidated investment funds with third-party investors that are typically organized as limited liability companies ("LLCs") or limited partnerships. These investment vehicles have assets primarily consisting of private and public equity investments. For those funds where we act as the general partner, our company's economic interest is generally limited to management fee arrangements as stipulated by the fund operating agreements. We have generally provided the third-party investors with rights to terminate the funds or to remove us as the general partner. We have concluded that we are not the primary beneficiary of these VIEs, and therefore, we do not consolidate these entities.

The following tables present the aggregate assets, liabilities, and the maximum exposure to loss from those VIEs in which we hold a variable interest, but as to which we have concluded we are not the primary beneficiary (*in thousands*):

	September 30, 2024		
	Aggregate Assets	Aggregate Liabilities	Maximum Exposure to Loss
Debt and Equity Investments	\$ 401,672	\$ 195,379	\$ 39,890
Partnership Interests	313,584	985	—
	<u><u>\$ 715,256</u></u>	<u><u>\$ 196,364</u></u>	<u><u>\$ 39,890</u></u>

	December 31, 2023		
	Aggregate Assets	Aggregate Liabilities	Maximum Exposure to Loss
Debt and Equity Investments	\$ 456,286	\$ 277,924	\$ 40,088
Partnership Interests	341,980	678	—
	<u><u>\$ 798,266</u></u>	<u><u>\$ 278,602</u></u>	<u><u>\$ 40,088</u></u>

*Debenture to Stifel Financial Capital Trusts*

We have completed private placements of cumulative trust preferred securities through Stifel Financial Capital Trust II, Stifel Financial Capital Trust III, and Stifel Financial Capital Trust IV (collectively, the "Trusts"). The Trusts are non-consolidated wholly owned business trust subsidiaries of our company and were established for the limited purpose of issuing trust securities to third parties and lending the proceeds to our company.

The trust preferred securities represent an indirect interest in junior subordinated debentures purchased from our company by the Trusts, and we effectively provide for the full and unconditional guarantee of the securities issued by the Trusts. We make timely payments of interest to the Trusts as required by contractual obligations, which are sufficient to cover payments due on the securities issued by the Trusts, and believe that it is unlikely that any circumstances would occur that would make it necessary for our company to make payments related to these Trusts other than those required under the terms of the debenture agreements and the trust preferred securities agreements. The Trusts were determined to be VIEs because the holders of the equity investment at risk do not have adequate decision-making ability over the Trust's activities. Our investment in the Trusts is not a variable interest, because equity interests are variable interests only to the extent that the investment is considered to be at risk. Because our investment was funded by the Trusts, it is not considered to be at risk.

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion of the financial condition and results of operations of the Company should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, and the accompanying consolidated financial statements and notes thereto contained in this Quarterly Report on Form 10-Q.

Certain statements in this report may be considered forward-looking. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements. These forward-looking statements cover, among other things, statements made about general economic and market conditions, the investment banking industry, objectives and results, and also may include our belief regarding the effect of various legal proceedings, management expectations, our liquidity and funding sources, counterparty credit risk, or other similar matters.

Forward-looking statements involve inherent risks and uncertainties, and important factors could cause actual results to differ materially from those anticipated, including those factors discussed under "Economic and Market Conditions" in Part II, Item 1A in this Quarterly Report on Form 10-Q, as well as the factors identified under "Risk Factors" in Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as updated in our subsequent reports filed with the SEC. These reports are available at the Company's web site at [www.stifel.com](http://www.stifel.com) and at the SEC web site at [www.sec.gov](http://www.sec.gov).

Because of these and other uncertainties, the Company's actual future results may be materially different from the results indicated by these forward-looking statements. In addition, the Company's past results of operations do not necessarily indicate its future results. Forward-looking statements speak only as of the date they are made, and the Company undertakes no obligation to update them in light of new information or future events, unless it is obligated to do so under federal securities laws.

Unless otherwise indicated, the terms "we," "us," "our" or "our company" in this report refer to Stifel Financial Corp. and its wholly owned subsidiaries.

### **Executive Summary**

We operate as a financial services and bank holding company. We have built a diversified business serving private clients, institutional investors, and investment banking clients located across the U.S., Europe, and Canada. Our principal activities are: (i) private client services, including securities transaction and financial planning services; (ii) institutional equity and fixed income sales, trading and research, and municipal finance; (iii) investment banking services, including mergers and acquisitions, public offerings, and private placements; and (iv) retail and commercial banking, including personal and commercial lending programs.

Our core philosophy is based upon a tradition of trust, understanding, and studied advice. We attract and retain experienced professionals by fostering a culture of entrepreneurial, long-term thinking. We provide our private, institutional and corporate clients quality, personalized service, with the theory that if we place clients' needs first, both our clients and our company will prosper. Our unwavering client and associate focus have earned us a reputation as one of the nation's leading wealth management and investment banking firms. We have grown our business both organically and through opportunistic acquisitions.

We plan to maintain our focus on revenue growth with a continued appreciation for the development of quality client relationships. Within our private client business, our efforts will be focused on recruiting experienced financial advisors with established client relationships. Within our capital markets business, our focus continues to be on providing quality client management and product diversification. In executing our growth strategy, we will continue to seek out opportunities that allow us to take advantage of the consolidation among middle-market firms, whereby allowing us to increase market share in our private client and institutional group businesses.

Stifel Financial Corp., through its wholly owned subsidiaries, is principally engaged in retail brokerage; securities trading; investment banking; investment advisory; retail, consumer, and commercial banking; and related financial services. Our major geographic area of concentration is throughout the United States, with a presence in the United Kingdom, Europe, and Canada. Our principal customers are individual investors, corporations, municipalities, and institutions.

Our ability to attract and retain highly skilled and productive associates is critical to the success of our business. Accordingly, compensation and benefits comprise the largest component of our expenses, and our performance is dependent upon our ability to attract, develop, and retain highly skilled associates who are motivated and committed to providing the highest quality of service and guidance to our clients.

On July 18, 2024, the Company's 4.25% Senior Notes matured resulting in the retirement of the \$500.0 million outstanding balance.

On August 1, 2024, the Company acquired Finance 500, Inc. ("Finance 500") and CB Resource, Inc. ("CBR"), which operate as strategic partners under common ownership. Finance 500 is a brokerage and investment services provider focused on underwriting FDIC-insured Certificates of Deposits and fixed income securities trading. CBR integrates ERM, strategic and capital plan solutions, and industry analytics through its fully integrated tech-enabled platform. Consideration for this acquisition consisted of cash from operations.

**Results for the three and nine months ended September 30, 2024**

For the three months ended September 30, 2024, net revenues increased 17.2% to \$1.2 billion from \$1.0 billion during the comparable period in 2023. Net income available to common shareholders increased 153.5% to \$149.2 million, or \$1.34 per diluted common share for the three months ended September 30, 2024, compared to \$58.8 million, or \$0.52 per diluted common share during the comparable period in 2023.

For the nine months ended September 30, 2024, net revenues increased 12.6% to \$3.6 billion compared to \$3.2 billion during the comparable period in 2023. Net income available to common shareholders increased 38.3% to \$459.4 million, or \$4.16 per diluted common share for the nine months ended September 30, 2024, compared to \$332.1 million, or \$2.91 per diluted common share during the comparable period in 2023.

Our revenue growth was primarily attributable to higher investment banking, asset management, and transactional revenues, partially offset by lower net interest income.

**Economic and Market Conditions**

We currently operate in a challenging and uncertain economic environment. Results in the businesses in which we operate are highly correlated to general economic conditions and, more specifically, to the direction of the U.S. equity and fixed-income markets. Market volatility, overall market conditions, interest rates, economic, political, and regulatory trends, and industry competition are among the factors which could affect us and which are unpredictable and beyond our control. These factors affect the financial decisions made by market participants who include investors and competitors, impacting their level of participation in the financial markets. In addition, in periods of reduced financial market activity, profitability is likely to be adversely affected because certain expenses remain relatively fixed, including salaries and related costs, as well as portions of communications costs and occupancy expenses. Accordingly, earnings for any period should not be considered representative of earnings to be expected for any other period. For more information on economic and market conditions, refer to "Risk Factors" in the 2023 Form 10-K.

**Impact of Change in Short-term Interest Rates**

After holding the target federal funds rate steady for nearly 14 months, the Federal Reserve voted to cut rates by one half percent at its September 2024 meeting as their attention turned to addressing employment data, given the progress made on reducing underlying inflation in recent months. Projections of the federal funds rate released by the Federal Reserve in September indicate that the Federal Reserve expects rate decreases through the end of 2024, with further reductions in the coming year.

Potential decreases to the federal funds rate may impact our interest-based revenues. While decreases in interest rates will lower fees the Company earns from FDIC insured deposits of clients through a program offered by the Company, such decreases may be offset to a degree if the cash sweep balances increase as clients find fewer higher-yielding alternatives to deploy these balances. Future rate decreases will also reduce the rates the Company charges on customer margin loans, which will have a negative impact on our earnings.

## RESULTS OF OPERATIONS

### Three Months Ended September 30, 2024 Compared with Three Months Ended September 30, 2023

The following table presents consolidated financial information for the periods indicated (in thousands, except percentages):

	Three Months Ended September 30,			As a Percentage of Net Revenues For the Three Months Ended September 30,	
			% Change	2024	2023
	2024	2023		2024	2023
<b>Revenues:</b>					
Commissions	\$ 183,445	\$ 165,075	11.1	15.0%	15.8%
Principal transactions	137,089	114,841	19.4	11.2	11.0
Transactional revenues	320,534	279,916	14.5	26.2	26.8
Investment banking	243,182	146,887	65.6	19.9	14.1
Asset management	382,616	333,127	14.9	31.2	31.9
Interest	510,823	505,198	1.1	41.7	48.3
Other income	18,705	459	n/m	1.5	0.0
<b>Total revenues</b>	<b>1,475,860</b>	<b>1,265,587</b>	<b>16.6</b>	<b>120.5</b>	<b>121.1</b>
Interest expense	251,192	220,536	13.9	20.5	21.1
<b>Net revenues</b>	<b>1,224,668</b>	<b>1,045,051</b>	<b>17.2</b>	<b>100.0</b>	<b>100.0</b>
<b>Non-interest expenses:</b>					
Compensation and benefits	718,065	613,287	17.1	58.6	58.7
Occupancy and equipment rental	89,625	84,396	6.2	7.3	8.1
Communication and office supplies	48,869	46,215	5.7	4.0	4.4
Commissions and floor brokerage	16,239	14,413	12.7	1.3	1.4
Provision for credit losses	5,287	9,992	(47.1)	0.4	1.0
Other operating expenses	129,925	167,319	(22.3)	10.7	15.9
<b>Total non-interest expenses</b>	<b>1,008,010</b>	<b>935,622</b>	<b>7.7</b>	<b>82.3</b>	<b>89.5</b>
<b>Income before income taxes</b>	<b>216,658</b>	<b>109,429</b>	<b>98.0</b>	<b>17.7</b>	<b>10.5</b>
Provision for income taxes	58,153	41,268	40.9	4.7	4.0
<b>Net income</b>	<b>158,505</b>	<b>68,161</b>	<b>132.5</b>	<b>13.0</b>	<b>6.5</b>
Preferred dividends	9,320	9,321	(0.0)	0.8	0.9
<b>Net income available to common shareholders</b>	<b>\$ 149,185</b>	<b>\$ 58,840</b>	<b>153.5</b>	<b>12.2%</b>	<b>5.6%</b>

**Nine Months Ended September 30, 2024 Compared with Nine Months Ended September 30, 2023**

The following table presents consolidated financial information for the periods indicated (in thousands, except percentages):

	Nine Months Ended September 30,			As a Percentage of Net Revenues For the Nine Months Ended September 30,	
	2024	2023	% Change	2024	2023
<b>Revenues:</b>					
Commissions	\$ 552,238	\$ 499,983	10.5	15.3%	15.6%
Principal transactions	429,677	336,063	27.9	11.9	10.5
Transactional revenues	981,915	836,046	17.4	27.2	26.1
Investment banking	690,412	525,591	31.4	19.1	16.4
Asset management	1,130,849	968,960	16.7	31.4	30.3
Interest	1,515,803	1,439,532	5.3	42.0	44.9
Other income	39,835	(940)	n/m	1.2	(0.0)
<b>Total revenues</b>	<b>4,358,814</b>	<b>3,769,189</b>	<b>15.6</b>	<b>120.9</b>	<b>117.7</b>
Interest expense	753,176	566,624	32.9	20.9	17.7
<b>Net revenues</b>	<b>3,605,638</b>	<b>3,202,565</b>	<b>12.6</b>	<b>100.0</b>	<b>100.0</b>
<b>Non-interest expenses:</b>					
Compensation and benefits	2,120,479	1,880,144	12.8	58.8	58.7
Occupancy and equipment rental	268,189	251,140	6.8	7.4	7.8
Communication and office supplies	144,417	137,320	5.2	4.0	4.3
Commissions and floor brokerage	46,389	42,965	8.0	1.3	1.3
Provision for credit losses	13,509	22,736	(40.6)	0.4	0.7
Other operating expenses	350,412	367,563	(4.7)	9.7	11.6
<b>Total non-interest expenses</b>	<b>2,943,395</b>	<b>2,701,868</b>	<b>8.9</b>	<b>81.6</b>	<b>84.4</b>
<b>Income before income taxes</b>	<b>662,243</b>	<b>500,697</b>	<b>32.3</b>	<b>18.4</b>	<b>15.6</b>
Provision for income taxes	174,869	140,645	24.3	4.9	4.4
<b>Net income</b>	<b>487,374</b>	<b>360,052</b>	<b>35.4</b>	<b>13.5</b>	<b>11.2</b>
Preferred dividends	27,961	27,961	—	0.8	0.8
<b>Net income available to common shareholders</b>	<b>\$ 459,413</b>	<b>\$ 332,091</b>	<b>38.3</b>	<b>12.7%</b>	<b>10.4%</b>

**NET REVENUES**

The following table presents consolidated net revenues for the periods indicated (in thousands, except percentages):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
<b>Net revenues:</b>						
Commissions	\$ 183,445	\$ 165,075	11.1	\$ 552,238	\$ 499,983	10.5
Principal transactions	137,089	114,841	19.4	429,677	336,063	27.9
Transactional revenues	320,534	279,916	14.5	981,915	836,046	17.4
Capital raising	106,325	49,615	114.3	302,892	189,381	59.9
Advisory	136,857	97,272	40.7	387,520	336,210	15.3
Investment banking	243,182	146,887	65.6	690,412	525,591	31.4
Asset management	382,616	333,127	14.9	1,130,849	968,960	16.7
Net interest	259,631	284,662	(8.8)	762,627	872,908	(12.6)
Other income	18,705	459	n/m	39,835	(940)	n/m
		1,045,05			3,202,56	
<b>Total net revenues</b>	<b>\$ 1,224,668</b>	<b>\$ 1</b>	<b>17.2</b>	<b>\$ 3,605,638</b>	<b>\$ 5</b>	<b>12.6</b>

**Commissions** – Commission revenues are primarily generated from agency transactions in OTC and listed equity securities, insurance products and options. In addition, commission revenues also include distribution fees for promoting and distributing mutual funds.

For the three months ended September 30, 2024, commission revenues increased 11.1% to \$183.4 million from \$165.1 million in the comparable period in 2023. For the nine months ended September 30, 2024, commission revenues increased 10.5% to \$552.2 million from \$500.0 million in the comparable period in 2023.

**Principal transactions** – Principal transaction revenues are gains and losses on secondary trading, principally fixed income transactional revenues.

For the three months ended September 30, 2024, principal transactions revenues increased 19.4% to \$137.1 million from \$114.8 million in the comparable period in 2023. For the nine months ended September 30, 2024, principal transactions revenues increased 27.9% to \$429.7 million from \$336.1 million in the comparable period in 2023.

**Transactional revenues** – For the three months ended September 30, 2024, transactional revenues increased 14.5% to \$320.5 million from \$279.9 million in the comparable period in 2023. For the nine months ended September 30, 2024, transactional revenues increased 17.4% to \$981.9 million from \$836.0 million in the comparable period in 2023 as a result of an increase in client activity.

**Investment banking** – Investment banking revenues include: (i) capital-raising revenues representing fees earned from the underwriting of debt and equity securities, and (ii) advisory fees related to corporate debt and equity offerings, municipal debt offerings, merger and acquisitions, private placements and other investment banking advisory fees.

For the three months ended September 30, 2024, investment banking revenues increased 65.6% to \$243.2 million from \$146.9 million in the comparable period in 2023.

Capital-raising revenues increased 114.3% to \$106.3 million for the three months ended September 30, 2024 from \$49.6 million in the comparable period in 2023. For the three months ended September 30, 2024, equity capital-raising revenues increased 141.7% to \$54.6 million from \$22.6 million in the comparable period in 2023 driven by higher volumes during the quarter. For the three months ended September 30, 2024, fixed income capital-raising revenues increased 91.4% to \$51.7 million from \$27.0 million in the comparable period in 2023 driven by higher bond issuances during the quarter.

Advisory revenues increased 40.7% to \$136.9 million for the three months ended September 30, 2024 from \$97.3 million in the comparable period in 2023. The increase is primarily attributable to higher levels of completed advisory transactions during the quarter.

For the nine months ended September 30, 2024, investment banking revenues increased 31.4% to \$690.4 million from \$525.6 million in the comparable period in 2023.

Capital-raising revenues increased 59.9% to \$302.9 million for the nine months ended September 30, 2024 from \$189.4 million in the comparable period in 2023. For the nine months ended September 30, 2024, equity capital-raising revenues increased 82.7% to \$148.2 million from \$81.1 million in the comparable period in 2023 driven by higher volumes. For the nine months ended September 30, 2024, fixed income capital-raising revenues increased 42.9% to \$154.7 million from \$108.3 million in the comparable period in 2023 driven by higher bond issuances during 2024.

Advisory revenues increased 15.3% to \$387.5 million for the nine months ended September 30, 2024 from \$336.2 million in the comparable period in 2023. The increase is primarily attributable to higher levels of completed advisory transactions.

**Asset management** – Asset management revenues are primarily generated by the investment advisory fees related to asset management services provided for individual and institutional investment portfolios, along with mutual funds. Investment advisory fees are earned on assets held in managed or non-discretionary asset-based programs. Fees from private client investment portfolios and institutional fees are typically based on asset values at the end of the prior period. Asset balances are impacted by both the performance of the market and levels of net new client assets. Rising markets have historically had a positive impact on investment advisory fee revenues as existing accounts increase in value, and individuals and institutions may commit incremental funds in rising markets.

For the three months ended September 30, 2024, asset management revenues increased 14.9% to \$382.6 million from \$333.1 million in the comparable period in 2023. For the nine months ended September 30, 2024, asset management revenues increased 16.7% to \$1.1 billion from \$969.0 million in the comparable period in 2023. Please refer to "Asset management" in the Global Wealth Management segment discussion for information on the changes in asset management revenues.

**Other income** – Other income primarily includes investment gains and losses, rental income, and loan originations fees. For the three months ended September 30, 2024, other income increased to \$18.7 million from \$0.5 million during the comparable period in 2023. The increase is primarily attributable to rental income generated from our aircraft engine leasing business, higher investment gains during the quarter, and an increase in loan origination fees. For the nine months ended September 30, 2024, other income increased to \$39.8 million from a loss of \$0.9 million during the comparable period in 2023. The increase is primarily attributable to rental income generated from our aircraft engine leasing business, higher investment gains, and an increase in loan origination fees from the comparable period in 2023. The nine months ended September 30, 2023 was negatively impacted by losses on the sale of investments.

## NET INTEREST INCOME

The following tables present average balance data and operating interest revenue and expense data, as well as related interest yields for the periods indicated (*in thousands, except rates*):

	Three Months Ended			September 30, 2023				
	Average Balance	Interest Income/Expense	Average Interest Rate	September 30, 2024		Interest Income/Expense	Average Interest Rate	
				September 30, 2024				
<b>Interest-earning assets:</b>								
Interest-bearing cash and federal funds sold	\$ 2,733,030	\$ 36,684	5.37%	\$ 2,595,065	\$ 35,560	5.48%		
Financial instruments owned	1,191,866	7,027	2.36%	875,606	4,402	2.01%		
Margin balances	675,704	13,710	8.12%	768,187	15,651	8.15%		
Investment portfolio	7,818,279	124,582	6.37%	7,711,905	120,670	6.26%		
Loans	20,364,569	319,493	6.28%	20,562,834	320,715	6.24%		
Other interest-bearing assets	830,376	9,327	4.49%	730,859	8,200	4.49%		
<b>Total interest-earning assets/interest income</b>	<b>\$ 33,613,824</b>	<b>\$ 510,823</b>	<b>6.08%</b>	<b>\$ 33,244,456</b>	<b>\$ 505,198</b>	<b>6.08%</b>		
<b>Interest-bearing liabilities:</b>								
Stock loan	\$ 246,090	\$ (3,046)	(4.95%)	\$ 127,777	\$ (1,634)	(5.12%)		
Senior notes	779,307	8,184	4.20%	1,115,183	12,507	4.49%		
Stifel Capital Trusts	60,000	1,125	7.50%	60,000	1,125	7.50%		
Deposits	27,535,933	229,725	3.34%	27,247,359	198,197	2.91%		
FHLB	—	—	0.00%	—	—	0.00%		
Other interest-bearing liabilities	1,034,459	15,204	5.88%	1,031,170	10,341	4.01%		
<b>Total interest-bearing liabilities/interest expense</b>	<b>\$ 29,655,789</b>	<b>251,192</b>	<b>3.39%</b>	<b>\$ 29,581,489</b>	<b>220,536</b>	<b>2.98%</b>		
<b>Net interest income/margin</b>	<b>\$ 259,631</b>	<b>3.09%</b>		<b>\$ 284,662</b>	<b>3.43%</b>			

	Nine Months Ended			September 30, 2023				
	Average Balance	Interest Income/Expense	Average Interest Rate	September 30, 2024		Interest Income/Expense	Average Interest Rate	
				September 30, 2024				
<b>Interest-earning assets:</b>								
Interest-bearing cash and federal funds sold	\$ 3,208,494	\$ 128,842	5.35%	\$ 2,202,822	\$ 83,280	5.04%		
Financial instruments owned	1,089,742	18,232	2.23%	872,639	12,754	1.95%		
Margin balances	689,938	41,870	8.09%	798,335	45,874	7.66%		
Investment portfolio	7,622,047	360,975	6.31%	7,768,915	345,201	5.92%		
Loans	20,005,950	936,714	6.24%	20,805,880	928,801	5.95%		
Other interest-bearing assets	815,256	29,170	4.77%	748,762	23,622	4.21%		
<b>Total interest-earning assets/interest income</b>	<b>\$ 33,431,427</b>	<b>\$ 1,515,803</b>	<b>6.05%</b>	<b>\$ 33,197,353</b>	<b>\$ 1,439,532</b>	<b>5.78%</b>		
<b>Interest-bearing liabilities:</b>								
Stock loan	\$ 258,919	(5,086)	(2.62%)	\$ 133,539	\$ (7,414)	(7.40%)		
Senior notes	1,002,854	33,197	4.41%	1,114,917	37,519	4.49%		
Stifel Capital Trusts	60,000	3,368	7.48%	60,000	3,220	7.16%		
Deposits	27,301,668	680,076	3.32%	27,203,294	506,847	2.48%		
FHLB	2	—	2.15%	1,833	68	4.97%		
Other interest-bearing liabilities	1,076,877	41,621	5.15%	994,781	26,384	3.54%		
<b>Total interest-bearing liabilities/interest expense</b>	<b>\$ 29,700,320</b>	<b>753,176</b>	<b>3.38%</b>	<b>\$ 29,508,364</b>	<b>566,624</b>	<b>2.56%</b>		
<b>Net interest income/margin</b>	<b>\$ 762,627</b>	<b>3.04%</b>		<b>\$ 872,908</b>	<b>3.51%</b>			

Please refer to the Distribution of Assets, Liabilities, and Shareholders' Equity; Interest Rates and Interest Differential table included in "Results of Operations – Global Wealth Management" for additional information on Stifel Bancorp's average balances and interest income and expense.

**Net interest income** – Net interest income is the difference between interest earned on interest-earning assets and interest paid on funding sources. Net interest income is affected by changes in the volume and mix of these assets and liabilities, as well as by fluctuations in interest rates and portfolio management strategies. For the three months ended September 30, 2024, net interest income decreased 8.8% to \$259.6 million from \$284.7 million during the comparable period in 2023. For the nine months ended September 30, 2024, net interest income decreased 12.6% to \$762.6 million from \$872.9 million during the comparable period in 2023.

For the three months ended September 30, 2024, interest revenue increased 1.1% to \$510.8 million from \$505.2 million in the comparable period in 2023, principally as a result of higher interest-earning assets. The average interest-earning assets of Stifel Bancorp

increased to \$30.0 billion during the three months ended September 30, 2024 compared to \$29.9 billion during the comparable period in 2023 at average interest rates of 6.26% and 6.21%, respectively.

For the nine months ended September 30, 2024, interest revenue increased 5.3% to \$1.5 billion from \$1.4 billion in the comparable period in 2023, principally as a result of higher interest rates and interest-earning assets.

For the three months ended September 30, 2024, interest expense increased 13.9% to \$251.2 million from \$220.5 million during the comparable period in 2023. The increase is primarily attributable to higher interest rates. The average interest-bearing liabilities of Stifel Bancorp increased to \$27.6 billion during the three months ended September 30, 2024 compared to \$27.2 billion during the comparable period in 2023 at average interest rates of 3.35% and 2.91%, respectively.

For the nine months ended September 30, 2024, interest expense increased 32.9% to \$753.2 million from \$566.6 million in the comparable period in 2023. The increase is primarily attributable to higher interest rates and interest-bearing liabilities. The average interest-bearing liabilities of Stifel Bancorp increased to \$27.4 billion during the nine months ended September 30, 2024 compared to \$27.2 billion during the comparable period in 2023 at average interest rates of 3.33% and 2.49%, respectively.

#### NON-INTEREST EXPENSES

The following table presents consolidated non-interest expenses for the periods indicated (*in thousands, except percentages*):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
<b>Non-interest expenses:</b>						
Compensation and benefits	\$ 718,065	\$ 613,287	17.1	\$ 2,120,47	\$ 1,880,14	12.8
Occupancy and equipment rental	89,625	84,396	6.2	268,189	251,140	6.8
Communications and office supplies	48,869	46,215	5.7	144,417	137,320	5.2
Commissions and floor brokerage	16,239	14,413	12.7	46,389	42,965	8.0
Provision for credit losses	5,287	9,992	(47.1)	13,509	22,736	(40.6)
Other operating expenses	129,925	167,319	(22.3)	350,412	367,563	(4.7)
				2,943,39	2,701,86	
<b>Total non-interest expenses</b>	<b>\$ 1,008,010</b>	<b>\$ 935,622</b>	<b>7.7</b>	<b>\$ 5</b>	<b>\$ 8</b>	<b>8.9</b>

**Compensation and benefits** – Compensation and benefits expenses, which are the largest component of our expenses, include salaries, bonuses, transition pay, benefits, amortization of stock-based compensation, employment taxes and other employee-related costs. A significant portion of compensation expense is comprised of production-based variable compensation, including discretionary bonuses, which fluctuates in proportion to the level of business activity, increasing with higher revenues and operating profits. Other compensation costs, including base salaries, stock-based compensation amortization, and benefits, are more fixed in nature.

For the three months ended September 30, 2024, compensation and benefits expense increased 17.1% to \$718.1 million from \$613.3 million during the comparable period in 2023. For the nine months ended September 30, 2024, compensation and benefits expense increased 12.8% to \$2.1 billion from \$1.9 billion during the comparable period in 2023. The increase in compensation and benefits expenses is primarily attributable to increased variable compensation over the comparable periods in 2023.

Compensation and benefits expense as a percentage of net revenues was 58.6% and 58.8% for the three and nine months ended September 30, 2024, respectively, compared to 58.7% for the three and nine months ended September 30, 2023, respectively. The increase is primarily attributable to higher compensable revenues.

**Occupancy and equipment rental** – For the three months ended September 30, 2024, occupancy and equipment rental expense increased 6.2% to \$89.6 million from \$84.4 million during the comparable period in 2023. For the nine months ended September 30, 2024, occupancy and equipment rental expense increased 6.8% to \$268.2 million from \$251.1 million during the comparable period in 2023. The increase is primarily attributable to higher data processing and occupancy costs associated with an increase in business activity over the comparable periods in 2023.

**Communications and office supplies** – Communications expense includes costs for telecommunication and data communication, primarily for obtaining third-party market data information. For the three months ended September 30, 2024, communications and office supplies expense increased 5.7% to \$48.9 million from \$46.2 million during the comparable period in 2023. For the nine months ended September 30, 2024, communications and office supplies expense increased 5.2% to \$144.4 million from \$137.3 million during the comparable period in 2023. The increase is primarily attributable to higher communication and quote expenses associated with the continued investments made in our business.

**Commissions and floor brokerage** – For the three months ended September 30, 2024, commissions and floor brokerage expense increased 12.7% to \$16.2 million from \$14.4 million during the comparable period in 2023. The increase is primarily attributable to higher electronic communication network ("ECN") trading costs, clearing expenses, and processing expenses. For the nine months ended September 30, 2024, commissions and floor brokerage expense increased 8.0% to \$46.4 million from \$43.0 million during the

comparable period in 2023. The increase is primarily attributable to higher clearing expenses, ECN trading costs, and processing expenses.

**Provision for credit losses** – For the three months ended September 30, 2024, provision for credit losses decreased 47.1% to \$5.3 million from \$10.0 million during the comparable period in 2023. For the nine months ended September 30, 2024, provision for credit losses decreased 40.6% to \$13.5 million from \$22.7 million during the comparable period in 2023. The decrease is primarily attributable to lower provisions in the real estate sector, partially offset by growth in the loan portfolio.

**Other operating expenses** – Other operating expenses primarily include license and registration fees, litigation-related expenses, which consist of amounts we accrue and/or pay out related to legal and regulatory matters, travel and entertainment, promotional expenses and expenses for professional services.

For the three months ended September 30, 2024, other operating expenses decreased 22.3% to \$129.9 million from \$167.3 million during the comparable period in 2023. For the nine months ended September 30, 2024, other operating expenses decreased 4.7% to \$350.4 million from \$367.6 million during the comparable period in 2023.

The decreases are primarily attributable to lower litigation-related expenses and FDIC-insurance expense, partially offset by higher investment banking transaction expenses, professional fees, advertising, and travel and conference-related expenses. During the third quarter of 2023, we recorded \$67.0 million related to provisions for legal and regulatory matters.

**Provision for income taxes** – For the three and nine months ended September 30, 2024, our provision for income taxes was \$58.2 million and \$174.9 million, representing an effective tax rate of 26.8% and 26.4%, respectively, compared to \$41.3 million and \$140.6 million for the comparable periods in 2023, representing an effective tax rate of 37.7% and 28.1%, respectively. The effective tax rate for the three months ended September 30, 2023 was negatively impacted by the non-deductibility of the aforementioned provision for legal and regulatory matters recorded during the quarter.

## SEGMENT ANALYSIS

Our reportable segments include Global Wealth Management, Institutional Group, and Other.

Our Global Wealth Management segment consists of two businesses, the Private Client Group and Stifel Bancorp. The Private Client Group includes branch offices and independent contractor offices of our broker-dealer subsidiaries located throughout the United States. These branches provide securities brokerage services, including the sale of equities, mutual funds, fixed income products, and insurance, as well as offering banking products to their private clients through our bank subsidiaries, which provide residential, consumer, and commercial lending, as well as FDIC-insured deposit accounts to customers of our broker-dealer subsidiaries and to the general public.

The success of our Global Wealth Management segment is dependent upon the quality of our products, services, financial advisors, and support personnel, including our ability to attract, retain, and motivate a sufficient number of these associates. We face competition for qualified associates from major financial services companies, including other brokerage firms, insurance companies, banking institutions, and discount brokerage firms. Segment revenue growth, operating income, and segment pre-tax operating margin are used to evaluate and measure segment performance by our management team in deciding how to allocate resources and in assessing performance.

The Institutional Group segment includes institutional sales and trading. It provides securities brokerage, trading, and research services to institutions with an emphasis on the sale of equity and fixed income products. This segment also includes the management of and participation in underwritings for both corporate and public finance (exclusive of sales credits generated through the Private Client Group, which are included in the Global Wealth Management segment), merger and acquisition, and financial advisory services.

The success of our Institutional Group segment is dependent upon the quality of our personnel, the quality and selection of our investment products and services, pricing (such as execution pricing and fee levels), and reputation. Segment operating income and segment pre-tax operating margin are used to evaluate and measure segment performance by our management team in deciding how to allocate resources and in assessing performance.

The Other segment includes interest income from stock borrow activities, unallocated interest expense, interest income and gains and losses from investments held, amortization of stock-based awards, and all unallocated overhead cost associated with the execution of orders; processing of securities transactions; custody of client securities; receipt, identification, and delivery of funds and securities; compliance with regulatory and legal requirements; internal financial accounting and controls; and general administration and acquisition charges.

We evaluate the performance of our segments and allocate resources to them based on various factors, including prospects for growth, return on investment, and return on revenues.

**Results of Operations – Global Wealth Management**

**Three Months Ended September 30, 2024 Compared with Three Months Ended September 30, 2023**

The following table presents consolidated financial information for the Global Wealth Management segment for the periods indicated (in thousands, except percentages):

	Three Months Ended September 30,			% Change	As a Percentage of Net Revenues For the Three Months Ended September 30,	
	2024		2023		2024	2023
	2024	2023	2023		2024	2023
<b>Revenues:</b>						
Commissions	\$ 129,230	\$ 112,300	15.1	15.6 %	14.6 %	
Principal transactions	63,497	53,247	19.2	7.7	6.9	
Transactional revenues	192,727	165,547	16.4	23.3	21.5	
Asset management	382,309	333,088	14.8	46.2	43.3	
Investment banking	6,217	3,895	59.6	0.8	0.5	
Interest	484,164	480,320	0.8	58.5	62.5	
Other income	5,038	(3,403)	248.0	0.6	(0.4)	
<b>Total revenues</b>	<b>1,070,455</b>	<b>979,447</b>	<b>9.3</b>	<b>129.4</b>	<b>127.4</b>	
Interest expense	243,339	210,889	15.4	29.4	27.4	
<b>Net revenues</b>	<b>827,116</b>	<b>768,558</b>	<b>7.6</b>	<b>100.0</b>	<b>100.0</b>	
<b>Non-interest expenses:</b>						
Compensation and benefits	403,205	359,325	12.2	48.7	46.8	
Occupancy and equipment rental	43,137	41,331	4.4	5.2	5.4	
Communication and office supplies	16,351	16,063	1.8	2.0	2.1	
Commissions and floor brokerage	6,994	6,531	7.1	0.8	0.8	
Provision for credit losses	5,287	9,992	(47.1)	0.6	1.3	
Other operating expenses	50,439	36,867	36.8	6.2	4.8	
<b>Total non-interest expenses</b>	<b>525,413</b>	<b>470,109</b>	<b>11.8</b>	<b>63.5</b>	<b>61.2</b>	
<b>Income before income taxes</b>	<b>\$ 301,703</b>	<b>\$ 298,449</b>	<b>1.1</b>	<b>36.5 %</b>	<b>38.8 %</b>	

	September 30,	
	2024	2023
Branch offices	390	398
Financial advisors	2,243	2,266
Independent contractors	114	108
<b>Total financial advisors</b>	<b>2,357</b>	<b>2,374</b>

**Nine Months Ended September 30, 2024 Compared with Nine Months Ended September 30, 2023**

The following table presents consolidated financial information for the Global Wealth Management segment for the periods indicated (in thousands, except percentages):

	Nine Months Ended September 30,			As a Percentage of Net Revenues For the Nine Months Ended September 30,	
	2024	2023	% Change	2024	2023
<b>Revenues:</b>					
Commissions	\$ 371,912	\$ 332,327	11.9	15.4%	14.6%
Principal transactions	179,876	152,433	18.0	7.4	6.7
Transactional revenues	551,788	484,760	13.8	22.8	21.3
Asset management	1,130,496	968,863	16.7	46.7	42.4
Investment banking	16,277	12,118	34.3	0.7	0.5
Interest	1,434,892	1,371,823	4.6	59.3	60.1
Other income	6,815	(10,515)	164.8	0.3	(0.5)
<b>Total revenues</b>	<b>3,140,268</b>	<b>2,827,049</b>	<b>11.1</b>	<b>129.8</b>	<b>123.8</b>
Interest expense	721,517	543,115	32.8	29.8	23.8
<b>Net revenues</b>	<b>2,418,751</b>	<b>2,283,934</b>	<b>5.9</b>	<b>100.0</b>	<b>100.0</b>
<b>Non-interest expenses:</b>					
Compensation and benefits	1,185,682	1,055,834	12.3	49.0	46.2
Occupancy and equipment rental	130,616	122,748	6.4	5.4	5.4
Communication and office supplies	49,106	46,823	4.9	2.0	2.1
Commissions and floor brokerage	19,917	19,096	4.3	0.8	0.8
Provision for credit losses	13,209	22,736	(41.9)	0.5	1.0
Other operating expenses	128,597	102,235	25.8	5.4	4.5
<b>Total non-interest expenses</b>	<b>1,527,127</b>	<b>1,369,472</b>	<b>11.5</b>	<b>63.1</b>	<b>60.0</b>
<b>Income before income taxes</b>	<b>\$ 891,624</b>	<b>\$ 914,462</b>	<b>(2.5)</b>	<b>36.9%</b>	<b>40.0%</b>

**NET REVENUES**

For the three months ended September 30, 2024, Global Wealth Management net revenues increased 7.6% to a record \$827.1 million from \$768.6 million for the comparable period in 2023. For the nine months ended September 30, 2024, Global Wealth Management net revenues increased 5.9% to a record \$2.4 billion from \$2.3 billion for the comparable period in 2023. The increase in net revenues over the comparable periods in 2023 is primarily attributable to higher asset management revenues, transactional revenues, other income, and investment banking revenues, partially offset by lower net interest income.

**Commissions** – For the three months ended September 30, 2024, commission revenues increased 15.1% to \$129.2 million from \$112.3 million in the comparable period in 2023. For the nine months ended September 30, 2024, commission revenues increased 11.9% to \$371.9 million from \$332.3 million in the comparable period in 2023.

**Principal transactions** – For the three months ended September 30, 2024, principal transactions revenues increased 19.2% to \$63.5 million from \$53.2 million in the comparable period in 2023. For the nine months ended September 30, 2024, principal transactions revenues increased 18.0% to \$179.9 million from \$152.4 million in the comparable period in 2023.

**Transactional revenues** – For the three months ended September 30, 2024, transactional revenues increased 16.4% to \$192.7 million from \$165.5 million in the comparable period in 2023. For the nine months ended September 30, 2024, transactional revenues increased 13.8% to \$551.8 million from \$484.8 million in the comparable period in 2023 as a result of an increase in client activity.

**Asset management** – For the three months ended September 30, 2024, asset management revenues increased 14.8% to \$382.3 million from \$333.1 million in the comparable period in 2023. For the nine months ended September 30, 2024, asset management revenues increased 16.7% to \$1.1 billion from \$968.9 million in the comparable period in 2023. The increase is primarily attributable to higher asset values and net new assets. Fee-based account revenues are primarily billed based on asset values at the end the prior quarter.

Client asset metrics as of the periods indicated (*in thousands, except number of accounts and percentages*):

	September 30, 2024	September 30, 2023	% Change	June 30, 2024	% Change
Client assets	\$ 496,298,000	\$ 412,458,000	20.3	\$ 474,137,000	4.7
Fee-based client assets	\$ 190,771,000	\$ 150,982,000	26.4	\$ 179,749,000	6.1
Number of client accounts	1,237,000	1,205,000	2.7	1,230,000	0.6
Number of fee-based client accounts	348,000	329,000	5.8	343,000	1.5

The increase in the value of our client assets and fee-based assets was primarily attributable to improved market conditions and asset growth resulting from our recruiting efforts.

**Investment banking** – Investment banking, which represents sales credits for investment banking underwritings, increased 59.6% to \$6.2 million for the three months ended September 30, 2024 from \$3.9 million during the comparable period in 2023. For the nine months ended September 30, 2024, investment banking revenues increased 34.3% to \$16.3 million from \$12.1 million during the comparable period in 2023. Please refer to “Investment banking” in the Institutional Group segment discussion for information on the changes in net revenues.

**Interest revenue** – For the three months ended September 30, 2024, interest revenue increased 0.8% to \$484.2 million from \$480.3 million in the comparable period in 2023. The increase is primarily attributable to higher interest rates. For the nine months ended September 30, 2024, interest revenue increased 4.6% to \$1.43 billion from \$1.37 billion during the comparable period in 2023. The increase is primarily attributable to higher interest rates, partially offset by lower interest-earning assets. Please refer to “*Net Interest Income – Stifel Bancorp*” below for a further discussion of the changes in net interest income.

**Other income** – For the three months ended September 30, 2024, other income increased 248.0% to \$5.0 million from a loss of \$3.4 million in the comparable period in 2023. For the nine months ended September 30, 2024, other income increased 164.8% to \$6.8 million from a loss of \$10.5 million during the comparable period in 2023. The increases are primarily attributable to lower investment losses and an increase in loan origination fees. The nine months ended September 30, 2023 was negatively impacted by losses on the sale of investments.

**Interest expense** – For the three months ended September 30, 2024, interest expense increased 15.4% to \$243.3 million from \$210.9 in the comparable period in 2023. The increase is primarily attributable to higher interest rates and interest-bearing liabilities. For the nine months ended September 30, 2024, interest expense increased 32.8% to \$721.5 million from \$543.1 million during the comparable period in 2023. The increase is primarily attributable to higher interest rates and interest-bearing liabilities. Please refer to “*Net Interest Income – Stifel Bancorp*” below for a further discussion of the changes in net interest income.

## NET INTEREST INCOME – STIFEL BANCORP

The following tables present average balance data and operating interest revenue and expense data for Stifel Bancorp, as well as related interest yields for the periods indicated (in thousands, except rates):

	Three Months Ended September 30, 2024			Three Months Ended September 30, 2023		
	Average Balance	Interest Income/ Expense	Average Interest Rate	Average Balance	Interest Income/ Expense	Average Interest Rate
<b>Assets:</b>						
Interest-bearing cash and federal funds sold	\$ 1,705,642	\$ 24,124	5.66%	\$ 0	\$ 21,883	5.70%
U.S. government agencies	2,394	12	2.11	2,363	12	2.10
State and municipal securities (tax-exempt) <sup>(1)</sup>	2,350	18	3.00	2,350	18	3.00
Mortgage-backed securities	1,046,978	7,572	2.89	957,327	5,309	2.22
Corporate fixed income securities	542,974	3,692	2.72	619,533	4,294	2.77
				6,130,33		
Asset-backed securities	6,223,583	113,288	7.28	2	111,037	7.25
Federal Home Loan Bank and other capital stock	66,265	913	5.51	64,898	661	4.08
Loans <sup>(2)</sup>						
Securities-based loans	2,258,852	40,832	7.23	2,342,37		
Commercial and industrial	3,784,981	81,882	8.65	4,372,41		
Fund banking	3,506,096	71,153	8.12	4,155,74		
Residential real estate	8,342,341	74,816	3.59	7,839,41		
Commercial real estate	603,433	11,284	7.48	668,021	13,359	8.00
Home equity lines of credit	163,509	3,511	8.59	116,039	2,450	8.45
Construction and land	1,164,406	24,770	8.51	820,451	17,301	8.44
Other	47,515	749	6.31	46,196	737	6.38
Loans held for sale	493,436	10,496	8.51	202,176	2,561	5.06
	29,954,75			29,876,4		
<b>Total interest-earning assets<sup>(3)</sup></b>	<b>\$ 5</b>	<b>\$ 469,112</b>	<b>6.26%</b>	<b>\$ 17</b>	<b>\$ 463,929</b>	<b>6.21%</b>
Cash and due from banks	26,882			8,502		
Other non interest-earning assets	250,104			84,692		
	30,231,74			29,969,6		
<b>Total assets</b>	<b>\$ 1</b>			<b>\$ 11</b>		
<b>Liabilities and stockholders' equity:</b>						
Deposits:						
Money market	\$ 25,579,38	\$ 4	3.32%	\$ 06	\$ 171,446	2.77%
Time deposits	176,766	2,358	5.33	5	—	2.15
				2,525,05		
Demand deposits	1,778,315	15,017	3.38	7	26,750	4.24
Savings	1,468	3	0.91	591	1	0.73
Federal Home Loan Bank advances	—	—	0.00	—	—	0.00
Other borrowings	91,555	1,627	7.11	901	181	80.57
	27,627,48	8	3.35%	60	198,378	2.91%
<b>Total interest-bearing liabilities<sup>(3)</sup></b>	<b>396,605</b>			<b>350,002</b>		
Non-interest-bearing deposits	133,768			151,136		
	28,157,86			27,749,3		
<b>Total liabilities</b>	<b>1</b>			<b>98</b>		
Stockholders' equity	2,073,880			2,220,21		
	30,231,74			29,969,6		
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1</b>			<b>\$ 11</b>		
<b>Net interest income/spread</b>	<b>\$ 237,760</b>		<b>2.91%</b>	<b>\$ 265,551</b>		<b>3.30%</b>
<b>Net interest margin</b>			<b>3.17%</b>			<b>3.56%</b>

(1) Due to immaterial amount of income recognized on tax-exempt securities, yields were not calculated on a tax-equivalent basis.

(2) Loans on nonaccrual status are included in average balances.

(3) Please refer to the Net Interest Income table included in "Results of Operations" for additional information on our company's average balances and operating interest and expenses.

The following tables present average balance data and operating interest revenue and expense data for Stifel Bancorp, as well as related interest yields for the periods indicated (*in thousands, except rates*):

	Nine Months Ended September 30, 2024			Nine Months Ended September 30, 2023		
	Average Balance	Interest Income/Expense	Average Interest Rate	Average Balance	Interest Income/Expense	Average Interest Rate
<b>Assets:</b>						
Interest-bearing cash and federal funds sold	\$ 2,104,167	\$ 88,693	5.62%	\$ 9	\$ 48,105	5.36%
U.S. government agencies	2,386	38	2.11	2,355	37	2.10
State and municipal securities (tax-exempt) <sup>(1)</sup>	2,350	53	3.00	2,350	53	3.00
Mortgage-backed securities	964,711	18,424	2.55	972,826	16,056	2.20
Corporate fixed income securities	579,613	11,971	2.75	626,439	12,767	2.72
				6,164,94		
Asset-backed securities	6,072,987	330,489	7.26	5	316,288	6.84
Federal Home Loan Bank and other capital stock	65,233	2,605	5.32	61,784	1,866	4.03
Loans <sup>(2)</sup>						
Securities-based loans	2,282,715	124,038	7.25	8	128,199	6.89
Commercial and industrial	3,652,555	243,069	8.87	4	287,780	8.28
Fund banking	3,408,492	206,020	8.06	8	242,195	7.48
Residential real estate	8,195,707	213,639	3.48	4	172,375	3.01
Commercial real estate	632,979	34,608	7.29	674,360	37,367	7.39
Home equity lines of credit	154,471	9,872	8.52	111,725	6,702	8.00
Construction and land	1,148,628	72,573	8.42	712,523	42,942	8.04
Other	48,543	2,190	6.01	47,553	2,312	6.48
Loans held for sale	481,860	30,705	8.50	195,765	8,929	6.08
	1,388,98			29,832,6	1,323,9	
<b>Total interest-earning assets<sup>(3)</sup></b>	<b>\$ 29,797,397</b>	<b>\$ 7</b>	<b>6.22%</b>	<b>\$ 18</b>	<b>\$ 73</b>	<b>5.92%</b>
Cash and due from banks	22,386			6,989		
Other non interest-earning assets	166,730			119,483		
				29,959,0		
<b>Total assets</b>	<b>\$ 29,986,513</b>			<b>\$ 90</b>		
<b>Liabilities and stockholders' equity:</b>						
Deposits:						
Money market	\$ 25,160,696	\$ 619,793	3.28%	\$ 93	\$ 443,751	2.36%
Time deposits	75,996	3,030	5.32	3,387	75	2.95
				2,133,58		
Demand deposits	2,064,011	57,247	3.70	8	63,018	3.94
Savings	965	6	0.84	526	3	0.70
Federal Home Loan Bank advances	2	—	2.15	1,833	68	4.97
Other borrowings	78,967	4,352	7.35	845	317	50.00
				27,205.9		
<b>Total interest-bearing liabilities<sup>(3)</sup></b>	<b>27,380,637</b>	<b>684,428</b>	<b>3.33%</b>	<b>72</b>	<b>507,232</b>	<b>2.49%</b>
Non-interest-bearing deposits	339,644			380,484		
Other non-interest bearing liabilities	141,093			152,903		
				27,739,3		
<b>Total liabilities</b>	<b>27,861,374</b>			<b>59</b>		
Stockholders' equity	2,125,139			2,219,73		
				1		
<b>Total liabilities and stockholders' equity</b>	<b>\$ 29,986,513</b>			<b>\$ 90</b>	<b>29,959,0</b>	
<b>Net interest income/spread</b>	<b>\$ 704,559</b>		<b>2.89%</b>		<b>\$ 816,741</b>	<b>3.43%</b>
<b>Net interest margin</b>			<b>3.15%</b>			<b>3.65%</b>

(1) Due to immaterial amount of income recognized on tax-exempt securities, yields were not calculated on a tax-equivalent basis.

(2) Loans on nonaccrual status are included in average balances.

(3) Please refer to the Net Interest Income table included in "Results of Operations" for additional information on our company's average balances and operating interest and expenses.

The following table sets forth an analysis of the effect on net interest income of volume and rate changes for the three and nine month periods ended September 30, 2024 compared to the three and nine month periods ended September 30, 2023 (*in thousands*):

	Three Months Ended September 30, 2024 Compared to Three Months Ended September 30, 2023			Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023		
	Increase/(decrease) due to:			Increase/(decrease) due to:		
	Volume	Rate	Total	Volume	Rate	Total
<b>Interest income:</b>						
Interest-bearing cash and federal funds sold	\$ 2,388	\$ (147)	\$ 2,241	\$ 38,175	\$ 2,413	\$ 40,588
U.S. government agencies	—	—	—	1	—	1
State and municipal securities (tax-exempt)	—	—	—	—	—	—
Mortgage-backed securities	533	1,730	2,263	(133)	2,501	2,368
Corporate fixed income securities	(522)	(80)	(602)	(970)	174	(796)
Asset-backed securities	1,695	556	2,251	(4,625)	18,826	14,201
Federal Home Loan Bank and other capital stock	15	237	252	109	630	739
Loans						
Securities-based loans	(1,513)	(395)	(1,908)	(11,820)	7,659	(4,161)
Commercial and industrial	(6,752)	(8,163)	(14,915)	(67,397)	22,686	(44,711)
Fund banking	(12,207)	329	(11,878)	(57,261)	21,086	(36,175)
Residential real estate	4,135	8,942	13,077	13,370	27,894	41,264
Commercial real estate	(1,242)	(833)	(2,075)	(2,268)	(491)	(2,759)
Home equity lines of credit	1,019	42	1,061	2,708	462	3,170
Construction and land	7,315	154	7,469	27,461	2,170	29,631
Other	21	(9)	12	50	(172)	(122)
Loans held for sale	5,391	2,544	7,935	17,124	4,652	21,776
	<b>\$ 276</b>	<b>\$ 4,907</b>	<b>\$ 5,183</b>	<b>\$ (45,476)</b>	<b>\$ 110,490</b>	<b>\$ 65,014</b>
<b>Interest expense:</b>						
Deposits:						
Money market	\$ 6,124	34,777	\$ 40,901	\$ 1,686	\$ 174,356	\$ 176,042
Time deposits	2,357	1	2,358	2,848	107	2,955
Demand deposits	(6,959)	(4,774)	(11,733)	(2,011)	(3,760)	(5,771)
Savings	2	—	2	2	1	3
Federal Home Loan Bank advances	—	—	—	(43)	(25)	(68)
Other borrowings	1,458	(12)	1,446	4,073	(38)	4,035
	<b>\$ 2,982</b>	<b>\$ 29,992</b>	<b>\$ 32,974</b>	<b>\$ 6,555</b>	<b>\$ 170,641</b>	<b>\$ 177,196</b>

Increases and decreases in interest revenue and interest expense result from changes in average balances (volume) of interest-earning bank assets and liabilities, as well as changes in average interest rates. The effect of changes in volume is determined by multiplying the change in volume by the previous year's average yield/cost. Similarly, the effect of rate changes is calculated by multiplying the change in average yield/cost by the previous year's volume. Changes applicable to both volume and rate have been allocated proportionately.

**Net interest income** – Net interest income is the difference between interest earned on interest-earning assets and interest paid on funding sources. Net interest income is affected by changes in the volume and mix of these assets and liabilities, as well as by fluctuations in interest rates and portfolio management strategies. Increases in short-term interest rates have had a positive impact on our results, in particular on our net interest income.

For the three months ended September 30, 2024, interest revenue of \$469.1 million was generated from average interest-earning assets of \$30.0 billion at an average interest rate of 6.26%. Interest revenue of \$463.9 million for the comparable period in 2023 was generated from average interest-earning assets of \$29.9 billion at an average interest rate of 6.21%.

For the nine months ended September 30, 2024, interest revenue of \$1.4 billion was generated from average interest-earning assets of \$29.8 billion at an average interest rate of 6.22%. Interest revenue of \$1.3 billion million for the comparable period in 2023 was generated from average interest-earning assets of \$29.8 billion at an average interest rate of 5.92%.

Interest expense represents interest on customer money market accounts, interest on time deposits, Federal Home Loan Bank advances, and other interest expense. For the three months ended September 30, 2024, interest expense of \$231.4 million was incurred from average interest-bearing liabilities of \$27.6 billion at an average interest rate of 3.35%. Interest expense of \$198.4 million for the comparable period in 2023 was incurred from average interest-bearing liabilities of \$27.2 billion at an average interest rate of 2.91%.

For the nine months ended September 30, 2024, interest expense of \$684.4 million was incurred from average interest-bearing liabilities of \$27.4 billion at an average interest rate of 3.33%. Interest expense of \$507.2 million for the comparable period in 2023 was incurred from average interest-bearing liabilities of \$27.2 billion at an average interest rate of 2.49%.

Please refer to "Net Interest Income – Stifel Bancorp" above for more information regarding average balances, interest income and expense, and average interest rate yields.

#### **NON-INTEREST EXPENSES**

For the three months ended September 30, 2024, Global Wealth Management non-interest expenses increased 11.8% to \$525.4 million from \$470.1 million for the comparable period in 2023. For the nine months ended September 30, 2024, Global Wealth Management non-interest expenses increased 11.5% to \$1.5 billion from \$1.4 billion for the comparable period in 2023.

**Compensation and benefits** – For the three months ended September 30, 2024, compensation and benefits expense increased 12.2% to \$403.2 million from \$359.3 million during the comparable period in 2023. For the nine months ended September 30, 2024, compensation and benefits expense increased 12.3% to \$1.2 billion from \$1.1 billion during the comparable period in 2023. The increase is primarily attributable to increased variable compensation over the comparable periods in 2023.

Compensation and benefits expense as a percentage of net revenues was 48.7% and 49.0% for the three and nine months ended September 30, 2024, respectively, compared to 46.8% and 46.2% for the comparable periods in 2023. The increase is primarily attributable to higher compensable revenues over the comparable periods in 2023.

**Occupancy and equipment rental** – For the three months ended September 30, 2024, occupancy and equipment rental expense increased 4.4% to \$43.1 million from \$41.3 million during the comparable period in 2023. For the nine months ended September 30, 2024, occupancy and equipment rental expense increased 6.4% to \$130.6 million from \$122.7 million during the comparable period in 2023. The increase is primarily attributable to higher data processing expense and occupancy costs over the comparable periods in 2023 associated with an increase in business activity.

**Communications and office supplies** – For the three months ended September 30, 2024, communications and office supplies expense increased 1.8% to \$16.4 million from \$16.1 million during the comparable period in 2023. For the nine months ended September 30, 2024, communications and office supplies expense increased 4.9% to \$49.1 million from \$46.8 million during the comparable period in 2023. The increase is primarily attributable to higher communication and quote equipment expenses associated with the continued growth of our business.

**Commissions and floor brokerage** – For the three months ended September 30, 2024, commissions and floor brokerage expense increased 7.1% to \$7.0 million from \$6.5 million during the comparable period in 2023. The increase is primarily attributable to higher processing expenses. For the nine months ended September 30, 2024, commissions and floor brokerage expense increased 4.3% to \$19.9 million from \$19.1 million during the comparable period in 2023. The increase is primarily attributable to higher processing expenses, partially offset by lower clearing expenses.

**Provision for credit losses** – For the three months ended September 30, 2024, provision for credit losses decreased 47.1% to \$5.3 million from \$10.0 million during the comparable period in 2023. For the nine months ended September 30, 2024, provision for credit losses decreased 41.9% to \$13.2 million from \$22.7 million during the comparable period in 2023. The decrease is primarily attributable to lower provisions in the real estate sector, partially offset by growth in the loan portfolio.

**Other operating expenses** – For the three months ended September 30, 2024, other operating expenses increased 36.8% to \$50.4 million from \$36.9 million during the comparable period in 2023. The increase is primarily attributable to increases in litigation-related expenses associated with a recent arbitration matter, advertising, professional fees, and subscriptions, partially offset by lower FDIC-insurance expense, bank service charges, and travel and entertainment expense.

For the nine months ended September 30, 2024, other operating expenses increased 25.8% to \$128.6 million from \$102.2 million during the comparable period in 2023. The increase is primarily attributable to the aforementioned increase in litigation-related expenses, professional fees, advertising, travel and entertainment expense, and subscriptions, partially offset by lower FDIC-insurance expense and bank service charges.

#### **INCOME BEFORE INCOME TAXES**

For the three months ended September 30, 2024, income before income taxes increased 1.1% to \$301.7 million from \$298.4 million during the comparable period in 2023. For the nine months ended September 30, 2024, income before income taxes decreased 2.5% to \$891.6 million from \$914.5 million during the comparable period in 2023.

Profit margins (income before income taxes as a percent of net revenues) have decreased to 36.5% and 36.9% for the three and nine months ended September 30, 2024, respectively, from 38.8% and 40.0% during the comparable periods in 2023. Profit margins were negatively impacted by an increase in operating expenses, partially offset by higher net revenues.

**Results of Operations – Institutional Group**

**Three Months Ended September 30, 2024 Compared with Three Months Ended September 30, 2023**

The following table presents consolidated financial information for the Institutional Group segment for the periods indicated (in thousands, except percentages):

	Three Months Ended September 30,			As a Percentage of Net Revenues For the Three Months Ended September 30,	
	2024	2023	% Change	2024	2023
<b>Revenues:</b>					
Commissions	\$ 54,215	\$ 52,775	2.7	14.6 %	20.5 %
Principal transactions	73,583	61,594	19.5	19.7	24.0
<i>Transactional revenues</i>	127,798	114,369	11.7	34.3	44.5
Capital raising	100,108	45,719	119.0	26.9	17.8
Advisory	136,857	97,272	40.7	36.7	37.9
<i>Investment banking</i>	236,965	142,991	65.7	63.6	55.7
Interest	9,982	5,854	70.5	2.7	2.3
Other income	12,940	2,808	360.8	3.5	1.1
<b>Total revenues</b>	<b>387,685</b>	<b>266,022</b>	<b>45.7</b>	<b>104.1</b>	<b>103.6</b>
Interest expense	15,284	9,134	67.3	4.1	3.6
<b>Net revenues</b>	<b>372,401</b>	<b>256,888</b>	<b>45.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Non-interest expenses:</b>					
Compensation and benefits	224,556	192,638	16.6	60.3	75.0
Occupancy and equipment rental	21,520	21,656	(0.6)	5.8	8.4
Communication and office supplies	26,783	25,183	6.4	7.2	9.8
Commissions and floor brokerage	9,245	7,882	17.3	2.5	3.1
Other operating expenses	48,500	37,333	29.9	13.0	14.5
<b>Total non-interest expenses</b>	<b>330,604</b>	<b>284,692</b>	<b>16.1</b>	<b>88.8</b>	<b>110.8</b>
<b>Income/(loss) before income taxes</b>	<b>\$ 41,797</b>	<b>\$ (27,804)</b>	<b>250.3</b>	<b>11.2 %</b>	<b>(10.8 %)</b>

**Nine Months Ended September 30, 2024 Compared with Nine Months Ended September 30, 2023**

The following table presents consolidated financial information for the Institutional Group segment for the periods indicated (in thousands, except percentages):

	Nine Months Ended September 30,			As a Percentage of Net Revenues For the Nine Months Ended September 30,	
			% Change	2024	2023
	2024	2023		2024	2023
<b>Revenues:</b>					
Commissions	\$ 180,326	\$ 167,656	7.6	16.2%	19.3%
Principal transactions	249,801	183,630	36.0	22.4	21.2
<i>Transactional revenues</i>	430,127	351,286	22.4	38.6	40.5
Capital raising	286,615	177,263	61.7	25.7	20.4
Advisory	387,520	336,210	15.3	34.8	38.8
<i>Investment banking</i>	674,135	513,473	31.3	60.5	59.2
Interest	25,479	18,625	36.8	2.3	2.1
Other income	26,727	7,761	244.4	2.4	1.0
<b>Total revenues</b>	<b>1,156,468</b>	<b>891,145</b>	<b>29.8</b>	<b>103.8</b>	<b>102.8</b>
Interest expense	41,970	24,120	74.0	3.8	2.8
<b>Net revenues</b>	<b>1,114,498</b>	<b>867,025</b>	<b>28.5</b>	<b>100.0</b>	<b>100.0</b>
<b>Non-interest expenses:</b>					
Compensation and benefits	679,341	592,701	14.6	61.0	68.4
Occupancy and equipment rental	65,917	63,861	3.2	5.9	7.4
Communication and office supplies	78,114	75,768	3.1	7.0	8.7
Commissions and floor brokerage	26,473	23,869	10.9	2.4	2.8
Other operating expenses	136,934	116,497	17.5	12.2	13.4
<b>Total non-interest expenses</b>	<b>986,779</b>	<b>872,696</b>	<b>13.1</b>	<b>88.5</b>	<b>100.7</b>
<b>Income/(loss) before income taxes</b>	<b>\$ 127,719</b>	<b>\$ (5,671)</b>	<b>n/m</b>	<b>11.5%</b>	<b>(0.7%)</b>
<b>NET REVENUES</b>					

For the three months ended September 30, 2024, Institutional Group net revenues increased 45.0% to \$372.4 million from \$256.9 million for the comparable period in 2023. The increase in net revenues is primarily attributable to higher capital-raising revenues, advisory revenues, and transactional revenues.

For the nine months ended September 30, 2024, Institutional Group net revenues increased 28.5% to \$1.1 billion from \$867.0 million during the comparable period in 2023. The increase in net revenues is primarily attributable to higher capital-raising revenues, transactional revenues, and advisory revenues.

**Commissions** – For the three months ended September 30, 2024, commission revenues increased 2.7% to \$54.2 million from \$52.8 million in the comparable period in 2023. For the nine months ended September 30, 2024, commission revenues increased 7.6% to \$180.3 million from \$167.7 million in the comparable period in 2023.

**Principal transactions** – For the three months ended September 30, 2024, principal transactions revenues increased 19.5% to \$73.6 million from \$61.6 million in the comparable period in 2023. For the nine months ended September 30, 2024, principal transactions revenues increased 36.0% to \$249.8 million from \$183.6 million in the comparable period in 2023.

**Transactional revenues** – For the three months ended September 30, 2024, transactional revenues increased 11.7% to \$127.8 million from \$114.4 million in the comparable period in 2023. For the nine months ended September 30, 2024, transactional revenues increased 22.4% to \$430.1 million from \$351.3 million in the comparable period in 2023.

For the three months ended September 30, 2024, fixed income transactional revenues increased 17.1% to \$79.0 million from \$67.4 million in the comparable period in 2023. For the nine months ended September 30, 2024, fixed income transactional revenues increased 32.9% to \$274.3 million from \$206.4 million in the comparable period in 2023. The increase in fixed income transactional revenues is primarily attributable to improved client engagement and volatility over the comparable periods in 2023.

For the three months ended September 30, 2024, equity transactional revenues increased 4.0% to \$48.8 million from \$46.9 million in the comparable period in 2023. For the nine months ended September 30, 2024, equity transactional revenues increased 7.5% to \$155.8 million from \$144.9 million during the comparable period in 2023. The increase in equity transactional revenues is primarily attributable to higher equities trading commissions over the comparable periods in 2023.

**Investment banking** – For the three months ended September 30, 2024, investment banking revenues increased 65.7% to \$237.0 million from \$143.0 million during the comparable period in 2023. For the nine months ended September 30, 2024, investment banking revenues increased 31.3% to \$674.1 million from \$513.5 million during the comparable period in 2023.

For the three months ended September 30, 2024, capital-raising revenues increased 119.0% to \$100.1 million from \$45.7 million in the comparable period in 2023. For the nine months ended September 30, 2024, capital-raising revenues increased 61.7% to \$286.6 million from \$177.3 million in the comparable period in 2023.

For the three months ended September 30, 2024, equity capital-raising revenues increased 141.1% to \$50.7 million from \$21.0 million during the comparable period in 2023. For the nine months ended September 30, 2024, equity capital-raising revenues increased 83.3% to \$139.0 million from \$75.8 million during the comparable period in 2023. The increase is primarily attributable to higher volumes over the comparable periods in 2023.

For the three months ended September 30, 2024, fixed income capital-raising revenues increased 100.1% to \$49.4 million from \$24.7 million during the comparable period in 2023. For the nine months ended September 30, 2024, fixed income capital-raising revenues increased 45.5% to \$147.6 million from \$101.4 million during the comparable period in 2023. The increase is primarily attributable to higher bond issuances over the comparable periods in 2023.

For the three months ended September 30, 2024, advisory revenues increased 40.7% to \$136.9 million from \$97.3 million in the comparable period in 2023. For the nine months ended September 30, 2024, advisory revenues increased 15.3% to \$387.5 million from \$336.2 million in the comparable period in 2023. The increase is primarily attributable to higher levels of completed advisory transactions over the comparable periods in 2023.

**Interest** – For the three months ended September 30, 2024, interest increased 70.5% to \$10.0 million from \$5.9 million in the comparable period in 2023. For the nine months ended September 30, 2024, interest increased 36.8% to \$25.5 million from \$18.6 million in the comparable period in 2023.

**Other income** – For the three months ended September 30, 2024, other income increased 360.8% to \$12.9 million from \$2.8 million in the comparable period in 2023. For the nine months ended September 30, 2024, other income increased 244.4% to \$26.7 million from \$7.8 million during the comparable period in 2023. The increase is primarily attributable to rental income generated from our aircraft engine leasing business.

**Interest expense** – For the three months ended September 30, 2024, interest expense increased 67.3% to \$15.3 million from \$9.1 million in the comparable period in 2023. For the nine months ended September 30, 2024, interest expense increased 74.0% to \$42.0 million from \$24.1 million in the comparable period in 2023. The increase is primarily attributable to higher interest rates and an increase in inventory levels.

#### **NON-INTEREST EXPENSES**

For the three months ended September 30, 2024, Institutional Group non-interest expenses increased 16.1% to \$330.6 million from \$284.7 million for the comparable period in 2023. For the nine months ended September 30, 2024, Institutional Group non-interest expenses increased 13.1% to \$986.8 million from \$872.7 million during the comparable period in 2023.

**Compensation and benefits** – For the three months ended September 30, 2024, compensation and benefits expense increased 16.6% to \$224.6 million from \$192.6 million during the comparable period in 2023. For the nine months ended September 30, 2024, compensation and benefits expense increased 14.6% to \$679.3 million from \$592.7 million during the comparable period in 2023. The increase is driven by higher variable compensation expense as a result of an improving operating environment.

Compensation and benefits expense as a percentage of net revenues was 60.3% and 61.0% for the three and nine months ended September 30, 2024, respectively, compared to 75.0% and 68.4% for the comparable periods in 2023. The decrease is primarily attributable to higher revenues over the comparable periods in 2023.

**Occupancy and equipment rental** – For the three months ended September 30, 2024, occupancy and equipment rental expense decreased 0.6% to \$21.5 million from \$21.7 million during the comparable period in 2023. The decrease is primarily attributable to lower data processing expenses. For the nine months ended September 30, 2024, occupancy and equipment rental expense increased 3.2% to \$65.9 million from \$63.9 million during the comparable period in 2023. The increase is attributable to higher furniture and equipment costs.

**Communications and office supplies** – For the three months ended September 30, 2024, communications and office supplies expense increased 6.4% to \$26.8 million from \$25.2 million during the comparable period in 2023. For the nine months ended September 30, 2024, communications and office supplies expense increased 3.1% to \$78.1 million from \$75.8 million during the comparable period in 2023. The increase is primarily attributable to higher communication and quote expenses.

**Commissions and floor brokerage** – For the three months ended September 30, 2024, commissions and floor brokerage expense increased 17.3% to \$9.2 million from \$7.9 million during the comparable period in 2023. The increase is primarily attributable to higher ECN trading costs and clearing expenses. For the nine months ended September 30, 2024, commissions and floor brokerage expense

increased 10.9% to \$26.5 million from \$23.9 million during the comparable period in 2023. The increase is primarily attributable to higher clearing expenses and ECN trading costs.

**Other operating expenses** – For the three months ended September 30, 2024, other operating expenses increased 29.9% to \$48.5 million from \$37.3 million during the comparable period in 2023. The increase is primarily attributable to higher investment banking expenses, litigation-related expenses, conference-related expenses, and professional fees. For the nine months ended September 30, 2024, other operating expenses increased 17.5% to \$136.9 million from \$116.5 million during the comparable period in 2023. The increase is primarily attributable to higher investment banking expenses, litigation-related expenses, conference-related expenses, and professional fees, partially offset by lower travel and entertainment expenses.

#### INCOME BEFORE INCOME TAXES

For the three months ended September 30, 2024, income before income taxes for the Institutional Group segment increased 250.3% to \$41.8 million from a loss of \$27.8 million during the comparable period in 2023. For the nine months ended September 30, 2024, income before income taxes for the Institutional Group segment increased to \$127.7 million from a loss of \$5.7 million during the comparable period in 2023.

Profit margins (income before income taxes as a percentage of net revenues) for the three and nine months ended September 30, 2024 were positively impacted by higher revenues over the comparable periods in 2023.

#### Results of Operations – Other Segment

##### Three and Nine Months Ended September 30, 2024 Compared with Three and Nine Months Ended September 30, 2023

The Other segment includes costs associated with investments made in the Company's core business and expenses related to the Company's acquisition strategy. The following table presents financial information for our Other segment for the periods presented broken out between infrastructure growth-related expenses and acquisition-related expenses (*in thousands, except percentages*):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
<b>Net revenues</b>	<b>\$ 25,151</b>	<b>\$ 19,605</b>	<b>28.3%</b>	<b>\$ 72,389</b>	<b>\$ 51,606</b>	<b>40.3%</b>
<b>Non-interest expenses:</b>						
Compensation and benefits:						
Core business-related	<b>82,944</b>	<b>54,153</b>	<b>53.2</b>	<b>226,837</b>	<b>208,662</b>	<b>8.7</b>
Acquisition-related	<b>7,361</b>	<b>7,171</b>	<b>2.6</b>	<b>28,619</b>	<b>22,947</b>	<b>24.7</b>
Total compensation and benefits	<b>90,305</b>	<b>61,324</b>	<b>47.3</b>	<b>255,456</b>	<b>231,609</b>	<b>10.3</b>
Other operating expenses:						
Core business-related	<b>50,521</b>	<b>112,874</b>	<b>(55.2)</b>	<b>148,197</b>	<b>204,711</b>	<b>(27.6)</b>
Acquisition-related	<b>11,167</b>	<b>6,623</b>	<b>68.6</b>	<b>25,836</b>	<b>23,380</b>	<b>10.5</b>
Total other operating expenses	<b>61,688</b>	<b>119,497</b>	<b>(48.4)</b>	<b>174,033</b>	<b>228,091</b>	<b>(23.7)</b>
<b>Total non-interest expenses</b>	<b>151,993</b>	<b>180,821</b>	<b>(15.9)</b>	<b>429,489</b>	<b>459,700</b>	<b>(6.6)</b>
<b>Loss before income taxes</b>	<b>\$ (126,842)</b>	<b>\$ (161,216)</b>	<b>(21.3)%</b>	<b>\$ (357,100)</b>	<b>\$ (408,094)</b>	<b>(12.5)%</b>

For the three and nine months ended September 30, 2024, non-interest expenses decreased 15.9% and 6.6%, to \$152.0 million and \$429.5 million, respectively. The decreases are primarily attributable to lower provisions for legal and regulatory matters, partially offset by an increase in variable compensation over the comparable periods in 2023 and the recording of severance costs during 2024 associated with workforce reductions in certain of our foreign subsidiaries. During the third quarter of 2023, we recorded \$67.0 million related to provisions for legal and regulatory matters.

The expenses relating to the Company's acquisition strategy are primarily attributable to integration-related activities, signing bonuses, amortization of restricted stock awards, debentures, and promissory notes issued as retention, additional earn-out expense, and amortization of intangible assets acquired. These costs were directly related to acquisitions of certain businesses and are not representative of the costs of running the Company's ongoing business.

For the three months ended September 30, 2024, non-interest expenses related to our acquisition strategy, included in the numbers presented in the table above, increased 34.3% to \$18.5 million from \$13.8 million in 2023.

For the nine months ended September 30, 2024, non-interest expenses related to our acquisition strategy, included in the numbers presented in the table above, increased 17.5% to \$54.5 million from \$46.3 million in 2023.

#### Analysis of Financial Condition

Our company's consolidated statements of financial condition consist primarily of cash and cash equivalents, receivables, financial instruments owned, bank loans, investments, goodwill, loans and advances to financial advisors, bank deposits, and payables. Total assets of \$38.9 billion, were up 3.2% over December 31, 2023. Our broker-dealer subsidiary's gross assets and liabilities, including

financial instruments owned, stock loan/borrow, receivables and payables from/to brokers, dealers, and clearing organizations and clients, fluctuate with our business levels and overall market conditions.

As of September 30, 2024, our liabilities were comprised primarily of deposits of \$28.1 billion at Stifel Bancorp, payables to customers of \$668.8 million at our broker-dealer subsidiaries, accounts payable and accrued expenses of \$654.6 million, senior notes, net of debt issuance costs, of \$616.4 million, and accrued employee compensation of \$613.1 million. To meet our obligations to clients and operating needs, we had \$12.7 billion of cash or assets readily convertible into cash at September 30, 2024.

#### *Cash Flow*

Cash and cash equivalents decreased \$1.4 billion to \$1.9 billion at September 30, 2024, from \$3.4 billion at December 31, 2023. Operating activities used cash of \$204.1 million. Investing activities used cash of \$1.5 billion primarily as a result of purchases of securities in our investment portfolio and growth in our loan portfolio, partially offset by proceeds received from principal paydowns, maturities, and calls of securities in our investment portfolio. Financing activities provided cash of \$166.8 million primarily due to an increase in bank deposits and securities sold under agreement to repurchase, partially offset by the repayment of the Company's 4.25% Senior Notes, which matured in the third quarter of 2024, dividends paid on our common and preferred stock, tax payments related to shares withheld for stock-based compensation, and repurchases of our common stock.

#### *Liquidity and Capital Resources*

Liquidity and capital are essential to our business. The primary goal of our liquidity management activities is to ensure adequate funding and liquidity to conduct our business over a range of economic and market environments, including times of broader industry or market liquidity stress events, such as those which occurred in the banking industry during fiscal 2023. In times of market stress or uncertainty, we generally maintain higher levels of capital and liquidity, including increased cash levels at our bank subsidiaries, to ensure we have adequate funding to support our business and meet our clients' needs. We seek to manage capital levels to support execution of our business strategy, provide financial strength to our subsidiaries, and maintain sustained access to the capital markets, while at the same time meeting our regulatory capital requirements, and conservative internal management targets.

Liquidity and capital resources are provided primarily through our business operations and financing activities. Financing activities could include bank borrowings, collateralized financing arrangements, new or enhanced deposit product offerings such as the SmartRate Program, or additional capital-raising activities under our "universal" shelf registration statement. We believe our existing assets, most of which are liquid in nature, together with funds generated from operations and available from committed and uncommitted financing facilities, provide adequate funds for continuing operations at current levels of activity in the short-term. We also believe that we will be able to continue to meet our long-term cash requirements due to our strong financial position and ability to access capital from financial markets.

The Company's senior management establishes the liquidity and capital policies of our company. The Company's senior management reviews business performance relative to these policies, monitors the availability of alternative sources of financing, and oversees the liquidity and interest rate sensitivity of our company's asset and liability position.

Our assets, consisting mainly of cash or assets readily convertible into cash, are our principal source of liquidity. The liquid nature of these assets provides for flexibility in managing and financing the projected operating needs of the business. These assets are financed primarily by our equity capital, corporate debt, debentures to trusts, client credit balances, short-term bank loans, and proceeds from securities lending, repurchase agreements, and other payables. We currently finance our client accounts and firm trading positions through ordinary course borrowings at floating interest rates from various banks on a demand basis, securities lending, and repurchase agreements, with company-owned and client securities pledged as collateral. Changes in securities market volumes, related client borrowing demands, underwriting activity, and levels of securities inventory affect the amount of our financing requirements. Interest rate increases may harm the value of our investment portfolio, if interest rates rise, our unrealized gains on fixed income securities may decrease and our unrealized losses may increase. We would recognize the accumulated change in estimated fair value of these fixed income securities in net income when we realize a gain or loss upon the sale of the security.

Our bank assets consist principally of available-for-sale and held-to-maturity securities, retained loans, and cash and cash equivalents. Stifel Bancorp's current liquidity needs are generally met through deposits from brokerage clients and equity capital. We monitor the liquidity of our bank subsidiaries daily to ensure their ability to meet customer deposit withdrawals, maintain reserve requirements, and support asset growth.

As of September 30, 2024, we had \$38.9 billion in assets, \$12.7 billion of which consisted of cash or assets readily convertible into cash as follows (in thousands):

	September 30, 2024	December 31, 2023
Cash and cash equivalents	\$ 1,915,767	\$ 3,361,801
Receivables from brokers, dealers, and clearing organizations	560,984	414,144
Securities purchased under agreements to resell	665,067	349,849
Financial instruments owned at fair value	1,291,638	834,279
Available-for-sale securities at fair value	1,618,289	1,551,686
Held-to-maturity securities at amortized cost	6,613,793	5,888,798
Investments	26,625	23,189
Total cash and assets readily convertible to cash	<u>\$ 12,692,163</u>	<u>\$ 12,423,746</u>

As of September 30, 2024 and December 31, 2023, the amount of collateral by asset class is as follows (in thousands):

	September 30, 2024		December 31, 2023	
	Contractual	Contingent	Contractual	Contingent
Cash and cash equivalents	\$ 150,871	\$ —	\$ 185,195	\$ —
Financial instruments owned at fair value	657,984	657,984	417,644	417,644
Investment portfolio (AFS & HTM)	—	2,704,035	—	2,076,717
	<u>\$ 808,855</u>	<u>\$ 3,362,019</u>	<u>\$ 602,839</u>	<u>\$ 2,494,361</u>

#### **Liquidity Available From Subsidiaries**

Liquidity is principally available to our company from Stifel and Stifel Bancorp.

Stifel is required to maintain net capital equal to the greater of \$1 million or two percent of aggregate debit items arising from client transactions. Covenants in the Company's committed financing facilities require the excess net capital of Stifel, our principal broker-dealer subsidiary, to be above a defined amount. At September 30, 2024, Stifel's excess net capital exceeded the minimum requirement, as defined. There are also limitations on the amount of dividends that may be declared by a broker-dealer without FINRA approval. See Note 16 of the Notes to Consolidated Financial Statements for more information on the capital restrictions placed on our broker-dealer subsidiaries.

Stifel Bancorp may pay dividends to the parent company without prior approval by its regulator as long as the dividend does not exceed the sum of Stifel Bancorp's current calendar year and the previous two calendar years' retained net income and Stifel Bancorp maintains its targeted capital to risk-weighted assets ratios.

Although we have liquidity available to us from our other subsidiaries, the available amounts are not as significant as the amounts described above and, in certain instances, may be subject to regulatory requirements.

#### **Capital Management**

We have an ongoing authorization from the Board of Directors to repurchase our common stock in the open market or in negotiated transactions. At September 30, 2024, the maximum number of shares that may yet be purchased under this plan was 10.5 million. We utilize the share repurchase program to manage our equity capital relative to the growth of our business and help to meet obligations under our employee benefit plans.

#### **Liquidity Risk Management**

Our businesses are diverse, and our liquidity needs are determined by many factors, including market movements, collateral requirements, and client commitments, all of which can change dramatically in a difficult funding environment. During a liquidity crisis, credit-sensitive funding, including unsecured debt and some types of secured financing agreements, may be unavailable, and the terms (e.g., interest rates, collateral provisions, and tenor) or availability of other types of secured financing may change. We manage liquidity risk by diversifying our funding sources across products and among individual counterparties within those products.

As a holding company, whereby all of our operations are conducted through our subsidiaries, our cash flow and our ability to service our debt, including the notes, depend upon the earnings of our subsidiaries. Our subsidiaries are separate and distinct legal entities. Our subsidiaries have no obligation to pay any amounts due on the notes or to provide us with funds to pay our obligations, whether by dividends, distributions, loans, or other payments.

Our liquidity requirements may change in the event we need to raise more funds than anticipated to increase inventory positions, support more rapid expansion, develop new or enhanced services and products, acquire technologies, respond to acquisition opportunities, expand our recruiting efforts, or respond to other unanticipated liquidity requirements. We primarily rely on financing activities and distributions from our subsidiaries for funds to implement our business and growth strategies and repurchase our shares. Net capital

rules, restrictions under our borrowing arrangements of our subsidiaries, as well as the earnings, financial condition, and cash requirements of our subsidiaries, may each limit distributions to us from our subsidiaries.

The availability of outside financing, including access to the capital markets and bank lending, depends on a variety of factors, such as market conditions, the general availability of credit, the volume of trading activities, the overall availability of credit to the financial services sector, and our credit rating. Our cost and availability of funding may be adversely affected by illiquid credit markets and wider credit spreads. As a result of any future concerns about the stability of the markets generally and the strength of counterparties specifically, lenders may from time to time curtail, or even cease to provide, funding to borrowers.

Our liquidity management policies are designed to mitigate the potential risk that we may be unable to access adequate financing to service our financial obligations without material business impact. The principal elements of our liquidity management framework are: (a) daily monitoring of our liquidity needs at the holding company and significant subsidiary level, (b) stress testing the liquidity positions of Stifel and our bank subsidiaries, and (c) diversification of our funding sources.

**Monitoring of liquidity** – Senior management establishes our liquidity and capital policies. These policies include senior management's review of short- and long-term cash flow forecasts, review of monthly capital expenditures, the monitoring of the availability of alternative sources of financing, and the daily monitoring of liquidity in our significant subsidiaries. Our decisions on the allocation of capital to our business units consider, among other factors, projected profitability and cash flow, risk, and impact on future liquidity needs. Our treasury department assists in evaluating, monitoring, and controlling the impact that our business activities have on our financial condition, liquidity, and capital structure as well as maintains our relationships with various lenders. The objectives of these policies are to support the successful execution of our business strategies while ensuring ongoing and sufficient liquidity.

**Liquidity stress testing (Firmwide)** – A liquidity stress test model is maintained by the Company that measures liquidity outflows across multiple scenarios at the major operating subsidiaries and details the corresponding impact to our holding company and the overall consolidated firm. Liquidity stress tests are utilized to ensure that current exposures are consistent with the Company's established liquidity risk tolerance and, more specifically, to identify and quantify sources of potential liquidity strain. Further, the stress tests are utilized to analyze possible impacts on the Company's cash flows, and liquidity position. The outflows are modeled over a 30-day liquidity stress timeframe and include the impact of idiosyncratic and macro-economic stress events.

The assumptions utilized in the Company's liquidity stress tests include, but are not limited to, the following:

- No government support
- No access to equity and unsecured debt markets within the stress horizon
- Higher haircuts and significantly lower availability of secured funding
- Additional collateral that would be required by trading counter-parties, certain exchanges, and clearing organizations related to credit rating downgrades
- Client cash withdrawals and inability to accept new deposits
- Increased demand from customers on the funding of loans and lines of credit

At September 30, 2024, the Company maintained sufficient liquidity to meet current and contingent funding obligations as modeled in its liquidity stress test model.

**Liquidity stress testing (Stifel Bancorp)** – Our bank subsidiaries perform three primary stress tests on their liquidity position. These stress tests are based on the following company-specific stresses: (1) the amount of deposit run-off that they could withstand over a one-month period of time based on their on-balance sheet liquidity and available credit, (2) the ability to fund operations if all available credit were to be drawn immediately, with no additional available credit, and (3) the ability to fund operations under a regulatory prompt corrective action. The goal of these stress tests is to determine their ability to fund continuing operations under significant pressures on both assets and liabilities.

Under all stress tests, our bank subsidiaries consider cash and highly liquid investments as available to meet liquidity needs. In their analysis, our bank subsidiaries consider agency mortgage-backed securities, corporate bonds, and commercial mortgage-backed securities as highly liquid. In addition to being able to be readily financed at modest haircut levels, our bank subsidiaries estimate that each of the individual securities within each of the asset classes described above could be sold into the market and converted into cash within three business days under normal market conditions, assuming that the entire portfolio of a given asset class was not simultaneously liquidated. At September 30, 2024, available cash and highly liquid investments comprised approximately 16% of Stifel Bancorp's assets, which was well in excess of its internal target.

In addition to these stress tests, management performs a daily liquidity review. The daily analysis provides management with all major fluctuations in liquidity. The analysis also tracks the proportion of deposits that Stifel Bancorp is sweeping from its affiliated broker-dealer, Stifel. On a monthly basis, liquidity key performance indicators and compliance with liquidity policy limits are reported to the Board of Directors. Our bank subsidiaries have not violated any internal liquidity policy limits.

## Funding Sources

The Company pursues a strategy of diversification of secured and unsecured funding sources (by product and by investor) and attempts to ensure that the tenor of the Company's liabilities equals or exceeds the expected holding period of the assets being financed. The Company funds its balance sheet through diverse sources. These sources may include the Company's equity capital, long-term debt, repurchase agreements, securities lending, deposits, committed and uncommitted credit facilities, Federal Home Loan Bank advances, and federal funds agreements.

On September 14, 2023, we filed a "universal" shelf registration statement with the SEC pursuant to which we can issue debt, equity and other capital instruments if and when necessary or perceived by us to be opportune. Subject to certain conditions, this registration statement will be effective through September 14, 2026.

**Cash and Cash Equivalents** – We held \$1.9 billion of cash and cash equivalents at September 30, 2024, compared to \$3.4 billion at December 31, 2023. Cash and cash equivalents provide immediate sources of funds to meet our liquidity needs.

**Available-for-Sale Securities** – We held \$1.62 billion in available-for-sale investment securities at September 30, 2024, compared to \$1.55 billion at December 31, 2023. As of September 30, 2024, the weighted-average life of the investment securities portfolio was approximately 1.1 years. These investment securities provide increased liquidity and flexibility to support our company's funding requirements.

We monitor the available-for-sale investment portfolio for other-than-temporary impairment based on a number of criteria, including the size of the unrealized loss position, the duration for which the security has been in a loss position, credit rating, the nature of the investments, and current market conditions. For debt securities, we also consider any intent to sell the security and the likelihood we will be required to sell the security before its anticipated recovery. We continually monitor the ratings of our security holdings and conduct regular reviews of our credit-sensitive assets.

**Deposits** – Deposits have become our largest funding source. Deposits provide a stable, low-cost source of funds that we utilize to fund asset growth and to diversify funding sources. We have continued to expand our deposit-gathering efforts through our existing private client network and through expansion. These channels offer a broad set of deposit products that include demand deposits, money market deposits, and certificates of deposit ("CDs"). As of September 30, 2024, we had \$28.1 billion in deposits compared to \$27.3 billion at December 31, 2023. Our core deposits are primarily comprised of money market deposit accounts, non-interest-bearing deposits, and CDs.

Deposits are sourced by our multi-bank sweep program in which clients' cash deposits in their brokerage accounts are swept into FDIC-insured interest-bearing accounts at our bank subsidiaries and various third-party banks. In addition to our historical sweep program, we offer the Stifel Smart Rate Program ("Smart Rate"), a high yield savings account that keeps our brokerage clients' cash balances at Stifel affiliated banks through their securities accounts. Brokerage client deposits totaled \$26.0 billion and \$24.1 billion at September 30, 2024 and December 31, 2023, respectively, which includes \$16.3 billion and \$14.5 billion, respectively, of client cash in our Smart Rate program. The increase in money market deposits in 2024 was primarily driven by elevated client interest in the Smart Rate program. Please refer to the Distribution of Assets, Liabilities, and Shareholders' Equity; Interest Rates and Interest Differential table included in "Results of Operations – Global Wealth Management" for additional information on Stifel Bancorp's average balances and interest income and expense.

**Short-term borrowings** – Our short-term financing is generally obtained through short-term bank line financing on an uncommitted, secured basis, securities lending arrangements, repurchase agreements, advances from the Federal Home Loan Bank, term loans, and committed bank line financing on an unsecured basis. We borrow from various banks on a demand basis with company-owned and customer securities pledged as collateral. The value of customer-owned securities used as collateral is not reflected in the consolidated statements of financial condition. We also have an unsecured, committed bank line available.

Our uncommitted secured lines of credit at September 30, 2024, totaled \$880.0 million with four banks and are dependent on having appropriate collateral, as determined by the bank agreements, to secure an advance under the line. The availability of our uncommitted lines is subject to approval by the individual banks each time an advance is requested and may be denied. Our peak daily borrowing on our uncommitted secured lines was \$70.0 million during the nine months ended September 30, 2024. There are no compensating balance requirements under these arrangements. Any borrowings on secured lines of credit are generally utilized to finance certain fixed income securities. At September 30, 2024, we had no outstanding balances on our uncommitted secured lines of credit.

Federal Home Loan advances are floating-rate advances. The weighted average interest rates during the nine months ended September 30, 2024 on these advances was 2.15%. The advances are secured by Stifel Bancorp's residential mortgage loan portfolio and investment portfolio. The interest rates reset on a daily basis. Stifel Bancorp has the option to prepay these advances without penalty on the interest reset date. At September 30, 2024, there were no Federal Home Loan advances.

**Unsecured borrowings** – On September 27, 2023, the Company and Stifel (the "Borrowers") entered into an unsecured credit agreement with a syndicate of lenders led by Bank of America, N.A., as administrative agent (the "Credit Agreement"). Concurrently with, and

conditional upon, the effectiveness of the Credit Agreement, all of the commitments under the Borrowers' existing \$500.0 million unsecured revolving credit facility agreement were terminated.

The Credit Agreement has a maturity date of September 27, 2028, and provides for a committed unsecured borrowing facility for maximum aggregate borrowings of up to \$750.0 million, depending on the amount of outstanding borrowings of the Borrowers from time to time during the duration of the Credit Agreement. The interest rates on borrowings under the Credit Agreement are variable and based on the Secured Overnight Financing Rate.

The Borrowers can draw upon this line as long as certain restrictive covenants are maintained. Under the Credit Agreement, the Borrowers are required to maintain compliance with a minimum consolidated tangible net worth covenant, as defined, and a maximum consolidated total capitalization ratio covenant, as defined. In addition, Stifel is required to maintain compliance with a minimum regulatory excess net capital percentage covenant, as defined, and our bank subsidiaries are required to maintain their status as well-capitalized, as defined.

Upon the occurrence and during the continuation of an event of default, the Company's obligations under the Credit Agreement may be accelerated and the lending commitments thereunder terminated. The Credit Agreement contains customary events of default, including, without limitation, payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults to similar obligations, certain events of bankruptcy and insolvency, change of control, and judgment defaults. At September 30, 2024, we had no advances on the Credit Facility and were in compliance with all covenants and currently do not expect any covenant violations.

**Federal Home Loan Bank Advances and other secured financing** – Stifel Bancorp has borrowing capacity with the Federal Home Loan Bank of \$6.0 billion at September 30, 2024 and \$64.5 million in federal funds agreements for the purpose of purchasing short-term funds should additional liquidity be needed. At September 30, 2024, there were no outstanding Federal Home Loan Bank advances. Stifel Bancorp is eligible to participate in the Fed's discount window program; however, Stifel Bancorp does not view borrowings from the Fed as a primary means of funding. The credit available in this program is subject to periodic review, may be terminated or reduced at the discretion of the Fed, and is secured by securities. Stifel Bancorp has borrowing capacity of \$4.1 billion with the Fed's discount window at September 30, 2024. Stifel Bancorp receives overnight funds from excess cash held in Stifel brokerage accounts, which are deposited into a money market account. These balances totaled \$26.0 billion at September 30, 2024. At September 30, 2024, there was \$27.0 billion in client money market and FDIC-insured product balances.

**Public Offering of Senior Notes** – On July 15, 2014, we sold in a registered underwritten public offering, \$300.0 million in aggregate principal amount of 4.25% senior notes due July 2024 (the "2014 Notes"). Interest on the 2014 Notes is payable semi-annually in arrears. We may redeem the 2014 Notes in whole or in part, at our option, at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest, if any, to the date of redemption. In July 2016, we issued an additional \$200.0 million in aggregate principal amount of 4.25% senior notes due 2024. The 2014 Notes matured in July 2024.

On October 4, 2017, we completed the pricing of a registered underwritten public offering of \$200.0 million in aggregate principal amount of 5.20% senior notes due October 2047. Interest on the senior notes is payable quarterly in arrears in January, April, July, and October. We may redeem some or all of the senior notes at any time at a redemption price equal to 100% of the principal amount of the notes being redeemed plus accrued interest thereon to the redemption date. On October 27, 2017, we completed the sale of an additional \$25.0 million aggregate principal amount of Notes pursuant to the over-allotment option. In October 2017, we received a BBB- rating on the notes.

On May 20, 2020, we sold in a registered underwritten public offering, \$400.0 million in aggregate principal amount of 4.00% senior notes due May 2030. Interest on these senior notes is payable semi-annually in arrears in May and November. We may redeem the notes in whole or in part, at our option, at a redemption price equal to the greater of a) 100% of their principal amount or b) discounted present value at Treasury rate plus 50 basis points prior to February 15, 2030, and on or after February 15, 2030, at 100% of their principal amount, and accrued and unpaid interest, if any, to the date of redemption. In May 2020, we received a BBB- rating on the notes.

**Public Offering of Preferred Stock** – In July 2016, the Company completed an underwritten registered public offering of \$150.0 million 6.25% Non-Cumulative Perpetual Preferred Stock, Series A. On August 20, 2021, the Company redeemed all of the outstanding Series A Preferred Stock.

In February 2019, the Company completed an underwritten registered public offering of \$150.0 million 6.25% Non-Cumulative Perpetual Preferred Stock, Series B. In March 2019, we completed a public offering of an additional \$10.0 million of Series B Preferred, pursuant to the over-allotment option.

In May 2020, the Company completed an underwritten registered public offering of \$225.0 million 6.125% Non-Cumulative Perpetual Preferred Stock, Series C, which included the sale of \$25.0 million of Series C Preferred pursuant to an over-allotment option.

On July 22, 2021, the Company completed an underwritten registered public offering of \$300.0 million of 4.50% Non-Cumulative Perpetual Preferred Stock, Series D. When, as, and if declared by the board of directors of the Company, dividends will be payable at an annual rate of 4.50%, payable quarterly, in arrears. The Company may redeem the Series D preferred stock at its option, subject to regulatory approval, on or after August 15, 2026.

### **Credit Rating**

We believe our current rating depends upon a number of factors, including industry dynamics, operating and economic environment, operating results, operating margins, earnings trends and volatility, balance sheet composition, liquidity and liquidity management, our capital structure, our overall risk management, business diversification, and our market share and competitive position in the markets in which we operate. Deteriorations in any of these factors could impact our credit rating. A reduction in our credit rating could adversely affect our liquidity and competitive position, increase our incremental borrowing costs, limit our access to the capital markets, or trigger our obligations under certain financial agreements. As such, we may not be able to successfully obtain additional outside financing to fund our operations on favorable terms, or at all.

We believe our existing assets, a significant portion of which are liquid in nature, together with the funds from operations, available informal short-term credit arrangements, and our ability to raise additional capital will provide sufficient resources to meet our present and anticipated financing needs. We received a credit rating upgrade from S&P Global Ratings during the first quarter of 2024.

### **Use of Capital Resources**

We have paid \$141.5 million in the form of upfront notes to financial advisors for transition pay during the nine months ended September 30, 2024. As we continue to take advantage of the opportunities created by market displacement and as competition for skilled professionals in the industry increases, we may decide to devote more significant resources to attracting and retaining qualified personnel.

We utilize transition pay, principally in the form of upfront demand notes, to aid financial advisors, who have elected to join our firm, to supplement their lost compensation while transitioning their customers' accounts to the Stifel platform. The initial value of the notes is determined primarily by the financial advisors' trailing production and assets under management. These notes are generally forgiven over a five- to ten-year period based on production. The future estimated amortization expense of the upfront notes, assuming current-year production levels and static growth for the remaining three months in 2024, and the years ended December 31, 2025, 2026, 2027, 2028, and thereafter are \$58.8 million, \$136.4 million, \$125.3 million, \$106.4 million, \$92.9 million, and \$183.0 million, respectively. These estimates could change if we continue to grow our business through expansion or experience increased production levels.

We maintain an incentive stock plan and a wealth accumulation plan that provides for the granting of stock options, stock appreciation rights, restricted stock, performance awards, stock units, and debentures (collectively, "deferred awards") to our associates. Historically, we have granted stock units to our associates as part of our retention program. A restricted stock unit or restricted stock award represents the right to receive a share of the Company's common stock at a designated time in the future without cash payment by the associate and is issued in lieu of cash incentive, principally for deferred compensation and employee retention plans. The restricted stock units or restricted stock awards generally vest over the next one to ten years after issuance and are distributed at predetermined future payable dates once vesting occurs. Restricted stock awards are restricted as to sale or disposition. These restrictions lapse over the next one to two years. In addition, we sponsor non-share-based compensation plans, which includes restricted cash awards that are subject to ratable vesting terms with service requirements. We paid \$67.4 million in restricted cash awards during the nine months ended September 30, 2024. These awards are amortized as compensation expense over the relevant service period.

At September 30, 2024, the total number of restricted stock units, PRSUs, and restricted stock awards outstanding was 13.7 million, of which 12.1 million were unvested. At September 30, 2024, there was unrecognized compensation cost for deferred awards of approximately \$712.9 million, which is expected to be recognized over a weighted-average period of 2.5 years.

The future estimated compensation expense of the deferred awards, assuming current year forfeiture levels and static growth for the remaining three months in 2024, and the years ended December 31, 2025, 2026, 2027, 2028, and thereafter are \$64.8 million, \$220.5 million, \$179.7 million, \$121.6 million, \$72.5 million, and \$53.8 million, respectively. These estimates could change if our forfeitures change from historical levels.

On July 18, 2024, the Company's 4.25% Senior Notes matured resulting in the retirement of the \$500.0 million outstanding balance.

On August 1, 2024, the Company acquired Finance 500, Inc. ("Finance 500") and CB Resource, Inc. ("CBR"), which operate as strategic partners under common ownership. Finance 500 is a brokerage and investment services provider focused on underwriting FDIC-insured Certificates of Deposits and fixed income securities trading. CBR integrates ERM, strategic and capital plan solutions, and industry analytics through its fully integrated tech-enabled platform. Consideration for this acquisition consisted of cash from operations.

**Net Capital Requirements** – We operate in a highly regulated environment and are subject to capital requirements, which may limit distributions to our company from our subsidiaries. Distributions from our broker-dealer subsidiaries are subject to net capital rules. These subsidiaries have historically operated in excess of minimum net capital requirements. However, if distributions were to be limited in the future due to the failure of our subsidiaries to comply with the net capital rules or a change in the net capital rules, it could have a material and adverse effect to our company by limiting our operations that require intensive use of capital, such as underwriting or trading activities, or limit our ability to implement our business and growth strategies, pay interest on and repay the principal of our debt, and/or repurchase our common stock. Our non-broker-dealer subsidiaries, Stifel Bank & Trust, Stifel Bank, Stifel Trust Company, N.A., and Stifel Trust Company Delaware, N.A., are also subject to various regulatory capital requirements administered by the federal

banking agencies. Our broker-dealer subsidiaries and our bank subsidiaries have consistently operated in excess of their capital adequacy requirements. Our Canadian subsidiary, SNC, is subject to the regulatory supervision and requirements of CIRO.

At September 30, 2024, Stifel had net capital of \$486.2 million, which was 41.0% of aggregate debit items and \$462.5 million in excess of its minimum required net capital. At September 30, 2024, all of our other broker-dealer subsidiaries' net capital exceeded the minimum net capital required under the SEC rule. At September 30, 2024, SNEL's capital and reserves were in excess of the financial resources requirement under the rules of the FCA. At September 30, 2024, our banking subsidiaries were considered well capitalized under the regulatory framework for prompt corrective action. At September 30, 2024, SNC's net capital and reserves were in excess of the financial resources requirement under the rules of the CIRO. See Note 16 of the Notes to Consolidated Financial Statements for details of our regulatory capital requirements.

#### **Critical Accounting Policies and Estimates**

In preparing our consolidated financial statements in accordance with U.S. generally accepted accounting principles and pursuant to the rules and regulations of the SEC, we make assumptions, judgments, and estimates that affect the reported amounts of assets, liabilities, revenues, and expenses, and related disclosures of contingent assets and liabilities. We base our assumptions, judgments, and estimates on historical experience and various other factors that we believe to be reasonable under the circumstances. Actual results could differ materially from these estimates under different assumptions or conditions. On a regular basis, we evaluate our assumptions, judgments, and estimates. We also discuss our critical accounting policies and estimates with the Audit Committee of the Board of Directors.

We believe that the assumptions, judgments, and estimates involved in the accounting policies described below have the greatest potential impact on our consolidated financial statements. These areas are key components of our results of operations and are based on complex rules that require us to make assumptions, judgments, and estimates, so we consider these to be our critical accounting policies. Historically, our assumptions, judgments, and estimates relative to our critical accounting policies and estimates have not differed materially from actual results.

For more information, see Note 2 of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2023. There have not been any material updates to our critical accounting policies and estimates as disclosed in the MD&A of the Company's Annual Report on Form 10-K.

#### **Recent Accounting Pronouncements**

See Note 2 of the Notes to Consolidated Financial Statements for information regarding the effect of new accounting pronouncements on our consolidated financial statements.

#### **Off-Balance Sheet Arrangements**

Information concerning our off-balance sheet arrangements is included in Note 21 of the Notes to Consolidated Financial Statements. Such information is hereby incorporated by reference.

#### **Contractual Obligations**

Our contractual obligations have not materially changed from those reported in our Annual Report on Form 10-K for the year ended December 31, 2023.

#### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

##### **Risk Management**

Risks are an inherent part of our business and activities. Management of these risks is critical to our soundness and profitability. Risk management at our company is a multi-faceted process that requires communication, judgment, and knowledge of financial products and markets. Our senior management group takes an active role in the risk management process and requires specific administrative and business functions to assist in the identification, assessment, monitoring, and control of various risks. The principal risks involved in our business activities are: market (interest rates and equity prices), credit, capital and liquidity, operational, and regulatory and legal.

We have adopted policies and procedures concerning Enterprise Risk Management. The Risk Management Committee of the Board of Directors, in exercising its oversight of management's activities, conducts periodic reviews and discussions with management regarding the guidelines and policies governing the processes by which risk assessment and risk management are handled.

##### **Market Risk**

The potential for changes in the value of financial instruments owned by our company resulting from changes in interest rates and equity prices is referred to as "market risk." Market risk is inherent to financial instruments, and accordingly, the scope of our market risk management procedures includes all market risk-sensitive financial instruments.

We trade tax-exempt and taxable debt obligations, including U.S. treasury bills, notes, and bonds; U.S. government agency and municipal notes and bonds; bank certificates of deposit; mortgage-backed securities; and corporate obligations. We are also an active

market-maker in over-the-counter equity securities. In connection with these activities, we may maintain inventories in order to ensure availability and to facilitate customer transactions.

Changes in value of our financial instruments may result from fluctuations in interest rates, credit ratings, equity prices, and the correlation among these factors, along with the level of volatility.

We manage our trading businesses by product and have established trading departments that have responsibility for each product. The trading inventories are managed with a view toward facilitating client transactions, considering the risk and profitability of each inventory position. Position limits in trading inventory accounts are established by our Enterprise Risk Management department and monitored on a daily basis within the business units. We monitor inventory levels and results of the trading departments, as well as inventory aging, pricing, concentration, securities ratings, and risk sensitivities.

We are also exposed to market risk based on our other investing activities. These investments consist of investments in private equity partnerships, start-up companies, venture capital investments, and zero coupon U.S. government securities and are included under the caption "Investments" on the consolidated statements of financial condition.

#### **Interest Rate Risk**

We are exposed to interest rate risk as a result of maintaining inventories of interest rate-sensitive financial instruments and from changes in the interest rates on our interest-earning assets (including client loans, stock borrow activities, investments, inventories, and resale agreements) and our funding sources (including client cash balances, Federal Home Loan Bank advances, stock lending activities, bank borrowings, and repurchase agreements), which finance these assets. The collateral underlying financial instruments at the broker-dealer is repriced daily, thus requiring collateral to be delivered as necessary. Interest rates on client balances and stock borrow and lending produce a positive spread to our company, with the rates generally fluctuating in parallel.

We manage our inventory exposure to interest rate risk by setting and monitoring limits and, where feasible, hedging with offsetting positions in securities with similar interest rate risk characteristics. While a significant portion of our securities inventories have contractual maturities in excess of five years, these inventories, on average, turn over several times per year.

Value-at-Risk ("VaR") is a statistical technique used to estimate the probability of portfolio losses based on the statistical analysis of historical price trends and volatility. It provides a common risk measure across financial instruments, markets and asset classes. We estimate VaR using a model that assumes historical changes in market conditions are representative of future changes, and trading losses on any given day could exceed the reported VaR by significant amounts in unusually volatile markets. Further, the model involves a number of assumptions and inputs. While we believe that the assumptions and inputs we use in our risk model are reasonable, different assumptions and inputs could produce materially different VaR estimates. We monitor, on a daily basis, the VaR in our trading portfolios using a ten-day horizon and a five year look-back period measured at a 99% confidence level.

The following table sets forth the high, low, and daily average VaR for our trading portfolios during the nine months ended September 30, 2024, and the daily VaR at September 30, 2024 and December 31, 2023 (*in thousands*):

	Nine Months Ended September 30, 2024			VaR Calculation at	
	High	Low	Daily Average	September 30, 2024	December 31, 2023
Daily VaR	\$ 15,673	\$ 5,259	\$ 9,245	\$ 10,642	\$ 6,464

Stifel Bancorp's interest rate risk is principally associated with changes in market interest rates related to residential, consumer, and commercial lending activities, as well as FDIC-insured deposit accounts to customers of our broker-dealer subsidiaries and to the general public.

Our primary emphasis in interest rate risk management for Stifel Bancorp is the matching of assets and liabilities of similar cash flow and repricing time frames. This matching of assets and liabilities reduces exposure to interest rate movements and aids in stabilizing positive interest spreads. Stifel Bancorp has established limits for acceptable interest rate risk and acceptable portfolio value risk. To ensure that Stifel Bancorp is within the limits established for net interest income, an analysis of net interest income based on various shifts in interest rates is prepared each quarter and presented to Stifel Bancorp's Board of Directors. Stifel Bancorp utilizes a third-party model to analyze the available data.

The following table illustrates the estimated change in net interest income at September 30, 2024, based on shifts in interest rates of up to positive 200 basis points and negative 200 basis points:

Hypothetical Change in Interest Rates	Projected Change in Net Interest Income
+200	2.6 %
+100	1.4
0	—
-100	(0.9)
-200	2.9

The following GAP Analysis table indicates Stifel Bancorp's interest rate sensitivity position at September 30, 2024 (*in thousands*):

	Repricing Opportunities			
	0-6 Months	7-12 Months	1-5 Years	5+ Years
<b>Interest-earning assets:</b>				
Loans	\$ 12,220,804	\$ 537,865	\$ 4,763,121	\$ 3,134,184
Securities	6,450,965	545,844	600,341	811,975
Interest-bearing cash	959,992	—	—	—
	\$ 19,631,761	\$ 1,083,709	\$ 5,363,462	\$ 3,946,159
<b>Interest-bearing liabilities:</b>				
Transaction accounts and savings	\$ 27,591,283	\$ —	\$ —	\$ —
Certificates of deposit	270,629	—	5	—
Borrowings	106,710	—	—	—
	\$ 27,968,622	\$ —	\$ 5	\$ —
GAP	(8,336,861)	1,083,709	5,363,457	3,946,159
Cumulative GAP	<u>\$ (8,336,861)</u>	<u>\$ (7,253,152)</u>	<u>\$ (1,889,695)</u>	<u>\$ 2,056,464</u>

#### Equity Price Risk

We are exposed to equity price risk as a consequence of making markets in equity securities. We attempt to reduce the risk of loss inherent in our inventory of equity securities by monitoring those security positions constantly throughout each day.

Our equity securities inventories are repriced on a regular basis, and there are no unrecorded gains or losses. Our activities as a dealer are client-driven, with the objective of meeting clients' needs while earning a positive spread.

#### Credit Risk

We are engaged in various trading and brokerage activities, with the counterparties primarily being broker-dealers. In the event counterparties do not fulfill their obligations, we may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. We manage this risk by imposing and monitoring position limits for each counterparty, monitoring trading counterparties, conducting regular credit reviews of financial counterparties, reviewing security concentrations, holding and marking to market collateral on certain transactions, and conducting business through clearing organizations, which guarantee performance.

Our client activities involve the execution, settlement, and financing of various transactions on behalf of our clients. Client activities are transacted on either a cash or margin basis. Credit exposure associated with our private client business consists primarily of customer margin accounts, which are monitored daily and are collateralized. We monitor exposure to industry sectors and individual securities and perform analyses on a regular basis in connection with our margin lending activities. We adjust our margin requirements if we believe our risk exposure is not appropriate based on market conditions.

We have accepted collateral in connection with resale agreements, securities borrowed transactions, and customer margin loans. Under many agreements, we are permitted to sell or repledge these securities held as collateral and use these securities to enter into securities lending arrangements or to deliver to counterparties to cover short positions. At September 30, 2024, the fair value of securities accepted as collateral where we are permitted to sell or repledge the securities was \$1.8 billion, and the fair value of the collateral that had been sold or repledged was \$658.0 million.

By using derivative instruments, we are exposed to credit and market risk on those derivative positions. Credit risk is equal to the fair value gain in a derivative, if the counterparty fails to perform. When the fair value of a derivative contract is positive, this generally indicates that the counterparty owes our company and, therefore, creates a repayment risk for our company. When the fair value of a derivative contract is negative, we owe the counterparty and, therefore, have no repayment risk. We minimize the credit (or repayment) risk in derivative instruments by entering into transactions with high-quality counterparties that are reviewed periodically by senior management.

Stifel Bancorp extends credit to individual and commercial borrowers through a variety of loan products, including residential and commercial mortgage loans, home equity loans, construction loans, and non-real-estate commercial and consumer loans. Bank loans are generally collateralized by real estate, real property, or other assets of the borrower. Stifel Bancorp's loan policy includes criteria to adequately underwrite, document, monitor, and manage credit risk. Underwriting requires reviewing and documenting the fundamental characteristics of credit, including character, capacity to service the debt, capital, conditions, and collateral. Benchmark capital and coverage ratios are utilized, which include liquidity, debt service coverage, credit, working capital, and capital to asset ratios. Lending limits are established to include individual, collective, committee, and board authority. Monitoring credit risk is accomplished through defined loan review procedures, including frequency and scope.

We are subject to concentration risk if we hold large positions, extend large loans to, or have large commitments with a single counterparty, borrower, or group of similar counterparties or borrowers (i.e., in the same industry). Securities purchased under agreements to resell consist of securities issued by the U.S. government or its agencies. Receivables from and payables to clients and stock borrow and lending activities, both with a large number of clients and counterparties, and any potential concentration are carefully monitored. Stock borrow and lending activities are executed under master netting agreements, which gives our company right of offset in the event of counterparty default. Inventory and investment positions taken and commitments made, including underwritings, may involve exposure to individual issuers and businesses. We seek to limit this risk through careful review of counterparties and borrowers and the use of limits established by our senior management group, taking into consideration factors including the financial strength of the counterparty, the size of the position or commitment, the expected duration of the position or commitment, and other positions or commitments outstanding.

#### ***Operational Risk***

Operational risk generally refers to the risk of loss resulting from our operations, including, but not limited to, business disruptions, improper or unauthorized execution and processing of transactions, deficiencies in our technology or financial operating systems, and inadequacies or breaches in our control processes including cyber security incidents. We operate different businesses in diverse markets and are reliant on the ability of our associates and systems to process a large number of transactions. These risks are less direct than credit and market risk, but managing them is critical, particularly in a rapidly changing environment with increasing transaction volumes. In the event of a breakdown or improper operation of systems or improper action by associates, we could suffer financial loss, regulatory sanctions, and damage to our reputation. In order to mitigate and control operational risk, we have developed and continue to enhance specific policies and procedures that are designed to identify and manage operational risk at appropriate levels throughout the organization and within such departments as Accounting, Operations, Information Technology, Legal, Compliance, and Internal Audit. These control mechanisms attempt to ensure that operational policies and procedures are being followed and that our various businesses are operating within established corporate policies and limits. Business continuity plans exist for critical systems, and redundancies are built into the systems as deemed appropriate.

#### ***Regulatory and Legal Risk***

Legal risk includes the risk of private client group customer claims for sales practice violations. While these claims may not be the result of any wrongdoing, we do, at a minimum, incur costs associated with investigating and defending against such claims. See "Critical Accounting Policies and Estimates" in Item 2, Part I and "Legal Proceedings" in Item 1, Part II of this report for further discussion of our legal proceedings. In addition, we are subject to potentially sizable adverse legal judgments or arbitration awards, and fines, penalties, and other sanctions for non-compliance with applicable legal and regulatory requirements. We are generally subject to extensive regulation by the SEC, FINRA, and state securities regulators in the different jurisdictions in which we conduct business. As a bank holding company, we are subject to regulation by the Federal Reserve. Our bank subsidiaries are subject to regulation by the FDIC. As a result, we are subject to a risk of loss resulting from failure to comply with banking laws. Our international subsidiary, SNEL, is subject to the regulatory supervision and requirements of the FCA in the United Kingdom. Our Canadian subsidiary, SNC, is subject to the regulatory supervision and requirements of the CIRO. We have comprehensive procedures addressing issues such as regulatory capital requirements, sales and trading practices, use of and safekeeping of customer funds, the extension of credit, including margin loans, collection activities, money laundering, and record keeping. We act as an underwriter or selling group member in both equity and fixed income product offerings. When acting as lead or co-lead manager, we have potential legal exposure to claims relating to these securities offerings. To manage this exposure, a committee of senior executives review proposed underwriting commitments to assess the quality of the offering and the adequacy of due diligence investigation.

Our company, as a bank and financial holding company, is subject to regulation, including capital requirements, by the Federal Reserve. Stifel Bancorp is subject to various regulatory capital requirements administered by the FDIC and state banking authorities. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on our company's and Stifel Bancorp's financial statements.

**ITEM 4. CONTROLS AND PROCEDURES****Evaluation of Disclosure Controls and Procedures**

Our disclosure controls and procedures are designed to, among other things, provide reasonable assurance that material information, both financial and non-financial, and other information required under the securities laws to be disclosed is accumulated and communicated to senior management, including the Chief Executive Officer and Chief Financial Officer, on a timely basis. Under the direction of the Chief Executive Officer and Chief Financial Officer, management has evaluated our disclosure controls and procedures as of September 30, 2024 and has concluded that the disclosure controls and procedures were adequate and effective as of such date.

**Changes in Internal Control over Financial Reporting**

There have been no changes in our company's internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during the three months ended September 30, 2024, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**PART II OTHER INFORMATION****ITEM 1. LEGAL PROCEEDINGS**

Please see our discussion set forth under Item 3. "Legal Proceedings" in our Annual Report on Form 10-K for the year ended December 31, 2023 and Item 1. "Financial Statements" in our Form 10-Q for the quarter ended September 30, 2024.

**ITEM 1A. RISK FACTORS**

The discussion of our business and operations should be read together with the information contained in our other reports and periodic filings that we make with the SEC, including, without limitation, the information contained under the caption "Item 1A. Risk Factors" in our annual report on Form 10-K for the year ended December 31, 2023. Those risk factors could materially affect our business, financial condition, and results of operations. The risks that we describe in our public filings are not the only risks that we face. Additional risks and uncertainties not currently known to us, or that we presently deem to be immaterial, also may materially adversely affect our business, financial condition, and results of operations.

There have been no material changes in our risk factors from those disclosed under the caption "Item 1A. Risk Factors" to our annual report on Form 10-K for the year ended December 31, 2023.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

There were no unregistered sales of equity securities during the quarter ended September 30, 2024. The following table sets forth information with respect to purchases made by or on behalf of Stifel Financial Corp. or any "affiliated purchaser" (as defined in Rule 10b-10(a)(3) under the Securities Exchange Act of 1934, as amended), of our common stock during the quarter ended September 30, 2024.

	Total Number of Shares Purchased	Average Price Paid per share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Maximum Number of Shares That May Yet be Purchased Under the Plan or Program
July 1 - 31, 2024	—	\$ —	—	10,768,202
August 1 - 31, 2024	248,946	81.23	248,946	10,519,256
September 1 - 30, 2024	—	—	—	10,519,256
	<b>248,946</b>	<b>\$ 81.23</b>	<b>248,946</b>	

We have an ongoing authorization from the Board of Directors to repurchase our common stock in the open market or in negotiated transactions. At September 30, 2024, the maximum number of shares that may yet be purchased under this plan was 10.5 million.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**ITEM 5. OTHER INFORMATION**

None.

**ITEM 6. EXHIBITS**

<b>Exhibit No.</b>	<b>Description</b>
11.1	<a href="#"><u>Statement Re: Computation of per Share Earnings (The calculation of per share earnings is included in Part I, Item 1 in the Notes to Consolidated Financial Statements (Earnings Per Share) and is omitted here in accordance with Section (b)(11) of Item 601 of Regulation S-K).</u></a>
31.1	<a href="#"><u>Rule 13a-14(a) Certification of Chief Executive Officer.</u></a>
31.2	<a href="#"><u>Rule 13a-14(a) Certification of Chief Financial Officer.</u></a>
32.1	<a href="#"><u>Section 1350 Certification of Chief Executive Officer.*</u></a>
32.2	<a href="#"><u>Section 1350 Certification of Chief Financial Officer.*</u></a>
101	The following financial information, formatted in iXBRL (Inline Extensible Business Report Language), Pursuant to Rule 405 of Regulation S-T: (i) Consolidated Statements of Financial Condition as of September 30, 2024 and December 31, 2023; (ii) Consolidated Statements of Operations for the three and nine months ended September 30, 2024 and 2023; (iii) Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2024 and 2023; (v) Consolidated Statements of Changes in Shareholders' Equity for the three and nine months ended September 30, 2024 and 2023; (vi) Consolidated Statements of Cash Flows for the nine months ended September 30, 2024 and 2023; and (vii) Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

\* The certifications attached as Exhibits 32.1 and 32.2 that accompany this Quarterly Report on Form 10-Q, are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Stifel Financial Corp. under the Securities Act of 1933, as amended, or the Securities Act of 1934, as amended, whether made before or after the date of this Form 10-Q, irrespective of any general incorporation language contained in such filing.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

STIFEL FINANCIAL CORP.

*/s/ Ronald J. Kruszewski*

Ronald J. Kruszewski

*Chairman of the Board and*

*Chief Executive Officer*

*/s/ James M. Marischen*

James M. Marischen

*Chief Financial Officer*

Date: November 6, 2024

**CERTIFICATION PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Ronald J. Kruszewski, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Stifel Financial Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2024

/s/ Ronald J. Kruszewski  
Ronald J. Kruszewski  
*Chairman of the Board and Chief Executive Officer*

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**CERTIFICATION PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, James M. Marischen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Stifel Financial Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2024

/s/ James M. Marischen  
James M. Marischen  
*Chief Financial Officer*

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**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Stifel Financial Corp. on Form 10-Q for the quarter ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

Date: November 6, 2024

*/s/ Ronald J. Kruszewski*  
Ronald J. Kruszewski  
*Chairman of the Board and Chief Executive Officer*

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

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**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Stifel Financial Corp. on Form 10-Q for the quarter ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

Date: November 6, 2024

/s/ James M. Marischen  
James M. Marischen  
*Chief Financial Officer*

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

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