TMP WORLDWIDE INC
Form SC 13G/A
February 14, 2003

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

SCHEDULE 13G
Under the Securities Exchange Act of 1934
Amendment No. 1

TMP Worldwide Inc.

(Name of Issuer)

Common Stock, $0.001 par value

(Title of Class of Securities)

872941109

(CUSIP Number)

December 31, 2002

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

[X] Rule 13d-1(b)

[_] Rule 13d-1(c)

[_] Rule 13d-1(d)

Page 1 of 4 pages

CUSIP No. 872941109 13G

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1. Name of Reporting Person
I.R.S. Identification No. of above Person

Goldman Sachs Asset Management, a separate business unit of
The Goldman Sachs Group, Inc.

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2. Check the Appropriate Box if a Member of a Group

(a) [_]
(b) [_]

---

3. SEC Use Only

---

4. Citizenship or Place of Organization

New York

Number of Shares Beneficially Owned by Each Reporting Person With:	5. Sole Voting Power	6,216,638
	6. Shared Voting Power	0
	7. Sole Dispositive Power	7,377,753
	8. Shared Dispositive Power	0

---

9. Aggregate Amount Beneficially Owned by Each Reporting Person

7,377,753

---

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares

[_]

---

11. Percent of Class Represented by Amount in Row (9)

6.9%

---

12. Type of Reporting Person

IA

Item 4. Ownership.*

(a). Amount beneficially owned:
See the response(s) to Item 9 on the attached cover page(s).

(b). Percent of Class:
See the response(s) to Item 11 on the attached cover page(s).

(c). Number of shares as to which such person has:

(i). Sole power to vote or to direct the vote: See the response(s) to Item 5 on the attached cover page(s).

(ii). Shared power to vote or to direct the vote: See the response(s) to Item 6 on the attached cover page(s).

(iii). Sole power to dispose or to direct the disposition of: See the response(s) to Item 7 on the attached cover page(s).

(iv). Shared power to dispose or to direct the disposition of: See the response(s) to Item 8 on the attached cover page(s).

Item 10. Certification.
By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

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* In accordance with Securities and Exchange Commission ("SEC") Release No. 34-39538 (January 12, 1998), this filing reflects the securities beneficially owned by Goldman Sachs Asset Management, a separate business unit of The Goldman Sachs Group, Inc. ("GSAM"). GSAM, an investment advisor, disclaims beneficial ownership of any securities managed, on GSAM's behalf, by third parties. This filing does not reflect securities, if any, beneficially owned by any other business unit of The Goldman Sachs Group, Inc. and GSAM hereby disclaims beneficial ownership of any such securities.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

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Date:  February 14, 2003

                                GOLDMAN, SACHS & CO. on behalf of
                                Goldman Sachs Asset Management


                                By:  /s/ Roger S. Begelman
                                     --------------------------------------
                                Name:    Roger S. Begelman
                                Title:   Attorney-in-fact


                                Page 4 of 4 pages
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0001pt;">CUSIP No.: 04621X108

1. NAME OF REPORTING PERSON

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

The Vanguard Group - 23-1945930

2. CHECK THE APPROPRIATE [LINE] IF A MEMBER OF A GROUP

A. B. <u>X</u>

3. SEC USE ONLY

4. CITIZENSHIP OF PLACE OF ORGANIZATION

Pennsylvania

(For questions 5-8, report the number of shares beneficially owned by each reporting person with:)

5. SOLE VOTING POWER

120,468

6. SHARED VOTING POWER

7. SOLE DISPOSITIVE POWER

5,323,089

8. SHARED DISPOSITIVE POWER

111,668

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

5,434,757

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

N/A

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9

7.73%

12. TYPE OF REPORTING PERSON

IA

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13G

Under the Securities Act of 1934

Check the following [line] if a fee is being paid with this statement N/A

Item 1(a) - Name of Issuer:

Assurant Inc

Item 1(b) - Address of Issuer's Principal Executive Offices:

One Chase Manhattan Plaza

41St Floor

New York, New York 10005

Item 2(a) - Name of Person Filing:

The Vanguard Group - 23-1945930

Item 2(b) – Address of Principal Business Office or, if none, residence:

100 Vanguard Blvd.

Malvern, PA 19355

Item 2(c) – Citizenship:

Pennsylvania

Item 2(d) - Title of Class of Securities:

Common Stock

Item 2(e) - CUSIP Number

04621X108

Item 3 - Type of Filing:

This statement is being filed pursuant to Rule 13d-1. An investment adviser in accordance with §240.13d-1(b)(1)(ii)(E).

Item 4 - Ownership:

(a) Amount Beneficially Owned:

5,434,757

(b) Percent of Class:

7.73%

(c) Number of shares as to which such person has:

(i) sole power to vote or direct to vote: 120,468

(ii) shared power to vote or direct to vote:

(iii) sole power to dispose of or to direct the disposition of: 5,323,089

(iv) shared power to dispose or to direct the disposition of: 111,668

Comments:

Item 5 - Ownership of Five Percent or Less of a Class:

Not Applicable

Item 6 - Ownership of More Than Five Percent on Behalf of Another Person:

Not applicable

Item 7 - Identification and Classification of the Subsidiary Which Acquired The Security Being Reported on by the Parent Holding Company:

See Attached Appendix A

Item 8 - Identification and Classification of Members of Group:

Not applicable

Item 9 - Notice of Dissolution of Group:

Not applicable

Item 10 - Certification:

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired in the ordinary course of business and were not acquired for the purpose of and do not have the effect of changing or influencing the control of the issuer of such securities and were not acquired in connection with or as a participant in any transaction having such purpose or effect.

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: 02/09/15

By /s/ F. William McNabb III*

F. William McNabb III

President and Chief Executive Officer

*By: /s/ Glenn Booraem

Glenn Booraem, pursuant to a Power of Attorney filed September 9, 2013, see File Number 005-56905, Incorporated by Reference

Appendix A

Vanguard Fiduciary Trust Company ("VFTC"), a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 94,968 shares or .13% of the Common Stock outstanding of the Company as a result of its serving as investment manager of collective trust accounts.

Vanguard Investments Australia, Ltd. ("VIA"), a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 42,200 shares or .06% of the Common Stock outstanding of the Company as a result of its serving as investment manager of Australian investment offerings.

By /s/ F. William McNabb III*

F. William McNabb III

President and Chief Executive Officer

*By: /s/ Glenn Booraem

Glenn Booraem, pursuant to a Power of Attorney filed September 9, 2013, see File Number 005-56905, Incorporated by Reference padding-bottom:2px;">

(3
)

(1,058
)
Included in other comprehensive income

—

—

1,312

—

—

—

Purchases and contributions

—

20,279

—

—

—

—

Sales

—

(21,954

)

—

(77
)

—

—

Distributions

—

—

—

—

—

—

Transfers

Into Level 3

—

—

—

—

—

—

Out of Level 3

—

—

—

—

—

—

Fair value end of period

$
5

$
2,712

$
107,483

$
88,810

$
333

$
(1,058
)
Unrealized gains/(losses) for the period included in earnings for instruments held at the end of the reporting period

$
—

$
(243
)

$
1,312

$
—

$
(3
)

$
(1,058
)
Three months ended December 31, 2016 Level 3 instruments at fair value

	Financial assets						Financial liabilities
	Trading instruments		Available-for-sale securities		Private equity and other investments		Trading instruments
$ in thousands	Non-agency CMOs & ABS	Other	ARS – municipal obligations	ARS - preferred securities	Private equity investments	Other investments	Other
Fair value beginning of period	$7	$6,020	$25,147	$100,018	$83,165	$ 441	$ —
Total gains/(losses) for the period							
Included in earnings	—	(2,589)	—	1	301	(8)	(1,792)
Included in other comprehensive income	—	—	217	3,857	—	—	—
Purchases and contributions	—	18,683	—	—	—	—	—

Sales	—	(11,062)	—	(23)	—	(15)	—
Distributions	—	—	—	—	—	—	—
Transfers							
Into Level 3	—	—	—	—	—	—	—
Out of Level 3	—	—	—	—	—	(195)	—
Fair value end of period	$7	$11,052	$25,364	$103,853	$83,466	$ 223	$ (1,792)
Unrealized gains/(losses) for the period included in earnings for instruments held at the end of the reporting period	$—	$(124)	$217	$3,856	$301	$ —	$ (1,792)

As of both December 31, 2017 and September 30, 2017, 10% of our assets and 2% of our liabilities were instruments measured at fair value on a recurring basis. Instruments measured at fair value on a recurring basis categorized as Level 3 as of December 31, 2017 and September 30, 2017 represented 5% and 6%, respectively, of our assets measured at fair value. Level 3 instruments as a percentage of total financial instruments decreased as compared to September 30, 2017, primarily as a result of the increase in total assets measured at fair value since September 30, 2017.

17

RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)

The following table presents the gains/(losses) related to Level 3 recurring fair value measurements included in our Condensed Consolidated Statements of Income and Comprehensive Income.

$ in thousands	Net trading profit	Other revenues	Other comprehensive income
For the three months ended December 31, 2017			
Total gains/(losses) included in earnings	$(2,265)	$ (1)	$ 1,312
Unrealized gains/(losses) for assets held at the end of the reporting period	$(1,301)	$ (3)	$ 1,312
For the three months ended December 31, 2016			
Total gains/(losses) included in earnings	$(4,381)	$ 294	$ 4,074
Unrealized gains/(losses) for assets held at the end of the reporting period	$(1,916)	$ 301	$ 4,073

Quantitative information about level 3 fair value measurements

The tables below present the valuation techniques and significant unobservable inputs used in the valuation of a significant majority of our financial instruments classified as level 3. These inputs represent those that a market participant would take into account when pricing these instruments.

Level 3 financial instrument $ in thousands	Fair value at December 31, 2017	Valuation technique(s)	Unobservable input	Range (weighted-average)
Recurring measurements				
ARS preferred securities	$ 107,483	Discounted cash flow	Average discount rate	5.76% - 7.03% (6.32%)
			Average interest rates applicable to future interest income on the securities [1]	2.97% - 3.96% (3.12%)
			Prepayment year [2]	2018 - 2021 (2021)
Private equity investments (not measured at NAV)	$ 68,454	Income or market approach		
		Scenario 1 - income approach - discounted cash flow	Discount rate	13% - 25% (22.4%)
			Terminal growth rate of cash flows	3% - 3% (3%)
			Terminal year	2020 - 2042 (2021)
		Scenario 2 - market approach - market multiple method	EBITDA Multiple	5.25 - 7.0 (5.8)
			Weighting assigned to outcome of scenario	87%/13%

			1/scenario 2	
	$ 20,356	Transaction price or other investment-specific events (3)	Not meaningful (3)	Not meaningful (3)
Nonrecurring measurements				
Bank loans: impaired loans - residential	$ 20,421	Discounted cash flow	Prepayment rate	7 yrs - 12 yrs (10.3 yrs)
Bank loans: impaired loans - corporate	$ 2,997	Appraisal or discounted cash flow value (4)	Not meaningful (4)	Not meaningful (4)

(continued on next page)

RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)

(continued from previous page)

Level 3 financial instrument $ in thousands	Fair value at September 30, 2017	Valuation technique(s)	Unobservable input	Range (weighted-average)
Recurring measurements				
ARS preferred securities	$ 106,171	Discounted cash flow	Average discount rate	5.46% - 6.81% (6.03%)
			Average interest rates applicable to future interest income on the securities (1)	2.58% - 3.44% (2.72%)
			Prepayment year (2)	2017 - 2021 (2021)
Private equity investments (not measured at NAV)	$ 68,454	Income or market approach:		
		Scenario 1 - income approach - discounted cash flow	Discount rate	13% - 25% (22.4%)
			Terminal growth rate of cash flows	3% - 3% (3%)
			Terminal year	2020 - 2042 (2021)
		Scenario 2 - market approach - market multiple method	EBITDA Multiple	5.25 - 7.0 (5.8)
			Weighting assigned to outcome of scenario 1/scenario 2	87%/13%
	$ 20,431	Transaction price or other investment-specific events (3)	Not meaningful (3)	Not meaningful (3)
Nonrecurring measurements				
Bank loans: impaired loans - residential	$ 20,736	Discounted cash flow	Prepayment rate	7 yrs. - 12 yrs. (10.4 yrs.)
Bank loans: impaired loans - corporate	$ 3,258	Appraisal or discounted cash flow value (4)	Not meaningful (4)	Not meaningful (4)

(1) 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.

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

(3) Certain private equity investments are valued initially at the transaction price until either our periodic 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.

(4) The valuation techniques used for the impaired corporate loan portfolio are appraisals less selling costs for the collateral dependent loans and discounted cash flows for 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, if any, 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. These securities generally have embedded penalty interest rate provisions in the event auctions fail to set the security’s interest rate. These penalty rates are based upon a stated interest rate spread over what is typically a short-term base interest rate index. As short-term interest rates rise, the penalty rate that is specified in the security increases. Changes in interest rates impact the fair value of our ARS portfolio, as we estimate 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. The faster and steeper short-term interest rates rise, the earlier prepayments will likely occur and the higher the fair value of the security. Therefore, the short-term interest rate assumption directly impacts the input related to the timing of any projected prepayment.

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/(decreases) in our investment entities' future economic performance will have a corresponding increase/(decrease) 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.

Investments in private equity measured at net asset value per share

As more fully described in Note 2 of our 2017 Form 10-K, as a practical expedient, we utilize net asset value ("NAV") or its equivalent to determine the recorded value of a portion of our private equity portfolio. We utilize NAV when the fund investment does not have a readily determinable fair value and the NAV of the fund is calculated in a manner consistent with the measurement principles of investment company accounting, including measurement of the investments at fair value.

Our private equity portfolio as of December 31, 2017 included various direct and third party private equity investments and various private equity funds which we sponsor. The portfolio is primarily invested in a broad range of industries including leveraged buyouts, growth capital, distressed capital, venture capital and mezzanine capital.

Due to the closed-end nature of certain of our fund investments, such investments cannot be redeemed directly with the funds. Our investment is monetized through distributions received through the liquidation of the underlying assets of those funds. We anticipate 90% of these underlying assets will be liquidated over a period of five years or less, with the remaining 10% to be liquidated over a period of nine years.

The table below presents the recorded value and unfunded commitments related to our private equity portfolio.

		Unfunded commitment		
$ in thousands	Recorded value	RJF	Noncontrolling interests	Total
December 31, 2017				
Private equity investments measured at NAV	$100,223	$20,739	$ 2,256	$22,995
Private equity investments not measured at NAV	88,810			
Total private equity investments	$189,033			

September 30, 2017				
Private equity investments measured at NAV	$109,894	$20,973	$ 2,273	$23,246
Private equity investments not measured at NAV	88,885			
Total private equity investments	$198,779			

Of the total private equity investments, the portions we owned were $138 million and $145 million as of December 31, 2017 and September 30, 2017, respectively. The portions of the private equity investments we did not own were $51 million and $54 million as of December 31, 2017 and September 30, 2017, respectively, and were included as a component of noncontrolling interests in our Condensed Consolidated Statements of Financial Condition.

Many of these fund investments meet the definition of prohibited “covered funds” as defined by the Volcker Rule of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”). We have received approval from the Board of Governors of the Federal Reserve System (the “Fed”) to continue to hold the majority of our “covered fund” investments for up to an additional five-year conformance period, thereby extending our applicable holding period until July 2022 for such investments. However our current focus is on the divestiture of this portfolio.

RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)

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 December 31, 2017, the amount of financial instruments for which we had elected the fair value option was not material.

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 4 of our 2017 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 recorded at fair value.

The table below presents the estimated fair values by level within the fair value hierarchy and the carrying amounts of certain of our financial instruments not carried at fair value. The carrying amounts below exclude financial instruments which have been recorded at fair value and those recorded at amounts which approximate fair value in the Condensed Consolidated Statements of Financial Condition.

$ in thousands	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total estimated fair value	Carrying amount
December 31, 2017					
Financial assets:					
Bank loans, net	$ —	$104,044	$17,353,626	$17,457,670	$17,588,476
Loans to financial advisors, net	$ —	$—	$704,853	$704,853	$879,929
Financial liabilities:					
Bank deposits	$ —	$18,392,535	$329,977	$18,722,512	$18,725,545
Other borrowings	$ —	$28,030	$—	$28,030	$27,627
Senior notes payable	$ —	$1,693,153	$—	$1,693,153	$1,548,975
September 30, 2017					
Financial assets:					
Bank loans, net	$ —	$23,001	$16,836,745	$16,859,746	$16,954,042
Loans to financial advisors, net	$ —	$—	$698,862	$698,862	$863,647
Financial liabilities:					
Bank deposits	$ —	$17,417,678	$313,359	$17,731,037	$17,732,362
Other borrowings	$ —	$29,278	$—	$29,278	$28,813
Senior notes payable	$ —	$1,647,696	$—	$1,647,696	$1,548,839

RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)

NOTE 5 – AVAILABLE-FOR-SALE SECURITIES

Available-for-sale securities are comprised of agency MBS and CMOs owned by Raymond James Bank, N.A. ("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 of our 2017 Form 10-K.

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

$ in thousands	Cost basis	Gross unrealized gains	Gross unrealized losses	Fair value
December 31, 2017				
Agency MBS and CMOs	$2,309,741	$ 180	$(24,870)	$2,285,051
Other securities	1,575	—	(788)	787
Total RJ Bank available-for-sale securities	2,311,316	180	(25,658)	2,285,838
ARS preferred securities	101,674	5,809	—	107,483
Total available-for-sale securities	$2,412,990	$ 5,989	$(25,658)	$2,393,321
September 30, 2017				
Agency MBS and CMOs	$2,089,153	$ 1,925	$(9,999)	$2,081,079
Other securities	1,575	—	(543)	1,032
Total RJ Bank available-for-sale securities	2,090,728	1,925	(10,542)	2,082,111
ARS preferred securities	101,674	4,497	—	106,171
Total available-for-sale securities	$2,192,402	$ 6,422	$(10,542)	$2,188,282

See Note 4 for additional information regarding the fair value of available-for-sale securities.

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 and 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.

	December 31, 2017				
$ in thousands	Within one year	After one but within five years	After five but within ten years	After ten years	Total
Agency MBS and CMOs:					
Amortized cost	$—	$143,299	$745,234	$1,421,208	$2,309,741
Carrying value	—	142,159	737,410	1,405,482	2,285,051
Weighted-average yield	—	2.09 %	1.94 %	2.01 %	1.99 %
Other securities:					
Amortized cost	$—	$—	$—	$1,575	$1,575
Carrying value	—	—	—	787	787
Weighted-average yield	—	—	—	—	—
Sub-total agency MBS and CMOs and other securities:					

Amortized cost	$—	$143,299	$745,234	$1,422,783	$2,311,316
Carrying value	—	142,159	737,410	1,406,269	2,285,838
Weighted-average yield	—	2.09 %	1.94 %	2.01 %	1.99 %
ARS Preferred securities:					
Amortized cost	$—	$—	$—	$101,674	$101,674
Carrying value	—	—	—	107,483	107,483
Weighted-average yield	—	—	—	2.52 %	2.52 %
Total available-for-sale securities:					
Amortized cost	$—	$143,299	$745,234	$1,524,457	$2,412,990
Carrying value	—	142,159	737,410	1,513,752	2,393,321
Weighted-average yield	—	2.09 %	1.94 %	2.05 %	2.01 %

RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)

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:

	Less than 12 months		12 months or more		Total	
$ in thousands	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses
December 31, 2017						
Agency MBS and CMOs	$1,691,798	$(14,157)	$535,183	$(10,713)	$2,226,981	$(24,870)
Other securities	—	—	787	(788)	787	(788)
Total	$1,691,798	$(14,157)	$535,970	$(11,501)	$2,227,768	$(25,658)

	Less than 12 months		12 months or more		Total	
$ in thousands	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses
September 30, 2017						
Agency MBS and CMOs	$1,119,715	$(5,621)	$295,528	$(4,378)	$1,415,243	$(9,999)
Other securities	—	—	1,032	(543)	1,032	(543)
Total	$1,119,715	$(5,621)	$296,560	$(4,921)	$1,416,275	$(10,542)

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 and Non-agency CMOs

The Federal Home Loan Mortgage Corporation ("FHLMC"), Federal National Mortgage Association ("FNMA") and Government National Mortgage Associations ("GNMA") guarantee the contractual cash flows of the agency MBS and CMOs. At December 31, 2017, of the 195 U.S. government-sponsored enterprise MBS and CMOs in an unrealized loss position, 133 were in a continuous unrealized loss position for less than 12 months and 62 were for 12 months or more. We do not consider these securities to be other-than-temporarily impaired due to the guarantee provided by FNMA, FHLMC, and GNMA of the full payment of principal and interest, and the fact that we have the ability and intent to hold these securities. At December 31, 2017, debt securities we held from FNMA and FHLMC had an amortized cost of $1.56 billion and $626 million, respectively, and a fair value of $1.54 billion and $617 million, respectively.

During the three months ended December 31, 2017, there were no sales of agency MBS and CMO available-for-sale securities. During the three months ended December 31, 2016, there were $7 million in proceeds from the sale of non-agency CMO available-for-sale securities. These sales resulted in an insignificant loss, which was included in "Other revenues" on our Condensed Consolidated Statements of Income and Comprehensive Income.

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 held as of December 31, 2017 was $120 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. All of our ARS securities are evaluated for OTTI on a quarterly basis. As of December 31, 2017, there were no ARS preferred securities with a fair value less than cost basis.

During the three months ended December 31, 2017, there were no sales of ARS. During the three months ended December 31, 2016, sales of ARS were insignificant.

Other-than-temporarily impaired securities

There is no intent to sell our ARS and it was not more likely than not that we would be required to sell these securities as of December 31, 2017.

RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)

Changes in the amount of OTTI related to credit losses recognized in "Other revenues" on available-for-sale securities were as follows:

	Three months ended December 31,	
$ in thousands	2017	2016
Amount related to credit losses on securities we held at the beginning of the period	$—	$8,107
Decreases to the amount related to credit losses for securities sold during the period	—	(2,353)
Amount related to credit losses on securities we held at the end of the period	$—	$5,754

NOTE 6 – DERIVATIVE FINANCIAL INSTRUMENTS

Our derivative assets and derivative liabilities are recorded at fair value and are included in "Derivative assets" and "Derivative liabilities" in our Condensed Consolidated Statements of Financial Condition. Cash flows related to our derivative contracts are included within operating activities in the Condensed Consolidated Statements of Cash Flows. The significant accounting policies governing our derivative financial instruments, including our methodologies for determining fair value, are described in Note 2 of our 2017 Form 10-K.

Derivatives arising from our fixed income business operations

We enter into interest rate contracts as part of our fixed income business to facilitate client transactions or to actively manage risk exposures that arise from our client activity, including a portion of our trading inventory. The majority of these derivatives are traded in the over-the-counter market and are executed directly with another counterparty or are cleared and settled through a clearing organization.

We also facilitate matched book derivative transactions in which Raymond James Financial Products, Inc. ("RJFP"), a wholly owned subsidiary, enters into interest rate derivative transactions with clients. For every derivative transaction RJFP enters into with a client, it also enters into an offsetting derivative on terms that mirror the client transaction with a credit support provider, which is a third-party financial institution. Any collateral required to be exchanged under these derivative contracts is administered directly between the client and the third-party financial institution. Due to this pass-through transaction structure, RJFP has completely mitigated the market and credit risk on these derivative contracts. As a result, derivatives for which the fair value is in an asset position have an equal and offsetting derivative liability. RJFP only has credit risk on its uncollected derivative transaction fee revenues. The receivable for uncollected derivative transaction fee revenues of RJFP was $5 million at both December 31, 2017 and September 30, 2017, and is included in "Other receivables" on our Condensed Consolidated Statements of Financial Condition.

Derivatives arising from RJ Bank's business operations

We enter into forward foreign exchange contracts and interest rate swaps to hedge certain exposures arising out of RJ Bank's business operations (see Note 2 of the 2017 Form 10-K for the accounting policies associated with these transactions). Each of these activities is described further below.

We enter into three-month forward foreign exchange contracts primarily to hedge the risks related to RJ Bank's investment in their Canadian subsidiary as well as their risk resulting from transactions denominated in currencies other than the U.S. dollar. The majority of these derivatives are designated as net investment hedges.

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. RJ Bank enters into floating-rate advances from the Federal Home Loan Bank of Atlanta ("FHLB") to, in part, fund these assets and then enters into interest rate swaps which swap variable interest payments on this debt for fixed interest payments. These interest rate swaps are designated as cash flow hedges and effectively fix RJ Bank's cost of funds associated with these assets to mitigate a portion of the market risk.

Derivative arising from our acquisition of Alex. Brown

As part of our acquisition of Alex. Brown (see Note 3 of the 2017 Form 10-K for additional information regarding the acquisition), we assumed certain DBRSU awards, including the associated plan terms and conditions. The DBRSU awards contain performance conditions based on Deutsche Bank and subsidiaries attaining certain financial results and will ultimately be settled in DB common shares, provided the performance metrics are achieved. The DBRSU obligation results in a derivative, the fair value and notional of which is measured by multiplying the number of outstanding DBRSU awards to be settled in DB common shares as of the end of the reporting period by the end of reporting period DB share price, as traded on the New York Stock Exchange.

Counterparty netting and collateral related to derivative contracts

To reduce credit exposure on certain of our derivative transactions, we may enter into a master netting arrangement that allows for net settlement of all derivative transactions with each counterparty. In addition, the credit support annex allows parties to the master netting 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. Where permitted, we elect to net-by-counterparty certain derivative contracts entered into under a legally enforceable master netting agreement and, therefore, the fair value of those derivative contracts are netted by counterparty in the Condensed Consolidated Statements of Financial Condition. As we elect to net-by-counterparty the fair value of such derivative contracts, we also net-by-counterparty cash collateral exchanged as part of those derivative agreements. We may also require certain counterparties to make a deposit at the inception of a derivative agreement, referred to as “initial margin.” This initial margin is included in “Other payables” on our Condensed Consolidated Statements of Financial Condition.

We are also required to maintain cash or marketable security deposits with the clearing organizations we utilize to clear certain of our interest rate derivative transactions. This initial margin is included as a component of “Receivables from brokers, dealers and clearing organizations” for cash initial margin or “Other investments” for marketable securities initial margin in our Condensed Consolidated Statements of Financial Condition. On a daily basis we also pay cash to or receive cash from these clearing organizations due to changes in the fair value of the derivatives which they clear. Such payments are referred to as “variation margin” and are considered to be settlement of the related derivatives.

RJ Bank provides to counterparties for the benefit of its U.S. subsidiaries, a guarantee of payment in the event of the subsidiary’s 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 generally not required to post collateral with and do not generally receive collateral from the respective counterparties.

RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)

Derivative balances included in our financial statements

The table below presents the gross fair value and notional amount of derivative contracts by product type, the amounts of counterparty and cash collateral netting in our Condensed Consolidated Statements of Financial Condition, as well as collateral posted and received under credit support agreements that do not meet the criteria for netting under GAAP.

	December 31, 2017			September 30, 2017		
$ in thousands	Derivative assets	Derivative liabilities	Notional amount	Derivative assets	Derivative liabilities	Notional amount
Derivatives not designated as hedging instruments						
Interest rate contracts:						
Matched book	$263,851	$263,851	$2,687,828	$288,035	$288,035	$2,766,488
Other	58,660	85,579	5,093,255	86,436	100,503	4,931,809
Foreign exchange contracts	4	7,032	529,000	3	530	437,783
DBRSU obligation (equity) (1)	—	28,413	28,413	—	25,800	25,800
Subtotal	322,515	384,875	8,338,496	374,474	414,868	8,161,880
Derivatives designated as hedging instruments						
Interest rate contracts	—	1,236	850,000	—	1,390	850,000
Foreign exchange contracts	—	12,678	893,317	29	116	1,048,646
Subtotal	—	13,914	1,743,317	29	1,506	1,898,646
Total gross fair value/notional amount	322,515	398,789	$10,081,813	374,503	416,374	$10,060,526
Offset in the Statements of Financial Condition						
Counterparty netting	(6,471)	(6,471)		(6,045)	(6,045)	
Cash collateral netting	(23,904)	(35,813)		(49,683)	(53,365)	
Total amounts offset	(30,375)	(42,284)		(55,728)	(59,410)	
Net amounts presented in the Statements of Financial Condition	292,140	356,505		318,775	356,964	
Gross amounts not offset in the Statements of Financial Condition						
Financial instruments (2)	(267,938)	(263,851)		(293,340)	(288,035)	
Total	$24,202	$92,654		$25,435	$68,929	

(1) The DBRSU obligation is not subject to an enforceable master netting arrangement or other similar arrangement. However, we held shares of DB as an economic hedge against this obligation with a fair value of $21 million and $19 million as of December 31, 2017 and September 30, 2017, respectively, which are a component of "Other investments" on our Condensed Consolidated Statements of Financial Condition. See additional discussion of the DBRSUs in Note 17.

(2) Although the matched book derivative arrangements do not meet the definition of a master netting arrangement as specified by GAAP, the agreement with the third-party intermediary includes terms that are similar to a master netting

agreement. As a result, we present the matched book amounts net in the table above.

Gains recognized in accumulated other comprehensive income/(loss) ("AOCI"), net of income taxes, on derivatives designated as hedging instruments are as follows (see Note 15 for additional information):

	Three months ended December 31,	
$ in thousands	2017	2016
Interest rate contracts (cash flow hedges)	$6,885	$25,738
Foreign exchange contracts (net investment hedges)	5,573	11,326
Total gains recognized in AOCI, net of taxes	$12,458	$37,064

There was no hedge ineffectiveness and no components of derivative gains or losses were excluded from the assessment of hedge effectiveness for each of the three months ended December 31, 2017 and 2016. We expect to reclassify an estimated $1 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 10 years.

Gains/(losses) on derivatives not designated as hedging instruments recognized on the Condensed Consolidated Statements of Income and Comprehensive Income were as follows:

$ in thousands	Location of gain/(loss) included in the Condensed Consolidated Statements of Income and Comprehensive Income	Gain/(loss) recognized during the period Three months ended December 31, 2017	2016
Interest rate contracts:			
Matched book	Other revenues	$38	$(26)
Other	Net trading profit	$1,562	$2,229
Foreign exchange contracts	Other revenues	$(1,366)	$7,914
DBRSUs	Compensation, commissions and benefits expense	$(2,613)	$(6,725)
DBRSUs	Acquisition-related expenses	$—	$350

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

Credit risk

We are exposed to credit losses in the event of nonperformance by the counterparties to forward foreign exchange derivative agreements and interest rate contracts that are not cleared through a clearing organization. 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. We may require initial margin or 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.

Our only exposure to credit risk in the 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 previously described.

Interest rate and foreign exchange risk

We are exposed to interest rate risk related to certain of our interest rate derivative agreements. We are also exposed to foreign exchange risk related to our forward foreign exchange derivative agreements. On a daily basis, we monitor our risk exposure in our derivative agreements 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.

Derivatives with credit-risk-related contingent features

Certain of the derivative instruments arising from our interest rate contracts and 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, the counterparties to the derivative instruments could terminate and 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 were in a liability position was $10 million at December 31, 2017, for which we had posted $1 million of collateral. Such amounts were not material at September 30, 2017.

NOTE 7 – COLLATERALIZED AGREEMENTS AND FINANCINGS

Collateralized agreements are securities purchased under agreements to resell ("reverse repurchase agreements") and securities borrowed. Collateralized financings are securities sold under agreements to repurchase ("repurchase agreements") and securities loaned. We enter into these transactions in order to facilitate client activities, invest excess cash, acquire securities to cover short positions and finance certain firm activities. The significant accounting policies governing our collateralized agreements and financings are described in Note 2 of our 2017 Form 10-K.

RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)

For financial statement purposes, we do not offset our reverse repurchase agreements, repurchase agreements, securities borrowing and securities lending transactions because the conditions for netting as specified by GAAP are not met. Our reverse repurchase agreements, repurchase agreements, securities borrowing and securities lending transactions 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 parties to the transaction. Although not offset on the Condensed Consolidated Statements of Financial Condition, these transactions are included in the following table.

	Assets		Liabilities	
$ in thousands	Reverse repurchase agreements	Securities borrowed	Repurchase agreements	Securities loaned
December 31, 2017				
Gross amounts of recognized assets/liabilities	$307,742	$184,971	$229,036	$290,307
Gross amounts offset in the Condensed Consolidated Statements of Financial Condition	—	—	—	—
Net amounts presented in the Condensed Consolidated Statements of Financial Condition	307,742	184,971	229,036	290,307
Gross amounts not offset in the Condensed Consolidated Statements of Financial Condition	(307,742)	(178,524)	(229,036)	(277,154)
Net amount	$—	$6,447	$—	$13,153
September 30, 2017				
Gross amounts of recognized assets/liabilities	$404,462	$138,319	$220,942	$383,953
Gross amounts offset in the Condensed Consolidated Statements of Financial Condition	—	—	—	—
Net amounts presented in the Condensed Consolidated Statements of Financial Condition	404,462	138,319	220,942	383,953
Gross amounts not offset in the Condensed Consolidated Statements of Financial Condition	(404,462)	(134,304)	(220,942)	(373,132)
Net amount	$—	$4,015	$—	$10,821

The required market value of the collateral associated with collateralized agreements and financings generally exceeds the amount financed. Accordingly, the total collateral received under reverse repurchase agreements and the total amount of collateral posted under repurchase agreements exceeds the carrying value of these agreements in our Condensed Consolidated Statements of Financial Condition. 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.

Collateral received and pledged

We receive cash and securities as collateral, primarily in connection with reverse repurchase agreements, securities borrowed, derivative transactions not transacted through a clearing organization, and client margin loans. The collateral we receive reduces our credit exposure to individual counterparties.

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.

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 delivered or repledged, to satisfy one of our purposes described above:

$ in thousands	December 31, 2017	September 30, 2017
Collateral we received that is available to be delivered or repledged	$ 2,891,841	$ 3,030,736
Collateral that we delivered or repledged	$ 957,943	$ 1,068,912

RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)

Encumbered assets

We pledge certain of our financial instruments to collateralize either repurchase agreements or other secured borrowings, or to satisfy our collateral or settlement requirements with counterparties or clearing organizations 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:

$ in thousands	December 31, 2017	September 30, 2017
Financial instruments owned, at fair value, pledged to counterparties that:		
Had the right to deliver or repledge	$ 341,304	$ 363,739
Did not have the right to deliver or repledge	$ 129,260	$ 44,930

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

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

$ in thousands	Overnight and continuous	Up to 30 days	30-90 days	Greater than 90 days	Total
As of December 31, 2017:					
Repurchase agreements					
Government and agency obligations	$48,281	$ —	$ —	$ —	$48,281
Agency MBS and CMOs	180,755	—	—	—	180,755
Total Repurchase Agreements	229,036	—	—	—	229,036
Securities loaned					
Equity securities	290,307	—	—	—	290,307
Total	$519,343	$ —	$ —	$ —	$519,343
Gross amounts of recognized liabilities for repurchase agreements and securities loaned included in the table within this footnote					$519,343
Amounts related to repurchase agreements and securities loaned not included in the table within this footnote					$—
As of September 30, 2017:					
Repurchase agreements					
Government and agency obligations	$107,284	$ —	$ —	$ —	$107,284
Agency MBS and CMOs	113,658	—	—	—	113,658
Total Repurchase Agreements	220,942	—	—	—	220,942
Securities loaned					
Equity securities	383,953	—	—	—	383,953
Total	$604,895	$ —	$ —	$ —	$604,895
					$604,895

Gross amounts of recognized liabilities for repurchase agreements and securities loaned included in the table within this footnote	
Amounts related to repurchase agreements and securities loaned not included in the table within this footnote	$—

As of both December 31, 2017 and September 30, 2017, we did not have any “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.

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”), and 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.

RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)

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.

See Note 2 of our 2017 Form 10-K for a discussion of our accounting policies related to 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.

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. "Loans held for sale, net" and "Total loans held for investment, net" in the table below are presented net of unearned income and deferred expenses, which include purchase premiums, purchase discounts and net deferred origination fees and costs.

	December 31, 2017		September 30, 2017	
$ in thousands	Balance	%	Balance	%
Loans held for investment:				
C&I loans	$7,490,219	42 %	$7,385,910	43 %
CRE construction loans	164,847	1 %	112,681	1 %
CRE loans	3,136,101	18 %	3,106,290	18 %
Tax-exempt loans	1,136,468	6 %	1,017,791	6 %
Residential mortgage loans	3,270,780	18 %	3,148,730	18 %
SBL	2,530,521	14 %	2,386,697	14 %
Total loans held for investment	17,728,936		17,158,099	
Net unearned income and deferred expenses	(30,231)		(31,178)	
Total loans held for investment, net	17,698,705		17,126,921	
Loans held for sale, net	189,862	1 %	70,316	—
Total loans held for sale and investment	17,888,567	100%	17,197,237	100%
Allowance for loan losses	(191,269)		(190,442)	
Bank loans, net	$17,697,298		$17,006,795	

At December 31, 2017, the 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 $358 million and $522 million of loans held for sale during the three months ended December 31, 2017 and 2016, respectively. Proceeds from the sale of these held for sale loans amounted to $92 million and $150 million during the three months ended December 31, 2017 and 2016, respectively. Net gains resulting from such sales amounted to $1 million in both the three months ended December 31, 2017 and 2016. 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 both the three months ended December 31, 2017 and 2016.

Purchases and sales of loans held for investment

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

$ in thousands	C&I	CRE	Residential mortgage	Total
Three months ended December 31, 2017				
Purchases	$147,442	$20,087	$ 45,011	$212,540
Sales	$31,143	$—	$ —	$31,143
Three months ended December 31, 2016				
Purchases	$114,649	$38,980	$ 81,662	$235,291
Sales	$81,579	$—	$ —	$81,579

RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)

Sales in the table above represent the recorded investment of loans held for investment that were transferred to loans held for sale and subsequently sold to a third party during the respective period. As more fully described in Note 2 of our 2017 Form 10-K, corporate loan sales generally occur as part of a loan workout situation.

Aging analysis of loans held for investment

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

$ in thousands	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)
As of December 31, 2017:						
C&I loans	$ 113	$ —	$ 113	$ 4,843	$7,485,263	$7,490,219
CRE construction loans	—	—	—	—	164,847	164,847
CRE loans	—	—	—	—	3,136,101	3,136,101
Tax-exempt loans	—	—	—	—	1,136,468	1,136,468
Residential mortgage loans:						
First mortgage loans	5,886	—	5,886	32,364	3,205,513	3,243,763
Home equity loans/lines	75	—	75	126	26,816	27,017
SBL	66	—	66	—	2,530,455	2,530,521
Total loans held for investment, net	$ 6,140	$ —	$ 6,140	$ 37,333	$17,685,463	$17,728,936
As of September 30, 2017:						
C&I loans	$ —	$ —	$ —	$ 5,221	$7,380,689	$7,385,910
CRE construction loans	—	—	—	—	112,681	112,681
CRE loans	—	—	—	—	3,106,290	3,106,290
Tax-exempt loans	—	—	—	—	1,017,791	1,017,791
Residential mortgage loans:						
First mortgage loans	1,853	—	1,853	33,718	3,086,701	3,122,272
Home equity loans/lines	248	—	248	31	26,179	26,458
SBL	—	—	—	—	2,386,697	2,386,697
Total loans held for investment, net	$ 2,101	$ —	$ 2,101	$ 38,970	$17,117,028	$17,158,099

(1) Includes $15 million and $18 million of nonaccrual loans at December 31, 2017 and September 30, 2017, respectively, which are performing pursuant to their contractual terms.

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

Other real estate owned, included in “Other assets” on our Condensed Consolidated Statements of Financial Condition, was $4 million and $5 million at December 31, 2017 and September 30, 2017, respectively. The recorded investment in mortgage loans secured by one-to-four family residential properties for which formal foreclosure proceedings were in process was $17 million and $18 million at December 31, 2017 and September 30, 2017, respectively.

31

RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)

Impaired loans and troubled debt restructurings

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

$ in thousands	December 31, 2017 Gross recorded investment	December 31, 2017 Unpaid principal balance	December 31, 2017 Allowance for losses	September 30, 2017 Gross recorded investment	September 30, 2017 Unpaid principal balance	September 30, 2017 Allowance for losses
Impaired loans with allowance for loan losses:						
C&I loans	$4,843	$5,910	$ 1,846	$5,221	$6,160	$ 1,963
Residential - first mortgage loans	22,663	29,403	2,375	23,977	31,100	2,504
Total	27,506	35,313	4,221	29,198	37,260	4,467
Impaired loans without allowance for loan losses:						
CRE loans	—	—	—	—	—	—
Residential - first mortgage loans	16,480	24,096	—	16,737	24,899	—
Total	16,480	24,096	—	16,737	24,899	—
Total impaired loans	$43,986	$59,409	$ 4,221	$45,935	$62,159	$ 4,467

Impaired loan balances with allowances for loan losses have had reserves established based upon management's analysis. There is no allowance required when the discounted cash flow, collateral value or market value of a loan equals or exceeds the carrying value. These are generally loans in process of foreclosure that have already been adjusted to fair value.

The preceding table includes residential first mortgage TDR's of $26 million and $27 million at December 31, 2017 and September 30, 2017, respectively.

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

$ in thousands	Three months ended December 31, 2017	2016
Average impaired loan balance:		
C&I loans	$4,966	$32,808
CRE loans	—	2,776
Residential - first mortgage loans	39,935	46,533
Total	$44,901	$82,117
Interest income recognized:		
Residential - first mortgage loans	$287	$333
Total	$287	$333

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.

RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)

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.

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

$ in thousands	Pass	Special mention	Substandard	Doubtful	Total
December 31, 2017					
C&I	$7,343,153	$35,606	$ 111,460	$ —	$7,490,219
CRE construction	164,847	—	—	—	164,847
CRE	3,097,041	38,933	127	—	3,136,101
Tax-exempt	1,136,468	—	—	—	1,136,468
Residential mortgage:					
First mortgage	3,194,572	6,914	42,277	—	3,243,763
Home equity	26,525	315	177	—	27,017
SBL	2,530,521	—	—	—	2,530,521
Total	$17,493,127	$81,768	$ 154,041	$ —	$17,728,936
September 30, 2017					
C&I	$7,232,777	$63,964	$ 89,169	$ —	$7,385,910
CRE construction	112,681	—	—	—	112,681
CRE	3,048,847	57,315	128	—	3,106,290
Tax-exempt	1,017,791	—	—	—	1,017,791
Residential mortgage:					
First mortgage	3,068,290	8,467	45,515	—	3,122,272
Home equity	26,352	75	31	—	26,458
SBL	2,386,697	—	—	—	2,386,697
Total	$16,893,435	$129,821	$ 134,843	$ —	$17,158,099

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. Current LTVs are updated using the most recently available information (generally updated every six months) 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. Residential mortgage loans with estimated LTVs in excess of 100% represented much less than 1% of the residential mortgage loan portfolio as of December 31, 2017.

33

RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)

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						
$ in thousands	C&I	CRE construction	CRE	Tax-exempt	Residential mortgage	SBL	Total
Three months ended December 31, 2017							
Balance at beginning of period	$119,901	$ 1,421	$41,749	$ 6,381	$ 16,691	$4,299	$190,442
Provision/(benefit) for loan losses	2,337	686	(1,104)	537	(1,699)	259	1,016
Net (charge-offs)/recoveries:							
Charge-offs	(603)	—	—	—	(95)	—	(698)
Recoveries	—	—	—	—	604	—	604
Net (charge-offs)/recoveries	(603)	—	—	—	509	—	(94)
Foreign exchange translation adjustment	(66)	—	(29)	—	—	—	(95)
Balance at end of period	$121,569	$ 2,107	$40,616	$ 6,918	$ 15,501	$4,558	$191,269
Three months ended December 31, 2016							
Balance at beginning of period	$137,701	$ 1,614	$36,533	$ 4,100	$ 12,664	$4,766	$197,378
Provision/(benefit) for loan losses	(1,243)	581	(2,010)	393	997	242	(1,040)
Net (charge-offs)/recoveries:							
Charge-offs	(3,389)	—	—	—	(87)	—	(3,476)
Recoveries	—	—	5,013	—	65	—	5,078
Net (charge-offs)/recoveries	(3,389)	—	5,013	—	(22)	—	1,602
Foreign exchange translation adjustment	(164)	(92)	(4)	—	—	—	(260)
Balance at end of period	$132,905	$ 2,103	$39,532	$ 4,493	$ 13,639	$5,008	$197,680

The following table presents, by loan portfolio segment, RJ Bank's recorded investment (excluding any net unearned income and deferred expenses) and the related allowance for loan losses.

	Loans held for investment					
	Allowance for loan losses			Recorded investment		
$ in thousands	Individually evaluated for impairment	Collectively evaluated for impairment	Total	Individually evaluated for impairment	Collectively evaluated for impairment	Total
December 31, 2017						
C&I	$1,846	$ 119,723	$121,569	$4,843	$7,485,376	$7,490,219
CRE construction	—	2,107	2,107	—	164,847	164,847
CRE	—	40,616	40,616	—	3,136,101	3,136,101
Tax-exempt	—	6,918	6,918	—	1,136,468	1,136,468
Residential mortgage	2,389	13,112	15,501	44,429	3,226,351	3,270,780
SBL	—	4,558				