

# RAYMOND JAMES<sup>®</sup>

FINANCIAL, INC.

Tom James

CEO and Chairman

Steve Raney

President, RJ Bank

# 2009 Highlights

## RJF Results

	Three Months Ended March 2009	Three Months Ended March 2008	Increase/Decrease
Gross Revenues	<b>\$596 million</b>	\$807 million	(26%)
Net Revenues	<b>\$590 million</b>	\$692 million	(15%)
Net Income	<b>\$6 million</b>	\$60 million	(90%)
Net Income Per Share	<b>\$0.05</b>	\$0.50	(90%)
Shareholders' Equity	<b>\$1.90 billion</b>	\$1.77 billion	7%
Market Capitalization	<b>\$2.41 billion</b>	\$2.74 billion	(12%)

# 2009 Highlights

## RJF Results

	Three Months Ended March 2009	Three Months Ended December 2008	Increase/Decrease
RJ Bank After Tax Results	<b>(\$7.6 million)</b>	\$34.3 million	(122%)
Securities Group After Tax Results	<b>\$13.7 million</b>	\$26.8 million	(49%)
Net Income	<b>\$6.1 million</b>	\$61.1 million	(90%)
Net Income Per Share	<b>\$0.05</b>	\$0.52	(90%)

# Six Months Ended March 2009

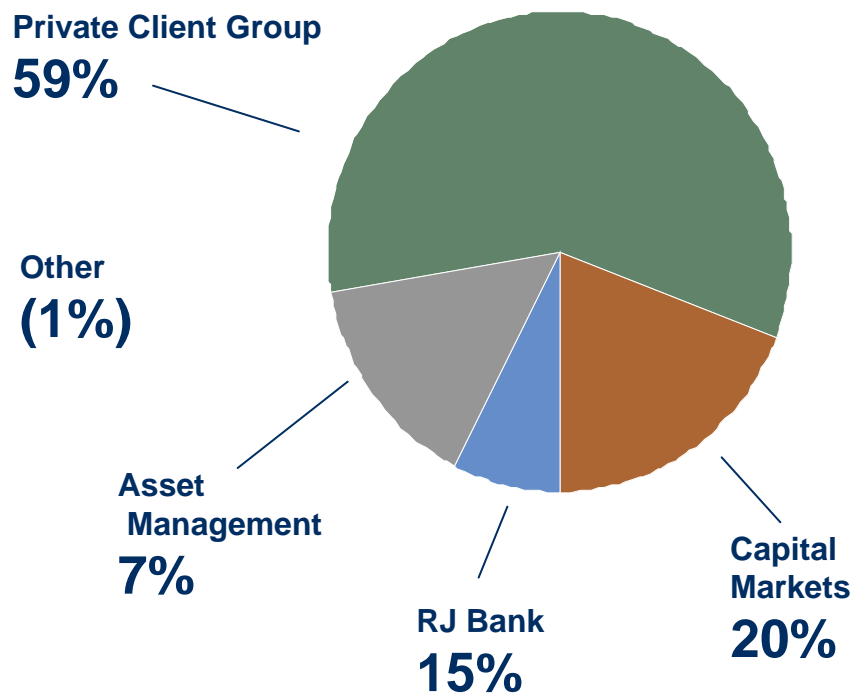
## RJF Results

	March 2009	March 2008	Increase/Decrease
Gross Revenues	<b>\$1.3 billion</b>	\$1.6 billion	(21%)
Net Revenues	<b>\$1.3 billion</b>	\$1.4 billion	(9%)
Net Income	<b>\$67 million</b>	\$116 million	(42%)
Net Income Per Share	<b>\$0.57</b>	\$0.97	(41%)
Shareholders' Equity	<b>\$ 1.90 billion</b>	\$1.77 billion	7%
Market Capitalization	<b>\$ 2.41 billion</b>	\$ 2.74 billion	(12%)

# YTD March RJF Core Business Segments Gross Revenues

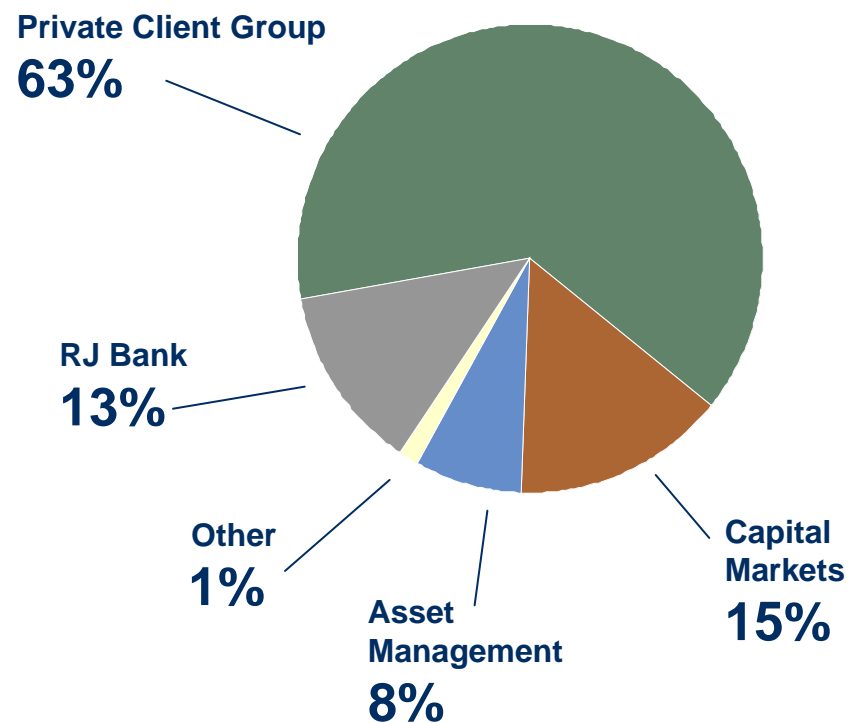
2009

**\$1,292,244,000**



2008

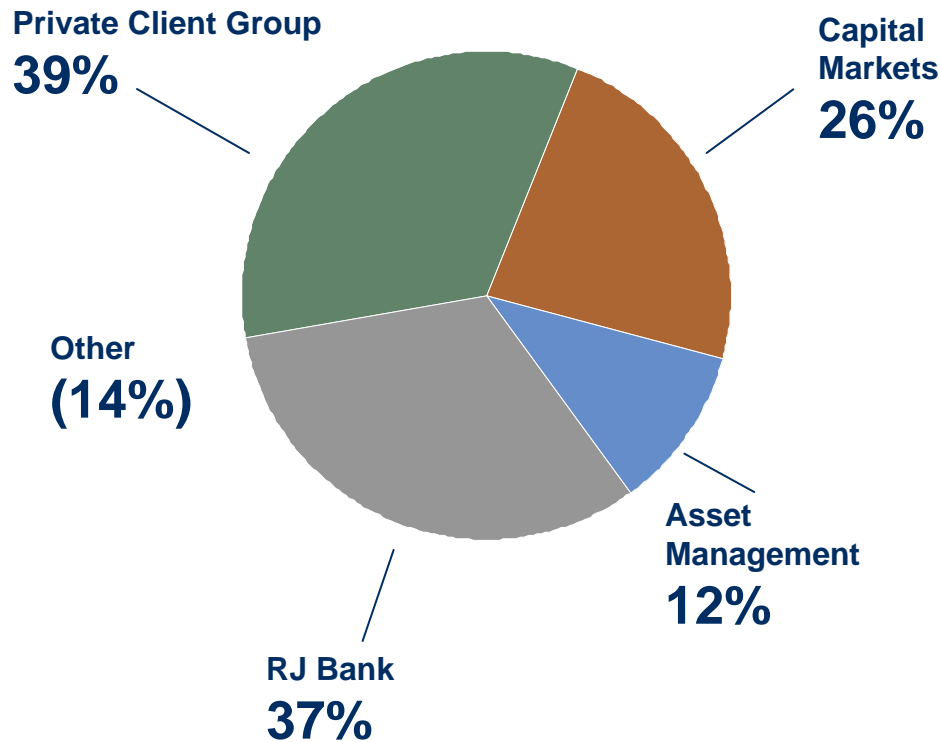
**\$1,636,325,000**



# YTD March RJF Core Business Segments Pre-Tax Income

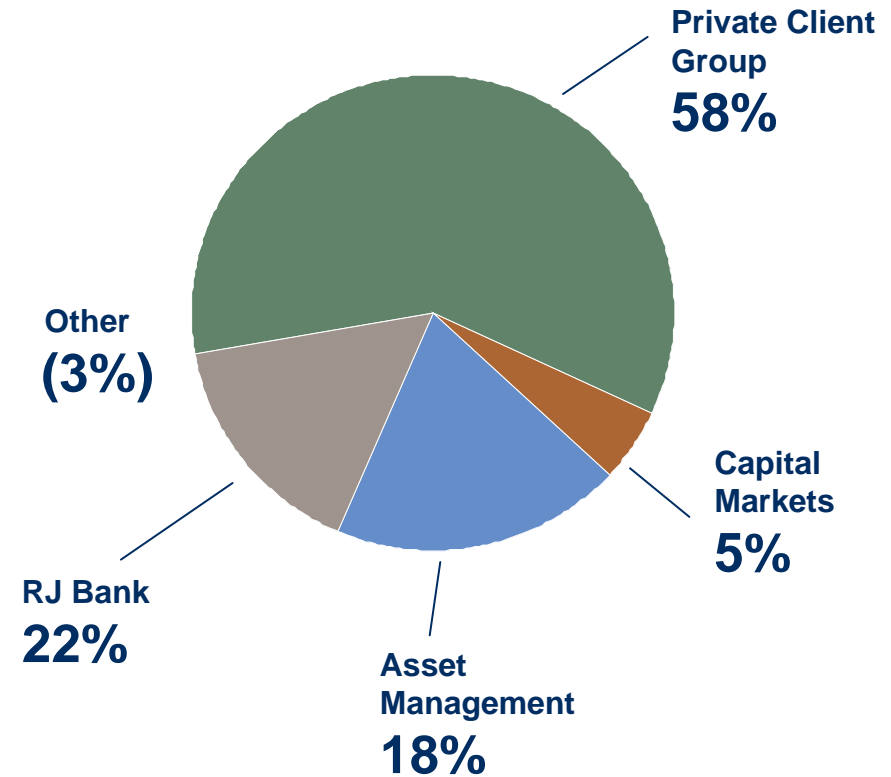
2009

**\$114,582,000**



2008

**\$188,575,000**



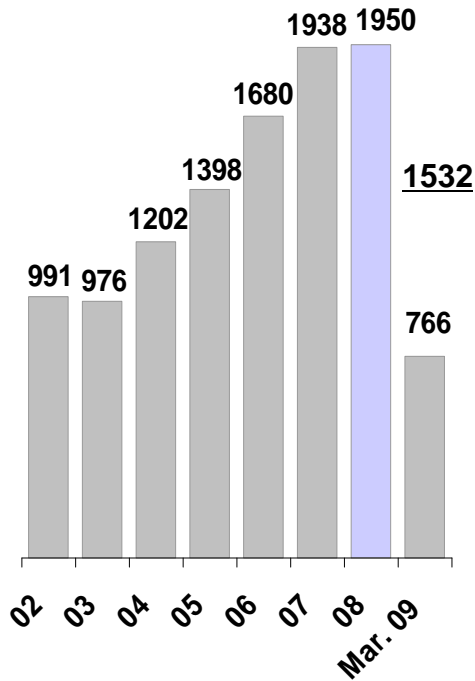
# Private Client Group

## Trends

### Gross Revenue

\$ Millions

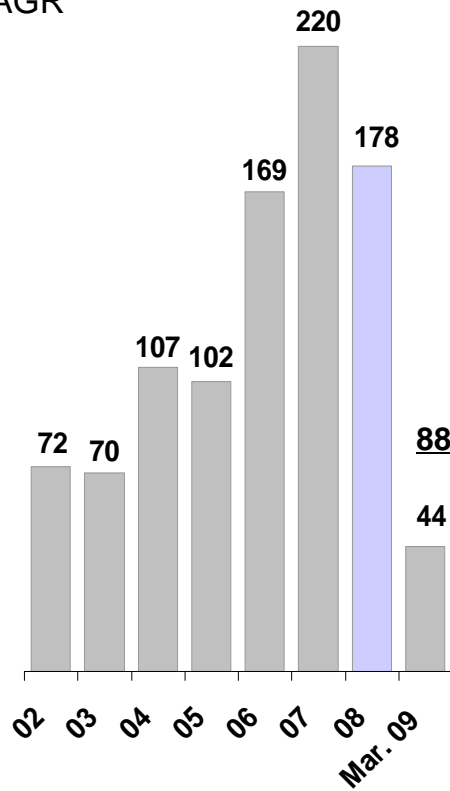
15%  
CAGR



### Pre-Tax Income

\$ Millions

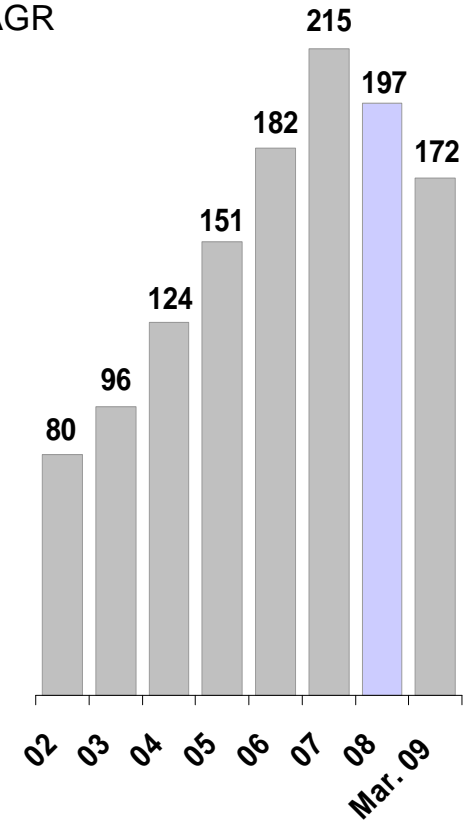
25%  
CAGR



### Total Client Assets

\$ Billions

15%  
CAGR



# Private Client Group

## Objectives

- **Improve margins at Raymond James & Associates (occupancy, recruiting discipline, etc.)**
- **Increase net recruiting results at Raymond James Financial Services**
- **Continue lowering legal costs by applying best practices**
- **Increase productivity 8% to 10% annually by improving advisor “share of wallet”, providing more high net worth support, and increasing financial planning and asset management training and support**
- **Without increasing investor risk parameters, grow interest income by promoting loan products through advisors**

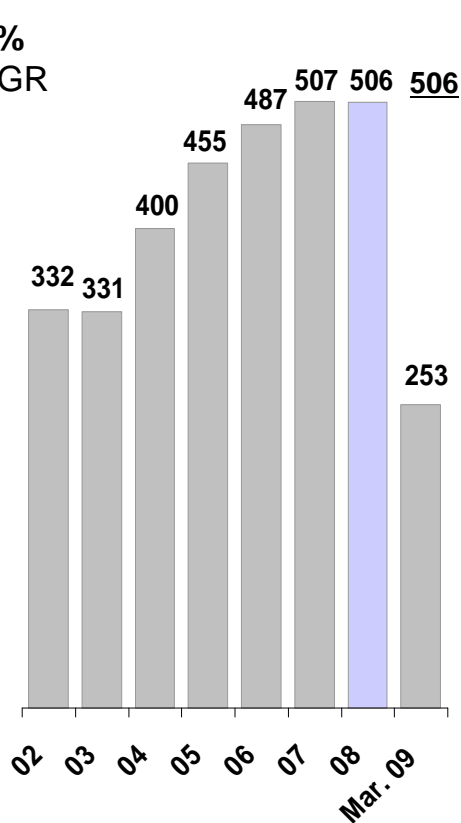
# Capital Markets

## Trends

### Gross Revenues

\$ Millions

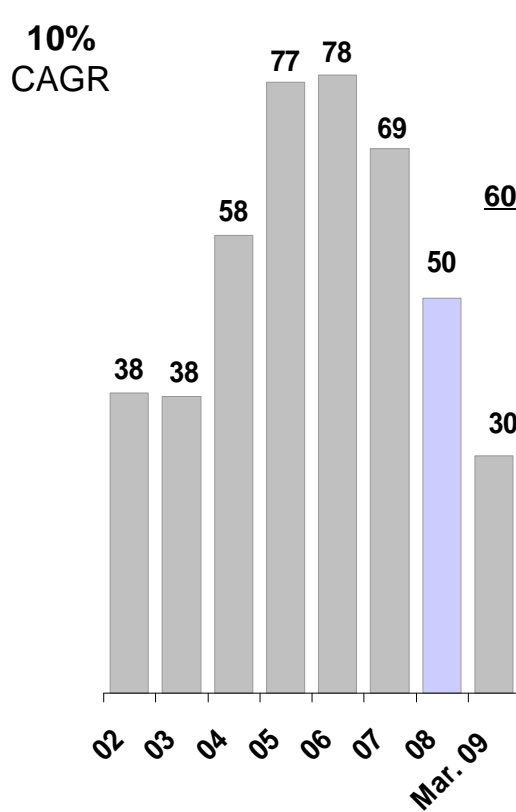
9%  
CAGR



### Pre-Tax Income

\$ Millions

10%  
CAGR

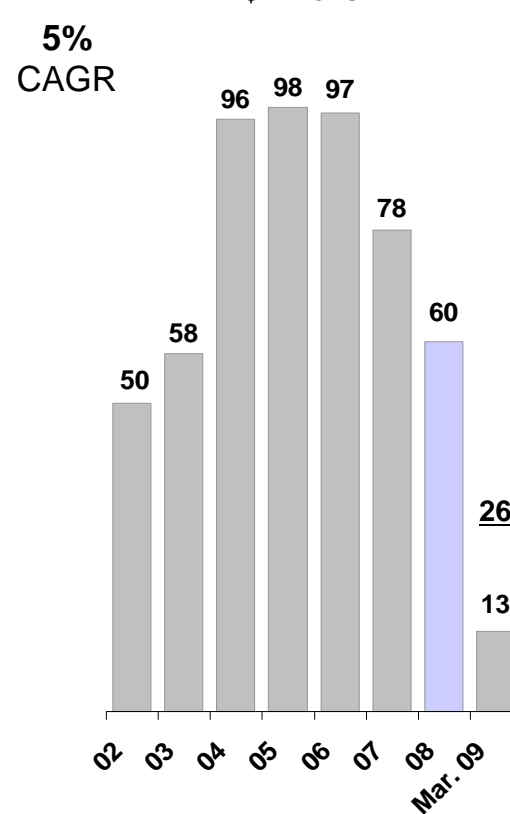


### Number of Domestic

UW Deals

\$ Billions

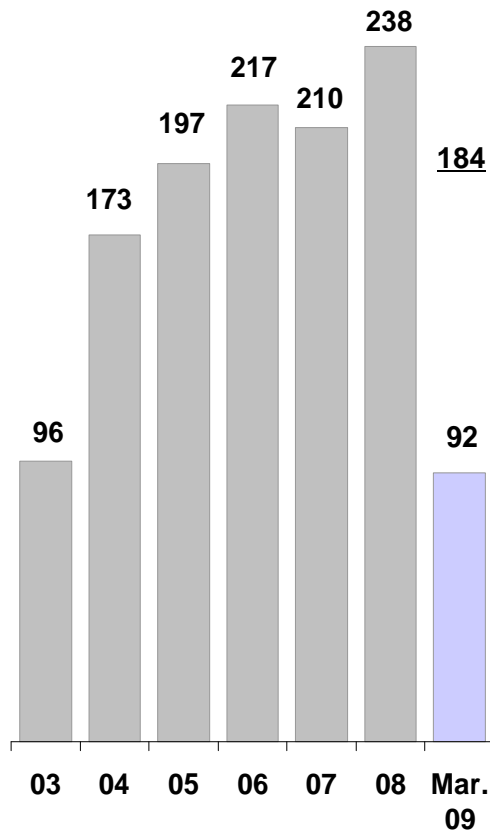
5%  
CAGR



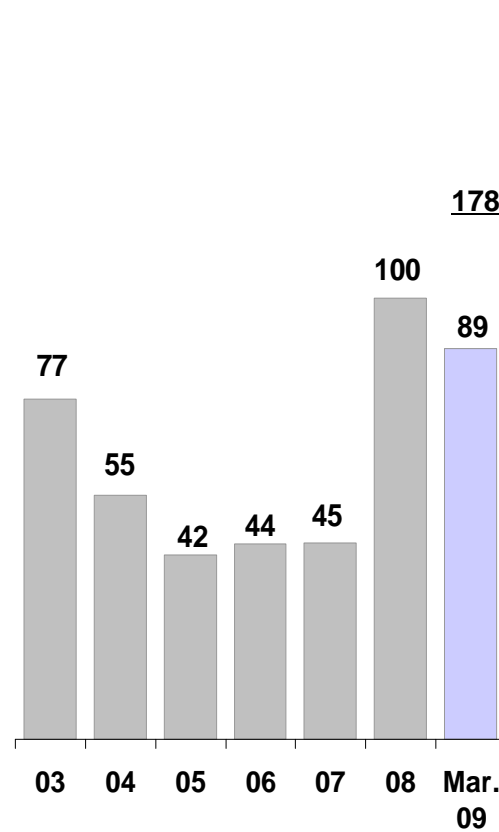
# Capital Markets

## Trends

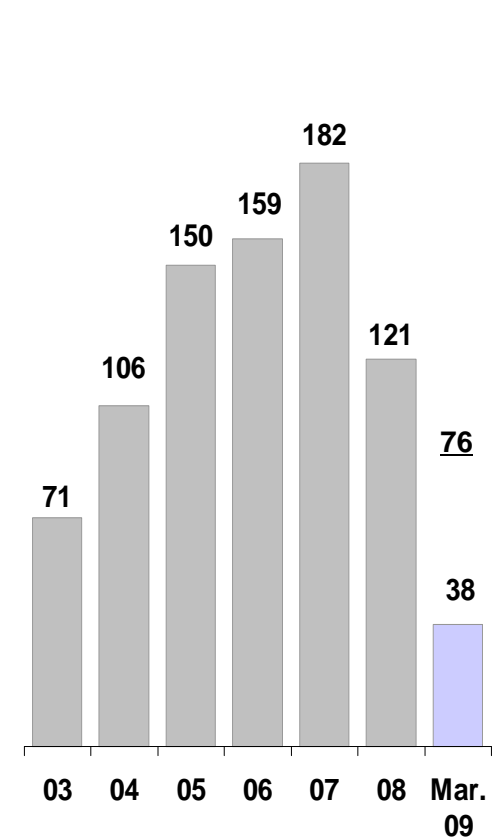
**Institutional Equity Commissions**  
\$ Millions



**Institutional Fixed Income Commission**  
\$ Millions



**Investment Banking Revenues**  
\$ Millions



# Capital Markets

## Objectives

- **Expand Investment Banking / Advisory services**
- **Increase cross-border opportunities**
- **Expand international operations**
- **Grow Fixed Income secondary market structured products trading and expand presence with Depository Institutions. Ramp up Fixed Income recruiting to take advantage of industry disruption.**
- **Build the middle market Public Finance practice**

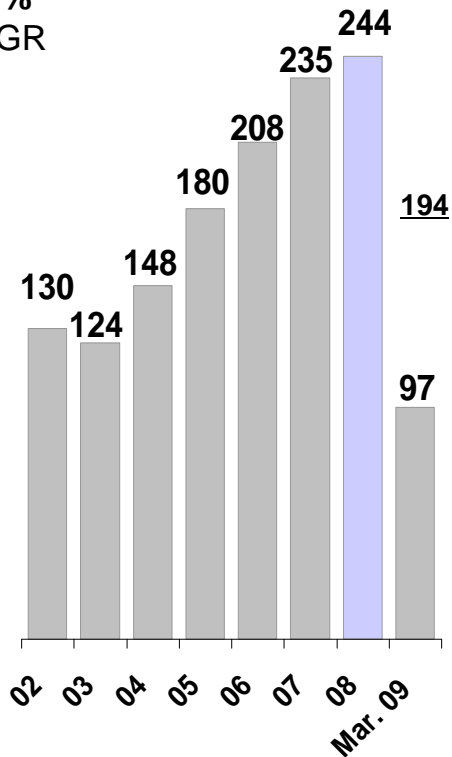
# Asset Management Group

## Trends

### Gross Revenues

\$ Millions

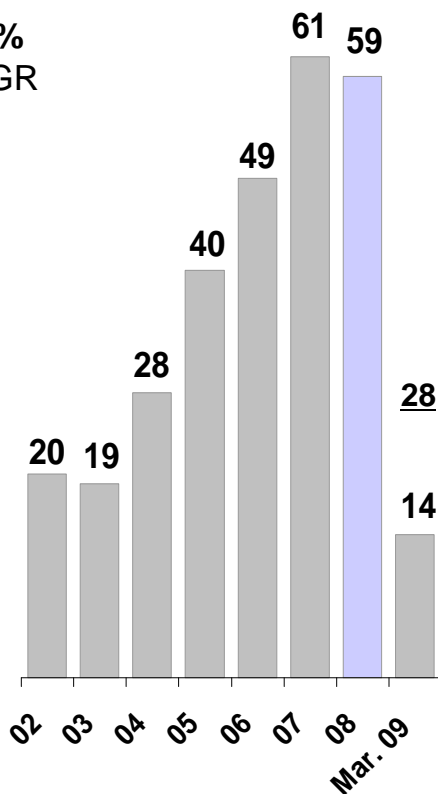
14%  
CAGR



### Pre-Tax Income

\$ Millions

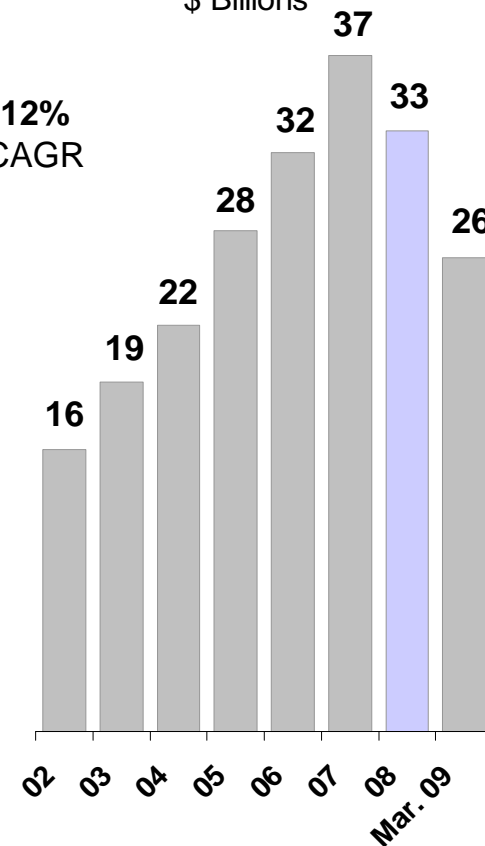
27%  
CAGR



### Assets Under Management

\$ Billions

12%  
CAGR



# Asset Management Group

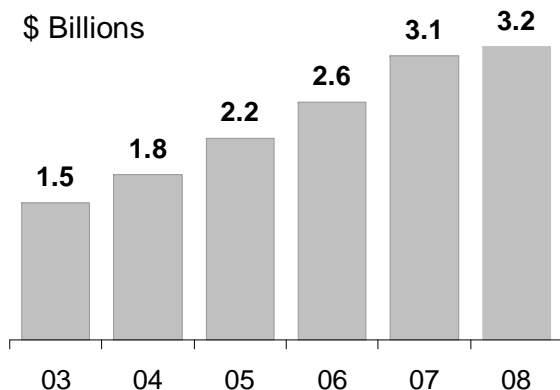
## Objectives

- **Expand Freedom mutual fund wrap platform to include additional retirement income strategies**
- **Introduce a Freedom UMA program to include separate accounts and mutual funds in a turnkey model portfolio offering**
- **Consolidate Eagle and Heritage sales and investment management teams to align SMA and mutual fund products**
- **Increase the penetration of consulting and asset management training in our sales forces**
- **Expand marketing programs targeted at the 401k market**
- **Significantly expand AUM at Eagle-Boston**

# RJF Five-Year Trends

## Gross Revenues

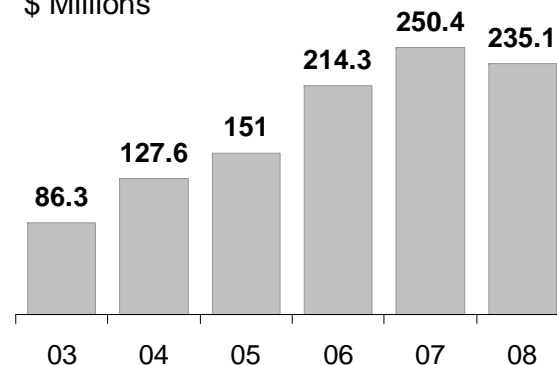
\$ Billions



**Five-Year  
Growth  
17%**

## Net Income

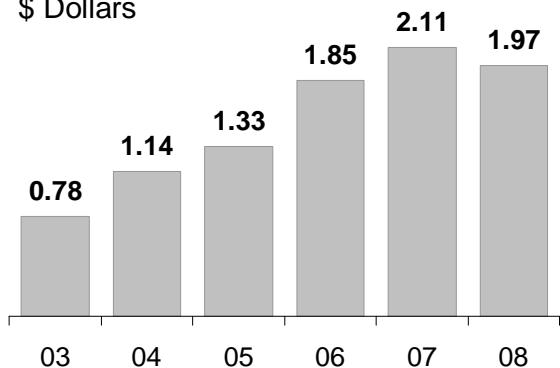
\$ Millions



**Five-Year  
Growth  
24%**

## Net Income Per Share

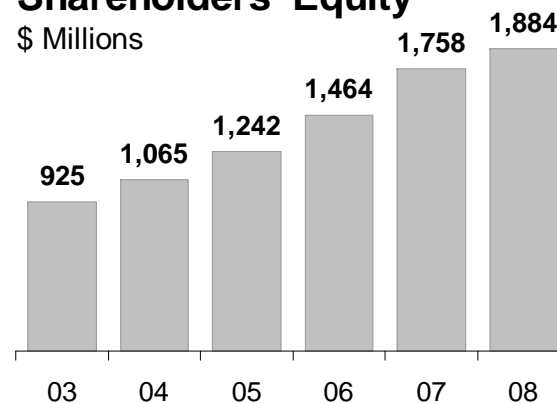
\$ Dollars



**Five-Year  
Growth  
22%**

## Shareholders' Equity

\$ Millions

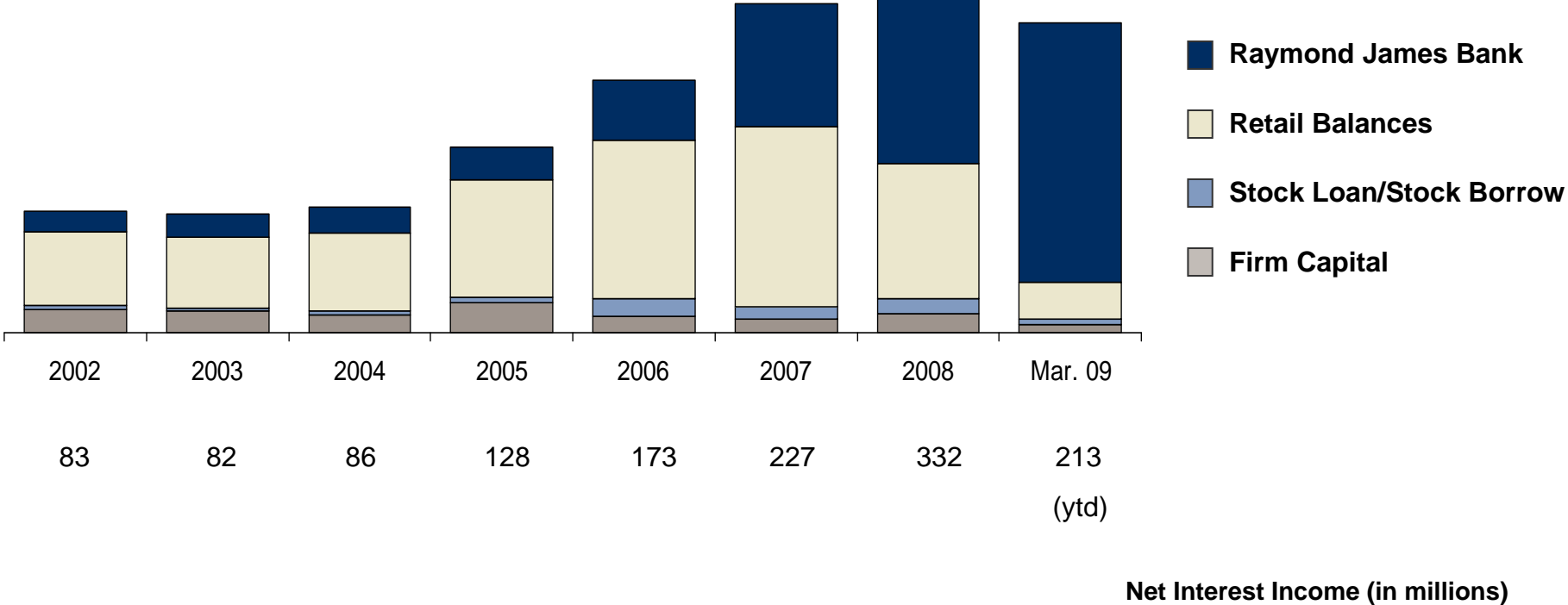


**Five-Year  
Growth  
15%**

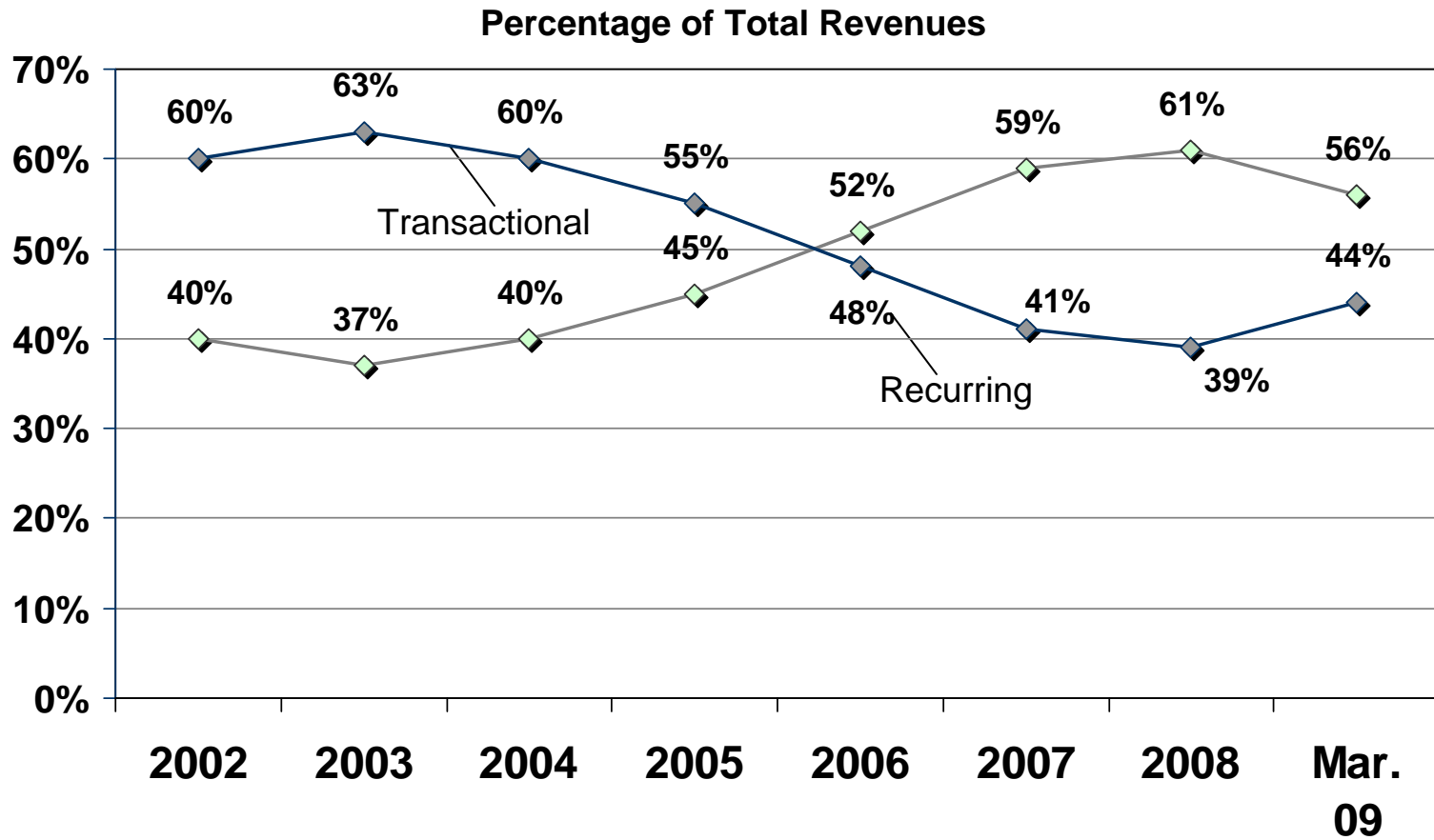
# RJF Net Interest Income

Q2 2009  
Net Interest  
\$101 Million

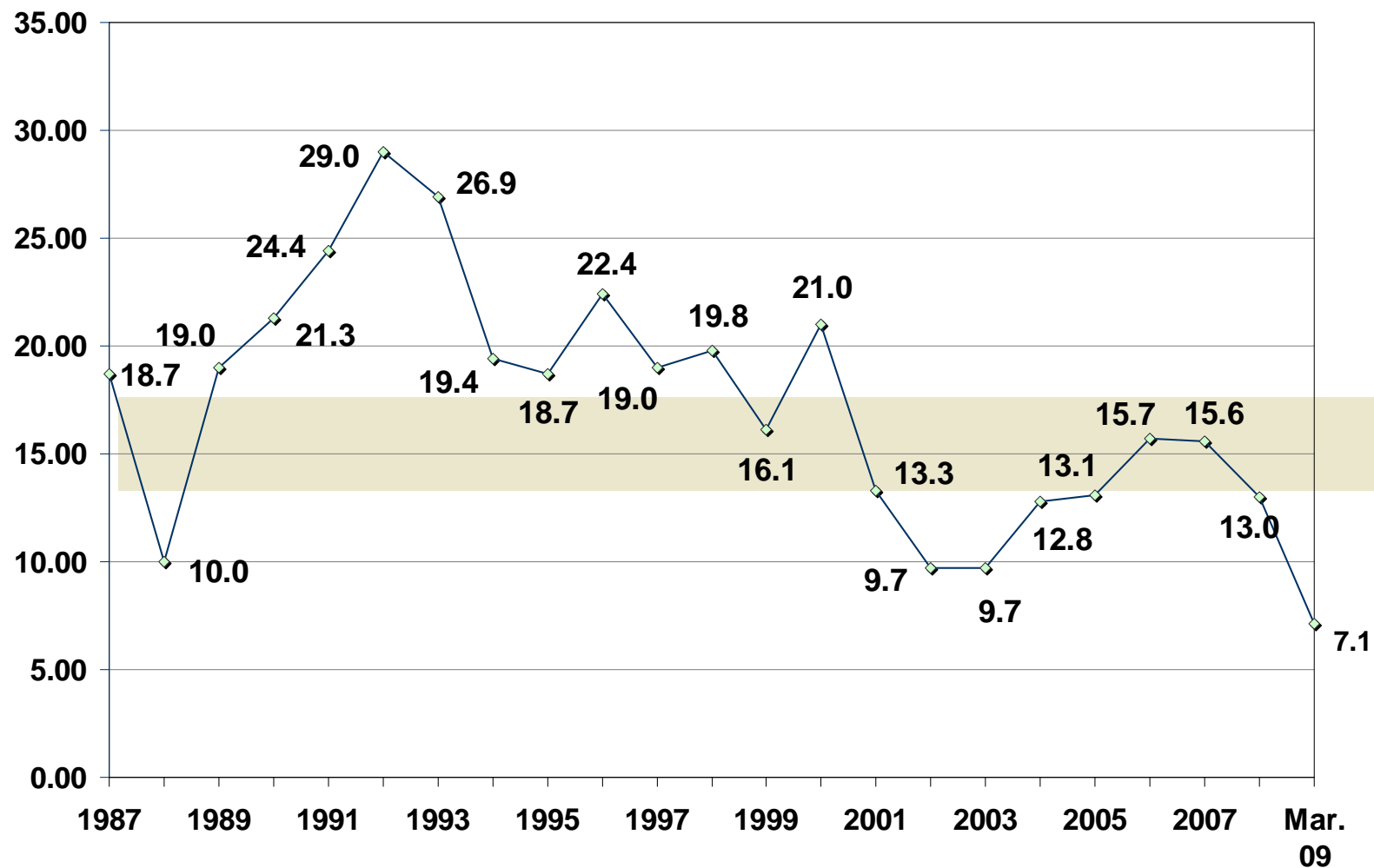
426



# Recurring Revenues



# RJF Return on Equity



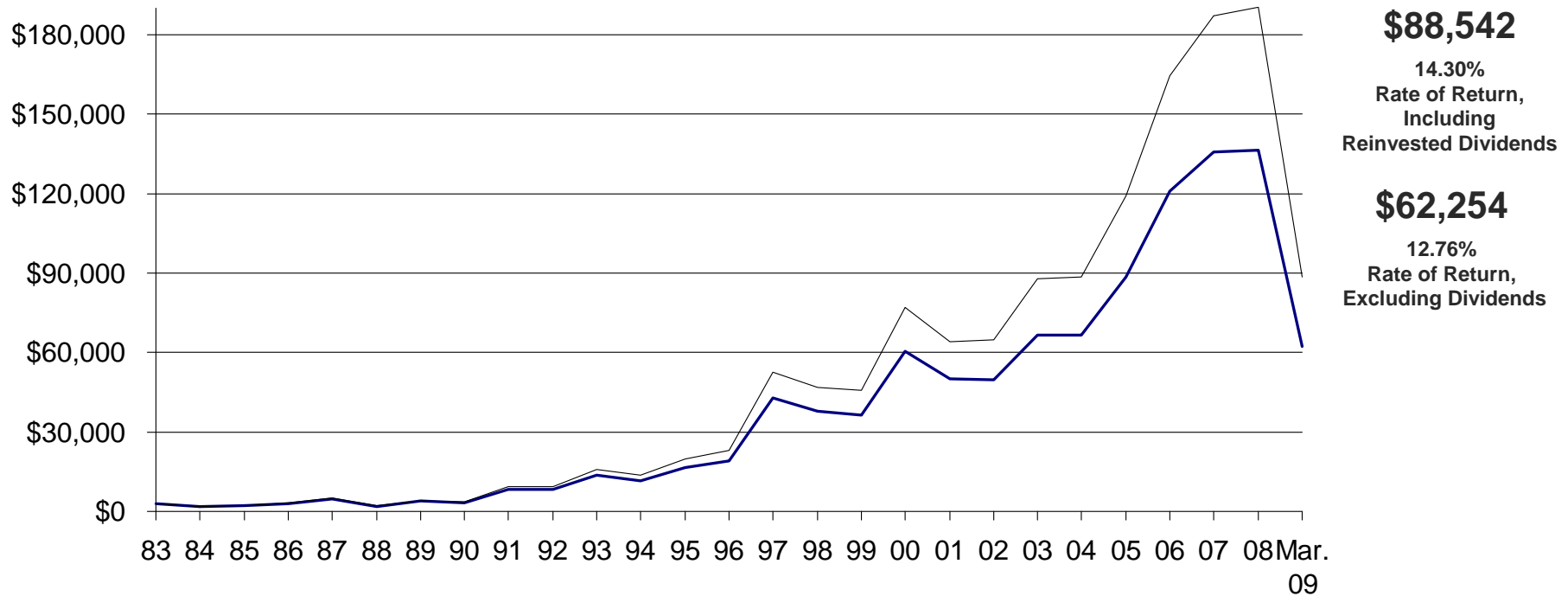
# 2008 - 2009 Major Initiatives

## RJF

- Obtain term debt/committed lines of credit to ensure liquidity for current operations and future growth
- Accelerate net recruiting in RJFS to grow our sales forces by 6% to 8%
- Stay focused on improving best practices in the Private Client Group to differentiate Raymond James from our competitors
- Grow producers in Capital Market's investment banking businesses by 8% to 10% per annum
- Increase RJF's proprietary business activities
- Identify and develop at least one future successor candidate for each Operating Committee member and their direct reports

# Stock Performance

## 200 Shares of RJF Stock Purchased at Initial Offering

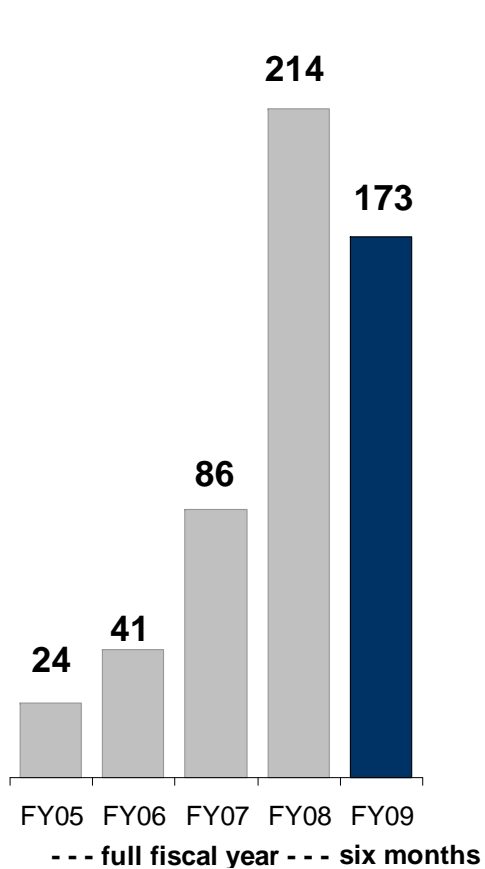


# Raymond James Bank

## Trends

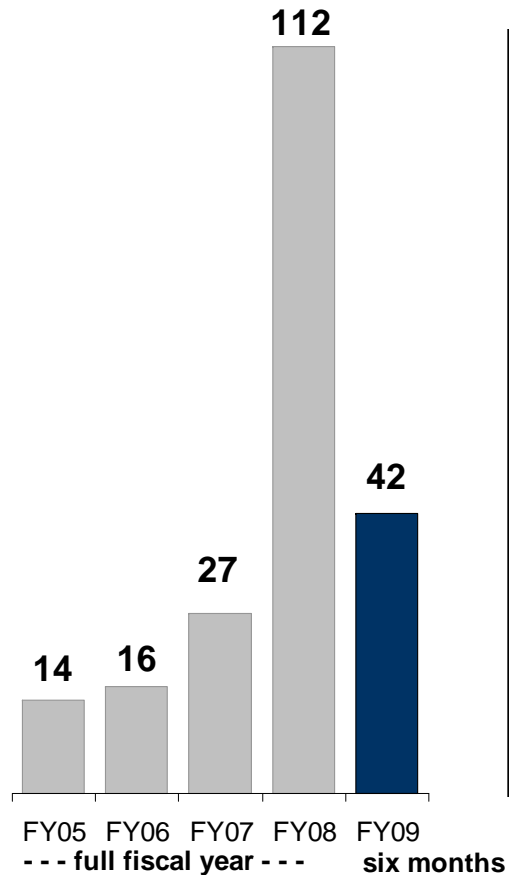
### Net Revenues

\$ Millions



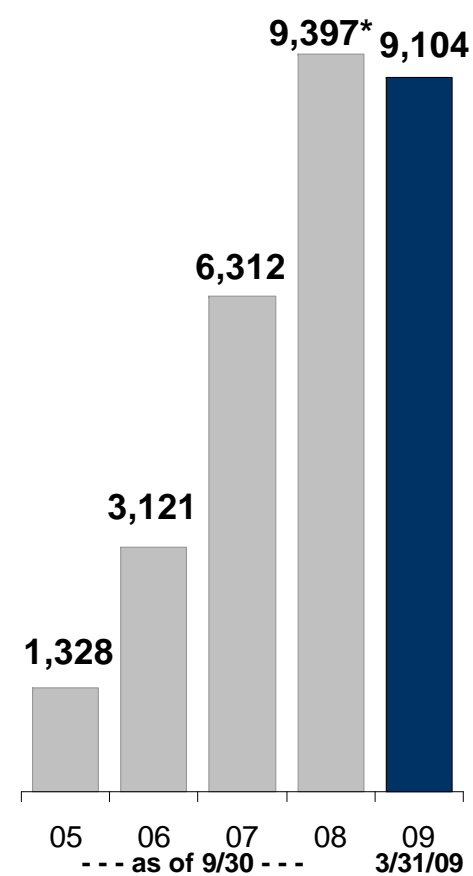
### Pre-Tax Income

\$ Millions



### Assets

\$ Millions



\*Excludes \$1.9 billion overnight FHLB borrowing repaid on 10-1-08

# Raymond James Bank

## Recent Highlights

- The bank continues to generate high net interest margins. Projected spreads over the next 12 months are in the 3.25%-3.40% range.
- Continued strong liquidity. Currently, the bank has approximately \$600 million of overnight liquidity. The bank is the depository for only about 40% of the total client cash balances in the firm. More deposits could be directed to the bank.
- Aggressive credit management using stress tests, more frequent loan reviews, and increased scrutiny of new loans. The focus of the bank has shifted to portfolio oversight from loan growth.
- Improved efficiencies and operating profit due to economies of scale. 93 FTE work at the bank, the majority of whom are involved in the bank's lending and credit risk management operation.
- Recently began a Small Business Administration loan purchase and sale operation, dealing only in the government guaranteed portion of the loans.
- RJF remains profitable and has \$1.9bn in Shareholder Equity as of 3/31

# Raymond James Bank

## Strategy Update

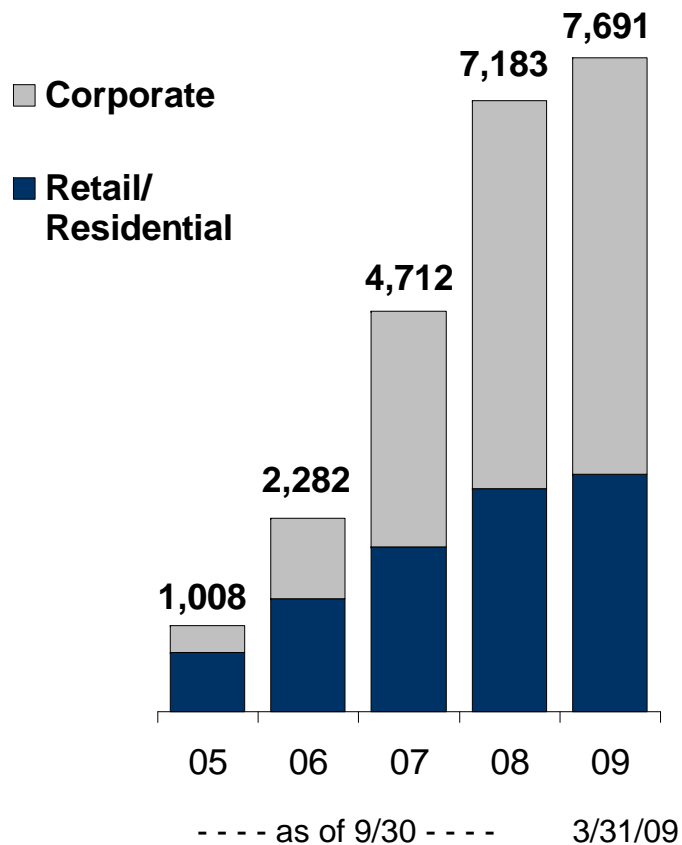
- Controlled growth plan. Managing the business to keep loans flat over the next 12 months. Earnings will be retained in the bank with minimal (if any) capital needed from the parent company.
- Bank should be able to generate 15%+ ROE's over the long-term.
- Although many new business ventures have been considered, current asset deployment strategy is our best plan. Sticking with our core business of purchased whole mortgages, C&I loans, and Commercial Real Estate loans, many of which are to borrowers with whom RJ has an existing relationship.
- Bank has a history of conservative underwriting principles and rigorous due diligence.
- Bank's conversion from its existing thrift charter to an OCC-regulated national bank is in the final approval stages. Actual conversion is planned by September 30.
- Higher FDIC premiums are coming. One-time assessment in the September quarter will be between \$5-8 million pre-tax.

# Raymond James Bank

## Trends

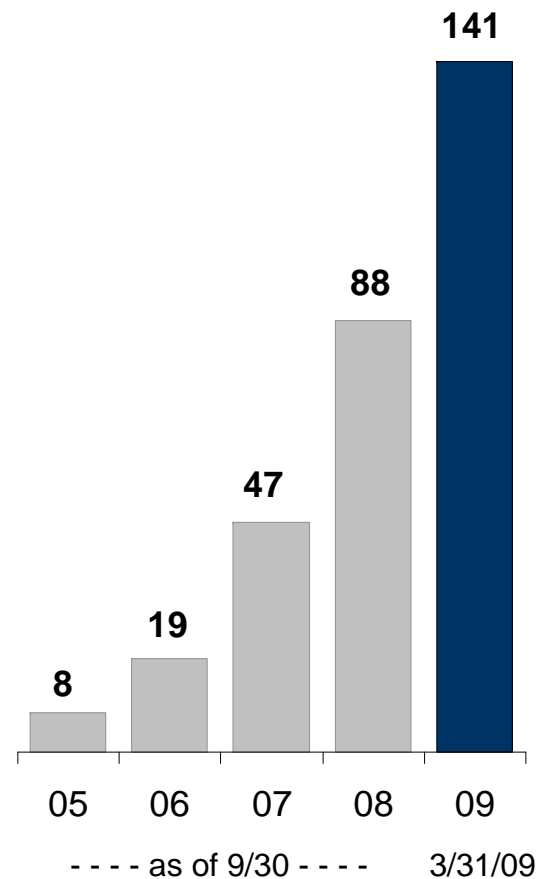
### Total Loans

\$ Millions



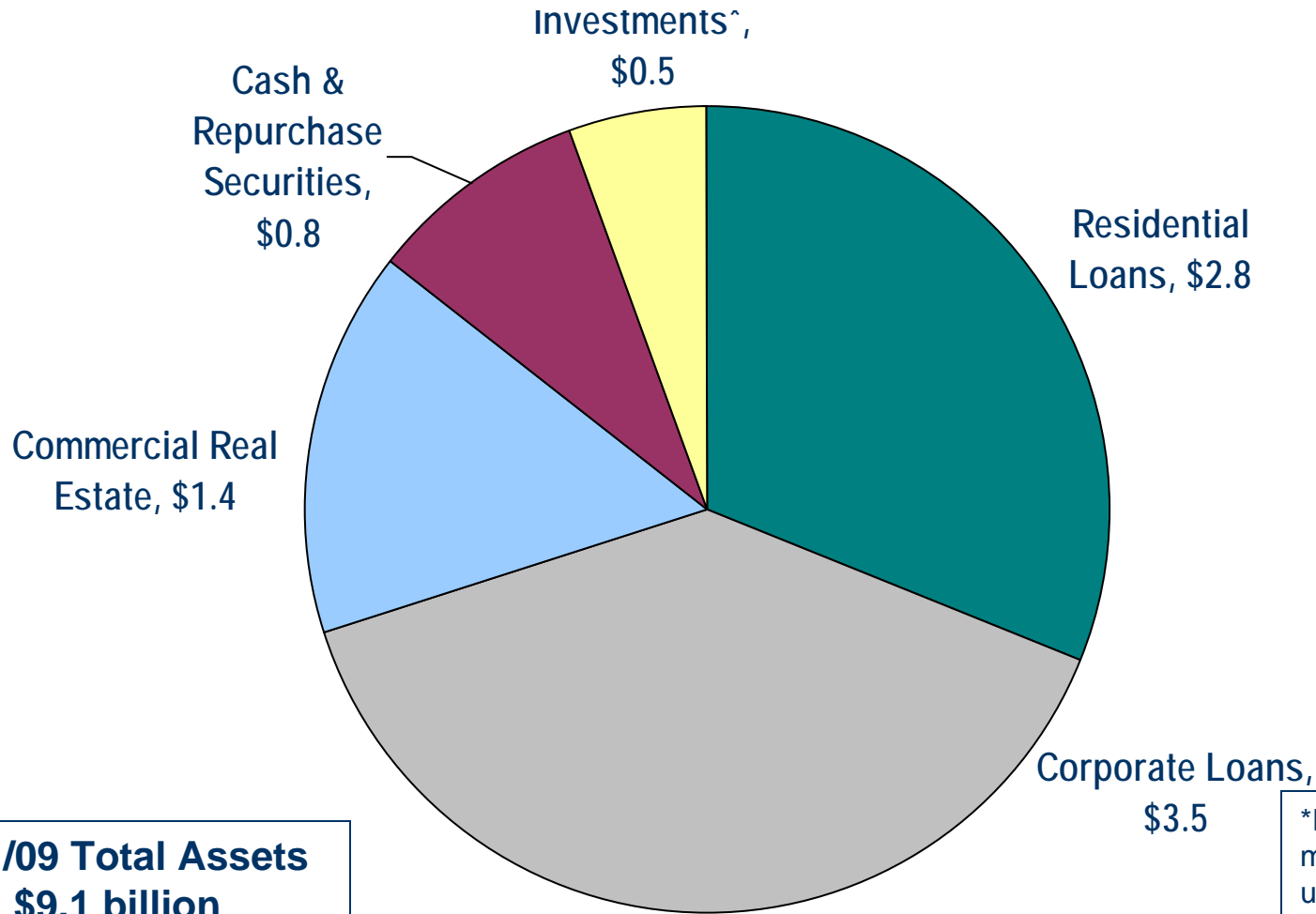
### Total Loan Reserves

\$ Millions



# Raymond James Bank

## Asset Composition, in Billions



**3/31/09 Total Assets  
\$9.1 billion**

<sup>\*</sup>Investments at market value, net of unrealized loss of \$146.8 million pre-tax

# Raymond James Bank

## Corporate and Commercial Real Estate Portfolio Breakdowns, in Millions

Corporate Portfolio	
Consumer Products	\$353.5
Healthcare	\$328.2
Industrial Manufacturing	\$323.2
Telecommunications	\$284.5
Media	\$268.5
Gaming	\$232.2
Natural Gas	\$208.9
Finance	\$199.7
Chemicals	\$178.6
Hospitals	\$170.9
Restaurants	\$153.5
Business Systems	\$146.6
Automotive/Transportation	\$142.0
Energy	\$131.5
Mining and Minerals	\$114.0
Technology	\$108.1
Sports	\$68.1
Defense Contractors	\$53.2
Private Banking	\$20.8
Agriculture	\$4.9
<b>Total Corporate Portfolio</b>	<b>\$3,490.9</b>

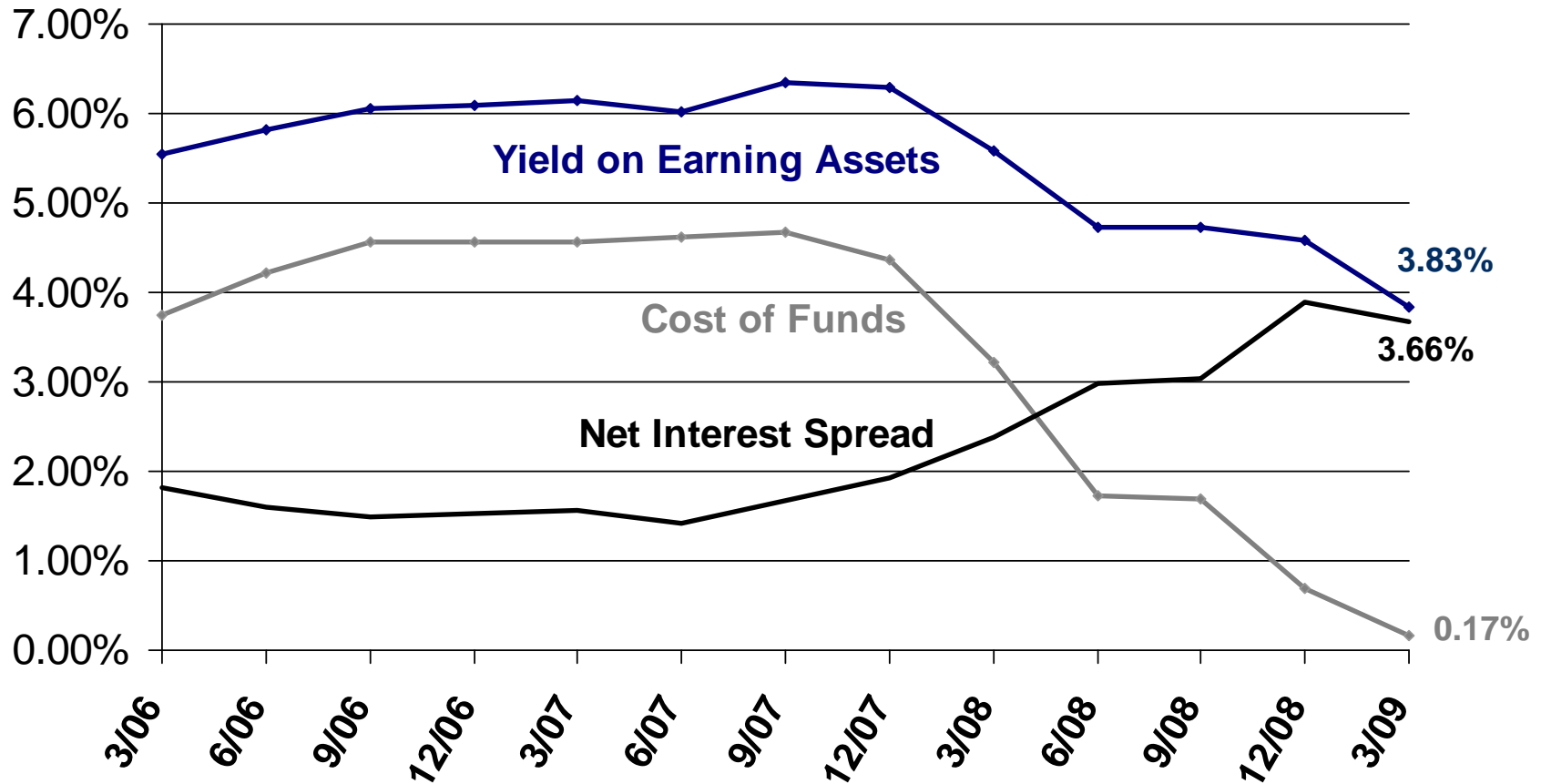
CRE Portfolio	
Retail	\$321.8
Hospitality	\$303.0
Office	\$263.3
Multi-Family	\$150.7
Residential A&D	\$69.0
Industrial	\$67.0
Special Purpose	\$65.7
Commercial A&D	\$62.9
Mixed Use	\$53.5
Healthcare Facilities	\$50.4
<b>Total CRE Portfolio<sup>1</sup></b>	<b>\$1,407.3</b>

<sup>1</sup> Of this total, \$793.3MM represents loans to REITs

**3/31/09 Total  
Corporate/CRE Portfolio  
\$4.9 billion**

# Raymond James Bank

## Interest Rate Spread Components



# Raymond James Bank

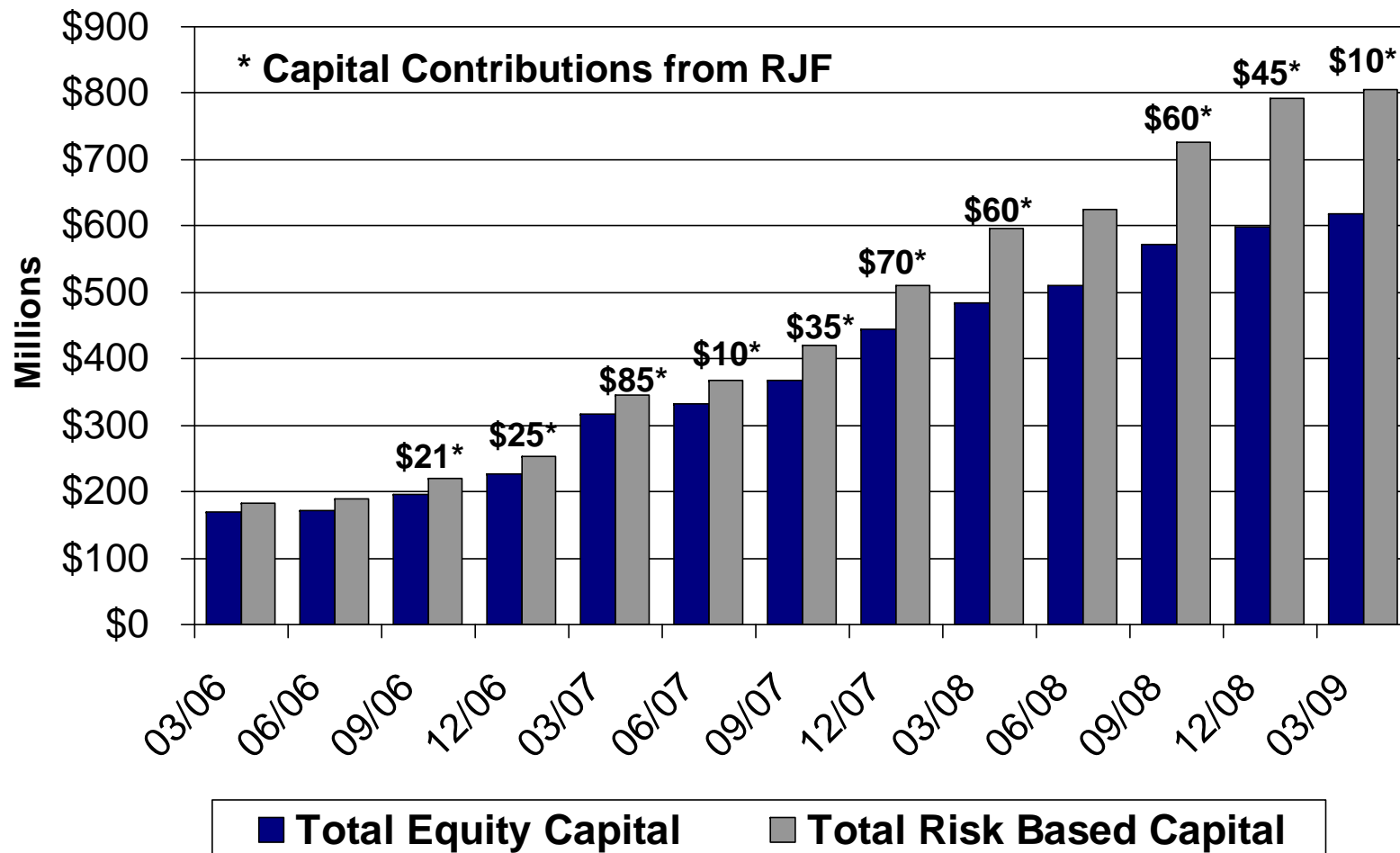
## Capital Ratios

### Capital Ratios

	<u>3/31/2009</u>	<u>12/31/2008</u>
Tier I Capital	7.7%	7.4%
Tier I Risk Based Capital	9.0%	8.9%
Total Risk Based Capital	10.2%	10.2%
Tangible Common Equity	7.8%	7.7%

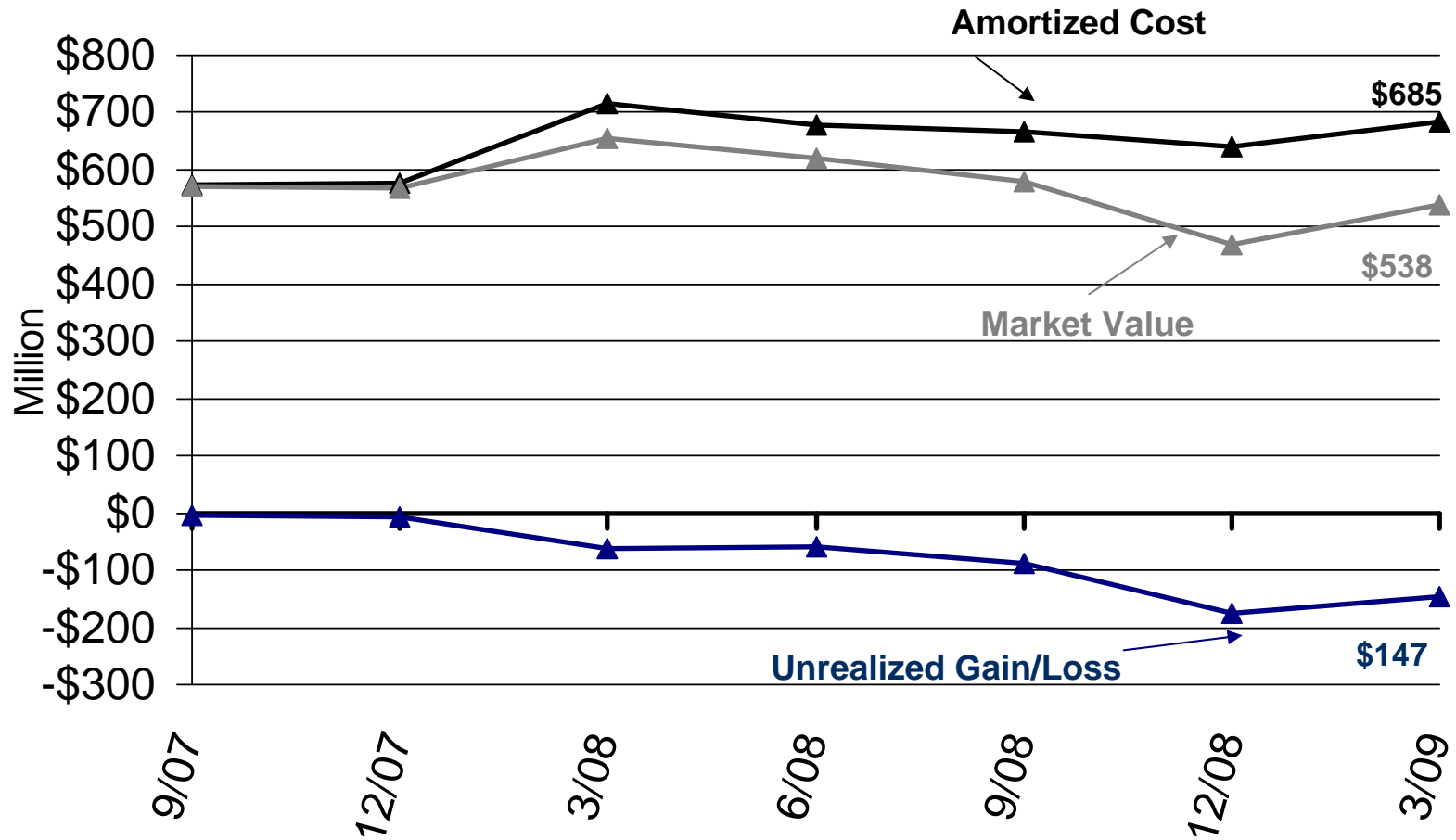
# Raymond James Bank

## Bank Capital



# Raymond James Bank

## Available for Sale Securities Portfolio Valuation



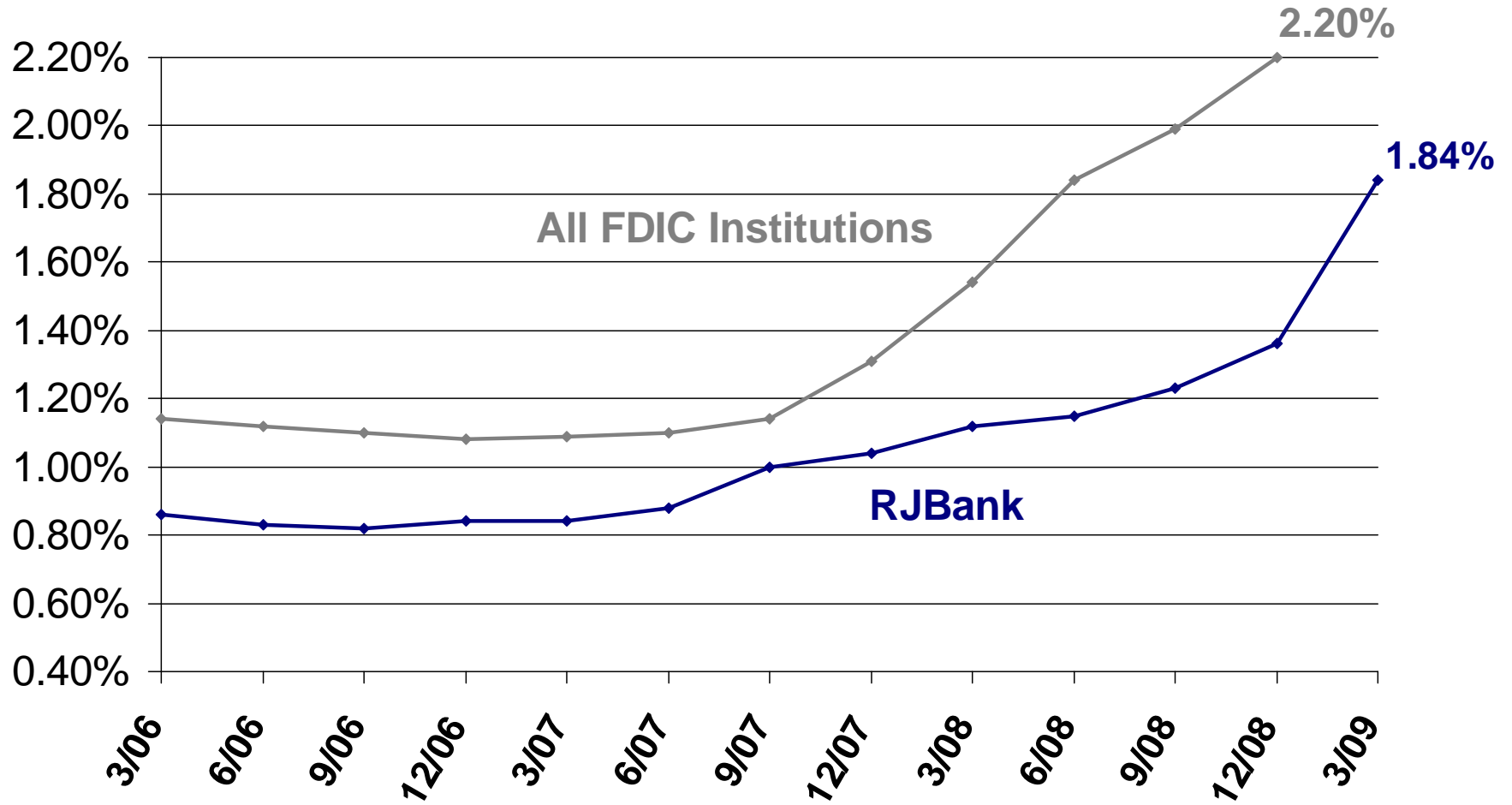
# Raymond James Bank update

## Credit Quality – Key Statistics as of 3/31/09

- Charge-offs for the quarter of \$39.8 million (70% of total on one credit).
- Loan Loss Provision expense of \$75.0 million leading to \$35.8 million increase in Allowance for Loan Losses (ALLL).
- ALLL to Total Loans increased 48bp to 1.84%. ALLL to Non-Performing Loans – 99.1% (FDIC Avg = 75% as of prior quarter-end).
- Non-Performing Loans increased \$78.7 million (one-third of increase tied to one loan).
- Greatest challenge in Corporate portfolio is CRE portfolio and companies tied to consumer spending.
- Residential portfolio performing significantly better than industry.

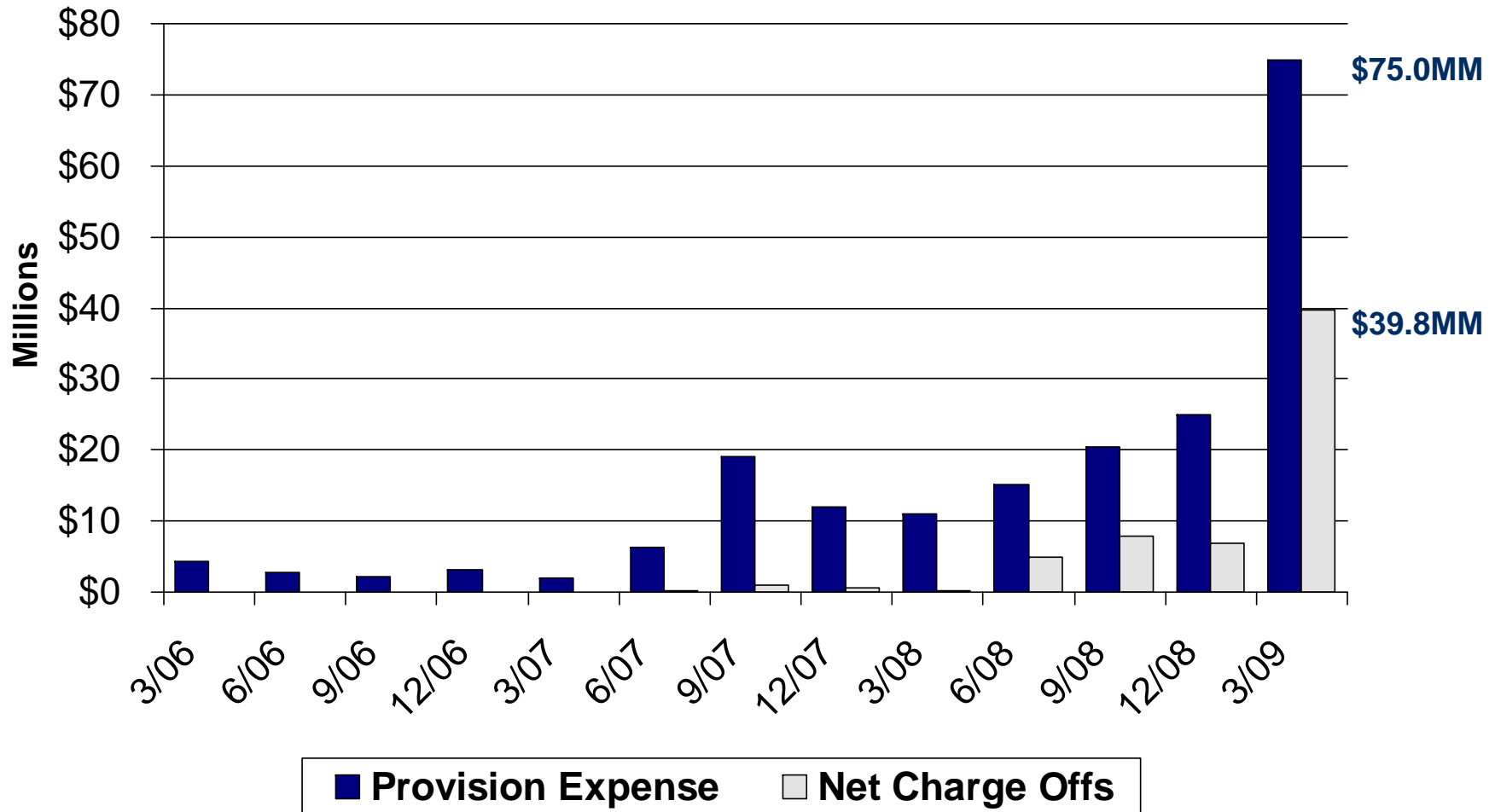
# Raymond James Bank

## Allowance for Loan Losses as a % of Loans



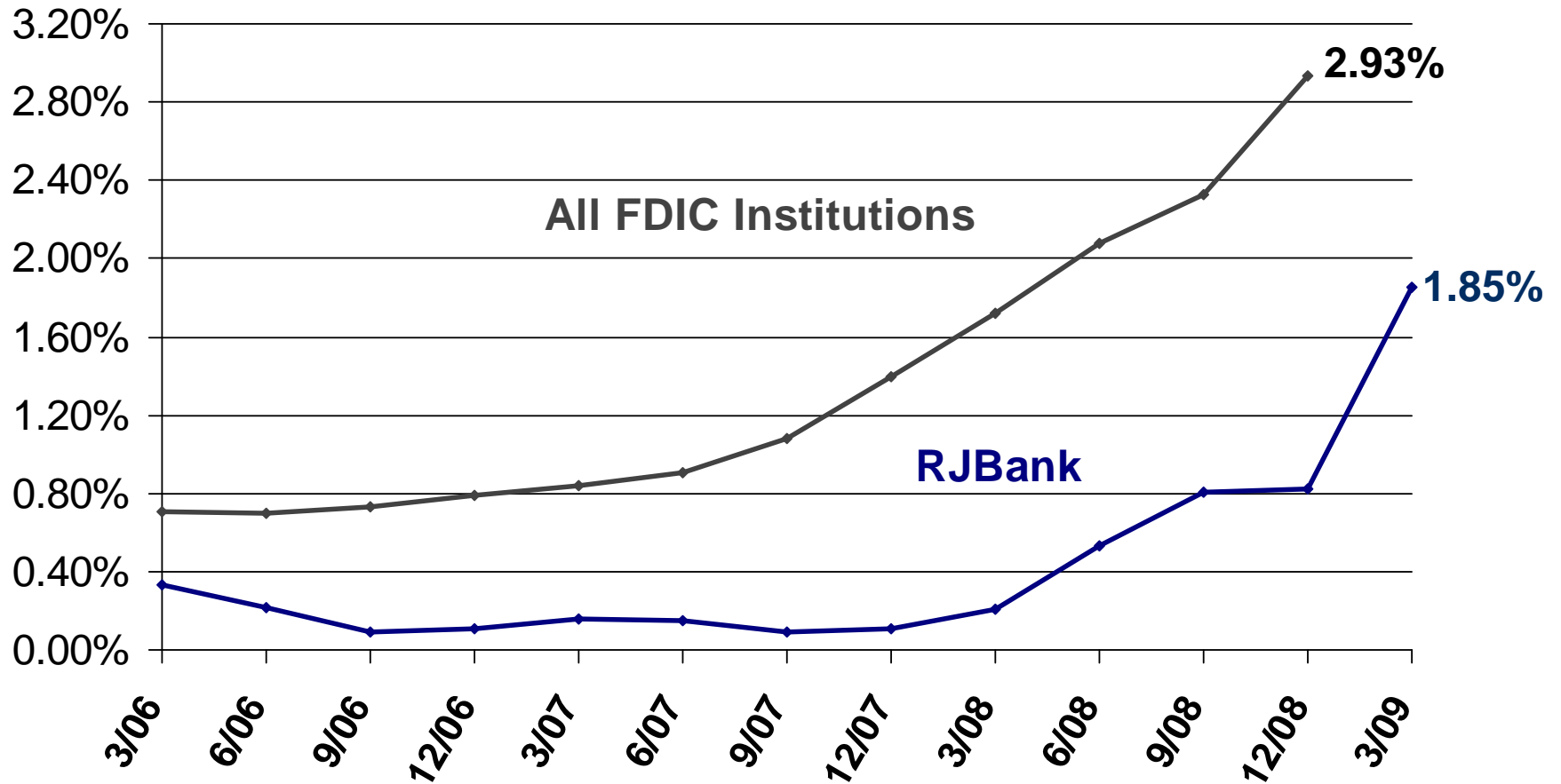
# Raymond James Bank

## Quarterly Loan Loss Provision and Charge-Offs



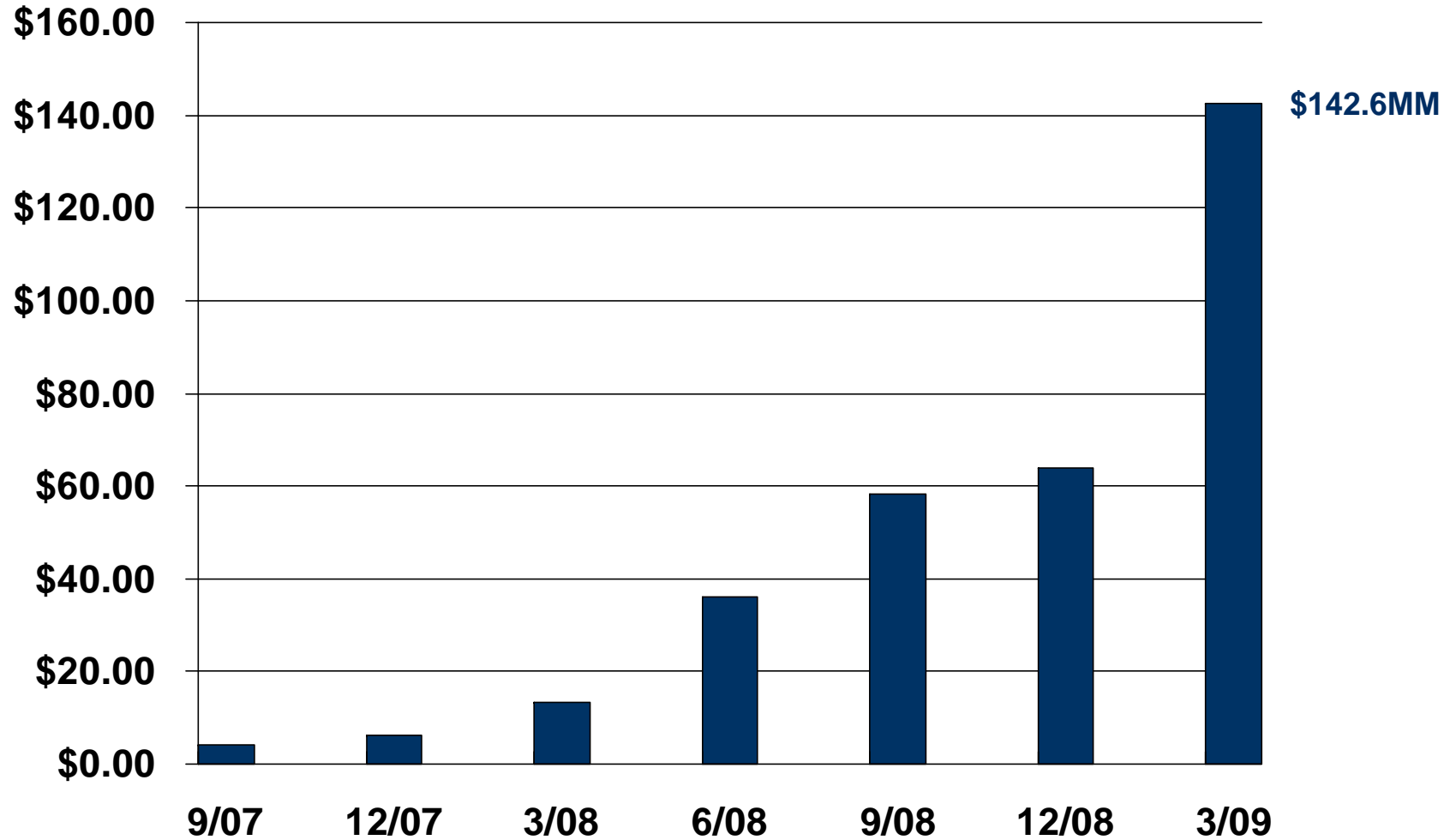
# Raymond James Bank

## Non-Performing Loans as % of Total Loans



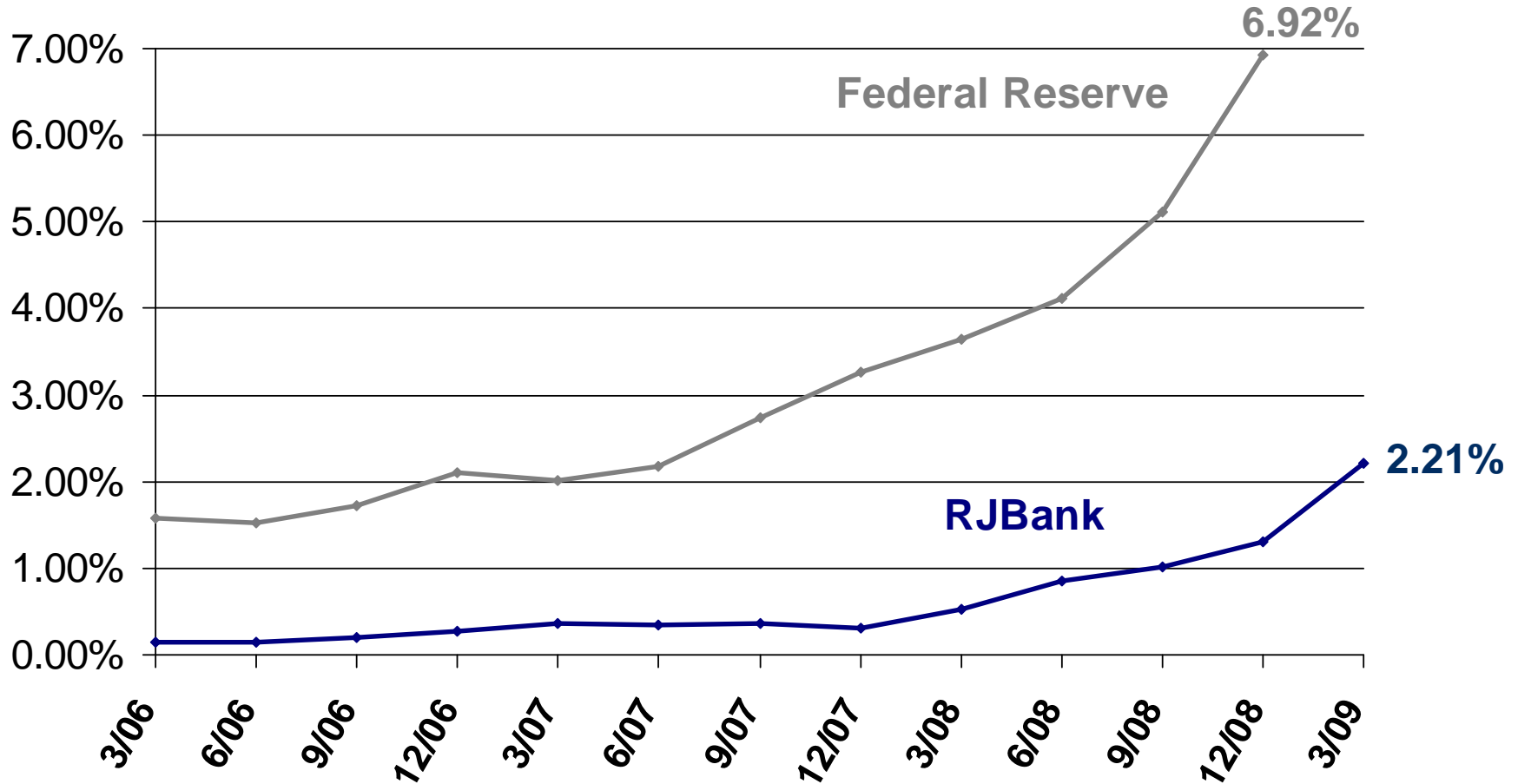
# Raymond James Bank

## Non-Performing Loan Trend



# Raymond James Bank

## Residential Delinquencies



# Raymond James Bank

## Shared National Credits

- Significant majority (92%) of corporate and commercial real estate loans outstanding are to Shared National Credits (SNC).
- SNC designation is defined as three or more banks in a credit with \$20 million or more in exposure.
- \$2.8 trillion in SNC commitments as of 12/31/07 to more than 5,000 borrowers.
- 2008 SNC exam resulted in 13.4% in Criticized loans. RJBank's criticized loans were approx. 4% as of the same time period.
- Credits are individually underwritten and entered into on a deal by deal basis. RJBank has access to all of its borrowers. We do not purchase loans on a pool basis, as part of a fund or on a blind participation basis.

# Financial Analysis – Stress Test

- In order to gauge potential losses at RJ Bank, we compiled 2-year projections incorporating two tiers (baseline and more adverse) of elevated credit losses.
- Major non credit-related assumptions (% of assets) include:
  - Net Interest Spread: 310 bps and 300 bps in 2010 and 2011, respectively; this figure was approximately 367 bps for the first 3 months of CY 2009;
  - Non-Interest Income: 7 bps;
  - Non-Interest Expense: 35 bps;
  - RJBDP Fee (paid to RJA): 40 bps on RJBDP balances;
  - Income Taxes: 35% of pre-tax income; and
  - Loans: Loan balances remain flat throughout projection period.

# Financial Analysis – Baseline Stress Test

- Given RJ Bank's limited loss experience and history, we utilized industry-wide historical default and loss rates to guide our stress test assumptions. Additionally, we reconciled our assumptions against those outlined in the Treasury's SCAP.

<u>Loan Type</u>	<i>Treasury Baseline</i>		<i>RJB Baseline Assumptions</i>	
	<u>Cumulative 2-yr. Loss Rate</u>	<u>RJB Dollar Loss Equivalent (\$000s)</u>	<u>Cumulative 2-yr. Loss Rate</u>	<u>RJB Dollar Loss Equivalent (\$000s)</u>
Prime Residential Mortgages	1.5 - 2.5%	\$41,091 - \$68,484	1.6%	\$43,830
Commercial & Industrial	3.0 - 4.0%	\$104,725 - \$139,634	4.2%	\$146,616
Commercial Real Estate	5.0 - 7.5%	N/A	4.2%	\$59,108
Construction	8.0 - 12.0%	\$38,091 - \$57,136		
Multifamily	3.5 - 6.5%	\$3,051 - \$5,667		
Nonfarm, Non-Residential	4.0 - 5.0%	\$33,760 - \$42,200		
		<u>\$74,902 - \$105,003</u>		
Other Loans	2.0 - 4.0%	\$1,074 - \$2,148	2.0%	\$1,074
<b>Total</b>		<u><b>\$221,792 - \$315,269</b></u>		<u><b>\$250,628</b></u>

# Financial Analysis – Baseline Stress Test

- In the baseline stress test, cumulative 2 yr. loan losses are projected to total \$251 million in addition to \$17.5 million in securities losses. For reference, the current NPA balance is \$154 million.

<b>Revenue</b>	<b>Four Quarters Ended</b>		<b>Projected Four Quarters Ending</b>			
	<b>3/31/2009</b>		<b>3/31/2010</b>	<b>3/31/2011</b>		
Interest Income	\$	399,107	\$	312,818	\$	359,507
Interest Expense		88,258		21,214		71,597
Net Interest Income		310,849		291,604		287,911
Non-Interest Income		2,652		6,536		6,536
Net Revenue		313,501		298,141		294,447
<b>Expenses</b>						
RJBDP Fee		25,653		32,584		32,345
Loan Losses (actual)		59,539		125,314		125,398
Additions to Loan Loss Reserve		71,126		73		-
Other Than Temporary Impairment of Securities		11,605		11,686		5,926
Other		31,751		32,682		32,682
Total		199,674		202,340		196,351
Pre-Tax Income		113,828		95,801		98,096
Less: Taxes @ 35%		41,662		33,530		34,334
Net Income (Loss)	\$	72,166	\$	62,270	\$	63,762

## **Capital Ratios**

Tier 1	7.7%	8.4%	9.1%
Risk-Weighted Tier 1	9.0%	9.8%	10.6%
Risk-Weighted Tier 1 Common	8.3%	9.1%	9.9%
Total Capital	10.2%	11.0%	11.8%
Adjusted Total Capital	10.2%	11.0%	11.7%

# Financial Analysis – More Adverse Stress Test

- The assumptions utilized in the more adverse stress test are comparable to those outlined in the Treasury's SCAP.

<u>Loan Type</u>	<i>Treasury More Adverse</i>		<i>RJB More Adverse Assumptions</i>	
	<u>Cumulative 2-yr. Loss Rate</u>	<u>RJB Dollar Loss Equivalent (\$000s)</u>	<u>Cumulative 2-yr. Loss Rate</u>	<u>RJB Dollar Loss Equivalent (\$000s)</u>
Prime Residential Mortgages	3.0 - 4.0%	\$82,181 - \$109,575	2.4%	\$65,745
Commercial & Industrial	5.0 - 8.0%	\$174,542 - \$279,268	8.0%	\$279,269
Commercial Real Estate	9.0 - 12.0%	N/A	8.0%	\$112,587
Construction	15.0 - 18.0%	\$71,420 - \$85,704		
Multifamily	10.0 - 11.0%	\$8,718 - \$9,590		
Nonfarm, Non-Residential	7.0 - 9.0%	\$59,081 - \$75,961		
		<u>\$139,219 - \$171,255</u>		
Other Loans	4.0 - 10.0%	\$2,148 - \$5,371	3.0%	\$1,611
<b>Total</b>		<b><u>\$398,090 - \$560,098</u></b>		<b><u>\$459,212</u></b>

# Financial Analysis – More Adverse Stress Test

- In the more severe stress test scenario, cumulative loan losses are projected to total \$459 million. No additional capital infusions (subject to the timing of any losses) are required to remain well-capitalized.

<b>Revenue</b>	<b>Four Quarters Ended</b>		<b>Projected Four Quarters Ending</b>	
	<b>3/31/2009</b>		<b>3/31/2010</b>	
Interest Income	\$	399,107	\$	312,818
Interest Expense		88,258		21,214
Net Interest Income		310,849		291,604
Non-Interest Income		2,652		6,536
Net Revenue		313,501		298,141
<b>Expenses</b>				
RJBDP Fee		25,653		32,584
Loan Losses (actual)		59,539		229,606
Additions to Loan Loss Reserve		71,126		73
Other Than Temporary Impairment of Securities		11,605		11,686
Other		31,751		32,682
Total		199,674		306,632
Pre-Tax Income		113,828		(8,491)
Less: Taxes @ 35%		41,662		(2,972)
Net Income (Loss)	\$	72,166	\$	(5,519)

## **Capital Ratios**

Tier 1	7.7%	7.7%	7.6%
Risk-Weighted Tier 1	9.0%	8.9%	8.8%
Risk-Weighted Tier 1 Common	8.3%	8.2%	8.2%
Total Capital	10.2%	10.2%	10.1%
Adjusted Total Capital	10.2%	10.2%	10.1%

# Forward Looking Statement Disclaimer

To the extent that Raymond James makes or publishes forward-looking statements (regarding economic conditions, management expectations, strategic objectives, business prospects, anticipated expense savings, financial results, anticipated results of litigation and regulatory proceedings, and other similar matters), a variety of factors, many of which are beyond Raymond James' control, could cause actual results and experiences to differ materially from the expectations and objectives expressed in these statements. These factors are described in Raymond James' 2008 annual report on Form 10-K and quarterly report for the quarter ended December 31, 2008 on Form 10-Q, which are available on [raymondjames.com](http://raymondjames.com) and [sec.gov](http://sec.gov).

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