RAYMOND JAMES®

Raymond James Financial, Inc. & Raymond James Bank, N.A.
2017 Annual Dodd-Frank Act Stress Test Disclosure

October 30, 2017

As a bank holding company ("BHC") with total consolidated assets of more than $10 billion, but less than $50 billion, Raymond James Financial, Inc. ("Raymond James", "RJF" or the "Company") and Raymond James Bank, N.A. ("Raymond James Bank" or "RJ Bank"), a wholly owned subsidiary of RJF, are subject to the regulations issued by the Board of Governors of the Federal Reserve System ("Federal Reserve" or "FRB") and the Office of the Comptroller of Currency ("OCC") under the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") which requires RJF and RJ Bank to conduct an annual company-run stress test based on financial information as of December 31, 2016 and disclose certain results of the Supervisory Severely Adverse scenario ("Severely Adverse scenario").

The annual Dodd-Frank Act stress test ("DFAST") is a forward-looking quantitative evaluation of the impact of stressful economic and financial market conditions on the capital adequacy of a banking organization under a set of supervisory scenarios provided by the Federal Reserve and OCC over a nine quarter planning horizon, beginning January 1, 2017 and ending March 31, 2019. It is designed to test the strength and resilience of RJF and RJ Bank and whether they have sufficient capital to absorb significant losses in a hypothetical severely stressed economic and market environment.

It is important to note these hypothetical macroeconomic scenarios are not forecasts or opinions of RJF or RJ Bank and results under these hypothetical scenarios may differ, even substantially, from the results RJF or RJ Bank would actually experience in a stress scenario.

About Raymond James Financial, Inc. and Raymond James Bank, N.A.

Raymond James Financial, Inc. (NYSE: RJF) is a leading diversified financial services company providing private client group, capital markets, asset management, banking and other services to individuals, corporations and municipalities. As of September 30, 2017, the company has approximately 7,300 financial advisors in 3,000 locations throughout the United States, Canada and overseas. Total client assets are $693 billion. Public since 1983, the firm is listed on the New York Stock Exchange under the symbol RJF. Additional information is available at www.raymondjames.com.

Raymond James Bank originates and purchases commercial and industrial ("C&I") loans, commercial and residential real estate loans, tax-exempt loans, as well as securities based loans ("SBL"), all of which are funded primarily by FDIC-insured cash balances swept from the investment accounts of RJF's broker-dealer subsidiaries' clients.

Description of the Hypothetical Supervisory Severely Adverse Scenario

The Severely Adverse scenario is characterized by a severe global recession that is accompanied by a period of heightened stress in corporate loan markets and commercial real estate markets. In the scenario, the level of U.S. real GDP begins to decline in the first quarter of 2017 and reaches a trough in the second quarter of 2018 that is about 6.50 percent below the pre-recession peak. The unemployment rate increases by about 5.25 percentage points, to 10.00 percent, by the third quarter of 2018. Headline consumer price inflation falls to about 1.25 percent at an annual rate by the second quarter of 2017 and then rises to about 1.75 percent at an annual rate by the middle of 2018.

As a result of the severe decline in real activity, short-term Treasury rates fall and remain near zero through the end of the scenario period. The 10-year Treasury yield drops to 0.75 percent in the first quarter of 2017, rising gradually thereafter to around 1.50 percent by the first quarter of 2019. Financial conditions in corporate and real estate lending markets are stressed severely. The spread between yields on investment-grade corporate bonds and yields on long-term Treasury securities widens to about 5.50 percentage points by the end of 2017, an increase of 3.50 percentage points relative to the fourth quarter of 2016. The spread between mortgage rates and 10-year Treasury yields widens to over 3.50 percentage points over the same time period.

Given the harsh conditions, asset prices drop sharply in the scenario. Equity prices fall by 50 percent through the end of 2017, accompanied by a surge in equity market volatility, which approaches the levels attained in 2008. House prices and commercial real estate prices also experience large declines, with house prices and commercial real estate prices falling by 25 percent and 35 percent, respectively,

through the first quarter of 2019. Additional information on the Severely Adverse scenario is available on the Federal Reserve's website at
https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20170203a5.pdf

Primary Risks to Which RJF Is Exposed

- Credit Risk – exposure to borrowers' failure to repay loans due to RJ Bank and RJF, and, to a lesser extent, the failure of securities issuers and counterparties to perform as contractually required.

- Market Risk – exposure to changes in asset and liability values due to changes in equity prices, interest rates, and other relevant market rates or prices. For example, a prolonged bear market would impact RJF's ability to generate commissions and fees in its private client business and investment advisory fees in the Asset Management Segment.

- Regulatory & Reputational Risk – violations of, or nonconformance with, laws, rules, regulations, prescribed practices or ethical standards; litigation and/or legal risks stemming from either real or perceived wrongdoing in a line of business or functional area. The noncompliance with laws, regulations or policies could subject RJF to regulatory sanctions, consequently damaging its reputation.

- Operational Risk – inadequacy or breakdown of internal processes, people and/or systems, or from external events that encumber internal processes, people and/or systems.

- Liquidity Risk – exposure to events that could impinge on RJF's ability to meet financial obligations as they come due under normal or stressed conditions. A prolonged lack of liquidity could also limit RJF's ability to fund and originate new loans, make markets in certain debt and equity securities, and/or actively recruit new financial advisors.

- Interest Rate Risk – exposure of net interest income and market value of equity and debt instruments to adverse movements in interest rates.

Stress Test Methodology

Overseen by the RJF Board of Directors ("Board") and risk and capital management committees at both RJF and RJ Bank, our stress testing framework utilizes both quantitative and qualitative estimation methodologies.

In determining when to use quantitative models, we review our ability to make statistically significant conclusions by attempting to correlate RJF's historical results with the Company's current business units and the scenarios outlined by the FRB. Credit losses at RJ Bank can be modeled using a quantitative model because of more relevant statistical correlations to the associated macroeconomic variables and the availability of relevant historical market data. However, we primarily rely on qualitative judgment of management to project the results of our non-bank businesses within RJF. When attempting to derive correlations between our non-bank businesses and the macroeconomic data provided by the Federal Reserve, we found the statistical correlations to macroeconomic variables to generally be weak or non-existent, and thus rely primarily upon conservative management assumptions to provide more useful projections.

Using our December 31, 2016 balance sheet position and income statement as a starting point, we use our quantitative and qualitative estimation methodologies to simulate, among other items, future values for the components of RJF's and RJ Bank's income statements, including pre-provision net revenue (net interest income plus non-interest income less non-interest expense) and credit losses across a nine-quarter forecast horizon. These estimation methodologies come together and dynamically interact with each other in our stress testing modeling.

Results for all projections are carefully reviewed and vetted by the Boards and risk and capital management committees at both RJF and RJ Bank. In line with the Company's conservative management philosophy, projections largely represent our "worst case" outlook given the Federal Reserve's scenarios (i.e., our assumptions or adjustments generally result in more severe outcomes than actually expected in terms of impact to earnings and capital). We believe that taking a more conservative approach in stress case scenarios better aligns with the spirit and intent of stress testing, and further acknowledges that a company's ability to manage its risk positions can be somewhat diminished when the entire industry and marketplace is experiencing turmoil as a result of the economic environment. Although the Boards and risk and capital management committees appreciate that there are significant limitations to a company-run stress test, which we continuously strive to reduce, the Company is confident that its conservatism, both in business and with respect to its stress testing, combined with its strong capital levels, will provide an adequate level of capital flexibility in a stressed environment.

Results of RJF's and RJ Bank's 2017 Stress Test under the Severely Adverse Scenario

As provided in the 2017 Stress Test requirements, RJF and RJ Bank measure their regulatory capital levels and regulatory capital ratios for each quarter of the nine quarter planning period in accordance with the rules that would be in effect during that quarter. Effective January 1, 2015, the Company became subject to Basel III and its various transition provisions and as such, our regulatory capital items appropriately reflect the Basel III capital framework through the planning period. Results below are hypothetical and based on the Severely Adverse scenario. As a result, these hypothetical results should not be considered as forecasts of revenues, expected losses, pre-tax income, or capital ratios and may differ materially compared to what RJF or RJ Bank may experience in a severely stressed economic or market environment.

Tables 1 and 2 depict cumulative results for RJF and RJ Bank, respectively, over the nine quarter planning period under the Severely Adverse scenario. Pre-Provision Net Revenue (PPNR) includes net interest revenue and non-interest revenue, less non-interest expenses except Provision for Loan and Lease Losses. Therefore, Pre-Provision Net Revenue should not be confused with Net Revenues typically disclosed by RJF, as Net Revenues are not reduced by non-interest expenses. Income taxes are impacted by items including nondeductible losses in the Corporate Owned Life Insurance portfolio over the nine quarter planning period.

Raymond James Financial, Inc. - Severely Adverse Scenario

Table 1 - Cumulative Revenue, Losses, and Net Income - January 1, 2017 to March 31, 2019

	$ millions
Pre-Provision Net Revenue	$101
Provision for Loan and Lease Losses	($1,144)
Realized Gains (Losses) on AFS Securities	$0
All other Gains (Losses)	$20
Taxes	$396
Net Income (Loss)	($627)

RJF is projected to cumulatively generate $101 million of PPNR and a Net Loss of $627 million during the forecast period. This cumulative net loss is driven primarily by provisions for loan and lease losses at RJ Bank. Highlighted below, RJ Bank is projected to generate $629 million of PPNR and a $280 million net loss over the same period, which is driven primarily by provisions for loan and lease losses. Compared to RJ Bank, RJF's PPNR is lower due to non-interest expenses in the non-bank segments.

Raymond James Bank, N.A. - Severely Adverse Scenario

Table 2 - Cumulative Revenue, Losses, and Net Income - January 1, 2017 to March 31, 2019

	$ millions
Pre-Provision Net Revenue	$629
Provision for Loan and Lease Losses	($1,144)
Realized Gains (Losses) on AFS Securities	$0
All other Gains (Losses)	$0
Taxes	$235
Net Income (Loss)	($280)

Table 3 depicts changes in the Company's capital ratios over the nine quarter planning period under the Severely Adverse scenario:

Raymond James Financial, Inc. - Severely Adverse Scenario

Table 3 - Beginning, Ending, and Minimum Projected Capital Ratios - January 1, 2017 to March 31, 2019

	Actual	Projected		
	December 31, 2016	March 31, 2019	Minimum	Minimum Period
Capital Ratios				
Tier 1 Leverage Ratio	14.51%	11.21%	10.92%	June 30, 2018
Common Equity Tier 1 Risk-based Capital Ratio	21.16%	18.10%	18.10%	March 31, 2019
Tier 1 Risk-based Capital Ratio	21.16%	18.10%	18.10%	March 31, 2019
Total Risk-based Capital Ratio	22.15%	19.31%	19.31%	March 31, 2019

RJF currently maintains a significant amount of high-quality capital. Even through the Severely Adverse scenario the firm is projected to maintain an adequate amount of capital, well above regulatory requirements. In fact, regulatory ratios remain two or more times above regulatory requirements as well as above RJF's more conservative management targets. As depicted in the table above, in the Severely Adverse scenario, RJF is most sensitive to negative impacts to the Tier 1 Leverage Ratio.

Highlighted in the table above, in the Severely Adverse scenario, the lowest Tier 1 Leverage ratio occurs in Q2 2018 as a result of an increase in average assets as well as a decrease in equity; which is driven by cumulative net losses over the forecasted period. The increase in average assets is driven by increases in client cash balances – as it is assumed clients shift assets into cash during a turbulent market environment – which would increase deposits and segregated assets on the Company's balance sheet. As a result, these cash balances are swept to (1) RJ Bank via the Raymond James Bank Deposit Program ("RJBDP") and result in higher assets at RJ Bank and (2) the Private Client Group via the Client Interest Program ("CIP") which results in higher segregated assets. Despite the decrease in the Tier 1 Leverage Ratio, at Q2 2018, RJF is still more than two times above the regulatory requirements and management's more conservative thresholds.

In the Severely Adverse scenario, the lowest Common Equity Tier 1, Tier 1 and Total Risk-Based Capital and Capital Conservation Buffer Ratios occur in Q1 2019 as a result of the decrease in equity, primarily due to cumulative net losses during the period, and increases in the securities portfolio and segregated assets due to the reasons mentioned above, partially offset by a decrease in net loans driven by a reduction in loan production.

As detailed in the following table, RJ Bank's results are directionally similar to the results for RJF. Despite loan losses, RJ Bank's capital ratios remain comfortably above regulatory requirements. The Tier 1 Leverage Ratio is the most sensitive at the Bank as well. The ratio is negatively impacted in the Severely Adverse scenario primarily due to an increase in securities and, as mentioned previously, increases in client cash balances that are swept to RJ Bank.

Table 4 depicts changes in RJ Bank's capital ratios over the nine quarter planning period under the Severely Adverse scenario:

Raymond James Bank, N.A. - Severely Adverse Scenario				
Table 4 - Beginning, Ending, and Minimum Projected Capital Ratios - January 1, 2017 to March 31, 2019				
	Actual	**Projected**		
	December 31, 2016	March 31, 2019	Minimum	Minimum Period
Capital Ratios				
Tier 1 Leverage Ratio	9.68%	7.30%	7.22%	June 30, 2018
Common Equity Tier 1 Risk-based Capital Ratio	12.47%	10.57%	10.57%	March 31, 2019
Tier 1 Risk-based Capital Ratio	12.47%	10.57%	10.57%	March 31, 2019
Total Risk-based Capital Ratio	13.73%	11.85%	11.85%	March 31, 2019

Table 5 below depicts the projection for RJ Bank's cumulative loan losses over the nine quarter planning period of the Severely Adverse scenario, utilizing conservative assumptions. These losses have a material impact on the firm's forecasted results and are based on very conservative loan loss assumptions, which result in much higher loan loss provisions than the firm has experienced, including during the last financial crisis. These higher-than-experienced losses are a function of the significant and rapid deteriorating scenario, especially amongst key variables that are modeled.

Raymond James Bank, N.A. - Severely Adverse Scenario		
Table 5 - Cumulative Loan Losses - January 1, 2017 to March 31, 2019		
$ millions	Losses (cumulative 9 quarters)	Portfolio Loss Rate
Total Loan Losses	$849	6.0%

The portfolio loss rate was calculated using the average nine-quarter balance of RJ Bank's loan portfolio. The projected loan losses – both the absolute dollar amount and as a percent of average loan balances – experienced in the Severely Adverse scenario are meaningfully higher than RJ Bank's actual experience during the last financial crisis. Management also believes that these projected loan losses are higher than what RJ Bank would actually experience in a severely adverse market environment, which reinforces the conservative approach utilized for the 2017 Stress Test.

Summary

The results of the 2017 Stress Test indicate that both RJF and RJ Bank have sufficient capital to successfully navigate a severe and prolonged economic downturn while still maintaining ample capital levels that exceed regulatory requirements throughout the course of the Severely Adverse scenario. RJF and RJ Bank utilized a conservative approach when projecting its results under the scenario, which resulted in overly conservative projections, more severe than what the firm has experienced in the last financial crisis. RJF and RJ Bank consider the likelihood of the Severely Adverse scenario or similar results as projected in the Severely Adverse scenario actually occurring to be remote, and would expect economic events that do occur over the course of the forecast horizon to be materially more positive.

Forward Looking Statements