RAYMOND JAMES FINANCIAL INC
Form 10-Q
August 07, 2015
Index

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
(Mark one)
x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2015
or
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File Number: 1-9109

RAYMOND JAMES FINANCIAL, INC.
(Exact name of registrant as specified in its charter)

Florida	No. 59-1517485
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

880 Carillon Parkway, St. Petersburg, Florida 33716
(Address of principal executive offices) (Zip Code)
(727) 567-1000
(Registrant's telephone number, including area code)
None
(Former name, former address and former fiscal year, if changed since last report)
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). Yes x No ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ¨ No x
Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

143,989,935 shares of common stock as of August 3, 2015

RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES

Form 10-Q for the quarter ended June 30, 2015

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PART I FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Unaudited)

	June 30, 2015	September 30, 2014
	(in thousands)	
Assets:		
Cash and cash equivalents	$2,582,081	$2,199,063
Assets segregated pursuant to regulations and other segregated assets	2,513,086	2,489,264
Securities purchased under agreements to resell and other collateralized financings	416,516	446,016
Financial instruments, at fair value:		
Trading instruments	674,043	679,393
Available for sale securities	443,975	562,289
Private equity investments	209,542	211,666
Other investments	191,130	215,751
Derivative instruments associated with offsetting matched book positions	327,826	323,337
Receivables:		
Brokerage clients, net	2,152,324	2,126,804
Stock borrowed	136,428	158,988
Bank loans, net	12,053,678	10,964,299
Brokers-dealers and clearing organizations	128,362	107,116
Loans to financial advisors, net	480,663	424,928
Other	500,196	544,180
Deposits with clearing organizations	200,372	150,457
Prepaid expenses and other assets	731,966	655,256
Investments in real estate partnerships held by consolidated variable interest entities	203,077	235,858
Property and equipment, net	249,018	245,401
Deferred income taxes, net	259,486	231,325
Goodwill and identifiable intangible assets, net	354,647	354,261
Total assets	$24,808,416	$23,325,652

(continued on next page)

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

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RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Unaudited)
(continued from previous page)

	June 30, 2015	September 30, 2014
	($ in thousands)	
Liabilities and equity:		
Trading instruments sold but not yet purchased, at fair value	$266,151	$238,400
Securities sold under agreements to repurchase	251,769	244,495
Derivative instruments associated with offsetting matched book positions, at fair value	327,826	323,337
Payables:		
Brokerage clients	4,197,484	3,956,104
Stock loaned	408,733	417,383
Bank deposits	11,010,616	10,028,924
Brokers-dealers and clearing organizations	151,621	216,530
Trade and other	808,735	763,235
Other borrowings	679,215	654,916
Accrued compensation, commissions and benefits	746,494	814,359
Loans payable of consolidated variable interest entities	25,549	43,877
Corporate debt	1,187,934	1,190,836
Total liabilities	20,062,127	18,892,396
Commitments and contingencies (see Note 16)		
Equity		
Preferred stock; $.10 par value; authorized 10,000,000 shares; issued and outstanding -0- shares	—	—
Common stock; $.01 par value; authorized 350,000,000 shares; issued 149,049,959 at June 30, 2015 and 146,103,658 at September 30, 2014	1,489	1,444
Additional paid-in capital	1,327,567	1,239,046
Retained earnings	3,316,400	3,023,845
Treasury stock, at cost; 5,343,777 common shares at June 30, 2015 and 4,900,266 common shares at September 30, 2014	(149,499)	(121,211)
Accumulated other comprehensive loss	(23,292)	(1,888)
Total equity attributable to Raymond James Financial, Inc.	4,472,665	4,141,236
Noncontrolling interests	273,624	292,020
Total equity	4,746,289	4,433,256
Total liabilities and equity	$24,808,416	$23,325,652

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

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RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)

	Three months ended June 30,		Nine months ended June 30,	
	2015	2014	2015	2014
	(in thousands, except per share amounts)			
Revenues:				
Securities commissions and fees	$874,606	$813,461	$2,568,829	$2,401,360
Investment banking	76,988	78,694	228,766	225,802
Investment advisory fees	96,235	89,080	286,012	270,590
Interest	137,147	119,391	403,669	354,877
Account and service fees	113,866	101,585	336,990	296,183
Net trading profit	16,216	17,276	42,157	50,269
Other	33,655	21,796	74,758	55,601
Total revenues	1,348,713	1,241,283	3,941,181	3,654,682
Interest expense	(27,724)	(27,052)	(81,954)	(78,404)
Net revenues	1,320,989	1,214,231	3,859,227	3,576,278
Non-interest expenses:				
Compensation, commissions and benefits	901,342	825,506	2,621,830	2,442,742
Communications and information processing	69,267	63,341	196,014	194,698
Occupancy and equipment costs	40,269	40,757	121,100	120,339
Clearance and floor brokerage	9,648	9,335	32,734	29,165
Business development	40,127	35,079	119,607	103,990
Investment sub-advisory fees	15,293	12,887	44,535	38,484
Bank loan loss (benefit) provision	(3,009)	4,467	10,293	8,082
Other	46,757	43,926	137,537	128,034
Total non-interest expenses	1,119,694	1,035,298	3,283,650	3,065,534
Income including noncontrolling interests and before provision for income taxes	201,295	178,933	575,577	510,744
Provision for income taxes	74,935	68,554	218,404	191,749
Net income including noncontrolling interests	126,360	110,379	357,173	318,995
Net loss attributable to noncontrolling interests	(6,835)	(12,310)	(15,781)	(24,887)
Net income attributable to Raymond James Financial, Inc.	$133,195	$122,689	$372,954	$343,882
Net income per common share – basic	$0.93	$0.87	$2.61	$2.44
Net income per common share – diluted	$0.91	$0.85	$2.55	$2.38
Weighted-average common shares outstanding – basic	143,252	140,270	142,303	139,747
Weighted-average common and common equivalent shares outstanding – diluted	146,493	143,985	145,870	143,312
Net income attributable to Raymond James Financial, Inc.	$133,195	$122,689	$372,954	$343,882
Other comprehensive income (loss), net of tax:[1]				
Change in unrealized losses on available for sale securities and non-credit portion of other-than-temporary impairment losses	(5,381)	2,246	(3,068)	6,822

Change in currency translations and net investment hedges	1,295	5,906	(20,424)	(10,630)
Change in cash flow hedges	3,589	—	2,088	—
Total comprehensive income	$132,698	$130,841	$351,550	$340,074
Other-than-temporary impairment:				
Total other-than-temporary impairment, net	$1,228	$839	$2,352	$4,812
Portion of pre-tax recoveries recognized in other comprehensive income	(1,228)	(839)	(2,352)	(4,839)
Net impairment losses recognized in other revenue	$—	$—	$—	$(27)

(1) All components of other comprehensive income, net of tax, are attributable to Raymond James Financial, Inc.

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

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RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

	Nine months ended June 30,	
	2015	2014
	(in thousands, except per share amounts)	
Common stock, par value $.01 per share:		
Balance, beginning of year	$1,444	$1,429
Share issuances	45	13
Balance, end of period	1,489	1,442
Additional paid-in capital:		
Balance, beginning of year	1,239,046	1,136,298
Employee stock purchases	16,810	15,983
Exercise of stock options and vesting of restricted stock units, net of forfeitures	23,958	14,269
Restricted stock, stock option and restricted stock unit expense	54,366	48,593
Excess tax benefits (reduction of prior tax benefits) from share-based payments	(6,948)	8,147
Other	335	822
Balance, end of period	1,327,567	1,224,112
Retained earnings:		
Balance, beginning of year	3,023,845	2,635,026
Net income attributable to Raymond James Financial, Inc.	372,954	343,882
Cash dividends declared	(80,404)	(68,447)
Other	5	(296)
Balance, end of period	3,316,400	2,910,165
Treasury stock:		
Balance, beginning of year	(121,211)	(120,555)
Purchases/surrenders	(7,818)	(2,223)
Exercise of stock options and vesting of restricted stock units, net of forfeitures	(20,470)	(4,683)
Balance, end of period	(149,499)	(127,461)
Accumulated other comprehensive income:[1]		
Balance, beginning of year	$(1,888)	$10,726
Net change in unrealized losses on available for sale securities and non-credit portion of other-than-temporary impairment losses, net of tax	(3,068)	6,822
Net change in currency translations and net investment hedges, net of tax	(20,424)	(10,630)
Cash flow hedges, net of tax	2,088	—
Balance, end of period	(23,292)	6,918
Total equity attributable to Raymond James Financial, Inc.	$4,472,665	$4,015,176
Noncontrolling interests:		
Balance, beginning of year	$292,020	$335,413
Net loss attributable to noncontrolling interests	(15,781)	(24,887)
Capital contributions	19,531	22,565
Distributions	(20,085)	(24,576)

Other	(2,061)	(10,513)
Balance, end of period	273,624	298,002
Total equity	$4,746,289	$4,313,178

(1) All components of other comprehensive income, net of tax, are attributable to Raymond James Financial, Inc.

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

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RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine months ended June 30, 2015	2014
	(in thousands)	
Cash flows from operating activities:		
Net income attributable to Raymond James Financial, Inc.	$372,954	$343,882
Net loss attributable to noncontrolling interests	(15,781)	(24,887)
Net income including noncontrolling interests	357,173	318,995
Adjustments to reconcile net income including noncontrolling interests to net cash provided by operating activities:		
Depreciation and amortization	51,051	48,158
Deferred income taxes	(24,027)	(26,154)
Premium and discount amortization on available for sale securities and unrealized/realized gain on other investments	(42,644)	(21,733)
Provisions for loan losses, legal proceedings, bad debts and other accruals	14,921	15,224
Share-based compensation expense	57,352	51,962
Other	21,913	14,111
Net change in:		
Assets segregated pursuant to regulations and other segregated assets	(23,822)	1,766,309
Securities purchased under agreements to resell and other collateralized financings, net of securities sold under agreements to repurchase	36,774	187,106
Stock loaned, net of stock borrowed	13,910	74,593
Loans provided to financial advisors, net of repayments	(69,227)	(35,160)
Brokerage client receivables and other accounts receivable, net	(3,090)	(9,915)
Trading instruments, net	46,111	55,837
Prepaid expenses and other assets	(341)	114
Brokerage client payables and other accounts payable	131,702	(1,984,873)
Accrued compensation, commissions and benefits	(67,994)	(44,927)
Purchases and originations of loans held for sale, net of proceeds from sales of securitizations and loans held for sale	(41,924)	49,420
(Excess tax benefits) reduction of prior tax benefits from share-based payment arrangements	6,948	(8,147)
Net cash provided by operating activities	464,786	450,920
Cash flows from investing activities:		
Additions to property and equipment	(51,665)	(44,104)
Increase in bank loans, net	(1,096,051)	(1,808,852)
Purchases of Federal Home Loan Bank/Federal Reserve Bank stock, net of redemptions	(4,446)	(21,861)
Proceeds from sales of loans held for investment	64,173	150,776
Proceeds from sales of, or distributions received from, private equity, and other investments, net of purchases, business acquisitions or contributions to private equity or other investments	17,526	44,730
Purchases of available for sale securities	(4,201)	(1,305)
Available for sale securities maturations, repayments and redemptions	51,909	86,012

Proceeds from sales of available for sale securities	84,784	27,463
Investments in real estate partnerships held by consolidated variable interest entities, net of other investing activity	3,566	(287)
Net cash used in investing activities	$(934,405)	$(1,567,428)

(continued on next page)

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

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RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(continued from previous page)

	Nine months ended June 30,	
	2015	2014
	(in thousands)	
Cash flows from financing activities:		
Proceeds from borrowed funds, net	$367,565	$500,367
Repayments of borrowed funds, net	(346,309)	(28,152)
Repayments of borrowings by consolidated variable interest entities which are real estate partnerships	(19,703)	(21,839)
Proceeds from capital contributed to and borrowings of consolidated variable interest entities which are real estate partnerships	110	726
Exercise of stock options and employee stock purchases	40,893	28,757
Increase in bank deposits	981,692	972,467
Purchases of treasury stock	(30,890)	(7,794)
Dividends on common stock	(77,115)	(65,442)
Excess tax benefits (reduction of prior tax benefits) from share-based payments	(6,948)	8,147
Net cash provided by financing activities	909,295	1,387,237
Currency adjustment:		
Effect of exchange rate changes on cash	(56,658)	(21,588)
Net increase in cash and cash equivalents	383,018	249,141
Cash and cash equivalents at beginning of year	2,199,063	2,596,616
Cash and cash equivalents at end of period	$2,582,081	$2,845,757
Supplemental disclosures of cash flow information:		
Cash paid for interest	$80,387	$75,974
Cash paid for income taxes	$311,931	$258,211
Non-cash transfers of loans to other real estate owned	$4,546	$3,631

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

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RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
June 30, 2015

NOTE 1 – INTRODUCTION AND BASIS OF PRESENTATION

Description of business

Raymond James Financial, Inc. ("RJF" or the "Company") is a financial holding company headquartered in Florida whose broker-dealer subsidiaries are engaged in various financial service businesses, including the underwriting, distribution, trading and brokerage of equity and debt securities and the sale of mutual funds and other investment products. In addition, other subsidiaries of RJF provide investment management services for retail and institutional clients, corporate and retail banking, and trust services. As used herein, the terms "we," "our" or "us" refer to RJF and/or one or more of its subsidiaries.

Basis of presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of RJF and its consolidated subsidiaries that are generally controlled through a majority voting interest. We consolidate all of our 100% owned subsidiaries. In addition we consolidate any variable interest entity ("VIE") in which we are the primary beneficiary. Additional information on these VIEs is provided in Note 2 on pages 115 - 118 in the section titled, "Evaluation of VIEs to determine whether consolidation is required" as presented in our Annual Report on Form 10-K for the year ended September 30, 2014, as filed with the United States ("U.S.") Securities and Exchange Commission (the "2014 Form 10-K") and in Note 9 herein. When we do not have a controlling interest in an entity, but we exert significant influence over the entity, we apply the equity method of accounting. All material intercompany balances and transactions have been eliminated in consolidation.

Accounting estimates and assumptions

Certain financial information that is normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") but not required for interim reporting purposes has been condensed or omitted. These unaudited condensed consolidated financial statements reflect, in the opinion of management, all adjustments necessary for a fair presentation of the consolidated financial position and results of operations for the interim periods presented.

The nature of our business is such that the results of any interim period are not necessarily indicative of results for a full year. These unaudited condensed consolidated financial statements should be read in conjunction with Management's Discussion and Analysis and the consolidated financial statements and notes thereto included in our 2014 Form 10-K. To prepare condensed consolidated financial statements in conformity with GAAP, we must make certain estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and could have a material impact on the condensed consolidated financial statements.

Significant subsidiaries

As of June 30, 2015, our significant subsidiaries, all wholly owned, include: Raymond James & Associates, Inc. ("RJ&A") a domestic broker-dealer carrying client accounts, Raymond James Financial Services, Inc. ("RJFS") an introducing domestic broker-dealer, Raymond James Financial Services Advisors, Inc. (“RJFSA”) a registered investment advisor, Raymond James Ltd. (“RJ Ltd.”) a broker-dealer headquartered in Canada, Eagle Asset Management, Inc. (“Eagle”) a registered investment advisor, and Raymond James Bank, N.A. (“RJ Bank”) a national bank.

Reclassifications

Certain prior period amounts, none of which are material, have been reclassified to conform to the current period’s presentation.

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NOTE 2 – UPDATE OF SIGNIFICANT ACCOUNTING POLICIES

A summary of our significant accounting policies is included in Note 2 on pages 100 - 118 of our 2014 Form 10-K. There have been no significant changes in our significant accounting policies since September 30, 2014.

Brokerage client receivables, loans to financial advisors and allowance for doubtful accounts

As more fully described in Note 2 on page 107 - 108 of our 2014 Form 10-K, we have certain financing receivables that arise from businesses other than our banking business. Specifically, we offer loans to financial advisors and certain key revenue producers, primarily for recruiting and retention purposes. We present the outstanding balance of loans to financial advisors on our Condensed Consolidated Statements of Financial Condition, net of their applicable allowances for doubtful accounts. The allowance for doubtful accounts balance associated with all of our loans to financial advisors is $3.6 million and $2.5 million at June 30, 2015 and September 30, 2014, respectively. Of the June 30, 2015 loans to financial advisors, the portion of the balance associated with financial advisors who are no longer affiliated with us, after consideration of the allowance for doubtful accounts, is approximately $5.7 million.

NOTE 3 – ACQUISITIONS

Cougar Global Investments Limited

On April 30, 2015, we completed our acquisition of Cougar Global Investments Limited (“Cougar”), an asset management firm based in Toronto, Canada. Cougar markets its investment services to high net worth individuals, families, foundations, trusts and institutions in Canada and the United States. Eagle now offers Cougar’s global asset allocation strategies to its clients worldwide. As of June 30, 2015, Cougar had more than $1 billion in assets under advisement. Cougar’s activities are reported in our asset management segment. For purposes of certain acquisition related financial reporting requirements, the Cougar acquisition is not considered a material acquisition. We accounted for this acquisition under the acquisition method of accounting with the assets and liabilities of Cougar recorded as of the acquisition date at their respective fair value and consolidated in our financial statements. Cougar’s results of operations have been included in our results prospectively from April 30, 2015.

See Note 10 for information regarding the identifiable intangible assets which resulted from the Cougar acquisition.

The Producers Choice LLC

On May 29, 2015, RJF entered into a definitive agreement to acquire The Producers Choice LLC (“Producers Choice”), a Troy, Michigan based private insurance and annuity marketing organization. Producers Choice will bring more life insurance and annuity specialists to our existing insurance product offerings. As of the closing date of this acquisition, Producers Choice will be included in our private client group segment. For purposes of certain acquisition related financial reporting requirements, the Producers Choice acquisition will not be considered a material acquisition. This acquisition was completed on July 31, 2015.

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NOTE 4 – CASH AND CASH EQUIVALENTS, ASSETS SEGREGATED PURSUANT TO REGULATIONS, AND DEPOSITS WITH CLEARING ORGANIZATIONS

Our cash equivalents include money market funds or highly liquid investments with original maturities of 90 days or less, other than those used for trading purposes. For discussion of our accounting policies regarding assets segregated pursuant to regulations and other segregated assets, see Note 2 on page 102 of our 2014 Form 10-K.

Our cash and cash equivalents, assets segregated pursuant to regulations or other segregated assets, and deposits with clearing organization balances are as follows:

	June 30, 2015	September 30, 2014
	(in thousands)	
Cash and cash equivalents:		
Cash in banks	$2,578,881	$2,195,683
Money market fund investments	3,200	3,380
Total cash and cash equivalents (1)	2,582,081	2,199,063
Cash segregated pursuant to federal regulations and other segregated assets (2)	2,513,086	2,489,264
Deposits with clearing organizations (3)	200,372	150,457
	$5,295,539	$4,838,784

(1) The total amounts presented include cash and cash equivalents of $1.24 billion and $1.21 billion as of June 30, 2015 and September 30, 2014, respectively, which are either held directly by RJF in depository accounts at third party financial institutions, held in a depository account at RJ Bank, or are otherwise invested by one of our subsidiaries on behalf of RJF, all of which are available without restrictions.

(2) Consists of cash maintained in accordance with Rule 15c3-3 under the Securities Exchange Act of 1934. RJ&A as a broker-dealer carrying client accounts, is subject to requirements related to maintaining cash or qualified securities in segregated reserve accounts for the exclusive benefit of its clients. Additionally, RJ Ltd. is required to hold client Registered Retirement Savings Plan funds in trust.

(3) Consists of deposits of cash and cash equivalents or other short-term securities held by other clearing organizations or exchanges.

NOTE 5 – FAIR VALUE

For a discussion of our valuation methodologies for assets, liabilities measured at fair value, and the fair value hierarchy, see Note 2 on pages 102 - 107 of our 2014 Form 10-K. There have been no material changes to our valuation methodologies since our year ended September 30, 2014.

Assets and liabilities measured at fair value on a recurring and nonrecurring basis are presented below:

June 30, 2015	Quoted prices in active markets for identical assets (Level 1) [1] (in thousands)	Significant other observable inputs (Level 2) [1]	Significant unobservable inputs (Level 3)	Netting adjustments [2]	Balance as of June 30, 2015
Assets at fair value on a recurring basis:					
Trading instruments:					
Municipal and provincial obligations	$14,194	$207,179	$—	$—	$221,373
Corporate obligations	934	53,943	209	—	55,086
Government and agency obligations	11,806	83,804	—	—	95,610
Agency mortgage-backed securities (“MBS”) and collateralized mortgage obligations (“CMOs”)	4,073	147,802	—	—	151,875
Non-agency CMOs and asset-backed securities (“ABS”)	—	53,564	10	—	53,574
Total debt securities	31,007	546,292	219	—	577,518
Derivative contracts	—	107,926	—	(74,154)	33,772
Equity securities	28,823	3,097	14	—	31,934
Corporate loans	—	2,491	—	—	2,491
Other	627	26,067	1,634	—	28,328
Total trading instruments	60,457	685,873	1,867	(74,154)	674,043
Available for sale securities:					
Agency MBS and CMOs	—	228,347	—	—	228,347
Non-agency CMOs	—	73,790	—	—	73,790
Other securities	1,687	—	—	—	1,687
Auction rate securities (“ARS”):					
Municipals	—	—	28,037	—	28,037
Preferred securities	—	—	112,114	—	112,114
Total available for sale securities	1,687	302,137	140,151	—	443,975
Private equity investments	—	—	209,542 [3]	—	209,542
Other investments [4]	189,201	1,192	737	—	191,130
Derivative instruments associated with offsetting matched book positions	—	327,826	—	—	327,826
Deposits with clearing organizations[5]	23,714	—	—	—	23,714
Other assets:					

Derivatives - forward foreign exchange contracts	—	6,019	—	—	6,019
Derivative contracts(6)	—	3,318	—	—	3,318
Total other assets	—	9,337	—	—	9,337
Total assets at fair value on a recurring basis	$275,059	$1,326,365	$352,297	$(74,154)	$1,879,567
Assets at fair value on a nonrecurring basis:					
Bank loans, net:					
Impaired loans	$—	$29,261	$45,098	$—	$74,359
Loans held for sale(7)	—	11,861	—	—	11,861
Total bank loans, net	—	41,122	45,098	—	86,220
Other real estate owned ("OREO")(8)	—	1,286	—	—	1,286
Total assets at fair value on a nonrecurring basis	$—	$42,408	$45,098	$—	$87,506

(continued on next page)

June 30, 2015	Quoted prices in active markets for identical assets (Level 1) (1)	Significant other observable inputs (Level 2) (1)	Significant unobservable inputs (Level 3)	Netting adjustments (2)	Balance as of June 30, 2015
	(in thousands)				
	(continued from previous page)				
Liabilities at fair value on a recurring basis:					
Trading instruments sold but not yet purchased:					
Municipal and provincial obligations	$14,359	$49	$—	$—	$14,408
Corporate obligations	20	12,152	—	—	12,172
Government obligations	192,217	—	—	—	192,217
Agency MBS and CMOs	115	20	—	—	135
Total debt securities	206,711	12,221	—	—	218,932
Derivative contracts	—	92,113	—	(65,539)	26,574
Equity securities	19,954	91	—	—	20,045
Other securities	—	600	—	—	600
Total trading instruments sold but not yet purchased	226,665	105,025	—	(65,539)	266,151
Derivative instruments associated with offsetting matched book positions	—	327,826	—	—	327,826
Other liabilities	—	—	1,745 (9)	—	1,745
Total liabilities at fair value on a recurring basis	$226,665	$432,851	$1,745	$(65,539)	$595,722

(1) We had $1.1 million in transfers of financial instruments from Level 1 to Level 2 during the nine months ended June 30, 2015. These transfers were a result of a decrease in availability and reliability of the observable inputs utilized in the respective instruments' fair value measurement. We had $1.1 million in transfers of financial instruments from Level 2 to Level 1 during the nine months ended June 30, 2015. These transfers were a result of an increase in availability and reliability of the observable inputs utilized in the respective instruments' fair value measurement. Our policy is that the end of each respective quarterly reporting period determines when transfers of financial instruments between levels are recognized.

(2) For derivative transactions not cleared through an exchange, and where permitted, we have elected to net derivative receivables and derivative payables and the related cash collateral received and paid when a legally enforceable master netting agreement exists (see Note 14 for additional information regarding offsetting financial instruments). Deposits associated with derivative transactions cleared through an exchange are included in deposits with clearing organizations on our Condensed Consolidated Statements of Financial Condition.

(3) The portion of these investments we do not own is approximately $54 million as of June 30, 2015 and are included as a component of noncontrolling interest in our Condensed Consolidated Statements of Financial Condition. The weighted average portion we own is approximately $156 million or 74% of the total private equity investments of $210 million included in our Condensed Consolidated Statements of Financial Condition.

(4)

Other investments include $112 million of financial instruments that are related to obligations to perform under certain deferred compensation plans (see Note 2 on page 114, and Note 24 on page 173, of our 2014 Form 10-K for further information regarding these plans).

(5) Consists of deposits we provide to clearing organizations or exchanges that are in the form of marketable securities.

(6) Consists of RJ Bank Interest Hedges (as hereinafter defined), see Note 13 for additional information.

(7) Includes individual loans classified as held for sale, which were recorded at a fair value lower than cost.

(8) Represents the fair value of foreclosed properties which were measured at a fair value subsequent to their initial classification as OREO. The recorded value in the Condensed Consolidated Statements of Financial Condition is net of the estimated selling costs.

(9) Includes forward commitments to purchase GNMA or FNMA (as hereinafter defined) MBS arising from our fixed income public finance operations, and to a much lesser extent, other certain commitments. See Note 2 on page 104, and Note 21 on page 167 of our 2014 Form 10-K, as well as Note 16 in this report, for additional information regarding the GNMA or FNMA MBS commitments.

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September 30, 2014	Quoted prices in active markets for identical assets (Level 1) (1) (in thousands)	Significant other observable inputs (Level 2) (1)	Significant unobservable inputs (Level 3)	Netting adjustments (2)	Balance as of September 30, 2014
Assets at fair value on a recurring basis:					
Trading instruments:					
Municipal and provincial obligations	$11,407	$192,482	$—	$—	$203,889
Corporate obligations	1,989	109,939	—	—	111,928
Government and agency obligations	7,376	93,986	—	—	101,362
Agency MBS and CMOs	247	127,172	—	—	127,419
Non-agency CMOs and ABS	—	58,364	11	—	58,375
Total debt securities	21,019	581,943	11	—	602,973
Derivative contracts	—	89,923	—	(61,718)	28,205
Equity securities	28,834	5,264	44	—	34,142
Corporate loans	—	990	—	—	990
Other	566	10,208	2,309	—	13,083
Total trading instruments	50,419	688,328	2,364	(61,718)	679,393
Available for sale securities:					
Agency MBS and CMOs	—	267,720	—	—	267,720
Non-agency CMOs	—	91,918	—	—	91,918
Other securities	1,916	—	—	—	1,916
ARS:					
Municipals	—	—	86,696 (3)	—	86,696
Preferred securities	—	—	114,039	—	114,039
Total available for sale securities	1,916	359,638	200,735	—	562,289
Private equity investments	—	—	211,666 (4)	—	211,666
Other investments (5)	212,753	1,267	1,731	—	215,751
Derivative instruments associated with offsetting matched book positions	—	323,337	—	—	323,337
Other assets:					
Derivative contracts	—	2,462	—	—	2,462
Other assets	—	—	787 (6)	—	787
Total other assets	—	2,462	787	—	3,249
Total assets at fair value on a recurring basis	$265,088	$1,375,032	$417,283	$(61,718)	$1,995,685
Assets at fair value on a nonrecurring basis:					
Bank loans, net:					
Impaired loans	$—	$34,799	$55,528	$—	$90,327
Loans held for sale(7)	—	22,611	—	—	22,611
Total bank loans, net	—	57,410	55,528	—	112,938

OREO[8]	—	768	—	—	768
Total assets at fair value on a nonrecurring basis	$—	$58,178	$55,528	$—	$113,706

(continued on next page)

September 30, 2014	Quoted prices in active markets for identical assets (Level 1) (1)	Significant other observable inputs (Level 2) (1)	Significant unobservable inputs (Level 3)	Netting adjustments (2)	Balance as of September 30, 2014
	(in thousands)				
	(continued from previous page)				
Liabilities at fair value on a recurring basis:					
Trading instruments sold but not yet purchased:					
Municipal and provincial obligations	$11,093	$554	$—	$—	$11,647
Corporate obligations	29	15,304	—	—	15,333
Government obligations	187,424	—	—	—	187,424
Agency MBS and CMOs	738	—	—	—	738
Total debt securities	199,284	15,858	—	—	215,142
Derivative contracts	—	75,668	—	(63,296)	12,372
Equity securities	10,884	2	—	—	10,886
Total trading instruments sold but not yet purchased	210,168	91,528	—	(63,296)	238,400
Derivative instruments associated with offsetting matched book positions	—	323,337	—	—	323,337
Other liabilities	—	—	58	—	58
Total liabilities at fair value on a recurring basis	$210,168	$414,865	$58	$(63,296)	$561,795

(1) We had $800 thousand in transfers of financial instruments from Level 1 to Level 2 during the year ended September 30, 2014. These transfers were a result of a decrease in availability and reliability of the observable inputs utilized in the respective instruments' fair value measurement. We had $1.3 million in transfers of financial instruments from Level 2 to Level 1 during the year ended September 30, 2014. These transfers were a result of an increase in availability and reliability of the observable inputs utilized in the respective instruments' fair value measurement. Our policy is that the end of each respective quarterly reporting period determines when transfers of financial instruments between levels are recognized.

(2) For derivative transactions not cleared through an exchange, and where permitted, we have elected to net derivative receivables and derivative payables and the related cash collateral received and paid when a legally enforceable master netting agreement exists (see Note 14 for additional information regarding offsetting financial instruments). Deposits associated with derivative transactions cleared through an exchange are included in deposits with clearing organizations on our Condensed Consolidated Statements of Financial Condition.

(3) Includes $58 million of Jefferson County, Alabama Limited Obligation School Warrants ARS.

(4) The portion of these investments we do not own is approximately $55 million as of September 30, 2014 and are included as a component of noncontrolling interest in our Condensed Consolidated Statements of Financial Condition. The weighted average portion we own is approximately $157 million or 74% of the total private equity investments of $212 million included in our Condensed Consolidated Statements of Financial Condition.

(5)

Other investments include $144 million of financial instruments that are related to obligations to perform under certain deferred compensation plans (see Note 2 on page 114, and Note 24 on page 173, of our 2014 Form 10-K for further information regarding these plans).

(6) Primarily comprised of forward commitments to purchase GNMA or FNMA (as hereinafter defined) MBS arising from our fixed income public finance operations (see Note 2 on page 104, and Note 21 on page 167 of our 2014 Form 10-K for additional information).

(7) Includes individual loans classified as held for sale, which were recorded at a fair value lower than cost.

(8) Represents the fair value of foreclosed properties which were measured at a fair value subsequent to their initial classification as OREO. The recorded value in the Condensed Consolidated Statements of Financial Condition is net of the estimated selling costs.

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The adjustment to fair value of the nonrecurring fair value measures for the nine months ended June 30, 2015 resulted in a $400 thousand additional provision for loan losses relating to impaired loans and $100 thousand in other losses relating to loans held for sale and OREO. The adjustment to fair value of the nonrecurring fair value measures for the nine months ended June 30, 2014 resulted in a $200 thousand additional provision for loan losses relating to impaired loans and $300 thousand in other losses relating to loans held for sale and OREO.

Changes in Level 3 recurring fair value measurements

The realized and unrealized gains and losses for assets and liabilities within the Level 3 category presented in the tables below may include changes in fair value that were attributable to both observable and unobservable inputs.

Additional information about Level 3 assets and liabilities measured at fair value on a recurring basis is presented below:

Three months ended June 30, 2015 Level 3 assets at fair value
(in thousands)

	Financial assets									Financial liabilities
	Trading instruments				Available for sale securities		Private equity, other investments and other assets			Payables-trade and other
	Corporate obligations	Non-agency CMOs & ABS	Equity securities	Other	ARS – municipals	ARS - preferred securities	Private equity investments	Other investments	Other assets	Other liabilities
Fair value March 31, 2015	$—	$ 10	$ 14	$780	$89,614	$112,448	$220,944	$916	$2,196	$(58)
Total gains (losses) for the period:										
Included in earnings	—	—	—	(26)	11,040	—	12,700 [1]	16	(2,196)	(1,687)
Included in other comprehensive income	—	—	—	—	(9,051)	(334)	—	—	—	—
Purchases and contributions	—	—	—	1,458	—	—	1,022	—	—	—
Sales	—	—	—	(578)	(63,566)	—	(1,696)	—	—	—
Redemptions by issuer	—	—	—	—	—	—	—	(8)	—	—
Distributions	—	—	—	—	—	—	(23,428)	(187)	—	—
Transfers: [2]										
Into Level 3	209	—	—	—	—	—	—	—	—	—
Out of Level 3	—	—	—	—	—	—	—	—	—	—
Fair value June 30, 2015	$209	$ 10	$ 14	$1,634	$28,037	$112,114	$209,542	$737	$—	$(1,745)
Change in unrealized gains (losses) for the period included in	$—	$—	$—	$—	$(77)	$(334)	$12,954	$16	$—	$(3,868)

earnings (or changes in net assets) for assets held at the end of the reporting period

(1) Primarily results from valuation adjustments of certain private equity investments. Since we only own a portion of these investments, our share of the net valuation adjustments resulted in a gain of $9 million which is included in net income attributable to RJF (after noncontrolling interests). The noncontrolling interests' share of the net valuation adjustments was a gain of approximately $3.7 million.

(2) Our policy is that the end of each respective quarterly reporting period determines when transfers of financial instruments between levels are recognized.

Nine months ended June 30, 2015 Level 3 assets at fair value
(in thousands)

	Financial assets									Financial liabilities
	Trading instruments				Available for sale securities		Private equity, other investments and other assets			Payables-trade and other
	Corporate obligations	Non-agency CMOs & ABS	Equity securities	Other	ARS – municipals	ARS - preferred securities	Private equity investments	Other investments	Other assets	Other liabilities
Fair value September 30, 2014	$—	$11	$44	$2,309	$86,696	$114,039	$211,666	$1,731	$787	$(58)
Total gains (losses) for the period:										
Included in earnings	—	—	5	(66)	11,042	25	29,760 (1)	97	(787)	(1,687)
Included in other comprehensive income	—	—	—	—	(6,090)	(1,700)	—	—	—	—
Purchases and contributions	—	—	20	24,791	—	—	7,365	—	—	—
Sales	—	—	—	(25,400)	(63,611)	—	(1,696)	—	—	—
Redemptions by issuer	—	—	—	—	—	(250)	—	(681)	—	—
Distributions	—	(1)	—	—	—	—	(37,553)	(410)	—	—
Transfers: (2)										
Into Level 3	209	—	—	—	—	—	—	—	—	—
Out of Level 3	—	—	(55)	—	—	—	—	—	—	—
Fair value June 30, 2015	$209	$10	$14	$1,634	$28,037	$112,114	$209,542	$737	$—	$(1,745)
Change in unrealized gains (losses) for the period included in earnings (or changes in net assets) for assets held at the end of the reporting period	$—	$—	$5	$—	$(888)	$(1,700)	$30,015	$97	$—	$(2,459)

(1) Primarily results from valuation adjustments of certain private equity investments. Since we only own a portion of these investments, our share of the net valuation adjustments resulted in a gain of $21.2 million which is included in net income attributable to RJF (after noncontrolling interests). The noncontrolling interests' share of the net valuation adjustments was a gain of approximately $8.6 million.

(2) Our policy is that the end of each respective quarterly reporting period determines when transfers of financial instruments between levels are recognized.

Three months ended June 30, 2014 Level 3 assets at fair value
(in thousands)

	Financial assets									Financial liabilities
	Trading instruments			Available for sale securities			Private equity, other investments and other assets			Payables-trade and other
	Non-agency CMOs & ABS	Equity securities	Other	Non-agency CMOs	ARS – municipals	ARS - preferred securities	Private equity investments	Other investments	Other assets	Other liabilities
Fair value March 31, 2014	$13	$37	$2,703	$38	$109,960	$112,215	$191,401	$1,788	$15	$(82)
Total gains (losses) for the period:										
Included in earnings	(1)	2	(162)	—	542	—	3,831 (1)	89	2,837	2
Included in other comprehensive income	—	—	—	1	1,060	1,234	—	—	—	—
Purchases and contributions	—	78	5,917	—	—	—	3,982	—	—	—
Sales	—	(65)	(7,505)	(38)	(511)	—	—	—	—	—
Redemptions by issuer	—	—	—	—	(350)	—	—	(12)	—	—
Distributions	—	—	—	(1)	—	—	(18,244)	(29)	—	—
Transfers: (2)										
Into Level 3	—	—	—	—	—	—	27,906 (3)	—	—	—
Out of Level 3	—	—	—	—	—	—	—	—	—	22
Fair value June 30, 2014	$12	$52	$953	$—	$110,701	$113,449	$208,876	$1,836	$2,852	$(58)
Change in unrealized gains (losses) for the period included in earnings (or changes in net assets) for assets held at the end of the reporting period	$(1)	$2	$(42)	$—	$1,060	$1,234	$3,831	$89	$2,837	$—

(1) Primarily results from valuation adjustments of certain private equity investments. Since we only own a portion of these investments, our share of the net valuation adjustments resulted in a gain of $4.7 million which is included in net income attributable to RJF (after noncontrolling interests). The noncontrolling interests' share of the net valuation adjustments was a loss of approximately $900 thousand.

(2)

Our policy is that the end of each respective quarterly reporting period determines when transfers of financial instruments between levels are recognized.

(3) The transfers into Level 3 were comprised of transfers of balances previously included in other receivables on our Condensed Consolidated Statements of Financial Condition, and whose carrying values approximate fair value.

Nine months ended June 30, 2014 Level 3 assets at fair value
(in thousands)

	Financial assets										Financial liabilities
	Trading instruments			Available for sale securities			Private equity, other investments and other assets				Payables-trade and other
	Non-agency CMOs & ABS	Equity securities	Other	Non-agency CMOs	ARS – municipals	ARS - preferred securities	Private equity investments	Other investments	Other receivables	Other assets	Other liabilities
Fair value September 30, 2013	$14	$35	$3,956	$78	$130,934	$110,784	$216,391	$4,607	$2,778	$15	$(60)
Total gains (losses) for the period:											
Included in earnings	(1)	6	(363)	(27)	6,126	44	8,612 [1]	162	(2,778)	2,837	2
Included in other comprehensive income	—	—	—	22	1,998	2,946	—	—	—	—	—
Purchases and contributions	—	102	16,365	—	—	—	13,314	63	—	—	—
Sales	—	(91)	(19,005)	(38)	(881)	—	(7,076)	(2,698)	—	—	—
Redemptions by issuer	—	—	—	—	(27,476)	(325)	—	(40)	—	—	—
Distributions	(1)	—	—	(35)	—	—	(31,694)	(258)	—	—	—
Transfers: [2]											
Into Level 3	—	—	—	—	—	—	11,924 [3]	—	—	—	—
Out of Level 3	—	—	—	—	—	—	(2,595) [4]	—	—	—	—
Fair value June 30, 2014	$12	$52	$953	$—	$110,701	$113,449	$208,876	$1,836	$—	$2,852	$(58)
Change in unrealized gains (losses) for the period included in earnings (or changes in net assets) for assets held at the end of the reporting period	$19	$6	$(42)	$—	$1,998	$2,946	$8,612	$252	$—	$2,837	$—

(1) Primarily results from valuation adjustments of certain private equity investments. Since we only own a portion of these investments, our share of the net valuation adjustments resulted in a gain of $9.1 million which is included in

net income attributable to RJF (after noncontrolling interests). The noncontrolling interests' share of the net valuation adjustments was a gain of approximately $500 thousand.

(2) Our policy is that the end of each respective quarterly reporting period determines when transfers of financial instruments between levels are recognized.

(3) The transfers into Level 3 were comprised of transfers of balances previously included in other receivables on our Condensed Consolidated Statements of Financial Condition, and whose carrying values approximate fair value.

(4) The transfers out of Level 3 were comprised of transfers of cash and cash equivalent balances previously included in private equity investments on our Condensed Consolidated Statements of Financial Condition.

As of June 30, 2015, 7.6% of our assets and 3% of our liabilities are instruments measured at fair value on a recurring basis. Instruments measured at fair value on a recurring basis categorized as Level 3 as of June 30, 2015 represent 19% of our assets measured at fair value. In comparison, as of June 30, 2014, 8.5% and 3% of our assets and liabilities, respectively, represented instruments measured at fair value on a recurring basis. Instruments measured at fair value on a recurring basis categorized as Level 3 as of June 30, 2014 represented 22% of our assets measured at fair value. Level 3 instruments as a percentage of total financial instruments decreased by 3% as compared to June 30, 2014. The balances of our level 3 assets have decreased compared to June 30, 2014 primarily as a result of the sale or redemption of a portion of our ARS portfolio since June 30, 2014.

Gains and losses included in earnings are presented in net trading profit and other revenues in our Condensed Consolidated Statements of Income and Comprehensive Income as follows:

	Net trading profit	Other revenues
	(in thousands)	
For the three months ended June 30, 2015		
Total (losses) gains included in revenues	$(26)	$19,873
Change in unrealized gains for assets held at the end of the reporting period	$—	$8,691
For the nine months ended June 30, 2015		
Total (losses) gains included in revenues	$(61)	$38,450
Change in unrealized gains for assets held at the end of the reporting period	$5	$25,065
For the three months ended June 30, 2014		
Total (losses) gains included in revenues	$(161)	$7,301
Change in unrealized (losses) gains for assets held at the end of the reporting period	$(41)	$9,051
For the nine months ended June 30, 2014		
Total (losses) gains included in revenues	$(358)	$14,978
Change in unrealized (losses) gains for assets held at the end of the reporting period	$(17)	$16,645

Quantitative information about level 3 fair value measurements

The significant assumptions used in the valuation of level 3 financial instruments are as follows (the table that follows includes the significant majority of the financial instruments we hold that are classified as level 3 measures):

Level 3 financial instrument	Fair value at June 30, 2015 (in thousands)	Valuation technique(s)	Unobservable input	Range (weighted-average)
Recurring measurements:				
Available for sale securities:				
ARS:				
Municipals	$10,482	Income or market approach:		
		Scenario 1 - recent trades	Observed trades (in inactive markets) of in-portfolio securities	70% of par - 70% of par (70% of par)
		Scenario 2 - discounted cash flow	Average discount rate[(a)]	5.69% - 7.56% (6.63%)
			Average interest rates applicable to future interest income on the securities[(b)]	1.64% - 3.87% (2.76%)
			Prepayment year[(c)]	2018 - 2025 (2022)
			Weighting assigned to outcome of scenario1/ scenario 2	20%/80%
Municipals	$17,555	Discounted cash flow	Average discount rate[(a)]	3.5% - 6.56% (4.13%)
			Average interest rates applicable to future interest income on the securities[(b)]	1.41% - 5.12% (1.63%)
			Prepayment year[(c)]	2018 - 2025 (2020)
Preferred securities	$112,114	Discounted cash flow	Average discount rate[(a)]	3.73% - 5.37% (4.49%)
			Average interest rates applicable to future interest income on the securities[(b)]	2.17% - 3.67% (2.28%)
			Prepayment year[(c)]	2015 - 2020 (2020)
Private equity investments:	$46,402	Income or market approach:		
		Scenario 1 - income approach - discounted cash flow	Discount rate[(a)]	13% - 17.5% (15.9%)
			Terminal growth rate of cash flows	3% - 3% (3%)
			Terminal year	2016 - 2018 (2017)
		Scenario 2 - market approach - market multiple method	EBITDA Multiple[(d)]	4.75 - 7.5 (6.3)
				72%/28%

			Weighting assigned to outcome of scenario 1/scenario 2	
	$163,140	Transaction price or other investment-specific events[e]	Not meaningful[e]	Not meaningful[e]
Nonrecurring measurements:				
Impaired loans: residential	$24,069	Discounted cash flow	Prepayment rate	7 yrs. - 12 yrs. (10.3 yrs.)
Impaired loans: corporate	$21,029	Appraisal or discounted cash flow value[f]	Not meaningful[f]	Not meaningful[f]

The text of the footnotes in the above table are on the following page.

The text of the footnotes to the table on the previous page are as follows:

(a) Represents discount rates used when we have determined that market participants would take these discounts into account when pricing the investments.

(b) Future interest rates are projected based upon a forward interest rate path, plus a spread over such projected base rate that is applicable to each future period for each security within this portfolio segment. The interest rates presented represent the average interest rate over all projected periods for securities within the portfolio segment.

(c) Assumed year of at least a partial redemption of the outstanding security by the issuer.

(d) Represents amounts used when we have determined that market participants would use such multiples when pricing the investments.

(e) Certain private equity investments are valued initially at the transaction price until either our annual review, significant transactions occur, new developments become known, or we receive information from the fund manager that allows us to update our proportionate share of net assets, when any of which indicate that a change in the carrying values of these investments is appropriate.

(f) The valuation techniques used for the impaired corporate loan portfolio as of June 30, 2015 were appraisals less selling costs for the collateral dependent loans and discounted cash flows for the remaining impaired loans that are not collateral dependent.

Qualitative disclosure about unobservable inputs

For our recurring fair value measurements categorized within Level 3 of the fair value hierarchy, the sensitivity of the fair value measurement to changes in significant unobservable inputs and interrelationships between those unobservable inputs are described below:

Auction rate securities:

One of the significant unobservable inputs used in the fair value measurement of auction rate securities presented within our available for sale securities portfolio relates to judgments regarding whether the level of observable trading activity is sufficient to conclude markets are active. Where insufficient levels of trading activity are determined to exist as of the reporting date, then management's assessment of how much weight to apply to trading prices in inactive markets versus management's own valuation models could significantly impact the valuation conclusion. The valuation of the securities impacted by changes in management's assessment of market activity levels could be either higher or lower, depending upon the relationship of the inactive trading prices compared to the outcome of management's internal valuation models.

The future interest rate and maturity assumptions impacting the valuation of the auction rate securities are directly related. As short-term interest rates rise, due to the variable nature of the penalty interest rate provisions embedded in most of these securities in the event auctions fail to set the security's interest rate, then a penalty rate that is specified in the security increases. These penalty rates are based upon a stated interest rate spread over what is typically a short-term base interest rate index. Management estimates that at some level of increase in short-term interest rates, issuers of the securities will have the economic incentive to refinance (and thus prepay) the securities. Therefore, the short-term interest rate assumption directly impacts the input related to the timing of any projected prepayment. The faster and steeper short-term interest rates rise, the earlier prepayments will likely occur and the higher the fair value of the security.

Private equity investments:

The significant unobservable inputs used in the fair value measurement of private equity investments relate to the financial performance of the investment entity and the market's required return on investments from entities in industries in which we hold investments. Significant increases (or decreases) in our investment entities' future economic performance will have a directly proportional impact on the valuation results. The value of our investment moves inversely with the market's expectation of returns from such investments. Should the market require higher returns from industries in which we are invested, all other factors held constant, our investments will decrease in value. Should the market accept lower returns from industries in which we are invested, all other factors held constant, our investments will increase in value.

Fair value option

The fair value option is an accounting election that allows the reporting entity to apply fair value accounting for certain financial assets and liabilities on an instrument by instrument basis. As of June 30, 2015, we have elected not to choose the fair value option for any of our financial assets or liabilities not already recorded at fair value.

Other fair value disclosures

Many, but not all, of the financial instruments we hold are recorded at fair value in the Condensed Consolidated Statements of Financial Condition. Refer to Note 5 on pages 131 - 132 of our 2014 Form 10-K for discussion of the methods and assumptions we apply to the determination of fair value of our financial instruments that are not otherwise recorded at fair value.

The estimated fair values by level within the fair value hierarchy and the carrying amounts of our financial instruments that are not carried at fair value are as follows:

	Quoted prices in active markets for identical assets (Level 1) (in thousands)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total estimated fair value	Carrying amount
June 30, 2015					
Financial assets:					
Bank loans, net[1]	$—	$83,162	$11,837,522	$11,920,684	$11,972,597
Financial liabilities:					
Bank deposits	$—	$10,663,758	$347,968	$11,011,726	$11,010,616
Corporate debt	$366,240	$933,620	$—	$1,299,860	$1,187,934
September 30, 2014					
Financial assets:					
Bank loans, net[1]	$—	$23,678	$10,738,136	$10,761,814	$10,857,662
Financial liabilities:					
Bank deposits	$—	$9,684,221	$344,234	$10,028,455	$10,028,924
Corporate debt	$366,100	$955,170	$—	$1,321,270	$1,190,836

(1) Excludes all impaired loans and loans held for sale which have been recorded at fair value in the Condensed Consolidated Statements of Financial Condition at June 30, 2015 and September 30, 2014, respectively.

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NOTE 6 – TRADING INSTRUMENTS AND TRADING INSTRUMENTS SOLD BUT NOT YET PURCHASED

	June 30, 2015		September 30, 2014	
	Trading instruments	Instruments sold but not yet purchased	Trading instruments	Instruments sold but not yet purchased
	(in thousands)			
Municipal and provincial obligations	$221,373	$14,408	$203,889	$11,647
Corporate obligations	55,086	12,172	111,928	15,333
Government and agency obligations	95,610	192,217	101,362	187,424
Agency MBS and CMOs	151,875	135	127,419	738
Non-agency CMOs and ABS	53,574	—	58,375	—
Total debt securities	577,518	218,932	602,973	215,142
Derivative contracts (1)	33,772	26,574	28,205	12,372
Equity securities	31,934	20,045	34,142	10,886
Corporate loans	2,491	—	990	—
Other	28,328	600	13,083	—
Total	$674,043	$266,151	$679,393	$238,400

(1) Represents the derivative contracts held for trading purposes. These balances do not include all derivative instruments. See Note 13 for further information regarding all of our derivative transactions, and see Note 14 for additional information regarding offsetting financial instruments.

See Note 5 for additional information regarding the fair value of trading instruments and trading instruments sold but not yet purchased.

NOTE 7 – AVAILABLE FOR SALE SECURITIES

Available for sale securities are comprised of MBS and CMOs owned by RJ Bank and ARS owned by one of our non-broker-dealer subsidiaries. Refer to the discussion of our available for sale securities accounting policies, including the fair value determination process, in Note 2 on pages 104 - 106 of our 2014 Form 10-K.

There were $12.2 million of proceeds, and a loss which is included in other revenues on our Condensed Consolidated Statements of Income and Comprehensive Income in the amount of $600 thousand, arising from the sale of available for sale securities held by RJ Bank in the three and nine months ended June 30, 2015. There were $26.6 million of proceeds, and a gain which is included in other revenues on our Condensed Consolidated Statements of Income and Comprehensive Income in the amount of $300 thousand, arising from the sale of available for sale securities held by RJ Bank in the three and nine months ended June 30, 2014.

Certain securities in the ARS portion of the available for sale securities portfolio have been redeemed by their issuer or sold in market transactions. Sale or redemption activities within the ARS portion of the portfolio during the three and nine months ended June 30, 2015 resulted in aggregate proceeds of $63.6 million and $63.9 million, respectively, and gains which are included in other revenues on our Condensed Consolidated Statements of Income and Comprehensive Income in the amount of $11 million and $11.1 million, respectively. Nearly all of the ARS proceeds as well as the gain arising during the three months ended June 30, 2015, resulted from the sale of Jefferson County, Alabama Limited Obligation School Warrants ARS. During the three and nine months ended June 30, 2014, sale or redemption activities within the ARS portion of the portfolio resulted in aggregate proceeds of $900 thousand and

$28.7 million, respectively, and gains which are included in other revenues on our Condensed Consolidated Statements of Income and Comprehensive Income of $500 thousand and $6.2 million, respectively. Nearly all of the ARS proceeds and gain in the prior year nine month period ended June 30, 2014 resulted from the redemption of the Jefferson County, Alabama Sewer Revenue Refunding Warrants ARS.

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The amortized cost and fair values of available for sale securities are as follows:

	Cost basis	Gross unrealized gains	Gross unrealized losses	Fair value
	(in thousands)			
June 30, 2015				
Available for sale securities:				
Agency MBS and CMOs	$227,932	$928	$(513)	$228,347
Non-agency CMOs [1]	78,434	17	(4,661)	73,790
Other securities	1,575	112	—	1,687
Total RJ Bank available for sale securities	307,941	1,057	(5,174)	303,824
Auction rate securities:				
Municipal obligations	28,966	661	(1,590)	28,037
Preferred securities	104,302	7,812	—	112,114
Total auction rate securities	133,268	8,473	(1,590)	140,151
Total available for sale securities	$441,209	$9,530	$(6,764)	$443,975
September 30, 2014				
Available for sale securities:				
Agency MBS and CMOs	$267,927	$822	$(1,029)	$267,720
Non-agency CMOs [2]	98,946	56	(7,084)	91,918
Other securities	1,575	341	—	1,916
Total RJ Bank available for sale securities	368,448	1,219	(8,113)	361,554
Auction rate securities:				
Municipal obligations	81,535	6,240	(1,079)	86,696
Preferred securities	104,526	9,513	—	114,039
Total auction rate securities	186,061	15,753	(1,079)	200,735
Total available for sale securities	$554,509	$16,972	$(9,192)	$562,289

(1) As of June 30, 2015, the non-credit portion of other-than-temporary impairment (“OTTI”) recorded in accumulated other comprehensive income (loss) (“AOCI”) was $3.7 million (before taxes). See Note 17 for additional information.

(2) As of September 30, 2014, the non-credit portion of OTTI recorded in AOCI was $6.1 million (before taxes).

See Note 5 for additional information regarding the fair value of available for sale securities.

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The contractual maturities, amortized cost, carrying values and current yields for our available for sale securities are as presented below. Since RJ Bank's available for sale securities (MBS & CMOs) are backed by mortgages, actual maturities will differ from contractual maturities because borrowers may have the right to prepay obligations without prepayment penalties. Expected maturities of ARS may differ significantly from contractual maturities, as issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	June 30, 2015				
	Within one year	After one but within five years	After five but within ten years	After ten years	Total
	($ in thousands)				
Agency MBS & CMOs:					
Amortized cost	$—	$6,696	$12,956	$208,280	$227,932
Carrying value	—	6,710	13,037	208,600	228,347
Weighted-average yield	—	0.49 %	1.30 %	1.01 %	1.01 %
Non-agency CMOs:					
Amortized cost	$—	$—	$—	$78,434	$78,434
Carrying value	—	—	—	73,790	73,790
Weighted-average yield	—	—	—	2.43 %	2.43 %
Other securities:					
Amortized cost	$—	$—	$—	$1,575	$1,575
Carrying value	—	—	—	1,687	1,687
Weighted-average yield	—	—	—	—	—
Sub-total agency MBS & CMOs, non-agency CMOs, and other securities:					
Amortized cost	$—	$6,696	$12,956	$288,289	$307,941
Carrying value	—	6,710	13,037	284,077	303,824
Weighted-average yield	—	0.49 %	1.30 %	1.38 %	1.36 %
Auction rate securities:					
Municipal obligations					
Amortized cost	$—	$—	$—	$28,966	$28,966
Carrying value	—	—	—	28,037	28,037
Weighted-average yield	—	—	—	0.17 %	0.17 %
Preferred securities:					
Amortized cost	$—	$—	$—	$104,302	$104,302
Carrying value	—	—	—	112,114	112,114
Weighted-average yield	—	—	—	0.27 %	0.27 %
Sub-total auction rate securities:					
Amortized cost	$—	$—	$—	$133,268	$133,268
Carrying value	—	—	—	140,151	140,151
Weighted-average yield	—	—	—	0.25 %	0.25 %

Total available for sale securities:									
Amortized cost	$—	$6,696		$12,956		$421,557		$441,209	
Carrying value	—	6,710		13,037		424,228		443,975	
Weighted-average yield	—	0.49	%	1.30	%	1.01	%	1.01	%

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The gross unrealized losses and fair value, aggregated by investment category and length of time the individual securities have been in a continuous unrealized loss position, are as follows:

	June 30, 2015					
	Less than 12 months		12 months or more		Total	
	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses
	(in thousands)					
Agency MBS and CMOs	$2,997	$(46)	$48,038	$(467)	$51,035	$(513)
Non-agency CMOs	9,727	(46)	63,338	(4,615)	73,065	(4,661)
ARS municipal obligations	226	(1)	11,563	(1,589)	11,789	(1,590)
Total	$12,950	$(93)	$122,939	$(6,671)	$135,889	$(6,764)

	September 30, 2014					
	Less than 12 months		12 months or more		Total	
	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses
	(in thousands)					
Agency MBS and CMOs	$18,062	$(53)	$71,688	$(976)	$89,750	$(1,029)
Non-agency CMOs	5,506	(357)	69,970	(6,727)	75,476	(7,084)
ARS municipal obligations	—	—	12,072	(1,079)	12,072	(1,079)
Total	$23,568	$(410)	$153,730	$(8,782)	$177,298	$(9,192)

The reference point for determining when securities are in a loss position is the reporting period end. As such, it is possible that a security had a fair value that exceeded its amortized cost on other days during the period.

Agency MBS and CMOs

The Federal National Mortgage Association ("FNMA"), the Federal Home Loan Mortgage Corporation ("FHLMC"), as well as the Government National Mortgage Association ("GNMA"), guarantee the contractual cash flows of the agency MBS and CMOs. At June 30, 2015, one of our U.S. government-sponsored enterprise MBS and CMOs was in a continuous unrealized loss position less than 12 months and six of our U.S. government-sponsored enterprise MBS and CMOs were in a continuous unrealized loss position for 12 months or more. We do not consider these securities other-than-temporarily impaired due to the guarantee provided by FNMA, FHLMC, and GNMA as to the full payment of principal and interest, and the fact that we have the ability and intent to hold these securities to maturity.

Non-agency CMOs

All individual non-agency securities are evaluated for OTTI on a quarterly basis. Only those non-agency CMOs whose amortized cost basis we do not expect to recover in full are considered to be other than temporarily impaired, as we have the ability and intent to hold these securities to maturity. To assess whether the amortized cost basis of non-agency CMOs will be recovered, RJ Bank performs a cash flow analysis for each security. This comprehensive process considers borrower characteristics and the particular attributes of the loans underlying each security. Loan level analysis includes a review of historical default rates, loss severities, liquidations, prepayment speeds and delinquency trends. In addition to historical details, home prices and the economic outlook are considered to derive the assumptions utilized in the discounted cash flow model to project security-specific cash flows, which factors in the amount of credit enhancement specific to the security. The difference between the present value of the cash flows expected and the amortized cost basis is the credit loss, and it is recorded as OTTI.

The significant assumptions used in the cash flow analysis of non-agency CMOs are as follows:

	June 30, 2015	
	Range	Weighted-average (1)
Default rate	0% - 7%	3.86%
Loss severity	0% - 73.8%	39.33%
Prepayment rate	5% - 15.3%	7.74%

(1) Represents the expected activity for the next twelve months.

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At June 30, 2015, 15 of the 16 non-agency CMOs were in a continuous unrealized loss position. Of these, 12 were in that position for 12 months or more and three were in a continuous unrealized loss position for less than 12 months. Based on the expected cash flows derived from the model utilized in our analysis, we expect to recover all unrealized losses not already recorded in earnings on our non-agency CMOs. However, it is possible that the underlying loan collateral of these securities will perform worse than current expectations, which may lead to adverse changes in the cash flows expected to be collected on these securities and potential future OTTI losses. As residential mortgage loans are the underlying collateral of these securities, the unrealized losses at June 30, 2015 reflect the uncertainty in the markets for these instruments.

ARS

Our cost basis in the ARS we hold is the fair value of the securities in the period in which we acquired them. The par value of the ARS we hold as of June 30, 2015 is $155.9 million. Only those ARS whose amortized cost basis we do not expect to recover in full are considered to be other-than-temporarily impaired, as we have the ability and intent to hold these securities to maturity. All of our ARS securities are evaluated for OTTI on a quarterly basis.

Within our ARS preferred securities, we analyze the credit ratings associated with each security as an indicator of potential credit impairment. As of June 30, 2015, and including subsequent ratings changes, all of the ARS preferred securities were rated investment grade by at least one rating agency and there is no potential impairment since the fair values of these securities exceed their cost basis.

Other-than-temporarily impaired securities

Although there is no intent to sell either our ARS or our non-agency CMOs, and it is not more likely than not that we will be required to sell these securities, as of June 30, 2015 we do not expect to recover the entire amortized cost basis of certain securities within these portfolios.

Changes in the amount of OTTI related to credit losses recognized in other revenues on available for sale securities are as follows:

	Three months ended June 30,		Nine months ended June 30,	
	2015	2014	2015	2014
	(in thousands)			
Amount related to credit losses on securities we held at the beginning of the period	$18,703	$28,244	$18,703	$28,217
Decreases to the amount related to credit loss for securities sold during the period	(6,856)	(9,541)	(6,856)	(9,541)
Additional increases to the amount related to credit loss for which an OTTI was previously recognized	—	—	—	27
Amount related to credit losses on securities we held at the end of the period	$11,847	$18,703	$11,847	$18,703

NOTE 8 – BANK LOANS, NET

Bank client receivables are comprised of loans originated or purchased by RJ Bank, and include commercial and industrial ("C&I") loans, tax-exempt loans, securities based loans ("SBL"), as well as commercial and residential real estate loans. These receivables are collateralized by first or second mortgages on residential or other real property, other assets of the borrower, a pledge of revenue, or are unsecured.

For a discussion of our accounting policies regarding bank loans and allowances for losses, including the policies regarding loans held for investment, loans held for sale, off-balance sheet loan commitments, nonperforming assets, troubled debt restructurings (“TDRs”), impaired loans, the allowance for loan losses and reserve for unfunded lending commitments, and loan charge-off policies, see Note 2 on pages 108 – 112 of our 2014 Form 10-K.

We segregate our loan portfolio into six loan portfolio segments: C&I, commercial real estate (“CRE”), CRE construction, tax-exempt, residential mortgage, and SBL. These portfolio segments also serve as the portfolio loan classes for purposes of credit analysis, except for residential mortgage loans which are further disaggregated into residential first mortgage and residential home equity classes.

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The following table presents the balances for both the held for sale and held for investment loan portfolios, as well as the associated percentage of each portfolio segment in RJ Bank's total loan portfolio:

	June 30, 2015		September 30, 2014	
	Balance	%	Balance	%
	($ in thousands)			
Loans held for sale, net[(1)]	$92,227	1 %	$45,988	—
Loans held for investment:				
Domestic:				
C&I loans	5,609,932	46 %	5,378,592	49 %
CRE construction loans	90,866	1 %	76,733	1 %
CRE loans	1,529,324	12 %	1,415,093	13 %
Tax-exempt loans	385,234	3 %	122,218	1 %
Residential mortgage loans	1,947,715	16 %	1,749,513	16 %
SBL	1,389,227	11 %	1,021,358	9 %
Foreign:				
C&I loans	929,710	8 %	1,043,755	9 %
CRE construction loans	29,401	—	17,462	—
CRE loans	239,456	2 %	274,070	2 %
Residential mortgage loans	2,846	—	2,234	—
SBL	1,901	—	2,390	—
Total loans held for investment	12,155,612		11,103,418	
Net unearned income and deferred expenses	(33,530)		(37,533)	
Total loans held for investment, net[(1)]	12,122,082		11,065,885	
Total loans held for sale and investment	12,214,309	100 %	11,111,873	100 %
Allowance for loan losses	(160,631)		(147,574)	
Bank loans, net	$12,053,678		$10,964,299	

(1) Net of unearned income and deferred expenses, which includes purchase premiums, purchase discounts, and net deferred origination fees and costs.

At June 30, 2015, the Federal Home Loan Bank of Atlanta ("FHLB") had a blanket lien on RJ Bank's residential mortgage loan portfolio as security for the repayment of certain borrowings. See Note 12 for more information regarding borrowings from the FHLB.

Loans held for sale

RJ Bank originated or purchased $242.3 million and $859.9 million of loans held for sale during the three and nine months ended June 30, 2015, respectively, and $195.4 million and $743.7 million during the three and nine months ended June 30, 2014, respectively. Proceeds from the sale of held for sale loans amounted to $65.2 million and $162.7 million during the three and nine months ended June 30, 2015, respectively, and $39.5 million and $133.6 million during the three and nine months ended June 30, 2014, respectively. Net gains resulting from such sales amounted to $600 thousand and $1.3 million during the three and nine months ended June 30, 2015, respectively and $200 thousand and $500 thousand during the three and nine months ended June 30, 2014, respectively. Unrealized losses recorded in the Condensed Consolidated Statements of Income and Comprehensive Income to reflect the loans held for sale at the lower of cost or market value were insignificant in the three months ended June 30, 2015 and $200 thousand in the nine months ended June 30, 2015 and $200 thousand and $300 thousand in the three and nine months ended June 30, 2014, respectively.

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Purchases and sales of loans held for investment

As more fully described in Note 2 of our 2014 Form 10-K, corporate loan sales generally occur as part of a loan workout situation.

The following table presents purchases and sales of any loans held for investment by portfolio segment:

	C&I	Residential mortgage		Total
	(in thousands)			
Three months ended June 30, 2015				
Purchases	$186,982	5,381		$192,363
Sales	$23,068	—		$23,068
Nine months ended June 30, 2015				
Purchases	$447,263	218,690	(1)	$665,953
Sales	$55,428	—		$55,428
Three months ended June 30, 2014				
Purchases	$105,214	931		$106,145
Sales	$60,492	—		$60,492
Nine months ended June 30, 2014				
Purchases	$342,950	28,666		$371,616
Sales	$191,815	—		$191,815

(1) Includes the purchase from another financial institution of residential mortgage loans totaling $207.3 million in principal loan balance.

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Aging analysis of loans held for investment

The following table presents an analysis of the payment status of loans held for investment:

	30-89 days and accruing	90 days or more and accruing	Total past due and accruing	Nonaccrual (1)	Current and accruing	Total loans held for investment (2)
	(in thousands)					
As of June 30, 2015:						
C&I loans	$168	$—	$168	$—	$6,539,474	$6,539,642
CRE construction loans	—	—	—	—	120,267	120,267
CRE loans	—	—	—	11,108	1,757,672	1,768,780
Tax-exempt loans	—	—	—	—	385,234	385,234
Residential mortgage loans:						
First mortgage loans	4,744	—	4,744	47,826	1,877,999	1,930,569
Home equity loans/lines	36	—	36	284	19,672	19,992
SBL	—	—	—	—	1,391,128	1,391,128
Total loans held for investment, net	$4,948	$—	$4,948	$59,218	$12,091,446	$12,155,612
As of September 30, 2014:						
C&I loans	$124	$—	$124	$—	$6,422,223	$6,422,347
CRE construction loans	—	—	—	—	94,195	94,195
CRE loans	—	—	—	18,876	1,670,287	1,689,163
Tax-exempt	—	—	—	—	122,218	122,218
Residential mortgage loans:						
First mortgage loans	1,648	—	1,648	61,391	1,668,724	1,731,763
Home equity loans/lines	57	—	57	398	19,529	19,984
SBL	—	—	—	—	1,023,748	1,023,748
Total loans held for investment, net	$1,829	$—	$1,829	$80,665	$11,020,924	$11,103,418

(1) Includes $27.9 million and $41.4 million of nonaccrual loans at June 30, 2015 and September 30, 2014, respectively, which are performing pursuant to their contractual terms.

(2) Excludes any net unearned income and deferred expenses.

Nonperforming loans represent those loans on nonaccrual status, troubled debt restructurings, and accruing loans which are 90 days or more past due and in the process of collection. The gross interest income related to the nonperforming loans reflected in the previous table, which would have been recorded had these loans been current in accordance with their original terms, totaled $400 thousand and $1.1 million for the three and nine months ended June 30, 2015, respectively, and $900 thousand and $2.7 million for the three and nine months ended June 30, 2014, respectively. The interest income recognized on nonperforming loans was $300 thousand and $900 thousand for the three and nine months ended June 30, 2015, respectively, and $300 thousand and $1.1 million for the three and nine months ended June 30, 2014, respectively.

Other real estate owned, included in other assets on our Condensed Consolidated Statements of Financial Condition, was $4.9 million at June 30, 2015 and $5.4 million at September 30, 2014.

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Impaired loans and troubled debt restructurings

The following table provides a summary of RJ Bank's impaired loans:

	June 30, 2015			September 30, 2014		
	Gross recorded investment	Unpaid principal balance	Allowance for losses	Gross recorded investment	Unpaid principal balance	Allowance for losses
	(in thousands)					
Impaired loans with allowance for loan losses:(1)						
C&I loans	$10,937	$11,541	$1,016	$11,959	$12,563	$1,289
Residential - first mortgage loans	37,177	51,482	4,121	43,806	61,372	5,012
Total	48,114	63,023	5,137	55,765	73,935	6,301
Impaired loans without allowance for loan losses:(2)						
CRE loans	11,108	17,760	—	18,876	39,717	—
Residential - first mortgage loans	20,274	30,005	—	21,987	32,949	—
Total	31,382	47,765	—	40,863	72,666	—
Total impaired loans	$79,496	$110,788	$5,137	$96,628	$146,601	$6,301

(1) Impaired loan balances have had reserves established based upon management's analysis.

(2) When the discounted cash flow, collateral value or market value equals or exceeds the carrying value of the loan, then the loan does not require an allowance. These are generally loans in process of foreclosure that have already been adjusted to fair value.

The preceding table includes $11.1 million CRE, $10.9 million of C&I, and $33.8 million residential first mortgage TDR's at June 30, 2015, and $18.9 million CRE, $12 million C&I, and $36.6 million residential first mortgage TDR's at September 30, 2014.

The average balance of the total impaired loans and the related interest income recognized in the Condensed Consolidated Statements of Income and Comprehensive Income are as follows:

	Three months ended June 30,		Nine months ended June 30,	
	2015	2014	2015	2014
	(in thousands)			
Average impaired loan balance:				
C&I loans	$11,059	$12,593	$11,508	$4,745
CRE loans	15,053	24,096	16,613	24,664
Residential mortgage loans:				
First mortgage loans	57,305	70,911	60,097	71,516
Home equity loans/lines	—	12	—	28
Total	$83,417	$107,612	$88,218	$100,953
Interest income recognized:				
Residential mortgage loans:				
First mortgage loans	$409	$387	$1,139	$1,350

Total	$409	$387	$1,139	$1,350

During the three and nine months ended June 30, 2015 and 2014, RJ Bank granted concessions to borrowers having financial difficulties, for which the resulting modification was deemed a TDR. The concessions granted for the respective first mortgage residential loans presented in the table below were interest rate reductions, amortization and maturity date extensions, capitalization of past due payments, or release of liability ordered under Chapter 7 bankruptcy not reaffirmed by the borrower.

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The table below presents the TDRs that occurred during the respective periods presented:

	Number of contracts	Pre-modification outstanding recorded investment	Post-modification outstanding recorded investment
	($ in thousands)		
Three months ended June 30, 2015			
Residential – first mortgage loans	3	$836	$897
Three months ended June 30, 2014			
C&I loans	1	$19,200	$15,035
CRE loans	2	$22,291	$22,291
Residential – first mortgage loans	5	$1,797	$1,959
Nine months ended June 30, 2015			
Residential – first mortgage loans	5	$1,081	$1,145
Nine months ended June 30, 2014			
C&I loans	1	$19,200	$15,035
CRE loans	2	$22,291	$22,291
Residential – first mortgage loans	16	$4,085	$4,407

There were no TDRs for which there was a payment default and for which the respective loan was modified as a TDR within the 12 months prior to the default during three and nine months ended June 30, 2015. During the three months ended June 30, 2014, there were no residential first mortgage TDRs for which there was a payment default and for which the respective loan was modified as a TDR with the 12 months prior to the default. During the nine months ended June 30, 2014, there were three residential first mortgage TDRs with a recorded investment of $900 thousand, for which there was a payment default and for which the respective loan was modified as a TDR within the 12 months prior to the default.

As of June 30, 2015 and as of September 30, 2014, RJ Bank had one outstanding commitment on a C&I TDR in the amount of $600 thousand.

Credit quality indicators

The credit quality of RJ Bank’s loan portfolio is summarized monthly by management using the standard asset classification system utilized by bank regulators for the SBL and residential mortgage loan portfolios and internal risk ratings, which correspond to the same standard asset classifications for the corporate loan portfolios. These classifications are divided into three groups: Not Classified (Pass), Special Mention, and Classified or Adverse Rating (Substandard, Doubtful and Loss). These terms are defined as follows:

Pass – Loans which are well protected by the current net worth and paying capacity of the obligor (or guarantors, if any) or by the fair value, less costs to acquire and sell, of any underlying collateral in a timely manner.

Special Mention – Loans which have potential weaknesses that deserve management’s close attention. These loans are not adversely classified and do not expose RJ Bank to sufficient risk to warrant an adverse classification.

Substandard – Loans which are inadequately protected by the current sound worth and paying capacity of the obligor or by the collateral pledged, if any. Loans with this classification are characterized by the distinct possibility that RJ

Bank will sustain some loss if the deficiencies are not corrected.

Doubtful – Loans which have all the weaknesses inherent in loans classified as substandard with the added characteristic that the weaknesses make collection or liquidation in full highly questionable and improbable on the basis of currently-known facts, conditions and values.

Loss – Loans which are considered by management to be uncollectible and of such little value that their continuance on RJ Bank’s books as an asset, without establishment of a specific valuation allowance or charge-off, is not warranted. RJ Bank does not have any loan balances within this classification because, in accordance with its accounting policy, loans, or a portion thereof considered to be uncollectible, are charged-off prior to the assignment of this classification.

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The credit quality of RJ Bank's held for investment loan portfolio is as follows:

	Pass	Special mention[(1)]	Substandard[(1)]	Doubtful	Total
	(in thousands)				
June 30, 2015					
C&I	$6,378,312	$104,390	$56,940	$—	$6,539,642
CRE construction	120,267	—	—	—	120,267
CRE	1,741,844	15,459	11,477	—	1,768,780
Tax-exempt	385,234	—	—	—	385,234
Residential mortgage					
First mortgage	1,855,686	15,648	59,236	—	1,930,570
Home equity	19,642	65	284	—	19,991
SBL	1,391,128	—	—	—	1,391,128
Total	$11,892,113	$135,562	$127,937	$—	$12,155,612
September 30, 2014					
C&I	$6,321,662	$83,101	$17,584	$—	$6,422,347
CRE construction	94,195	—	—	—	94,195
CRE	1,669,897	191	18,167	908	1,689,163
Tax-exempt	122,218	—	—	—	122,218
Residential mortgage					
First mortgage	1,647,325	15,346	69,092	—	1,731,763
Home equity	19,572	—	412	—	19,984
SBL	1,023,748	—	—	—	1,023,748
Total	$10,898,617	$98,638	$105,255	$908	$11,103,418

(1) Loans classified as special mention, substandard or doubtful are all considered to be "criticized" loans.

The credit quality of RJ Bank's performing residential first mortgage loan portfolio is additionally assessed utilizing updated loan-to-value ("LTV") ratios. RJ Bank segregates all of its performing residential first mortgage loan portfolio with higher reserve percentages allocated to the higher LTV loans. Current LTVs are updated using the most recently available information (generally on a one-quarter lag) and are estimated based on the initial appraisal obtained at the time of origination, adjusted using relevant market indices for housing price changes that have occurred since origination. The value of the homes could vary from actual market values due to changes in the condition of the underlying property, variations in housing price changes within current valuation indices, and other factors.

The table below presents the most recently available update of the performing residential first mortgage loan portfolio summarized by current LTV. The amounts in the table represent the entire loan balance:

	Balance[(1)]
	(in thousands)
LTV range:	
LTV less than 50%	$585,795
LTV greater than 50% but less than 80%	973,459
LTV greater than 80% but less than 100%	146,414
LTV greater than 100%, but less than 120%	21,800
LTV greater than 120%	2,991
Total	$1,730,459

(1) Excludes loans that have full repurchase recourse for any delinquent loans.

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Allowance for loan losses and reserve for unfunded lending commitments

Changes in the allowance for loan losses of RJ Bank by portfolio segment are as follows:

	Loans held for investment						
	C&I	CRE construction	CRE	Tax-exempt	Residential mortgage	SBL	Total
	(in thousands)						
Three months ended June 30, 2015							
Balance at beginning of period	$111,125	$1,675	$25,717	$ 3,909	$15,076	$2,506	$160,008
(Benefit) provision for loan losses	(1,365)	301	(1,912)	239	(545)	273	(3,009)
Net (charge-offs)/recoveries:							
Charge-offs	—	—	—	—	(687)	—	(687)
Recoveries	—	—	3,773	—	409	6	4,188
Net (charge-offs)/recoveries	—	—	3,773	—	(278)	6	3,501
Foreign exchange translation adjustment	83	5	43	—	—	—	131
Balance at June 30, 2015	$109,843	$1,981	$27,621	$ 4,148	$14,253	$2,785	$160,631
Nine months ended June 30, 2015							
Balance at beginning of period	$103,179	$1,594	$25,022	$ 1,380	$14,350	$2,049	$147,574
Provision (benefit) for loan losses	6,999	418	(850)	2,768	242	716	10,293
Net (charge-offs)/recoveries:							
Charge-offs	(238)	—	—	—	(1,325)	—	(1,563)
Recoveries	536	—	3,773	—	986	20	5,315
Net (charge-offs)/recoveries	$298	$—	$3,773	$ —	$(339)	$20	$3,752
Foreign exchange translation adjustment	(633)	(31)	(324)	—	—	—	(988)
Balance at June 30, 2015	$109,843	$1,981	$27,621	$ 4,148	$14,253	$2,785	$160,631
Three months ended June 30, 2014							
Balance at beginning of period	$95,284	$1,799	$22,276	$ 418	$16,614	$1,549	$137,940
Provision (benefit) for loan losses	3,509	(76)	1,141	603	(972)	262	4,467
Net (charge-offs)/recoveries:							
Charge-offs	—	—	—	—	(755)	—	(755)
Recoveries	—	—	—	—	351	9	360
Net (charge-offs)/recoveries	$—	$—	$—	$ —	$(404)	$9	$(395)
Foreign exchange translation adjustment	198	22	77	—	—	—	297
Balance at June 30, 2014	$98,991	$1,745	$23,494	$ 1,021	$15,238	$1,820	$142,309
Nine months ended June 30, 2014							
Balance at beginning of period	$95,994	$1,000	$19,266	$ —	$19,126	$1,115	$136,501
Provision (benefit) for loan losses	5,106	748	4,203	1,021	(3,674)	678	8,082
Net (charge-offs)/recoveries:							
Charge-offs	(1,845)	—	—	—	(1,634)	—	(3,479)

Recoveries	16	—	80	—	1,420	27	1,543
Net (charge-offs)/recoveries	$(1,829)	$—	$80	$ —	$(214)	$27	$(1,936)
Foreign exchange translation adjustment	(280)	(3)	(55)	—	—	—	(338)
Balance at June 30, 2014	$98,991	$1,745	$23,494	$ 1,021	$15,238	$1,820	$142,309

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The following table presents, by loan portfolio segment, RJ Bank's recorded investment and related allowance for loan losses:

	Loans held for investment					
	Allowance for loan losses			Recorded investment[1]		
	Individually evaluated for impairment	Collectively evaluated for impairment	Total	Individually evaluated for impairment	Collectively evaluated for impairment	Total
	(in thousands)					
June 30, 2015						
C&I	$1,016	$108,827	$109,843	$10,937	$6,528,705	$6,539,642
CRE construction	—	1,981	1,981	—	120,267	120,267
CRE	—	27,621	27,621	11,108	1,757,672	1,768,780
Tax-exempt	—	4,148	4,148	—	385,234	385,234
Residential mortgage	4,121	10,132	14,253	57,451	1,893,110	1,950,561
SBL	—	2,785	2,785	—	1,391,128	1,391,128
Total	$5,137	$155,494	$160,631	$79,496	$12,076,116	$12,155,612
September 30, 2014						
C&I	$1,289	101,890	$103,179	$11,959	$6,410,388	$6,422,347
CRE construction	—	1,594	1,594	—	94,195	94,195
CRE	—	25,022	25,022	18,876	1,670,287	1,689,163
Tax-exempt	—	1,380	1,380	—	122,218	122,218
Residential mortgage	5,012	9,338	14,350	65,793	1,685,954	1,751,747
SBL	—	2,049	2,049	—	1,023,748	1,023,748
Total	$6,301	$141,273	$147,574	$96,628	$11,006,790	$11,103,418

(1) Excludes any net unearned income and deferred expenses.

The reserve for unfunded lending commitments, included in trade and other payables on our Condensed Consolidated Statements of Financial Condition, was $10.4 million and $10 million at June 30, 2015 and September 30, 2014, respectively.

NOTE 9 – VARIABLE INTEREST ENTITIES

A VIE requires consolidation by the entity's primary beneficiary. We evaluate all of the entities in which we are involved to determine if the entity is a VIE and, if so, whether we hold a variable interest and are the primary beneficiary.

We hold variable interests in the following VIE's: Raymond James Employee Investment Funds I and II (the "EIF Funds"), a trust fund established for employee retention purposes ("Restricted Stock Trust Fund"), certain low-income housing tax credit funds ("LIHTC Funds"), various other partnerships and limited liability companies ("LLCs") involving real estate ("Other Real Estate Limited Partnerships and LLCs"), certain new market tax credit funds ("NMTC Funds"), and certain funds formed for the purpose of making and managing investments in securities of other entities ("Managed Funds").

Refer to Note 2 on pages 115 - 118 of our 2014 Form 10-K for a description of our principal involvement with VIEs and the accounting policies regarding determination of whether we are deemed to be the primary beneficiary of any VIEs. Other than as described below, as of June 30, 2015 there have been no significant changes in either the nature of our involvement with, or the accounting policies associated with the analysis of, VIEs as described in the 2014

Form 10-K.

Raymond James Tax Credit Funds, Inc. ("RJTCF"), a wholly owned subsidiary of RJF, is the managing member or general partner in LIHTC Funds having one or more investor members or limited partners. These LIHTC Funds are organized as limited partnerships or LLCs for the purpose of investing in a number of project partnerships, which are limited partnerships or LLCs that in turn purchase and develop low-income housing properties qualifying for tax credits.

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VIEs where we are the primary beneficiary

Of the VIEs in which we hold an interest, we have determined that the EIF Funds, the Restricted Stock Trust Fund and certain LIHTC Funds require consolidation in our financial statements, as we are deemed the primary beneficiary of those VIEs. The aggregate assets and liabilities of the VIEs we consolidate are provided in the table below.

	Aggregate assets [(1)]	Aggregate liabilities [(1)]
	(in thousands)	
June 30, 2015		
LIHTC Funds	$147,377	$40,353
Guaranteed LIHTC Fund [(2)]	71,895	2,180
Restricted Stock Trust Fund	9,974	9,974
EIF Funds	4,383	—
Total	$233,629	$52,507
September 30, 2014		
LIHTC Funds	$179,050	$60,180
Guaranteed LIHTC Fund [(2)]	74,798	—
Restricted Stock Trust Fund	6,608	6,608
EIF Funds	6,041	—
Total	$266,497	$66,788

(1) Aggregate assets and aggregate liabilities differ from the consolidated carrying value of assets and liabilities due to the elimination of intercompany assets and liabilities held by the consolidated VIE.

(2) In connection with one of the multi-investor tax credit funds in which RJTCF is the managing member, RJTCF has provided one investor member with a guaranteed return on their investment in the fund (the “Guaranteed LIHTC Fund”). See Note 16 for additional information regarding this commitment.

The following table presents information about the carrying value of the assets, liabilities and equity of the VIEs which we consolidate and which are included within our Condensed Consolidated Statements of Financial Condition. The noncontrolling interests presented in this table represent the portion of these net assets which are not ours.

	June 30, 2015	September 30, 2014
	(in thousands)	
Assets:		
Assets segregated pursuant to regulations and other segregated assets	$9,918	$10,887
Receivables, other	5,541	5,812
Investments in real estate partnerships held by consolidated variable interest entities	203,077	235,858
Trust fund investment in RJF common stock [(1)]	9,973	6,607
Prepaid expenses and other assets	4,136	5,728
Total assets	$232,645	$264,892
Liabilities and equity:		
Trade and other payables	$6,926	$10,157
Intercompany payables	9,968	6,608
Loans payable of consolidated variable interest entities [(2)]	25,549	43,877
Total liabilities	42,443	60,642
RJF equity	6,113	6,165

Noncontrolling interests	184,089	198,085
Total equity	190,202	204,250
Total liabilities and equity	$232,645	$264,892

(1) Included in treasury stock in our Condensed Consolidated Statements of Financial Condition.

(2) Comprised of several non-recourse loans. We are not contingently liable under any of these loans.

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The following table presents information about the net income (loss) of the VIEs which we consolidate, and is included within our Condensed Consolidated Statements of Income and Comprehensive Income. The noncontrolling interests presented in this table represent the portion of the net loss from these VIEs which is not ours.

	Three months ended June 30,		Nine months ended June 30,	
	2015	2014	2015	2014
	(in thousands)			
Revenues:				
Interest	$—	$—	$2	$1
Other	(349)	700	(57)	(716)
Total revenues	(349)	700	(55)	(715)
Interest expense	(404)	(653)	(1,470)	(2,237)
Net revenues (expense)	(753)	47	(1,525)	(2,952)
Non-interest expenses [(1)]	10,318	12,255	29,417	33,272
Net loss including noncontrolling interests	(11,071)	(12,208)	(30,942)	(36,224)
Net loss attributable to noncontrolling interests	(11,032)	(12,406)	(30,890)	(36,402)
Net (loss) income attributable to RJF	$(39)	$198	$(52)	$178

(1) Primarily comprised of items reported in other expense on our Condensed Consolidated Statements of Income and Comprehensive Income.

Low-income housing tax credit funds

RJTCF is the managing member or general partner in 101 separate low-income housing tax credit funds having one or more investor members or limited partners, 90 of which are determined to be VIEs and 11 of which are determined not to be VIEs. RJTCF has concluded that it is the primary beneficiary of eight non-guaranteed LIHTC Fund VIEs and, accordingly, consolidates these funds. In addition, RJTCF consolidates the one Guaranteed LIHTC Fund VIE it sponsors (see Note 16 for further discussion of the guarantee obligation as well as other RJTCF commitments). RJTCF also consolidates five of the funds it determined not to be VIEs.

VIEs where we hold a variable interest but are not the primary beneficiary

Low-income housing tax credit funds

RJTCF does not consolidate the LIHTC Fund VIEs that it determines it is not the primary beneficiary of. Our risk of loss is limited to our investments in, advances to, and receivables due from these funds.

New market tax credit funds

One of our affiliates is the managing member of six NMTC Funds, and, as discussed in Note 2 on page 117 of our 2014 Form 10-K, this affiliate is not deemed to be the primary beneficiary of these NMTC Funds. These NMTC Funds are therefore not consolidated. Our risk of loss is limited to our receivables due from these funds.

Other real estate limited partnerships and LLCs

We have a variable interest in several limited partnerships involved in various real estate activities in which a subsidiary is either the general partner or a limited partner. As discussed in Note 2 on page 117 of our 2014 Form 10-K, we have determined that we are not the primary beneficiary of these VIEs. Accordingly, we do not consolidate these partnerships or LLCs. The carrying value of our investment in these partnerships or LLCs represents our risk of loss.

Aggregate assets, liabilities and risk of loss

The aggregate assets, liabilities, and our exposure to loss from those VIEs in which we hold a variable interest, but as to which we have concluded we are not the primary beneficiary, are provided in the table below.

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	June 30, 2015			September 30, 2014		
	Aggregate assets	Aggregate liabilities	Our risk of loss	Aggregate assets	Aggregate liabilities	Our risk of loss
	(in thousands)					
LIHTC Funds	$3,220,560	$949,538	$49,655	$2,988,224	$899,586	$48,915
NMTC Funds	65,560	35	12	83,474	2	13
Other Real Estate Limited Partnerships and LLCs	29,523	37,062	172	30,202	36,262	183
Total	$3,315,643	$986,635	$49,839	$3,101,900	$935,850	$49,111

VIEs where we hold a variable interest but are not required to consolidate

Managed Funds

As described in Note 2 on page 117 - 118 of our 2014 Form 10-K, we have subsidiaries which serve as the general partner of the Managed Funds. For the Managed Funds, the primary beneficiary assessment applies prior accounting guidance which assesses who will absorb a majority of the entity's expected losses, receive a majority of the entity's expected residual returns, or both. Based upon the outcome of our assessments, we have determined that we are not required to consolidate the Managed Funds.

The aggregate assets, liabilities, and our exposure to loss from Managed Funds in which we hold a variable interest as of the dates indicated are provided in the table below:

	June 30, 2015			September 30, 2014		
	Aggregate assets	Aggregate liabilities	Our risk of loss	Aggregate assets	Aggregate liabilities	Our risk of loss
	(in thousands)					
Managed Funds	$108,396	$6,542	$94	$103,618	$11	$94

NOTE 10 - GOODWILL AND IDENTIFIABLE INTANGIBLE ASSETS

The following are our goodwill and net identifiable intangible asset balances as of the dates indicated:

	June 30, 2015	September 30, 2014
	(in thousands)	
Goodwill	$295,486	$295,486
Identifiable intangible assets, net	59,161	58,775
Total goodwill and identifiable intangible assets, net	$354,647	$354,261

Our goodwill and identified intangible assets result from various acquisitions. As more fully described in Note 3, in April 2015 we completed our acquisition of Cougar which included a number of identifiable intangible assets. See Note 13 on pages 150 - 154 of our 2014 Form 10-K for a discussion of the components of our goodwill balance and additional information regarding our identifiable intangible assets which arose from acquisitions completed in prior years. See the discussion of our intangible assets and goodwill accounting policies in Note 2 on page 113 of our 2014 Form 10-K.

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Goodwill

The following summarizes our goodwill by segment, along with the activity, as of the dates indicated:

	Three months ended June 30,			Nine months ended June 30,		
	Segment			Segment		
	Private client group	Capital markets	Total	Private client group	Capital markets	Total
	(in thousands)					
Fiscal year 2015						
Goodwill as of beginning of period	$174,584	$120,902	$295,486	$174,584	$120,902	$295,486
Impairment losses	—	—	—	—	—	—
Goodwill as of end of period	$174,584	$120,902	$295,486	$174,584	$120,902	$295,486
Fiscal year 2014						
Goodwill as of beginning of period	$174,584	$120,902	$295,486	$174,584	$120,902	$295,486
Impairment losses	—	—	—	—	—	—
Goodwill as of end of period	$174,584	$120,902	$295,486	$174,584	$120,902	$295,486

We performed our annual goodwill impairment testing during the quarter ended March 31, 2015, evaluating the balances as of December 31, 2014. We performed a qualitative assessment for each reporting unit that includes an allocation of goodwill to determine whether it is more likely than not that the carrying value of such reporting unit, including the recorded goodwill, is in excess of the fair value of the reporting unit. In any instance in which we are unable to qualitatively conclude that it is more likely than not that the fair value of the reporting unit exceeds the reporting unit carrying value including goodwill, a quantitative analysis of the fair value of the reporting unit would be performed. Based upon the outcome of our qualitative assessment, we determined that no quantitative analysis of the fair value of any reporting unit as of December 31, 2014 was required, and we concluded that none of the goodwill allocated to any of our reporting units as of December 31, 2014 was impaired. No events have occurred since December 31, 2014 that would cause us to update this impairment testing.

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Identifiable intangible assets, net

The following table sets forth our identifiable intangible asset balances by segment, net of accumulated amortization, and activity for the periods indicated:

	Segment Private client group	Capital markets	Asset management	RJ Bank	Total
	(in thousands)				
For the three months ended June 30, 2015					
Net identifiable intangible assets as of beginning of period	$8,333	$35,225	$10,330	$1,299	$55,187
Additions	—	—	5,873 (1)	191	6,064
Amortization expense	(139)	(1,374)	(491)	(86)	(2,090)
Impairment losses	—	—	—	—	—
Net identifiable intangible assets as of end of period	$8,194	$33,851	$15,712	$1,404	$59,161
For the nine months ended June 30, 2015					
Net identifiable intangible assets as of beginning of period	$8,611	$37,975	$10,996	$1,193	$58,775
Additions	—	—	5,873 (1)	424	6,297
Amortization expense	(417)	(4,124)	(1,157)	(213)	(5,911)
Impairment losses	—	—	—	—	—
Net identifiable intangible assets as of end of period	$8,194	$33,851	$15,712	$1,404	$59,161
For the three months ended June 30, 2014					
Net identifiable intangible assets as of beginning of period	$8,889	$40,724	$11,663	$1,084	$62,360
Additions	—	—	—	91	91
Amortization expense	(139)	(1,375)	(333)	(55)	(1,902)
Impairment losses	—	—	—	—	—
Net identifiable intangible assets as of end of period	$8,750	$39,349	$11,330	$1,120	$60,549
For the nine months ended June 30, 2014					
Net identifiable intangible assets as of beginning of period	$9,191	$43,474	$12,329	$984	$65,978
Additions	—	—	—	280	280
Amortization expense	(441)	(4,125)	(999)	(144)	(5,709)
Impairment losses	—	—	—	—	—
Net identifiable intangible assets as of end of period	$8,750	$39,349	$11,330	$1,120	$60,549

(1) The additions are directly attributable to the acquisition of identifiable intangible assets, primarily a customer relationship intangible asset, arising from our acquisition of Cougar (see Note 3 for additional information). The weighted-average useful life associated with the additions is 9.3 years.

Identifiable intangible assets by type are presented below:

	June 30, 2015		September 30, 2014	
	Gross carrying value	Accumulated amortization	Gross carrying value	Accumulated amortization
	(in thousands)			
Customer relationships	$69,317	$(16,327)	$65,957	$(13,875)
Trade name	—	—	2,000	(2,000)
Developed technology	11,000	(7,150)	11,000	(5,500)
Intellectual property	563	(9)	—	—
Non-compete agreements	433	(70)	1,000	(1,000)
Mortgage servicing rights	1,917	(513)	1,493	(300)
Total	$83,230	$(24,069)	$81,450	$(22,675)

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NOTE 11 – BANK DEPOSITS

Bank deposits include Negotiable Order of Withdrawal ("NOW") accounts, demand deposits, savings and money market accounts and certificates of deposit of RJ Bank. The following table presents a summary of bank deposits including the weighted-average rate:

	June 30, 2015		September 30, 2014	
	Balance	Weighted-average rate [1]	Balance	Weighted-average rate [1]
	($ in thousands)			
Bank deposits:				
NOW accounts	$5,588	0.01 %	$5,792	0.01 %
Demand deposits (non-interest-bearing)	3,317	—	8,386	—
Savings and money market accounts	10,654,853	0.02 %	9,670,043	0.02 %
Certificates of deposit	346,858	1.67 %	344,703	1.81 %
Total bank deposits[2]	$11,010,616	0.07 %	$10,028,924	0.09 %

(1) Weighted-average rate calculation is based on the actual deposit balances at June 30, 2015 and September 30, 2014, respectively.

(2) Bank deposits exclude affiliate deposits of approximately $508 million and $509 million at June 30, 2015 and September 30, 2014, respectively. These affiliate deposits include $501 million and $500 million, held in a deposit account on behalf of RJF as of June 30, 2015 and September 30, 2014, respectively.

RJ Bank's savings and money market accounts in the table above consist primarily of deposits that are cash balances swept from the investment accounts maintained at RJ&A. These balances are held in Federal Deposit Insurance Corporation ("FDIC") insured bank accounts through the Raymond James Bank Deposit Program ("RJBDP") administered by RJ&A.

Scheduled maturities of certificates of deposit are as follows:

	June 30, 2015		September 30, 2014	
	Denominations greater than or equal to $100,000	Denominations less than $100,000	Denominations greater than or equal to $100,000	Denominations less than $100,000
	(in thousands)			
Three months or less	$9,648	$12,642	$11,761	$9,482
Over three through six months	5,117	7,361	9,067	10,317
Over six through twelve months	19,313	14,340	15,809	21,002
Over one through two years	45,932	35,596	33,366	27,722
Over two through three years	10,775	7,061	45,842	33,529
Over three through four years	67,378	25,401	35,362	11,301
Over four through five years	59,191	27,103	55,556	24,587
Total	$217,354	$129,504	$206,763	$137,940

Interest expense on deposits is summarized as follows:

	Three months ended June 30,		Nine months ended June 30,	
	2015	2014	2015	2014
	(in thousands)			
Certificates of deposit	$1,438	$1,535	$4,421	$4,591

Money market, savings and NOW accounts	639	445	1,883	1,273
Total interest expense on deposits	$2,077	$1,980	$6,304	$5,864

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NOTE 12 – OTHER BORROWINGS

The following table details the components of other borrowings:

	June 30, 2015		September 30, 2014	
	(in thousands)			
Other borrowings:				
FHLB advances	$550,000	(1)	$500,000	(2)
Borrowings on secured lines of credit (3)	128,800		154,700	(4)
Borrowings on ClariVest revolving credit facility (5)	415		216	
Borrowings on unsecured lines of credit (6)	—		—	
Total other borrowings	$679,215		$654,916	

(1) Borrowings from the FHLB as of June 30, 2015 are comprised of two floating-rate advances. One FHLB advance in the amount of $250 million, matures in September 2017, and has an interest rate which resets monthly. RJ Bank has the option to prepay this advance on each interest reset date without penalty. The other FHLB advance, in the amount of $300 million, matures in March 2017 and has an interest rate which resets quarterly. We use interest rate swaps to manage the risk of increases in interest rates associated with this floating-rate advance by converting a portion of the variable interest rate to a fixed interest rate. Refer to Note 13 for information regarding these interest rate swaps which are accounted for as hedging instruments. Both of the FHLB advances are secured by a blanket lien granted to the FHLB on RJ Bank's residential mortgage loan portfolio. The weighted average interest rate on these advances is 0.26%.

(2) Borrowings from the FHLB as of September 30, 2014 are comprised of two $250 million floating-rate advances. The weighted average interest rate on these advances is 0.20%. These advances are secured by a blanket lien granted to the FHLB on RJ Bank's residential mortgage loan portfolio and mature in September, 2017. The interest rate resets on a monthly basis for one of the advances and a quarterly basis for the other. RJ Bank has the option to prepay each advance without penalty on each interest reset date.

(3) Other than a $5 million borrowing outstanding on the Regions Credit Facility (as hereinafter defined) as of September 30, 2014, any borrowings on secured lines of credit are day-to-day and are generally utilized to finance certain fixed income securities.

(4) As of September 30, 2014, a subsidiary of RJF was a party to a Revolving Credit Agreement (the "Regions Credit Facility") with Regions Bank. The Regions Credit Facility provided for a revolving line of credit and was subject to a guarantee in favor of Regions Bank provided by RJF. On April 2, 2015, the Regions Credit Facility expired, was not renewed, and the $5 million outstanding balance on the expiration date was paid to Regions Bank.

(5) ClariVest Asset Management, LLC ("ClariVest"), a subsidiary of Eagle, is a party to a revolving line of credit provided by a third party lender (the "ClariVest Facility"). The maximum amount available to borrow under the ClariVest Facility is $500 thousand, bearing interest at a variable rate which is 1% over the lenders prime rate. The ClariVest Facility expires on September 10, 2018.

(6) Any borrowings on unsecured lines of credit are day-to-day and are generally utilized for cash management purposes.

There were other collateralized financings outstanding in the amount of $252 million and $244 million as of June 30, 2015 and September 30, 2014, respectively. These other collateralized financings are included in securities sold under agreements to repurchase on the Condensed Consolidated Statements of Financial Condition. These financings are collateralized by non-customer, RJ&A-owned securities. See Note 14 for additional information regarding offsetting asset and liability balances as well as additional information regarding the collateral.

NOTE 13 – DERIVATIVE FINANCIAL INSTRUMENTS

The significant accounting policies governing our derivative financial instruments, including our methodologies for determining fair value, are described in Note 2 on page 106 of our 2014 Form 10-K.

Derivatives arising from our fixed income business operations

We enter into derivatives contracts as part of our fixed income operations in either over-the-counter market activities, or through “matched book” activities. Each of these activities are described further below.

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We enter into interest rate swaps, futures contracts and forward foreign exchange contracts either as part of our fixed income business to facilitate client transactions, to hedge a portion of our trading inventory, or to a limited extent for our own account. The majority of these derivative positions are executed in the over-the-counter market either directly with financial institutions or trades cleared through an exchange (the “OTC Derivatives Operations”). Cash flows related to the interest rate contracts arising from the OTC Derivative Operations are included as operating activities (the “trading instruments, net” line) on the Condensed Consolidated Statements of Cash Flows.

Either Raymond James Financial Products, Inc. or Morgan Keegan Capital Services, LLC (collectively the Raymond James matched book swap subsidiaries or “RJSS”) enter into derivative transactions (primarily interest rate swaps) with clients. For every derivative transaction RJSS enters into with a customer, RJSS enters into an offsetting transaction, on terms that mirror the customer transaction, with a credit support provider which is a third party financial institution. Due to this “pass-through” transaction structure, RJSS has completely mitigated the market and credit risk related to these derivative contracts. Therefore, the ultimate credit and market risk resides with the third party financial institution. RJSS only has credit risk related to its uncollected derivative transaction fee revenues. In these activities, we do not use derivative instruments for trading or hedging purposes. As a result of the structure of these transactions, we refer to the derivative contracts we enter into as a result of these operations as our offsetting “matched book” derivative operations (the “Offsetting Matched Book Derivatives Operations”).

Any collateral required to be exchanged under the contracts arising from the Offsetting Matched Book Derivatives Operations is administered directly by the client and the third party financial institution. RJSS does not hold any collateral, or administer any collateral transactions, related to these instruments. We record the value of each derivative position arising from the Offsetting Matched Book Derivatives Operations at fair value, as either an asset or offsetting liability, presented as “derivative instruments associated with offsetting matched book positions,” as applicable, on our Condensed Consolidated Statements of Financial Condition.

The receivable for uncollected derivative transaction fee revenues of RJSS is $7 million as of both June 30, 2015 and September 30, 2014, and is included in other receivables on our Condensed Consolidated Statements of Financial Condition.

None of the derivatives described above arising from either our OTC Derivatives Operations or our Offsetting Matched Book Derivatives Operations are designated as fair value or cash flow hedges.

Derivatives arising from RJ Bank’s business operations

We enter into derivatives contracts as part of RJ Bank’s business operations through its hedging activities, which include forward foreign exchange contracts and interest rate swaps. Each of these activities is described further below.

A Canadian subsidiary of RJ Bank conducts operations directly related to RJ Bank’s Canadian dollar-denominated corporate loan portfolio. U.S. subsidiaries of RJ Bank utilize forward foreign exchange contracts to hedge RJ Bank’s foreign currency exposure due to its non-U.S. dollar net investment. Cash flows related to these derivative contracts are classified within operating activities in the Condensed Consolidated Statements of Cash Flows.

The cash flows associated with certain assets held by RJ Bank provide interest income at fixed interest rates. Therefore, the value of these assets, absent any risk mitigation, is subject to fluctuation based upon changes in market rates of interest over time. In February 2015, we entered into certain interest rate swap contracts (the “RJ Bank Interest Hedges”) which swap variable interest payments on certain debt for fixed interest payments. Through the RJ Bank Interest Hedges, RJ Bank is able to mitigate a significant portion of the market risk associated with certain fixed interest earning assets held by RJ Bank.

The RJ Bank Interest Hedges are recorded at fair value on the Condensed Consolidated Statements of Financial Condition and are designated as cash flow hedges. The effective portion of the related gain or loss is recorded, net of tax, in shareholders' equity as part of the cash flow hedge component of AOCI and subsequently reclassified to earnings when the hedged transaction affects earnings, specifically upon the incurrence of interest expense on certain borrowings. The ineffective portions of the related gain and loss are immediately recognized into earnings in the Condensed Consolidated Statements of Income and Comprehensive Income. Hedge effectiveness is assessed at inception and each reporting period utilizing regression analysis and performed using the hypothetical derivative method. However, as the key terms of the hedging instrument and hedged transaction match at inception, management expects there to be no ineffectiveness impacting earnings from this hedge while it is outstanding. As a result of these derivative transactions being executed through a clearing exchange, the cash deposit associated with this transaction that we have provided to the exchange, is included as a component of deposits with clearing organizations on our Condensed Consolidated Statements of Financial Condition. The fair value of RJ Bank Interest Hedges is obtained from internal pricing models that consider current market trading levels and the contractual prices for the underlying financial instruments, as well as time value, yield curve and other volatility factors underlying the positions. Since our model inputs can be observed in a liquid market and the models do

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not require significant judgment, such derivative contracts are classified within Level 2 of the fair value hierarchy. We utilize values obtained from a third party to corroborate the output of our internal pricing models.

Description of the collateral we hold related to derivative contracts

Where permitted, we elect to net-by-counterparty certain derivative contracts entered into in our OTC Derivatives Operations. Certain of these contracts contain a legally enforceable master netting arrangement that allows for netting of all derivative transactions with each counterparty and, therefore, the fair value of those derivative contracts are netted by counterparty in the Condensed Consolidated Statements of Financial Condition. The credit support annex related to the interest rate swaps and certain forward foreign exchange contracts allows parties to the master agreement to mitigate their credit risk by requiring the party which is out of the money to post collateral. We accept collateral in the form of cash or other marketable securities. As we elect to net-by-counterparty the fair value of derivative contracts arising from our OTC Derivatives Operations, we also net-by-counterparty any cash collateral exchanged as part of those derivative agreements. Refer to Note 14 for additional information regarding offsetting asset and liability balances. This cash collateral is recorded net-by-counterparty at the related fair value. The cash collateral included in the net fair value of all open derivative asset positions arising from our OTC Derivatives Operations aggregates to a net liability of $900 thousand as of June 30, 2015 and $21 million as of September 30, 2014. The cash collateral included in the net fair value of all open derivative liability positions from our OTC Derivatives Operations aggregates to a net asset of $9 million and $23 million at June 30, 2015 and September 30, 2014, respectively. Our maximum loss exposure under the interest rate swap contracts arising from our OTC Derivatives Operations at June 30, 2015 is $34 million.

RJ Bank provides to counterparties for the benefit of its U.S. subsidiaries, a guarantee of payment in the event of the subsidiaries' default under forward foreign exchange contracts. Due to this RJ Bank guarantee and the short-term nature of these derivatives, RJ Bank's U.S. subsidiaries are not required to post collateral and do not receive collateral with respect to certain derivative contracts with the respective counterparties. As of June 30, 2015, all of RJ Bank's forward foreign exchange contracts are assets, therefore we consider there to be no significant exposure to loss under these contracts.

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Derivative balances included in our financial statements

See the table below for the notional and fair value amounts of both the asset and liability derivatives.

	Asset derivatives June 30, 2015 Balance sheet location	Notional amount		Fair value[1]	September 30, 2014 Balance sheet location	Notional amount		Fair value[1]
	(in thousands)							
Derivatives designated as hedging instruments:								
Forward foreign exchange contracts [2]	Prepaid expenses and other assets	$702,850	(6)	$5,007	Prepaid expenses and other assets	$682,100	(6)	$2,101
Interest rate contracts [3]	Prepaid expenses and other assets	$200,000		$3,318	Prepaid expenses and other assets	$—		$—
Derivatives not designated as hedging instruments:								
Interest rate contracts [4]	Trading instruments	$2,294,161		$103,302	Trading instruments	$2,198,357		$89,923
Interest rate contracts [5]	Derivative instruments associated with offsetting matched book positions	$1,678,198		$327,826	Derivative instruments associated with offsetting matched book positions	$1,796,288		$323,337
Forward foreign exchange contracts [4]	Trading instruments	$132,111	(6)	$4,624	Trading instruments	$—		$—
Forward foreign exchange contracts [2]	Prepaid expenses and other assets	$139,300	(6)	$1,012	Prepaid expenses and other assets	$117,800	(6)	$361

	Liability derivatives June 30, 2015 Balance sheet location	Notional amount		Fair value[1]	September 30, 2014 Balance sheet location	Notional amount		Fair value[1]
	(in thousands)							
Derivatives not designated as hedging instruments:								
Interest rate contracts [4]	Trading instruments sold	$2,338,780		$90,023	Trading instruments sold	$2,185,085		$75,668
Interest rate contracts [5]	Derivative instruments associated with offsetting matched book positions	$1,678,198		$327,826	Derivative instruments associated with offsetting matched book positions	$1,796,288		$323,337
Forward foreign exchange contracts [4]	Trading instruments sold	$70,274	(6)	$2,090	Trading instruments sold	$—		$—

(1)

The fair value in this table is presented on a gross basis before netting of cash collateral and before any netting by counterparty according to our legally enforceable master netting arrangements. The fair value in the Condensed Consolidated Statements of Financial Condition is presented net. See Note 14 for additional information regarding offsetting asset and liability balances.

(2) These contracts are associated with RJ Bank’s activities to hedge its foreign currency exposure.

(3) These contracts are associated with our RJ Bank Interest Hedges activities.

(4) These contracts arise from our OTC Derivatives Operations.

(5) These contracts arise from our Offsetting Matched Book Derivatives Operations.

(6) The notional amount presented is denominated in Canadian currency.

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A loss of $5.4 million and a gain of $38.2 million were recognized on forward foreign exchange derivatives in AOCI, net of income taxes, for the three and nine months ended June 30, 2015, respectively (see Note 17 for additional information). There was no hedge ineffectiveness and no components of derivative gains or losses were excluded from the assessment of hedge effectiveness for the three and nine months ended June 30, 2015.

A loss of $14.7 million and a gain of $11.3 million were recognized on forward foreign exchange derivatives in AOCI, net of income taxes, for the three and nine months ended June 30, 2014, respectively (see Note 17 for additional information). There was no hedge ineffectiveness and no components of derivative gains or losses were excluded from the assessment of hedge effectiveness for the three and nine months ended June 30, 2014.

Gains recognized on the RJ Bank Interest Hedges in AOCI, net of income taxes, totaled $2.1 million and $3.6 million for the three and nine months ended June 30, 2015, respectively (see Note 17 for additional information). There was no hedge ineffectiveness and no components of derivative gains or losses were excluded from the assessment of hedge effectiveness for the three and nine months ended June 30, 2015. RJ Bank expects to reclassify an estimated $3.3 million as additional interest expense out of AOCI and into earnings within the next 12 months. The maximum length of time over which forecasted transactions are or will be hedged is ten years.

The table below sets forth the impact of the derivatives not designated as hedging instruments on the Condensed Consolidated Statements of Income and Comprehensive Income:

	Location of gain (loss) recognized on derivatives in the Condensed Consolidated Statements of Income and Comprehensive Income	Amount of gain (loss) on derivatives recognized in income			
		Three months ended June 30,		Nine months ended June 30,	
		2015	2014	2015	2014
		(in thousands)			
Derivatives not designated as hedging instruments:					
Interest rate contracts and forward foreign exchange contracts [1]	Net trading profit	$250	$200	$2,530	$779
Interest rate contracts [2]	Other revenues	$143	$19	$209	$690
Forward foreign exchange contracts [3]	Other revenues	$(1,420)	$(4,093)	$10,885	$718

(1) These contracts arise from our OTC Derivatives Operations.

(2) These contracts arise from our Offsetting Matched Book Derivatives Operations.

(3) These contracts are associated with RJ Bank's activities to hedge its foreign currency exposure.

Risks associated with, and our risk mitigation related to, our derivative contracts

We are exposed to credit losses in the event of nonperformance by the counterparties to forward foreign exchange derivative agreements, futures contracts and interest rate contracts associated with our OTC Derivatives Operations that are not cleared through an exchange. Where we are subject to credit exposure, we perform a credit evaluation of counterparties prior to entering into derivative transactions and we monitor their credit standings. Currently, we anticipate that all of the counterparties will be able to fully satisfy their obligations under those agreements. For our OTC Derivatives Operations that are not cleared through an exchange, we may require collateral from counterparties in the form of cash deposits or other marketable securities to support certain of these obligations as established by the credit threshold specified by the agreement and/or as a result of monitoring the credit standing of the counterparties. We are required to maintain cash or marketable security deposits with the exchange we utilize to clear our OTC Derivatives transactions that are cleared through such exchanges. These deposits are a component of deposits with clearing organizations on our Condensed Consolidated Statements of Financial Condition.

We are exposed to interest rate risk related to the interest rate derivative agreements arising from certain of our OTC Derivatives Operations and RJ Bank Interest Hedges. We are also exposed to foreign exchange risk related to our futures contracts and forward foreign exchange derivative agreements. We monitor exposure in our derivative agreements which we have risk daily based on established limits with respect to a number of factors, including interest rate, foreign exchange spot and forward rates, spread, ratio, basis and volatility risks. These exposures are monitored both on a total portfolio basis and separately for each agreement for selected maturity periods.

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Certain of the derivative instruments arising from our OTC Derivatives Operations and from RJ Bank's forward foreign exchange contracts contain provisions that require our debt to maintain an investment grade rating from one or more of the major credit rating agencies. If our debt were to fall below investment grade, we would be in breach of these provisions, and the counterparties to the derivative instruments could request immediate payment or demand immediate and ongoing overnight collateralization on our derivative instruments in liability positions. The aggregate fair value of all derivative instruments with such credit-risk-related contingent features that are in a liability position at June 30, 2015 is $23.7 million, for which we have posted collateral of $20.9 million in the normal course of business. If the credit-risk-related contingent features underlying these agreements were triggered on June 30, 2015, we would have been required to post an additional $2.8 million of collateral to our counterparties.

Our only exposure to credit risk in the Offsetting Matched Book Derivatives Operations is related to our uncollected derivative transaction fee revenues. We are not exposed to market risk as it relates to these derivative contracts due to the "pass-through" transaction structure more fully described above.

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NOTE 14 – DISCLOSURE OF OFFSETTING ASSETS AND LIABILITIES, COLLATERAL, ENCUMBERED ASSETS AND REPURCHASE AGREEMENTS

Offsetting Assets and Liabilities

The following table presents information about the financial and derivative instruments that are offset or subject to an enforceable master netting arrangement or other similar agreement as of the dates indicated:

	Gross amounts of recognized assets (liabilities)	Gross amounts offset in the Statement of Financial Condition	Net amounts presented in the Statement of Financial Condition	Gross amounts not offset in the Statement of Financial Condition: Financial instruments	Gross amounts not offset in the Statement of Financial Condition: Cash (received) paid	Net amount
	(in thousands)					
As of June 30, 2015:						
Assets						
Securities purchased under agreements to resell and other collateralized financings	$416,516	$—	$416,516	$(416,516) [1]	$—	$—
Derivatives - interest rate contracts[2]	103,302	(74,154)	29,148	(9,290)	—	19,858
Derivative instruments associated with offsetting matched book positions	327,826	—	327,826	(327,826) [3]	—	—
Derivatives - forward foreign exchange contracts[4]	6,019	—	6,019	—	—	6,019
Derivatives - forward foreign exchange contracts[5]	4,624	—	4,624	—	—	4,624
Derivatives - RJ Bank Interest Hedges[6]	3,318	—	3,318	—	—	3,318
Stock borrowed	136,428	—	136,428	(130,307)	—	6,121
Total assets	$998,033	$(74,154)	$923,879	$(883,939)	$—	$39,940
Liabilities						
Securities sold under agreements to repurchase	$(251,769)	$—	$(251,769)	$251,769 [7]	$—	$—
Derivatives - interest rate contracts[2]	(90,023)	65,539	(24,484)	3,500 [8]	10,474 [8]	(10,510)
Derivative instruments associated with offsetting matched book positions	(327,826)	—	(327,826)	327,826 [3]	—	—
Derivatives - forward foreign exchange contracts[5]	(2,090)	—	(2,090)	—	—	(2,090)

Stock loaned	(408,733)	—	(408,733)	398,737	—	(9,996)
Total liabilities	$(1,080,441)	$65,539	$(1,014,902)	$981,832	$10,474	$(22,596)
As of September 30, 2014:						
Assets						
Securities purchased under agreements to resell and other collateralized financings	$446,016	$—	$446,016	$(446,016) (1)	$—	$—
Derivatives - interest rate contracts(2)	89,923	(61,718)	28,205	(3,877)	—	24,328
Derivative instruments associated with offsetting matched book positions	323,337	—	323,337	(323,337) (3)	—	—
Derivatives - forward foreign exchange contracts(4)	2,462	—	2,462	—	—	2,462
Stock borrowed	158,988	—	158,988	(153,261)	—	5,727
Total assets	$1,020,726	$(61,718)	$959,008	$(926,491)	$—	$32,517
Liabilities						
Securities sold under agreements to repurchase	$(244,495)	$—	$(244,495)	$244,495 (7)	$—	$—
Derivatives - interest rate contracts(2)	(75,668)	63,296	(12,372)	3,502 (8)	4,620 (8)	(4,250)
Derivative instruments associated with offsetting matched book positions	(323,337)	—	(323,337)	323,337 (3)	—	—
Stock loaned	(417,383)	—	(417,383)	402,180	—	(15,203)
Total liabilities	$(1,060,883)	$63,296	$(997,587)	$973,514	$4,620	$(19,453)

The text of the footnotes in the above table are on the following page.

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The text of the footnotes to the table on the previous page are as follows:

(1) We are over-collateralized since the actual amount of financial instruments pledged as collateral for securities purchased under agreements to resell and other collateralized financings amounts to $436.2 million and $463.7 million as of June 30, 2015 and September 30, 2014, respectively.

(2) Derivatives - interest rate contracts are included in Trading instruments on our Condensed Consolidated Statements of Financial Condition. See Note 13 for additional information.

(3) Although these derivative arrangements do not meet the definition of a master netting arrangement as specified by GAAP, the nature of the agreement with the third party intermediary include terms that are similar to a master netting agreement, thus we present the offsetting amounts net in the table above. See Note 13 for further discussion of the “pass through” structure of the derivative instruments associated with Offsetting Matched Book Derivatives Operations.

(4) As of June 30, 2015 and September 30, 2014. the fair value of the forward foreign exchange contract derivatives are in an asset position and are included in prepaid expenses and other assets on our Condensed Consolidated Statements of Financial Condition. See Note 13 for additional information.

(5) See Note 13 for additional information on our forward foreign exchange contract derivatives associated with our OTC Derivatives Operations.

(6) Derivatives - RJ Bank Interest Hedges are included in prepaid expenses and other assets on our Condensed Consolidated Statements of Financial Condition. See Note 13 for additional information. The RJ Bank Interest Hedges are transacted through an exchange. The nature of the agreement with the clearing member exchange includes terms that are similar to a master netting agreement, thus we are over-collateralized since the actual amount of cash deposited with the exchange for these RJ Bank Interest Hedges amounts to $3.4 million as of June 30, 2015. These deposits are included in deposits with clearing organizations on our Condensed Consolidated Statements of Financial Condition.

(7) We are over-collateralized since the actual amount of financial instruments pledged as collateral for securities sold under agreements to repurchase amounts to $259.4 million and $253.7 million as of June 30, 2015 and September 30, 2014, respectively.

(8) For the portion of these derivative contracts that are transacted through an exchange, the nature of the agreement with the clearing member exchange include terms that are similar to a master netting agreement, thus we present offsetting deposits paid to the exchange associated with these contracts. These deposits are a component of deposits with clearing organizations on our Condensed Consolidated Statements of Financial Condition. See Note 13 for additional information.

For financial statement purposes, we do not offset our repurchase agreements or securities borrowing, securities lending transactions and certain of our derivative instruments including those transacted through an exchange because the conditions for netting as specified by GAAP are not met. Our repurchase agreements, securities borrowing and securities lending transactions, and certain of our derivative instruments transacted through an exchange, are governed by master agreements that are widely used by counterparties and that may allow for net settlements of payments in the normal course as well as offsetting of all contracts with a given counterparty in the event of bankruptcy or default of one of the two parties to the transaction. Although not offset on the Condensed Consolidated Statements of Financial Condition, these transactions are included in the preceding table.

Collateral and deposits with clearing organizations

We receive cash and securities as collateral, primarily in connection with Reverse Repurchase Agreements, securities borrowed, derivative transactions not transacted through an exchange, client margin loans arising from our domestic operations, and the secured call loans that are held by RJ Ltd. The cash collateral we receive is primarily associated with our OTC Derivative Operations (see Note 13 for additional information). The collateral we receive reduces our credit exposure to individual counterparties.

We also pay cash to the exchange, or receive cash from the exchange, related to derivative contracts transacted through an exchange. We account for such cash as a component of deposits with clearing organizations on our Condensed Consolidated Statements of Financial Condition.

In many cases, we are permitted to deliver or repledge financial instruments we have received as collateral, for our own use in our repurchase agreements, securities lending agreements, other secured borrowings, satisfaction of deposit requirements with clearing organizations, or otherwise meeting either our, or our clients, settlement requirements.

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The table below presents financial instruments at fair value, that we received as collateral, are not included on our Condensed Consolidated Statements of Financial Condition, and that were available to be delivered or repledged, along with the balances of such instruments that were used to deliver or repledge, to satisfy one of our purposes described above:

	June 30, 2015		September 30, 2014	
	(in thousands)			
Collateral we received that is available to be delivered or repledged	$2,222,349		$2,178,868	
Collateral that we delivered or repledged	970,383	(1)	879,071	(2)

(1) The collateral delivered or repledged as of June 30, 2015, includes client margin securities which we pledged with a clearing organization in the amount of $207.1 million which were applied against our requirement of $135.5 million.

(2) The collateral delivered or repledged as of September 30, 2014, includes client margin securities which we pledged with a clearing organization in the amount of $138.8 million which were applied against our requirement of $116.5 million.

Encumbered assets

We pledge certain of our trading instrument assets to collateralize either Repurchase Agreements, other secured borrowings, or to satisfy our settlement requirements, with counterparties who may or may not have the right to deliver or repledge such securities.

The table below presents information about the fair value of our assets that have been pledged for one of the purposes described above:

	June 30, 2015		September 30, 2014	
	(in thousands)			
Financial instruments owned, at fair value, pledged to counterparties that:				
Had the right to deliver or repledge	$413,384		$394,746	
Did not have the right to deliver or repledge	19,681	(1)	50,983	(2)

(1) Assets delivered or repledged as of June 30, 2015, includes securities which we pledged with a clearing organization in the amount of $24.4 million which were applied against our requirement of $135.5 million (client margin securities we pledged which are described in the preceding table constitute the remainder of the assets pledged to meet the requirement).

(2) Assets delivered or repledged as of September 30, 2014, includes securities which we pledged with a clearing organization in the amount of $18.9 million which were applied against our requirement of $116.5 million (client margin securities we pledged which are described in the preceding table constitute the remainder of the assets pledged to meet the requirement).

Repurchase agreements, repurchase-to-maturity transactions and securities lending transactions accounted for as secured borrowings

We sell securities under agreements to repurchase (“Repurchase Agreements”) and engage in securities lending transactions. These activities are accounted for as collateralized financings. Our Repurchase Agreements would include “repurchase-to-maturity” agreements, which are repurchase agreements where a security is transferred under an agreement to repurchase and the maturity date of the repurchase agreement matches the maturity date of the underlying security, if any, that we are a party to as of period-end. As of June 30, 2015, we did not have any “repurchase-to-maturity” agreements. See Note 2 on pages 102 and 108, respectively, of our 2014 Form 10-K for a discussion of our respective Repurchase Agreement and securities lending accounting policies.

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The following table presents the remaining contractual maturity of securities under agreement to repurchase and securities lending transactions accounted for as secured borrowings:

As of June 30, 2015:	Overnight and continuous	Up to 30 days	30-90 days	Greater than 90 days	Total
	(in thousands)				
Repurchase agreements					
Government and agency obligations	$153,489	$5,201	$—	$—	$158,690
Agency MBS and CMOs	90,279	2,800	—	—	93,079
Total Repurchase Agreements	$243,768	$8,001	$—	$—	$251,769
Securities lending					
Corporate obligations	14,562	—	—	—	14,562
Equity securities	394,171	—	—	—	394,171
Total securities lending	$408,733	$—	$—	$—	$408,733
Total	$652,501	$8,001	$—	$—	$660,502
Gross amounts of recognized liabilities for repurchase agreements and securities lending transactions included in the Offsetting Assets and Liabilities table included within this footnote					$660,502
Amounts related to repurchase agreements and securities lending transactions not included in the Offsetting Assets and Liabilities table included within this footnote					$—

We enter into Repurchase Agreements and conduct securities lending activities as components of the financing of certain of our operating activities. In the event the market value of the securities we pledge as collateral in these activities declines, we may have to post additional collateral or reduce the borrowing amounts. We monitor such levels daily.

NOTE 15 – INCOME TAXES

For discussion of income tax accounting policies and other income tax related information, see Note 2 on page 115, and Note 20 on pages 163 - 166, of our 2014 Form 10-K.

For the three months ended June 30, 2015, our effective income tax rate is 36.0%, which approximates the 35.8% effective tax rate for fiscal year 2014.

For the nine months ended June 30, 2015, our effective income tax rate is 36.9%, which is higher than the 35.8% effective tax rate for fiscal year 2014. The primary factor for the increase in the current year-to-date effective tax rate compared to the prior fiscal year tax rate is that the fiscal year 2014 effective tax rate was favorably impacted by the recognition of prior year state tax refunds, a benefit that is not expected to recur in fiscal year 2015.

As of June 30, 2015, we have not experienced significant changes in our unrecognized tax benefits balances from September 30, 2014.

NOTE 16 – COMMITMENTS, CONTINGENCIES AND GUARANTEES

Commitments and contingencies

In the normal course of business we enter into underwriting commitments. As of June 30, 2015, RJ&A had one open equity underwriting commitment, and nine open fixed income (public finance) underwriting commitments, all of which were subsequently settled in open market transactions at amounts which approximated the carrying value of these commitments in our Condensed Consolidated Statements of Financial Condition as of June 30, 2015. RJ Ltd. had six equity underwriting commitments that were recorded on the Condensed Consolidated Statements of Financial Condition at June 30, 2015 in the approximate amount of $19.8 million in Canadian currency (“CDN”) and that remained open as of such date.

As part of our recruiting efforts, we offer loans to prospective financial advisors and certain key revenue producers, primarily for recruiting and/or retention purposes (see Note 2 on pages 107 - 108 of our 2014 Form 10-K for a discussion of our accounting policies governing these transactions). These commitments are contingent upon certain events occurring, including, but not limited to, the individual joining us. As of June 30, 2015, we had made commitments, to either prospects that had accepted our offer, or recently recruited producers, of approximately $59.1 million that had not yet been funded.

As of June 30, 2015, RJ Bank had not settled purchases of $224.2 million in syndicated loans. These loan purchases are expected to be settled within 90 days.

A subsidiary of RJ Bank has committed $61.6 million as an investor member in a low-income housing tax credit fund in which a subsidiary of RJTCF is the managing member (see the discussion of "direct investments in LIHTC project partnerships" in Note 2 on page 117 of our 2014 Form 10-K for information regarding the accounting policies governing these investments). As of June 30, 2015, the RJ Bank subsidiary has invested $22 million of the committed amount.

RJ Bank has a committed limited partner investment of $3 million to a limited partnership, $1.8 million of this committed amount has been invested as of June 30, 2015.

During fiscal year 2014, RJ Bank entered into a forward-starting advance transaction with the FHLB to borrow $25 million on October 13, 2015. Once funded, this borrowing will bear interest at the rate of 3.4% and will mature on October 13, 2020.

See Note 21 for additional information regarding RJ Bank's commitments to extend credit and other credit-related off-balance sheet financial instruments, such as standby letters of credit and loan purchases.

We have entered into an agreement to acquire Producer's Choice. See Note 3 for additional information on this acquisition.

We have unfunded commitments to various venture capital or private equity partnerships, which aggregate to approximately $55 million as of June 30, 2015. Of the total, we have unfunded commitments to internally-sponsored private equity limited partnerships in which we control the general partner, of approximately $20 million.

RJF has committed to lend to RJTCF, or to guarantee obligations in connection with RJTCF's low-income housing development/rehabilitation and syndication activities, in amounts aggregating up to $250 million upon request, subject to certain limitations and to annual review and renewal. At June 30, 2015, RJTCF has $72.7 million in outstanding cash borrowings and $84.7 million in unfunded commitments outstanding against this commitment. RJTCF borrows from RJF in order to make investments in, or fund loans or advances to, either partnerships that purchase and develop properties qualifying for tax credits ("Project Partnerships") or LIHTC Funds. Investments in Project Partnerships are sold to various LIHTC Funds, which have third party investors, and for which RJTCF serves as the managing member or general partner. RJTCF typically sells investments in Project Partnerships to LIHTC Funds within 90 days of their acquisition, and the proceeds from the sales are used to repay RJTCF's borrowings from RJF. RJTCF may also make short-term loans or advances to Project Partnerships, and LIHTC Funds.

As a part of our fixed income public finance operations, RJ&A enters into forward commitments to purchase GNMA or FNMA MBS (see the discussion of these activities within "financial instruments owned, financial instruments sold but not purchased and fair value" in Note 2 on page 104 of our 2014 Form 10-K). At June 30, 2015, RJ&A had approximately $723 million principal amount of outstanding forward MBS purchase commitments which are expected to be purchased over the following 90 days. In order to hedge the market interest rate risk to which RJ&A would otherwise be exposed between the date of the commitment and the date of sale of the MBS, RJ&A enters into to be announced ("TBA") security contracts with investors for generic MBS securities at specific rates and prices to be delivered on settlement dates in the future. These TBA securities are accounted for at fair value and are included in Agency MBS securities in the table of assets and liabilities measured at fair value included in Note 5, and at June 30, 2015 aggregate to a net asset having a fair value of $2.5 million. The estimated fair value of the purchase commitment is a $1.7 million liability balance as of June 30, 2015.

As a result of extensive regulation of financial holding companies, banks, broker-dealers and investment advisory entities, RJF and certain of its subsidiaries are subject to regular reviews and inspections by regulatory authorities and self-regulatory organizations. The reviews can result in the imposition of sanctions for regulatory violations, ranging from non-monetary censure to fines and, in serious cases, temporary or permanent suspension from conducting business. In addition, regulatory agencies and self-regulatory organizations institute investigations from time to time into industry practices, which can also result in the imposition of sanctions. See Note 20 for additional information regarding regulatory capital requirements applicable to RJF and certain of its broker-dealer subsidiaries.

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Guarantees

RJ Bank provides to its affiliate, Raymond James Capital Services, Inc. (“RJ Cap Services”), on behalf of certain corporate borrowers, a guarantee of payment in the event of the borrower’s default for exposure under interest rate swaps entered into with RJ Cap Services. At June 30, 2015, the exposure under these guarantees is $5.8 million, which was underwritten as part of RJ Bank’s corporate credit relationship with such borrowers. The outstanding interest rate swaps at June 30, 2015 have maturities ranging from September 2015 through December 2026. RJ Bank records an estimated reserve for its credit risk associated with the guarantee of these client swaps, which was insignificant as of June 30, 2015. The estimated total potential exposure under these guarantees is $27.1 million at June 30, 2015.

RJ Bank guarantees the forward foreign exchange contract obligations of its U.S. subsidiaries. See Note 13 for additional information regarding these derivatives.

RJF guarantees interest rate swap obligations of RJ Cap Services. See Note 13 for additional information regarding interest rate swaps.

We have from time to time authorized performance guarantees for the completion of trades with counterparties in Argentina. At June 30, 2015, there were no such outstanding performance guarantees.

In March 2008, RJF guaranteed an $8 million letter of credit issued for settlement purposes that was requested by the Capital Markets Board (“CMB”) for a joint venture we were at one time affiliated with in the country of Turkey. While our Turkish joint venture ceased operations in December 2008, the CMB has not released this letter of credit. The issuing bank has instituted an action seeking payment of its fees on the underlying letter of credit and to confirm that the guarantee remains in effect.

RJF guarantees the existing mortgage debt of RJ&A of approximately $38.8 million.

Our U.S. broker-dealer subsidiaries are required by federal law to be members of the Securities Investors Protection Corporation (“SIPC”). The SIPC fund provides protection for securities held in client accounts up to $500 thousand per client, with a limitation of $250 thousand on claims for cash balances. We have purchased excess SIPC coverage through various syndicates of Lloyd’s (the “Excess SIPC Insurer”). For RJ&A, our clearing broker-dealer, the additional protection currently provided has an aggregate firm limit of $750 million for cash and securities, including a sub-limit of $1.9 million per client for cash above basic SIPC. Account protection applies when a SIPC member fails financially and is unable to meet obligations to clients. This coverage does not protect against market fluctuations. RJF has provided an indemnity to the Excess SIPC Insurer against any and all losses they may incur associated with the excess SIPC policies.

RJTCF issues certain guarantees to various third parties related to Project Partnerships whose interests have been sold to one or more of the funds in which RJTCF is the managing member or general partner. In some instances, RJTCF is not the primary guarantor of these obligations, which aggregate to approximately $1.6 million as of June 30, 2015.

RJTCF has provided a guaranteed return on investment to a third party investor in one of its fund offerings (“Fund 34”), and RJF has guaranteed RJTCF’s performance under the arrangement. Under the terms of the performance guarantee, should the underlying LIHTC project partnerships held by Fund 34 fail to deliver a certain amount of tax credits and other tax benefits to this investor over the next seven years, RJTCF is obligated to pay the investor an amount that results in the investor achieving a minimum specified return on their investment. A $24.5 million financing asset is included in prepaid expenses and other assets, and a related $24.5 million liability is included in trade and other payables on our Condensed Consolidated Statements of Financial Condition as of June 30, 2015 related to this obligation. The maximum exposure to loss under this guarantee is approximately $29.3 million at June 30, 2015, which represents the undiscounted future payments due the investor.

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Legal matter contingencies

Indemnification from Regions

On April 2, 2012 (the "Closing Date"), RJF completed its acquisition of all of the issued and outstanding shares of Morgan Keegan & Company, Inc. (a broker-dealer hereinafter referred to as "MK & Co.") and MK Holding, Inc. and certain of its affiliates (collectively referred to hereinafter as "Morgan Keegan") from Regions Financial Corporation ("Regions"). The terms of the stock purchase agreement provide that Regions will indemnify RJF for losses incurred in connection with legal proceedings pending as of the closing date or commenced after the closing date and related to pre-closing matters that are received prior to April 2, 2015, as well as any cost of defense pertaining thereto (see Note 3 on pages 118 - 119 of our 2014 Form 10-K for a discussion of the indemnifications provided to RJF by Regions). All of the Morgan Keegan matters described below are subject to such indemnification provisions. Management estimates the range of potential liability of all such matters subject to indemnification, including the cost of defense, to be from $39 million to $195 million. Any loss arising from such matters, after consideration of the applicable annual deductible, if any, will be borne by Regions. As of June 30, 2015, a receivable from Regions of approximately $300 thousand is included in other receivables, an indemnification asset of approximately $146 million is included in other assets, and a liability for potential losses of approximately $144 million is included within trade and other payables, all of which are reflected on our Condensed Consolidated Statements of Financial Condition pertaining to the matters described below and the related indemnification from Regions. The amount included within trade and other payables is the amount within the range of potential liability related to such matters which management estimates is more likely than any other amount within such range.

Morgan Keegan matters subject to indemnification

In July 2006, MK & Co. and a former MK & Co. analyst were named as defendants in a lawsuit filed by a Canadian insurance and financial services company, Fairfax Financial Holdings, and its American subsidiary in the Circuit Court of Morris County, New Jersey. Plaintiffs made claims under a civil Racketeer Influenced and Corrupt Organizations ("RICO") statute, for commercial disparagement, tortious interference with contractual relationships, tortious interference with prospective economic advantage and common law conspiracy. Plaintiffs alleged that defendants engaged in a multi-year conspiracy to publish and disseminate false and defamatory information about plaintiffs to improperly drive down plaintiff's stock price, so that others could profit from short positions. Plaintiffs alleged that defendants' actions damaged their reputations and harmed their business relationships. Plaintiffs alleged a number of categories of damages they sustained, including lost insurance business, lost financings and increased financing costs, increased audit fees and directors and officers insurance premiums and lost acquisitions, and have requested monetary damages. On May 11, 2012, the trial court ruled that New York law applied to plaintiff's RICO claims, therefore the claims were not subject to treble damages. On June 27, 2012, the trial court dismissed plaintiffs' tortious interference with prospective relations claim, but allowed other claims to go forward. A jury trial was set to begin on September 10, 2012. Prior to its commencement the court dismissed the remaining claims with prejudice. Plaintiffs have appealed the court's rulings.

Certain of the Morgan Keegan entities, along with Regions, have been named in class-action lawsuits filed in federal and state courts on behalf of shareholders of Regions and investors who purchased shares of certain mutual funds in the Regions Morgan Keegan Fund complex (the "Regions Funds"). The Regions Funds were formerly managed by Morgan Asset Management ("MAM"), an entity which was at one time a subsidiary of one of the Morgan Keegan affiliates, but an entity which was not part of our Morgan Keegan acquisition (see further information regarding the Morgan Keegan acquisition in Note 3 on pages 118 - 119 of our 2014 Form 10-K). The complaints contain various allegations, including claims that the Regions Funds and the defendants misrepresented or failed to disclose material facts relating to the activities of the funds. In August 2013, the United States District Court for the Western District of Tennessee approved the settlement of the class action and the derivative action regarding the closed end funds for $62 million and $6 million, respectively. No class has been certified. Certain of the shareholders in the funds and other interested parties have entered into arbitration proceedings and individual civil claims, in lieu of participating in the class action lawsuits.

The SEC and states of Missouri and Texas are investigating alleged securities law violations by MK & Co. in the underwriting and sale of certain municipal bonds. An enforcement action brought by the Missouri Secretary of State in April 2013, seeking monetary penalties and other relief, was dismissed and refiled in November 2013. A civil action was brought by institutional investors of the bonds in March 2012, seeking a return of their investment and unspecified compensatory and punitive damages. Trial of this case is currently set for November 2015 in the Circuit Court for Cole County, Missouri. A class action was brought on behalf of retail purchasers of the bonds in September 2012, seeking unspecified compensatory and punitive damages. In September 2014, the District Court for the Western District of Missouri granted class certification. The matter was resolved and the settlement approved by the District Court in January 2015. Other individual investors and investor groups have also filed arbitration claims or separate civil claims, which are pending in various stages and several have been resolved.

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Prior to the Closing Date, Morgan Keegan was involved in other litigation arising in the normal course of its business. On all such matters, RJF is subject to indemnification from Regions pursuant to the terms of the stock purchase agreement as summarized above.

Other matters

We are a defendant or co-defendant in various lawsuits and arbitrations incidental to our securities business as well as regulatory investigations and other corporate litigation. We are contesting the allegations in these matters and believe that there are meritorious defenses in each. In view of the number and diversity of claims against us, the number of jurisdictions in which litigation is pending and the inherent difficulty of predicting the outcome of litigation and other claims, we cannot state with certainty what the eventual outcome of pending litigation or other claims will be. Refer to Note 2 on page 114 of our 2014 Form 10-K for a discussion of our criteria for establishing a range of possible loss related to such matters. Excluding any amounts subject to indemnification from Regions related to pre-Closing Date Morgan Keegan matters discussed above, as of June 30, 2015, management currently estimates the aggregate range of possible loss is from $0 to an amount of up to $10 million in excess of the accrued liability (if any) related to these matters. In the opinion of management, based on current available information, review with outside legal counsel, and consideration of the accrued liability amounts provided for in the accompanying condensed consolidated financial statements with respect to these matters, ultimate resolution of these matters will not have a material adverse impact on our financial position or cumulative results of operations. However, resolution of one or more of these matters may have a material effect on the results of operations in any future period, depending upon the ultimate resolution of those matters and upon the level of income for such period.

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NOTE 17 – ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

Accumulated other comprehensive income (loss)

The following table presents the after-tax changes in each component of accumulated other comprehensive income (loss) for the three and nine months ended June 30, 2015 and 2014:

	Unrealized gains on available for sale securities	Net currency translations and net investment hedges [1]	Cash flow hedges[2]	Total
	(in thousands)			
Three months ended June 30, 2015				
Accumulated other comprehensive income (loss) as of the beginning of the period	$7,058	$(28,352)	$(1,501)	$(22,795)
Other comprehensive (loss) income before reclassifications and taxes	(325)	(1,511)	4,875	3,039
Amounts reclassified from accumulated other comprehensive (loss) income, before tax	(8,432)	—	914	(7,518)
Pre-tax net other comprehensive (loss) income	(8,757)	(1,511)	5,789	(4,479)
Income tax effect	3,376	2,806	(2,200)	3,982
Net other comprehensive (loss) income for the period, net of tax	(5,381)	1,295	3,589	(497)
Accumulated other comprehensive income (loss) as of June 30, 2015	$1,677	$(27,057)	$2,088	$(23,292)
Nine months ended June 30, 2015				
Accumulated other comprehensive income (loss) as of the beginning of the period	$4,745	$(6,633)	$—	$(1,888)
Other comprehensive income (loss) before reclassifications and taxes	3,420	(778)	2,394	5,036
Amounts reclassified from accumulated other comprehensive (loss) income, before tax	(8,434)	—	974	(7,460)
Pre-tax net other comprehensive (loss) income	(5,014)	(778)	3,368	(2,424)
Income tax effect	1,946	(19,646)	(1,280)	(18,980)
Net other comprehensive (loss) income for the period, net of tax	(3,068)	(20,424)	2,088	(21,404)
Accumulated other comprehensive income (loss) as of June 30, 2015	$1,677	$(27,057)	$2,088	$(23,292)
Three months ended June 30, 2014				
Accumulated other comprehensive income (loss) as of the beginning of the period	$3,300	$(4,534)	$—	$(1,234)
Other comprehensive income (loss) before reclassifications and taxes	4,174	(1,971)	—	2,203
Amounts reclassified from accumulated other comprehensive loss, before tax	(535)	—	—	(535)
Pre-tax net other comprehensive income (loss)	3,639	(1,971)	—	1,668
Income tax effect	(1,393)	7,877	—	6,484

Net other comprehensive income for the period, net of tax	2,246	5,906	—	8,152
Accumulated other comprehensive income as of June 30, 2014	$5,546	$1,372	$—	$6,918
Nine months ended June 30, 2014				
Accumulated other comprehensive (loss) income as of the beginning of the period	$(1,276)	$12,002	$—	$10,726
Other comprehensive income (loss) before reclassifications and taxes	15,301	(4,869)	—	10,432
Amounts reclassified from accumulated other comprehensive loss, before tax	(4,266)	—	—	(4,266)
Pre-tax net other comprehensive income (loss)	11,035	(4,869)	—	6,166
Income tax effect	(4,213)	(5,761)	—	(9,974)
Net other comprehensive income (loss) for the period, net of tax	6,822	(10,630)	—	(3,808)
Accumulated other comprehensive income as of June 30, 2014	$5,546	$1,372	$—	$6,918

(1) Includes net gains (losses) recognized on forward foreign exchange derivatives associated with hedges of RJ Bank's foreign currency exposure due to its non-U.S. dollar net investments (see Note 13 for additional information on these derivatives).

(2) Represents the RJ Bank Interest Hedges (see Note 13 for additional information on these derivatives).

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Reclassifications out of accumulated other comprehensive income

The following table presents the income statement line items impacted by reclassifications out of accumulated other comprehensive income (loss), and the related tax effects, for the periods indicated:

Accumulated other comprehensive income (loss) components:	Increase (decrease) in amounts reclassified from accumulated other comprehensive income (loss) (in thousands)		Affected line items in income statement
Three months ended June 30, 2015			
Available for sale securities: [1]			
Auction rate securities [2]	$(8,974	)	Other revenue
RJ Bank available for sale securities	542		Other revenue
RJ Bank Interest Hedges[3]	914		Interest expense
	(7,518	)	Total before tax
Income tax effect	2,903		Provision for income taxes
Total reclassifications for the period	$(4,615	)	Net of tax
Nine months ended June 30, 2015			
Available for sale securities: [1]			
Auction rate securities [2]	$(8,976	)	Other revenue
RJ Bank available for sale securities	542		Other revenue
RJ Bank Interest Hedges[3]	974		Interest expense
	(7,460	)	Total before tax
Income tax effect	2,881		Provision for income taxes
Total reclassifications for the period	$(4,579	)	Net of tax
Three months ended June 30, 2014			
Available for sale securities: [1]			
Auction rate securities [2]	$(273	)	Other revenue
RJ Bank available for sale securities	(262	)	Other revenue
	(535	)	Total before tax
Income tax effect	204		Provision for income taxes
Total reclassifications for the period	$(331	)	Net of tax
Nine months ended June 30, 2014			
Available for sale securities: [1]			
Auction rate securities [2]	$(4,031	)	Other revenue
RJ Bank available for sale securities	(235	)	Other revenue
	(4,266	)	Total before tax
Income tax effect	1,641		Provision for income taxes
Total reclassifications for the period	$(2,625	)	Net of tax

(1) See Note 7 for additional information regarding the available for sale securities, and Note 5 for additional fair value information regarding these securities.

(2) Other revenues in our Condensed Consolidated Statements of Income and Comprehensive Income include realized gains on the sale of ARS (see Note 7 for further information). The amounts presented in the table represent the reversal out of AOCI associated with such ARS' sold. The net of such realized gain and this reversal out of AOCI represents the net effect of such redemptions and sales activities on other comprehensive income ("OCI") for each respective period, on a pre-tax basis.

(3) See Note 13 for additional information regarding the RJ Bank Interest Hedges, and Note 5 for additional fair value information regarding these derivatives.

All of the components of other comprehensive income (loss) described above, net of tax, are attributable to RJF.

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NOTE 18 – INTEREST INCOME AND INTEREST EXPENSE

The components of interest income and interest expense are as follows:

	Three months ended June 30,		Nine months ended June 30,	
	2015	2014	2015	2014
	(in thousands)			
Interest income:				
Margin balances	$16,755	$16,894	$50,268	$51,309
Assets segregated pursuant to regulations and other segregated assets	3,350	3,666	10,139	11,854
Bank loans, net of unearned income	103,017	86,231	299,829	251,079
Available for sale securities	1,234	1,598	3,830	5,176
Trading instruments	4,636	4,750	14,061	13,893
Stock loan	2,910	2,200	10,120	6,882
Loans to financial advisors	1,774	1,528	5,211	4,831
Corporate cash and all other	3,471	2,524	10,211	9,853
Total interest income	$137,147	$119,391	$403,669	$354,877
Interest expense:				
Brokerage client liabilities	$213	$273	$737	$990
Retail bank deposits	2,077	1,980	6,304	5,864
Trading instruments sold but not yet purchased	1,158	1,075	3,376	3,198
Stock borrow	1,082	900	4,495	2,206
Borrowed funds	1,983	1,128	4,171	2,976
Senior notes	19,010	19,010	57,029	57,030
Interest expense of consolidated VIEs	404	653	1,470	2,237
Other	1,797	2,033	4,372	3,903
Total interest expense	27,724	27,052	81,954	78,404
Net interest income	109,423	92,339	321,715	276,473
Add (subtract): benefit (provision) for loan losses	3,009	(4,467)	(10,293)	(8,082)
Net interest income after benefit (provision) for loan losses	$112,432	$87,872	$311,422	$268,391

NOTE 19 – SHARE-BASED COMPENSATION

We maintain one share-based compensation plan for our employees, Board of Directors and non-employees (comprised of independent contractor financial advisors). The 2012 Stock Incentive Plan (the “2012 Plan”) permits us to grant share-based and cash-based awards designed to be exempt from the limitation on deductible compensation under Section 162(m) of the Internal Revenue Code. In our 2014 Form 10-K, our share-based compensation accounting policies are described in Note 2 on page 114. Other information relating to our employee and Board of Director share-based awards are outlined in our 2014 Form 10-K in Note 24, on pages 172 – 176, while Note 25 on pages 176 – 178 discusses our non-employee share-based awards. For purposes of this report, we have combined our presentation of both our employee and Board of Director share-based awards with our non-employee share-based awards.

Stock option awards

Expense and income tax benefits related to our stock options awards granted to employees, members of our Board of Directors and independent contractor financial advisors are presented below:

	Three months ended June 30,		Nine months ended June 30,	
	2015	2014	2015	2014
	(in thousands)			
Total share-based expense	$3,298	$1,739	$8,986	$8,600
Income tax benefit (reduction of prior benefit) related to share-based expense	507	(50)	1,133	1,228

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For the nine months ended June 30, 2015, we reduced the cumulative excess tax benefit realized in prior years related to our stock option awards by $100 thousand.

During the three months ended June 30, 2015, we granted 6,729 stock options to employees and no stock options were granted to our independent contractor financial advisors. During the nine months ended June 30, 2015, we granted 1,100,008 stock options to employees and 39,200 stock options were granted to our independent contractor financial advisors. During the three and nine months ended June 30, 2015, no stock options were granted to outside directors.

Unrecognized pre-tax expense for stock option awards granted to employees, members of our Board of Directors, and independent contractor financial advisors, net of estimated forfeitures, and the remaining period over which the expense will be recognized as of June 30, 2015, are presented below:

	Unrecognized pre-tax expense	Remaining weighted-average amortization period
	(in thousands)	(in years)
Employees and members of our Board of Directors	$26,763	3.4
Independent contractor financial advisors	1,973	3.2

The weighted-average grant-date fair value of stock option awards to employees and members of our Board of Directors for the three and nine months ended June 30, 2015 was $15.00 and $14.20, respectively.

The fair value of each option awarded to our independent contractor financial advisors is estimated on the date of grant and periodically revalued using the Black-Scholes option pricing model. The weighted-average fair value for unvested stock options granted to independent contractor financial advisors as of June 30, 2015 was $25.83.

Restricted stock and restricted stock unit awards

Expense and income tax benefits related to our restricted equity awards (which include restricted stock and restricted stock units) granted to employees, members of our Board of Directors, and independent contractor financial advisors are presented below:

	Three months ended June 30,		Nine months ended June 30,	
	2015	2014	2015	2014
	(in thousands)			
Total share-based expense	$12,691	$11,909	$45,846	$40,966
Income tax benefit related to share-based expense	4,434	4,123	16,334	14,343

For the nine months ended June 30, 2015, we reduced the cumulative excess tax benefit realized in prior years related to our restricted equity awards by $1.3 million.

During the three and nine months ended June 30, 2015, we granted 42,953 and 1,171,924, respectively, restricted stock units to employees. During the three months ended June 30, 2015, we did not grant any restricted stock units to outside members of our Board of Directors. During the nine months ended June 30, 2015 we granted 16,656 restricted stock units to outside members of our Board of Directors. We did not grant any restricted stock units to our independent contractor financial advisors during either the three or the nine months ended June 30, 2015.

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Unrecognized pre-tax expense for restricted equity awards granted to employees, members of our Board of Directors and independent contractor financial advisors, net of estimated forfeitures, and the remaining period over which the expense will be recognized as of June 30, 2015, are presented below:

	Unrecognized pre-tax expense	Remaining weighted-average amortization period
	(in thousands)	(in years)
Employees and members of our Board of Directors	$98,170	2.9
Independent contractor financial advisors	49	1.2

The weighted-average grant-date fair value of restricted stock unit awards granted to employees and outside members of our Board of Directors for the three and nine months ended June 30, 2015 were $58.33 and $56.23, respectively.

The fair value of each restricted equity award to our independent contractor financial advisors is computed on the date of grant and periodically revalued at the current stock price. The fair value for unvested restricted equity awards granted to independent contractor financial advisors as of June 30, 2015 was $61.04 per unit.

NOTE 20 – REGULATIONS AND CAPITAL REQUIREMENTS

RJF, as a financial holding company, and RJ Bank, are subject to various regulatory capital requirements. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on our and RJ Bank’s financial results. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, RJF and RJ Bank must meet specific capital guidelines that involve quantitative measures of our assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. RJF’s and RJ Bank’s capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk-weightings, and other factors.

Effective January 1, 2015, RJF and RJ Bank became subject to Basel III. Under the Basel III rules, the quantity and quality of regulatory capital increases, a capital conservation buffer was established, selected changes were made to the calculation of risk-weighted assets, and a new ratio, common equity Tier 1 was introduced, all of which are applicable to both RJF and RJ Bank. RJF and RJ Bank report regulatory capital under Basel III under the standardized approach. Various aspects of Basel III will be subject to multi-year transition periods through December 31, 2018. Prior to January 1, 2015, RJF and RJ Bank were subject to the capital requirements of Basel 2.5 and Basel I, respectively.

RJF and RJ Bank are required to maintain minimum amounts and ratios of Total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), Tier 1 capital to average assets (as defined), and under rules defined in Basel III, Common equity Tier 1 capital to risk-weighted assets. RJF and RJ Bank each calculate these ratios in order to assess compliance with both regulatory requirements and their internal capital policies. Effective January 1, 2016, RJF and RJ Bank will be required to report their capital conservation buffers. Capital levels are monitored to assess both RJF and RJ Bank’s capital position. At current capital levels, RJF and RJ Bank are each categorized as “well capitalized” under the regulatory framework for prompt corrective action.

For further discussion of the various regulations and capital requirements applicable to certain of our businesses and subsidiaries, see Note 26 on pages 178 - 181 of our 2014 Form 10-K.

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To meet requirements for capital adequacy purposes or to be categorized as "well capitalized," RJF must maintain minimum Common equity tier 1, Tier 1 risk-based, Total risk-based, and Tier 1 leverage amounts and ratios as set forth in the table below.

	Actual			Requirement for capital adequacy purposes			To be well capitalized under prompt corrective action provisions		
	Amount	Ratio		Amount	Ratio		Amount	Ratio	
	($ in thousands)								
RJF as of June 30, 2015: (computed in accordance with Basel III)									
Common equity tier 1 capital	$4,065,998	21.3	%	$859,635	4.5	%	$1,241,696	6.5	%
Tier 1 capital	4,065,998	21.3	%	1,146,181	6.0	%	1,528,241	8.0	%
Total capital	4,244,781	22.2	%	1,528,241	8.0	%	1,910,301	10.0	%
Tier 1 leverage	4,065,998	16.7	%	972,688	4.0	%	1,215,859	5.0	%
RJF as of September 30, 2014: (computed in accordance with Basel 2.5)									
Tier 1 capital	$3,775,385	19.7	%	$765,589	4.0	%	$1,148,384	6.0	%
Total capital	3,940,516	20.6	%	1,531,178	8.0	%	1,913,973	10.0	%
Tier 1 leverage	3,775,385	16.4	%	919,546	4.0	%	1,149,433	5.0	%

The increase in RJF's Total capital and Tier 1 capital ratios at June 30, 2015 compared to September 30, 2014 was primarily the result of our increase in earnings during the nine month period ended June 30, 2015 and the implementation of the Basel III rules in relation to RJ Bank's SBL portfolio, which resulted in the reduced risk-weighting of the majority of these loans secured by marketable securities.

To meet the requirements for capital adequacy or to be categorized as "well capitalized," RJ Bank must maintain minimum Common equity Tier 1, tier 1 risk-based, Total risk-based, and Tier 1 leverage amounts and ratios as set forth in the table below.

	Actual			Requirement for capital adequacy purposes			To be well capitalized under prompt corrective action provisions		
	Amount	Ratio		Amount	Ratio		Amount	Ratio	
	($ in thousands)								
RJ Bank as of June 30, 2015: (computed in accordance with Basel III)									
Common equity tier I capital	$1,487,606	13.6	%	$493,421	4.5	%	$712,720	6.5	%
Tier 1 capital	1,487,606	13.6	%	657,895	6.0	%	877,193	8.0	%
Total capital	1,625,138	14.8	%	877,193	8.0	%	1,096,492	10.0	%
Tier 1 leverage	1,487,606	11.1	%	538,271	4.0	%	672,839	5.0	%
RJ Bank as of September 30, 2014:									

(computed in accordance with Basel I)								
Tier 1 capital	$1,314,374	11.2	%	$467,926	4.0	%	$701,889	6.0	%
Total capital	1,460,895	12.5	%	935,852	8.0	%	1,169,815	10.0	%
Tier 1 leverage	1,314,374	10.7	%	492,186	4.0	%	615,232	5.0	%

The increase in RJ Bank's Total and Tier 1 capital ratios at June 30, 2015 compared to September 30, 2014 was primarily due to the implementation of the Basel III rules in relation to RJ Bank's SBL portfolio, which resulted in the reduced risk-weighting of the majority of these loans secured by marketable securities.

Certain of our broker-dealer subsidiaries are subject to the requirements of the Uniform Net Capital Rule (Rule 15c3-1) under the Securities Exchange Act of 1934.

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The net capital position of our wholly owned broker-dealer subsidiary RJ&A is as follows:

	As of June 30, 2015	September 30, 2014
	($ in thousands)	
Raymond James & Associates, Inc.:		
(Alternative Method elected)		
Net capital as a percent of aggregate debit items	23.21 %	24.14 %
Net capital	$446,914	$442,866
Less: required net capital	(38,510)	(36,694)
Excess net capital	$408,404	$406,172

The net capital position of our wholly owned broker-dealer subsidiary RJFS is as follows:

	As of June 30, 2015	September 30, 2014
	(in thousands)	
Raymond James Financial Services, Inc.:		
(Alternative Method elected)		
Net capital	$26,294	$23,748
Less: required net capital	(250)	(250)
Excess net capital	$26,044	$23,498

The risk adjusted capital of RJ Ltd. is as follows (in Canadian dollars):

	As of June 30, 2015	September 30, 2014
	(in thousands)	
Raymond James Ltd.:		
Risk adjusted capital before minimum	$107,675	$107,645
Less: required minimum capital	(250)	(250)
Risk adjusted capital	$107,425	$107,395

At June 30, 2015, all of our other active regulated domestic and international subsidiaries are in compliance with and met all capital requirements.

NOTE 21 – FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

For a discussion of our financial instruments with off-balance-sheet risk, see Note 27 on pages 181 - 182 of our 2014 Form 10-K.

RJ Bank has outstanding at any time a significant number of commitments to extend credit and other credit-related off-balance sheet financial instruments such as standby letters of credit and loan purchases, which then extend over varying periods of time. These arrangements are subject to strict credit control assessments and each customer’s credit worthiness is evaluated on a case-by-case basis. Fixed-rate commitments are also subject to market risk resulting from fluctuations in interest rates and RJ Bank’s exposure is limited to the replacement value of those commitments.

RJ Bank’s commitments to extend credit and other credit-related off-balance sheet financial instruments outstanding are as follows:

	June 30, 2015
	(in thousands)
Standby letters of credit	$73,034
Open-end consumer lines of credit (primarily SBL)	2,311,018
Commercial lines of credit	1,468,284
Unfunded loan commitments	327,652

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Because many of RJ Bank’s lending commitments expire without being funded in whole or part, the contract amounts are not estimates of RJ Bank’s actual future credit exposure or future liquidity requirements. RJ Bank maintains a reserve to provide for potential losses related to the unfunded lending commitments. See Note 8 for further discussion of this reserve for unfunded lending commitments.

RJ Ltd. is subject to foreign exchange risk primarily due to financial instruments denominated in U.S. dollars that may be impacted by fluctuation in foreign exchange rates. In order to mitigate this risk, RJ Ltd. enters into forward foreign exchange contracts. The fair value of these contracts is not significant. As of June 30, 2015, forward contracts outstanding to buy and sell U.S. dollars totaled CDN $4.2 million and CDN $7.4 million, respectively. RJ Bank is also subject to foreign exchange risk related to its net investment in a Canadian subsidiary. See Note 13 for information regarding how RJ Bank utilizes net investment hedges to mitigate a significant portion of this risk.

As a part of our fixed income public finance operations, RJ&A enters into forward commitments to purchase GNMA or FNMA MBS. See Note 16 for information on these commitments. We utilize TBA security contracts to hedge our interest rate risk associated with these commitments. We are subject to loss if the timing of, or the actual amount of, the MBS securities differs significantly from the term and notional amount of the TBA security contracts we enter into.

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NOTE 22 – EARNINGS PER SHARE

The following table presents the computation of basic and diluted earnings per share:

	Three months ended June 30,		Nine months ended June 30,	
	2015	2014	2015	2014
	(in thousands, except per share amounts)			
Income for basic earnings per common share:				
Net income attributable to RJF	$133,195	$122,689	$372,954	$343,882
Less allocation of earnings and dividends to participating securities [(1)]	(410)	(710)	(1,235)	(2,250)
Net income attributable to RJF common shareholders	$132,785	$121,979	$371,719	$341,632
Income for diluted earnings per common share:				
Net income attributable to RJF	$133,195	$122,689	$372,954	$343,882
Less allocation of earnings and dividends to participating securities [(1)]	(403)	(696)	(1,211)	(2,206)
Net income attributable to RJF common shareholders	$132,792	$121,993	$371,743	$341,676
Common shares:				
Average common shares in basic computation	143,252	140,270	142,303	139,747
Dilutive effect of outstanding stock options and certain restricted stock units	3,241	3,715	3,567	3,565
Average common shares used in diluted computation	146,493	143,985	145,870	143,312
Earnings per common share:				
Basic	$0.93	$0.87	$2.61	$2.44
Diluted	$0.91	$0.85	$2.55	$2.38
Stock options and certain restricted stock units excluded from weighted-average diluted common shares because their effect would be antidilutive	1,900	233	2,945	392

(1) Represents dividends paid during the period to participating securities plus an allocation of undistributed earnings to participating securities. Participating securities represent unvested restricted stock and certain restricted stock units and amounted to weighted-average shares of 449 thousand and 819 thousand for the three months ended June 30, 2015 and 2014, respectively. Participating securities amounted to weighted-average shares of 478 thousand and 924 thousand for the nine months ended June 30, 2015 and 2014, respectively. Dividends paid to participating securities amounted to $100 thousand for both the three months ended June 30, 2015 and 2014. Dividends paid to participating securities amounted to $200 thousand and $400 thousand for the nine months ended June 30, 2015 and 2014, respectively. Undistributed earnings are allocated to participating securities based upon their right to share in earnings if all earnings for the period had been distributed.

Dividends per common share declared and paid are as follows:

	Three months ended June 30,		Nine months ended June 30,	
	2015	2014	2015	2014
Dividends per common share - declared	$0.18	$0.16	$0.54	$0.48
Dividends per common share - paid	$0.18	$0.16	$0.52	$0.46

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NOTE 23 – SEGMENT INFORMATION

We currently operate through the following five business segments: “Private Client Group;” “Capital Markets;” “Asset Management;” RJ Bank; and our “Other” segment, which includes our principal capital and private equity activities as well as various corporate overhead costs of RJF including the interest cost on our public debt. The business segments are based upon factors such as the services provided and the distribution channels served and are consistent with how we assess performance and determine how to allocate our resources throughout our subsidiaries. For a further discussion of our business segments, see Note 29 on pages 183 - 186 of our 2014 Form 10-K.

Information concerning operations in these segments of business is as follows:

	Three months ended June 30,		Nine months ended June 30,	
	2015	2014	2015	2014
	(in thousands)			
Revenues:				
Private Client Group	$894,727	$822,741	$2,617,604	$2,423,071
Capital Markets	237,680	237,708	711,775	704,374
Asset Management	98,899	91,222	292,551	274,772
RJ Bank	107,244	93,740	315,590	264,770
Other	28,890	12,984	56,462	37,055
Intersegment eliminations	(18,727)	(17,112)	(52,801)	(49,360)
Total revenues[(1)]	$1,348,713	$1,241,283	$3,941,181	$3,654,682
Income (loss) excluding noncontrolling interests and before provision for income taxes:				
Private Client Group	$86,363	$81,473	$254,527	$230,098
Capital Markets	18,287	28,009	66,788	91,025
Asset Management	31,554	31,306	102,445	93,006
RJ Bank	78,008	64,921	213,628	178,777
Other	(6,082)	(14,466)	(46,030)	(57,275)
Pre-tax income excluding noncontrolling interests	208,130	191,243	591,358	535,631
Add: net loss attributable to noncontrolling interests	(6,835)	(12,310)	(15,781)	(24,887)
Income including noncontrolling interests and before provision for income taxes	$201,295	$178,933	$575,577	$510,744

(1) No individual client accounted for more than ten percent of total revenues in any of the periods presented.

	Three months ended June 30,		Nine months ended June 30,	
	2015	2014	2015	2014
	(in thousands)			
Net interest income (expense):				
Private Client Group	$22,664	$21,769	$66,423	$67,355
Capital Markets	1,047	738	5,174	4,000
Asset Management	(1)	27	90	68
RJ Bank	102,054	87,089	298,633	253,730
Other	(16,341)	(17,284)	(48,605)	(48,680)
Net interest income	$109,423	$92,339	$321,715	$276,473

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The following table presents our total assets on a segment basis:

	June 30, 2015	September 30, 2014
	(in thousands)	
Total assets:		
Private Client Group[1]	$6,421,196	$6,255,176
Capital Markets[2]	2,666,314	2,645,926
Asset Management	177,450	186,170
RJ Bank	13,291,572	12,036,945
Other	2,251,884	2,201,435
Total	$24,808,416	$23,325,652

(1) Includes $174.6 million of goodwill at June 30, 2015 and September 30, 2014.

(2) Includes $120.9 million of goodwill at June 30, 2015 and September 30, 2014.

We have operations in the United States, Canada, Europe and joint ventures in Latin America. Substantially all long-lived assets are located in the United States. Revenues and income before provision for income taxes and excluding noncontrolling interests, classified by major geographic areas in which they are earned, are as follows:

	Three months ended June 30,		Nine months ended June 30,	
	2015	2014	2015	2014
	(in thousands)			
Revenues:				
United States	$1,247,645	$1,134,841	$3,643,350	$3,316,872
Canada	71,928	73,993	209,221	238,487
Europe	20,242	22,984	65,367	73,568
Other	8,898	9,465	23,243	25,755
Total	$1,348,713	$1,241,283	$3,941,181	$3,654,682
Pre-tax income (loss) excluding noncontrolling interests:				
United States	$202,574	$184,832	$581,361	$505,015
Canada	5,706	5,653	13,193	26,196
Europe	(573)	(1,007)	(4,299)	(152)
Other	423	1,765	1,103	4,572
Total	$208,130	$191,243	$591,358	$535,631

Our total assets, classified by major geographic area in which they are held, are presented below:

	June 30, 2015	September 30, 2014
	(in thousands)	
Total assets:		
United States [1]	$23,025,785	$21,469,999
Canada[2]	1,684,861	1,773,703
Europe	37,807	39,872
Other	59,963	42,078
Total	$24,808,416	$23,325,652

(1) Includes $262.5 million of goodwill at June 30, 2015 and September 30, 2014.

(2) Includes $33 million of goodwill at June 30, 2015 and September 30, 2014.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis ("MD&A") is intended to help the reader understand the results of our operations and financial condition. This MD&A is provided as a supplement to, and should be read in conjunction with, our condensed consolidated financial statements and accompanying notes to condensed consolidated financial statements. Where "NM" is used in various percentage change computations, the computed percentage change has been determined not to be meaningful.

Factors Affecting "Forward-Looking Statements"

Certain statements made in this report on Form 10-Q 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 "believes," "expects," "anticipates," "intends," "plans," "estimates," "projects," "forecasts," and future or condit verbs such as "will," "may," "could," "should," and "would," 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 Forms 10-Q, which are available on www.raymondjames.com and the 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.

Executive overview

We operate as a financial services and bank holding company. Results in the businesses in which we operate are highly correlated to the general overall strength of economic conditions and, more specifically, to the direction of the U.S. equity and fixed income markets, the corporate and mortgage lending markets and commercial and residential credit trends. Overall market conditions, interest rates, economic, political and regulatory trends, and industry competition are among the factors which could affect us and which are unpredictable and beyond our control. These factors affect the financial decisions made by market participants which include investors, borrowers, and competitors, impacting their level of participation in the financial markets. These factors also impact the level of public offerings, trading profits, interest rate volatility and asset valuations, or a combination thereof. In turn, these decisions affect our business results.

Quarter ended June 30, 2015

We achieved record net revenues of $1.32 billion for the quarter, a $107 million, or 9%, increase compared to the prior year quarter, and a 3% increase compared to the preceding quarter. Total client assets under administration were a quarter-end record $499.8 billion at June 30, 2015, a 4% increase over the prior year level. The increase in assets under administration is attributable to strong financial advisor recruiting results, high retention of our existing advisors and modest market appreciation. Net revenues in the current period benefited from an $11 million gain on the sale of certain securities in our available for sale securities portfolio, record public finance revenues, and unrealized gains on our private equity investments. Non-interest expenses increased $84 million, or 8%, compared to the prior year quarter. The increase from the prior year quarter primarily results from increases in compensation, commissions and benefits due to annual raises, increases in benefits expenses and the typical variable increases that arise along with growth in revenues and profits, offset by a decrease in the bank loan loss provision resulting from a benign credit environment and significant recoveries during the quarter. The increase in expenses from the preceding quarter is primarily due to an increase in compensation, commissions and benefits expenses associated with the increased revenues, and expenses incurred in our capital markets segment to build out the life sciences sector and increase coverage in the financial services sectors, offset by a decrease in the bank loan loss provision that occurred due to the absence of loan growth in the current versus the preceding quarter and the recoveries previously mentioned.

Our net income of $133 million represents our second highest quarterly level of net income in our history, an increase of nearly $11 million, or 9%, compared to the prior year quarter, and an increase of $20 million, or 17%, compared to the preceding quarter.

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A summary of the most significant items impacting our financial results as compared to the prior year quarter, are as follows:

- Our Private Client Group segment generated record quarterly net revenues of $892 million, a 9% increase, while pre-tax income increased 6% to $86 million. The increase in revenues is primarily attributable to increased securities commissions and fee revenues, predominately arising from fee-based accounts, as well as an increase in mutual fund and annuity service fee revenues. Commission expenses increased in proportion to the increase in corresponding commission revenues. All other components of non-interest expenses increased in total by approximately 6%. Client assets under administration of the Private Client Group increased 5% over the prior year, to a quarter-end record $475.4 billion at June 30, 2015. Net inflows of client assets have been positively impacted by successful retention and recruiting of financial advisors.

- The Capital Markets segment generated net revenues of $233 million, unchanged from the prior year level. Pre-tax income decreased $10 million, or 35%, to $18 million. Despite the continuation of the challenging fixed income market conditions due to economic uncertainty and the historically low interest rate environment, which together result in decreased customer trading volumes, our institutional fixed income commission revenues increased $14 million, or 23%, resulting from somewhat greater volatility in benchmark interest rates during the current quarter. Institutional commissions on equity products declined $11 million, or 16%, driven by a significant reduction in equity underwriting and institutional trade volumes. Trading profits were steady. We achieved record levels of revenues generated by our public finance operations. Our net profit was negatively impacted by certain increased costs, some of which result from our efforts to build out certain investment banking sectors which we believe present solid long-term opportunities for us. The difficult market environment in Canada continues to negatively impact the revenues and profitability of this segment.

- Our Asset Management segment generated an 8% increase in net revenues to $99 million, and a 1% increase in pre-tax income to $32 million. Financial assets under management increased 8% from the prior year, to a quarter-end record $70.2 billion as of June 30, 2015 resulting from positive net inflows of client assets. On April 30, 2015, we completed our acquisition of Cougar, an asset management firm based in Toronto Canada that markets its investment services to high net worth individuals, families, foundations, trusts and institutions in Canada and the United States.

- RJ Bank generated a record $78 million in pre-tax income, a $13 million, or 20%, increase resulting primarily from an increase in net interest income and a decrease in the provision for loan losses. Net interest income increased due to both growth in the average loans outstanding and an increase in the net interest margin. The credit characteristics of the loan portfolio continue to reflect the positive impact of improved economic conditions.

- Activities in our Other segment reflect a pre-tax loss that is $8 million, or 58%, less than the prior year quarter. Net revenues in the segment increased $16 million, resulting in part from an $11 million gain on the sale of all of our Jefferson County, Alabama Limited Obligation School Warrants auction rate securities as well as increases in unrealized gains on investments in our private equity portfolio. With such increases, the portion of the segment’s pre-tax income that is attributable to noncontrolling interests also increases.

Nine months ended June 30, 2015

Our net revenues of $3.86 billion represent a $283 million, or 8%, increase compared to the prior year period. Total client assets under administration at June 30, 2015 increased 4% over the prior year level for the reasons described in the quarter discussion above. Non-interest expenses increased $218 million, or 7%, compared to the prior year period. The majority of such increase from the prior year primarily results from increases in compensation, commissions and benefits resulting from the increase in revenues and profits as well as investments in personnel to support our continued growth, and an increase in business development expenses resulting from our very active recruiting efforts.

The volume of possible regulatory changes that impact the businesses in which we operate continues to grow and evolve. Regulatory rule-making activities that have arisen during the current year include the Department of Labor ("DOL") proposed rule enhancing standards for individuals providing investment advice to retirement plans, their participants, or beneficiaries. We are continuing our study and evaluation of the proposal. The total impact of the standard, once finalized and implemented, on our business is unknown at this time. During the year, we implemented the new Basel III regulatory capital rules, a change which did not have a significant impact on our regulatory capital ratios. We have published the results of the 2015 Dodd-Frank Act mandated Stress Test, the results of which indicate that both RJF and RJ Bank have sufficient capital to successfully navigate a severe and prolonged economic downturn while still maintaining capital levels that exceed both regulatory requirements and higher management thresholds throughout the course of the Severely Adverse Scenario. We continue to monitor the impact of proposed future legislation while implementing new regulations. We presently do not expect currently enacted legislation to have a significant adverse direct impact on our operations as a whole, however, we continue to evaluate the specific impact of each.

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Our segment results during the nine month period were most significantly impacted by the factors described above for the quarter, unless otherwise noted:

- Our Private Client Group segment generated an increase in pre-tax income of $24 million, or 11%, to $255 million.
- The Capital Markets segment had a $24 million, or 27%, decrease in pre-tax income to $67 million.
- Our Asset Management segment generated a $9 million, or 10%, increase in pre-tax income to $102 million.
- RJ Bank generated a $35 million, or 19%, increase in pre-tax income to $214 million.
- Activities in our Other segment have resulted in a pre-tax loss that is $11 million, or 20%, less than the prior year.

Segments

We currently operate through the following five business segments: Private Client Group (or "PCG"); Capital Markets; Asset Management; RJ Bank; and Other (which consists of our principal capital and private equity activities as well as various corporate overhead costs of RJF including the interest cost on our public debt).

The following table presents our consolidated and segment gross revenues, net revenues, and pre-tax income (loss), the latter excluding noncontrolling interests, for the periods indicated:

	Three months ended June 30,			Nine months ended June 30,		
	2015	2014	% change	2015	2014	% change
	($ in thousands)					
Total company						
Revenues	$1,348,713	$1,241,283	9 %	$3,941,181	$3,654,682	8 %
Net revenues	1,320,989	1,214,231	9 %	3,859,227	3,576,278	8 %
Pre-tax income excluding noncontrolling interests	208,130	191,243	9 %	591,358	535,631	10 %
Private Client Group						
Revenues	894,727	822,741	9 %	2,617,604	2,423,071	8 %
Net revenues	892,162	820,223	9 %	2,607,929	2,415,597	8 %
Pre-tax income	86,363	81,473	6 %	254,527	230,098	11 %
Capital Markets						
Revenues	237,680	237,708	—	711,775	704,374	1 %
Net revenues	233,133	233,204	—	700,180	692,823	1 %
Pre-tax income	18,287	28,009	(35)%	66,788	91,025	(27)%
Asset Management						
Revenues	98,899	91,222	8 %	292,551	274,772	6 %
Net revenues	98,848	91,216	8 %	292,488	274,753	6 %
Pre-tax income	31,554	31,306	1 %	102,445	93,006	10 %
RJ Bank						
Revenues	107,244	93,740	14 %	315,590	264,770	19 %
Net revenues	103,873	91,556	13 %	307,301	258,702	19 %

Pre-tax income	78,008	64,921	20%	213,628	178,777	19%
Other						
Revenues	28,890	12,984	123%	56,462	37,055	52%
Net revenues	9,657	(6,541)	248%	(1,653)	(21,347)	92%
Pre-tax loss	(6,082)	(14,466)	58%	(46,030)	(57,275)	20%
Intersegment eliminations						
Revenues	(18,727)	(17,112)	(9)%	(52,801)	(49,360)	(7)%
Net revenues	(16,684)	(15,427)	(8)%	(47,018)	(44,250)	(6)%

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Net interest analysis

We have certain assets and liabilities, primarily held in our PCG and RJ Bank segments, which are subject to changes in interest rates, and would have a meaningful impact on our overall financial performance in the event of a change in short-term rates. Given the relationship of our interest sensitive assets to liabilities held in each of these segments, an increase in short-term interest rates would result in an overall increase in our net earnings (we currently have more assets than liabilities with a yield that would be affected by a change in short-term interest rates). A gradual increase in short-term interest rates would have the most significant favorable impact on our PCG and RJ Bank segments (refer to the table in Item 3 - Interest Rate Risk in this Form 10-Q, which presents an analysis of RJ Bank's estimated net interest income over a 12 month period based on instantaneous shifts in interest rates using the asset/liability model applied by RJ Bank).

Based upon our latest analysis performed as of June 30, 2015, we estimate that a 100 basis point instantaneous rise in short-term interest rates would result in an increase in our pre-tax income of approximately $135 million over a twelve month period. Approximately 55% of such an increase would be reflected in account and service fee revenues (resulting from an increase in the fees generated in lieu of interest income from our multi-bank sweep program with unaffiliated banks and the discontinuance of money market fund fee waivers) which are reported in the PCG segment, and the remaining portion of the increase would be reflected in net interest income reported primarily in our PCG and RJ Bank segments. This estimate is based on static balances as of June 30, 2015 and a conservative assumption that 60 basis points of the increase would be credited to our clients on their cash balances in such an interest rate environment. The actual amount of any increase we would realize in the future will ultimately be based on a number of factors including, but not limited to, the actual change in balances, the rapidity and magnitude of the increase in interest rates, the competitive landscape at such time, and the returns on comparable investments which will factor into the interest rates we pay on client cash balances. The great majority of the benefit to pre-tax income from a rise in short-term interest rates would be expected to arise from the first 100 basis point increase, as we presume that any further incremental increase in short-term interest rates would be passed along to clients through our client interest program, and thus most additional interest revenues and interest sensitive fees would be offset by increases of similar amounts in our interest expense.

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Quarter ended June 30, 2015 compared with the quarter ended June 30, 2014 – Net interest

The following table presents our consolidated average interest-earning asset and liability balances, interest income and expense balances, and the average yield/cost, for the periods indicated:

	Three months ended June 30,							
	2015				2014			
	Average balance(1)	Interest inc./exp.	Average yield/cost		Average balance(1)	Interest inc./exp.	Average yield/cost	
	($ in thousands)							
Interest-earning assets:								
Margin balances	$1,777,330	$16,755	3.77	%	$1,760,373	$16,894	3.84	%
Assets segregated pursuant to regulations and other segregated assets	2,470,545	3,350	0.54	%	2,392,151	3,666	0.61	%
Bank loans, net of unearned income(2)	12,155,952	103,017	3.40	%	10,419,768	86,231	3.29	%
Available for sale securities	462,993	1,234	1.07	%	643,797	1,598	0.99	%
Trading instruments(3)	733,372	4,636	2.53	%	668,527	4,750	2.84	%
Stock loan	410,867	2,910	2.83	%	557,243	2,200	1.58	%
Loans to financial advisors(3)	468,123	1,774	1.52	%	420,113	1,528	1.45	%
Corporate cash and all other(3)	2,925,738	3,471	0.47	%	3,666,514	2,524	0.28	%
Total	$21,404,920	$137,147	2.56	%	$20,528,486	$119,391	2.33	%
Interest-bearing liabilities:								
Brokerage client liabilities	$3,623,228	$213	0.02	%	$3,473,301	$273	0.03	%
Bank deposits(2)	11,294,478	2,077	0.07	%	10,400,037	1,980	0.08	%
Trading instruments sold but not yet purchased(3)	309,722	1,158	1.50	%	266,655	1,075	1.61	%
Stock borrow	126,090	1,082	3.43	%	143,869	900	2.50	%
Borrowed funds	714,705	1,983	1.11	%	743,286	1,128	0.61	%
Senior notes	1,149,159	19,010	6.62	%	1,148,971	19,010	6.62	%
Loans payable of consolidated variable interest entities(3)	31,834	404	5.08	%	50,085	653	5.22	%
Other(3)	234,417	1,797	3.07	%	365,718	2,033	2.22	%
Total	$17,483,633	$27,724	0.63	%	$16,591,922	$27,052	0.65	%
Net interest income		$109,423				$92,339		

(1) Represents average daily balance, unless otherwise noted.

(2) See Results of Operations – RJ Bank in this MD&A for further information.

(3) Average balance is calculated based on the average of the end of month balances for each month within the period.

Net interest income increased $17 million, or 19%, compared to the prior year quarter. Net interest income is earned primarily by our PCG and RJ Bank segments, which are discussed separately below.

The RJ Bank segment's net interest income increased $15 million, or 17%, resulting from an increase in average loans outstanding as well as an increase in net interest margin. Refer to the discussion of the specific components of RJ Bank's net interest income in the RJ Bank section of this MD&A.

Net interest income in the PCG segment approximated the prior year quarter level. An increase in average client margin balances outstanding was offset by a decrease in the average interest rate associated with such balances.

Interest income earned on the available for sale securities portfolio decreased from the prior year quarter due to lower average investment balances. We have had sales and redemption activities within the available for sale portfolio during the quarter (see Note 7 of our Notes to Condensed Consolidated Financial Statements in this Form 10-Q for additional information on our available for sale securities).

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Interest income earned on our trading instruments decreased marginally compared to the amount earned in the prior year quarter. This decrease resulted from lower yields partially offset by higher average inventory levels during the quarter (see Note 6 of our Notes to Condensed Consolidated Financial Statements in this Form 10-Q for additional information on our trading instruments).

Nine months ended June 30, 2015 compared with the nine months ended June 30, 2014 – Net interest

The following table presents our consolidated average interest-earning asset and liability balances, interest income and expense balances, and the average yield/cost, for the periods indicated:

	Nine months ended June 30,							
	2015				2014			
	Average balance[1]	Interest inc./exp.	Average yield/cost		Average balance[1]	Interest inc./exp.	Average yield/cost	
	($ in thousands)							
Interest-earning assets:								
Margin balances	$1,785,980	$50,268	3.75	%	$1,751,536	$51,309	3.91	%
Assets segregated pursuant to regulations and other segregated assets	2,423,417	10,139	0.56	%	2,911,378	11,854	0.54	%
Bank loans, net of unearned income[2]	11,908,477	299,829	3.36	%	9,775,215	251,079	3.40	%
Available for sale securities	521,419	3,830	0.98	%	667,048	5,176	1.03	%
Trading instruments[3]	717,471	14,061	2.61	%	622,435	13,893	2.98	%
Stock loan	417,232	10,120	3.23	%	410,456	6,882	2.24	%
Loans to financial advisors[3]	450,705	5,211	1.54	%	411,661	4,831	1.56	%
Corporate cash and all other[3]	2,884,663	10,211	0.47	%	3,542,383	9,853	0.37	%
Total	$21,109,364	$403,669	2.55	%	$20,092,112	$354,877	2.36	%
Interest-bearing liabilities:								
Brokerage client liabilities	$3,615,490	737	0.03	%	$4,116,394	$990	0.03	%
Bank deposits[2]	11,030,150	6,304	0.08	%	10,048,773	5,864	0.08	%
Trading instruments sold but not yet purchased[3]	294,872	3,376	1.53	%	244,809	3,198	1.74	%
Stock borrow	144,215	4,495	4.16	%	112,104	2,206	2.62	%
Borrowed funds	729,605	4,171	0.76	%	433,543	2,976	0.92	%
Senior notes	1,149,112	57,029	6.62	%	1,148,924	57,030	6.62	%
Loans payable of consolidated variable interest entities[3]	35,738	1,470	5.48	%	54,206	2,237	5.50	%
Other[3]	261,036	4,372	2.23	%	346,985	3,903	1.50	%
Total	$17,260,218	$81,954	0.63	%	$16,505,738	$78,404	0.63	%
Net interest income		$321,715				$276,473		

(1) Represents average daily balance, unless otherwise noted.

(2) See Results of Operations – RJ Bank in this MD&A for further information.

(3) Average balance is calculated based on the average of the end of month balances for each month within the period.

Net interest income increased $45 million, or 16%, compared to the prior year.

The RJ Bank segment's net interest income increased $45 million, or 18%, primarily as a result of an increase in average loans outstanding as well as an increase in net interest margin. Refer to the discussion of the specific components of RJ Bank's net interest income in the RJ Bank section of this MD&A.

Net interest income in the PCG segment decreased $1 million, or 1%, compared to the prior year level. An increase in net interest revenue arising from our stock loan/borrow activities offset a decrease in net interest income arising from our broker-dealer margin lending activities, where a slight decline in margin interest rates more than offset the impact of slightly higher average margin loan balances outstanding.

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Interest income earned on the available for sale securities portfolio decreased from the prior year period due to lower average investment balances and a slight decrease in yields on the portfolio as compared to the prior year. We have had sales and redemption activities within the available for sale portfolio during the current period (see Note 7 of our Notes to Condensed Consolidated Financial Statements in this Form 10-Q for additional information on our available for sale securities).

Interest income earned on our trading instruments is slightly higher than the amount earned in the prior year. This increase resulted from higher average inventory levels during the year which was partially offset by lower yields (see Note 6 of our Notes to Condensed Consolidated Financial Statements in this Form 10-Q for additional information on our trading instruments).

Results of Operations – Private Client Group

The following table presents consolidated financial information for our PCG segment for the periods indicated:

	Three months ended June 30,			Nine months ended June 30,		
	2015	% change	2014	2015	% change	2014
	($ in thousands)					
Revenues:						
Securities commissions and fees:						
Equities	$61,390	(13)%	$70,894	$204,958	(9)%	$225,334
Fixed income products	20,342	4%	19,619	54,068	(10)%	59,862
Mutual funds	176,911	3%	172,055	516,204	2%	507,857
Fee-based accounts	377,808	17%	321,732	1,083,742	19%	914,464
Insurance and annuity products	91,821	4%	88,099	267,378	2%	262,440
New issue sales credits	22,158	15%	19,201	61,700	(2)%	62,683
Sub-total securities commissions and fees	750,430	9%	691,600	2,188,050	8%	2,032,640
Interest	25,229	4%	24,287	76,098	2%	74,829
Account and service fees:						
Client account and service fees	44,019	7%	41,065	130,845	9%	120,082
Mutual fund and annuity service fees	62,984	17%	53,722	181,785	20%	152,035
Client transaction fees	4,023	6%	3,799	13,856	5%	13,191
Correspondent clearing fees	650	(20)%	809	1,852	(23)%	2,392
Account and service fees – all other	70	(11)%	79	216	(3)%	222
Sub-total account and service fees	111,746	12%	99,474	328,554	14%	287,922
Other	7,322	(1)%	7,380	24,902	(10)%	27,680
Total revenues	894,727	9%	822,741	2,617,604	8%	2,423,071
Interest expense	(2,565)	2%	(2,518)	(9,675)	29%	(7,474)
Net revenues	892,162	9%	820,223	2,607,929	8%	2,415,597
Non-interest expenses:						
Sales commissions	554,692	10%	502,853	1,619,711	10%	1,477,765
Admin & incentive compensation and benefit costs	140,105	8%	129,217	407,663	6%	385,461
Communications and information processing	41,831	13%	37,012	114,963	(3)%	119,092
Occupancy and equipment	29,793	(1)%	30,158	89,800	2%	88,214

Business development	23,854	18 %	20,231	70,296	17 %	59,931
Clearance and other	15,524	(19)%	19,279	50,969	(7)%	55,036
Total non-interest expenses	805,799	9 %	738,750	2,353,402	8 %	2,185,499
Pre-tax income	$86,363	6 %	$81,473	$254,527	11 %	$230,098
Margin on net revenues	9.7 %		9.9 %	9.8 %		9.5 %

Through our PCG segment, we provide securities transaction and financial planning services to client accounts through the branch office systems of our broker-dealer subsidiaries located throughout the United States, Canada and the United Kingdom. Our financial advisors offer a broad range of investments and services, including both third party and proprietary products, and a variety of financial planning services. We charge sales commissions or asset-based fees for investment services we provide to our PCG clients based on established schedules. The majority of our U.S. financial advisors are also licensed to sell insurance and

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annuity products through our wholly owned insurance agency subsidiary. Our financial advisors offer a number of professionally managed load mutual funds, as well as a selection of no-load mutual funds.

Net interest revenue in PCG is generated by client balances, predominately the earnings on margin loans and assets segregated pursuant to regulations, less interest paid on customer cash balances. PCG earns a fee (in lieu of interest revenue) from the RJBDP, a program where clients' cash deposits in their brokerage accounts are re-deposited through a third party service into interest-bearing deposit accounts at a number of banks. The RJBDP enables clients to obtain up to $2.5 million in individual FDIC deposit insurance coverage ($5 million for joint accounts) while earning competitive rates for their cash balances. The portion of this fee paid by RJ Bank is eliminated in the intersegment eliminations.

The PCG segment includes the results of our securities lending business, in which we borrow and lend securities from and to other broker-dealers, financial institutions, and other counterparties, generally as an intermediary. The net revenues of the securities lending business are the interest spreads generated from these activities.

The success of the PCG segment is dependent upon the quality of our products, services, financial advisors and support personnel including our ability to attract, retain and motivate a sufficient number of these associates. We face competition for qualified associates from major financial services companies, including other brokerage firms, insurance companies, banking institutions and discount brokerage firms. We currently offer several affiliation alternatives for financial advisors ranging from the traditional branch setting, under which the financial advisors are our employees and we incur the costs associated with operating the branch, to the independent contractor model, under which the independent contractor financial advisor is responsible for all of their own direct costs. Accordingly, the independent contractor financial advisors are paid a larger percentage of commissions. By offering alternative models to potential and existing financial advisors, we are able to effectively compete with a wide variety of other brokerage firms for qualified financial advisors, as financial advisors can choose the model that best suits their practice and profile.

Revenues of the PCG segment are correlated with total PCG client assets under administration, which include assets in fee-based accounts, and the overall U.S. equities markets. PCG client asset balances are as follows as of the dates indicated:

	June 30, 2015 (in billions)	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Total PCG assets under administration	$475.4	$471.1	$459.1	$450.6	$454.1	$434.0
PCG assets in fee-based accounts	$186.2	$182.1	$173.9	$167.7	$168.0	$158.2

Total PCG assets under administration increased 5% over June 30, 2014, and 1% compared to the preceding quarter ended March 31, 2015. Total PCG assets in fee-based accounts increased 11% compared to June 30, 2014 and 2% compared to the preceding quarter ended March 31, 2015. Increased client assets under administration typically result in higher fee-based account revenues and mutual fund and annuity service fees. Improved equity markets not only result in increased assets under administration, but also generally lead to more client activity and therefore improved financial advisor productivity. Higher client cash balances generally lead to increased interest income and account fee revenues, depending upon spreads realized in our client interest program and RJBDP.

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The following table presents a summary of PCG financial advisors as of the dates indicated:

	Employees	Independent contractors	June 30, 2015 total	September 30, 2014 total	June 30, 2014 total
RJ&A	2,541	—	2,541	2,462	2,455
Raymond James Financial Services, Inc.	—	3,487	3,487	3,329	3,320
Raymond James Ltd.	171	214	385	391	397
Raymond James Investment Services Limited (“RJIS”)	—	94	94	83	79
Total financial advisors	2,712	3,795	6,507	6,265	6,251

The number of financial advisors as of June 30, 2015 reflects a net increase of 123 individuals, or a 2% net increase, over the number of financial advisors as of the end of the preceding quarter. Similar comparisons to the prior year June 30, 2014 reflect a net increase of 256 individuals, or an increase of 4%. Importantly, the client asset levels and productivity measures associated with these recently recruited financial advisors exceed our historical benchmark averages. Nothwithstanding the future impact of changes in the overall economy and more specifically their impact on future equity markets and fixed income markets, factors which we have no control, we believe that this increase in productive financial advisors are positive indications of potential future revenue growth in this segment.

Quarter ended June 30, 2015 compared with the quarter ended June 30, 2014 – Private Client Group

Net revenues increased $72 million, or 9%, to $892 million. Pre-tax income increased $5 million, or 6%, to $86 million. PCG’s pre-tax margin on net revenues decreased to 9.7% as compared to the prior year quarter’s 9.9%.

Securities commissions and fees increased $59 million, or 9%. Client assets under administration increased to a quarter-end record $475.4 billion, an increase of $21.3 billion, or 5%, compared to June 30, 2014. The year over year increase in client assets was driven by positive net inflows generated by financial advisor retention, recruiting, and the equity market conditions in the U.S., which were generally improved as compared to the prior year. The most significant increases in these revenues arose from revenues earned on fee-based accounts, which increased $56 million, or 17%, and commission revenues on mutual fund products which increased $5 million, or 3%, and partially offset by a $10 million, or 13%, decrease in commissions on equity products. The increase in commission revenues on mutual fund products is primarily due to increases in trailing commissions on mutual fund products, offset by a decrease in the volume of shares traded. Commission earnings on equity products decreased due to reduced volumes of trades processed through our domestic broker-dealers. The increase in revenues on fee-based accounts is due to increased client asset balances.

Total account and service fees increased $12 million, or 12%, over the prior year period. Mutual fund and annuity service fees increased $9 million, or 17%, primarily as a result of an increase in education and marketing support (“EMS”) fees and mutual fund omnibus fees, both of which are paid to us by the mutual fund companies whose products we distribute. Beginning with the quarter ended March 31, 2014, we implemented technology changes in our EMS program and standardized tiered service levels provided to many mutual fund companies, resulting in increased fees earned from EMS arrangements. Omnibus fees are generally based on the number of positions held in our client portfolios. Increases in such revenues are a result of increases in position counts for existing fund families on the omnibus platform as well as new fund families joining the omnibus program.

Total segment revenues increased 9%. The portion of total segment revenues that we consider to be recurring is approximately 75% at June 30, 2015, an increase from 73% at June 30, 2014. Recurring commission and fee revenues include asset-based fees, trailing commissions from mutual funds and variable annuities/insurance products, mutual fund and annuity service fees, fees earned on funds in our multi-bank sweep program, and interest. Assets in fee-based accounts as of June 30, 2015 were $186.2 billion, an increase of 11% as compared to the $168 billion as of June 30, 2014.

PCG net interest was nearly unchanged from the prior year quarter level.

Non-interest expenses increased $67 million, or 9%, over the prior year quarter. Sales commission expense increased $52 million, or 10%, resulting from the 9% increase in commission and fee revenues. Administrative and incentive compensation and benefits expense increased $11 million, or 8%, resulting in part from annual increases in salary expenses, increases in employee benefit plan costs, and additional staffing levels, primarily in information technology functions, to support our continuing growth.

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Nine months ended June 30, 2015 compared with the nine months ended June 30, 2014 – Private Client Group

Net revenues increased $192 million, or 8%, to $2.61 billion. Pre-tax income increased $24 million, or 11%, to $255 million. PCG's pre-tax margin on net revenues increased to 9.8% as compared to 9.5% in the prior year period.

Securities commissions and fees increased $155 million, or 8%. The increase results in large part from the increase in client assets under administration which is described in the discussion of the quarterly results above. The most significant increases in these revenues arose from revenues earned on fee-based accounts, which increased $169 million, or 19%, partially offset by a $20 million, or 9%, decrease in commission revenues on equity products and a $6 million, or 10%, decrease in commissions on fixed income products. The current year includes a $7 million decrease in mutual fund commission revenues due to the resolution of a mutual fund share classification issue that resulted in refunds of commissions being paid during the year to certain of our clients. Despite this unusual item, mutual fund commission revenues in the current year have increased $8 million, or 2%, due to an increase in trailing commissions on mutual fund products. Commission earnings on equities have decreased in part due to declines in the equity business volumes in our Canadian broker-dealer, resulting from the weaker Canadian currency compared to the U.S. dollar, as well as a reduction in the volume of domestically traded equities. Commission earnings on fixed income products decreased primarily due to the continuation of historically low interest rates which result in challenging fixed income market conditions.

Total account and service fees increased $41 million, or 14%. Mutual fund and annuity service fees increased $30 million, or 20%, primarily as a result of an increase in EMS fees (which include no-transaction-fee program revenues) and mutual fund omnibus fees, all of which are paid to us by the mutual fund companies whose products we distribute (refer to the discussion of these fees and programs in the discussion of the quarter results above). Client account and service fees increased $11 million, or 9%, as a result of the changes made in many of our fee schedules implemented since December 2013. In addition, account maintenance fees increased due to a higher account fee implemented during the current year, transaction handling fees increased due to the increased number of transactions, and SBL affiliate servicing fees increased.

PCG net interest is nearly unchanged compared to the prior year period. An increase in net interest revenue arising from our stock loan/borrow activities offset a decrease in net interest income arising from our broker-dealer margin lending activities, where a slight decline in margin interest rates more than offset the impact of slightly higher average margin loan balances outstanding.

Non-interest expenses increased $168 million, or 8%, over the prior year period. Sales commission expense increased $142 million, or 10%, largely consistent with the 8% increase in commission and fee revenues. Administrative and incentive compensation and benefits expense increased $22 million, or 6%, resulting from the factors described in the discussion of the quarterly results above. Business development expenses increased $10 million, or 17%, due to increases in recruiting, conference related expenses, incoming account transfer fees, and travel related expenses.

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Results of Operations – Capital Markets

The following table presents consolidated financial information for our Capital Markets segment for the periods indicated:

	Three months ended June 30,			Nine months ended June 30,		
	2015	% change	2014	2015	% change	2014
	($ in thousands)					
Revenues:						
Institutional sales commissions:						
Equity	$54,575	(16)%	$65,089	$184,702	(6)%	$197,128
Fixed income	75,557	23%	61,652	214,567	14%	188,885
Sub-total institutional sales commissions	130,132	3%	126,741	399,269	3%	386,013
Equity underwriting fees	22,466	(14)%	26,171	56,282	(17)%	68,072
Mergers & acquisitions and advisory fees	31,136	25%	24,894	119,633	28%	93,647
Fixed income investment banking	10,897	(21)%	13,795	28,407	(27)%	38,868
Tax credit funds syndication fees	12,345	(8)%	13,460	24,195	(4)%	25,229
Investment advisory fees	6,204	21%	5,113	18,587	14%	16,235
Net trading profit	15,640	(3)%	16,043	39,293	(16)%	46,705
Interest	5,594	7%	5,242	16,769	8%	15,551
Other	3,266	(48)%	6,249	9,340	(34)%	14,054
Total revenues	237,680	—	237,708	711,775	1%	704,374
Interest expense	(4,547)	1%	(4,504)	(11,595)	—	(11,551)
Net revenues	233,133	—	233,204	700,180	1%	692,823
Non-interest expenses:						
Sales commissions	47,299	2%	46,474	151,255	3%	147,435
Admin & incentive compensation and benefit costs	111,253	6%	104,541	314,055	3%	304,280
Communications and information processing	17,815	1				