



**Comptroller of the Currency
Administrator of National Banks**

Licensing Department
250 E Street, SW
Washington, D.C 20219

January 13, 2012

**Conditional Approval #1022
February 2012**

Steven M. Raney
President and Chief Executive Officer
Raymond James Bank, FSB
710 Carillon Parkway
St. Petersburg, Florida 33716

**Re: Application to Convert Raymond James Bank, FSB
Application Control No. 2008-SO-01-0016**

Dear Mr. Raney:

The Office of the Comptroller of the Currency (“OCC”) hereby conditionally approves the application of Raymond James Bank, FSB, St. Petersburg, Florida, to convert to a national banking association to be called Raymond James Bank, National Association (“RJB-NA” or the “Bank”). This approval is granted after a thorough review of the application, other materials you have supplied, and other information available to the OCC, including commitments and representations made in the application and by representatives of the Bank during the application process. This approval is also subject to the condition set out herein.

A. The Application

Raymond James Bank, FSB, (“RJ Bank”) applied to the OCC for approval to convert to a national banking association. RJ Bank is a wholly-owned subsidiary of Raymond James Financial, Inc., (“RJ Financial”), a nationwide retail brokerage and financial services provider. RJ Financial is the parent company for a number of financial services subsidiaries, including two brokerage subsidiaries, Raymond James & Associates, Inc., (“RJA”) and Raymond James Financial Services, Inc., (“RJFS”). RJ Financial is also the parent company of an uninsured national bank limited to the activities of a trust company, Raymond James Trust, National Association, also located in St. Petersburg, Florida.

RJ Bank is an insured federal savings bank. It is a member of the Federal Home Loan Bank, and RJB-NA will continue to be a member after conversion. RJ Bank applied to convert to a national bank charter in order to pursue additional commercial lending opportunities. It operates from its main office in St. Petersburg, and does not have branches. RJ Bank represents it has no subsidiaries and no current plans to establish any subsidiaries, other than the foreign

subsidiary in footnote 1. It also represents it has no noncontrolling investments or other equity investments other than Federal Home Loan Bank stock. It also represents that it does not have any assets, or engage in any activities, that are impermissible for a national bank.¹

B. Authority to Convert

The conversion of RJ Bank to a national bank is legally authorized under regulations providing for conversions of federal savings associations to national banks. *See* 12 C.F.R. §§ 5.24(d), 152.19 & 163.22(b)(1)(ii).² In deciding a conversion application, OCC regulations provide that the OCC takes into account whether the institution can operate safely and soundly as a national bank in compliance with applicable laws, regulations and policies. 12 C.F.R. § 5.24(d)(1). The regulations further provide that an application may be denied if a significant supervisory, Community Reinvestment Act (“CRA”),³ or compliance concern exists with respect to the applicant; approval is inconsistent with application law, regulation or policy; or the applicant fails to provide necessary information that the OCC has requested. 12 C.F.R. §§ 5.24(d) & 5.13(b). The regulations also provide that a conversion application may be denied if the conversion would permit the applicant to escape supervisory action by its current regulator.⁴

¹ Upon RJ Bank’s conversion to a national bank, it will be a bank for purposes of the Bank Holding Company Act. Accordingly, RJ Financial filed an application with the Board of Governors of the Federal Reserve System for approval to become a bank holding company, including an election to become a financial holding company. That application was approved on January 3, 2012. In addition, RJ Bank proposes to establish a subsidiary in Canada to acquire a package of loans in Canada from another bank. An application was filed with the Federal Reserve Board under 12 C.F.R. § 211 for approval for RJB-NA to hold this foreign subsidiary.

² The regulations applicable to federal savings associations, 12 C.F.R. §§ 152.19 & 163.22(b)(1)(ii), require the federal savings association to file with the OCC (formerly with the Office of Thrift Supervision) prior to converting to a national bank. RJ Bank filed with the Office of Thrift Supervision, and the Office of Thrift Supervision approved the filing on June 30, 2011.

³ The CRA also requires that the OCC consider a conversion applicant’s record of compliance with the CRA in deciding the application. 12 U.S.C. § 2903(a)(2) & 2902(3)(A); 12 C.F.R. § 25.29(a)(4). This is discussed more fully later in this decision.

⁴ 12 C.F.R. § 5.24(d)(1). In addition, section 612 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. Law No. 111-203, 124 Stat. 1376, 1612 (July 21, 2010) contains provisions restricting certain charter conversions. However, those provisions do not apply to conversions of federal savings associations to national banks. The OCC has also determined that consideration of and approval of this conversion application is consistent with the standards set forth in the Statement on Regulatory Conversions issued by the Federal Financial Institutions Examination Council on July 1, 2009.

The OCC conducted a thorough review of the conversion application in light of the factors set forth above and determined that the results of this review are consistent with approval of this conversion application.

C. Community Reinvestment Act Considerations

The CRA requires the OCC to take into account the records of institutions in helping to meet the credit needs of the community, including low- and moderate-income (“LMI”) neighborhoods, when evaluating conversion applications. The OCC considered RJ Bank’s CRA Performance Evaluation (“PE”) and other information available to the OCC as a result of its regulatory responsibilities, and determined that the thrift’s record of helping to meet the credit needs of its communities is consistent with approval of the conversion application.

RJ Bank’s most recent PE, dated November 29, 2010, and issued by the Office of Thrift Supervision (“OTS”) assigned the thrift a “Satisfactory” rating. RJ Bank was examined using OTS’s Large Institution examination procedures and received an “Outstanding” rating on the service test, a “High Satisfactory” on the investment test, and a “Low Satisfactory” on the lending test. The evaluation period for the 2010 PE was January 1, 2008, through September 30, 2010. No evidence of illegal or discriminatory lending practices was noted in the PE.

1. Public Comments

The OCC received two comment letters from the public expressing concerns related to the conversion application.⁵ Commenters expressed concerns regarding RJ Bank’s lending to Florida minorities. According to a commenter, RJ Bank’s record of lending to minorities and underserved communities is sparse and isolated. Additionally, the commenter raised concern regarding the level of small business lending to minority small businesses in Florida relative to RJ Bank’s peers.

As indicated in the latest PE, consistent with RJ Bank’s business plan, RJ Bank’s primary lending focus is nonresidential mortgage purchases, commercial loans (syndications and participations), and 1-4 family mortgage purchases. These three loan categories accounted for 89.8 percent of RJ Bank’s overall lending volume during the review period. While small business lending is not the thrift’s primary focus, RJ Bank represents in its response to the commenters that it does support small businesses. Since the latest PE, RJ Bank represented it purchased two SBA loans in its assessment area for a total of \$1.07MM. RJ Bank also maintains a \$2.0 million commitment (\$831,256 invested to date) in Capital South Partners Fund III, a Small Business Investment Corporation that provides short term capital to small and medium sized businesses.

⁵ Of the two commenters, one commenter submitted two follow-up letters to the OCC.

The response also discusses efforts by RJ Bank to target minorities in its assessment area. Based on census data within its assessment area, RJ Bank has deployed print and web-based marketing to areas of higher minority populations. It has also hired two Hispanic Mortgage Consultants. According to RJ Bank, it has seen an increase in Hispanic and minority mortgage applicants from the first quarter to second quarter of calendar year 2011. RJ Bank also partners with community organizations serving minorities within and around its assessment area.

Since the latest PE, RJ Bank represents it purchased an additional \$781,850 in mortgages from Habitat for Humanity in Pinellas County. Also, RJ Bank has an outstanding commitment of \$3.2 million in a multi-bank lending consortium, Neighborhood Lending Partners of West Florida, Inc. (“NLP”). NLP is a Community Development Financial Institution as certified by the U.S. Department of Treasury. NLP provides financing for developers of affordable housing and community revitalization. Finally, RJ Bank participates in the Largo Homestead Program, which sells rehabilitated homes to individuals at or below area median income. In addition to making loans under the program, RJ Bank contributes financially towards the closing costs. During the assessment period, RJ Bank made one loan for \$50M under this program.

Upon conversion to a national bank, RJ Bank will be subject to the standards and policies that the OCC applies to national banks under the CRA regulations,⁶ and RJ Bank must develop a CRA plan that addresses how the bank will satisfy these standards. Accordingly, submission of a CRA plan acceptable to the OCC is being required as a condition of approval of this application.

2. Request for a Public Hearing

The commenters requested that the OCC conduct a public hearing. The general standard the OCC applies to determine whether to hold a public hearing is contained in 12 C.F.R. § 5.11(b), which provides:

The OCC generally grants a hearing request only if the OCC determines that written submissions would be insufficient or that a hearing would otherwise benefit the decision-making process. The OCC also may order a hearing if it concludes that a hearing would be in the public interest.

⁶ 12 C.F.R. §§ 25.21-.24.

After careful consideration, the OCC determined not to hold a public hearing. The OCC is not aware of any reason why written comments would be insufficient or why a public hearing would be in the public interest. The OCC has thoroughly reviewed all of the written comments submitted, including any received after the close of the public comment period and up to the date of this letter.

In summary, our review of the conversion application and submitted materials, the public comments and responses, representations of the applicant, and review of supervisory materials, has not revealed any information inconsistent with approval.

D. Condition

This approval is subject to the following condition:

- RJB-NA shall enter into, and thereafter implement and adhere to, a written Operating Agreement with the OCC, in a form acceptable to the OCC, within three (3) business days after consummating the conversion. The Operating Agreement shall require submission of an updated business plan by RJB-NA, and a CRA plan, both of which must be acceptable to the OCC.

This condition is a condition “imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request” within the meaning of 12 U.S.C. § 1818. As such, the condition is enforceable under 12 U.S.C. § 1818.

E. Consummation Requirements

Please refer to the Conversions booklet of the *Comptroller’s Licensing Manual* for the steps and requirements to be completed prior to converting. In addition to other matters addressed in the Conversions booklet, you are reminded that the following items must be satisfactorily addressed on or before the effective date of the conversion:

1. The Bank must ensure that all other required regulatory approvals, non-objections, or waivers have been obtained.
2. The Bank must notify the OCC if the facts described in the filing materially change at any time prior to consummation of the conversion. Any changes to the executive officers or directors must receive a prior “no objection” from the OCC.
3. The Bank must apply to the Federal Reserve for membership.

4. The directors must own qualifying shares in conformance with 12 U.S.C. § 72 and 12 C.F.R. § 7.2005.
5. Upon completion of all steps required to convert to a national bank, the Bank must submit the "Conversion Completion Certification" (enclosed) certifying that all of the steps required to convert RJ Bank to a national banking association have been completed.

When the Bank has satisfactorily completed all of the above steps, the OCC will issue a Conversion Completion Acknowledgment officially authorizing the institution to commence business as a national bank. At that time you will receive the charter certificate.

F. Conclusion

If the conversion is not consummated within six months from the date of this decision, the approval will automatically terminate unless the OCC grants an extension of the time period. The OCC is opposed to granting extensions, except under the most extenuating circumstances and expects the conversion to occur as soon as possible.

This conditional approval, and the activities and communications by OCC employees in connection with the filing, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory, and examination authorities under applicable law and regulations. Our approval is based on the representations made in the application, other submissions, and other information available to the OCC as of this date. The OCC may modify, suspend, or rescind this conditional approval if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains or if the OCC deems any other interim development warrants such action. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

The OCC will send to you under separate cover an appropriate set of OCC handbooks, manuals, issuances, and selected other publications. This information does not include the *Comptroller's Licensing Manual*, which is available in electronic form on our Web site <http://www.occ.treas.gov/corpapps/corpapplic.htm>.

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All correspondence regarding this application should reference the application control number. If you have any questions, please contact Senior Licensing Analyst Joseph T. Burbridge in the OCC's Dallas office at (214) 720-7052.

Sincerely,

Stephen A. Lybarger

Stephen A. Lybarger
Deputy Comptroller for Licensing