
Due to MRR requirements, this disclosure’s format may be somewhat different from that of other disclosures made on similar topics in our Annual Reports on Form 10-K (“10-K”) and Quarterly Reports on Form 10-Q, which are based on SEC and U.S. GAAP reporting requirements. For example, the MRR specifies that an asset or liability categorized as “trading” under U.S. GAAP would not, on its own, necessarily determine whether the asset or liability meets the definition of “covered position” for purposes of the MRR. A covered position is defined under the MRR as:

1) Trading assets or trading liabilities (whether on- or off-balance sheet) meeting the following criteria:
   • The position is a trading position
   • The position is a hedge for another covered position
   • The position is free of any restrictive covenants on its tradability or RJF is able to hedge the material risk elements of the position in a two-way market

2) Foreign exchange or commodity position, regardless of whether the position is a trading asset or trading liability, excluding any structural foreign currency positions that RJF chooses to exclude with prior supervisory approval.

Value-at-Risk and Stressed Value-at-Risk

Each trading day, our VaR computational model uses 12-month historical simulation to project VaR and Stressed VaR numbers based on the current composition of our portfolio of all trading (covered) positions. As per regulatory requirements, VaR is projected at a 99% confidence-level by subjecting the current portfolio of all trading (covered) positions to daily market changes that occurred over the latest 12-month period.

Stressed VaR is similar to VaR, except that its calculation considers more than just the latest consecutive 12-month period of daily market changes. Calculated daily, Stressed VaR represents the largest VaR of our current portfolio of trading positions in any consecutive 12-month period since January 2007.

RJF includes 10-day VaR and 10-day Stressed VaR results from its VaR model in its Market Risk Equivalent Asset (“MREA”) calculation, in accordance with the MRR. Our VaR model is described generally in our June 30, 2020 10-Q, and it is subject to periodic independent validation with regards to modeling assumptions, conceptual soundness, limitations and uncertainties. Interest rate sensitive instruments (including mortgage-backed securities, government and agency debt, corporate securities, municipal securities, and interest rate swaps) and, to a much lesser extent, equity securities, comprise the material portion of RJF’s portfolio of covered positions.
The following table sets forth the high, low, daily average, and period-end 10-day VaR for all of our trading portfolios, including fixed income and interest-rate derivative instruments, and equity securities, as of the period and dates indicated:

### For the quarter ended June 30, 2020

<table>
<thead>
<tr>
<th>99% 10-Day VaR</th>
<th>High</th>
<th>Low</th>
<th>Daily Average</th>
<th>As of June 30, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Income</td>
<td>$20,404,916</td>
<td>$3,245,654</td>
<td>$7,869,978</td>
<td>$17,070,917</td>
</tr>
<tr>
<td>Equity</td>
<td>$3,352,463</td>
<td>$1,421,773</td>
<td>$1,955,372</td>
<td>$1,542,478</td>
</tr>
<tr>
<td>Diversification Benefit</td>
<td>NA¹</td>
<td>NA¹</td>
<td>$(80,455)</td>
<td>$19,622</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$22,081,191</strong></td>
<td><strong>$5,052,059</strong></td>
<td><strong>$9,744,895</strong></td>
<td><strong>$18,633,017</strong></td>
</tr>
</tbody>
</table>

(1) As the high and low occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification effect.

The following table sets forth the high, low, daily average, and period-end 10-day Stressed VaR for all of our trading portfolios, including fixed income and interest-rate derivative instruments, and equity securities, as of the period and dates indicated:

### For the quarter ended June 30, 2020

<table>
<thead>
<tr>
<th>99% 10-Day Stressed VaR</th>
<th>High</th>
<th>Low</th>
<th>Daily Average</th>
<th>As of June 30, 2020</th>
</tr>
</thead>
<tbody>
<tr>
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<td>$1,542,478</td>
</tr>
<tr>
<td>Diversification Benefit</td>
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<td>NA¹</td>
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<td>$19,622</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$22,081,191</strong></td>
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</tbody>
</table>

(1) As the high and low occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification effect.

During the quarter ended March 31, 2020, adverse scenarios added to the one-year 10-day VaR scenario set rivaled or exceeded the adverse scenarios experienced during the 2008 Financial Crisis, which has historically been the one-year period of the 10-day Stressed VaR. As a result, during the quarter ended June 30, 2020, Total 10-day VaR and 10-day Stressed VaR were the same.

**Backtesting and Stress Testing**

At the end of each trading day, 1-day VaR is projected for the next trading day. By assuming our portfolio of trading (covered) positions remains unchanged from the end of one trading day to the next, we calculate a regulatory-defined 1-day “clean P&L” based on *ex post* changes in market risk factors that actually occurred over that day (other factors that affect actual daily trading losses and profits, such as fees, commissions, reserves, net interest income, and intraday trading, are not included in clean P&L). Daily clean P&L backtest results are not comparable to our actual daily trading net revenue.

The process of comparing our *ex post* regulatory-defined clean P&L to our *ex ante* 1-day VaR, which we perform each day to meet MRR requirements, is called “backtesting”. The number of trading days on which our clean P&L shows a loss that exceeds VaR, known as “backtesting exceptions”, determines our VaR/SVaR multiplication factor within the MREA calculation component of RJF’s regulatory capital requirements.
As per the chart below, during the twelve month period ending June 30, 2020, we experienced twelve backtesting exceptions where our regulatory-defined trading loss exceeded VaR, eleven of which were due to higher levels of market volatility as a result of the COVID-19 pandemic. The multiplication factor used for this quarter’s MREA calculation was 3.0.

The Board of Governors of the Federal Reserve System ("Board") has provided a Frequently Asked Questions website regarding the Board’s COVID-19 supervisory and regulatory actions, which includes information specific to this quarter’s multiplication factor used in determining VaR-based and Stressed VaR-based capital requirements of the MREA calculation. Please refer to https://www.federalreserve.gov/covid-19-supervisory-regulatory-faqs.htm#marketrisk for further details.

We utilize stress testing to complement our VaR analysis so as to measure risk under historical as well as hypothetical adverse scenarios. RJF Risk Management conducts stress tests on a regular basis in certain types of fixed income securities for large potential changes in volatility expectations and interest rate spreads, as well as large potential increases in the general level of interest rates.

**Securitizations**

Securitization or re-securitization positions, as defined by the MRR, include a transaction in which (a) all or a portion of the credit risk of one or more underlying exposures is transferred to one or more third parties, (b) the credit risk associated with the underlying exposures has been separated into at least two tranches that reflect different levels of seniority, (c) performance of the securitization exposures depends upon the performance of the underlying exposures, and (d) all or substantially all of the underlying exposures are financial exposures such as loans, commitments, credit derivatives, guarantees, receivables, asset-backed securities, mortgage-backed securities, other debt securities, or equity securities.

RJF held $9.9 million in absolute value of long and short (“gross”) covered positions considered securitizations as of June 30, 2020. The following are the gross market values of the securitization exposures by collateral type as of June 30, 2020: residential mortgages $4.4 million and corporate loans $5.5 million. For financial statement purposes computed under generally accepted accounting principles, such holdings as of June 30, 2020 are included as a component of the trading instruments presented in the table in Note 3 – Fair Value, in our June 30, 2020 10-Q.
Additional information regarding RJF is contained in our reports filed with the Securities and Exchange Commission (the “SEC”), including our most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q and the Current Reports on Form 8-K (each, a “34 Act Report”). These periodic 34 Act Reports can be viewed, as they become available, on the SEC’s website at www.sec.gov and on our website at www.raymondjames.com. Information contained in 34 Act Reports that we make with the SEC subsequent to the date of the Forms 10-K may modify, update and supersede the information contained in such Form 10-K and provided in this document.

Forward Looking Statements
Certain statements made in this disclosure document may constitute “forward-looking statements” under the Private Securities Litigation Reform Act of 1995, including statements regarding our VaR-based models. Forward-looking statements are not guarantees, and they involve risks, uncertainties, and assumptions. Although we make such statements based on assumptions that we believe to be reasonable, there can be no assurance that actual results will not differ materially from those expressed in the forward-looking statements. Those results or outcomes could occur as a result of a number of factors, some of which are beyond our control. We caution investors not to rely unduly on any forward-looking statements and urge you to carefully consider the risks described in our filings with the SEC, which are available on WWW.RAYMONDJAMES.COM and SEC’s website at WWW.SEC.GOV. We expressly disclaim any obligation to update any forward-looking statement in the event it later turns out to be inaccurate, whether as a result of new information, future events, or otherwise.