

# RAYMOND JAMES

October 24, 2012

FOR IMMEDIATE RELEASE

## RAYMOND JAMES FINANCIAL REPORTS ANNUAL AND FOURTH QUARTER RESULTS

ST. PETERSBURG, Fla. - Raymond James Financial, Inc. today reported record annual net revenues for the fiscal year 2012 of \$3.8 billion, up 14 percent from last year, and record annual net income of \$295.9 million, up 6 percent from last year. The 2012 figures include six months of Morgan Keegan operations, which was acquired April 2, 2012.

Earnings per share were \$2.20 per diluted share, slightly more than last year's \$2.19 per diluted share. Excluding \$59 million of pre-tax charges for acquisition-related expenses and other non-GAAP items, net income would have been \$334.2 million<sup>(1)</sup>, or \$2.51<sup>(1)</sup> per diluted share on a non-GAAP basis. The firm achieved record assets under management and record assets under administration of \$43 billion and \$390 billion, respectively.

"I am pleased with our results as we have so far successfully navigated our largest acquisition in a very volatile market," said CEO Paul Reilly. "With the exception of our Equity Capital Markets segment, which faced headwinds most of the year, all of our businesses continued to grow while also integrating Morgan Keegan. Our bank had an exceptionally strong year as we have successfully added \$1.44 billion of net loans while maintaining our conservative lending strategy."

For the quarter, net revenues were \$1.07 billion, down 2 percent from the preceding quarter and up 30 percent from the prior year quarter. Net income of \$83.3 million was up 9 percent from the preceding quarter and up 21 percent from the prior year quarter. Earnings were \$0.60 per diluted share, up 9 percent from the preceding quarter and up 11 percent from the prior year quarter. Excluding \$19 million of pretax charges for acquisition-related expenses, net income would have been \$95.7 million<sup>(1)</sup>, or \$0.69<sup>(1)</sup> per fully diluted share, up 8 percent from the preceding quarter and up 33 percent from the prior year quarter on a non-GAAP basis.

"Results this quarter were lifted by a beneficial tax rate as overall operating results from our combined segments were essentially flat with the preceding quarter," stated Reilly. "Although the segment results were impacted by Morgan Keegan integration efforts and increased technology spend, all of our businesses performed largely as expected given our current cost structure and operating environment."

Private Client Group revenues grew slightly this quarter, up 1 percent over the preceding quarter. This segment was negatively impacted by the S&P 500 being down 3.3 percent in the preceding quarter, which affected our advance billings. In the current quarter, the S&P 500 was up 5.8 percent, which will provide a lift going forward. Integration and technology spend and certain one-time charges primarily impacted the pre-tax income for this segment during this fiscal year. Technology and integration costs (from headcount and consultants) will remain elevated throughout the system conversion targeted for February 2013. Recruiting activity, as measured by the number of prospective experienced financial advisors visiting the firm's home office, continues to pick up for both the employee and independent contractor divisions. The financial advisor headcount decrease for the quarter was almost exclusively

related to lower producing Morgan Keegan advisors. Retention level remains extremely high for those Morgan Keegan advisors offered retention packages.

The Capital Markets segment remains a “Tale of Two Cities.” The Equity Capital Markets division continues to struggle as the market environment remains challenging. Investment banking activity decreased this quarter and there is ongoing pressure on institutional securities commissions. “The market is experiencing both a cyclical and structural change and we will closely examine our cost structure as we have grown significantly over the past several years,” said Reilly.

“Our fixed income business continues to meet expectations following the acquisition of Morgan Keegan. We are pleased with the results,” continued Reilly, “but more important, the strength of our new platform and combined management team.” The Public Finance division had a drop in Investment Banking fees this quarter due to a very weak July. However, since that month, both results and our backlog are very promising.

Asset Management continued its steady growth in revenues and pre-tax income during the quarter. More important, this segment announced two transactions that will further strengthen our platform. Eagle Asset Management recruited a group of seasoned professionals to manage small- and mid-cap equities. Additionally, Eagle announced the purchase of a substantial minority interest in ClariVest Asset Management LLC, to bolster their strategies in the large-cap space.

Raymond James Bank closed out the year in record fashion. \$70 million of pre-tax income for the quarter represented a quarterly record, capping a record \$240 million pre-tax earnings year.

“The Morgan Keegan integration remains on schedule as we continue to meet or exceed our internal benchmarks. We have continued to err on the side of providing high service and support throughout the integration, and are confident we will achieve synergy targets after the platform integration is completed this fiscal year,” Reilly said.

“We are proud of our brand, our team and the strong platform we have built. However, with the presidential election and fiscal cliff around the corner and uncertainty in global markets and economies, the near-term outlook is difficult to predict,” concluded Reilly.

The company will conduct its quarterly conference call Thursday, October 25, at 8:15 a.m. ET. For a listen-only connection, visit [raymondjames.com/analyst](http://raymondjames.com/analyst) call for a live audio webcast. The subjects to be covered may include forward-looking information. Questions may be posed to management by participants on the analyst call-in line, and in response the company may disclose additional material information.

(1) Refer to the discussion and reconciliation of the GAAP results to the non-GAAP measures that follows the consolidated statement of income.

#### **About Raymond James Financial, Inc.**

Raymond James Financial (NYSE-RJF) is a Florida-based diversified holding company providing financial services to individuals, corporations and municipalities through its subsidiary companies. Its four principal wholly owned broker/dealers, Raymond James & Associates, Raymond James Financial Services, Morgan Keegan & Co., Inc. (branded as Raymond James | Morgan Keegan) and Raymond James Ltd., has more than 6,300 financial advisors serving 2 million accounts in more than 2,600 locations throughout the United States, Canada and overseas. In addition, total client assets are approximately \$390 billion, of which approximately \$43 billion are managed by the firm’s asset management subsidiaries.

#### **Forward Looking Statements**

Certain statements made in this press release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements regarding management expectations, strategic objectives, business prospects, anticipated expense savings, financial results, anticipated results of litigation and regulatory

proceedings, and other similar matters are subject to risks and uncertainties that could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. Those results or outcomes could occur as a result of a number of factors, which include, but are not limited to, the risks inherent in the integration of Raymond James' and Morgan Keegan's businesses including the diversion of management time on integration issues, or in realizing the projected benefits of the acquisition, the inability to sustain revenue and earnings growth, changes in the capital markets, and other risk factors discussed in documents filed by Raymond James with the Securities and Exchange Commission from time to time, including Raymond James' 2011 Annual Report on Form 10-K and the quarterly report on Form 10-Q for the quarters ended December 31, 2011, March 31, 2012 and June 30, 2012, which are available on RAYMONDJAMES.COM and SEC.GOV. Any forward-looking statement speaks only as of the date on which that statement is made. Raymond James will not update any forward-looking statement to reflect events or circumstances that occur after the date on which the statement is made.

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For more information, please contact Steve Hollister at 727-567-2824  
**Please visit the Raymond James Press Center at [raymondjames.com/media](http://raymondjames.com/media).**

Raymond James Financial, Inc.

Unaudited Report

(in thousands, except per share amounts)

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|   | Three Months Ended    |                       |          |                  |          |
|---|-----------------------|-----------------------|----------|------------------|----------|
|   | September 30,<br>2012 | September 30,<br>2011 | % Change | June 30,<br>2012 | % Change |
| <b>Total revenues</b>                                     | \$ 1,093,468          | \$ 834,597            | 31%      | \$ 1,115,762     | (2)%     |
| <b>Net revenues</b>                                       | \$ 1,065,609          | \$ 817,783            | 30%      | \$ 1,086,208     | (2)%     |
| <b>Pre-tax income</b>                                     | \$ 124,307            | \$ 125,829            | (1)%     | \$ 124,870       | —        |
| <b>Net income</b>   | \$ 83,325             | \$ 68,927             | 21%      | \$ 76,350        | 9%       |
| <b>Earnings per common share:</b>                         |                       |                       |          |                  |          |
| <b>Basic</b>  | \$ 0.60               | \$ 0.54               | 11%      | \$ 0.55          | 9%       |
| <b>Diluted</b>  | \$ 0.60               | \$ 0.54               | 11%      | \$ 0.55          | 9%       |
| <b>Non-GAAP results <sup>(1)</sup>:</b>                   |                       |                       |          |                  |          |
| Non-GAAP pre-tax income                                   | \$ 143,032            | \$ 122,220            | 17%      | \$ 145,825       | (2)%     |
| Non-GAAP net income                                       | \$ 95,722             | \$ 65,808             | 45%      | \$ 89,172        | 7%       |
| <b>Non-GAAP earnings per common share <sup>(1)</sup>:</b> |                       |                       |          |                  |          |
| <b>Non-GAAP basic</b>                                     | \$ 0.69               | \$ 0.52               | 33%      | \$ 0.65          | 6%       |
| <b>Non-GAAP diluted</b>                                   | \$ 0.69               | \$ 0.52               | 33%      | \$ 0.64          | 8%       |

|   | Twelve Months Ended   |                       |          |
|---|-----------------------|-----------------------|----------|
|   | September 30,<br>2012 | September 30,<br>2011 | % Change |
| <b>Total revenues</b>                                     | \$ 3,897,900          | \$ 3,399,886          | 15%      |
| <b>Net revenues</b>                                       | \$ 3,806,531          | \$ 3,334,056          | 14%      |
| <b>Pre-tax income</b>                                     | \$ 471,525            | \$ 461,247            | 2%       |
| <b>Net income</b>   | \$ 295,869            | \$ 278,353            | 6%       |
| <b>Earnings per common share:</b>                         |                       |                       |          |
| <b>Basic</b>  | \$ 2.22               | \$ 2.20               | 1%       |
| <b>Diluted</b>  | \$ 2.20               | \$ 2.19               | —        |
| <b>Non-GAAP results <sup>(1)</sup>:</b>                   |                       |                       |          |
| Non-GAAP pre-tax income                                   | \$ 532,547            | \$ 502,638            | 6%       |
| Non-GAAP net income                                       | \$ 334,160            | \$ 303,332            | 10%      |
| <b>Non-GAAP earnings per common share <sup>(1)</sup>:</b> |                       |                       |          |
| <b>Non-GAAP basic</b>                                     | \$ 2.53               | \$ 2.40               | 5%       |
| <b>Non-GAAP diluted</b>                                   | \$ 2.51               | \$ 2.39               | 5%       |

(1) Refer to the discussion and reconciliation of the GAAP results to the non-GAAP results that follows the consolidated statement of income.

## Raymond James Financial, Inc.

|   | <b>Balance Sheet Data</b>     |                               |
|---|-------------------------------|-------------------------------|
|   | <b>September 30,<br/>2012</b> | <b>September 30,<br/>2011</b> |
| Total assets  | \$21.2 bil. \$18.0 bil.       |                               |
| Shareholders' equity  | \$3,269 mil. \$2,588 mil.     |                               |
| Book value per share  | \$ 24.02                      | \$ 20.99                      |
| Tangible book value per share (a non-GAAP measure) <sup>(1)</sup> | \$ 21.37                      | \$ 20.45                      |

|  | <b>Management Data</b>        |                               |                      |                       |
|--|-------------------------------|-------------------------------|----------------------|-----------------------|
|  | <b>Quarter Ended</b>          |                               |                      |                       |
|  | <b>September 30,<br/>2012</b> | <b>September 30,<br/>2011</b> | <b>June 30, 2012</b> | <b>March 31, 2012</b> |
| PCG financial advisors and investment advisor representatives: |                               |                               |                      |                       |
| United States <sup>(2)</sup>                                   | 5,452                         | 4,504                         | 5,489                | 4,532                 |
| Canada   | 473                           | 452                           | 471                  | 458                   |
| United Kingdom   | 66                            | 61                            | 64                   | 64                    |
| Investment advisor representatives <sup>(3)</sup>              | 339                           | 333                           | 343                  | 344                   |
| <b>Total</b>   | <b>6,330</b>                  | <b>5,350</b>                  | <b>6,367</b>         | <b>5,398</b>          |
| Financial assets under management                              | \$42.8 bil.                   | \$32.1 bil.                   | \$40.9 bil.          | \$39.3 bil.           |
| Client assets under administration <sup>(4)</sup>              | \$390.3 bil.                  | \$255.7 bil.                  | \$376.0 bil.         | \$292.0 bil.          |
| Client margin balances   | \$1,868 mil.                  | \$1,517 mil.                  | \$1,902 mil.         | \$1,494 mil.          |

(1) Tangible book value per share (a non-GAAP measure) is computed by dividing shareholders' equity, less goodwill and other intangible assets in the amount of \$361 million and \$66 million, as of September 30, 2012 and 2011, respectively, which are net of their related deferred tax balance in the amounts of \$8 million and \$7 million as of September 30, 2012 and 2011, respectively by the number of shares outstanding. Management believes tangible book value per share is a measure that the Company and investors use to assess capital strength and that the GAAP and non-GAAP measures should be considered together.

(2) Includes 892 and 938 Morgan Keegan financial advisors at September 30, 2012 and June 30, 2012, respectively.

(3) Investment advisor representatives with custody only relationships located in the United States and the United Kingdom.

(4) Includes institutional assets of approximately \$22.5 billion at September 30, 2012, \$19.9 billion at June 30, 2012 and approximately \$2.5 billion in all other periods presented.

## Raymond James Financial, Inc.

|                           | Three Months Ended    |                       |            |                     |             |
|---------------------------|-----------------------|-----------------------|------------|---------------------|-------------|
|                           | September 30,<br>2012 | September 30,<br>2011 | % Change   | June 30, 2012       | % Change    |
| (in thousands)            |                       |                       |            |                     |             |
| <b>Revenues:</b>          |                       |                       |            |                     |             |
| Private Client Group      | \$ 694,122            | \$ 552,910            | 26%        | \$ 684,684          | 1%          |
| Capital Markets           | 238,359               | 151,146               | 58%        | 257,291             | (7)%        |
| Asset Management          | 61,601                | 57,125                | 8%         | 60,611              | 2%          |
| RJ Bank                   | 94,852                | 67,616                | 40%        | 90,289              | 5%          |
| Emerging Markets          | 5,658                 | 8,184                 | (31)%      | 5,074               | 12%         |
| Securities Lending        | 1,981                 | 1,701                 | 16%        | 2,324               | (15)%       |
| Proprietary Capital       | 7,276                 | 2,694                 | 170%       | 27,736              | (74)%       |
| Other                     | 3,718                 | 2,261                 | 64%        | 2,151               | 73%         |
| Intersegment eliminations | (14,099)              | (9,040)               |            | (14,398)            |             |
| <b>Total revenues</b>     | <b>\$ 1,093,468</b>   | <b>\$ 834,597</b>     | <b>31%</b> | <b>\$ 1,115,762</b> | <b>(2)%</b> |

|                        |                         |                        |             |                         |          |
|------------------------|-------------------------|------------------------|-------------|-------------------------|----------|
| <b>Pre-tax income:</b> |                         |                        |             |                         |          |
| Private Client Group   | \$ 50,443               | \$ 63,764              | (21)%       | \$ 64,332               | (22)%    |
| Capital Markets        | 23,016                  | 5,464                  | 321%        | 27,776                  | (17)%    |
| Asset Management       | 17,777                  | 17,762                 | —           | 17,030                  | 4%       |
| RJ Bank                | 70,041                  | 42,180                 | 66%         | 59,801                  | 17%      |
| Emerging Markets       | (1,340)                 | 308                    | (535)%      | (2,162)                 | 38%      |
| Securities Lending     | 875                     | 311                    | 181%        | 1,148                   | (24)%    |
| Proprietary Capital    | 6,211                   | 1,949                  | 219%        | 5,345                   | 16%      |
| Other                  | (42,716) <sup>(1)</sup> | (5,909) <sup>(2)</sup> | (623)%      | (48,400) <sup>(1)</sup> | 12%      |
| <b>Pre-tax income</b>  | <b>\$ 124,307</b>       | <b>\$ 125,829</b>      | <b>(1)%</b> | <b>\$ 124,870</b>       | <b>—</b> |

|                           | Twelve Months Ended      |                         |            |
|---------------------------|--------------------------|-------------------------|------------|
|                           | September 30,<br>2012    | September 30,<br>2011   | % Change   |
| (in thousands)            |                          |                         |            |
| <b>Revenues:</b>          |                          |                         |            |
| Private Client Group      | \$ 2,475,190             | \$ 2,185,990            | 13%        |
| Capital Markets           | 796,941                  | 664,276                 | 20%        |
| Asset Management          | 237,224                  | 226,511                 | 5%         |
| RJ Bank                   | 345,693                  | 281,992                 | 23%        |
| Emerging Markets          | 23,911                   | 43,184                  | (45)%      |
| Securities Lending        | 9,480                    | 6,432                   | 47%        |
| Proprietary Capital       | 48,875                   | 16,805                  | 191%       |
| Other                     | 11,800                   | 10,524                  | 12%        |
| Intersegment Eliminations | (51,214)                 | (35,828)                |            |
| <b>Total revenues</b>     | <b>\$ 3,897,900</b>      | <b>\$ 3,399,886</b>     | <b>15%</b> |
| <b>Pre-Tax Income:</b>    |                          |                         |            |
| Private Client Group      | \$ 210,432               | \$ 218,811              | (4)%       |
| Capital Markets           | 82,805                   | 77,990                  | 6%         |
| Asset Management          | 67,241                   | 66,176                  | 2%         |
| RJ Bank                   | 240,158                  | 172,993                 | 39%        |
| Emerging Markets          | (7,050)                  | 4,531                   | (256)%     |
| Securities Lending        | 4,659                    | 1,488                   | 213%       |
| Proprietary Capital       | 15,232                   | 4,391                   | 247%       |
| Other                     | (141,952) <sup>(1)</sup> | (85,133) <sup>(2)</sup> | (67)%      |
| <b>Pre-tax income</b>     | <b>\$ 471,525</b>        | <b>\$ 461,247</b>       | <b>2%</b>  |

(1) The Other segment for the three month periods ended September 30, 2012 and June 30, 2012, include acquisition and integration expenses with respect to the Morgan Keegan acquisition in the amount of \$19 million and \$21 million, respectively. The expense included in the twelve month period ended September 30, 2012 was \$59 million.

- (2) The Other segment for the prior year three months ended September 30, 2011 includes a reduction of the pre-tax loss provision for settlement of the auction rate securities matter in the amount of \$(3.6) million. The twelve months ended September 30, 2011 includes a pre-tax loss provision for the auction rate securities matter in the amount of \$41 million.

**RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF INCOME**  
**(UNAUDITED)**  
**Quarter-to-Date**

(in thousands, except per share amounts)

|   | Three Months Ended    |                       |             |                  |             |
|---|-----------------------|-----------------------|-------------|------------------|-------------|
|   | September 30,<br>2012 | September 30,<br>2011 | %<br>Change | June 30,<br>2012 | %<br>Change |
| <b>Revenues:</b>  |                       |                       |             |                  |             |
| Securities commissions and fees   | \$ 732,443            | \$ 541,250            | 35%         | \$ 733,180       | —           |
| Investment banking  | 54,023                | 64,565                | (16)%       | 72,266           | (25)%       |
| Investment advisory fees  | 58,189                | 56,681                | 3%          | 57,887           | 1%          |
| Interest  | 121,124               | 95,289                | 27%         | 121,186          | —           |
| Account and service fees  | 87,771                | 74,595                | 18%         | 82,082           | 7%          |
| Net trading profits   | 18,672                | (1,591)               | NM          | 14,544           | 28%         |
| Other   | 21,246                | 3,808                 | 458%        | 34,617           | (39)%       |
| Total revenues  | 1,093,468             | 834,597               | 31%         | 1,115,762        | (2)%        |
| Interest expense  | 27,859                | 16,814                | 66%         | 29,554           | (6)%        |
| Net revenues  | 1,065,609             | 817,783               | 30%         | 1,086,208        | (2)%        |
| <b>Non-interest expenses:</b>   |                       |                       |             |                  |             |
| Compensation, commissions and benefits  | 745,495               | 563,538               | 32%         | 736,050          | 1%          |
| Communications and information processing                                       | 59,305                | 33,924                | 75%         | 55,282           | 7%          |
| Occupancy and equipment costs   | 39,944                | 28,458                | 40%         | 41,087           | (3)%        |
| Clearance and floor brokerage   | 11,873                | 8,820                 | 35%         | 11,025           | 8%          |
| Business development  | 30,393                | 23,310                | 30%         | 33,098           | (8)%        |
| Investment sub-advisory fees  | 7,740                 | 7,626                 | 1%          | 7,765            | —           |
| Bank loan loss provision  | 3,969                 | 5,423                 | (27)%       | 9,315            | (57)%       |
| Acquisition related expenses  | 18,725                | —                     | NM          | 20,955           | (11)%       |
| Loss on auction rate securities repurchased                                     | —                     | (3,609)               | NM          | —                | NM          |
| Other   | 30,785                | 31,611                | (3)%        | 33,640           | (8)%        |
| Total non-interest expenses   | 948,229               | 699,101               | 36%         | 948,217          | —           |
| Income including noncontrolling interests and before provision for income taxes | 117,380               | 118,682               | (1)%        | 137,991          | (15)%       |
| Provision for income taxes  | 40,982                | 56,902                | (28)%       | 48,520           | (16)%       |
| Net income including noncontrolling interests                                   | 76,398                | 61,780                | 24%         | 89,471           | (15)%       |
| Net income (loss) attributable to noncontrolling interests                      | (6,927)               | (7,147)               | 3%          | 13,121           | (153)%      |
| <b>Net income attributable to Raymond James Financial, Inc.</b>                 | <b>\$ 83,325</b>      | <b>\$ 68,927</b>      | <b>21%</b>  | <b>\$ 76,350</b> | <b>9%</b>   |
| Net income per common share – basic   | <b>\$ 0.60</b>        | <b>\$ 0.54</b>        | <b>11%</b>  | <b>\$ 0.55</b>   | <b>9%</b>   |
| Net income per common share – diluted   | <b>\$ 0.60</b>        | <b>\$ 0.54</b>        | <b>11%</b>  | <b>\$ 0.55</b>   | <b>9%</b>   |
| Weighted-average common shares outstanding – basic                              | <b>135,797</b>        | <b>123,366</b>        |             | <b>135,256</b>   |             |
| Weighted-average common and common equivalent shares outstanding – diluted      | <b>137,490</b>        | <b>123,771</b>        |             | <b>136,657</b>   |             |

**RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF INCOME**  
**(UNAUDITED)**  
**Year-to-Date**

(in thousands, except per share amounts)

|   | <b>Twelve Months Ended</b>    |                               | <b>%<br/>Change</b> |
|---|-------------------------------|-------------------------------|---------------------|
|   | <b>September 30,<br/>2012</b> | <b>September 30,<br/>2011</b> |                     |
| <b>Revenues:</b>  |                               |                               |                     |
| Securities commissions and fees   | \$ 2,535,484                  | \$ 2,190,436                  | 16%                 |
| Investment banking  | 223,579                       | 251,183                       | (11)%               |
| Investment advisory fees  | 223,850                       | 216,750                       | 3%                  |
| Interest  | 453,258                       | 392,318                       | 16%                 |
| Account and service fees  | 319,718                       | 286,523                       | 12%                 |
| Net trading profits   | 55,538                        | 27,506                        | 102%                |
| Other   | <u>86,473</u>                 | <u>35,170</u>                 | 146%                |
| Total revenues  | 3,897,900                     | 3,399,886                     | 15%                 |
| Interest expense  | <u>91,369</u>                 | <u>65,830</u>                 | 39%                 |
| Net revenues  | <u>3,806,531</u>              | <u>3,334,056</u>              | 14%                 |
| <b>Non-interest expenses:</b>   |                               |                               |                     |
| Compensation, commissions and benefits  | 2,620,058                     | 2,270,735                     | 15%                 |
| Communications and information processing                                       | 195,895                       | 137,605                       | 42%                 |
| Occupancy and equipment costs   | 134,199                       | 108,600                       | 24%                 |
| Clearance and floor brokerage   | 39,422                        | 38,461                        | 2%                  |
| Business development  | 118,712                       | 94,875                        | 25%                 |
| Investment sub-advisory fees  | 29,210                        | 30,100                        | (3)%                |
| Bank loan loss provision  | 25,894                        | 33,655                        | (23)%               |
| Acquisition related expenses  | 59,284                        | —                             | NM                  |
| Loss on auction rate securities repurchased                                     | —                             | 41,391                        | NM                  |
| Other   | <u>115,936</u>                | <u>127,889</u>                | (9)%                |
| Total non-interest expenses   | 3,338,610                     | 2,883,311                     | 16%                 |
| Income including noncontrolling interests and before provision for income taxes | 467,921                       | 450,745                       | 4%                  |
| Provision for income taxes  | <u>175,656</u>                | <u>182,894</u>                | (4)%                |
| Net income including noncontrolling interests                                   | 292,265                       | 267,851                       | 9%                  |
| Net income (loss) attributable to noncontrolling interests                      | <u>(3,604)</u>                | <u>(10,502)</u>               | 66%                 |
| <b>Net income attributable to Raymond James Financial, Inc.</b>                 | <b><u>\$ 295,869</u></b>      | <b><u>\$ 278,353</u></b>      | <b>6%</b>           |
| <b>Net income per common share – basic</b>                                      | <b><u>\$ 2.22</u></b>         | <b><u>\$ 2.20</u></b>         | <b>1%</b>           |
| <b>Net income per common share – diluted</b>                                    | <b><u>\$ 2.20</u></b>         | <b><u>\$ 2.19</u></b>         | <b>—</b>            |
| <b>Weighted-average common shares outstanding – basic</b>                       | <b><u>130,806</u></b>         | <b><u>122,448</u></b>         |                     |
| <b>Weighted-average common and common equivalent shares</b>                     | <b><u>131,791</u></b>         | <b><u>122,836</u></b>         |                     |



## Raymond James Financial, Inc.

### Reconciliation of the GAAP results to the non-GAAP measures:

The company believes that the non-GAAP measures provide useful information by excluding those items that may not be indicative of the company's core operating results and that the GAAP and the non-GAAP measures should be considered together.

With respect to the Morgan Keegan acquisition, the non-GAAP adjustments include: (1) the incremental interest expense the company incurred on financings it executed in anticipation of the closing of the transaction. The adjustment is the interest from the date of issuance of the debt up to the April 2, 2012 closing date of the Morgan Keegan acquisition, (2) the one-time acquisition and integration costs incurred in the Morgan Keegan transaction which are non-recurring expenses, and (3) the impact of additional common shares issued in anticipation of the closing date. The share adjustment is computed as the impact of the new shares issued from the date of their issuance until the closing date of the acquisition, on the weighted average common shares outstanding utilized in the computation of basic and diluted earnings per share.

A non-GAAP adjustment to the September 30, 2011 prior year quarter and year to date was made for the non-recurring loss arising from the June 2011 settlement of the auction rate securities matter.

The following table provides a reconciliation of the GAAP basis to the non-GAAP measures:

|   | Three Months Ended                       |                       |                  | Twelve Months Ended   |                       |
|---|--|-----------------------|------------------|-----------------------|-----------------------|
|   | September 30,<br>2012                    | September 30,<br>2011 | June 30,<br>2012 | September 30,<br>2012 | September 30,<br>2011 |
|   | (in thousands, except per share amounts) |                       |                  |                       |                       |
| <b>Net income attributable to RJF, Inc. - GAAP basis</b>  | \$ 83,325                                | \$ 68,927             | \$ 76,350        | \$ 295,869            | \$ 278,353            |
| <b>Non-GAAP adjustments :</b>   |  |                       |                  |                       |                       |
| Interest expense <sup>(1)</sup>   | —  | —                     | —                | 1,738                 | —                     |
| Acquisition related expenses <sup>(2)</sup>   | 18,725                                   | —                     | 20,955           | 59,284                | —                     |
| Loss on auction rate securities repurchased <sup>(3)</sup>  | —  | (3,609)               | —                | —                     | 41,391                |
| Sub-total pre-tax non-GAAP adjustments  | 18,725                                   | (3,609)               | 20,955           | 61,022                | 41,391                |
| Tax effect of non-GAAP adjustments <sup>(4)</sup>   | (6,328)                                  | 490                   | (8,133)          | (22,731)              | (16,412)              |
| <b>Net income attributable to RJF, Inc. - Non-GAAP basis</b>  | <b>\$ 95,722</b>                         | <b>\$ 65,808</b>      | <b>\$ 89,172</b> | <b>\$ 334,160</b>     | <b>\$ 303,332</b>     |
| <b>Non-GAAP adjustments to common shares outstanding:</b>   |  |                       |                  |                       |                       |
| Effect of February 2012 share issuance on weighted average common shares outstanding <sup>(5)</sup> | —  | —                     | —                | (1,396)               | —                     |
| <b>Non-GAAP earnings per common share:</b>  |  |                       |                  |                       |                       |
| Non-GAAP basic  | <u>\$ 0.69</u>                           | <u>\$ 0.52</u>        | <u>\$ 0.65</u>   | <u>\$ 2.53</u>        | <u>\$ 2.40</u>        |
| Non-GAAP diluted  | <u>\$ 0.69</u>                           | <u>\$ 0.52</u>        | <u>\$ 0.64</u>   | <u>\$ 2.51</u>        | <u>\$ 2.39</u>        |

(1) The non-GAAP adjustment adds back to pre-tax income the incremental interest expense incurred during the March 31, 2012 quarter on debt financings that occurred in March, 2012, prior to and in anticipation of, the closing of the Morgan Keegan acquisition.

(2) The non-GAAP adjustment adds back to pre-tax income the one-time acquisition and integration expenses associated with the Morgan Keegan acquisition that were incurred during each respective period.

(3) The non-GAAP adjustment reduces pre-tax income for the reduction of the loss on auction rate securities repurchased incurred during the September 30, 2011 quarter and the total loss provision for auction rate securities incurred for the twelve months ended September 30, 2011.

(4) The non-GAAP adjustment reduces net income for the income tax effect of all the pre-tax non-GAAP adjustments, utilizing the effective tax rate applicable to each respective period.

(5) The non-GAAP adjustment to the weighted average common shares outstanding in the basic and diluted non-GAAP earnings per share computation reduces the actual shares outstanding for the effect of the 11,075,000 common shares issued by RJF in February 2012 as a component of our financing of the Morgan Keegan acquisition.

# RAYMOND JAMES® Bank

| \$ in thousands   | UNAUDITED | Three months ended |                      |          |               |          |
|---|-----------|--------------------|----------------------|----------|---------------|----------|
|   |           | September 30, 2012 | September 30, 2011   | % Change | June 30, 2012 | % Change |
| Net Interest Income   |           | \$ 86,486          | \$ 65,063            | 33%      | \$ 84,571     | 2%       |
| Net Revenues <sup>(1)</sup>   |           | \$ 92,333          | \$ 64,514            | 43%      | \$ 87,856     | 5%       |
| Loan Loss Provision Expense   |           | \$ 3,969           | \$ 5,423             | (27)%    | \$ 9,315      | (57)%    |
| Pre-tax Income  |           | \$ 70,041          | \$ 42,180            | 66%      | \$ 59,801     | 17%      |
| Net Charge-offs   |           | \$ 5,667           | \$ 5,479             | 3%       | \$ 4,798      | 18%      |
| Net Interest Margin (% Earning Assets)                              |           | 3.55%              | 3.35% <sup>(3)</sup> | 6%       | 3.69%         | (4)%     |
| Net Interest Spread (Interest-Earning Assets Yield - Cost of Funds) |           | 3.53%              | 3.33% <sup>(3)</sup> | 6%       | 3.68%         | (4)%     |

|   | Twelve Months Ended |                           |          |
|---|---------------------|---------------------------|----------|
|   | September 30, 2012  | September 30, 2011        | % Change |
| Net Interest Income   | \$ 322,024          | \$ 271,306 <sup>(2)</sup> | 19%      |
| Net Revenues <sup>(1)</sup>   | \$ 336,034          | \$ 268,658 <sup>(2)</sup> | 25%      |
| Loan Loss Provision Expense   | \$ 25,894           | \$ 33,655                 | (23)%    |
| Pre-tax Income  | \$ 240,158          | \$ 172,993 <sup>(2)</sup> | 39%      |
| Net Charge-offs   | \$ 24,214           | \$ 34,995                 | (31)%    |
| Net Interest Margin (% Earning Assets)                              | 3.50%               | 3.43% <sup>(2)</sup>      | 2%       |
| Net Interest Spread (Interest-Earning Assets Yield - Cost Of Funds) | 3.49%               | 3.41% <sup>(2)</sup>      | 2%       |

| RJ BANK BALANCE SHEET DATA:  | As of September 30, 2012 | As of 30, September 2011 |
|--|--------------------------|--------------------------|
| Total Assets <sup>(4)</sup>  | \$ 9,715,724             | \$ 8,993,127             |
| Total Loans, Net   | \$ 7,991,512             | \$ 6,547,914             |
| Total Deposits <sup>(4)</sup>  | \$ 8,600,491             | \$ 7,990,474             |
| Available for Sale (AFS) Securities, at Fair Value                     | \$ 500,110               | \$ 324,607               |
| Net Unrealized Loss on AFS Securities, Before Tax                      | \$ (16,797)              | \$ (46,469)              |
| Total Capital (to Risk-Weighted Assets)                                | 13.3% <sup>(5)</sup>     | 13.7%                    |
| Tier I Capital (to Adjusted Assets)                                    | 10.9% <sup>(5)</sup>     | 10.3%                    |
| Commercial Real Estate (CRE) and CRE Construction Loans <sup>(6)</sup> | \$ 985,924               | \$ 771,976               |
| Commercial and Industrial Loans <sup>(6)</sup>                         | \$ 5,163,467             | \$ 4,191,422             |
| Residential Mortgage Loans <sup>(6)</sup>                              | \$ 1,694,446             | \$ 1,758,753             |
| Securities Based Loans <sup>(6)</sup>                                  | \$ 352,431               | \$ 7,435                 |

(continued on next page)

# RAYMOND JAMES<sup>®</sup> Bank

(continued from previous page)

\$ in thousands      UNAUDITED

|  | As of<br>September 30,<br>2012 | As of<br>September 30,<br>2011 | As of<br>June 30,<br>2012 | As of<br>31,<br>2012 | March<br>2012 |
|--|--------------------------------|--------------------------------|---------------------------|----------------------|---------------|
| <b>MANAGEMENT DATA:</b>  |                                |                                |                           |                      |               |
| Allowance for Loan Losses  | \$ 147,541                     | \$ 145,744                     | \$ 149,084                | \$                   | 144,678       |
| Allowance for Loan Losses (as % of Loans)  | 1.81%                          | 2.18%                          | 1.87%                     |                      | 1.91%         |
| Nonperforming Loans <sup>(7)</sup>   | \$ 106,660                     | \$ 133,323                     | \$ 99,896                 | \$                   | 102,812       |
| Other Real Estate Owned  | \$ 8,218                       | \$ 14,572                      | \$ 9,057                  | \$                   | 13,983        |
| Total Nonperforming Assets <sup>(8)</sup>  | \$ 114,878                     | \$ 147,895                     | \$ 108,953                | \$                   | 116,795       |
| Nonperforming Assets (as % of Total Assets)  | 1.18%                          | 1.64%                          | 1.16%                     |                      | 1.30%         |
| Total Criticized Loans <sup>(9)</sup>  | \$ 474,340                     | \$ 484,186                     | \$ 506,086                | \$                   | 430,772       |
| 1-4 Family Residential Mortgage Loans over 30 days past due (as a % Residential Loans) | 3.58%                          | 4.32%                          | 3.90%                     |                      | 4.55%         |

- (1) Net Revenues equal gross revenue, which includes interest income and non-interest income (including securities losses), less interest expense.
- (2) Net Revenues, Net Interest Income and Pre-tax Income were positively impacted by a \$6.4 million correction recorded in the December 31, 2010 quarter of an accumulated interest income understatement in prior periods related to purchased residential mortgage loan pools. This adjustment increased both Net Interest Margin and Net Interest Spread by 0.08% for the twelve months ended September 30, 2011.
- (3) Adjusted net interest margin and spread, which excludes the impact of excess RJBDF deposits held during the respective period. These deposits arise from higher cash balances in firm client accounts due to the market volatility, thus exceeding the RJBDF capacity at outside financial institutions in the program. These deposits were invested in short term liquid investments producing very little interest rate spread. Had the impact of the excess RJBDF deposits not been excluded, the net interest margin and spread for the quarter ended, September 30, 2011, would have been 2.87% and 2.85%, respectively.
- (4) Includes affiliate deposits.
- (5) Estimated for the current quarter.
- (6) Outstanding loan balances are shown gross of unearned income and deferred expenses and include any held for sale loans in the respective loan category.
- (7) Nonperforming Loans includes 90+ days Past Due plus Nonaccrual Loans.
- (8) Includes Nonperforming Loans and Other Real Estate Owned.
- (9) Represents the loan balance for all loans in the Special Mention, Substandard, Doubtful and Loss classifications as utilized by the banking regulators. In accordance with its accounting policy, RJ Bank does not have any loan balances within the Loss classification as loans or a portion thereof, which are considered to be uncollectible, are charged-off prior to the assignment to this classification.

## Asset Quality

During the quarter, the Allowance for Loan Losses (ALL) as a percentage of total loans decreased from 1.87% to 1.81%. Total net loan charge-offs for the current quarter increased to \$5.7 million, compared to the prior quarter's \$4.8 million. Loan loss provision expense for the current quarter decreased to \$4 million, compared to the previous quarter's provision expense of \$9.3 million. The prior quarter included the impact from the annual Shared National Credit exam. Improvements in residential mortgage lending credit quality and a stable credit environment favorably impacted the comparison to the prior quarter's loan loss provision expense. The percentage of over 30 day past-due residential mortgage loans continued to decrease during the current quarter, with delinquencies falling to 3.58% from 3.90% in the prior quarter. The declines in residential mortgage loan delinquencies and OREO continue to be driven by short sales and sales of foreclosed properties, respectively.

## Credit Risk Concentrations:

The 1-4 Family Mortgage Geographic Concentration (top 5 states, dollars outstanding as a percent of Total Assets) are as follows:

|  | As of September 30,<br>2012 | As of September 30,<br>2011 |
|--|-----------------------------|-----------------------------|
|  | 2.8% CA <sup>(1)</sup>      | 3.3% CA <sup>(1)</sup>      |
|  | 2.7% FL                     | 2.6% FL                     |
|  | 1.5% NY                     | 1.9% NY                     |
|  | 0.9% NJ                     | 1.1% NJ                     |
|  | 0.7% VA                     | 0.9% VA                     |

- (1) This concentration ratio for the state of CA excludes 1.8% and 1.9% at September 30, 2012 and 2011, respectively, for purchased loans that have full repurchase recourse for any delinquent loans.

The Corporate Loan Industry concentration (top 5 industries, dollars outstanding as a percent of total assets) are as follows:

|      | As of September 30, 2012       | As of September 30, 2011                 |
|------|--------------------------------|--|
| 4.1% | Business systems and services  | 4.2% Telecommunications                  |
| 3.2% | Pharmaceuticals                | 3.4% Consumer products and services      |
| 3.1% | Media                          | 2.9% Media                               |
| 2.9% | Consumer products and services | 2.9% Pharmaceuticals                     |
| 2.8% | Retail real estate             | 2.6% Healthcare providers (non-hospital) |