STIFEL | VENTURE BANKING

Insight 2026

With an introduction from

Chris Reichert

CEO, Stifel Bank & Trust

A LOOK INSIDE

A NOTE FROM **CHRIS REICHERT**

Dear Friends, Partners, Clients and Colleagues,

As we look ahead to 2026, the venture ecosystem finds itself at a defining moment. The past two years have tested the resilience of founders, funds, and innovation leaders, but they have also revealed new opportunities for growth and partnership. At Stifel, we believe the next cycle will be shaped by those who can combine stability, speed, and strategic insight.

Why Stifel is the Right Partner for the Venture Community

Stifel Venture Banking stands apart in today's market. With over $32 billion in bank assets and $10 billion in venture and fund loan commitments, we offer the institutional strength of a full-service financial platform, paired with the agility and sector expertise that our clients need. Our coast-to-coast presence in major innovation hubs and deep relationships with more than 250 venture capital and fund clients position us to deliver value at every stage of growth.

Our integrated approach – spanning venture banking, private banking, and investment banking – means clients have access to capital and strategic advice at every inflection point. As a top-ranked advisor for technology, healthcare, life sciences, and financial services M&A, and a leading bookrunner for venture-backed IPOs, Stifel is at the forefront of dealmaking and capital formation.

Stifel Investment Banking is Fully Integrated with Stifel Venture Banking

Stifel's Investment Banking practice is a fully integrated component of our offerings to the venture ecosystem. Our proven capital markets platform delivers results across private placements, public equity, and M&A. In 2025, the IPO market began to "re-open" with durable, high-quality growth stories leading the calendar. Looking ahead, a robust pipeline of tech, AI, healthcare, industrial, and sponsor-backed issues is set to define 2026.

2026: Trends Defining the Venture Landscape

- **Liquidity**: Non-dilutive capital demand remains strong as IPO and M&A markets stay selective
- **Valuations**: Flat to modest recovery for growth-stage companies, structured financing gains traction
- **Venture Debt**: Increased utilization to extend runway without equity dilution
- **Ecosystem Focus**: Startups looking for ecosystem-native banking partners
- **The AI Credit Boom**: AI and credit have become synergistically intertwined in both public, and increasingly private, company financings

The AI Credit Boom

Over the past year, more than $200 billion in venture capital has been invested in AI, outpacing all other verticals. With over 2,300 venture AI deals, San Francisco and New York City led the nation in activity. Meanwhile, private credit is experiencing a decadal expansion, with global market size now at approximately $1.8 trillion. These trends signal a permanent shift in how innovation is financed and scaled.

At the heart of this transformation is AI – no longer just a buzzword, but the engine driving new business models, smarter capital allocation, and restructuring the traditional capital stack. We are completely immersed in understanding the complex consequences of the rise of AI for both the American economy and our role as the bank most dedicated to serving the venture ecosystem as it advances this revolutionary technological epoch. Our novel 2026 Insight contained within specifically discusses the phenomenon of an AI-fueled credit boom with major public technology companies financing their CAPEX and data-center buildouts with debt. We believe this trend is already beginning to appear in private markets and will come to VC-backed AI startups in 2026.

Building the Future Together

At Stifel, we are committed to empowering founders, funds, and partners with the insights, capital, and connections needed to thrive. Our relationship-centric approach delivers value beyond capital – helping clients finance, streamline, and scale their businesses. We hope you enjoy reading Insight 2026 and open new perspectives to inform your 2026 strategy. Whether you're a founder, investor, or ecosystem partner, our team is here to help you navigate the next cycle with confidence.

Together, **let's accelerate the future of venture**.

Warmly,

Chris Reichert

INSIGHT 2026
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Our team of Stifel contributors for Insight 2026 features some of the sharpest minds in the venture ecosystem.

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INSIGHT 2026

AN AI BOOM FINANCED BY DEBT

Jonathan M. Mo
Vice President
Stifel Venture Banking

- Unlike prior software innovation cycles, modern AI increasingly requires expensive CAPEX – a phenomenon already very familiar to public markets.
- Debt is being used to extend runway, finance AI infrastructure, and optimize dilution.
- Venture debt (banks and private funds), project finance, and structured credit are all participating, especially on the data center buildout.
- This build-out of infrastructure mirrors prior cycles (cloud, telecom, semiconductors) but is likely to be even more capital intensive especially because it is intertwined with expanded grid-scale energy requirements, which were not a direct feature of prior infrastructure expansions.
- The question is whether a similar AI debt finance boom will come for private markets, specifically the subset containing VC-backed AI startups.
- Most VC-backed startups in private markets are not building data centers or spending as heavily on CAPEX as later-stage private and public firms. Rather they face very high operating costs, including labor and compute, which may not decrease for several years due to structural supply constraints.
- The specific engineering expertise required by many frontier AI startups involves a mixture of highly specialized and difficult-to-substitute industry-vertical experience and academic fluency creating a supply bottleneck. This idiosyncratic labor deficit may persist, keeping labor costs very high.
- As a result of these costs, private credit especially is poised to supply AI startups with the additional cash runway they need as their working capital requirements remain high.
- Ultimately AI growth is not just a technology shift but also a capital-structure shift, with debt playing a significant and expanding role alongside traditional risk equity providers given the unique constraints facing AI companies, especially earlier-stage startups.

Debt Markets Eager to Lend for AI Infrastructure and Services Buildout

Unlike prior software-driven investment booms, the rise of AI, from generative variants in LLMs and diffusion models to computer vision inference and AI-enhanced simulations, has increasingly been financed by debt. While this has been noted in the public markets with prominent AI infrastructure companies such as CoreWeave borrowing billions to support its CAPEX buildout of data centers, expensive GPUs, and associated computing support systems, the trend is also beginning to appear in private markets as well.

AI investments as a proportion of total VC equity investing dollars have soared from about one third in 2022 to nearly two-thirds in 2025, a topic we investigate further below. This massive concentration of VC equity dollars into AI has happened quickly enough that it has overshadowed a slow but continuously growing private credit and bank debt layer dedicated to financing earlier-stage AI startup companies.

Many features of contemporary AI technology rely on deep learning architectures whose compute demands grow non-linearly with the increasing complexity of the underlying inference model. Particularly in the generative use-cases, where trillions of parameters can be at-play, we require enormous numbers of parallelized GPUs both for training on one side and, even more so, for meeting at-scale user-demand for inference on the other.

Exacerbating these architectural scaling issues is the fact that user demand, in particular for LLM and adjacent generative AI, has continued to increase. It's worth remembering that the nature of generative AI (unlike say classical data science use-cases or even closed inference models like computer vision object classification) allows for an unlimited number of potential requests which can be made simultaneously. The open-ended nature of the technology means that generative AI demands can grow enormously quickly. Well-known consumer-facing LLMs, such as OpenAI's ChatGPT, have mostly not imposed market pricing on their public-facing models as yet, meaning the price per query of such models has also not yet been able to constrain computing demands as one would otherwise assume. Finally, the even larger, at-scale, fully deployed latent demand from enterprises waits in the wings.

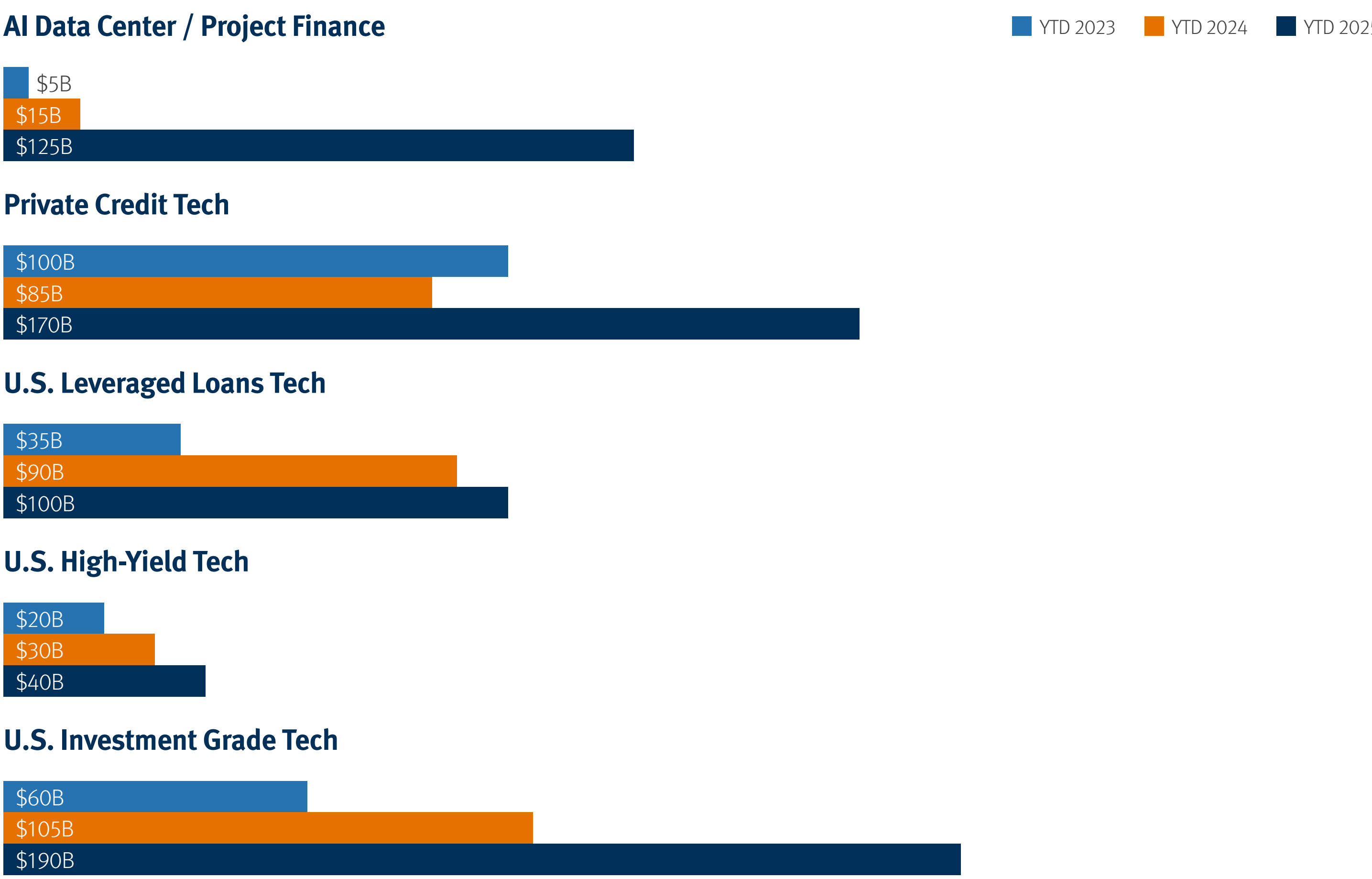
All of these realities have led to the well-known explosion in data center, GPU, cooling, and power requirements that are now discussed daily in the financial and technology press.

Somewhat less discussed though is how all of this hardware – and the associated services and IT management, not to mention the high-cost specialized labor required to train and run the models in the first place – is being paid for. UBS recently reported that AI data center financing was at least $125B in 2025, up from only $15B in 2024, a more than 8x expansion in the amount of debt backing AI projects. There is every expectation this trend will continue in 2026, with credit markets currently in-process on AI-focused project finance deals around the world.

Well-publicized hyperscalers like Microsoft, Meta, Alphabet, Oracle, and Amazon have all taken on tens of billions in debt specifically to finance AI infrastructure build-outs. This has begun to resemble the project finance paradigm well-known to multi-year energy infrastructure projects where power demand is sold ahead with construction and operation then financed mostly with debt balanced against the contracted future cashflows. In this case, the asset being sold is future compute operations.

AI lends itself well to this type of financing model both because of the scale of capital involved, the presence of high-value physical assets (though ones which depreciate quickly on a 2-3 year horizon), and the combined willingness and need of clients to sign long-term contracts to guarantee compute supply as firms and organizations, for now, conclude they must have the long-term ability to train, run, and serve AI models at-scale even if many such deployments are not yet live. We note also the interesting crossover with energy finance given that one of the other major expansions needed to support AI infrastructure are entirely new sources of grid-scale power. Thus, there are now companies building *de novo* power plants specifically dedicated to AI computation and the electrical demands of AI are consistently discussed.

Public debt markets have stepped in to finance this large-scale project, and beyond the hyperscalers other public companies have also begun either diverting CAPEX spend into AI uses or raising new debt for the purpose. J.P. Morgan recently estimated that AI-linked companies now constitute the largest single sector in the investment-grade bond market.



Values in U.S.$ billions
Data Source: UBS Global Research citing data from Pitchbook LCD, UBS | Chart created by Lucy Raitano | December 11, 2025
As presented on Reuters "Five debt hotspots in the AI data centre boom"

America's Data Center Spending Spree

Construction spending on data centers, seasonally adjusted | Values in U.S. $millions

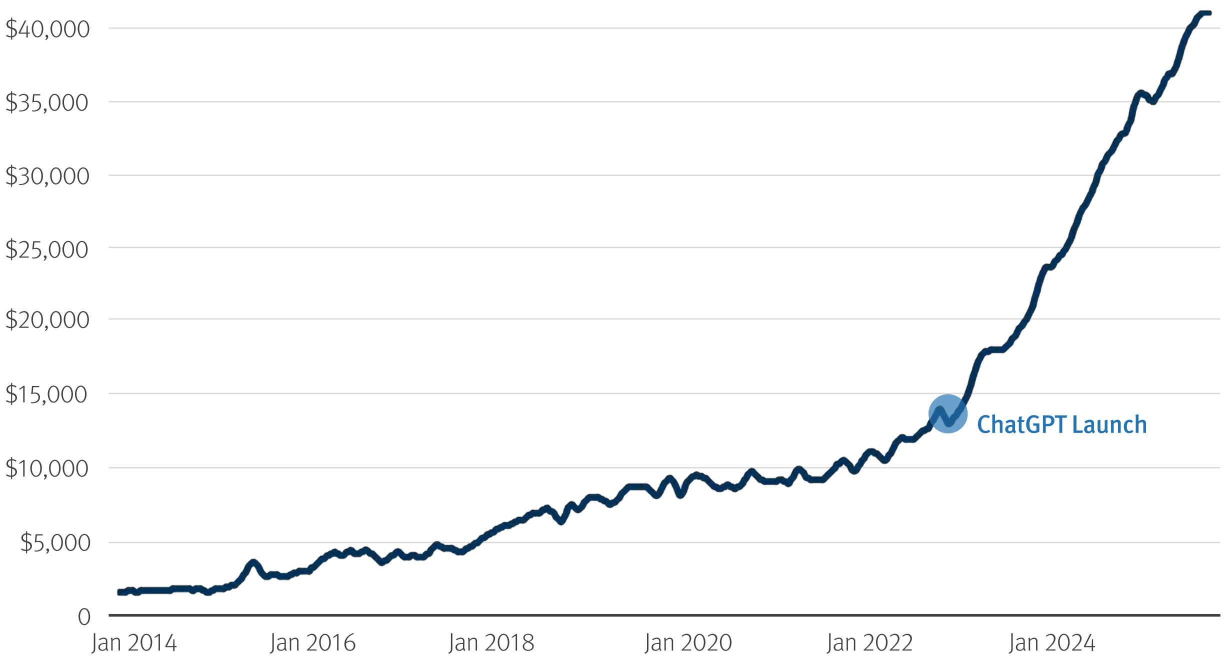
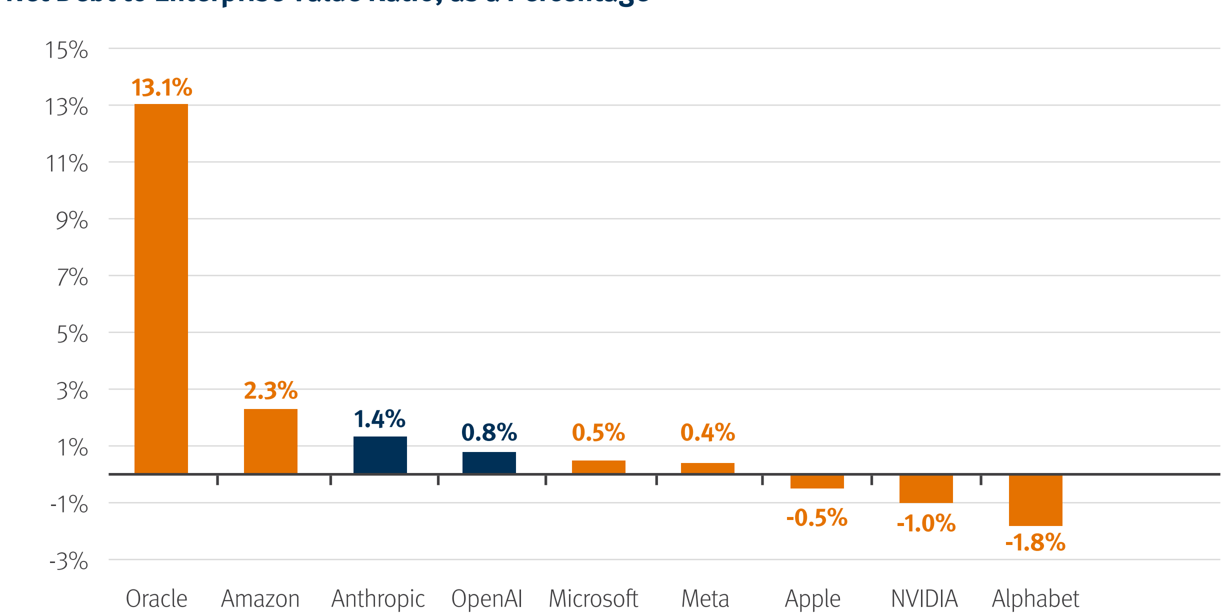


Chart: Michael Thomas | Source: Census | Created with Datawrapper

> This phenomenon, of course, has led some to focus on the risks associated with large debt plays financing frontier technologies, particularly at these unprecedented debt quanta. But, in the case of the technology giants, they remain highly solvent with flush balance sheets, continued free cash-flow growth, and small debt/EV ratios making their issuance of such debt closer to investment grade bonds, as several private credit commentators have noted.

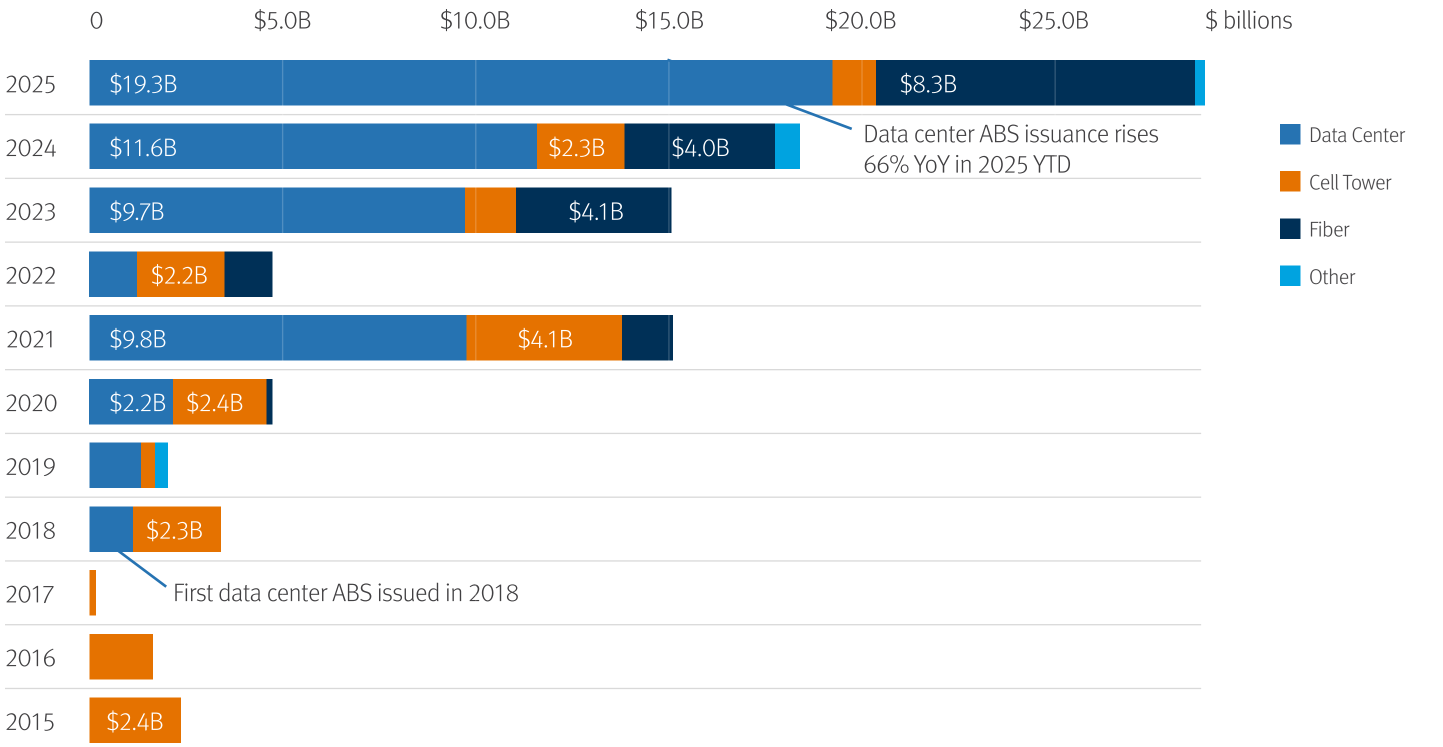
Net Debt to Enterprise Value Ratio, as a Percentage



Source: Bloomberg, J.P. Morgan Global Research, J.P. Morgan Asset Management. Nov 2025

Data Center ABS Growth Reflects AI Buildout's Shift to Debt

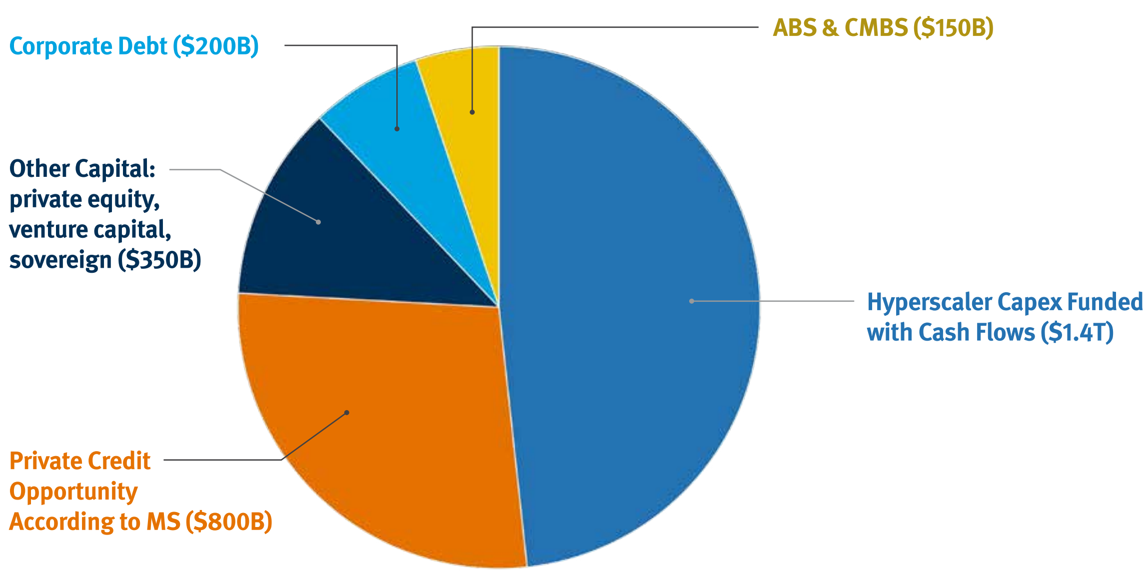
Issuance of asset-backed securities tied to data centers has surged since 2018 and is expected to grow



Data source: BofA Global Research | Data for 2025 as of October 15, 2025 | Chart created by Lucy Raitano | November 3, 2025
As presented on Reuters "Five debt hotspots in the AI data centre boom"

Morgan Stanley Says Credit Markets Can Plug Data Center Funding Gap

The bank estimates how the $2.9 trillion boom will be financed

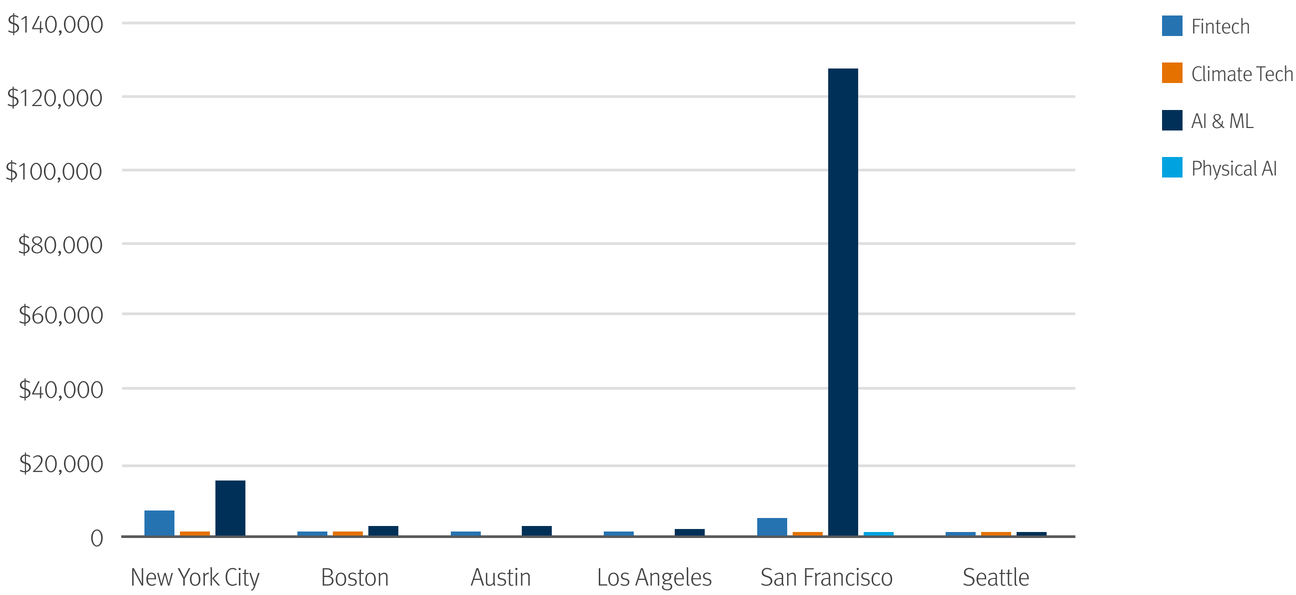


Data source: Morgan Stanley Research estimates | by Lucy Raitano
As presented on Reuters "Five debt hotspots in the AI data centre boom"

Unprecedented VC Investing Into AI

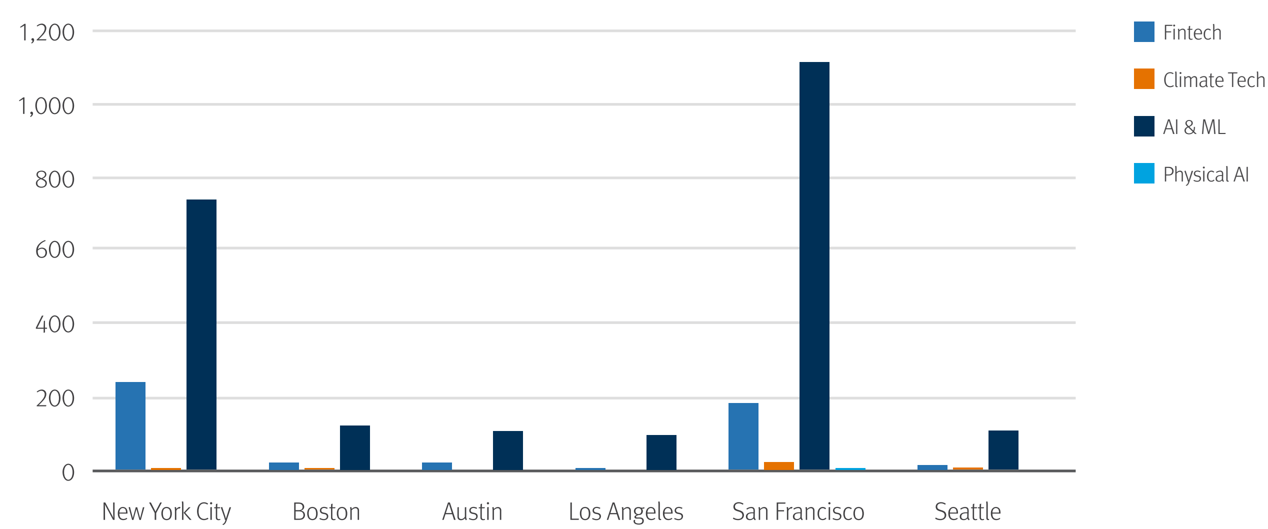
The enormous concentration of VC dollars into AI startups at all stages has been extremely well reported at this point. 2025 saw over $200B invested by VC firms into AI dwarfing all other verticals combined. While the San Francisco Bay Area overwhelmingly harbors most of the AI startups, New York, Austin, and Boston are also active ecosystems. Measured by deal counts, we saw over 5,000 AI and AI-related financings in 2025, highly concentrated in The Bay Area, although New York, Austin, Boston, Los Angeles and Seattle all have shown an active market for VC-backed AI companies.

U.S. Total VC Investments for 2025 by Vertical



Data source: PitchBook Data, Inc. | Chart created by Jonathan Mo

U.S. VC Deal Count for 2025 by Vertical

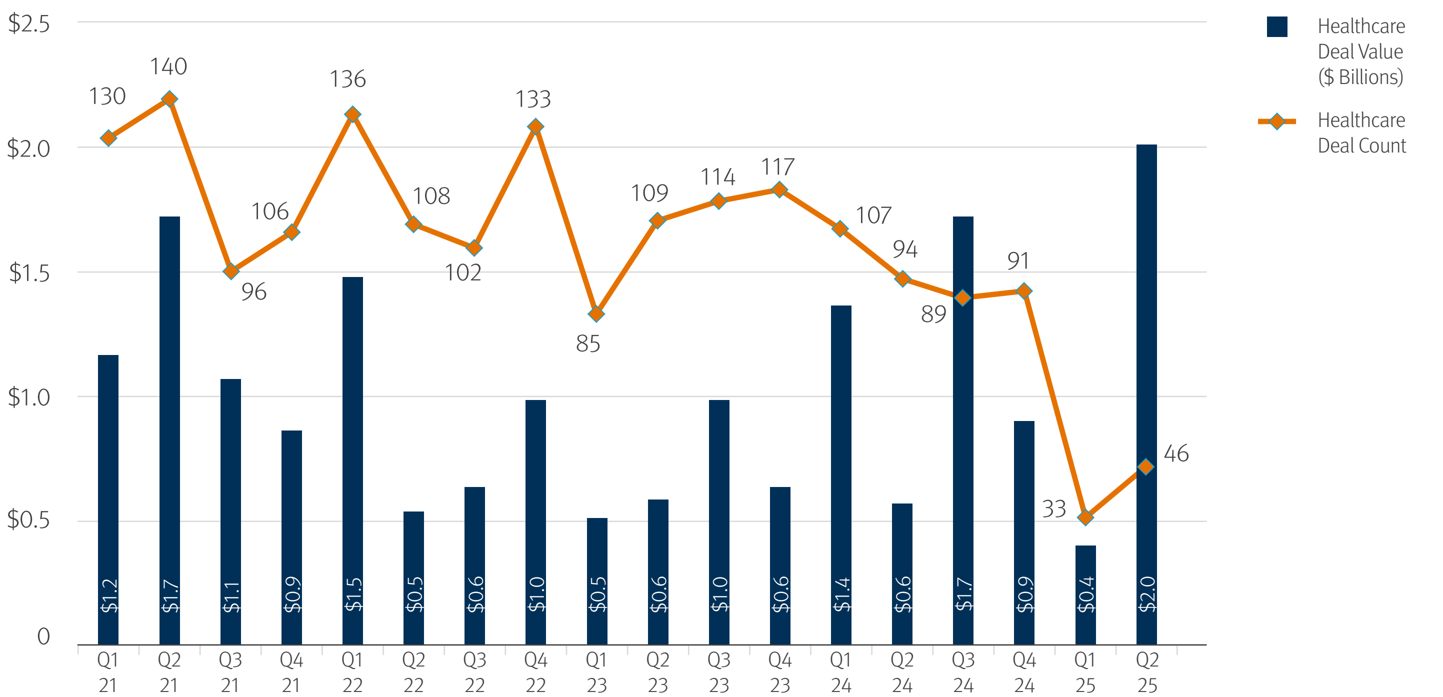


Data source: PitchBook Data, Inc. | Chart created by Jonathan Mo

Venture Debt Remains a Healthy Market: Fewer Deals but Higher Value and Later-Stage

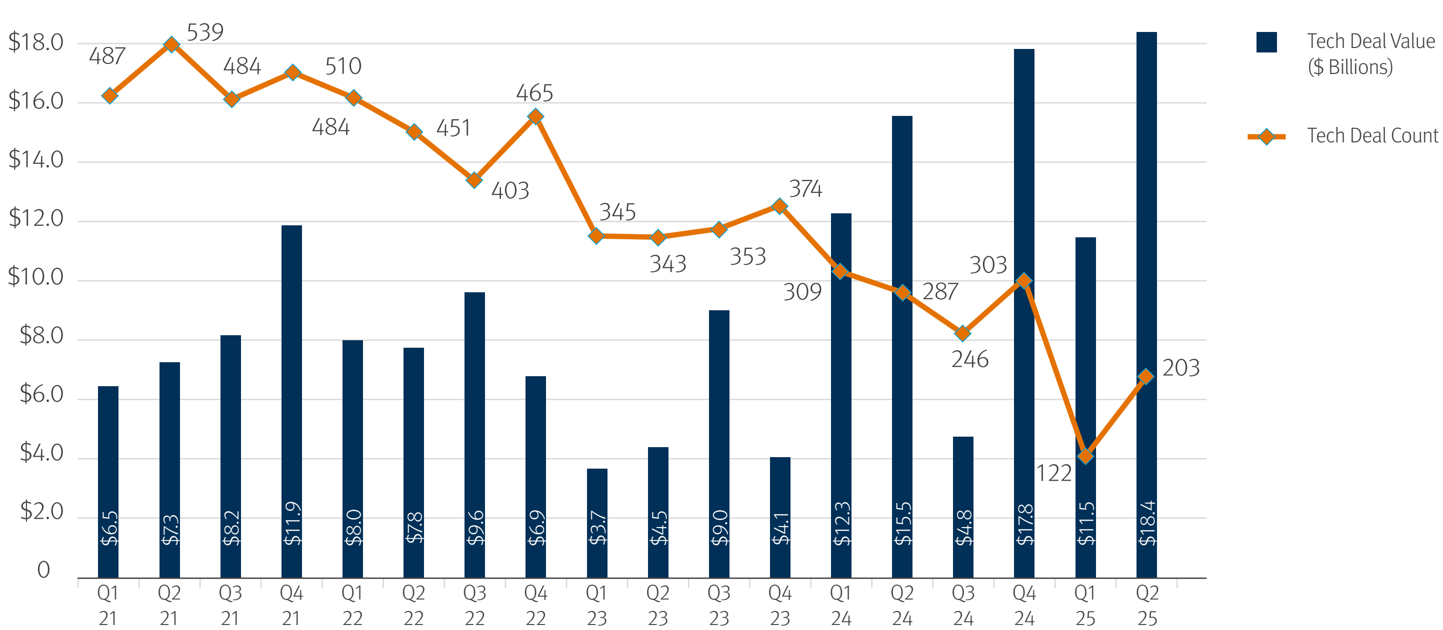
The venture debt market specifically – the area of lending Stifel Venture Banking specializes in – has showed a slow but steady decrease in deals closed over the past 3-4 years on both the technology and healthcare side. But deal values – the amount of debt – have actually risen the past 2 years in both the technology and healthcare sectors, substantially in the former. Ergo we see that fewer venture debt deals are occurring compared with a few years ago, but they tend to be for larger amounts and they tend to focus on more mature later-stage VC-backed businesses. This makes sense and is perfectly in-line with the well-known trend of VC-backed companies remaining private far longer than in the past and often leveraging their cash generation engines to obtain relatively low-cost debt for working capital and occasionally M&A purposes.

U.S. Healthcare Venture Debt Activity



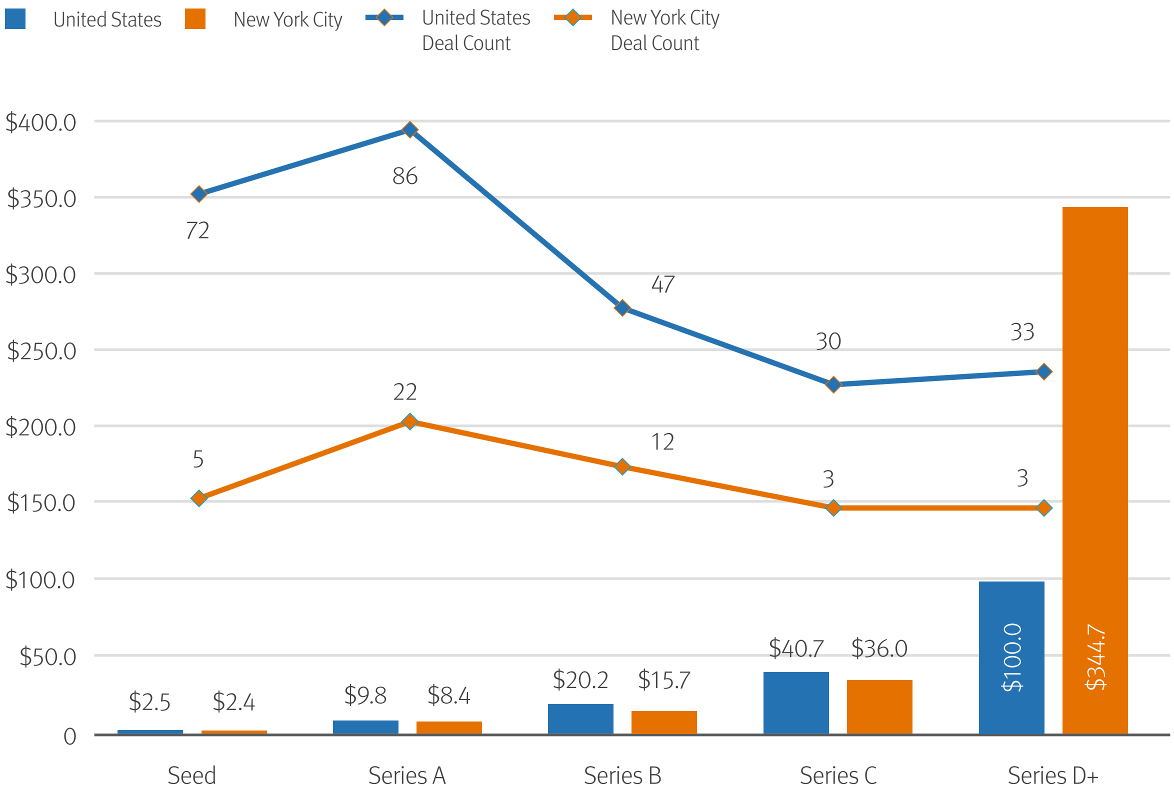
Source: PitchBook Data, Inc.

U.S. Technology Venture Debt Activity



Source: PitchBook Data, Inc.

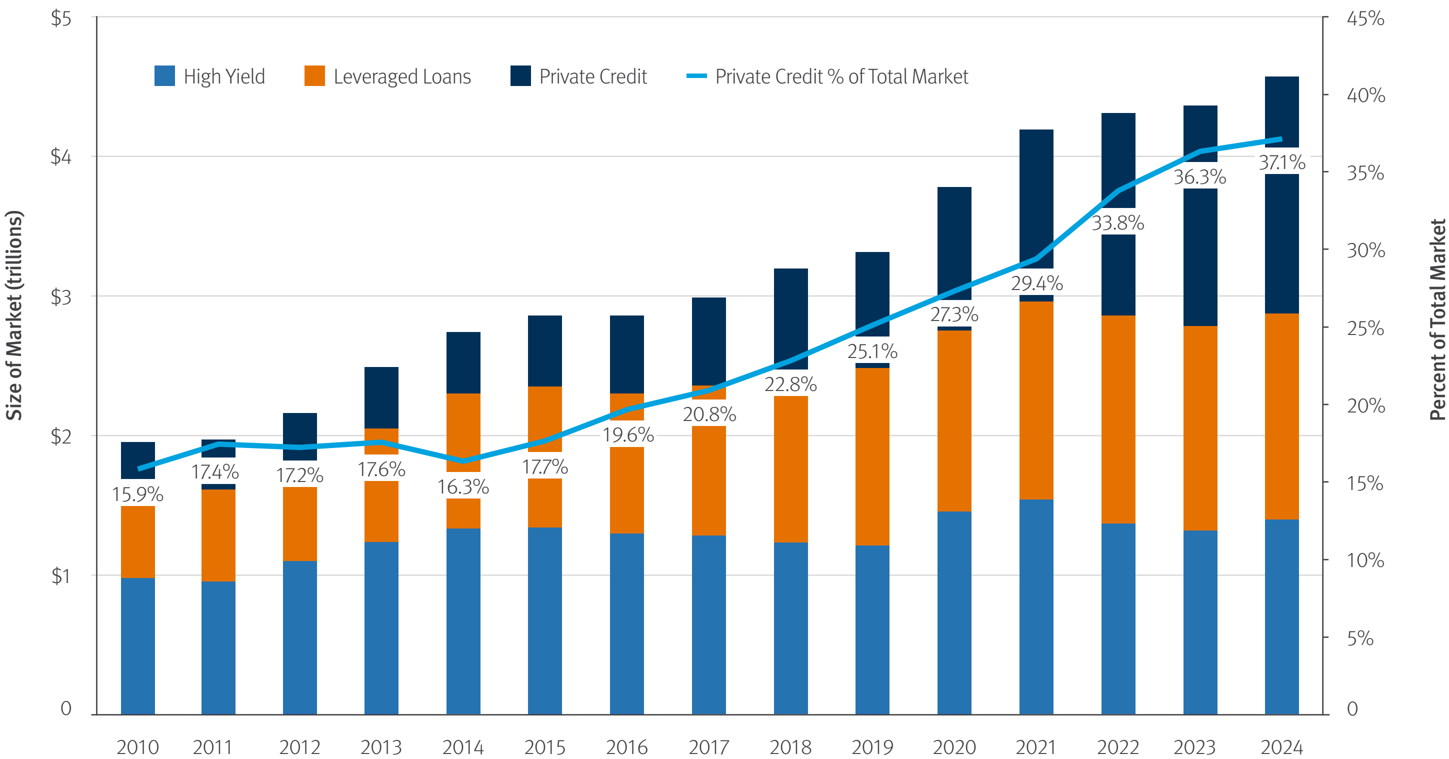
Average VC Debt Amount ($M) by Stage for 2025 Deals



Source: PitchBook Data, Inc. | Chart created by Jonathan Mo

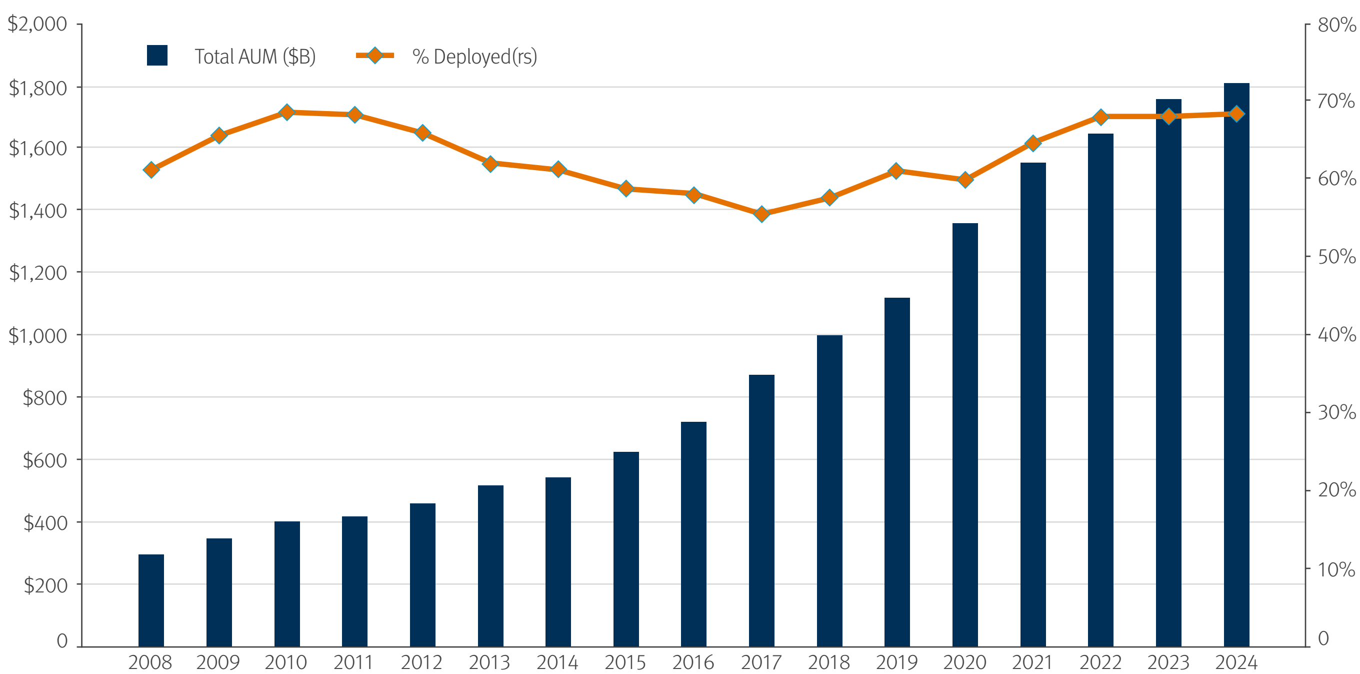
A Decadal Expansion in Private Credit

Private credit as a general market has undergone a decade of slow but steady expansion year-on-year beginning in 2014. As a proportion of the total debt market (which itself currently stands at $4.5T), private credit began at roughly 16% of the debt issued in 2014. It subsequently grew as a proportion each successive year until reaching 37% of the debt market in 2024. 2025 data, while not yet fully released, suggest it has likely remained roughly more than one-third of the debt space, arguably plateauing for the first time since 2014, though now an enormous proportion of the debt finance market in the U.S.



Source: PitchBook Data, Inc.

> Unsurprisingly, we have also seen a large increase in the private debt fund AUM numbers over the exact same period with about $1.8T in private debt capital under management as of mid-2025 and some 70% deployed in-market.



Source: Morgan Stanley Investment Management Research

Private Credit & Bank Lending into AI Have More Than Doubled in the Past 3 Years

It is very possible that the phenomenon of major debt financing supporting AI capital investments on the public markets side will increasingly replicate on the private side. In particular, VC-backed AI startups have tended to raise much larger rounds than similar-stage peers in other verticals. While some of this is likely a competitive bidding effect, it is also the case that AI technology deployments – even relatively constrained ones – have become very capital intensive and/or expensive. This somewhat counterintuitive notion (is AI automation not supposed to help lower costs?) stems from the sometimes overlooked fact that most of the contemporary AI technologies remain quite novel and experimental.

As a result, with most AI deployments effectively in an R&D phase, we are still very much in the infrastructure laying and market discovery arc of the eventual permeation of this technology into the wider economy. As a result, AI deployments, research, and product development are likely to remain expensive enterprises barring rapid changes in underlying trends.

While AI startups are not typically spending heavily on CAPEX in the form of data centers, rack hardware, or even GPUs outright (though some of course do depending on their business), the other well-known cost sink is the price of AI expertise. AI and machine-learning trained engineers remain expensive to hire, and while AI skills in the labor force continue to improve, AI startups often require academic research, PhD-level, and/or otherwise highly niche expertise since they are typically creating de novo and novel products. We should not forget – investment grade debt or not – that AI remains a frontier technology and as such exhibits the expected supply constraints on inputs such as labor.

On AI Expertise as a Cost Center for VC-Backed Startups

The question of AI engineering expertise deserves an aside given that it is increasingly a major cost for VC-backed AI startups, and is an expensive feature of the competitive landscape, serving as a bottleneck for AI development.

While headlines and some industry commentators will sometimes default to the assertion that the American Academy does not 'produce' enough educated and trained machine learning and AI engineers, this does not seem to be readily supported with evidence. U.S. STEM enrollment and computer science graduate numbers specifically have been expanding for years with a – at first paradoxical – drop-off occurring only very recently in 2024-2025. Without attempting to investigate here whether graduates are being 'correctly' trained, we certainly do not lack in sheer numbers for computer science and AI-skilled employees, indeed almost every academic engineering program was quick to embrace the excitement around the rise of AI.

Post-Peak Reality: Top Computer Science Grads are Struggling to Land Jobs – Dream Roles are Even Rarer

Share of graduates top CS programs[1] employed 6 months after graduation:

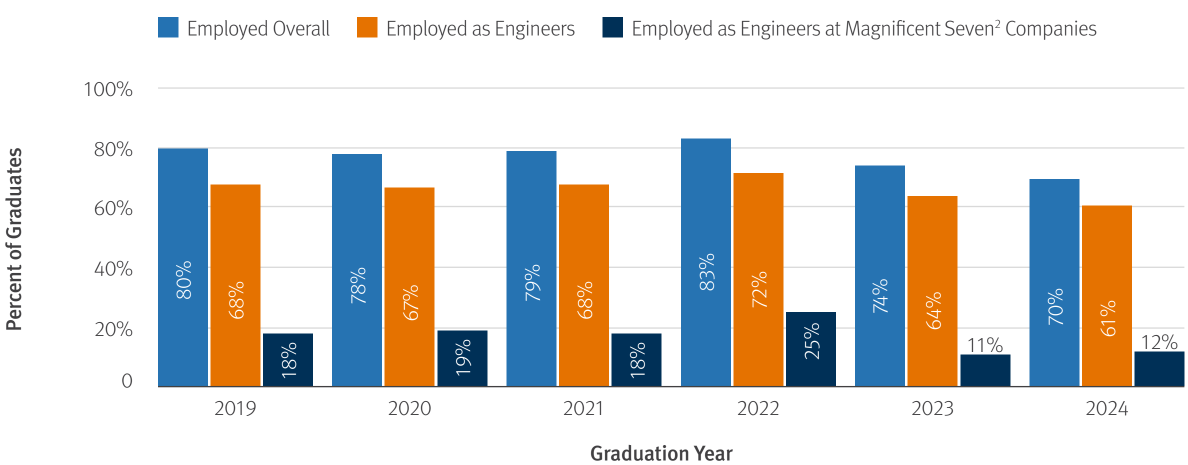


Chart Source: SignalFire
[1]Based on CS graduates from the top 20 engineering programs in the U.S. based on the U.S. News' Best Undergraduate Engineering Programs Rankings
[2]Magnificent Seven (MAG7) companies include Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA, and Tesla

> The recent drop-off in AI study has been linked to a fiercely competitive and oversupplied labor market for early-career engineers, including in AI, meaning graduates have struggled to get hired in a field that was – for many years – highly liquid employment in one of the fastest growing sectors of the US economy. In response to this employment friction, it is possible that many students have begun to react by electing not to study CS and AI.

Big Tech: 2023 Hiring Crash Hits All Levels; 2024 Rebound Favors Seniors, While New Grads Get Left Behind

Indexed new hire count from 2019-2024 shows Big Tech slashed early-career hires, but cautiously rehired mid-career employees and senior execs.

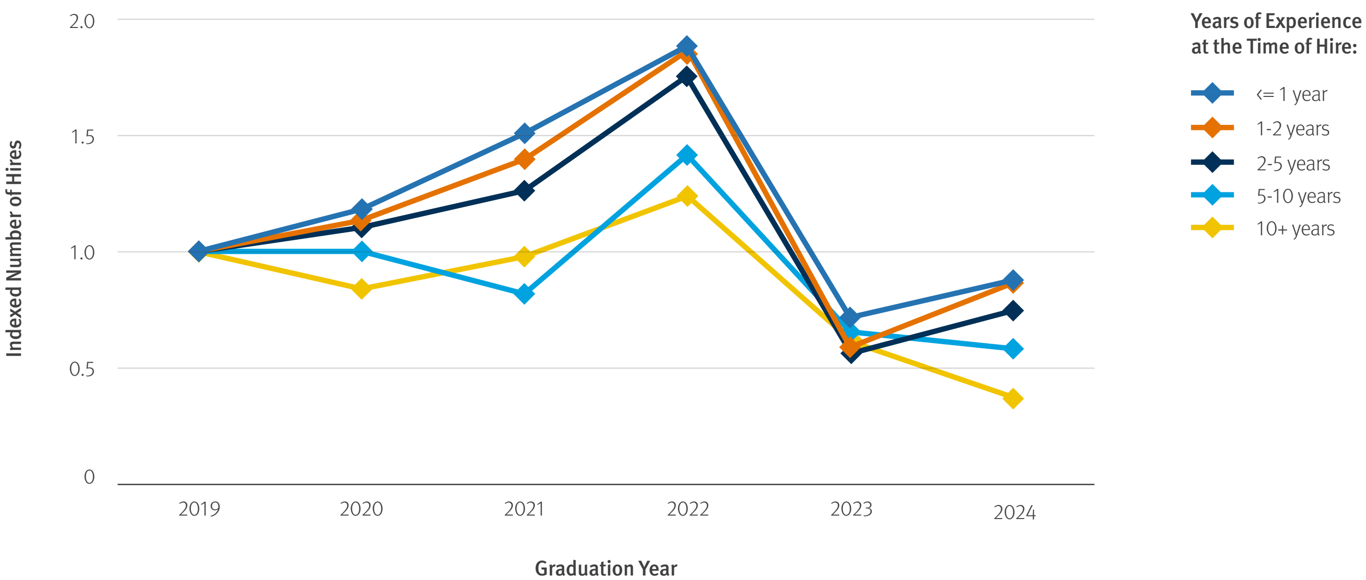


Chart Source: SignalFire
This chart only includes employees of the top 15 technology companies by market cap

This helps explain the seeming paradox – thousands of startups attempting to hire AI engineers, many engineers trained in AI available, but limited clearing of the labor market. And we know why. Most VC-backed startups, as mentioned above, are building frontier technology AI systems in an attempt to put novel intelligent systems or automation into typically very large and/or highly specialized markets. This means that the type of AI engineering ability they require is not merely academic in nature, but also highly specialized and often experientially selected.

In short, AI startups need very particular AI engineers, often with academic or research backgrounds and even then usually with specific industry-vertical expertise. One can quickly imagine that building AI models for enhancing the yield efficiency of specific models of semiconductor laser lithography machines is not simply a question of coursework or training.

Often, the engineers working on such greenfield – effectively frontier R&D – work must have experience in the industry vertical, the machines under study, the state-of-the-art research-grade AI models particular to their field, and then the experience needed to debug model training while preserving efficiency under cost constraints. While ML/AI as a field is indeed decades old, there is a distinct – and increasingly apparent – dearth of this combination of experience, training, academic research familiarity, and up-to-date computer science engineering knowledge in the current labor market facing startups.

Finally, of the segmented labor pool actually containing those AI engineers that might otherwise be available for VC-backed startups, the technology giants have effectively hoarded this talent base both by offering enormous compensation and benefits, as well as the allure of working on extremely well-funded, cutting-edge research projects. The net result of this interesting and uniquely difficult-to-bridge labor shortage has been a major labor cost increase for the specific types of engineers startups must attempt to bid on and hire. This, of course, has driven up operating costs at nearly all VC-backed AI startups.

While much is written about the 'war' for AI talent, one could argue that the main story is actually that this labor is hyper-specialized, very difficult to produce in any rote academic training or educational way, and often exists in niche subject-matter areas. It's worth also noting that, if one accepts this premise, then you may conclude that the cost of AI engineering to startups is not likely to fall in the near future. Many of the engineers which VC-backed AI startups want to hire simply don't – and will not – exist at the needed volume, anywhere in the world, at least for some years to come as experience and industry-vertical expertise accumulate.

We must not forget that despite its seeming ubiquity, especially in the form of consumer-facing LLMs and enormous cultural and financial interest, AI remains a frontier technology akin to quantum computing or nuclear fusion – with labor constraints to match.

A Need for Expensive CAPEX Expanded Credit Demand for Public Companies. A Need for Expensive OPEX May Do the Same for Private Companies

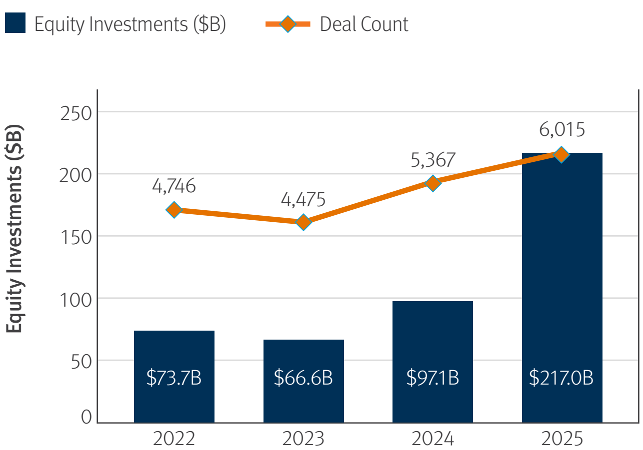
All this discussion on labor expenses is to say that AI startups remain cash-hungry. Even if they avoid directly spending on AI hardware, they must pay for compute overhead and AI-focused engineers, often in their specific industry niche. All of these produce the profile less of a traditional, cost-lean enterprise SaaS business, and closer to that of a frontier technology startup, even if the underlying technology may itself not be as high-risk as other frontier tech efforts. The conclusion is simple: AI build-outs and product development are, and will remain, expensive.

To finance this higher cash burn, we have seen AI equity dollars dramatically expand from $67B in 2023 to $217B in 2025. The number of financings rose during that same period from 4,475 in 2023 to 6,015 in 2025. While some of the rise, as noted, is likely driven by competitive deals and pressure on VC and PE investors to gain exposure to a much talked-about sector, we also know that early-stage AI startups really do need the runway extension as their costs increase.

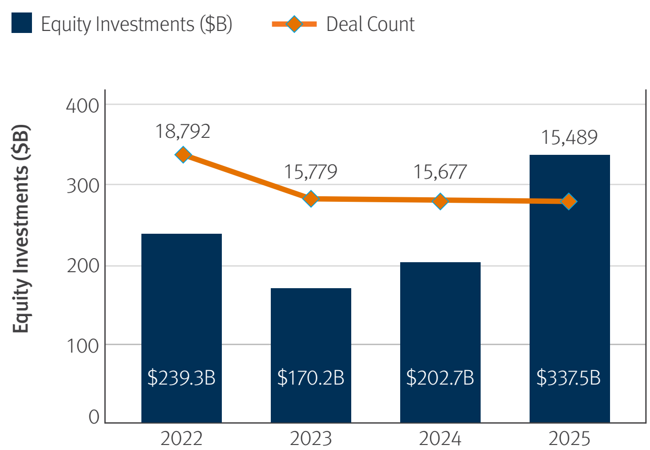
Enter venture debt and private credit. While venture debt is typically issued by commercial banks with specially trained lending units and aggressive risk management – such as Stifel Venture Banking – private credit is the remit of privately raised debt funds with LPs generally seeking high-yield lending opportunities against elevated risk. In both cases, startups have traditionally used debt as add-on financing to extend their cash runway in between financing rounds, reduce their potential investor dilution as they seek to build enterprise value, and as a strategy for managing potentially volatile cash situations such as seasonal churn.

And this continues to be the case, with total debt issued to VC-backed startups roughly doubling in the past 2 years, rising from $43.4B in 2023 to $86.7B in 2025. The question then is will AI startups also begin to access debt more aggressively in the same way public and larger private entities have already been doing?

AI VC Equity Investments



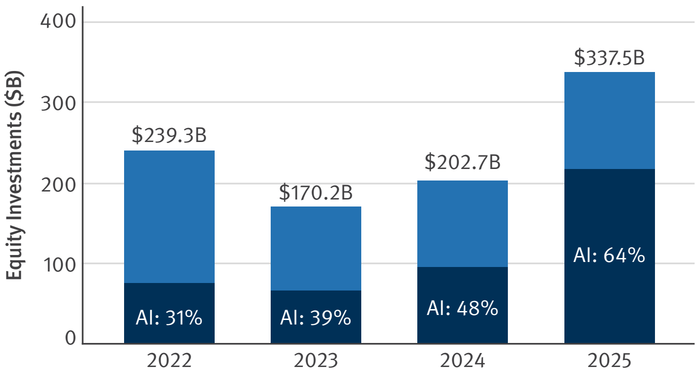
Total VC Equity Investments



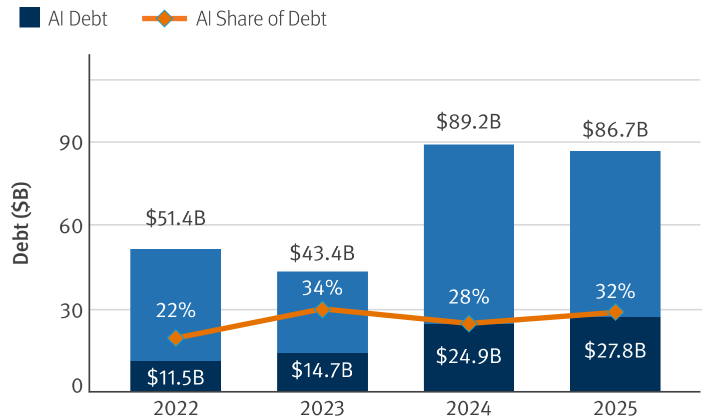
Source: Pitchbook Data, Inc. | Charts by Jonathan Mo
The cited data has not been reviewed by PitchBook analysts and may be inconsistent with PitchBook methodology.

> While some startup finance is indeed CAPEX related, we have noted that AI startups actually face unique and significant operating expenses in the face of expensive headcount, compute costs, data acquisition, and other specialized subject matter expertise. This may produce pressure on them to introduce balance sheet stability in the form of debt financing. Private credit in particular, rather than banks, would likely be able to step into this financing gap with high-yield credit products, and indeed specialized debt firms have already begun doing so.

Total VC Equity Investments With AI Overlay



Total VC Debt with AI Debt Overlay



Source: Pitchbook Data, Inc. | Charts by Jonathan Mo
The cited data has not been reviewed by PitchBook analysts and may be inconsistent with PitchBook methodology.

While debt issued to VC-backed companies has grown substantially, doubling from $43.4B in 2023 to 86.7B in 2025, almost 1:1 mirroring the doubling of VC equity dollars, the proportion of debt issued to VC-backed AI startups has not substantially changed since 2023 when it was 34% of total debt issued. In 2025, the proportion of debt to AI startups was 32%, though the raw dollar amount did expand from $14.7B in debt to AI startups in 2023 to $27.8B in 2025.

Nevertheless, of all the trends we have reviewed concerning credit, equity, AI, deal volume and deal size, virtually all of them have, on net, expanded, usually significantly. Even when deal volumes reduced, the value of individual deals rose. And yet the proportion of debt going to AI startups has largely been flat the past 3 years.

This is interesting in and of itself, but it presents an excellent opportunity to make a prediction. With AI equity investment both public and private expanding enormously, with public and private debt, including commercial bank debt, expanding in-line with equity markets, and with AI in public markets seeing their CAPEX heavily financed by debt, one can argue that private debt providers for VC-backed startups – who have somewhat bucked the trend thus far – are next to jump into the AI debt financing boom.

It makes sense that debt into VC-backed AI startups would lag equity markets (given the debt is usually lent against theoretical future equity rounds this is logical), but it is also possibly the case that demand for private debt amongst VC-backed AI startups did not yet reach a critical point because equity dollars were so plentiful and so eager to pour capital into these companies (with well-noted concomitant explosions in their valuations).

While the equity dollars are not likely to slow down either, the increasing OPEX pressure on VC-backed startups will likely begin to constrain their runway even as their dilution worsens as they are forced to take on additional equity even if valuations do not retreat. This provides a strong setup especially for risk-friendly private credit funds who are potentially comfortable lending (at high prices) against small but consistent early cashflows and underwriting in the setting of a large reservoir of dry equity powder in the market. Even more interestingly, we could see the rise of a new form of exotic lending which uses either future compute time as collateral or customer inference demand projections as underwriting criteria. Creative credit possibilities abound.

Thus, of the many trends going 'up and to the right' we have reviewed, the one so far resisting is private debt into VC-backed AI startups. And while of course trends are trends until they are not, the elements are all present for a major private credit boom financing primarily operating expenses, rather than infrastructure and PPE, for richly backed VC-funded AI startups. Without doubt, a 2026 insight we will be following closely.

STIFEL'S ROLE IN THE **VENTURE ECOSYSTEM**

Why Stifel Matters in Today's Market

Stifel is uniquely positioned as a leader in the venture ecosystem. Stifel combines the strength and resources of a full-service financial platform with the agility founders and funds need. Our integrated approach spans venture banking, private wealth management[1], and investment banking, providing clients access to the right strategic advice and capital at every stage in their journey.

Stifel: A Full-Service Financial Partner

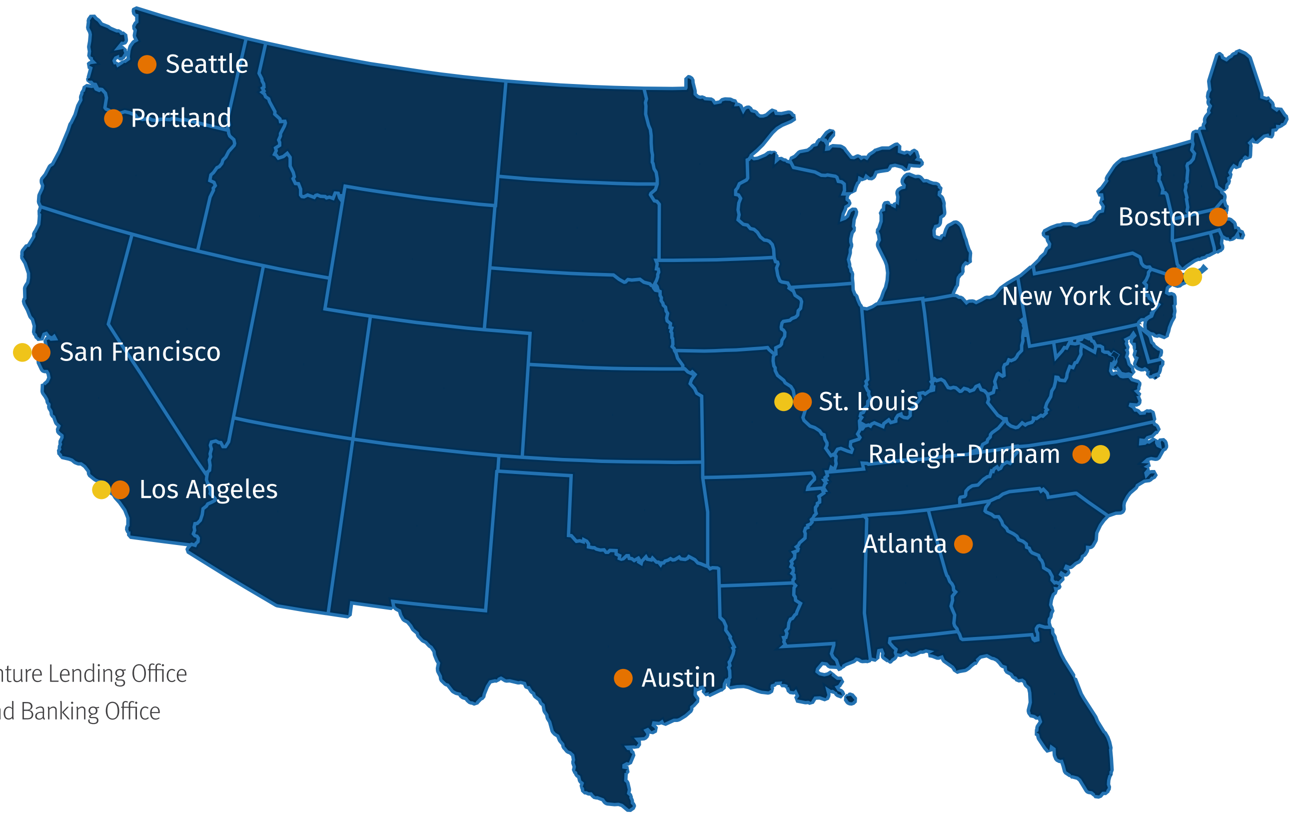
- Full-service wealth management, investment, and commercial banking
- 9,000+ associates globally
- $32B+ in bank assets and $10B+ in venture and fund loan commitments[2]
- Leading bookrunner for venture-backed IPOs among middle-market firms[2]
- Top-ranked advisor for technology and financial services M&A by deal volume[3]
- Market-leading high-yield FDIC-insured checking accounts for startups
- Top-3 ranked in all managed venture capital-backed IPOs[4]
- 10+ industry sectors
- 750+ investment bankers
- 100+ venture bankers
- Very diversified balance sheet and revenue sources

[1] Wealth Management services provided by Stifel, Nicolaus & Company, Incorporated, Member NYSE and SIPC.
[2] Source: Company data as of 9/30/25. For additional information, please see stifel.com/investor-relations
[3] Source: Dealogic M&A Analytics and 451 Research as of 12/19/24. Note: includes all sell-side and buy-side strategic or sponsor-backed disclosed value deals, where the deal is announced between 2012 and 8/19/2024, with a U.S. target, acquirer, acquirer subsidiary, or divestor and a final stake greater than 50%. Analysis run for sub-$1B, sub-$500M, and sub-$250M deals.
[4] Source: Dealogic – Venture-backed IPOs ranking since 2005 as of 2/29/24.

STIFEL VENTURE BANKING

DEEP SECTOR EXPERTISE

Coast-to-Coast Experience and Commitment to the Innovation Ecosystem



- Venture Lending Office
- Fund Banking Office

Venture Banking Sectors

Delivering tailored solutions to fuel innovation and growth across a broad spectrum of industries

Artificial Intelligence
Supporting the infrastructure, models, and R&D of modern AI

Cybersecurity
Banking for the builders of a safer internet

Frontier Tech
Backing innovation at the edge of tomorrow

Consumer Tech
Fueling the brands and platforms shaping daily life

Life Sciences & Healthcare
Enabling innovation in medical treatment and health IT

Enterprise Software
Advancing the companies transforming modern business

Energy
Partnering with next-generation energy companies

Fintech
Financing the next wave of financial services

A FULL-SERVICE FINANCIAL PARTNER

BANKING & LENDING

to help power, streamline, and scale your business

INVESTMENT BANKING

to unlock capital and navigate what's next

WEALTH MANAGEMENT[1]

to protect, plan, and build for the future

An Established Venture Ecosystem Partner

- $8B in company and fund deposits, growing 100%+ YoY
- 500+ venture-backed startup clients
- Over $2B in loan commitments, growing 29% YoY
- 250+ fund client relationships, enabling productive introductions to top-tier investors across the venture ecosystem
- Rapidly growing inbound activity and recognition

[1] Wealth Management services provided by Stifel, Nicolaus & Company, Incorporated, Member NYSE and SIPC.

TREASURY & DEPOSIT SERVICES

Our bankers work closely with entrepreneurs and corporate clients to develop customized solutions to meet their specific needs.

- FDIC-insured checking accounts for startups protected up to $285M per entity via ICS® network banks
- Daily liquidity optimization with competitive rates
- Digital onboarding process for all new account holders with 2 business-day turnaround target
- Dedicated treasury support team provides 1:1 white-glove service to clients from seed through IPO
- Advanced digital treasury platform provides real-time visibility, ACH and wire workflows, SFTP access, and seamless integrations with NetSuite, QuickBooks, Xero, Sage Intacct, and Plaid

Certain conditions must be satisfied for “pass-through” FDIC deposit insurance coverage to apply. To view the list of banks in the IntraFi® Network, visit intrafi.com/network-banks.

Deposit placement through an IntraFi service is subject to the terms, conditions, and disclosures in applicable agreements. Deposits that are placed through an IntraFi service at FDIC-insured banks in IntraFi’s network are eligible for FDIC deposit insurance coverage at the network banks. The depositor may exclude banks from eligibility to receive its funds. To meet conditions for pass-through FDIC deposit insurance, deposit accounts at FDIC-insured banks in IntraFi’s network that hold deposits placed using an IntraFi service are titled, and deposit account records are maintained, in accordance with FDIC regulations for pass-through coverage. Although deposits are placed in increments that do not exceed the FDIC standard maximum deposit insurance amount (“SMDIA”) at any one bank, a depositor’s balances at the institution that places deposits may exceed the SMDIA before settlement for deposits or after settlement for withdrawals. The depositor must make any necessary arrangements to protect such balances consistent with applicable law and must determine whether placement through an IntraFi service satisfies any restrictions on its deposits.

2026 LENDING CAPABILITIES
FOR COMPANIES

Comprehensive Financing Solutions Across Stages and Sectors

Stifel bankers have decades of experience lending across the innovation economy, with the capacity and expertise to finance high-growth startups throughout their lifecycles, and across every vertical. The firm takes a relationship-centric approach, facilitating productive introductions to investors, customers, and talent to provide value beyond typical capital providers. For later-stage clients, Stifel partners with top institutions to provide greater access to capital.

	Venture Debt	Growth Capital Term Loans	Recurring Revenue	Working Capital	Acquisition Term Loan	Hardware as a Service (HaaS)
Stage	Large Seed / Series A	Series B-D	Series B-D	Series B-D	Series B-D	Series B-D
Revenue Scale	$0 - $5 million	$5 million+	$5 million+	$5 million+	$5 million+	$5 million+
Purpose	Runway Extension	Runway Extension	Finance CAC/growth spend	Finance day-to-day operations	Acquisition Finance	CAPEX Financing
Covenants	No	No	Liquidity and/or performance	Liquidity and/or performance	TBD	TBD
Warrants / Success Fee	Yes	Yes	Varies	No	Varies	Yes
Size	$1-10 million	$5-25 million	$5-50 million	$5-50 million	$5-25 million	$5-25 million

2026 LENDING CAPABILITIES **FOR FUNDS**

	Capital Call Lines of Credit – Summary Terms
Borrower	Closed-end VC, growth equity, and MM private equity funds
Fund Size	$50 million-$2 billion
Facility Size	10-30% of fund size | $5 million-$200 million+ | $25 million-$75 million sweet spot
Advance Rate	Blanket advance rate on uncalled capital of the fund (e.g., 50-75%)
Pricing	Market competitive with uncommitted (“flex”) options reducing fees
Tenure	Renewed annually via built-in extensions at bank discretion
Repayments	Aligned with GP preference (subject to LPA limitation)
Collateral	Pledge of General Partner rights to call capital

Additional lending products are also available, with customized terms based on client profile and borrower preference

- Management Company Lines of Credit
- GP Financing
- NAV / Hybrid Facilities

STIFEL INVESTMENT **BANKING**

From Expertise to Execution

Our deep sector knowledge is backed by a proven capital markets platform, delivering results across private placements, public equity, and M&A. We help founders and funds navigate every stage of growth.

Public Equity Market 2024-2025 Highlights

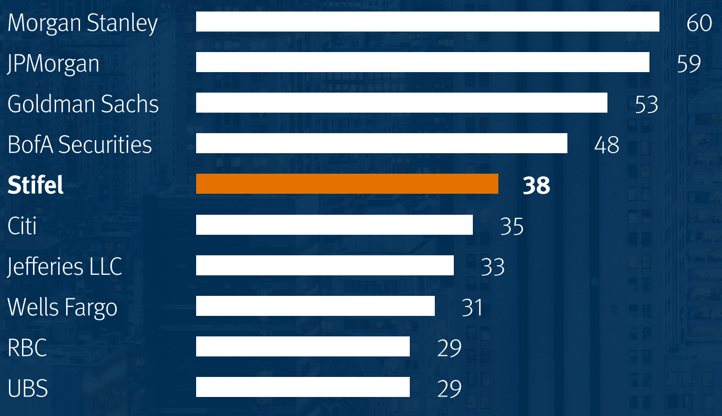
211
Managed Deals

138
Bookrun IPOs and FOs

$88.4B
Raised in Equity and Equity-Linked Offerings

94.4%
% Bookrun Equity Transactions

Bookrun IPOs since 2024



Source: Dealogic and Stifel Capital Markets as of December 31, 2025.
Note: Includes all managed SEC registered U.S. IPOs, follow-ons and convertible offerings › $10mm since 2024. Excludes ATMs, bought deals, PIPEs and SPAC IPOs.
(1) Includes SEC registered U.S. IPOs, SPAC IPOs, PIPEs and follow-ons with base deal sizes of $50mm – $500mm. Excludes ATMS, bought deals, convertible offerings, preferreds and retail notes

2026 INVESTMENT BANKING **INSIGHTS**

2025 was the year the IPO market "finally re-opened" but had to remain resilient through opening and closing execution windows

- Issuance markets pushed past tariffs and resultant sell-off to rebound amidst persistent global macro concerns.
- Prolonged SEC shutdown moved potential issuers to 2026, creating a tangible projected Q1 2026 backlog.
- IPO volume in 2025 (80 IPOs / $47.3B) surpassed 2024 (68 IPOs / $31.8B) in both dollar value and number of IPOs, but still trails 2021 (321 / $155.6B)[1].
- Eyes on this upward trend to continue in 2026.

Durable, high quality growth stories led the new issue calendar.

AI has dominated the conversation and capital in the late-stage private market.

The market was broader than tech and AI: healthcare, industrials and infrastructure were important IPO thematics.

SPAC front ends in 2025 ($25.0B) have nearly tripled in dollars raised since 2024 ($9.7B) but back-end pace needs to show acceleration and follow-through.

Aftermarket performance on a weighted basis has outpaced the broader indices but there is concentration in a handful of large outperformers.

Looking ahead, there is a robust 2026 pipeline of tech, AI, healthcare, industrial and sponsor-backed issuers.

[1]Includes all IPOs with a base deal size > $50mm. Excludes SPAC IPOs.

M&A MARKET **ACTIVITY**

2024-2025 Highlights

335
M&A Transactions

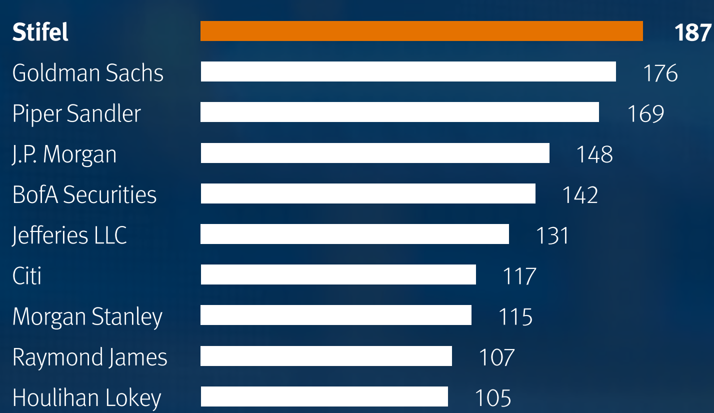
$98B
M&A Transactions Value

#1
In Public Deals Less Than $1B since 2020 (U.S.)

30.2%
Sell-Side

69.9%
Buy-Side

Public M&A Transactions <$1B



Source: Dealogic and Stifel Capital Markets as of December 31, 2025.

2026 INVESTMENT BANKING **INSIGHTS**

Dominance of Larger Deals

- The tech M&A landscape is currently dominated by substantial transactions, with mega-deals capturing the spotlight.
- However, there's a resurgence of activity in the mid-market segment, indicating a diverse range of opportunities and momentum building outside the largest deals.

Market Bifurcation

- The market is notably split. High-quality companies exhibiting strong growth metrics or robust profitability are experiencing intense bidding wars, driving up valuations.
- In contrast, companies at the margin might struggle to attract interest, highlighting the importance of maintaining standout performance metrics.

Venture-Level AI Funding

- Artificial Intelligence continues to attract significant venture-level funding, with massive raises that draw attention across the sector.
- This segment remains buoyant, with many observers noting that the valuations have yet to face major corrections.

2026
AN EXCITING YEAR AHEAD FOR THE VENTURE ECOSYSTEM

We hope you enjoyed reading Insight 2026 and have gained a new perspective and actionable insights to apply to your 2026 strategy. The data points to a clear arc: AI and private credit are reshaping capital formation, and quality businesses will command premiums across IPO and M&A.

Stifel stands ready for our clients with relationships, sector depth, and flexible financing to help you turn these dynamics into successful businesses.

Whether you are a founder or an investor, we encourage you to contact a Stifel Banker today to coordinate a bespoke 2026 planning session with a member of our experienced staff.

Chris Reichert
CEO, Stifel Bank & Trust

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Independence of Research
Stifel prohibits its employees from directly or indirectly offering a favorable research rating or specific price target, or offering to change a rating or price target, as consideration or inducement for the receipt of business or for compensation.

Basis of Presentation
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