

**CLIENT FIRST.  
INTEGRITY.  
INDEPENDENCE.  
CONSERVATISM.**

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2018 FIRST QUARTER

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**RAYMOND JAMES**

## Dear Fellow Shareholders,

During the fiscal first quarter of 2018, the S&P 500 index reached a new record and finished with its ninth consecutive quarter of appreciation. Strong earnings growth and the faster-than-anticipated enactment of tax reform fueled optimism in the equity markets. This constructive market environment, coupled with our firm's strong organic growth, helped us generate record net revenues of \$1.73 billion for the fiscal first quarter ended December 31, 2017, reflecting growth of 16% over the prior year's fiscal first quarter and 2% over the preceding quarter. Quarterly net income of \$118.8 million, or \$0.80 per diluted share, was negatively affected by the estimated \$117 million discrete impact of the Tax Cuts and Jobs Act, which was primarily attributable to the remeasurement of deferred tax assets on our balance sheet that are now less valuable given lower corporate tax rates. However, we expect reduced taxes to be a significant tailwind for our financial results going forward. We also expect our results to be aided by ending the quarter with records for client assets under administration of \$727.2 billion, Private Client Group financial advisors of 7,537, financial assets under administration of \$130.3 billion, and net loans at Raymond James Bank of \$17.7 billion.

Turning to segment results, the Private Client Group (PCG), Asset Management and Raymond James Bank segments all generated record net revenues and pre-tax income during the quarter. PCG's quarterly net revenues of \$1.23 billion improved 19% over the prior year's fiscal first quarter and 5% over the preceding quarter. Quarterly pre-tax income of \$155.1 million increased 111% over the prior year's fiscal first quarter, which included a \$30 million legal charge, and 9% over the preceding quarter. Results in PCG continued to be lifted by growth of assets in fee-based accounts, which increased 32% over the prior year and 8% over the preceding quarter, and ended the quarter representing 46% of the segment's total client assets. Higher short-term interest rates also contributed to the segment's record results, and we expect the increase in the federal funds rate in mid-December to provide an incremental benefit to the segment's results going forward. Most importantly for PCG and the firm overall, we continue to experience very good success retaining our existing financial advisors and recruiting new financial advisors to our platform.

The Asset Management segment produced record quarterly net revenues of \$150.6 million, up 32% over the prior year's fiscal first quarter and 15% over the preceding quarter. The segment's record quarterly pre-tax income of \$57.4 million improved 37% compared to the prior year's fiscal first quarter and 18% compared to the preceding quarter. Record quarterly results in the segment were bolstered by record financial assets under management, which ended the quarter at \$130.3 billion. The increase in financial assets under management was driven by strong organic growth, market appreciation, and the acquisition of Scout Investments and its Reams Asset Management division, which closed in November and added approximately \$27 billion of balances. We are excited to welcome the Scout and Reams teams to the Raymond James family, and optimistic that this acquisition will facilitate the profitable growth of Carillon Tower Advisers by expanding its product offering and increasing its scale.

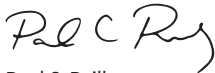
Raymond James Bank generated record quarterly net revenues of \$165.2 million and pre-tax income of \$114.2 million. The bank's results were lifted by loan growth, continued credit improvement in the loan portfolio, and the expansion of the available-for-sale, agency-backed securities portfolio. We have maintained a disciplined and client-focused approach to growing the loan portfolio, which has led to attractive growth of residential mortgage loans and securities-based loans to clients in PCG as well as growth of tax-exempt loans to our public finance clients.

The Capital Markets segment generated quarterly net revenues of \$216.7 million, which declined 7% compared to the prior year's fiscal first quarter and 18% compared to the preceding quarter. The decline in revenues caused the segment's quarterly pre-tax income to decrease to \$4.8 million. Results in the Capital Markets segment were negatively impacted by a large sequential decrease in investment banking revenues following a very strong fourth quarter of fiscal 2017. The weakness in investment banking revenues during the quarter was primarily attributable to the timing of closings. We remain optimistic about activity levels for equity underwriting and M&A advisory, although the Public Finance and Tax Credit Funds businesses will likely be challenged in the near term until that market gains more clarity on the pricing of tax-advantaged investments following tax reform. Also contributing to the challenging quarter for the Capital Markets

higher short-term interest rates. However, the sudden surge in equity market volatility in February is a reminder that corrections are inevitable following multi-year bull markets. This fact reinforces the importance of staying the course and always maintaining a conservative, long-term focus on serving clients, who also should maintain their sights on long-term investment results.

Fortunately, given our solid capital base and our strong strategic positioning in all of our core businesses, we are confident that we are poised to continue delivering relative outperformance for our shareholders in any market environment. Thank you for your confidence in Raymond James Financial.

Sincerely,



Paul C. Reilly  
Chairman, CEO

February 20, 2018

Certain statements made in this letter may constitute “forward-looking statements” under the Private Securities Litigation Reform Act of 1995. Forward-looking statements include information concerning future strategic objectives, business prospects, anticipated savings, financial results (including expenses, earnings, liquidity, cash flow and capital expenditures), industry or market conditions, demand for and pricing of our products, acquisitions and divestitures, anticipated results of litigation and regulatory developments or general economic conditions. In addition, words such as “expects,” and future or conditional verbs such as “will” and “should,” as well as any other statement that necessarily depends on future events, are intended to identify forward-looking statements. 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. 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 Securities and Exchange Commission (the “SEC”) from time to time, including our most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q, which are available at [www.raymondjames.com](http://www.raymondjames.com) and the SEC’s website at [www.sec.gov](http://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.

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (Unaudited – in 000s)

	December 31, 2017	September 30, 2017
<b>Assets:</b>		
Cash and cash equivalents	\$3,897,529	\$3,669,672
Assets segregated pursuant to regulations and other segregated assets	3,569,414	3,476,085
Securities purchased under agreements to resell	307,742	404,462
Financial instruments	3,737,243	3,491,079
Receivables	4,602,889	4,699,152
Bank loans, net	17,697,298	17,006,795
Property & equipment, net	454,115	437,374
Other assets	1,818,669	1,698,837
<b>Total assets</b>	<b>\$36,084,899</b>	<b>\$34,883,456</b>
<b>Liabilities and equity:</b>		
Financial instruments sold but not yet purchased	\$213,024	\$221,449
Securities sold under agreements to repurchase	229,036	220,942
Payables	6,882,346	6,535,541
Bank deposits	18,725,545	17,732,362
Other borrowings	1,532,826	1,514,012
Senior notes payable	1,548,975	1,548,839
Other liabilities	1,150,192	1,416,960
<b>Total liabilities</b>	<b>\$30,281,944</b>	<b>\$29,190,105</b>
Total equity attributable to Raymond James Financial, Inc.	5,696,748	5,581,713
Noncontrolling interests	106,207	111,638
<b>Total equity</b>	<b>\$5,802,955</b>	<b>\$5,693,351</b>
<b>Total liabilities and equity</b>	<b>\$36,084,899</b>	<b>\$34,883,456</b>

**CONDENSED CONSOLIDATED STATEMENTS OF INCOME** (Unaudited – in 000s, Except per Share Amounts)

	<b>Three Months Ended</b>	
	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b>Revenues:</b>		
Securities commissions and fees	\$ 1,103,566	\$ 984,385
Investment banking	64,902	61,425
Investment advisory and related administrative fees	142,023	108,243
Interest	231,729	182,782
Account and service fees	184,301	148,791
Net trading profit	19,870	20,555
Other	19,201	22,587
<b>Total revenues</b>	<b>1,765,592</b>	<b>1,528,768</b>
Interest expense	(39,431)	(35,966)
<b>Net revenues</b>	<b>1,726,161</b>	<b>1,492,802</b>
<b>Non-interest expenses:</b>		
Compensation, commissions and benefits	1,152,767	1,006,467
Communications and information processing	83,731	72,161
Occupancy and equipment costs	49,814	46,052
Business development	33,793	35,362
Investment sub-advisory fees	22,321	19,295
Bank loan loss provision/(benefit)	1,016	(1,040)
Acquisition related expenses	3,927	12,666
Other	67,108	94,324
<b>Total non-interest expenses</b>	<b>1,414,477</b>	<b>1,285,287</b>
Income including noncontrolling interests and before provision for income taxes	311,684	207,515
Provision for income taxes	192,401	59,812
Net income including noncontrolling interests	119,283	147,703
Net loss attributable to noncontrolling interests	441	1,136
<b>Net income attributable to Raymond James Financial, Inc.</b>	<b>\$ 118,842</b>	<b>\$ 146,567</b>
<b>Earnings per common share – diluted</b>	<b>\$ 0.80</b>	<b>\$ 1.00</b>
<b>Weighted-average common and common equivalent shares outstanding – diluted</b>	<b>148,261</b>	<b>145,675</b>

**CONSOLIDATED RESULTS BY SEGMENT** (unaudited – in 000s)

<b>Net revenues:</b>		
Private Client Group	\$ 1,233,051	\$ 1,040,089
Capital Markets	216,665	233,016
Asset Management	150,600	114,082
RJ Bank	165,185	138,015
Other <sup>(1)</sup>	(2,920)	(9,643)
Intersegment eliminations	(36,420)	(22,757)
<b>Total net revenues</b>	<b>\$ 1,726,161</b>	<b>\$ 1,492,802</b>
<b>Pre-tax income/loss (excluding noncontrolling interests):</b>		
Private Client Group	\$ 155,063	\$ 73,358
Capital Markets	4,807	21,444
Asset Management	57,399	41,909
RJ Bank	114,155	104,121
Other <sup>(1)</sup>	(20,181)	(34,453)
<b>Pre-tax income (excluding noncontrolling interests)</b>	<b>\$ 311,243</b>	<b>\$ 206,379</b>

(1) The Other segment includes the results of our private equity activities, as well as certain corporate overhead costs of RJF, including the interest costs on our public debt, and the acquisition and integration costs associated with certain acquisitions.

## corporate profile

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. The company has approximately 7,500 financial advisors in 3,000 locations throughout the United States, Canada and overseas. Total client assets are \$750 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](http://www.raymondjames.com).

Stock Traded: NEW YORK STOCK EXCHANGE

Stock Symbol: RJF

# RAYMOND JAMES®

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