

SYNOVUS FINANCIAL CORP  
Form 10-Q  
November 05, 2015  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended September 30, 2015  
Commission file number 1-10312

SYNOVUS FINANCIAL CORP.  
(Exact name of registrant as specified in its charter)

|                                                                           |                                           |
|---------------------------------------------------------------------------|-------------------------------------------|
| Georgia                                                                   | 58-1134883                                |
| (State or other jurisdiction of incorporation or organization)            | (I.R.S. Employer Identification No.)      |
| 1111 Bay Avenue                                                           | 31901                                     |
| Suite 500, Columbus, Georgia                                              | (Zip Code)                                |
| (Address of principal executive offices)                                  |                                           |
| Registrant's telephone number, including area code: (706) 649-2311        |                                           |
| Securities registered pursuant to Section 12(b) of the Act:               |                                           |
| Title of each class                                                       | Name of each exchange on which registered |
| Common Stock, \$1.00 Par Value                                            |                                           |
| Series B Participating Cumulative Preferred Stock                         | New York Stock Exchange                   |
| Purchase Rights                                                           | New York Stock Exchange                   |
| Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series C | New York Stock Exchange                   |
| Securities registered pursuant to Section 12(g) of the Act: NONE          |                                           |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 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 for 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. (Check One):

|                         |                                                 |                           |   |
|-------------------------|-------------------------------------------------|---------------------------|---|
| Large accelerated filer | x                                               | Accelerated filer         | " |
| Non-accelerated filer   | " (Do not check if a smaller reporting company) | Smaller reporting company | " |

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
YES ☐ NO ☒

Indicate the number of shares outstanding of each of the issuer's class of common stock, as of the latest practicable date.

|                                |                  |
|--------------------------------|------------------|
| Class                          | October 31, 2015 |
| Common Stock, \$1.00 Par Value | 130,600,417      |

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INDEX OF DEFINED TERMS

ALCO – Synovus' Asset Liability Management Committee

ASC – Accounting Standards Codification

ASR – Accelerated share repurchase

ASU – Accounting Standards Update

Basel III – A global regulatory framework developed by the Basel Committee on Banking Supervision

BOLI – Bank-Owned Life Insurance

BOV – Broker's opinion of value

bp – Basis point (bps - basis points)

C&I – Commercial and industrial loans

CCC – Central clearing counterparty

CET1 – Common Equity Tier 1 Capital defined by Basel III capital rules

CMO – Collateralized Mortgage Obligation

Company – Synovus Financial Corp. and its wholly-owned subsidiaries, except where the context requires otherwise

Covered Litigation – Certain Visa litigation for which Visa is indemnified by Visa USA members

CRE – Commercial real estate

Dodd-Frank Act – The Dodd-Frank Wall Street Reform and Consumer Protection Act

Exchange Act – Securities Exchange Act of 1934, as amended

FRB – Federal Reserve Board

FDIC – Federal Deposit Insurance Corporation

Federal Reserve Bank – The 12 banks that are the operating arms of the U.S. central bank. They implement the policies of the Federal Reserve Board and also conduct economic research.

Federal Reserve Board – The 7-member Board of Governors that oversees the Federal Reserve System establishes monetary policy (interest rates, credit, etc.) and monitors the economic health of the country. Its members are appointed by the President, subject to Senate confirmation, and serve 14-year terms.

Federal Reserve System – The 12 Federal Reserve Banks, with each one serving member banks in its own district. This system, supervised by the Federal Reserve Board, has broad regulatory powers over the money supply and the credit structure.

FFIEC – Federal Financial Institutions Examination Council

FHLB – Federal Home Loan Bank

FICO – Fair Isaac Corporation

GA DBF – Georgia Department of Banking and Finance

GAAP – Generally Accepted Accounting Principles in the United States of America

HELOC – Home equity line of credit

IRC – Internal Revenue Code of 1986, as amended

LIBOR – London Interbank Offered Rate

LTV – Loan-to-collateral value ratio

NAICS – North American Industry Classification System

NPA – Non-performing assets

NPL – Non-performing loans

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NSF – Non-sufficient funds

OCI – Other comprehensive income

ORE – Other real estate

OTTI – Other-than-temporary impairment

Parent Company – Synovus Financial Corp.

SCM – State, county, and municipal

SEC – U.S. Securities and Exchange Commission

Securities Act – Securities Act of 1933, as amended

Series C Preferred Stock – Synovus' Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series C, \$25 liquidation preference

Synovus – Synovus Financial Corp.

Synovus Bank – A Georgia state-chartered bank, formerly known as Columbus Bank and Trust Company, and wholly-owned subsidiary of Synovus, through which Synovus conducts its banking operations

Synovus' 2014 Form 10-K – Synovus' Annual Report on Form 10-K for the year ended December 31, 2014

Synovus Mortgage – Synovus Mortgage Corp., a wholly-owned subsidiary of Synovus Bank

Synovus Trust Company, N. A. – A wholly-owned subsidiary of Synovus Bank

TDR – Troubled debt restructuring (as defined in ASC 310-40)

Treasury – United States Department of the Treasury

VIE – Variable interest entity, as defined in ASC 810-10

Visa – The Visa U.S.A., Inc. card association or its affiliates, collectively

Visa Class B shares – Class B shares of common stock issued by Visa which are subject to restrictions with respect to sale until all of the Covered Litigation has been settled

Visa derivative – A derivative contract with the purchaser of Visa Class B shares which provides for settlements between the purchaser and Synovus based upon a change in the ratio for conversion of Visa Class B shares into Visa Class A shares

Warrant – A warrant issued to the Treasury by Synovus to purchase up to 2,215,820 shares of Synovus common stock at a per share exercise price of \$65.52 expiring on December 19, 2018

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PART I. FINANCIAL INFORMATION  
ITEM 1. - FINANCIAL STATEMENTS  
SYNOVUS FINANCIAL CORP.  
CONSOLIDATED BALANCE SHEETS  
(unaudited)

| (in thousands, except share and per share data)                                                                                                                                                                                                      | September 30, 2015 | December 31, 2014 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-------------------|
| <b>ASSETS</b>                                                                                                                                                                                                                                        |                    |                   |
| Cash and cash equivalents                                                                                                                                                                                                                            | \$ 329,396         | 485,489           |
| Interest bearing funds with Federal Reserve Bank                                                                                                                                                                                                     | 837,641            | 721,362           |
| Interest earning deposits with banks                                                                                                                                                                                                                 | 21,170             | 11,810            |
| Federal funds sold and securities purchased under resale agreements                                                                                                                                                                                  | 69,732             | 73,111            |
| Trading account assets, at fair value                                                                                                                                                                                                                | 5,844              | 13,863            |
| Mortgage loans held for sale, at fair value                                                                                                                                                                                                          | 73,623             | 63,328            |
| Investment securities available for sale, at fair value                                                                                                                                                                                              | 3,487,332          | 3,041,406         |
| Loans, net of deferred fees and costs                                                                                                                                                                                                                | 21,864,309         | 21,097,699        |
| Allowance for loan losses                                                                                                                                                                                                                            | (250,900)          | (261,317)         |
| Loans, net                                                                                                                                                                                                                                           | \$ 21,613,409      | 20,836,382        |
| Premises and equipment, net                                                                                                                                                                                                                          | 449,078            | 455,235           |
| Goodwill                                                                                                                                                                                                                                             | 24,431             | 24,431            |
| Other real estate                                                                                                                                                                                                                                    | 64,346             | 85,472            |
| Deferred tax asset, net                                                                                                                                                                                                                              | 526,492            | 622,464           |
| Other assets                                                                                                                                                                                                                                         | 665,333            | 616,878           |
| Total assets                                                                                                                                                                                                                                         | \$ 28,167,827      | 27,051,231        |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                                                                                                                                                                                                          |                    |                   |
| <b>Liabilities</b>                                                                                                                                                                                                                                   |                    |                   |
| <b>Deposits:</b>                                                                                                                                                                                                                                     |                    |                   |
| Non-interest bearing deposits                                                                                                                                                                                                                        | \$ 6,570,227       | 6,228,472         |
| Interest bearing deposits, excluding brokered deposits                                                                                                                                                                                               | 14,961,388         | 13,660,830        |
| Brokered deposits                                                                                                                                                                                                                                    | 1,245,798          | 1,642,398         |
| Total deposits                                                                                                                                                                                                                                       | 22,777,413         | 21,531,700        |
| Federal funds purchased and securities sold under repurchase agreements                                                                                                                                                                              | 135,475            | 126,916           |
| Long-term debt                                                                                                                                                                                                                                       | 2,038,719          | 2,140,319         |
| Other liabilities                                                                                                                                                                                                                                    | 199,104            | 211,026           |
| Total liabilities                                                                                                                                                                                                                                    | \$ 25,150,711      | 24,009,961        |
| <b>Shareholders' Equity</b>                                                                                                                                                                                                                          |                    |                   |
| Series C Preferred Stock – no par value. 5,200,000 shares outstanding at September 30, 2015 and December 31, 2014                                                                                                                                    | 125,980            | 125,980           |
| Common stock - \$1.00 par value. Authorized 342,857,143 shares; 140,525,608 issued at September 30, 2015 and 139,950,422 issued at December 31, 2014; 130,632,731 outstanding at September 30, 2015 and 136,122,843 outstanding at December 31, 2014 | 140,526            | 139,950           |
| Additional paid-in capital                                                                                                                                                                                                                           | 2,986,333          | 2,960,825         |
| Treasury stock, at cost – 9,892,877 shares at September 30, 2015 and 3,827,579 shares at December 31, 2014                                                                                                                                           | (364,428)          | (187,774)         |
| Accumulated other comprehensive loss, net                                                                                                                                                                                                            | (6,092)            | (12,605)          |
| Retained earnings                                                                                                                                                                                                                                    | 134,797            | 14,894            |
| Total shareholders' equity                                                                                                                                                                                                                           | 3,017,116          | 3,041,270         |

|                                            |              |            |
|--------------------------------------------|--------------|------------|
| Total liabilities and shareholders' equity | \$28,167,827 | 27,051,231 |
|--------------------------------------------|--------------|------------|

See accompanying notes to unaudited interim consolidated financial statements.

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CONSOLIDATED STATEMENTS OF INCOME  
(unaudited)

|                                                                         | Nine Months Ended<br>September 30, |         | Three Months Ended<br>September 30, |         |
|-------------------------------------------------------------------------|------------------------------------|---------|-------------------------------------|---------|
| (in thousands, except per share data)                                   | 2015                               | 2014    | 2015                                | 2014    |
| Interest income:                                                        |                                    |         |                                     |         |
| Loans, including fees                                                   | \$652,807                          | 644,392 | \$220,782                           | 217,288 |
| Investment securities available for sale                                | 43,043                             | 43,775  | 14,926                              | 14,029  |
| Trading account assets                                                  | 258                                | 357     | 34                                  | 106     |
| Mortgage loans held for sale                                            | 2,060                              | 1,719   | 662                                 | 701     |
| Federal Reserve Bank balances                                           | 2,413                              | 1,561   | 821                                 | 562     |
| Other earning assets                                                    | 2,567                              | 2,185   | 868                                 | 708     |
| Total interest income                                                   | 703,148                            | 693,989 | 238,093                             | 233,394 |
| Interest expense:                                                       |                                    |         |                                     |         |
| Deposits                                                                | 48,859                             | 41,246  | 17,227                              | 13,504  |
| Federal funds purchased and securities sold under repurchase agreements | 134                                | 186     | 46                                  | 35      |
| Long-term debt                                                          | 39,457                             | 40,728  | 13,030                              | 13,592  |
| Total interest expense                                                  | 88,450                             | 82,160  | 30,303                              | 27,131  |
| Net interest income                                                     | 614,698                            | 611,829 | 207,790                             | 206,263 |
| Provision for loan losses                                               | 13,990                             | 25,638  | 2,956                               | 3,843   |
| Net interest income after provision for loan losses                     | 600,708                            | 586,191 | 204,834                             | 202,420 |
| Non-interest income:                                                    |                                    |         |                                     |         |
| Service charges on deposit accounts                                     | 59,621                             | 58,610  | 20,692                              | 20,159  |
| Fiduciary and asset management fees                                     | 34,722                             | 33,536  | 11,308                              | 11,207  |
| Brokerage revenue                                                       | 20,978                             | 20,201  | 6,946                               | 7,281   |
| Mortgage banking income                                                 | 19,960                             | 13,459  | 5,965                               | 4,665   |
| Bankcard fees                                                           | 24,910                             | 24,394  | 8,334                               | 8,182   |
| Investment securities gains, net                                        | 2,710                              | 1,331   | —                                   | —       |
| Other fee income                                                        | 15,371                             | 14,495  | 5,521                               | 4,704   |
| Gain on sale of Memphis branches, net                                   | —                                  | 5,789   | —                                   | —       |
| Other non-interest income                                               | 23,474                             | 25,740  | 8,293                               | 7,787   |
| Total non-interest income                                               | 201,746                            | 197,555 | 67,059                              | 63,985  |
| Non-interest expense:                                                   |                                    |         |                                     |         |
| Salaries and other personnel expense                                    | 285,394                            | 279,855 | 94,341                              | 93,870  |
| Net occupancy and equipment expense                                     | 79,650                             | 79,436  | 26,937                              | 26,956  |
| Third-party processing expense                                          | 31,858                             | 29,604  | 10,844                              | 10,044  |
| FDIC insurance and other regulatory fees                                | 20,315                             | 25,369  | 6,591                               | 7,839   |
| Professional fees                                                       | 18,382                             | 18,427  | 6,371                               | 2,526   |
| Advertising expense                                                     | 11,797                             | 15,935  | 5,488                               | 7,177   |
| Foreclosed real estate expense, net                                     | 18,350                             | 18,818  | 4,503                               | 9,074   |
| Visa indemnification charges                                            | 1,092                              | 2,731   | 363                                 | 1,979   |
| Restructuring charges, net                                              | (33)                               | 17,101  | 69                                  | 809     |
| Other operating expenses                                                | 67,816                             | 72,839  | 22,400                              | 33,475  |
| Total non-interest expense                                              | 534,621                            | 560,115 | 177,907                             | 193,749 |
| Income before income taxes                                              | 267,833                            | 223,631 | 93,986                              | 72,656  |
| Income tax expense                                                      | 100,149                            | 81,554  | 36,058                              | 25,868  |
| Net income                                                              | 167,684                            | 142,077 | 57,928                              | 46,788  |

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|                                                     |           |         |          |         |
|-----------------------------------------------------|-----------|---------|----------|---------|
| Dividends on preferred stock                        | 7,678     | 7,678   | 2,559    | 2,559   |
| Net income available to common shareholders         | \$160,006 | 134,399 | \$55,369 | 44,229  |
| Net income per common share, basic                  | \$1.20    | 0.97    | \$0.42   | 0.32    |
| Net income per common share, diluted                | 1.20      | 0.96    | 0.42     | 0.32    |
| Weighted average common shares outstanding, basic   | 133,120   | 138,989 | 131,516  | 139,043 |
| Weighted average common shares outstanding, diluted | 133,876   | 139,600 | 132,297  | 139,726 |

See accompanying notes to unaudited interim consolidated financial statements.

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SYNOVUS FINANCIAL CORP.  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(unaudited)

| (in thousands)                                                    | Nine Months Ended September 30, |                             |                      |                      |                             |                         |
|-------------------------------------------------------------------|---------------------------------|-----------------------------|----------------------|----------------------|-----------------------------|-------------------------|
|                                                                   | 2015                            |                             |                      | 2014                 |                             |                         |
|                                                                   | Before-tax<br>Amount            | Tax<br>(Expense)<br>Benefit | Net of Tax<br>Amount | Before-tax<br>Amount | Tax<br>(Expense)<br>Benefit | Net of<br>Tax<br>Amount |
| Net income                                                        | 267,833                         | (100,149 )                  | 167,684              | 223,631              | (81,554 )                   | 142,077                 |
| Net change related to cash flow hedges:                           |                                 |                             |                      |                      |                             |                         |
| Reclassification adjustment for losses realized in net income     | 336                             | (130 )                      | 206                  | 336                  | (130 )                      | 206                     |
| Net unrealized gains on investment securities available for sale: |                                 |                             |                      |                      |                             |                         |
| Reclassification adjustment for net gains realized in net income  | (2,710 )                        | 1,043                       | (1,667 )             | (1,331 )             | 513                         | (818 )                  |
| Net unrealized gains arising during the period                    | 12,907                          | (4,966 )                    | 7,941                | 27,467               | (10,579 )                   | 16,888                  |
| Net unrealized gains                                              | 10,197                          | (3,923 )                    | 6,274                | 26,136               | (10,066 )                   | 16,070                  |
| Post-retirement unfunded health benefit:                          |                                 |                             |                      |                      |                             |                         |
| Reclassification adjustment for gains realized in net income      | (178 )                          | 68                          | (110 )               | (144 )               | 56                          | (88 )                   |
| Actuarial gains arising during the period                         | 236                             | (93 )                       | 143                  | 395                  | (152 )                      | 243                     |
| Net unrealized gains                                              | \$58                            | (25 )                       | 33                   | 251                  | (96 )                       | 155                     |
| Other comprehensive income                                        | \$10,591                        | (4,078 )                    | 6,513                | 26,723               | (10,292 )                   | 16,431                  |
| Comprehensive income                                              |                                 |                             | \$174,197            |                      |                             | 158,508                 |

See accompanying notes to unaudited interim consolidated financial statements.

| (in thousands)                                                             | Three Months Ended September 30, |                             |                      |                      |                             |                         |
|----------------------------------------------------------------------------|----------------------------------|-----------------------------|----------------------|----------------------|-----------------------------|-------------------------|
|                                                                            | 2015                             |                             |                      | 2014                 |                             |                         |
|                                                                            | Before-tax<br>Amount             | Tax<br>(Expense)<br>Benefit | Net of Tax<br>Amount | Before-tax<br>Amount | Tax<br>(Expense)<br>Benefit | Net of<br>Tax<br>Amount |
| Net income                                                                 | 93,986                           | (36,058 )                   | 57,928               | 72,656               | (25,868 )                   | 46,788                  |
| Net change related to cash flow hedges:                                    |                                  |                             |                      |                      |                             |                         |
| Reclassification adjustment for losses realized in net income              | 112                              | (43 )                       | 69                   | 112                  | (43 )                       | 69                      |
| Net unrealized gains (losses) on investment securities available for sale: |                                  |                             |                      |                      |                             |                         |
| Net unrealized gains (losses) arising during the period                    | 26,374                           | (10,154 )                   | 16,220               | (18,173 )            | 6,993                       | (11,180 )               |
| Net unrealized gains (losses)                                              | 26,374                           | (10,154 )                   | 16,220               | (18,173 )            | 6,993                       | (11,180 )               |
| Post-retirement unfunded health benefit:                                   |                                  |                             |                      |                      |                             |                         |
| Reclassification adjustment for gains realized in net income               | (94 )                            | 36                          | (58 )                | —                    | —                           | —                       |
| Actuarial gains arising during the period                                  | —                                | —                           | —                    | —                    | —                           | —                       |
| Net unrealized gains                                                       | \$(94 )                          | 36                          | (58 )                | —                    | —                           | —                       |

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|                                   |          |           |          |           |       |           |
|-----------------------------------|----------|-----------|----------|-----------|-------|-----------|
| Other comprehensive income (loss) | \$26,392 | (10,161 ) | 16,231   | (18,061 ) | 6,950 | (11,111 ) |
| Comprehensive income              |          |           | \$74,159 |           |       | 35,677    |

See accompanying notes to unaudited interim consolidated financial statements.

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## SYNOVUS FINANCIAL CORP.

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited)

| (in thousands, except per share data)                                            | Series C Preferred Stock | Common Stock | Additional Paid-in Capital | Treasury Stock | Accumulated Other Comprehensive Income (Loss) | Retained Earnings (Deficit) | Total      |
|----------------------------------------------------------------------------------|--------------------------|--------------|----------------------------|----------------|-----------------------------------------------|-----------------------------|------------|
| Balance at December 31, 2013                                                     | \$ 125,862               | 139,721      | 2,976,348                  | (114,176)      | (41,258 )                                     | (137,512 )                  | 2,948,985  |
| Net income                                                                       | —                        | —            | —                          | —              | —                                             | 142,077                     | 142,077    |
| Other comprehensive income, net of income taxes                                  | —                        | —            | —                          | —              | 16,431                                        | —                           | 16,431     |
| Cash dividends declared on common stock - \$0.21 per share                       | —                        | —            | —                          | —              | —                                             | (29,194 )                   | (29,194 )  |
| Cash dividends paid on Series C Preferred Stock                                  | —                        | —            | (7,678 )                   | —              | —                                             | —                           | (7,678 )   |
| Series C Preferred Stock-adjustment to issuance costs                            | 118                      | —            | —                          | —              | —                                             | —                           | 118        |
| Restricted share unit activity                                                   | —                        | 41           | (509 )                     | —              | —                                             | —                           | (468 )     |
| Stock options exercised                                                          | —                        | 116          | 1,869                      | —              | —                                             | —                           | 1,985      |
| Share-based compensation net tax deficiency                                      | —                        | —            | (3,164 )                   | —              | —                                             | —                           | (3,164 )   |
| Share-based compensation expense                                                 | —                        | —            | 7,453                      | —              | —                                             | —                           | 7,453      |
| Balance at September 30, 2014                                                    | \$ 125,980               | 139,878      | 2,974,319                  | (114,176)      | (24,827 )                                     | (24,629 )                   | 3,076,545  |
| Balance at December 31, 2014                                                     | \$ 125,980               | 139,950      | 2,960,825                  | (187,774)      | (12,605 )                                     | 14,894                      | 3,041,270  |
| Net income                                                                       | —                        | —            | —                          | —              | —                                             | 167,684                     | 167,684    |
| Other comprehensive income, net of income taxes                                  | —                        | —            | —                          | —              | 6,513                                         | —                           | 6,513      |
| Cash dividends declared on common stock - \$0.30 per share                       | —                        | —            | —                          | —              | —                                             | (39,736 )                   | (39,736 )  |
| Cash dividends paid on Series C Preferred Stock                                  | —                        | —            | —                          | —              | —                                             | (7,678 )                    | (7,678 )   |
| Repurchases and completion of ASR agreement to repurchase shares of common stock | —                        | —            | 14,516                     | (176,654)      | —                                             | —                           | (162,138 ) |
| Restricted share unit activity                                                   | —                        | 282          | (4,376 )                   | —              | —                                             | (367 )                      | (4,461 )   |
| Stock options exercised                                                          | —                        | 294          | 4,603                      | —              | —                                             | —                           | 4,897      |
| Share-based compensation net tax benefit                                         | —                        | —            | 1,303                      | —              | —                                             | —                           | 1,303      |
| Share-based compensation expense                                                 | —                        | —            | 9,462                      | —              | —                                             | —                           | 9,462      |
| Balance at September 30, 2015                                                    | \$ 125,980               | 140,526      | 2,986,333                  | (364,428)      | (6,092 )                                      | 134,797                     | 3,017,116  |

See accompanying notes to unaudited interim consolidated financial statements.



Table of ContentsSYNOVUS FINANCIAL CORP.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(unaudited)

|                                                                                                    | Nine Months Ended September 30, |           |
|----------------------------------------------------------------------------------------------------|---------------------------------|-----------|
| (in thousands)                                                                                     | 2015                            | 2014      |
| Operating Activities                                                                               |                                 |           |
| Net income                                                                                         | 167,684                         | 142,077   |
| Adjustments to reconcile net income to net cash provided by operating activities:                  |                                 |           |
| Provision for loan losses                                                                          | 13,990                          | 25,638    |
| Depreciation, amortization, and accretion, net                                                     | 42,725                          | 39,524    |
| Deferred income tax expense                                                                        | 93,198                          | 74,940    |
| Decrease (increase) in trading account assets                                                      | 8,019                           | (6,592)   |
| Originations of mortgage loans held for sale                                                       | (656,987)                       | (579,139) |
| Proceeds from sales of mortgage loans held for sale                                                | 658,787                         | 561,796   |
| Gain on sales of mortgage loans held for sale, net                                                 | (12,531)                        | (8,971)   |
| (Increase) decrease in other assets                                                                | (12,534)                        | 816       |
| (Decrease) increase in other liabilities                                                           | (11,679)                        | 20,131    |
| Investment securities gains, net                                                                   | (2,710)                         | (1,331)   |
| Losses and write-downs on other real estate, net                                                   | 14,864                          | 16,734    |
| Share-based compensation expense                                                                   | 9,462                           | 7,453     |
| Write-downs on other assets held for sale                                                          | 1,043                           | 7,608     |
| Gain on sale of Memphis branches, net                                                              | —                               | (5,789)   |
| Net cash provided by operating activities                                                          | \$313,331                       | 294,895   |
| Investing Activities                                                                               |                                 |           |
| Net cash used in dispositions                                                                      | —                               | (90,571)  |
| Net (increase) decrease in interest earning deposits with banks                                    | (9,360)                         | 10,713    |
| Net decrease in federal funds sold and securities purchased under resale agreements                | 3,378                           | 10,057    |
| Net increase in interest bearing funds with Federal Reserve Bank                                   | (116,278)                       | (105,918) |
| Proceeds from maturities and principal collections of investment securities available for sale     | 517,077                         | 417,704   |
| Proceeds from sales of investment securities available for sale                                    | 82,156                          | 20,815    |
| Purchases of investment securities available for sale                                              | (1,048,048)                     | (277,375) |
| Proceeds from sales of loans and principal repayments on other loans held for sale                 | 28,045                          | 44,771    |
| Proceeds from sales of other real estate                                                           | 30,124                          | 49,754    |
| Net increase in loans                                                                              | (839,971)                       | (754,930) |
| Purchases of BOLI policies                                                                         | (45,000)                        | —         |
| Net increase in premises and equipment                                                             | (21,667)                        | (31,221)  |
| Proceeds from sales of other assets held for sale                                                  | 2,304                           | 507       |
| Net cash used in investing activities                                                              | \$(1,417,240)                   | (705,694) |
| Financing Activities                                                                               |                                 |           |
| Net increase in demand and savings deposits                                                        | 1,500,506                       | 8,677     |
| Net (decrease) increase in certificates of deposit                                                 | (254,793)                       | 295,687   |
| Net increase (decrease) in federal funds purchased and securities sold under repurchase agreements | 8,559                           | (40,972)  |
| Principal repayments on long-term debt                                                             | (525,000)                       | (800,667) |
| Proceeds from issuance of long-term debt                                                           | 425,000                         | 900,000   |

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|                                                  |           |           |   |
|--------------------------------------------------|-----------|-----------|---|
| Dividends paid to common shareholders            | (39,736   | ) (29,194 | ) |
| Dividends paid to preferred shareholders         | (7,678    | ) (7,678  | ) |
| Stock options exercised                          | 4,897     | 1,985     |   |
| Repurchases of common stock                      | (162,138  | ) —       |   |
| Excess tax benefit from share-based compensation | 2,660     | 201       |   |
| Restricted stock activity                        | (4,461    | ) (468    | ) |
| Net cash provided by financing activities        | \$947,816 | 327,571   |   |
| Decrease in cash and cash equivalents            | (156,093  | ) (83,228 | ) |
| Cash and cash equivalents at beginning of period | 485,489   | 469,630   |   |
| Cash and cash equivalents at end of period       | \$329,396 | 386,402   |   |

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Supplemental Cash Flow Information

Cash paid during the period for:

|                                    |       |       |
|------------------------------------|-------|-------|
| Income tax payments (refunds), net | 9,109 | 4,693 |
|------------------------------------|-------|-------|

|               |        |        |
|---------------|--------|--------|
| Interest paid | 86,451 | 83,861 |
|---------------|--------|--------|

Non-cash Activities

|                                                                  |       |        |
|------------------------------------------------------------------|-------|--------|
| Premises and equipment transferred to other assets held for sale | 1,477 | 16,613 |
|------------------------------------------------------------------|-------|--------|

|                                                       |        |        |
|-------------------------------------------------------|--------|--------|
| Loans foreclosed and transferred to other real estate | 23,862 | 35,495 |
|-------------------------------------------------------|--------|--------|

Dispositions:

|                                    |   |          |   |
|------------------------------------|---|----------|---|
| Fair value of non-cash assets sold | — | (100,982 | ) |
|------------------------------------|---|----------|---|

|                                |   |          |   |
|--------------------------------|---|----------|---|
| Fair value of liabilities sold | — | (191,553 | ) |
|--------------------------------|---|----------|---|

See accompanying notes to unaudited interim consolidated financial statements.

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Notes to Unaudited Interim Consolidated Financial Statements

Note 1 - Significant Accounting Policies

Business Operations

The accompanying unaudited interim consolidated financial statements of Synovus include the accounts of the Parent Company and its consolidated subsidiaries. Synovus provides integrated financial services including commercial and retail banking, financial management, insurance and mortgage services to customers through locally-branded divisions of its wholly-owned subsidiary bank, Synovus Bank, in offices located in Georgia, Alabama, South Carolina, Florida, and Tennessee.

In addition to our banking operations, we also provide various other financial services to our customers through direct and indirect wholly-owned non-bank subsidiaries, including: Synovus Securities, Inc., headquartered in Columbus, Georgia, which specializes in professional portfolio management for fixed-income securities, investment banking, the execution of securities transactions as a broker/dealer and the provision of individual investment advice on equity and other securities; Synovus Trust Company, N.A., headquartered in Columbus, Georgia, which provides trust, asset management and financial planning services; and Synovus Mortgage Corp., headquartered in Birmingham, Alabama, which offers mortgage services.

Basis of Presentation

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with the instructions to the SEC Form 10-Q and Article 10 of Regulation S-X; therefore, they do not include all information and footnotes necessary for a fair presentation of financial position, results of operations, comprehensive income, and cash flows in conformity with GAAP. All adjustments consisting of normally recurring accruals that, in the opinion of management, are necessary for a fair presentation of the consolidated financial position and results of operations for the periods covered by this Report have been included. The accompanying unaudited interim consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes appearing in Synovus' 2014 Form 10-K. There have been no significant changes to the accounting policies as disclosed in Synovus' 2014 Form 10-K.

In preparing the unaudited interim consolidated financial statements in accordance with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the respective consolidated balance sheets and the reported amounts of revenues and expenses for the periods presented. Actual results could differ significantly from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for loan losses, the valuation of other real estate, the fair value of investment securities, the fair value of private equity investments, contingent liabilities related to legal matters, and the deferred tax assets valuation allowance.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and due from banks. At September 30, 2015, no amount of the due from banks balance was restricted as to withdrawal. At December 31, 2014, \$125 thousand of the due from banks balance was restricted as to withdrawal.

Short-term Investments

Short-term investments consist of interest bearing funds with the Federal Reserve Bank, interest earning deposits with banks, and Federal funds sold and securities purchased under resale agreements. At September 30, 2015 and December 31, 2014, interest bearing funds with the Federal Reserve Bank included \$116.3 million and \$89.7 million, respectively, on deposit to meet Federal Reserve Bank requirements. Interest earning deposits with banks include \$7.0 million and \$7.1 million at September 30, 2015 and December 31, 2014, respectively, which is pledged as collateral in connection with certain letters of credit. Federal funds sold include \$68.4 million and \$67.5 million at September 30, 2015 and December 31, 2014, respectively, which are pledged to collateralize certain derivative instruments. Federal funds sold and securities purchased under resale agreements, and Federal funds purchased and securities sold under repurchase agreements, generally mature in one day.

Recently Adopted Accounting Standards Updates

During 2014, the FASB issued the following ASUs, all of which became effective January 1, 2015:

• ASU 2014-01, Investments-Equity Method and Joint Ventures (Topic 323), Accounting for Investments in Qualified Affordable Housing Projects

In January 2014, the FASB issued amended guidance which permits Synovus to make an accounting policy election to account for its investments in qualified affordable housing projects using a proportional amortization method, if certain conditions are met,

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and to present the amortization as a component of income tax expense. The amended guidance would be applied retrospectively to all periods presented and is effective for fiscal years, and interim periods within those years, beginning after December 15, 2014. Regardless of the policy election, the amended guidance, where disclosed, enables the users of the financial statements to understand the nature of investments in qualified affordable housing projects and the effect of the measurement of the investments in qualified affordable housing projects and the related tax credits on Synovus' financial position and results of operations.

Synovus adopted the amended guidance on January 1, 2015, and did not make an accounting policy election to apply the proportional amortization method for its investments in qualified affordable housing projects because the impact to the consolidated financial statements was insignificant. Therefore, the adoption did not have an impact on Synovus' consolidated financial statements. At September 30, 2015, the aggregate carrying value of Synovus' investments in LIHTC partnerships was \$19.6 million. See Note 18 "Variable Interest Entities" to the consolidated financial statements of Synovus' 2014 Form 10-K for additional information regarding these investments.

Additionally, adoption of the following standards effective January 1, 2015 did not have a significant impact on Synovus' consolidated financial statements.

ASU 2014-14, Classification of Certain Government-Guaranteed Mortgage Loans upon Foreclosure

ASU 2014-12, Accounting for Share-Based Payments when the Terms of an Award Provide that a Performance Target Could be Achieved after the Requisite Service Period

ASU 2014-11, Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures

ASU 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity

ASU 2014-04, Receivables-Troubled Debt Restructurings by Creditors (Subtopic 310-40), Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure

Reclassifications

Prior periods' consolidated financial statements are reclassified whenever necessary to conform to the current periods' presentation.

Subsequent Events

Synovus has evaluated for consideration, or disclosure, all transactions, events, and circumstances, subsequent to the date of the consolidated balance sheet and through the date the accompanying unaudited interim consolidated financial statements were issued, and has reflected, or disclosed, those items deemed appropriate within the unaudited interim consolidated financial statements.

Note 2 - Share Repurchase Programs

During the third quarter of 2015, Synovus completed the \$250 million share repurchase program which was announced on October 21, 2014 and had an expiration date of October 23, 2015. Total repurchases under this program amounted to \$250.0 million, or 9.1 million shares at an average price of \$27.53, of common stock through a combination of share repurchases under the accelerated share repurchase (ASR) agreement described below and open market transactions. Synovus entered into the ASR agreement during October 2014 to purchase \$75.0 million of Synovus common stock under the share repurchase program. As of December 31, 2014, Synovus had repurchased 2.5 million shares of common stock under the ASR agreement. During January 2015, Synovus repurchased 392 thousand shares upon completion of the ASR agreement. Additionally, from October 2014 through September 30, 2015, Synovus repurchased \$175.0 million, or 6.2 million shares, of common stock through open market transactions, including \$161.9 million, or 5.7 million shares, of common stock repurchased during the nine months ended September 30, 2015.

On October 20, 2015, Synovus announced a \$300 million share repurchase program, which will expire after a 15 month period.

Note 3 - Sale of Branches

On January 17, 2014, Synovus completed the sale of certain loans, premises, deposits, and other assets and liabilities of the Memphis, Tennessee branches of Trust One Bank, a division of Synovus Bank. The sale included \$89.6 million

in total loans and \$191.3 million in total deposits. Results for the nine months ended September 30, 2014 reflect a pre-tax gain, net of associated costs, of \$5.8 million relating to this transaction.

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## Note 4 - Investment Securities

The amortized cost, gross unrealized gains and losses, and estimated fair values of investment securities available for sale at September 30, 2015 and December 31, 2014 are summarized below.

| (in thousands)                                                                                  | September 30, 2015            |                        |                         |             |
|-------------------------------------------------------------------------------------------------|-------------------------------|------------------------|-------------------------|-------------|
|                                                                                                 | Amortized Cost                | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value  |
| U.S. Treasury securities                                                                        | \$43,159                      | 514                    | —                       | 43,673      |
| U.S. Government agency securities                                                               | 13,096                        | 705                    | —                       | 13,801      |
| Securities issued by U.S. Government sponsored enterprises                                      | 126,734                       | 866                    | —                       | 127,600     |
| Mortgage-backed securities issued by U.S. Government agencies                                   | 208,785                       | 2,458                  | (388)                   | ) 210,855   |
| Mortgage-backed securities issued by U.S. Government sponsored enterprises                      | 2,531,543                     | 22,314                 | (5,764)                 | ) 2,548,093 |
| Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises | 505,498                       | 6,039                  | (917)                   | ) 510,620   |
| State and municipal securities                                                                  | 4,437                         | 110                    | (1)                     | ) 4,546     |
| Equity securities                                                                               | 3,228                         | 5,243                  | —                       | 8,471       |
| Other investments                                                                               | 20,161                        | 51                     | (539)                   | ) 19,673    |
| Total investment securities available for sale                                                  | \$3,456,641                   | 38,300                 | (7,609)                 | ) 3,487,332 |
| (in thousands)                                                                                  | December 31, 2014             |                        |                         |             |
|                                                                                                 | Amortized Cost <sup>(1)</sup> | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value  |
| U.S. Treasury securities                                                                        | \$42,636                      | 190                    | —                       | 42,826      |
| U.S. Government agency securities                                                               | 26,426                        | 898                    | —                       | 27,324      |
| Securities issued by U.S. Government sponsored enterprises                                      | 81,332                        | 710                    | —                       | 82,042      |
| Mortgage-backed securities issued by U.S. Government agencies                                   | 177,678                       | 2,578                  | (440)                   | ) 179,816   |
| Mortgage-backed securities issued by U.S. Government sponsored enterprises                      | 2,250,897                     | 19,915                 | (9,131)                 | ) 2,261,681 |
| Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises | 414,562                       | 4,856                  | (2,342)                 | ) 417,076   |
| State and municipal securities                                                                  | 5,024                         | 183                    | (1)                     | ) 5,206     |
| Equity securities                                                                               | 3,228                         | 3,520                  | —                       | 6,748       |
| Other investments                                                                               | 19,121                        | 7                      | (441)                   | ) 18,687    |
| Total investment securities available for sale                                                  | \$3,020,904                   | 32,857                 | (12,355)                | ) 3,041,406 |

(1) Amortized cost is adjusted for other-than-temporary impairment charges in 2014, which have been recognized in the consolidated statements of income and were considered inconsequential.

At September 30, 2015 and December 31, 2014, investment securities with a carrying value of \$2.13 billion and \$2.12 billion respectively, were pledged to secure certain deposits and securities sold under repurchase agreements as required by law and contractual agreements.

Synovus has reviewed investment securities that are in an unrealized loss position as of September 30, 2015 and December 31, 2014 for OTTI and does not consider any securities in an unrealized loss position to be other-than-temporarily impaired. If Synovus intended to sell a security in an unrealized loss position, the entire

unrealized loss would be reflected in income. Synovus does not intend to sell investment securities in an unrealized loss position prior to the recovery of the unrealized loss, which may be until maturity, and has the ability and intent to hold those securities for that period of time. Additionally, Synovus is not currently aware of any circumstances which will require it to sell any of the securities that are in an unrealized loss position prior to the respective securities' recovery of all such unrealized losses.

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Declines in the fair value of available for sale securities below their cost that are deemed to have OTTI are reflected in earnings as realized losses to the extent the impairment is related to credit losses. The amount of the impairment related to other factors is recognized in other comprehensive income. Currently, unrealized losses on debt securities are attributable to increases in interest rates on comparable securities from the date of purchase. Synovus regularly evaluates its investment securities portfolio to ensure that there are no conditions that would indicate that unrealized losses represent OTTI. These factors include the length of time the security has been in a loss position, the extent that the fair value is below amortized cost, and the credit standing of the issuer. As of September 30, 2015, Synovus had eight investment securities in a loss position for less than twelve months and thirty-two investment securities in a loss position for twelve months or longer.

Gross unrealized losses on investment securities and the fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at September 30, 2015 and December 31, 2014, are presented below.

| (in thousands)                                                                                  | September 30, 2015  |                         | 12 Months or Longer |                         | Total      | Gross Unrealized Losses |
|-------------------------------------------------------------------------------------------------|---------------------|-------------------------|---------------------|-------------------------|------------|-------------------------|
|                                                                                                 | Less than 12 Months |                         |                     |                         |            |                         |
|                                                                                                 | Fair Value          | Gross Unrealized Losses | Fair Value          | Gross Unrealized Losses | Fair Value |                         |
| Mortgage-backed securities issued by U.S. Government agencies                                   | —                   | —                       | 18,912              | 388                     | 18,912     | 388                     |
| Mortgage-backed securities issued by U.S. Government sponsored enterprises                      | 225,845             | 745                     | 591,427             | 5,019                   | 817,272    | 5,764                   |
| Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises | —                   | —                       | 76,198              | 917                     | 76,198     | 917                     |
| State and municipal securities                                                                  | —                   | —                       | 48                  | 1                       | 48         | 1                       |
| Other investments                                                                               | —                   | —                       | 4,623               | 539                     | 4,623      | 539                     |
| Total                                                                                           | \$225,845           | 745                     | 691,208             | 6,864                   | 917,053    | 7,609                   |
| (in thousands)                                                                                  | December 31, 2014   |                         | 12 Months or Longer |                         | Total      | Gross Unrealized Losses |
|                                                                                                 | Less than 12 Months |                         |                     |                         |            |                         |
|                                                                                                 | Fair Value          | Gross Unrealized Losses | Fair Value          | Gross Unrealized Losses | Fair Value |                         |
| Mortgage-backed securities issued by U.S. Government agencies                                   | —                   | —                       | 21,488              | 440                     | 21,488     | 440                     |
|                                                                                                 | 251,134             | 763                     | 798,282             | 8,368                   | 1,049,416  | 9,131                   |

|                                                                                                 |           |     |         |        |           |        |
|-------------------------------------------------------------------------------------------------|-----------|-----|---------|--------|-----------|--------|
| Mortgage-backed securities issued by U.S. Government sponsored enterprises                      |           |     |         |        |           |        |
| Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises | 20,338    | 61  | 119,172 | 2,281  | 139,510   | 2,342  |
| State and municipal securities                                                                  | —         | —   | 45      | 1      | 45        | 1      |
| Other investments                                                                               | —         | —   | 3,680   | 441    | 3,680     | 441    |
| Total                                                                                           | \$271,472 | 824 | 942,667 | 11,531 | 1,214,139 | 12,355 |

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The amortized cost and fair value by contractual maturity of investment securities available for sale at September 30, 2015 are shown below. The expected life of mortgage-backed securities or CMOs may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties. For purposes of the maturity table, mortgage-backed securities and CMOs, which are not due at a single maturity date, have been classified based on the final contractual maturity date.

| (in thousands)                                                                                  | Distribution of Maturities at September 30, 2015 |              |               |                    |                    | Total     |
|-------------------------------------------------------------------------------------------------|--------------------------------------------------|--------------|---------------|--------------------|--------------------|-----------|
|                                                                                                 | Within One Year                                  | 1 to 5 Years | 5 to 10 Years | More Than 10 Years | No Stated Maturity |           |
| Amortized Cost                                                                                  |                                                  |              |               |                    |                    |           |
| U.S. Treasury securities                                                                        | \$18,287                                         | 24,872       | —             | —                  | —                  | 43,159    |
| U.S. Government agency securities                                                               | —                                                | 6,676        | 6,420         | —                  | —                  | 13,096    |
| Securities issued by U.S. Government sponsored enterprises                                      | 80,679                                           | 46,055       | —             | —                  | —                  | 126,734   |
| Mortgage-backed securities issued by U.S. Government agencies                                   | —                                                | —            | 20,052        | 188,733            | —                  | 208,785   |
| Mortgage-backed securities issued by U.S. Government sponsored enterprises                      | —                                                | 870          | 1,881,955     | 648,718            | —                  | 2,531,543 |
| Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises | —                                                | —            | —             | 505,498            | —                  | 505,498   |
| State and municipal securities                                                                  | 1,082                                            | 748          | —             | 2,607              | —                  | 4,437     |
| Equity securities                                                                               | —                                                | —            | —             | —                  | 3,228              | 3,228     |
| Other investments                                                                               | —                                                | —            | 15,000        | 2,000              | 3,161              | 20,161    |
| Total amortized cost                                                                            | \$100,048                                        | 79,221       | 1,923,427     | 1,347,556          | 6,389              | 3,456,641 |
| Fair Value                                                                                      |                                                  |              |               |                    |                    |           |
| U.S. Treasury securities                                                                        | \$18,287                                         | 25,386       | —             | —                  | —                  | 43,673    |
| U.S. Government agency securities                                                               | —                                                | 6,990        | 6,811         | —                  | —                  | 13,801    |
| Securities issued by U.S. Government sponsored enterprises                                      | 81,139                                           | 46,461       | —             | —                  | —                  | 127,600   |
| Mortgage-backed securities issued by U.S. Government agencies                                   | —                                                | —            | 20,441        | 190,414            | —                  | 210,855   |
| Mortgage-backed securities issued by U.S. Government sponsored enterprises                      | —                                                | 910          | 1,886,916     | 660,267            | —                  | 2,548,093 |
| Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises | —                                                | —            | —             | 510,620            | —                  | 510,620   |
| State and municipal securities                                                                  | 1,097                                            | 755          | —             | 2,694              | —                  | 4,546     |
| Equity securities                                                                               | —                                                | —            | —             | —                  | 8,471              | 8,471     |
| Other investments                                                                               | —                                                | —            | 15,051        | 1,531              | 3,091              | 19,673    |

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|                  |           |        |           |           |        |           |
|------------------|-----------|--------|-----------|-----------|--------|-----------|
| Total fair value | \$100,523 | 80,502 | 1,929,219 | 1,365,526 | 11,562 | 3,487,332 |
|------------------|-----------|--------|-----------|-----------|--------|-----------|

Proceeds from sales, gross gains, and gross losses on sales of securities available for sale for the nine and three months ended September 30, 2015 and 2014 are presented below. Other-than-temporary impairment charges of \$88 thousand are included in gross realized losses for the nine months ended September 30, 2014. The specific identification method is used to reclassify gains and losses out of other comprehensive income at the time of sale.

|                                                                 | Nine Months Ended<br>September 30, |        | Three Months Ended<br>September 30, |      |
|-----------------------------------------------------------------|------------------------------------|--------|-------------------------------------|------|
| (in thousands)                                                  | 2015                               | 2014   | 2015                                | 2014 |
| Proceeds from sales of investment securities available for sale | \$82,156                           | 20,815 | —                                   | —    |
| Gross realized gains                                            | 2,710                              | 1,419  | —                                   | —    |
| Gross realized losses                                           | —                                  | (88    | ) —                                 | —    |
| Investment securities gains, net                                | \$2,710                            | 1,331  | —                                   | —    |

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## Note 5 - Restructuring Charges

For the nine and three months ended September 30, 2015 and 2014, total restructuring charges consist of the following components:

|                                           | Nine Months Ended September 30, |          | Three Months Ended September 30, |      |
|-------------------------------------------|---------------------------------|----------|----------------------------------|------|
| (in thousands)                            | 2015                            | 2014     | 2015                             | 2014 |
| Severance charges                         | \$—                             | 8,046    | \$—                              | —    |
| Lease termination charges                 | (4                              | ) —      | —                                | —    |
| Asset impairment charges                  | 229                             | 7,374    | 229                              | 36   |
| Gain on sale of assets held for sale, net | (374                            | ) —      | (217                             | ) —  |
| Professional fees and other charges       | 116                             | 1,681    | 57                               | 773  |
| Total restructuring charges, net          | \$(33                           | ) 17,101 | \$69                             | 809  |

For the nine months ended September 30, 2015, Synovus recorded net gains of \$374 thousand on the sale of certain branch locations and recorded additional expense, net of \$341 thousand associated primarily with the 2014 branch closings. Restructuring charges for the nine and three months ended September 30, 2014 related primarily to expense savings initiatives that were approved during 2014. The initiatives included the consolidation or closing of certain branch locations as well as workforce reductions. Severance charges for the nine months ended September 30, 2014 consisted of estimated involuntary termination benefits for targeted staff reductions identified during 2014. These termination benefits were provided under an ongoing benefit arrangement as defined in ASC 712, Compensation-Nonretirement Postemployment Benefits; accordingly, the charges were recorded pursuant to the liability recognition criteria of ASC 712. Asset impairment charges for the nine and three months ended September 30, 2014 were recorded following the decision to close 13 branches during 2014. Additionally, substantially all of the professional fees and other charges for the nine and three months ended September 30, 2014 consisted of professional fees incurred in connection with an organizational restructuring implemented during 2014.

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The following table presents aggregate activity associated with accruals that resulted from restructuring charges during the nine and three months ended September 30, 2015 and 2014:

|                                     | Severance Charges | Lease Termination<br>Charges | Total    |   |
|-------------------------------------|-------------------|------------------------------|----------|---|
| (in thousands)                      |                   |                              |          |   |
| Balance at December 31, 2014        | \$3,291           | 5,539                        | 8,830    |   |
| Accruals for efficiency initiatives | —                 | (4                           | ) (4     | ) |
| Payments                            | (1,259            | ) (608                       | ) (1,867 | ) |
| Balance at September 30, 2015       | 2,032             | 4,927                        | 6,959    |   |
| Balance at July 1, 2015             | 2,253             | 5,124                        | 7,377    |   |
| Accruals for efficiency initiatives | —                 | —                            | —        |   |
| Payments                            | (221              | ) (197                       | ) (418   | ) |
| Balance at September 30, 2015       | \$2,032           | 4,927                        | 6,959    |   |
|                                     | Severance Charges | Lease Termination<br>Charges | Total    |   |
| (in thousands)                      |                   |                              |          |   |
| Balance at December 31, 2013        | \$1,572           | 1,383                        | 2,955    |   |
| Accruals for efficiency initiatives | 8,046             | —                            | 8,046    |   |
| Payments                            | (4,965            | ) (1,312                     | ) (6,277 | ) |
| Balance at September 30, 2014       | 4,653             | 71                           | 4,724    |   |
| Balance at July 1, 2014             | 6,224             | 78                           | 6,302    |   |
| Accruals for efficiency initiatives | —                 | —                            | —        |   |
| Payments                            | (1,571            | ) (7                         | ) (1,578 | ) |
| Balance at September 30, 2014       | \$4,653           | 71                           | 4,724    |   |

All professional fees and other charges were paid in the years that they were incurred. No other restructuring charges resulted in payment accruals.

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## Note 6 - Loans and Allowance for Loan Losses

The following is a summary of current, accruing past due, and non-accrual loans by portfolio class as of September 30, 2015 and December 31, 2014.

## Current, Accruing Past Due, and Non-accrual Loans

September 30, 2015

| (in thousands)                            | Current      | Accruing<br>30-89 Days<br>Past Due | Accruing<br>90 Days or<br>Greater<br>Past Due | Total<br>Accruing<br>Past Due | Non-accrual | Total                     |
|-------------------------------------------|--------------|------------------------------------|-----------------------------------------------|-------------------------------|-------------|---------------------------|
| Investment properties                     | \$5,544,594  | 2,400                              | —                                             | 2,400                         | 10,582      | 5,557,576                 |
| 1-4 family properties                     | 1,073,356    | 4,122                              | 81                                            | 4,203                         | 16,994      | 1,094,553                 |
| Land acquisition                          | 517,728      | 1,322                              | 67                                            | 1,389                         | 19,010      | 538,127                   |
| Total commercial real estate              | 7,135,678    | 7,844                              | 148                                           | 7,992                         | 46,586      | 7,190,256                 |
| Commercial, financial and<br>agricultural | 6,219,484    | 7,095                              | 533                                           | 7,628                         | 50,656      | 6,277,768                 |
| Owner-occupied                            | 4,241,159    | 5,969                              | 132                                           | 6,101                         | 18,148      | 4,265,408                 |
| Total commercial and industrial           | 10,460,643   | 13,064                             | 665                                           | 13,729                        | 68,804      | 10,543,176                |
| Home equity lines                         | 1,662,930    | 4,557                              | 297                                           | 4,854                         | 16,263      | 1,684,047                 |
| Consumer mortgages                        | 1,857,640    | 6,284                              | 378                                           | 6,662                         | 24,154      | 1,888,456                 |
| Credit cards                              | 238,519      | 1,473                              | 1,323                                         | 2,796                         | —           | 241,315                   |
| Other retail loans                        | 340,277      | 3,128                              | 187                                           | 3,315                         | 1,833       | 345,425                   |
| Total retail                              | 4,099,366    | 15,442                             | 2,185                                         | 17,627                        | 42,250      | 4,159,243                 |
| Total loans                               | \$21,695,687 | 36,350                             | 2,998                                         | 39,348                        | 157,640     | 21,892,675 <sup>(1)</sup> |

December 31, 2014

| (in thousands)                            | Current      | Accruing<br>30-89 Days<br>Past Due | Accruing<br>90 Days or<br>Greater<br>Past Due | Total<br>Accruing<br>Past Due | Non-accrual | Total                     |
|-------------------------------------------|--------------|------------------------------------|-----------------------------------------------|-------------------------------|-------------|---------------------------|
| Investment properties                     | \$5,184,103  | 1,851                              | —                                             | 1,851                         | 20,720      | 5,206,674                 |
| 1-4 family properties                     | 1,105,186    | 4,067                              | 432                                           | 4,499                         | 24,197      | 1,133,882                 |
| Land acquisition                          | 551,308      | 363                                | —                                             | 363                           | 34,375      | 586,046                   |
| Total commercial real estate              | 6,840,597    | 6,281                              | 432                                           | 6,713                         | 79,292      | 6,926,602                 |
| Commercial, financial and<br>agricultural | 6,130,184    | 9,979                              | 1,790                                         | 11,769                        | 40,359      | 6,182,312                 |
| Owner-occupied                            | 4,052,679    | 6,404                              | 225                                           | 6,629                         | 26,099      | 4,085,407                 |
| Total commercial and industrial           | 10,182,863   | 16,383                             | 2,015                                         | 18,398                        | 66,458      | 10,267,719                |
| Home equity lines                         | 1,659,869    | 6,992                              | 703                                           | 7,695                         | 16,434      | 1,683,998                 |
| Consumer mortgages                        | 1,648,145    | 12,626                             | 12                                            | 12,638                        | 33,278      | 1,694,061                 |
| Credit cards                              | 250,304      | 1,971                              | 1,374                                         | 3,345                         | —           | 253,649                   |
| Other retail loans                        | 297,703      | 2,361                              | 101                                           | 2,462                         | 2,295       | 302,460                   |
| Total retail                              | 3,856,021    | 23,950                             | 2,190                                         | 26,140                        | 52,007      | 3,934,168                 |
| Total loans                               | \$20,879,481 | 46,614                             | 4,637                                         | 51,251                        | 197,757     | 21,128,489 <sup>(2)</sup> |

<sup>(1)</sup> Total before net deferred fees and costs of \$28.4 million.

<sup>(2)</sup> Total before net deferred fees and costs of \$30.8 million.



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The credit quality of the loan portfolio is summarized no less frequently than quarterly using the standard asset classification system utilized by the federal banking agencies. These classifications are divided into three groups – Not Criticized (Pass), Special Mention, and Classified or Adverse rating (Substandard, Doubtful, and Loss) and 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 cost to acquire and sell in a timely manner, of any underlying collateral.

Special Mention - loans which have potential weaknesses that deserve management's close attention. These loans are not adversely classified and do not expose an institution to sufficient risk to warrant an adverse classification.

Substandard - loans which are inadequately protected by the current net 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 the institution 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 the institution's books as an asset, without establishment of a specific valuation allowance or charge-off, is not warranted.

In the following tables, retail loans are generally assigned a risk grade similar to the classifications described above; however, upon reaching 90 days and 120 days past due, they are generally downgraded to Substandard and Loss, respectively, in accordance with the FFIEC Uniform Retail Credit Classification and Account Management Policy. Additionally, in accordance with the Interagency Supervisory Guidance on Allowance for Loan and Lease Losses Estimation Practices for Loans and Lines of Credit Secured by Junior Liens on 1-4 Family Residential Properties, the risk grade classifications of retail loans (home equity lines and consumer mortgages) secured by junior liens on 1-4 family residential properties also consider available information on the payment status of the associated senior lien with other financial institutions.

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## Loan Portfolio Credit Exposure by Risk Grade

| September 30, 2015                     |              |                    |                            |                         |       |                           |
|----------------------------------------|--------------|--------------------|----------------------------|-------------------------|-------|---------------------------|
| (in thousands)                         | Pass         | Special<br>Mention | Substandard <sup>(1)</sup> | Doubtful <sup>(2)</sup> | Loss  | Total                     |
| Investment properties                  | \$5,357,016  | 125,646            | 74,914                     | —                       | —     | 5,557,576                 |
| 1-4 family properties                  | 953,403      | 58,314             | 75,586                     | 7,250                   | —     | 1,094,553                 |
| Land acquisition                       | 451,438      | 52,157             | 34,084                     | 448                     | —     | 538,127                   |
| Total commercial real estate           | 6,761,857    | 236,117            | 184,584                    | 7,698                   | —     | 7,190,256                 |
| Commercial, financial and agricultural | 6,001,990    | 141,305            | 117,256                    | 15,789                  | 1,428 | <sup>(3)</sup> 6,277,768  |
| Owner-occupied                         | 4,059,211    | 77,470             | 128,091                    | 177                     | 459   | <sup>(3)</sup> 4,265,408  |
| Total commercial and industrial        | 10,061,201   | 218,775            | 245,347                    | 15,966                  | 1,887 | 10,543,176                |
| Home equity lines                      | 1,659,346    | —                  | 21,758                     | 1,448                   | 1,495 | <sup>(3)</sup> 1,684,047  |
| Consumer mortgages                     | 1,858,377    | —                  | 28,460                     | 1,494                   | 125   | <sup>(3)</sup> 1,888,456  |
| Credit cards                           | 239,992      | —                  | 497                        | —                       | 826   | <sup>(4)</sup> 241,315    |
| Other retail loans                     | 341,584      | —                  | 3,761                      | —                       | 80    | <sup>(3)</sup> 345,425    |
| Total retail                           | 4,099,299    | —                  | 54,476                     | 2,942                   | 2,526 | 4,159,243                 |
| Total loans                            | \$20,922,357 | 454,892            | 484,407                    | 26,606                  | 4,413 | 21,892,675 <sup>(5)</sup> |
| December 31, 2014                      |              |                    |                            |                         |       |                           |
| (in thousands)                         | Pass         | Special<br>Mention | Substandard <sup>(1)</sup> | Doubtful <sup>(2)</sup> | Loss  | Total                     |
| Investment properties                  | \$4,936,319  | 167,490            | 102,865                    | —                       | —     | 5,206,674                 |
| 1-4 family properties                  | 943,721      | 86,072             | 96,392                     | 7,697                   | —     | 1,133,882                 |
| Land acquisition                       | 462,313      | 60,902             | 62,101                     | 730                     | —     | 586,046                   |
| Total commercial real estate           | 6,342,353    | 314,464            | 261,358                    | 8,427                   | —     | 6,926,602                 |
| Commercial, financial and agricultural | 5,905,589    | 143,879            | 123,225                    | 9,539                   | 80    | <sup>(3)</sup> 6,182,312  |
| Owner-occupied                         | 3,827,943    | 95,647             | 161,045                    | 327                     | 445   | <sup>(3)</sup> 4,085,407  |
| Total commercial and industrial        | 9,733,532    | 239,526            | 284,270                    | 9,866                   | 525   | 10,267,719                |
| Home equity lines                      | 1,659,794    | —                  | 20,043                     | 2,009                   | 2,152 | <sup>(3)</sup> 1,683,998  |
| Consumer mortgages                     | 1,653,491    | —                  | 37,656                     | 2,654                   | 260   | <sup>(3)</sup> 1,694,061  |
| Credit cards                           | 252,275      | —                  | 495                        | —                       | 879   | <sup>(4)</sup> 253,649    |
| Other retail loans                     | 298,991      | —                  | 3,339                      | 32                      | 98    | <sup>(3)</sup> 302,460    |
| Total retail                           | 3,864,551    | —                  | 61,533                     | 4,695                   | 3,389 | 3,934,168                 |
| Total loans                            | \$19,940,436 | 553,990            | 607,161                    | 22,988                  | 3,914 | 21,128,489 <sup>(6)</sup> |

<sup>(1)</sup> Includes \$126.6 million and \$170.9 million of non-accrual Substandard loans at September 30, 2015 and December 31, 2014, respectively.

<sup>(2)</sup> The loans within this risk grade are on non-accrual status. Commercial loans generally have an allowance for loan losses in accordance with ASC 310, and retail loans generally have an allowance for loan losses equal to 50% of the loan amount.

<sup>(3)</sup> The loans within this risk grade are on non-accrual status and have an allowance for loan losses equal to the full loan amount.

<sup>(4)</sup> Represent amounts that were 120 days past due. These credits are downgraded to the Loss category with an allowance for loan losses equal to the full loan amount and are generally charged off upon reaching 181 days past due in accordance with the FFIEC Uniform Retail Credit Classification and Account Management Policy.

<sup>(5)</sup> Total before net deferred fees and costs of \$28.4 million.

<sup>(6)</sup> Total before net deferred fees and costs of \$30.8 million.



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The following table details the changes in the allowance for loan losses by loan segment for the nine months ended September 30, 2015 and 2014.

## Allowance for Loan Losses and Recorded Investment in Loans

| (in thousands)                                        | As Of and For The Nine Months Ended September 30, 2015 |                            |           |             |            |
|-------------------------------------------------------|--------------------------------------------------------|----------------------------|-----------|-------------|------------|
|                                                       | Commercial<br>Real Estate                              | Commercial<br>& Industrial | Retail    | Unallocated | Total      |
| Allowance for loan losses:                            |                                                        |                            |           |             |            |
| Beginning balance                                     | \$ 101,471                                             | 118,110                    | 41,736    | —           | 261,317    |
| Charge-offs                                           | (12,120 )                                              | (17,417 )                  | (16,535 ) | —           | (46,072 )  |
| Recoveries                                            | 10,500                                                 | 5,774                      | 5,391     | —           | 21,665     |
| Provision for loan losses                             | (10,845 )                                              | 15,954                     | 8,881     | —           | 13,990     |
| Ending balance                                        | \$ 89,006                                              | 122,421                    | \$ 39,473 | \$ —        | \$ 250,900 |
| Ending balance: individually evaluated for impairment | 18,091                                                 | 12,568                     | 783       | —           | 31,441     |
| Ending balance: collectively evaluated for impairment | \$ 70,915                                              | 109,853                    | 38,690    | —           | 219,459    |
| Loans:                                                |                                                        |                            |           |             |            |
| Ending balance: total loans <sup>(1)</sup>            | \$ 7,190,257                                           | 10,543,176                 | 4,159,243 | —           | 21,892,675 |
| Ending balance: individually evaluated for impairment | 159,582                                                | 109,904                    | 39,858    | —           | 309,344    |
| Ending balance: collectively evaluated for impairment | \$ 7,030,675                                           | 10,433,272                 | 4,119,385 | —           | 21,583,331 |

  

| (in thousands)                                        | As Of and For The Nine Months Ended September 30, 2014 |                            |           |             |            |
|-------------------------------------------------------|--------------------------------------------------------|----------------------------|-----------|-------------|------------|
|                                                       | Commercial<br>Real Estate                              | Commercial<br>& Industrial | Retail    | Unallocated | Total      |
| Allowance for loan losses:                            |                                                        |                            |           |             |            |
| Beginning balance                                     | \$ 127,646                                             | 115,435                    | 41,479    | 23,000      | 307,560    |
| Allowance for loan losses of sold loans               | (281 )                                                 | (398 )                     | (340 )    | —           | (1,019 )   |
| Charge-offs                                           | (41,139 )                                              | (26,896 )                  | (19,082 ) | —           | (87,117 )  |
| Recoveries                                            | 8,318                                                  | 9,562                      | 6,434     | —           | 24,314     |
| Provision for loan losses                             | 7,445                                                  | 27,140                     | 14,053    | (23,000 )   | 25,638     |
| Ending balance                                        | \$ 101,989                                             | 124,843                    | 42,544    | —           | 269,376    |
| Ending balance: individually evaluated for impairment | 22,107                                                 | 15,863                     | 1,195     | —           | 39,165     |
| Ending balance: collectively evaluated for impairment | \$ 79,882                                              | 108,980                    | 41,349    | —           | 230,211    |
| Loans:                                                |                                                        |                            |           |             |            |
| Ending balance: total loans <sup>(2)</sup>            | \$ 6,774,794                                           | 9,987,660                  | 3,854,961 | —           | 20,617,415 |
| Ending balance: individually evaluated for impairment | 317,011                                                | 172,860                    | 47,669    | —           | 537,540    |
| Ending balance: collectively evaluated for impairment | \$ 6,457,783                                           | 9,814,800                  | 3,807,292 | —           | 20,079,875 |

<sup>(1)</sup>Total before net deferred fees and costs of \$28.4 million.

<sup>(2)</sup>Total before net deferred fees and costs of \$28.8 million.



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The following table details the changes in the allowance for loan losses by loan segment for the three months ended September 30, 2015 and 2014.

## Allowance for Loan Losses and Recorded Investment in Loans

| (in thousands)                                        | As Of and For The Three Months Ended September 30, 2015 |                            |           |             |            |
|-------------------------------------------------------|---------------------------------------------------------|----------------------------|-----------|-------------|------------|
|                                                       | Commercial<br>Real Estate                               | Commercial<br>& Industrial | Retail    | Unallocated | Total      |
| Allowance for loan losses:                            |                                                         |                            |           |             |            |
| Beginning balance                                     | \$90,691                                                | 123,050                    | 40,961    | —           | 254,702    |
| Charge-offs                                           | (1,722)                                                 | (8,342)                    | (4,779)   | —           | (14,843)   |
| Recoveries                                            | 4,019                                                   | 2,203                      | 1,863     | —           | 8,085      |
| Provision for loan losses                             | (3,982)                                                 | 5,510                      | 1,428     | —           | 2,956      |
| Ending balance                                        | \$89,006                                                | 122,421                    | 39,473    | —           | 250,900    |
| Ending balance: individually evaluated for impairment | 18,091                                                  | 12,568                     | 783       | —           | 31,441     |
| Ending balance: collectively evaluated for impairment | \$70,915                                                | 109,853                    | 38,690    | —           | 219,459    |
| Loans:                                                |                                                         |                            |           |             |            |
| Ending balance: total loans <sup>(1)</sup>            | \$7,190,257                                             | 10,543,176                 | 4,159,243 | —           | 21,892,675 |
| Ending balance: individually evaluated for impairment | 159,582                                                 | 109,904                    | 39,858    | —           | 309,344    |
| Ending balance: collectively evaluated for impairment | \$7,030,675                                             | 10,433,272                 | 4,119,385 | —           | 21,583,331 |

  

| (in thousands)                                        | As Of and For The Three Months Ended September 30, 2014 |                            |           |             |            |
|-------------------------------------------------------|---------------------------------------------------------|----------------------------|-----------|-------------|------------|
|                                                       | Commercial<br>Real Estate                               | Commercial<br>& Industrial | Retail    | Unallocated | Total      |
| Allowance for loan losses:                            |                                                         |                            |           |             |            |
| Beginning balance                                     | \$104,394                                               | 130,814                    | 42,575    | —           | 277,783    |
| Charge-offs                                           | (5,233)                                                 | (11,306)                   | (6,222)   | —           | (22,761)   |
| Recoveries                                            | 3,099                                                   | 5,257                      | 2,155     | —           | 10,511     |
| Provision for loan losses                             | (271)                                                   | 78                         | 4,036     | —           | 3,843      |
| Ending balance                                        | \$101,989                                               | \$124,843                  | \$42,544  | \$—         | \$269,376  |
| Ending balance: individually evaluated for impairment | 22,107                                                  | 15,863                     | 1,195     | —           | 39,165     |
| Ending balance: collectively evaluated for impairment | \$79,882                                                | 108,980                    | 41,349    | —           | 230,211    |
| Loans:                                                |                                                         |                            |           |             |            |
| Ending balance: total loans <sup>(2)</sup>            | \$6,774,794                                             | 9,987,660                  | 3,854,961 | —           | 20,617,415 |
| Ending balance: individually evaluated for impairment | 317,011                                                 | 172,860                    | 47,669    | —           | 537,540    |
| Ending balance: collectively evaluated for impairment | \$6,457,783                                             | 9,814,800                  | 3,807,292 | —           | 20,079,875 |

<sup>(1)</sup> Total before net deferred fees and costs of \$28.4 million.

<sup>(2)</sup> Total before net deferred fees and costs of \$28.8 million.

During the first quarter of 2014, Synovus designated \$23.0 million of allowance for loan losses that was included in the unallocated component of the allowance for loan losses at December 31, 2013 to the allowance for loan losses

allocated to the respective loan segments.

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The tables below summarize impaired loans (including accruing TDRs) as of September 30, 2015 and December 31, 2014.

## Impaired Loans (including accruing TDRs)

| (in thousands)                                          | September 30, 2015     |                                |                      | Nine Months Ended<br>September 30, 2015 |                                  | Three Months Ended<br>September 30, 2015 |                                  |
|---------------------------------------------------------|------------------------|--------------------------------|----------------------|-----------------------------------------|----------------------------------|------------------------------------------|----------------------------------|
|                                                         | Recorded<br>Investment | Unpaid<br>Principal<br>Balance | Related<br>Allowance | Average<br>Recorded<br>Investment       | Interest<br>Income<br>Recognized | Average<br>Recorded<br>Investment        | Interest<br>Income<br>Recognized |
| With no related allowance recorded                      |                        |                                |                      |                                         |                                  |                                          |                                  |
| Investment properties                                   | \$8,087                | 10,715                         | —                    | 12,301                                  | —                                | 8,343                                    | —                                |
| 1-4 family properties                                   | 2,327                  | 6,378                          | —                    | 2,544                                   | —                                | 2,262                                    | —                                |
| Land acquisition                                        | 10,238                 | 40,401                         | —                    | 16,034                                  | —                                | 11,001                                   | —                                |
| Total commercial real estate                            | 20,652                 | 57,494                         | —                    | 30,879                                  | —                                | 21,606                                   | —                                |
| Commercial, financial and agricultural                  | 6,326                  | 9,656                          | —                    | 5,976                                   | —                                | 7,242                                    | —                                |
| Owner-occupied                                          | 6,941                  | 8,949                          | —                    | 16,983                                  | —                                | 15,087                                   | —                                |
| Total commercial and industrial                         | 13,267                 | 18,605                         | —                    | 22,959                                  | —                                | 22,329                                   | —                                |
| Home equity lines                                       | 1,030                  | 1,030                          | —                    | 421                                     | —                                | 1,145                                    | —                                |
| Consumer mortgages                                      | 837                    | 2,065                          | —                    | 1,053                                   | —                                | 1,030                                    | —                                |
| Credit cards                                            | —                      | —                              | —                    | —                                       | —                                | —                                        | —                                |
| Other retail loans                                      | —                      | —                              | —                    | —                                       | —                                | —                                        | —                                |
| Total retail                                            | 1,867                  | 3,095                          | —                    | 1,474                                   | —                                | 2,175                                    | —                                |
| Total impaired loans with no related allowance recorded | \$35,786               | 79,194                         | —                    | 55,312                                  | —                                | 46,110                                   | —                                |
| With allowance recorded                                 |                        |                                |                      |                                         |                                  |                                          |                                  |
| Investment properties                                   | 56,882                 | 56,882                         | 9,893                | 77,466                                  | 1,722                            | 66,726                                   | 475                              |
| 1-4 family properties                                   | 56,191                 | 56,978                         | 5,622                | 63,889                                  | 1,230                            | 57,956                                   | 423                              |
| Land acquisition                                        | 25,857                 | 26,588                         | 2,576                | 37,502                                  | 746                              | 27,338                                   | 198                              |
| Total commercial real estate                            | 138,930                | 140,448                        | 18,091               | 178,857                                 | 3,698                            | 152,020                                  | 1,096                            |
| Commercial, financial and agricultural                  | 45,172                 | 46,678                         | 10,437               | 43,821                                  | 828                              | 36,225                                   | 191                              |
| Owner-occupied                                          | 51,465                 | 51,595                         | 2,131                | 57,079                                  | 1,378                            | 50,487                                   | 426                              |
| Total commercial and industrial                         | 96,637                 | 98,273                         | 12,568               | 100,900                                 | 2,206                            | 86,712                                   | 617                              |
| Home equity lines                                       | 9,809                  | 9,809                          | 155                  | 7,880                                   | 226                              | 9,573                                    | 104                              |
| Consumer mortgages                                      | 23,270                 | 23,270                         | 555                  | 27,309                                  | 955                              | 24,007                                   | 295                              |
| Credit cards                                            | —                      | —                              | —                    | —                                       | —                                | —                                        | —                                |
| Other retail loans                                      | 4,912                  | 4,912                          | 72                   | 5,213                                   | 248                              | 5,064                                    | 81                               |
| Total retail                                            | 37,991                 | 37,991                         | 782                  | 40,402                                  | 1,429                            | 38,644                                   | 480                              |
| Total impaired loans with allowance recorded            | \$273,558              | 276,712                        | 31,441               | 320,159                                 | 7,333                            | 277,376                                  | 2,193                            |
| Total impaired loans                                    |                        |                                |                      |                                         |                                  |                                          |                                  |
| Investment properties                                   | \$64,969               | 67,597                         | 9,893                | 89,767                                  | 1,722                            | 75,069                                   | 475                              |
| 1-4 family properties                                   | 58,518                 | 63,356                         | 5,622                | 66,433                                  | 1,230                            | 60,218                                   | 423                              |
| Land acquisition                                        | 36,095                 | 66,989                         | 2,576                | 53,536                                  | 746                              | 38,339                                   | 198                              |
| Total commercial real estate                            | 159,582                | 197,942                        | 18,091               | 209,736                                 | 3,698                            | 173,626                                  | 1,096                            |
| Commercial, financial and agricultural                  | 51,498                 | 56,334                         | 10,437               | 49,797                                  | 828                              | 43,467                                   | 191                              |
| Owner-occupied                                          | 58,406                 | 60,544                         | 2,131                | 74,062                                  | 1,378                            | 65,574                                   | 426                              |

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|                                 |           |         |        |         |       |         |       |
|---------------------------------|-----------|---------|--------|---------|-------|---------|-------|
| Total commercial and industrial | 109,904   | 116,878 | 12,568 | 123,859 | 2,206 | 109,041 | 617   |
| Home equity lines               | 10,839    | 10,839  | 155    | 8,301   | 226   | 10,718  | 104   |
| Consumer mortgages              | 24,107    | 25,335  | 555    | 28,362  | 955   | 25,037  | 295   |
| Credit cards                    | —         | —       | —      | —       | —     | —       | —     |
| Other retail loans              | 4,912     | 4,912   | 72     | 5,213   | 248   | 5,064   | 81    |
| Total retail                    | 39,858    | 41,086  | 782    | 41,876  | 1,429 | 40,819  | 480   |
| Total impaired loans            | \$309,344 | 355,906 | 31,441 | 375,471 | 7,333 | 323,486 | 2,193 |

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## Impaired Loans (including accruing TDRs)

|                                                         | December 31, 2014   |                          |                   | Year Ended December 31, 2014 |                            |
|---------------------------------------------------------|---------------------|--------------------------|-------------------|------------------------------|----------------------------|
| (in thousands)                                          | Recorded Investment | Unpaid Principal Balance | Related Allowance | Average Recorded Investment  | Interest Income Recognized |
| With no related allowance recorded                      |                     |                          |                   |                              |                            |
| Investment properties                                   | \$ 15,368           | 20,237                   | —                 | 25,311                       | —                          |
| 1-4 family properties                                   | 2,981               | 10,520                   | —                 | 5,441                        | —                          |
| Land acquisition                                        | 21,504              | 61,843                   | —                 | 29,954                       | —                          |
| Total commercial real estate                            | 39,853              | 92,600                   | —                 | 60,706                       | —                          |
| Commercial, financial and agricultural                  | 7,391               | 11,193                   | —                 | 8,984                        | —                          |
| Owner-occupied                                          | 17,017              | 19,612                   | —                 | 19,548                       | —                          |
| Total commercial and industrial                         | 24,408              | 30,805                   | —                 | 28,532                       | —                          |
| Home equity lines                                       | —                   | —                        | —                 | —                            | —                          |
| Consumer mortgages                                      | 995                 | 2,065                    | —                 | 1,352                        | —                          |
| Credit cards                                            | —                   | —                        | —                 | —                            | —                          |
| Other retail loans                                      | —                   | —                        | —                 | —                            | —                          |
| Total retail                                            | 995                 | 2,065                    | —                 | 1,352                        | —                          |
| Total impaired loans with no related allowance recorded | \$ 65,256           | 125,470                  | —                 | 90,590                       | —                          |
| With allowance recorded                                 |                     |                          |                   |                              |                            |
| Investment properties                                   | \$ 81,758           | 83,963                   | 5,413             | 129,289                      | 3,690                      |
| 1-4 family properties                                   | 80,625              | 81,357                   | 11,442            | 94,773                       | 2,645                      |
| Land acquisition                                        | 49,300              | 49,483                   | 4,900             | 89,195                       | 1,689                      |
| Total commercial real estate                            | 211,683             | 214,803                  | 21,755            | 313,257                      | 8,024                      |
| Commercial, financial and agricultural                  | 59,035              | 59,041                   | 7,597             | 91,221                       | 2,392                      |
| Owner-occupied                                          | 62,583              | 62,601                   | 2,854             | 78,950                       | 2,610                      |
| Total commercial and industrial                         | 121,618             | 121,642                  | 10,451            | 170,171                      | 5,002                      |
| Home equity lines                                       | 4,848               | 4,848                    | 129               | 3,604                        | 1,405                      |
| Consumer mortgages                                      | 33,450              | 33,450                   | 1,040             | 39,427                       | 115                        |
| Credit cards                                            | —                   | —                        | —                 | —                            | —                          |
| Other retail loans                                      | 5,293               | 5,293                    | 101               | 4,997                        | 315                        |
| Total retail                                            | 43,591              | 43,591                   | 1,270             | 48,028                       | 1,835                      |
| Total impaired loans with allowance recorded            | \$ 376,892          | 380,036                  | 33,476            | 531,456                      | 14,861                     |
| Total impaired loans                                    |                     |                          |                   |                              |                            |
| Investment properties                                   | \$ 97,126           | 104,200                  | 5,413             | 154,600                      | 3,690                      |
| 1-4 family properties                                   | 83,606              | 91,877                   | 11,442            | 100,214                      | 2,645                      |
| Land acquisition                                        | 70,804              | 111,326                  | 4,900             | 119,149                      | 1,689                      |
| Total commercial real estate                            | 251,536             | 307,403                  | 21,755            | 373,963                      | 8,024                      |
| Commercial, financial and agricultural                  | 66,426              | 70,234                   | 7,597             | 100,205                      | 2,392                      |
| Owner-occupied                                          | 79,600              | 82,213                   | 2,854             | 98,498                       | 2,610                      |
| Total commercial and industrial                         | 146,026             | 152,447                  | 10,451            | 198,703                      | 5,002                      |
| Home equity lines                                       | 4,848               | 4,848                    | 129               | 3,604                        | 1,405                      |
| Consumer mortgages                                      | 34,445              | 35,515                   | 1,040             | 40,779                       | 115                        |
| Credit cards                                            | —                   | —                        | —                 | —                            | —                          |
| Other retail loans                                      | 5,293               | 5,293                    | 101               | 4,997                        | 315                        |
| Total retail                                            | 44,586              | 45,656                   | 1,270             | 49,380                       | 1,835                      |

|                      |           |         |        |         |        |
|----------------------|-----------|---------|--------|---------|--------|
| Total impaired loans | \$442,148 | 505,506 | 33,476 | 622,046 | 14,861 |
|----------------------|-----------|---------|--------|---------|--------|

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The average recorded investment in impaired loans was \$666.8 million and \$559.7 million for the nine and three months ended September 30, 2014. Excluding accruing TDRs, there was no interest income recognized for the investment in impaired loans for the nine and three months ended September 30, 2014. Interest income recognized for accruing TDRs was \$11.7 million and \$3.7 million for the nine and three months ended September 30, 2014. At September 30, 2015 and December 31, 2014, all impaired loans other than \$240.4 million and \$348.4 million, respectively, of accruing TDRs, were on non-accrual status.

Concessions provided in a TDR are primarily in the form of providing a below market interest rate given the borrower's credit risk, a period of time generally less than one year with a reduction of required principal and/or interest payments (e.g., interest only for a period of time), or extension of the maturity of the loan generally for less than one year. Insignificant periods of reduction of principal and/or interest payments, or one-time deferrals of 3 months or less, are generally not considered to be financial concessions.

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The following tables represent, by concession type, the post-modification balance for loans modified or renewed during the nine and three months ended September 30, 2015 and 2014 that were reported as accruing or non-accruing TDRs.

## TDRs by Concession Type

| Nine Months Ended September 30, 2015   |                     |                       |                            |                                          |        |
|----------------------------------------|---------------------|-----------------------|----------------------------|------------------------------------------|--------|
| (in thousands, except contract data)   | Number of Contracts | Principal Forgiveness | Below Market Interest Rate | Term Extensions and/or Other Concessions | Total  |
| Investment properties                  | 5                   | \$—                   | 16,932                     | 6,905                                    | 23,837 |
| 1-4 family properties                  | 31                  | 14,823                | 4,078                      | 1,774                                    | 20,675 |
| Land acquisition                       | 8                   | —                     | 604                        | 1,187                                    | 1,791  |
| Total commercial real estate           | 44                  | 14,823                | 21,614                     | 9,866                                    | 46,303 |
| Commercial, financial and agricultural | 71                  | —                     | 3,094                      | 5,455                                    | 8,549  |
| Owner-occupied                         | 7                   | —                     | 1,739                      | 1,314                                    | 3,053  |
| Total commercial and industrial        | 78                  | —                     | 4,833                      | 6,769                                    | 11,602 |
| Home equity lines                      | 53                  | —                     | 2,826                      | 2,905                                    | 5,731  |
| Consumer mortgages                     | 12                  | —                     | 510                        | 786                                      | 1,296  |
| Credit cards                           | —                   | —                     | —                          | —                                        | —      |
| Other retail loans                     | 20                  | —                     | 259                        | 634                                      | 893    |
| Total retail                           | 85                  | —                     | 3,595                      | 4,325                                    | 7,920  |
| Total TDRs                             | 207                 | \$14,823              | 30,042                     | 20,960                                   | 65,825 |
| (1 )                                   |                     |                       |                            |                                          |        |
| Three Months Ended September 30, 2015  |                     |                       |                            |                                          |        |
| (in thousands, except contract data)   | Number of Contracts | Principal Forgiveness | Below Market Interest Rate | Term Extensions and/or Other Concessions | Total  |
| Investment properties                  | 1                   | \$—                   | —                          | 3,090                                    | 3,090  |
| 1-4 family properties                  | 10                  | —                     | 721                        | 895                                      | 1,616  |
| Land acquisition                       | 2                   | —                     | —                          | 368                                      | 368    |
| Total commercial real estate           | 13                  | —                     | 721                        | 4,353                                    | 5,074  |
| Commercial, financial and agricultural | 22                  | —                     | 1,514                      | 1,611                                    | 3,125  |
| Owner-occupied                         | 4                   | —                     | —                          | 898                                      | 898    |
| Total commercial and industrial        | 26                  | —                     | 1,514                      | 2,509                                    | 4,023  |
| Home equity lines                      | 5                   | —                     | 309                        | 757                                      | 1,066  |
| Consumer mortgages                     | —                   | —                     | —                          | —                                        | —      |
| Credit cards                           | —                   | —                     | —                          | —                                        | —      |
| Other retail loans                     | 7                   | —                     | 2                          | 139                                      | 141    |
| Total retail                           | 12                  | —                     | 311                        | 896                                      | 1,207  |
| Total TDRs                             | 51                  | \$—                   | 2,546                      | 7,758                                    | 10,304 |
| (2 )                                   |                     |                       |                            |                                          |        |

(1) Net charge-offs of \$4.0 million were recorded during the nine months ended September 30, 2015 upon restructuring of these loans.

(2) No net charge-offs were recorded during the three months ended September 30, 2015 upon restructuring of these loans.



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## TDRs by Concession Type

| Nine Months Ended September 30, 2014   |                     |                       |                            |                                          |        |
|----------------------------------------|---------------------|-----------------------|----------------------------|------------------------------------------|--------|
| (in thousands, except contract data)   | Number of Contracts | Principal Forgiveness | Below Market Interest Rate | Term Extensions and/or Other Concessions | Total  |
| Investment properties                  | 14                  | \$—                   | 8,423                      | 5,598                                    | 14,021 |
| 1-4 family properties                  | 36                  | —                     | 2,390                      | 3,859                                    | 6,249  |
| Land acquisition                       | 15                  | 2,338                 | 4,721                      | 2,688                                    | 9,747  |
| Total commercial real estate           | 65                  | 2,338                 | 15,534                     | 12,145                                   | 30,017 |
| Commercial, financial and agricultural | 68                  | 60                    | 7,639                      | 16,977                                   | 24,676 |
| Owner-occupied                         | 14                  | —                     | 22,178                     | 14,392                                   | 36,570 |
| Total commercial and industrial        | 82                  | 60                    | 29,817                     | 31,369                                   | 61,247 |
| Home equity lines                      | 11                  | —                     | 1,163                      | 451                                      | 1,614  |
| Consumer mortgages                     | 13                  | —                     | 2,296                      | 315                                      | 2,611  |
| Credit cards                           | —                   | —                     | —                          | —                                        | —      |
| Other retail loans                     | 17                  | —                     | 543                        | 385                                      | 928    |
| Total retail                           | 41                  | —                     | 4,002                      | 1,151                                    | 5,153  |
| Total TDRs                             | 188                 | \$2,398               | 49,354                     | 44,665                                   | 96,417 |
| (1 )                                   |                     |                       |                            |                                          |        |
| Three Months Ended September 30, 2014  |                     |                       |                            |                                          |        |
| (in thousands, except contract data)   | Number of Contracts | Principal Forgiveness | Below Market Interest Rate | Term Extensions and/or Other Concessions | Total  |
| Investment properties                  | 4                   | \$—                   | 875                        | 3,899                                    | 4,774  |
| 1-4 family properties                  | 7                   | —                     | 879                        | 203                                      | 1,082  |
| Land acquisition                       | 3                   | 2,338                 | 204                        | 646                                      | 3,188  |
| Total commercial real estate           | 14                  | 2,338                 | 1,958                      | 4,748                                    | 9,044  |
| Commercial, financial and agricultural | 28                  | 60                    | 3,098                      | 5,280                                    | 8,438  |
| Owner-occupied                         | 2                   | —                     | 2,703                      | 130                                      | 2,833  |
| Total commercial and industrial        | 30                  | 60                    | 5,801                      | 5,410                                    | 11,271 |
| Home equity lines                      | 5                   | —                     | 435                        | —                                        | 435    |
| Consumer mortgages                     | 5                   | —                     | 543                        | 212                                      | 755    |
| Credit cards                           | —                   | —                     | —                          | —                                        | —      |
| Other retail loans                     | 7                   | —                     | 101                        | 150                                      | 251    |
| Total retail                           | 17                  | —                     | 1,079                      | 362                                      | 1,441  |
| Total TDRs                             | 61                  | \$2,398               | 8,838                      | 10,520                                   | 21,756 |
| (2 )                                   |                     |                       |                            |                                          |        |

(1) Net charge-offs of \$163 thousand were recorded during the nine months ended September 30, 2014 upon restructuring of these loans.

(2) Net charge-offs of \$163 thousand were recorded during the three months ended September 30, 2014 upon restructuring of these loans.

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The following table presents TDRs that defaulted in the periods indicated and which were modified or renewed in a TDR within 12 months of the default date.

| (in thousands, except contract data)   | Nine Months Ended September 30, 2015 |                     | Three Months Ended September 30, 2015 |                     |
|----------------------------------------|--------------------------------------|---------------------|---------------------------------------|---------------------|
|                                        | Number of Contracts                  | Recorded Investment | Number of Contracts                   | Recorded Investment |
| Investment properties                  | —                                    | \$—                 | —                                     | \$—                 |
| 1-4 family properties                  | —                                    | —                   | —                                     | —                   |
| Land acquisition                       | —                                    | —                   | —                                     | —                   |
| Total commercial real estate           | —                                    | —                   | —                                     | —                   |
| Commercial, financial and agricultural | —                                    | —                   | —                                     | —                   |
| Owner-occupied                         | 1                                    | 438                 | 1                                     | 438                 |
| Total commercial and industrial        | 1                                    | 438                 | 1                                     | 438                 |
| Home equity lines                      | 2                                    | 74                  | 1                                     | 40                  |
| Consumer mortgages                     | —                                    | —                   | —                                     | —                   |
| Credit cards                           | —                                    | —                   | —                                     | —                   |
| Other retail loans                     | 1                                    | 81                  | —                                     | —                   |
| Total retail                           | 3                                    | 155                 | 1                                     | 40                  |
| Total TDRs                             | 4                                    | \$593               | 2                                     | \$478               |

| (in thousands, except contract data)   | Nine Months Ended September 30, 2014 |                     | Three Months Ended September 30, 2014 |                     |
|----------------------------------------|--------------------------------------|---------------------|---------------------------------------|---------------------|
|                                        | Number of Contracts                  | Recorded Investment | Number of Contracts                   | Recorded Investment |
| Investment properties                  | 1                                    | 186                 | —                                     | \$—                 |
| 1-4 family properties                  | 3                                    | 1,018               | —                                     | —                   |
| Land acquisition                       | 1                                    | 428                 | —                                     | —                   |
| Total commercial real estate           | 5                                    | 1,632               | —                                     | —                   |
| Commercial, financial and agricultural | 4                                    | 1,559               | 2                                     | 181                 |
| Owner-occupied                         | —                                    | —                   | —                                     | —                   |
| Total commercial and industrial        | 4                                    | 1,559               | 2                                     | 181                 |
| Home equity lines                      | —                                    | —                   | —                                     | —                   |
| Consumer mortgages                     | 3                                    | 206                 | 2                                     | 136                 |
| Credit cards                           | —                                    | —                   | —                                     | —                   |
| Other retail loans                     | —                                    | —                   | —                                     | —                   |
| Total retail                           | 3                                    | 206                 | 2                                     | 136                 |
| Total TDRs                             | 12                                   | 3,397               | 4                                     | \$317               |

If, at the time a loan was designated as a TDR, the loan was not already impaired, the measurement of impairment that resulted from the TDR designation changes from a general pool-level reserve to a specific loan measurement of impairment in accordance with ASC 310-10-35. Generally, the change in the allowance for loan losses resulting from such TDR designation is not significant. At September 30, 2015, the allowance for loan losses allocated to accruing TDRs totaling \$240.4 million was \$16.2 million compared to accruing TDRs of \$348.4 million with an allocated allowance for loan losses of \$21.0 million at December 31, 2014. Non-accrual, non-homogeneous loans

(commercial-type impaired loans greater than \$1 million) that are designated as TDRs, are individually measured for the amount of impairment, if any, both before and after the TDR designation.

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Note 7 - Other Real Estate

The carrying value of ORE was \$64.3 million and \$85.5 million at September 30, 2015 and December 31, 2014, respectively. During the nine months ended September 30, 2015 and 2014, \$23.9 million and \$35.5 million, respectively, of loans and other loans held for sale were foreclosed and transferred to other real estate at fair value less costs to sell. During the nine months ended September 30, 2015 and 2014, Synovus recognized foreclosed real estate expense, net, of \$18.4 million and \$18.8 million, respectively. These expenses included write-downs for declines in fair value of ORE subsequent to the date of foreclosure and net realized losses resulting from sales transactions totaling \$14.9 million and \$16.7 million for the nine months ended September 30, 2015 and 2014, respectively. As of September 30, 2015 and December 31, 2014, there were \$6.2 million and \$12.8 million, respectively, of consumer mortgages secured by residential real estate properties for which formal foreclosure proceedings were in process.

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## Note 8 - Other Comprehensive Income (Loss)

The following tables illustrate activity within the balances in accumulated other comprehensive income (loss) by component for the nine and three months ended September 30, 2015 and 2014.

## Changes in Accumulated Other Comprehensive Income (Loss) by Component (Net of Income Taxes)

| (in thousands)                                                          | Net unrealized gains<br>(losses) on cash flow<br>hedges | Net unrealized gains<br>(losses) on<br>investment securities<br>available for sale | Post-retirement<br>unfunded health<br>benefit | Total      |
|-------------------------------------------------------------------------|---------------------------------------------------------|------------------------------------------------------------------------------------|-----------------------------------------------|------------|
| Balance as of December 31, 2014                                         | \$(12,824                                               | ) (713                                                                             | ) 932                                         | (12,605 )  |
| Other comprehensive income before reclassifications                     | —                                                       | 7,941                                                                              | 143                                           | 8,084      |
| Amounts reclassified from accumulated other comprehensive income (loss) | 206                                                     | (1,667                                                                             | ) (110                                        | ) (1,571 ) |
| Net current period other comprehensive income                           | 206                                                     | 6,274                                                                              | 33                                            | 6,513      |
| Balance as of September 30, 2015                                        | \$(12,618                                               | ) 5,561                                                                            | 965                                           | (6,092 )   |
| Balance as of July 1, 2015                                              | \$(12,687                                               | ) (10,659                                                                          | ) 1,023                                       | (22,323 )  |
| Other comprehensive income before reclassifications                     | —                                                       | 16,220                                                                             | —                                             | 16,220     |
| Amounts reclassified from accumulated other comprehensive income (loss) | 69                                                      | —                                                                                  | (58                                           | ) 11       |
| Net current period other comprehensive income                           | 69                                                      | 16,220                                                                             | (58                                           | ) 16,231   |
| Balance as of September 30, 2015                                        | \$(12,618                                               | ) 5,561                                                                            | 965                                           | (6,092 )   |

## Changes in Accumulated Other Comprehensive Income (Loss) by Component (Net of Income Taxes)

| (in thousands)                                                          | Net unrealized gains<br>(losses) on cash flow<br>hedges | Net unrealized gains<br>(losses) on<br>investment securities<br>available for sale | Post-retirement<br>unfunded health<br>benefit | Total     |
|-------------------------------------------------------------------------|---------------------------------------------------------|------------------------------------------------------------------------------------|-----------------------------------------------|-----------|
| Balance as of December 31, 2013                                         | \$(13,099                                               | ) (28,936                                                                          | ) 777                                         | (41,258 ) |
| Other comprehensive income before reclassifications                     | —                                                       | 16,888                                                                             | 243                                           | 17,131    |
| Amounts reclassified from accumulated other comprehensive income (loss) | 206                                                     | (818                                                                               | ) (88                                         | ) (700 )  |
| Net current period other comprehensive income                           | 206                                                     | 16,070                                                                             | 155                                           | 16,431    |
| Balance at September 30, 2014                                           | \$(12,893                                               | ) (12,866                                                                          | ) 932                                         | (24,827 ) |
| Balance as of July 1, 2014                                              | \$(12,962                                               | ) (1,686                                                                           | ) 932                                         | (13,716 ) |
| Other comprehensive income (loss) before reclassifications              | —                                                       | (11,180                                                                            | ) —                                           | (11,180 ) |
| Amounts reclassified from accumulated other comprehensive income (loss) | 69                                                      | —                                                                                  | —                                             | 69        |

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|                                                      |           |           |       |         |   |
|------------------------------------------------------|-----------|-----------|-------|---------|---|
| Net current period other comprehensive income (loss) | 69        | (11,180   | ) —   | (11,111 | ) |
| Balance as of September 30, 2014                     | \$(12,893 | ) (12,866 | ) 932 | (24,827 | ) |

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In accordance with ASC 740-20-45-11(b), a deferred tax asset valuation allowance associated with unrealized gains and losses not recognized in income is charged directly to other comprehensive income (loss). During the years 2010 and 2011, Synovus recorded a deferred tax asset valuation allowance associated with unrealized gains and losses not recognized in income directly to other comprehensive income (loss) by applying the portfolio approach for allocation of the valuation allowance. Synovus has consistently applied the portfolio approach which treats derivative financial instruments, equity securities, and debt securities as a single portfolio. As of September 30, 2015, the balance in net unrealized gains (losses) on cash flow hedges and net unrealized gains (losses) on investment securities available for sale includes unrealized losses of \$12.1 million and \$13.3 million, respectively, related to the residual tax effects remaining in OCI due to a previously established deferred tax asset valuation allowance. Under the portfolio approach, these unrealized losses are realized at the time the entire portfolio is sold or disposed.

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The following table illustrates activity within the reclassifications out of accumulated other comprehensive income (loss), for the nine and three months ended September 30, 2015 and 2014.

## Reclassifications out of Accumulated Other Comprehensive Income (Loss)

| Details About<br>Accumulated Other Comprehensive<br>Income (Loss) Components  | Amount Reclassified from<br>Accumulated Other<br>Comprehensive Income (Loss)<br>For the Nine Months Ended September 30,<br>2015                      2014 |        | Affected Line Item<br>in the Statement Where<br>Net Income is Presented |
|-------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-------------------------------------------------------------------------|
| Net unrealized gains (losses) on cash<br>flow hedges:                         |                                                                                                                                                           |        |                                                                         |
| Amortization of deferred losses                                               | \$ (336                                                                                                                                                   | ) (336 | ) Interest expense                                                      |
|                                                                               | 130                                                                                                                                                       | 130    | Income tax (expense) benefit                                            |
|                                                                               | \$ (206                                                                                                                                                   | ) (206 | ) Reclassifications, net of income<br>taxes                             |
| Net unrealized gains (losses) on<br>investment securities available for sale: |                                                                                                                                                           |        |                                                                         |
| Realized gain on sale of securities                                           | \$ 2,710                                                                                                                                                  | 1,331  | Investment securities gains, net                                        |
|                                                                               | (1,043                                                                                                                                                    | ) (513 | ) Income tax (expense) benefit                                          |
|                                                                               | \$ 1,667                                                                                                                                                  | 818    | Reclassifications, net of income<br>taxes                               |
| Post-retirement unfunded health<br>benefit:                                   |                                                                                                                                                           |        |                                                                         |
| Amortization of actuarial gains                                               | \$ 178                                                                                                                                                    | 144    | Salaries and other personnel<br>expense                                 |
|                                                                               | (68                                                                                                                                                       | ) (56  | ) Income tax (expense) benefit                                          |
|                                                                               | \$ 110                                                                                                                                                    | 88     | Reclassifications, net of income<br>taxes                               |

## Reclassifications out of Accumulated Other Comprehensive Income (Loss)

| Details About<br>Accumulated Other Comprehensive<br>Income (Loss) Components | Amount Reclassified from<br>Accumulated Other<br>Comprehensive Income (Loss)<br>For the Three Months Ended September 30,<br>2015                      2014 |        | Affected Line Item<br>in the Statement Where<br>Net Income is Presented |
|------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-------------------------------------------------------------------------|
| Net unrealized gains (losses) on cash<br>flow hedges:                        |                                                                                                                                                            |        |                                                                         |
| Amortization of deferred losses                                              | \$ (112                                                                                                                                                    | ) (112 | ) Interest expense                                                      |
|                                                                              | 43                                                                                                                                                         | 43     | Income tax (expense) benefit                                            |
|                                                                              | \$ (69                                                                                                                                                     | ) (69  | ) Reclassifications, net of income<br>taxes                             |
| Post-retirement unfunded health<br>benefit:                                  |                                                                                                                                                            |        |                                                                         |
| Amortization of actuarial gains                                              | \$ 94                                                                                                                                                      | —      | Salaries and other personnel<br>expense                                 |
|                                                                              | (36                                                                                                                                                        | ) —    | Income tax (expense) benefit                                            |
|                                                                              | \$ 58                                                                                                                                                      | —      | Reclassifications, net of income<br>taxes                               |



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### Note 9 - Fair Value Accounting

Synovus carries various assets and liabilities at fair value based on the fair value accounting guidance under ASC 820, Fair Value Measurements, and ASC 825, Financial Instruments. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an "exit price") in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

#### Fair Value Hierarchy

Synovus determines the fair value of its financial instruments based on the fair value hierarchy established under ASC 820-10, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the financial instrument's fair value measurement in its entirety. There are three levels of inputs that may be used to measure fair value. The three levels of inputs of the valuation hierarchy are defined below:

- |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Level 1 | Quoted prices (unadjusted) in active markets for identical assets and liabilities for the instrument or security to be valued. Level 1 assets include marketable equity securities, U.S. Treasury securities, and mutual funds.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Level 2 | Observable inputs other than Level 1 quoted prices, such as quoted prices for similar assets and liabilities in active markets, quoted prices in markets that are not active or model-based valuation techniques for which all significant assumptions are derived principally from or corroborated by observable market data. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose value is determined by using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. U.S. Government sponsored agency securities, mortgage-backed securities issued by U.S. Government sponsored enterprises and agencies, obligations of states and municipalities, collateralized mortgage obligations issued by U.S. Government sponsored enterprises, and mortgage loans held-for-sale are generally included in this category. Certain private equity investments that invest in publicly traded companies are also considered Level 2 assets. |
| Level 3 | Unobservable inputs that are supported by little, if any, market activity for the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow models and similar techniques, and may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability. These methods of valuation may result in a significant portion of the fair value being derived from unobservable assumptions that reflect Synovus' own estimates for assumptions that market participants would use in pricing the asset or liability. This category primarily includes collateral-dependent impaired loans, other real estate, certain equity investments, and private equity investments.                                                                                                                                                                                                                                                                                                                    |

See Note 16 "Fair Value Accounting" to the consolidated financial statements of Synovus' 2014 Form 10-K for a description of valuation methodologies for assets and liabilities measured at fair value on a recurring and non-recurring basis.

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## Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table presents all financial instruments measured at fair value on a recurring basis as of September 30, 2015 and December 31, 2014, according to the valuation hierarchy included in ASC 820-10. For equity and debt securities, class was determined based on the nature and risks of the investments. Transfers between levels during the nine months ended September 30, 2015 and year ended December 31, 2014 were inconsequential.

September 30, 2015

| (in thousands)                                                                                  | Level 1  | Level 2   | Level 3 | Total Assets and Liabilities at Fair Value |
|-------------------------------------------------------------------------------------------------|----------|-----------|---------|--------------------------------------------|
| Assets                                                                                          |          |           |         |                                            |
| Trading securities:                                                                             |          |           |         |                                            |
| Mortgage-backed securities issued by U.S. Government agencies                                   | —        | 3,141     | —       | 3,141                                      |
| Collateralized mortgage obligations issued by U.S. Government sponsored enterprises             | —        | 1,926     | —       | 1,926                                      |
| State and municipal securities                                                                  | —        | 757       | —       | 757                                        |
| Other investments                                                                               | —        | 20        | —       | 20                                         |
| Total trading securities                                                                        | \$—      | 5,844     | —       | 5,844                                      |
| Mortgage loans held for sale                                                                    | —        | 73,623    | —       | 73,623                                     |
| Investment securities available for sale:                                                       |          |           |         |                                            |
| U.S. Treasury securities                                                                        | 43,673   | —         | —       | 43,673                                     |
| U.S. Government agency securities                                                               | —        | 13,801    | —       | 13,801                                     |
| Securities issued by U.S. Government sponsored enterprises                                      | —        | 127,600   | —       | 127,600                                    |
| Mortgage-backed securities issued by U.S. Government agencies                                   | —        | 210,855   | —       | 210,855                                    |
| Mortgage-backed securities issued by U.S. Government sponsored enterprises                      | —        | 2,548,093 | —       | 2,548,093                                  |
| Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises | —        | 510,620   | —       | 510,620                                    |
| State and municipal securities                                                                  | —        | 4,546     | —       | 4,546                                      |
| Equity securities                                                                               | 8,471    | —         | —       | 8,471                                      |
| Other investments <sup>(1)</sup>                                                                | 3,091    | 15,051    | 1,531   | 19,673                                     |
| Total investment securities available for sale                                                  | \$55,235 | 3,430,566 | 1,531   | 3,487,332                                  |
| Private equity investments                                                                      | —        | 867       | 26,850  | 27,717                                     |
| Mutual funds held in rabbi trusts                                                               | 10,233   | —         | —       | 10,233                                     |
| Derivative assets:                                                                              |          |           |         |                                            |
| Interest rate contracts                                                                         | —        | 32,710    | —       | 32,710                                     |
| Mortgage derivatives <sup>(2)</sup>                                                             | —        | 1,845     | —       | 1,845                                      |
| Total derivative assets                                                                         | \$—      | 34,555    | —       | 34,555                                     |
| Liabilities                                                                                     |          |           |         |                                            |
| Trading account liabilities                                                                     | —        | 3,002     | —       | 3,002                                      |
| Derivative liabilities:                                                                         |          |           |         |                                            |
| Interest rate contracts                                                                         | —        | 33,158    | —       | 33,158                                     |
| Mortgage derivatives <sup>(2)</sup>                                                             | —        | 1,110     | —       | 1,110                                      |
| Visa derivative                                                                                 | —        | —         | 1,415   | 1,415                                      |
| Total derivative liabilities                                                                    | \$—      | 34,268    | 1,415   | 35,683                                     |



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|                                                                                                    | December 31, 2014 |           |         | Total Assets<br>and Liabilities<br>at Fair Value |
|----------------------------------------------------------------------------------------------------|-------------------|-----------|---------|--------------------------------------------------|
| (in thousands)                                                                                     | Level 1           | Level 2   | Level 3 |                                                  |
| Assets                                                                                             |                   |           |         |                                                  |
| Trading securities:                                                                                |                   |           |         |                                                  |
| Mortgage-backed securities issued by U.S.<br>Government agencies                                   | —                 | 145       | —       | 145                                              |
| Collateralized mortgage obligations issued by U.S.<br>Government sponsored enterprises             | —                 | 2,449     | —       | 2,449                                            |
| State and municipal securities                                                                     | —                 | 1,976     | —       | 1,976                                            |
| All other mortgage-backed securities                                                               | —                 | 2,483     | —       | 2,483                                            |
| Other investments                                                                                  | —                 | 6,810     | —       | 6,810                                            |
| Total trading securities                                                                           | \$—               | 13,863    | —       | 13,863                                           |
| Mortgage loans held for sale                                                                       | —                 | 63,328    | —       | 63,328                                           |
| Investment securities available for sale:                                                          |                   |           |         |                                                  |
| U.S. Treasury securities                                                                           | 42,826            | —         | —       | 42,826                                           |
| U.S. Government agency securities                                                                  | —                 | 27,324    | —       | 27,324                                           |
| Securities issued by U.S. Government sponsored<br>enterprises                                      | —                 | 82,042    | —       | 82,042                                           |
| Mortgage-backed securities issued by U.S.<br>Government agencies                                   | —                 | 179,816   | —       | 179,816                                          |
| Mortgage-backed securities issued by U.S.<br>Government sponsored enterprises                      | —                 | 2,261,681 | —       | 2,261,681                                        |
| Collateralized mortgage obligations issued by U.S.<br>Government agencies or sponsored enterprises | —                 | 417,076   | —       | 417,076                                          |
| State and municipal securities                                                                     | —                 | 5,206     | —       | 5,206                                            |
| Equity securities                                                                                  | 6,748             | —         | —       | 6,748                                            |
| Other investments <sup>(1)</sup>                                                                   | 2,035             | 15,007    | 1,645   | 18,687                                           |
| Total investment securities available for sale                                                     | \$51,609          | 2,988,152 | 1,645   | 3,041,406                                        |
| Private equity investments                                                                         | —                 | 995       | 27,367  | 28,362                                           |
| Mutual funds held in rabbi trusts                                                                  | 11,252            | —         | —       | 11,252                                           |
| Derivative assets:                                                                                 |                   |           |         |                                                  |
| Interest rate contracts                                                                            | —                 | 30,904    | —       | 30,904                                           |
| Mortgage derivatives <sup>(2)</sup>                                                                | —                 | 1,213     | —       | 1,213                                            |
| Total derivative assets                                                                            | \$—               | 32,117    | —       | 32,117                                           |
| Liabilities                                                                                        |                   |           |         |                                                  |
| Trading account liabilities                                                                        | —                 | 2,100     | —       | 2,100                                            |
| Salary stock units                                                                                 | 1,206             | —         | —       | 1,206                                            |
| Derivative liabilities:                                                                            |                   |           |         |                                                  |
| Interest rate contracts                                                                            | —                 | 31,398    | —       | 31,398                                           |
| Mortgage derivatives <sup>(2)</sup>                                                                | —                 | 753       | —       | 753                                              |
| Visa derivative                                                                                    | —                 | —         | 1,401   | 1,401                                            |
| Total derivative liabilities                                                                       | \$—               | 32,151    | 1,401   | 33,552                                           |

<sup>(1)</sup> Based on an analysis of the nature and risks of these investments, Synovus has determined that presenting these investments as a single asset class is appropriate.

<sup>(2)</sup> Mortgage derivatives consist of customer interest rate lock commitments that relate to the potential origination of mortgage loans, which would be classified as held for sale and forward loan sales commitments with third-party

investors.

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## Fair Value Option

The following table summarizes the difference between the fair value and the unpaid principal balance of mortgage loans held for sale measured at fair value and the changes in fair value of these loans. Mortgage loans held for sale are initially measured at fair value with subsequent changes in fair value recognized in earnings. Changes in fair value were recorded as a component of mortgage banking income in the consolidated statements of income. An immaterial portion of these changes in fair value was attributable to changes in instrument-specific credit risk.

## Changes in Fair Value Included in Net Income

| (in thousands)               | For the Nine Months<br>Ended September 30, |      | For the Three Months<br>Ended September 30, |        |
|------------------------------|--------------------------------------------|------|---------------------------------------------|--------|
|                              | 2015                                       | 2014 | 2015                                        | 2014   |
| Mortgage loans held for sale | \$450                                      | 969  | 1,012                                       | (813 ) |

## Mortgage Loans Held for Sale

| (in thousands)                                     | As of September 30, 2015 | As of December 31, 2014 |
|----------------------------------------------------|--------------------------|-------------------------|
| Fair value                                         | 73,623                   | 63,328                  |
| Unpaid principal balance                           | 71,333                   | 61,488                  |
| Fair value less aggregate unpaid principal balance | \$2,290                  | 1,840                   |

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## Changes in Level 3 Fair Value Measurements

As noted above, Synovus uses significant unobservable inputs (Level 3) in determining the fair value of assets and liabilities classified as Level 3 in the fair value hierarchy. The table below includes a roll-forward of the amounts on the consolidated balance sheet for the nine and three months ended September 30, 2015 and 2014 (including the change in fair value), for financial instruments of a material nature that are classified by Synovus within Level 3 of the fair value hierarchy and are measured at fair value on a recurring basis. Transfers between fair value levels are recognized at the end of the reporting period in which the associated changes in inputs occur. During the nine and three months ended September 30, 2015 and 2014, Synovus did not have any transfers between levels in the fair value hierarchy.

| (in thousands)                                                                                                                                                               | Nine Months Ended September 30,<br>2015           |                                  |                    | 2014                                              |                                  |                                          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|----------------------------------|--------------------|---------------------------------------------------|----------------------------------|------------------------------------------|
|                                                                                                                                                                              | Investment<br>Securities<br>Available<br>for Sale | Private<br>Equity<br>Investments | Visa<br>Derivative | Investment<br>Securities<br>Available<br>for Sale | Private<br>Equity<br>Investments | Other<br>Derivative<br>Contracts,<br>Net |
| Beginning balance, January 1,                                                                                                                                                | \$1,645                                           | 27,367                           | (1,401 )           | 2,350                                             | 27,745                           | (2,706 )                                 |
| Total gains (losses) realized/unrealized:                                                                                                                                    |                                                   |                                  |                    |                                                   |                                  |                                          |
| Included in earnings                                                                                                                                                         | —                                                 | (517 )                           | (1,092 )           | (88 )                                             | (513 )                           | (2,731 )                                 |
| Unrealized gains (losses) included in other<br>comprehensive income                                                                                                          | (114 )                                            | —                                | —                  | 63                                                | —                                | —                                        |
| Purchases                                                                                                                                                                    | —                                                 | —                                | —                  | —                                                 | —                                | —                                        |
| Sales                                                                                                                                                                        | —                                                 | —                                | —                  | —                                                 | —                                | —                                        |
| Issuances                                                                                                                                                                    | —                                                 | —                                | —                  | —                                                 | —                                | —                                        |
| Settlements                                                                                                                                                                  | —                                                 | —                                | 1,078              | (540 )                                            | —                                | 1,416                                    |
| Amortization of discount/premium                                                                                                                                             | —                                                 | —                                | —                  | —                                                 | —                                | —                                        |
| Transfers in and/or out of Level 3                                                                                                                                           | —                                                 | —                                | —                  | —                                                 | —                                | —                                        |
| Ending balance, September 30,                                                                                                                                                | \$1,531                                           | 26,850                           | (1,415 )           | 1,785                                             | 27,232                           | (4,021 )                                 |
| Total net gains (losses) for the period<br>included in earnings attributable to the<br>change in unrealized gains (losses) relating<br>to assets still held at September 30, | \$—                                               | (517 )                           | (1,092 )           | (88 )                                             | (513 )                           | (2,731 )                                 |

| (in thousands)                                                      | Three Months Ended September 30,<br>2015          |                                  |                    | 2014                                              |                                  |                    |
|---------------------------------------------------------------------|---------------------------------------------------|----------------------------------|--------------------|---------------------------------------------------|----------------------------------|--------------------|
|                                                                     | Investment<br>Securities<br>Available<br>for Sale | Private<br>Equity<br>Investments | Visa<br>Derivative | Investment<br>Securities<br>Available<br>for Sale | Private<br>Equity<br>Investments | Visa<br>Derivative |
| Beginning balance, July 1,                                          | \$1,700                                           | 26,959                           | (1,415 )           | 1,866                                             | 27,376                           | (2,438 )           |
| Total gains (losses) realized/unrealized:                           |                                                   |                                  |                    |                                                   |                                  |                    |
| Included in earnings                                                | —                                                 | (109 )                           | (363 )             | —                                                 | (144 )                           | (1,979 )           |
| Unrealized gains (losses) included in other<br>comprehensive income | (169 )                                            | —                                | —                  | (81 )                                             | —                                | —                  |
| Purchases                                                           | —                                                 | —                                | —                  | —                                                 | —                                | —                  |
| Sales                                                               | —                                                 | —                                | —                  | —                                                 | —                                | —                  |
| Issuances                                                           | —                                                 | —                                | —                  | —                                                 | —                                | —                  |
| Settlements                                                         | —                                                 | —                                | 363                | —                                                 | —                                | 396                |

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|                                                                                                                                                                              |         |        |        |         |        |            |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|--------|--------|---------|--------|------------|
| Amortization of discount/premium                                                                                                                                             | —       | —      | —      | —       | —      | —          |
| Transfers in and/or out of Level 3                                                                                                                                           | —       | —      | —      | —       | —      | —          |
| Ending balance, September 30,                                                                                                                                                | \$1,531 | 26,850 | (1,415 | ) 1,785 | 27,232 | (4,021 )   |
| Total net gains (losses) for the period<br>included in earnings attributable to the<br>change in unrealized gains (losses) relating<br>to assets still held at September 30, | \$—     | (109   | ) (363 | ) —     | (144   | ) (1,979 ) |

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## Assets Measured at Fair Value on a Non-recurring Basis

Certain assets are recorded at fair value on a non-recurring basis. These non-recurring fair value adjustments typically are a result of the application of lower of cost or fair value accounting or a write-down occurring during the period. For example, if the fair value of an asset in these categories falls below its cost basis, it is considered to be at fair value at the end of the period of the adjustment. The following table presents assets measured at fair value on a non-recurring basis as of the dates indicated for which there was a fair value adjustment during the period.

|                            | September 30, 2015 |         |         |        | December 31, 2014 |         |         |        |
|----------------------------|--------------------|---------|---------|--------|-------------------|---------|---------|--------|
| (in thousands)             | Level 1            | Level 2 | Level 3 | Total  | Level 1           | Level 2 | Level 3 | Total  |
| Impaired loans*            | —                  | —       | 12,430  | 12,430 | —                 | —       | 28,588  | 28,588 |
| Other loans held for sale  | —                  | —       | —       | —      | —                 | —       | 3,411   | 3,411  |
| Other real estate          | —                  | —       | 23,457  | 23,457 | —                 | —       | 32,046  | 32,046 |
| Other assets held for sale | \$—                | —       | 1,844   | 1,844  | \$—               | —       | 3,718   | 3,718  |

The following table presents fair value adjustments recognized in earnings for the nine and three months ended September 30, 2015 and 2014 for the assets measured at fair value on a non-recurring basis.

|                            | Nine Months Ended September 30, |        | Three Months Ended September 30, |       |
|----------------------------|---------------------------------|--------|----------------------------------|-------|
| (in thousands)             | 2015                            | 2014   | 2015                             | 2014  |
| Impaired loans*            | 3,549                           | 20,661 | 1,789                            | 9,380 |
| Other loans held for sale  | —                               | 285    | —                                | 285   |
| Other real estate          | 7,405                           | 7,343  | 2,645                            | 4,114 |
| Other assets held for sale | \$1,043                         | 7,608  | \$1,043                          | 100   |

\* Impaired loans that are collateral-dependent.



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## Quantitative Information about Level 3 Fair Value Measurements

The tables below provide an overview of the valuation techniques and significant unobservable inputs used in those techniques to measure financial instruments that are classified within Level 3 of the valuation hierarchy. The range of sensitivities that management utilized in its fair value calculations is deemed acceptable in the industry with respect to the identified financial instruments. The tables below present both the total balance as of the dates indicated for assets measured at fair value on a recurring basis and the assets measured at fair value on a non-recurring basis for which there was a fair value adjustment during the period.

September 30, 2015

| (dollars in thousands) | Level 3<br>Fair Value | Valuation<br>Technique | Significant Unobservable Input | Range<br>(Weighted Average) <sup>(1)</sup> |
|------------------------|-----------------------|------------------------|--------------------------------|--------------------------------------------|
|------------------------|-----------------------|------------------------|--------------------------------|--------------------------------------------|

Assets measured at fair value on a recurring basis

## Investment Securities

## Available for Sale:

## Other Investments:

|                            |         |                               |                                         |                       |
|----------------------------|---------|-------------------------------|-----------------------------------------|-----------------------|
| Trust preferred securities | \$1,531 | Discounted cash flow analysis | Credit spread embedded in discount rate | 549-649 bps (599 bps) |
|----------------------------|---------|-------------------------------|-----------------------------------------|-----------------------|

Discount for lack of marketability<sup>(2)</sup> 0%-10% (0%)

|                            |        |                                              |                                                                                                                                                                                                                                            |     |
|----------------------------|--------|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| Private equity investments | 26,850 | Individual analysis of each investee company | Multiple factors, including but not limited to, current operations, financial condition, cash flows, evaluation of business management and financial plans, and recently executed financing transactions related to the investee companies | N/A |
|----------------------------|--------|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|

|                           |       |                    |                                                                                                                                                                                  |     |
|---------------------------|-------|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| Visa derivative liability | 1,415 | Internal valuation | Estimated future cumulative deposits to the litigation escrow for settlement of the Covered Litigation, and estimated future monthly fees payable to the derivative counterparty | N/A |
|---------------------------|-------|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|

September 30, 2015

| (dollars in thousands) | Level 3 Fair<br>Value | Valuation<br>Technique | Significant Unobservable Input | Range<br>(Weighted Average) <sup>(1)</sup> |
|------------------------|-----------------------|------------------------|--------------------------------|--------------------------------------------|
|------------------------|-----------------------|------------------------|--------------------------------|--------------------------------------------|

Assets measured at fair value on a non-recurring basis

|                                     |          |                                                                  |                                                                       |                                  |
|-------------------------------------|----------|------------------------------------------------------------------|-----------------------------------------------------------------------|----------------------------------|
| Collateral dependent impaired loans | \$12,430 | Third-party appraised value of collateral less estimated selling | Discount to appraised value <sup>(3)</sup><br>Estimated selling costs | 0% - 100% (44%)<br>0% - 10% (7%) |
|-------------------------------------|----------|------------------------------------------------------------------|-----------------------------------------------------------------------|----------------------------------|

|                            |        |                    |                                            |                      |
|----------------------------|--------|--------------------|--------------------------------------------|----------------------|
|                            |        | costs              |                                            |                      |
|                            |        | Third-party        |                                            |                      |
|                            |        | appraised value    |                                            |                      |
| Other real estate          | 23,457 | of collateral less | Discount to appraised value <sup>(3)</sup> | 0% - 25% (8%)        |
|                            |        | estimated selling  | Estimated selling costs                    | 0% - 10% (7%)        |
|                            |        | costs              |                                            |                      |
|                            |        | Third-party        |                                            |                      |
|                            |        | appraised value    |                                            |                      |
| Other assets held for sale | 1,844  | of collateral less | Discount to appraised value <sup>(3)</sup> | 0%-100% (55%) 0%-10% |
|                            |        | estimated selling  | Estimated selling costs                    | (7%)                 |
|                            |        | costs or BOV       |                                            |                      |

<sup>(1)</sup> The range represents management's best estimate of the high and low of the value that would be assigned to a particular input. For assets measured at fair value on a non-recurring basis, the weighted average is the measure of central tendencies; it is not the value that management is using for the asset or liability.

<sup>(2)</sup> Represents management's estimate of discount that market participants would require based on the instrument's lack of liquidity.

<sup>(3)</sup> Synovus also makes adjustments to the values of the assets listed above for various reasons, including age of the appraisal, information known by management about the property, such as occupancy rates, changes to the physical conditions of the property, and other factors.

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December 31, 2014

| (dollars in thousands)                             | Level 3<br>Fair Value | Valuation<br>Technique                       | Significant Unobservable Input                                                                                                                                                                                                                            | Range (Weighted<br>Average) <sup>(1)</sup> |
|----------------------------------------------------|-----------------------|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| Assets measured at fair value on a recurring basis |                       |                                              |                                                                                                                                                                                                                                                           |                                            |
| Investment Securities Available for Sale:          |                       |                                              |                                                                                                                                                                                                                                                           |                                            |
| Other Investments:                                 |                       |                                              |                                                                                                                                                                                                                                                           |                                            |
| Trust preferred securities                         | \$1,645               | Discounted cash flow analysis                | Credit spread embedded in discount rate                                                                                                                                                                                                                   | 600-675 bps (639 bps)                      |
|                                                    |                       |                                              | Discount for lack of marketability <sup>(2)</sup>                                                                                                                                                                                                         | 0%-10% (0%)                                |
| Private equity investments                         | 27,367                | Individual analysis of each investee company | Multiple factors, including but not limited to, current operations, financial condition, cash flows, evaluation of business management and financial plans, and recently executed financing transactions related to the investee companies <sup>(2)</sup> | N/A                                        |
| Visa derivative liability                          | 1,401                 | Internal valuation                           | Estimated future cumulative deposits to the litigation escrow for settlement of the Covered Litigation, and estimated future monthly fees payable to the derivative counterparty                                                                          | N/A                                        |

December 31, 2014

| (dollars in thousands)                                 | Level 3 Fair<br>Value | Valuation<br>Technique                                                 | Significant Unobservable Input                                        | Range<br>(Weighted Average) <sup>(1)</sup> |
|--------------------------------------------------------|-----------------------|------------------------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------|
| Assets measured at fair value on a non-recurring basis |                       |                                                                        |                                                                       |                                            |
| Collateral dependent impaired loans                    | \$28,588              | Third-party appraised value of collateral less estimated selling costs | Discount to appraised value <sup>(2)</sup><br>Estimated selling costs | 0%-100% (46%)<br>0%-10% (7%)               |
| Other loans held for sale                              | 3,411                 |                                                                        | Discount to appraised value <sup>(2)</sup>                            | 0%-11% (7%)                                |

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|                            |        |                                                                                           |                                                                       |                              |
|----------------------------|--------|-------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|------------------------------|
|                            |        | Third-party<br>appraised value<br>of collateral less<br>estimated selling<br>costs        | Estimated selling costs                                               | 0%-10% (7%)                  |
| Other real estate          | 32,046 | Third-party<br>appraised value<br>of collateral less<br>estimated selling<br>costs        | Discount to appraised value <sup>(2)</sup><br>Estimated selling costs | 0%-61% (16%)<br>0%-10% (7%)  |
| Other assets held for sale | 3,718  | Third-party<br>appraised value<br>of collateral less<br>estimated selling<br>costs or BOV | Discount to appraised value <sup>(2)</sup><br>Estimated selling costs | 0%-100% (49%)<br>0%-10% (7%) |

<sup>(1)</sup> The range represents management's best estimate of the high and low end of the value that would be assigned to a particular input. For assets measured at fair value on a non-recurring basis, the weighted average is the measure of central tendencies; it is not the value that management is using for the asset or liability.

<sup>(2)</sup> Represents management's estimate of discount that market participants would require based on the instrument's lack of liquidity.

<sup>(3)</sup> Synovus also makes adjustments to the values of the assets listed above for various reasons, including age of the appraisal, information known by management about the property, such as occupancy rates, changes to the physical conditions of the property, pending sales, and other factors.

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### Sensitivity Analysis of Level 3 Unobservable Inputs Measured on a Recurring Basis

Included in the fair value estimates of financial instruments carried at fair value on the consolidated balance sheet are those estimated in full or in part using valuation techniques based on assumptions that are not supported by observable market prices, rates, or other inputs. Unobservable inputs are assessed carefully, considering the current economic environment and market conditions. However, by their very nature, unobservable inputs imply a degree of uncertainty in their determination, because they are supported by little, if any, market activity for the related asset or liability.

### Investment Securities Available for Sale

The significant unobservable inputs used in the fair value measurement of the corporate obligations in Level 3 assets are the credit spread embedded in the discount rate and the discount for lack of liquidity. Generally, a change in one or more assumptions, and the degree or sensitivity of the change used, can have a significant impact on fair value. With regard to the trust preferred securities in Level 3 assets, raising the credit spread, and raising the discount for lack of liquidity assumptions will result in a lower fair value measurement.

### Private Equity Investments

In the absence of quoted market prices, inherent lack of liquidity, and the long-term nature of private equity investments, significant judgment is required to value these investments. The significant unobservable inputs used in the fair value measurement of private equity investments include current operations, financial condition, and cash flows, comparables and private sales, when available, and recently executed financing transactions related to investee companies. Significant increases or decreases in any of these inputs in isolation would result in a significantly lower or higher fair value measurement.

### Visa Derivative Liability

The fair value of the Visa derivative contract is determined based on management's estimate of the timing and amount of the Covered Litigation settlement, and the resulting payments due to the counterparty under the terms of the contract. Significant changes in any of these inputs in isolation could result in a significantly higher (lower) valuation of the Visa derivative liability. Also, additional funding into the escrow generally results in a proportional increase in our derivative liability.

### Fair Value of Financial Instruments

The following table presents the carrying and fair values of financial instruments at September 30, 2015 and December 31, 2014. The fair value represents management's best estimates based on a range of methodologies and assumptions. For financial instruments that are not recorded at fair value on the balance sheet, such as loans, interest bearing deposits (including brokered deposits), and long-term debt, the fair value amounts should not be taken as an estimate of the amount that would be realized if all such financial instruments were to be settled immediately.

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The carrying and estimated fair values of financial instruments, as well as the level within the fair value hierarchy, as of September 30, 2015 and December 31, 2014 are as follows:

| (in thousands)                                                          | September 30, 2015 |            |         |            |            |
|-------------------------------------------------------------------------|--------------------|------------|---------|------------|------------|
|                                                                         | Carrying Value     | Fair Value | Level 1 | Level 2    | Level 3    |
| Financial assets                                                        |                    |            |         |            |            |
| Cash and cash equivalents                                               | \$329,396          | 329,396    | 329,396 | —          | —          |
| Interest bearing funds with Federal Reserve Bank                        | 837,641            | 837,641    | 837,641 | —          | —          |
| Interest earning deposits with banks                                    | 21,170             | 21,170     | 21,170  | —          | —          |
| Federal funds sold and securities purchased under resale agreements     | 69,732             | 69,732     | 69,732  | —          | —          |
| Trading account assets                                                  | 5,844              | 5,844      | —       | 5,844      | —          |
| Mortgage loans held for sale                                            | 73,623             | 73,623     | —       | 73,623     | —          |
| Investment securities available for sale                                | 3,487,332          | 3,487,332  | 55,235  | 3,430,566  | 1,531      |
| Private equity investments                                              | 27,717             | 27,717     | —       | 867        | 26,850     |
| Mutual funds held in rabbi trusts                                       | 10,233             | 10,233     | 10,233  | —          | —          |
| Loans, net of deferred fees and costs                                   | 21,864,309         | 21,677,842 | —       | —          | 21,677,842 |
| Derivative assets                                                       | 34,555             | 34,555     | —       | 34,555     | —          |
| Financial liabilities                                                   |                    |            |         |            |            |
| Trading account liabilities                                             | 3,002              | 3,002      | —       | 3,002      | —          |
| Non-interest bearing deposits                                           | 6,570,227          | 6,570,227  | —       | 6,570,227  | —          |
| Interest bearing deposits                                               | 16,207,186         | 16,218,720 | —       | 16,218,720 | —          |
| Federal funds purchased and securities sold under repurchase agreements | 135,475            | 135,475    | 135,475 | —          | —          |
| Long-term debt                                                          | 2,038,719          | 2,098,864  | —       | 2,098,864  | —          |
| Derivative liabilities                                                  | \$35,683           | 35,683     | —       | 34,268     | 1,415      |
|                                                                         |                    |            |         |            |            |
| (in thousands)                                                          | December 31, 2014  |            |         |            |            |
|                                                                         | Carrying Value     | Fair Value | Level 1 | Level 2    | Level 3    |
| Financial assets                                                        |                    |            |         |            |            |
| Cash and cash equivalents                                               | \$485,489          | 485,489    | 485,489 | —          | —          |
| Interest bearing funds with Federal Reserve Bank                        | 721,362            | 721,362    | 721,362 | —          | —          |
| Interest earning deposits with banks                                    | 11,810             | 11,810     | 11,810  | —          | —          |
| Federal funds sold and securities purchased under resale agreements     | 73,111             | 73,111     | 73,111  | —          | —          |
| Trading account assets                                                  | 13,863             | 13,863     | —       | 13,863     | —          |
| Mortgage loans held for sale                                            | 63,328             | 63,328     | —       | 63,328     | —          |
| Other loans held for sale                                               | 3,606              | 3,606      | —       | —          | 3,606      |
| Investment securities available for sale                                | 3,041,406          | 3,041,406  | 51,609  | 2,988,152  | 1,645      |
| Private equity investments                                              | 28,362             | 28,362     | —       | 995        | 27,367     |
| Mutual funds held in rabbi trusts                                       | 11,252             | 11,252     | 11,252  | —          | —          |
| Loans, net of deferred fees and costs                                   | 21,097,699         | 20,872,939 | —       | —          | 20,872,939 |
| Derivative assets                                                       | 32,117             | 32,117     | —       | 32,117     | —          |
| Financial liabilities                                                   |                    |            |         |            |            |
| Trading account liabilities                                             | 2,100              | 2,100      | —       | 2,100      | —          |
| Non-interest bearing deposits                                           | 6,228,472          | 6,228,472  | —       | 6,228,472  | —          |
| Interest bearing deposits                                               | 15,303,228         | 15,299,372 | —       | 15,299,372 | —          |
|                                                                         | 126,916            | 126,916    | 126,916 | —          | —          |

Federal funds purchased and securities sold under  
repurchase agreements

|                        |           |           |       |           |       |
|------------------------|-----------|-----------|-------|-----------|-------|
| Salary stock units     | 1,206     | 1,206     | 1,206 | —         | —     |
| Long-term debt         | 2,140,319 | 2,191,279 | —     | 2,191,279 | —     |
| Derivative liabilities | \$33,553  | 33,553    | —     | 32,151    | 1,401 |

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### Note 10 - Derivative Instruments

As part of its overall interest rate risk management activities, Synovus utilizes derivative instruments to manage its exposure to various types of interest rate risk. These derivative instruments generally consist of interest rate swaps, interest rate lock commitments made to prospective mortgage loan customers, and commitments to sell fixed-rate mortgage loans. Interest rate lock commitments represent derivative instruments since it is intended that such loans will be sold.

Synovus may also utilize interest rate swaps to manage interest rate risks primarily arising from its core banking activities. These interest rate swap transactions generally involve the exchange of fixed and floating interest rate payment obligations without the exchange of underlying principal amounts. Swaps may be designated as either cash flow hedges or fair value hedges, as discussed below. As of September 30, 2015 and December 31, 2014, Synovus had no outstanding interest rate swap contracts utilized to manage interest rate risk.

Synovus is party to master netting arrangements with its dealer counterparties; however, Synovus does not offset assets and liabilities under these arrangements for financial statement presentation purposes.

#### Counterparty Credit Risk and Collateral

Entering into derivative contracts potentially exposes Synovus to the risk of counterparties' failure to fulfill their legal obligations, including, but not limited to, potential amounts due or payable under each derivative contract. Notional principal amounts are often used to express the volume of these transactions, but the amounts potentially subject to credit risk are much smaller. Synovus assesses the credit risk of its dealer counterparties by regularly monitoring publicly available credit rating information and other market indicators. Dealer collateral requirements are determined via risk-based policies and procedures and in accordance with existing agreements. Synovus seeks to minimize dealer credit risk by dealing with highly rated counterparties and by obtaining collateral for exposures above certain predetermined limits. Management closely monitors credit conditions within the customer swap portfolio, which management deems to be of higher risk than dealer counterparties. Collateral is secured at origination and credit related fair value adjustments are recorded against the asset value of the derivative as deemed necessary based upon an analysis, which includes consideration of the current asset value of the swap, customer credit rating, collateral value, and customer standing with regards to its swap contractual obligations and other related matters. Such asset values fluctuate based upon changes in interest rates regardless of changes in notional amounts and changes in customer specific risk.

#### Cash Flow Hedges

Synovus designates hedges of floating rate loans as cash flow hedges. These swaps hedge against the variability of cash flows from specified pools of floating rate prime based loans. Synovus calculates effectiveness of the hedging relationship quarterly using regression analysis. The effective portion of the gain or loss on the derivative instrument is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transactions affect earnings. Ineffectiveness from cash flow hedges is recognized in the consolidated statements of income as a component of other non-interest income. As of September 30, 2015, there were no cash flow hedges outstanding, and therefore, no cumulative ineffectiveness.

Synovus expects to reclassify from accumulated other comprehensive income (loss) \$447 thousand of interest expense during the next twelve months as amortization of deferred losses is recorded.

Synovus did not terminate any cash flow hedges during 2015 or 2014. The remaining unamortized deferred net loss balance of all previously terminated cash flow hedges at September 30, 2015 and December 31, 2014 was \$(782) thousand and \$(1.1) million, respectively.

#### Fair Value Hedges

Synovus designates hedges of fixed rate liabilities as fair value hedges. These swaps hedge against the change in fair value of various fixed rate liabilities due to changes in the benchmark interest rate, LIBOR. Synovus calculates effectiveness of the fair value hedges quarterly using regression analysis. Ineffectiveness from fair value hedges is recognized in the consolidated statements of income as a component of other non-interest income. As of September 30, 2015, there were no fair value hedges outstanding, and therefore, no cumulative ineffectiveness. Synovus did not terminate any fair value hedges during 2015 or 2014. The remaining unamortized deferred gain balance on all previously terminated fair value hedges at September 30, 2015 and December 31, 2014 was \$5.3

million and \$7.6 million, respectively. Synovus expects to reclassify from hedge-related basis adjustment, a component of long-term debt, \$3.1 million of the deferred gain balance on previously terminated fair value hedges as a reduction to interest expense during the next twelve months as amortization of deferred gains is recorded.

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### Customer Related Derivative Positions

Synovus enters into interest rate swap agreements to facilitate the risk management strategies of a small number of commercial banking customers. Synovus mitigates this risk by entering into equal and offsetting interest rate swap agreements with highly rated third-party financial institutions. The interest rate swap agreements are free-standing derivatives and are recorded at fair value on Synovus' consolidated balance sheet. Fair value changes are recorded in non-interest income in Synovus' consolidated statements of income. As of September 30, 2015, the notional amount of customer related interest rate derivative financial instruments, including both the customer position and the offsetting position, was \$1.19 billion, an increase of \$103.7 million compared to December 31, 2014.

#### Visa Derivative

In conjunction with the sale of Class B shares of common stock issued by Visa to Synovus as a Visa USA member, Synovus entered into a derivative contract with the purchaser, which provides for settlements between the parties based upon a change in the ratio for conversion of Visa Class B shares to Visa Class A shares. The conversion ratio changes when Visa deposits funds to a litigation escrow established by Visa to pay settlements for certain litigation, for which Visa is indemnified by Visa USA members. The litigation escrow is funded by proceeds from Visa's conversion of Class B shares. The fair value of the derivative contract was \$1.4 million at both September 30, 2015 and December 31, 2014. The fair value of the derivative contract is determined based on management's estimate of the timing and amount of the Covered Litigation settlement, and the resulting payments due to the counterparty under the terms of the contract.

#### Mortgage Derivatives

Synovus originates first lien residential mortgage loans for sale into the secondary market. Mortgage loans are sold by Synovus for conversion to securities and the servicing of these loans is generally sold to a third-party servicing aggregator, or Synovus sells the mortgage loans as whole loans to investors either individually or in bulk on a servicing released basis.

Synovus enters into interest rate lock commitments for residential mortgage loans which commits it to lend funds to a potential borrower at a specific interest rate and within a specified period of time. Interest rate lock commitments that relate to the origination of mortgage loans that, if originated, will be held for sale, are considered derivative financial instruments under applicable accounting guidance. Outstanding interest rate lock commitments expose Synovus to the risk that the price of the mortgage loans underlying the commitments may decline due to increases in mortgage interest rates from inception of the rate lock to the funding of the loan.

At September 30, 2015 and December 31, 2014, Synovus had commitments to fund at a locked interest rate, primarily fixed-rate mortgage loans to customers in the amount of \$93.2 million and \$73.4 million, respectively. The fair value of these commitments resulted in a gain of \$632 thousand and \$531 thousand for the nine months ended September 30, 2015 and 2014, respectively, which was recorded as a component of mortgage banking income in the consolidated statements of income.

At September 30, 2015 and December 31, 2014, outstanding commitments to sell primarily fixed-rate mortgage loans amounted to \$111.5 million and \$113.0 million, respectively. Such commitments are entered into to reduce the exposure to market risk arising from potential changes in interest rates, which could affect the fair value of mortgage loans held for sale and outstanding rate lock commitments, which guarantee a certain interest rate if the loan is ultimately funded or granted by Synovus as a mortgage loan held for sale. The commitments to sell mortgage loans are at fixed prices and are scheduled to settle at specified dates that generally do not exceed 90 days. The fair value of outstanding commitments to sell mortgage loans resulted in a loss of \$(356) thousand and \$(1.2) million for the nine months ended September 30, 2015 and 2014, respectively, which was recorded as a component of mortgage banking income in the consolidated statements of income.

#### Collateral Contingencies

Certain derivative instruments contain provisions that require Synovus to maintain an investment grade credit rating from each of the major credit rating agencies. When Synovus' credit rating falls below investment grade, these provisions allow the counterparties of the derivative instrument to demand immediate and ongoing full collateralization on derivative instruments in net liability positions and, for certain counterparties, request immediate termination. As Synovus' current rating is below investment grade, Synovus is required to post collateral, as required

by each agreement, against these positions. Additionally, as of June 10, 2013, the CCC became mandatory for certain trades as required under the Dodd-Frank Act. These derivative transactions also carry collateral requirements, both at the inception of the trade, and as the value of each derivative position changes. As trades are migrated to the CCC, dealer counterparty exposure will be reduced, and higher notional amounts of Synovus' derivative instruments will be housed at the CCC, a highly regulated and well-capitalized entity. As of September 30, 2015, collateral totaling \$68.4 million, consisting of Federal funds sold, was pledged to the derivative counterparties, including \$12.6 million with the CCC, to comply with collateral requirements.

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The impact of derivative instruments on the consolidated balance sheets at September 30, 2015 and December 31, 2014 is presented below.

| (in thousands)                                          | Fair Value of Derivative Assets        |                    |                   | Fair Value of Derivative Liabilities   |                    |                   |
|---------------------------------------------------------|----------------------------------------|--------------------|-------------------|----------------------------------------|--------------------|-------------------|
|                                                         | Location on Consolidated Balance Sheet | September 30, 2015 | December 31, 2014 | Location on Consolidated Balance Sheet | September 30, 2015 | December 31, 2014 |
| Derivatives not designated as hedging instruments:      |                                        |                    |                   |                                        |                    |                   |
| Interest rate contracts                                 | Other assets                           | 32,710             | 30,904            | Other liabilities                      | 33,158             | 31,398            |
| Mortgage derivatives                                    | Other assets                           | 1,845              | 1,213             | Other liabilities                      | 1,110              | 753               |
| Visa derivative                                         |                                        | —                  | —                 | Other liabilities                      | 1,415              | 1,401             |
| Total derivatives not designated as hedging instruments |                                        | \$34,555           | 32,117            |                                        | \$35,683           | 33,552            |

The pre-tax effect of fair value hedges on the consolidated statements of income for the nine and three months ended September 30, 2015 and 2014 is presented below.

| (in thousands)                                    | Location of Gain (Loss) Recognized in Income | Gain (Loss) Recognized in Income     |       |
|---------------------------------------------------|----------------------------------------------|--------------------------------------|-------|
|                                                   |                                              | Nine Months Ended September 30, 2015 | 2014  |
| Derivatives not designated as hedging instruments |                                              |                                      |       |
| Interest rate contracts <sup>(1)</sup>            | Other non-interest income                    | 10                                   | 449   |
| Mortgage derivatives <sup>(2)</sup>               | Mortgage banking income                      | 276                                  | (704) |
| Total                                             |                                              | \$286                                | (255) |

| (in thousands)                                    | Location of Gain (Loss) Recognized in Income | Gain (Loss) Recognized in Income      |       |
|---------------------------------------------------|----------------------------------------------|---------------------------------------|-------|
|                                                   |                                              | Three Months Ended September 30, 2015 | 2014  |
| Derivatives not designated as hedging instruments |                                              |                                       |       |
| Interest rate contracts <sup>(1)</sup>            | Other non-interest income                    | 170                                   | 65    |
| Mortgage derivatives <sup>(2)</sup>               | Mortgage banking income                      | (1,955)                               | ) 51  |
| Total                                             |                                              | \$(1,785)                             | ) 116 |

<sup>(1)</sup> Gain (loss) represents net fair value adjustments (including credit related adjustments) for customer swaps and offsetting positions.

<sup>(2)</sup> Gain (loss) represents net fair value adjustments recorded for interest rate lock commitments and commitments to sell mortgage loans to third-party investors.

During the nine months ended September 30, 2015 and 2014, Synovus reclassified \$2.3 million from hedge-related basis adjustment, a component of long-term debt, as a reduction to interest expense. These deferred gains relate to hedging relationships that have been previously terminated and are reclassified into earnings over the remaining life of the hedged items.



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## Note 11 - Net Income Per Common Share

The following table displays a reconciliation of the information used in calculating basic and diluted earnings per common share for the nine and three months ended September 30, 2015 and 2014.

|                                                                                                             | Nine Months Ended September 30, |         | Three Months Ended September 30, |         |
|-------------------------------------------------------------------------------------------------------------|---------------------------------|---------|----------------------------------|---------|
| (in thousands, except per share data)                                                                       | 2015                            | 2014    | 2015                             | 2014    |
| Basic Net Income Per Common Share:                                                                          |                                 |         |                                  |         |
| Net income available to common shareholders                                                                 | \$ 160,006                      | 134,399 | \$ 55,369                        | 44,229  |
| Weighted average common shares outstanding                                                                  | 133,120                         | 138,989 | 131,516                          | 139,043 |
| Net income per common share, basic                                                                          | \$ 1.20                         | 0.97    | 0.42                             | 0.32    |
| Diluted Net Income Per Common Share:                                                                        |                                 |         |                                  |         |
| Net income available to common shareholders                                                                 | \$ 160,006                      | 134,399 | 55,369                           | 44,229  |
| Weighted average common shares outstanding                                                                  | 133,120                         | 138,989 | 131,516                          | 139,043 |
| Potentially dilutive shares from assumed exercise of securities or other contracts to purchase common stock | 756                             | 611     | 781                              | 683     |
| Weighted average diluted common shares                                                                      | 133,876                         | 139,600 | 132,297                          | 139,726 |
| Net income per common share, diluted                                                                        | \$ 1.20                         | 0.96    | 0.42                             | 0.32    |

Basic net income per common share is computed by dividing net income by the average common shares outstanding for the period. Diluted net income per common share reflects the dilution that could occur if securities or other contracts to issue common stock were exercised or converted. The dilutive effect of outstanding options and restricted share units is reflected in diluted net income per common share, unless the impact is anti-dilutive, by application of the treasury stock method.

As of September 30, 2015 and 2014, there were 2.7 million and 3.2 million, respectively, potentially dilutive shares related to common stock options and Warrants to purchase shares of common stock that were outstanding during 2015 and 2014, but were not included in the computation of diluted net income per common share because the effect would have been anti-dilutive.

## Note 12 - Share-based Compensation

## General Description of Share-based Plans

Synovus has a long-term incentive plan under which the Compensation Committee of the Board of Directors has the authority to grant share-based awards to Synovus employees. At September 30, 2015, Synovus had a total of 7.1 million shares of its authorized but unissued common stock reserved for future grants under the 2013 Omnibus Plan. The 2013 Omnibus Plan authorizes 8.6 million common share equivalents available for grant, where grants of options count as one share equivalent and grants of full value awards (e.g., restricted share units, market restricted share units, and performance share units) count as two share equivalents. Any restricted share units that are forfeited and options that expire unexercised will again become available for issuance under the Plan. The Plan permits grants of share-based compensation including stock options, restricted share units, market restricted share units, and performance share units. The grants generally include vesting periods ranging from three to five years and contractual terms of ten years. Stock options are granted at exercise prices which equal the fair value of a share of common stock on the grant-date. Synovus has historically issued new shares to satisfy share option exercises and share unit conversions. Dividend equivalents are paid on outstanding restricted share units, market restricted share units, and performance share units in the form of additional restricted share units that vest over the same vesting period or the vesting period left on the original restricted share unit grant.

## Share-based Compensation Expense

Share-based compensation costs associated with employee grants are recorded as a component of salaries and other personnel expense in the consolidated statements of income. Share-based compensation costs associated with grants

made to non-employee directors of Synovus are recorded as a component of other operating expenses. Total share-based compensation expense was \$9.5 million and \$3.2 million for the nine and three months ended September 30, 2015, respectively, and \$7.5 million and \$2.8 million for the nine and three months ended September 30, 2014, respectively.

Stock Options

No stock option grants were made during the nine months ended September 30, 2015. At September 30, 2015, there were 1.8 million outstanding options to purchase shares of common stock with a weighted average exercise price of \$37.36.

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## Restricted Share Units, Performance Share Units, and Market Restricted Share Units

During the nine months ended September 30, 2015, Synovus awarded 320 thousand restricted share units that have a service-based vesting period of three years and awarded 82 thousand performance share units that vest upon service and performance conditions. Synovus also granted 82 thousand market restricted share units during the nine months ended September 30, 2015. The weighted average grant-date fair value of the awarded restricted share units, performance share units and market restricted share units was \$28.30 per share. Market restricted share units and performance share units are granted at target and are compared annually to required market and performance metrics. The performance share units vest upon meeting certain service and performance conditions. Return on average assets (ROAA) performance is evaluated each year over a three-year performance period, with share distribution determined at the end of the three years. The number of performance share units that will ultimately vest ranges from 0% to 150% of target based on Synovus' three-year weighted average ROAA (as defined). The market restricted share units have a three-year service-based vesting component as well as a total shareholder return multiplier. The number of market restricted share units that will ultimately vest ranges from 75% to 125% of target based on Synovus' total shareholder return (TSR). At September 30, 2015, including dividend equivalents granted, there were 1.1 million restricted share units, performance share units and market restricted share units outstanding with a weighted average grant-date fair value of \$24.92.

## Note 13 - Legal Proceedings

Synovus and its subsidiaries are subject to various legal proceedings, claims and disputes that arise in the ordinary course of its business. Additionally, in the ordinary course of business, Synovus and its subsidiaries are subject to regulatory examinations, information gathering requests, inquiries and investigations. Synovus, like many other financial institutions, has been the target of numerous legal actions and other proceedings asserting claims for damages and related relief for losses. These actions include mortgage loan and other loan put-back claims, claims and counterclaims asserted by individual borrowers related to their loans and allegations of violations of state and federal laws and regulations relating to banking practices, including putative class action matters. In addition to actual damages if Synovus does not prevail in such asserted legal actions, credit-related litigation could result in additional write-downs or charge-offs of assets, which could adversely affect Synovus' results of operations during the period in which the write-down or charge-off were to occur. Synovus also from time to time faces disputes with customers and other counterparties, and in many cases, those disputes can pose both financial and reputational risk to Synovus. Synovus carefully examines and considers each legal matter, and, in those situations where Synovus determines that a particular legal matter presents loss contingencies that are both probable and reasonably estimable, Synovus establishes an appropriate accrual. An event is considered to be probable if the future event is likely to occur. While the final outcome of any legal proceeding is inherently uncertain, based on the information currently available, advice of counsel and available insurance coverage, management believes that the amounts accrued with respect to legal matters as of September 30, 2015 are adequate. The actual costs of resolving legal claims may be higher or lower than the amounts accrued.

In addition, where Synovus determines that there is a reasonable possibility of a loss in respect of legal matters, including those legal matters described below, Synovus considers whether it is able to estimate the total reasonably possible loss or range of loss. An event is "reasonably possible" if "the chance of the future event or events occurring is more than remote but less than likely." An event is "remote" if "the chance of the future event occurring is more than slight but less than reasonably possible." In many situations, Synovus may be unable to estimate reasonably possible losses due to the preliminary nature of the legal matters, as well as a variety of other factors and uncertainties. For those legal matters where Synovus is able to estimate a range of reasonably possible losses, management currently estimates the aggregate range from our pending and threatened litigation, including, without limitation, the matters described below, is from zero to \$15 million in excess of the amounts accrued, if any, related to those matters. This estimated aggregate range is based upon information currently available to Synovus, and the actual losses could prove to be higher. As there are further developments in these legal matters, Synovus will reassess these matters, and the estimated range of reasonably possible losses may change as a result of this assessment. Based on Synovus' current knowledge and advice of counsel, management presently does not believe that the liabilities arising from these legal matters will have a material adverse effect on Synovus' consolidated financial condition, results of operations or cash

flows. However, it is possible that the ultimate resolution of these legal matters could have a material adverse effect on Synovus' results of operations for any particular period.

Synovus intends to vigorously pursue all available defenses to these legal matters, but will also consider other alternatives, including settlement, in situations where there is an opportunity to resolve such legal matters on terms that Synovus considers to be favorable, including in light of the continued expense, reputational risk and distraction of defending such legal matters. Synovus also maintains insurance coverage, which may (or may not) be available to cover legal fees, or potential losses that might be incurred in connection with the legal matters described below. The above-noted estimated range of reasonably possible losses does not take into consideration insurance coverage which may or may not be available for the respective legal matters.

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### TelexFree Litigation

On October 22, 2014, several pending lawsuits were consolidated into a multi-district putative class action case captioned In re: TelexFree Securities Litigation, MDL Number 4:14-md2566-TSH, United States District Court District of Massachusetts. Synovus Financial Corp. and Synovus Bank were named as defendants with numerous other defendants in the purported class action lawsuit. An Amended Complaint was filed on March 31, 2015 which consolidated and amended the claims previously asserted. The claims against Synovus Financial Corp. were dismissed by Plaintiffs on April 10, 2015 so now, as to Synovus-related entities, only claims against Synovus Bank remain pending. TelexFree was a merchant customer of Base Commerce, LLC “Base Commerce”, an independent sales organization/member service provider sponsored by Synovus Bank. The purported class action lawsuit generally alleges that TelexFree engaged in an improper multi-tier marketing scheme involving voice-over Internet protocol telephone services and that the various defendants, including Synovus Bank, provided financial services to TelexFree that allowed TelexFree to conduct its business operations. Synovus Bank filed a motion to dismiss the lawsuit on June 1, 2015.

Synovus Bank believes it has substantial defenses related to these purported claims and intends to vigorously defend the claims asserted. Synovus currently cannot reasonably estimate losses attributable to this matter.

### ITEM 2. – MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In this Report, the words “Synovus,” “the Company,” “we,” “us,” and “our” refer to Synovus Financial Corp. together with Synovus Bank and Synovus’ other wholly-owned subsidiaries, except where the context requires otherwise.

#### FORWARD-LOOKING STATEMENTS

Certain statements made or incorporated by reference in this Report which are not statements of historical fact including those under “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and elsewhere in this Report, constitute forward-looking statements within the meaning of, and subject to the protections of, Section 27A of the Securities Act, and Section 21E of the Exchange Act. Forward-looking statements include statements with respect to Synovus’ beliefs, plans, objectives, goals, targets, expectations, anticipations, assumptions, estimates, intentions and future performance and involve known and unknown risks, many of which are beyond Synovus’ control and which may cause Synovus’ actual results, performance or achievements or the commercial banking industry or economy generally, to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements.

All statements other than statements of historical fact are forward-looking statements. You can identify these forward-looking statements through Synovus’ use of words such as “believes,” “anticipates,” “expects,” “may,” “will,” “assume,” “predicts,” “could,” “should,” “would,” “intends,” “targets,” “estimates,” “projects,” “plans,” “potential” and other similar words or expressions of the future or otherwise regarding the outlook for Synovus’ future business and financial performance and/or the performance of the commercial banking industry and economy in general. Forward-looking statements are based on the current beliefs and expectations of Synovus’ management and are subject to significant risks and uncertainties. Actual results may differ materially from those contemplated by such forward-looking statements. A number of factors could cause actual results to differ materially from those contemplated by the forward-looking statements in this document. Many of these factors are beyond Synovus’ ability to control or predict. These factors include, but are not limited to:

- (1) the risk that competition in the financial services industry may adversely affect our future earnings and growth; the risk that we may not realize the expected benefits from our efficiency and growth initiatives, which will
- (2) negatively affect our future profitability;
- (3) the risk that we may be required to make substantial expenditures to keep pace with the rapid technological changes in the financial services market;
- (4) the risk that our enterprise risk management framework may not identify or address risks adequately, which may result in unexpected losses;
- (5) the risk that our allowance for loan losses may prove to be inadequate or may be negatively affected by credit risk exposures;

- (6) the risk that any future economic downturn could have a material adverse effect on our capital, financial condition, results of operations and future growth;

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- (7) the risk that we could realize additional losses if our levels of non-performing assets increase and/or if we determine to sell certain non-performing assets and the proceeds we receive are lower than the carrying value of such assets;
- (8) changes in the interest rate environment and competition in our primary market area may result in increased funding costs or reduced earning assets yields, thus reducing margins and net interest income;
- (9) the risk that we may not be able to identify suitable acquisition targets as part of our growth strategy and even if we are able to identify suitable acquisition targets, we may not be able to complete such acquisitions or successfully integrate bank or non-bank acquisitions into our existing operations;
- (10) risks related to a failure in or breach of our operational or security systems of our infrastructure, or those of our third-party vendors and other service providers, including as a result of cyber attacks, which could disrupt our businesses, result in the disclosure or misuse of confidential or proprietary information, damage our reputation, increase our costs or cause losses;
- (11) risks related to our reliance on third parties to provide key components of our business infrastructure, including the costs of services and products provided to us by third parties, and risks related to disruptions in service or financial difficulties of a third-party vendor;
- (12) the impact on our financial results, reputation, and business if we are unable to comply with all applicable federal and state regulations, or other supervisory actions or directives and any necessary capital initiatives;
- (13) the impact of recent and proposed changes in governmental policy, laws and regulations, including proposed and recently enacted changes in the regulation of banks and financial institutions, or the interpretation or application thereof, including restrictions, increased capital requirements, limitations and/or penalties arising from banking, securities and insurance laws, enhanced regulations and examinations and restrictions on compensation;
- (14) the risks that if economic conditions worsen or regulatory capital rules are modified, or the results of mandated “stress testing” do not satisfy certain criteria, we may be required to undertake initiatives to improve our capital position;
- (15) changes in the cost and availability of funding due to changes in the deposit market and credit market, or the way in which we are perceived in such markets, including a downgrade in our credit ratings;
- (16) the impact on our borrowing costs, capital costs and our liquidity due to our status as a non-investment grade issuer;
- (17) restrictions or limitations on access to funds from historical and alternative sources of liquidity could adversely affect our overall liquidity, which could restrict our ability to make payments on our obligations and our ability to support asset growth and sustain our operations and the operations of Synovus Bank;
- (18) the risk that we may be unable to pay dividends on our common stock or Series C Preferred Stock or obtain any applicable regulatory approval to take certain capital actions, including any increases in dividends on our common stock, any repurchases of common stock or any other issuance or redemption of any other regulatory capital instruments;
- (19) our ability to receive dividends from our subsidiaries could affect our liquidity, including our ability to pay dividends or take other capital actions;
- (20) the risk that for our deferred tax assets, we may be required to increase the valuation allowance in future periods, or we may not be able to realize all of the deferred tax assets in the future;
- (21) the risk that we could have an “ownership change” under Section 382 of the IRC, which could impair our ability to timely and fully utilize our net operating losses and built-in losses that may exist when such “ownership change” occurs;
- (22)

risks related to recent and proposed changes in the mortgage banking industry, including the risk that we may be required to repurchase mortgage loans sold to third parties and the impact of the “ability to pay” and “qualified mortgage” rules on our loan origination process and foreclosure proceedings; the costs and effects of litigation, investigations, inquiries or similar matters, or adverse facts and developments

(23) related

thereto;

(24) risks related to the fluctuation in our stock price;

(25) the effects of any damages to Synovus' reputation resulting from developments related to any of the items identified above; and

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other factors and other information contained in this Report, other reports and filings that we make with the (26) SEC under the Exchange Act, including, without limitation, those found in “Part I-Item 1A. Risk Factors” of Synovus' 2014 Form 10-K.

For a discussion of these and other risks that may cause actual results to differ from expectations, refer to “Part I-Item 1A. Risk Factors” and other information contained in Synovus' 2014 Form 10-K and our other periodic filings, including quarterly reports on Form 10-Q and current reports on Form 8-K, that we file from time to time with the SEC. All written or oral forward-looking statements that are made by or are attributable to Synovus are expressly qualified by this cautionary notice. You should not place undue reliance on any forward-looking statements since those statements speak only as of the date on which the statements are made. Synovus undertakes no obligation to update any forward-looking information and statements, whether written or oral, to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of new information or unanticipated events, except as may otherwise be required by law.

**INTRODUCTION AND CORPORATE PROFILE**

Synovus Financial Corp. is a financial services company and a registered bank holding company headquartered in Columbus, Georgia. We provide integrated financial services including commercial and retail banking, financial management, insurance and mortgage services to our customers through 28 locally-branded banking divisions of our wholly-owned subsidiary bank, Synovus Bank, and other offices in Georgia, Alabama, South Carolina, Florida and Tennessee.

The following financial review summarizes the significant trends, changes in our business, transactions, and other matters affecting Synovus' results of operations for the nine and three months ended September 30, 2015 and 2014 and financial condition as of September 30, 2015 and December 31, 2014. This discussion supplements, and should be read in conjunction with, the unaudited interim consolidated financial statements and notes thereto contained elsewhere in this Report and the consolidated financial statements of Synovus, the notes thereto, and management's discussion and analysis contained in Synovus' 2014 Form 10-K.

Management's Discussion and Analysis of Financial Condition and Results of Operations consist of:

Discussion of Results of Operations - Reviews Synovus' financial performance, as well as selected balance sheet items, items from the statements of income, and certain key ratios that illustrate Synovus' performance.

Credit Quality, Capital Resources and Liquidity - Discusses credit quality, market risk, capital resources, and liquidity, as well as performance trends. It also includes a discussion of liquidity policies, how Synovus obtains funding, and related performance.

Additional Disclosures - provides comments on additional important matters including critical accounting policies and non-GAAP financial measures used within this Report. A reading of each section is important to understand fully the nature of our financial performance.

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## DISCUSSION OF RESULTS OF OPERATIONS

## Consolidated Financial Highlights

|                                                          | Nine Months Ended September 30, |         |          | Three Months Ended September 30, |         |          |
|----------------------------------------------------------|---------------------------------|---------|----------|----------------------------------|---------|----------|
| (dollars in thousands, except per share data)            | 2015                            | 2014    | Change   | 2015                             | 2014    | Change   |
| Net interest income                                      | \$614,698                       | 611,829 | 0.5%     | \$207,790                        | 206,263 | 0.7%     |
| Provision for loan losses                                | 13,990                          | 25,638  | (45.4)   | 2,956                            | 3,843   | (23.1 )  |
| Non-interest income                                      | 201,746                         | 197,555 | 2.1      | 67,059                           | 63,985  | 4.8      |
| Adjusted non-interest income <sup>(1)</sup>              | 199,036                         | 190,435 | 4.5      | 67,059                           | 63,985  | 4.8      |
| Non-interest expense                                     | 534,621                         | 560,115 | (4.6)    | 177,907                          | 193,749 | (8.2 )   |
| Adjusted non-interest expense <sup>(1)</sup>             | 504,370                         | 503,313 | 0.2      | 170,131                          | 166,754 | 2.0      |
| Income before income taxes                               | 267,833                         | 223,631 | 19.8     | 93,986                           | 72,656  | 29.4     |
| Adjusted pre-tax, pre-credit costs income <sup>(1)</sup> | 309,364                         | 298,951 | 3.5      | 104,718                          | 103,494 | 1.2      |
| Net income                                               | 167,684                         | 142,077 | 18.0     | 57,928                           | 46,788  | 23.8     |
| Net income available to common shareholders              | 160,006                         | 134,399 | 19.1     | 55,369                           | 44,229  | 25.2     |
| Net income per common share, basic                       | 1.20                            | 0.97    | 24.3     | 0.42                             | 0.32    | 32.4     |
| Net income per common share, diluted                     | 1.20                            | 0.96    | 24.1     | 0.42                             | 0.32    | 32.2     |
| Net interest margin                                      | 3.19                            | % 3.39  | (20) bps | 3.14                             | % 3.37  | (23) bps |
| Net charge-off ratio                                     | 0.15                            | 0.41    | (26) bps | 0.12                             | 0.24    | (12) bps |

| (dollars in thousands, except per share data)                                                      | September 30, 2015 | June 30, 2015 | Sequential Quarter Change | September 30, 2014 | Year-Over-Year Change |
|----------------------------------------------------------------------------------------------------|--------------------|---------------|---------------------------|--------------------|-----------------------|
| Loans, net of deferred fees and costs                                                              | \$21,864,309       | 21,494,869    | 369,440                   | \$20,588,566       | 1,275,743             |
| Total deposits                                                                                     | 22,777,413         | 22,649,181    | 128,232                   | 20,989,781         | 1,787,632             |
| Total average deposits                                                                             | 22,860,019         | 22,466,102    | 393,917                   | 20,938,587         | 1,921,432             |
| Average core deposits <sup>(1)</sup>                                                               | 21,502,856         | 20,910,171    | 592,685                   | 19,443,967         | 2,058,889             |
| Average core deposits excluding average state, county, and municipal (SCM) deposits <sup>(1)</sup> | 19,378,044         | 18,632,388    | 745,656                   | 17,398,150         | 1,979,894             |
| Non-performing assets ratio                                                                        | 1.01               | % 1.11        | (10) bps                  | 1.57               | % (56) bps            |
| Non-performing loans ratio                                                                         | 0.72               | 0.81          | (9) bps                   | 1.18               | (46) bps              |
| Past due loans over 90 days                                                                        | 0.01               | 0.02          | (1) bp                    | 0.02               | (1) bp                |
| Tier 1 capital <sup>(2)</sup>                                                                      | \$2,637,462        | 2,615,827     | 21,635                    | \$2,553,764        | 83,698                |
| Common equity Tier 1 capital (transitional) <sup>(2)</sup>                                         | 2,637,462          | 2,615,827     | 21,635                    | N/A                | N/A                   |
| Tier 1 common equity <sup>(1)(2)</sup>                                                             | N/A                | N/A           | N/A                       | 2,417,784          | N/A                   |
| Total risk-based capital <sup>(2)</sup>                                                            | 2,990,099          | 2,971,518     | 18,581                    | 3,005,346          | (15,247)              |
| Tier 1 capital ratio <sup>(2)</sup>                                                                | 10.60%             | 10.73         | (13) bps                  | 11.19              | % (59) bps            |
| Common equity Tier 1 capital ratio (transitional) <sup>(2)</sup>                                   | 10.60              | 10.73         | (13) bps                  | N/A                | N/A                   |
| Tier 1 common equity ratio <sup>(1)(2)</sup>                                                       | N/A                | N/A           | N/A                       | 10.60              | N/A                   |

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|                                                                |       |       |          |       |           |
|----------------------------------------------------------------|-------|-------|----------|-------|-----------|
| Total risk-based capital ratio <sup>(2)</sup>                  | 12.02 | 12.18 | (16) bps | 13.17 | (115) bps |
| Total shareholders' equity to total assets ratio               | 10.71 | 10.66 | 5 bps    | 11.60 | (89) bps  |
| Tangible common equity to tangible assets ratio <sup>(1)</sup> | 10.18 | 10.13 | 5 bps    | 11.04 | (86) bps  |

<sup>(1)</sup> See reconciliation of "Non-GAAP Financial Measures" in this Report.

<sup>(2)</sup> 2015 regulatory capital determined under Basel III transitional capital rules. Prior periods were determined under Basel I capital rules.

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## Results for the Nine and Three Months Ended September 30, 2015

For the nine months ended September 30, 2015, net income available to common shareholders was \$160.0 million, or \$1.20 per diluted common share, compared to net income available to common shareholders of \$134.4 million, or \$0.96 per diluted common share, for the nine months ended September 30, 2014. For the three months ended September 30, 2015, net income available to common shareholders was \$55.4 million, or \$0.42 per diluted common share, compared to net income available to common shareholders of \$44.2 million, or \$0.32 per diluted common share, for the three months ended September 30, 2014. Adjusted net income available to common shareholders for the three months ended September 30, 2015 was \$55.6 million or \$0.42 per diluted common share, compared to adjusted net income available to common shareholders for the three months ended September 30, 2014 of \$51.3 million or \$0.37 per diluted common share. See reconciliation of "Non-GAAP Financial Measures" in this Report.

Results for the nine months ended September 30, 2015 reflect continued broad-based improvement in credit quality as the NPL ratio declined to 0.72% at September 30, 2015 from 0.81% at June 30, 2015 and 1.18% a year ago.

Additionally, other real estate balances declined \$2.1 million, or 3.2%, and \$17.3 million, or 21.2%, compared to June 30, 2015, and September 30, 2014, respectively. Credit costs totaled \$10.3 million for the three months ended September 30, 2015, compared to \$12.8 million for the three months ended June 30, 2015, and \$15.7 million for the three months ended September 30, 2014. Net charge-offs for the three months ended September 30, 2015 totaled \$6.8 million, or 0.12% of average loans annualized, compared to net charge-offs of \$5.3 million, or 0.10% of average loans annualized for the three months ended June 30, 2015 and net charge-offs of \$12.3 million, or 0.24% of average loans annualized, for the third quarter of 2014. Total non-performing assets were \$222.0 million at September 30, 2015, down \$18.1 million, or 7.5%, from the previous quarter, and down \$102.4 million, or 31.6%, from a year ago.

Adjusted pre-tax, pre-credit costs income (which excludes provision for loan losses, other credit costs, restructuring charges, securities gains and losses, gain on the Memphis transaction, litigation contingency/settlement expense, and certain other items) was \$309.4 million for the nine months ended September 30, 2015 compared to \$299.0 million for the nine months ended September 30, 2014. For the three months ended September 30, 2015, adjusted pre-tax, pre-credit costs income was \$104.7 million compared to \$103.6 million for the three months ended June 30, 2015 and \$103.5 million for the three months ended September 30, 2014. The sequential quarter increase of \$1.1 million in adjusted pre-tax, pre-credit costs income was driven by an increase in net interest income of \$4.1 million, or 2.0%, due to one more calendar day as well as average loan growth of \$345.9 million, or 6.4% annualized, which was mostly offset by an increase of \$3.3 million in adjusted non-interest expense due primarily to an increase of \$2.6 million in advertising expense. Compared to the nine months ended September 30, 2014, adjusted pre-tax, pre-credit costs income grew \$10.4 million, comprised of an \$8.6 million increase in adjusted non-interest income led by growth in mortgage banking income, an increase in net interest income of \$2.9 million with year-over-year average loan growth of \$1.05 billion, or 5.2%, slightly offset by an increase of \$1.1 million in adjusted non-interest expense. See reconciliation of "Non-GAAP Financial Measures" in this Report.

The net interest margin declined one basis point to 3.14% compared to 3.15% in the previous quarter and was twenty three basis points below the third quarter of 2014 net interest margin of 3.37%. The yield on earning assets was 3.60%, a decline of one basis point from the second quarter of 2015, and the effective cost of funds was unchanged from the second quarter at 0.46%. The yield on loans declined four basis points to 4.10%. This decline was mostly offset by lower balances held at the Federal Reserve Bank. Compared to the third quarter of 2014, the yield on earning assets declined twenty one basis points from 3.81% reflecting a nineteen basis point decline in the yield on loans, and the effective cost of funds increased two basis points from 0.44%.

At September 30, 2015, total loans outstanding were \$21.86 billion, a sequential quarter increase of \$369.4 million, or 6.8% annualized, and a year-over-year increase of \$1.28 billion, or 6.2%. Growth for the quarter, compared to the previous quarter, was across all loan categories with CRE loans growing \$134.9 million, or 7.6% annualized, C&I loans growing by \$122.4 million, or 4.7% annualized, and retail loans increasing \$111.3 million, or 10.9% annualized. Total average loans grew \$345.9 million, or 6.4% annualized, from the previous quarter and \$1.05 billion, or 5.2%, as compared to the third quarter of 2014.

At September 30, 2015, total deposits were \$22.78 billion and total average deposits for the three months ended September 30, 2015 were \$22.86 billion, with total average deposits up \$393.9 million, or 7.0% annualized, from the

previous quarter. Average core deposits for the three months ended September 30, 2015 were \$21.50 billion, up \$592.7 million, or 11.2% annualized, compared to the second quarter of 2015. Average core deposits excluding state, county, and municipal (SCM) deposits grew \$745.7 million, or 15.9% annualized, over the second quarter of 2015 and \$1.98 billion, or 11.4%, over the third quarter of 2014. See reconciliation of "Non-GAAP Financial Measures" in this Report.

Synovus continued to return capital to shareholders during the third quarter of 2015, acquiring an additional \$52.5 million of common stock, under its \$250 million common stock repurchase program announced in October of 2014. Synovus repurchased \$250 million of common stock authorized for repurchase under this program which expired on October 23, 2015. Additionally, during the nine months ended September 30, 2015, Synovus declared common stock dividends totaling \$0.30 per share, representing

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a 43% increase from the dividends declared during the same time period of 2014. Total shareholders' equity was \$3.02 billion at September 30, 2015, compared to \$3.04 billion at December 31, 2014, and \$3.08 billion at September 30, 2014.

**Recent Developments**

During the third quarter of 2015, Synovus' Board of Directors authorized a \$300 million share repurchase program to be completed over the next 15 months. The Board of Directors also approved a 20% increase in the quarterly common stock dividend to \$0.12 per share. The dividend increase will be effective with the quarterly dividend payable in January 2016.

**Changes in Financial Condition**

During the nine months ended September 30, 2015, total assets increased \$1.12 billion from \$27.05 billion at December 31, 2014 to \$28.17 billion. The principal components of this increase were an increase in loans, net of deferred fees and costs, of \$766.6 million and an increase in investment securities available for sale, at fair value, of \$445.9 million. An increase of \$1.25 billion in deposits provided the funding source for the growth in loans and increase in investment securities available for sale.

**Loans**

The following table compares the composition of the loan portfolio at September 30, 2015, December 31, 2014, and September 30, 2014.

| (dollars in thousands)                         | September 30,<br>2015 | December 31,<br>2014 | September 30,<br>2015 vs.<br>December 31,<br>2014 % Change <sup>(1)</sup> | September 30,<br>2014 | September 30,<br>2015 vs. September<br>30, 2014<br>% Change |   |
|------------------------------------------------|-----------------------|----------------------|---------------------------------------------------------------------------|-----------------------|-------------------------------------------------------------|---|
| Investment properties                          | \$5,557,576           | 5,206,674            | 9.0                                                                       | % \$5,039,604         | 10.3                                                        | % |
| 1-4 family properties                          | 1,094,553             | 1,133,882            | (4.6                                                                      | ) 1,136,289           | (3.7                                                        | ) |
| Land acquisition                               | 538,127               | 586,046              | (10.9                                                                     | ) 598,900             | (10.1                                                       | ) |
| Total commercial real estate                   | 7,190,256             | 6,926,602            | 5.1                                                                       | 6,774,793             | 6.1                                                         |   |
| Commercial, financial and<br>agricultural      | 6,277,768             | 6,182,312            | 2.1                                                                       | 5,958,575             | 5.4                                                         |   |
| Owner-occupied                                 | 4,265,408             | 4,085,407            | 5.9                                                                       | 4,029,085             | 5.9                                                         |   |
| Total commercial and<br>industrial             | 10,543,176            | 10,267,719           | 3.6                                                                       | 9,987,660             | 5.6                                                         |   |
| Home equity lines                              | 1,684,047             | 1,683,998            | —                                                                         | 1,685,972             | (0.1                                                        | ) |
| Consumer mortgages                             | 1,888,456             | 1,694,061            | 15.3                                                                      | 1,621,904             | 16.4                                                        |   |
| Credit cards                                   | 241,315               | 253,649              | (6.5                                                                      | ) 253,853             | (4.9                                                        | ) |
| Other retail loans                             | 345,425               | 302,460              | 19.0                                                                      | 293,232               | 17.8                                                        |   |
| Total retail                                   | 4,159,243             | 3,934,168            | 7.6                                                                       | 3,854,961             | 7.9                                                         |   |
| Total loans                                    | 21,892,675            | 21,128,489           | 4.8                                                                       | 20,617,415            | 6.2                                                         |   |
| Deferred fees and costs, net                   | (28,367               | ) (30,790            | ) (10.5                                                                   | ) (28,849             | ) (1.7                                                      | ) |
| Total loans, net of deferred<br>fees and costs | \$21,864,309          | 21,097,699           | 4.9                                                                       | % \$20,588,566        | 6.2                                                         | % |

<sup>(1)</sup> Percentage changes are annualized

At September 30, 2015, total loans were \$21.86 billion, an increase of \$766.6 million, or 4.9% annualized, and \$1.28 billion or 6.2%, compared to December 31, 2014 and September 30, 2014, respectively, driven by growth in most categories across the loan portfolio. Annual percentage loan growth for 2015 is currently expected to be in the mid single-digits.

**Commercial Loans**

Total commercial loans (which are comprised of C&I and CRE loans) at September 30, 2015 were \$17.73 billion, or 81.1% of the total loan portfolio, compared to \$17.19 billion, or 81.5%, at December 31, 2014 and \$16.76 billion, or 81.4%, at September 30, 2014.

At September 30, 2015 and December 31, 2014, Synovus had 23 and 25 commercial loan relationships, respectively, with total commitments of \$50 million or more (including amounts funded). The average funded balance of these relationships at September 30, 2015 and December 31, 2014 was \$35 million and \$36 million, respectively.

#### Commercial and Industrial Loans

The C&I portfolio represents the largest category of Synovus' total loan portfolio and is currently concentrated on small to middle market commercial and industrial lending dispersed throughout a diverse group of industries in the Southeast, including health care and social assistance, manufacturing, retail trade, real-estate related industries, wholesale trade, and finance and insurance as shown in the following table (aggregated by NAICS code). Loans in the health care and social assistance industry have grown approximately \$258.1 million, or 18.5% annualized, from December 31, 2014, as specialized lending units continue

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to build relationships in senior housing, medical office lending, and other health care related areas. The portfolio is relationship focused and, as a result, Synovus' lenders have in-depth knowledge of the borrowers, most of which have guaranty arrangements. C&I loans are primarily originated through Synovus' local market banking divisions and made to commercial customers primarily to finance capital expenditures, including real property, plant and equipment, or as a source of working capital. In accordance with Synovus' uniform lending policy, each loan undergoes a detailed underwriting process which incorporates uniform underwriting standards and oversight in proportion to the size and complexity of the lending relationship. Approximately 91% of Synovus' C&I loans are secured by real estate, business equipment, inventory, and other types of collateral.

Total C&I loans at September 30, 2015 were \$10.54 billion, or 48.2% of the total loan portfolio, compared to \$10.27 billion, or 48.7% of the total loan portfolio, at December 31, 2014 and \$9.99 billion, or 48.5% of the total loan portfolio, at September 30, 2014. C&I loans grew \$275.5 million, or 3.6% annualized, from December 31, 2014, driven primarily by increases in specialty units such as senior housing and equipment finance as well as growth in middle market lending.

| Commercial and Industrial Loans by Industry<br>(dollars in thousands) | September 30, 2015 |                  | December 31, 2014 |                  |   |
|-----------------------------------------------------------------------|--------------------|------------------|-------------------|------------------|---|
|                                                                       | Amount             | % <sup>(1)</sup> | Amount            | % <sup>(1)</sup> | % |
| Health care and social assistance                                     | \$2,114,919        | 20.1             | % 1,856,795       | 18.1             | % |
| Manufacturing                                                         | 835,639            | 7.9              | 878,492           | 8.6              |   |
| Retail trade                                                          | 821,433            | 7.8              | 814,882           | 8.0              |   |
| Real estate and rental and leasing                                    | 682,667            | 6.5              | 721,477           | 7.0              |   |
| Wholesale trade                                                       | 688,490            | 6.5              | 627,736           | 6.1              |   |
| Finance and insurance                                                 | 721,068            | 6.8              | 684,319           | 6.7              |   |
| Professional, scientific, and technical services                      | 584,520            | 5.5              | 588,862           | 5.7              |   |
| Real estate other                                                     | 506,382            | 4.8              | 497,396           | 4.8              |   |
| Accommodation and food services                                       | 485,986            | 4.6              | 449,036           | 4.4              |   |
| Construction                                                          | 419,231            | 4.0              | 432,521           | 4.2              |   |
| Agriculture, forestry, fishing, and hunting                           | 401,564            | 3.8              | 366,041           | 3.6              |   |
| Transportation and warehousing                                        | 309,074            | 2.9              | 250,221           | 2.4              |   |
| Information                                                           | 230,684            | 2.2              | 239,996           | 2.3              |   |
| Administration, support, waste management, and remediation            | 238,639            | 2.3              | 247,226           | 2.4              |   |
| Educational services                                                  | 221,075            | 2.1              | 227,272           | 2.2              |   |
| Other services                                                        | 864,367            | 8.2              | 860,105           | 8.4              |   |
| Other industries                                                      | 417,438            | 4.0              | 525,342           | 5.1              |   |
| Total commercial and industrial loans                                 | \$10,543,176       | 100.0            | % \$10,267,719    | 100.0            | % |

(1) Loan balance in each category expressed as a percentage of total commercial and industrial loans.

Synovus has actively invested in additional expertise to better serve C&I clients through increased and enhanced product offerings and customer service. Complementing this investment in C&I, management continues to focus on streamlining and enhancing Synovus' existing product lines, especially for traditional retail, small business, and professional services customers.

The Corporate Banking Group provides lending solutions to larger corporate clients and includes specialty units such as syndications, senior housing, and equipment finance. These units partner with Synovus' local bankers to build relationships across the five-state footprint, as well as the southeastern and southwestern United States. To date, loan syndications consist primarily of loans where Synovus is participating in the credit facility (versus being the lead bank). Senior housing loans are typically extended to borrowers in the assisted living, independent living, or memory care facilities sectors. The equipment finance group originates loans to small, middle, and large commercial banking customers, and the formation of this group has further strengthened the equipment financing line of business and signals Synovus' continued commitment to offer a broad range of expertise, products, and services to commercial customers. The Corporate Banking Group also originates direct loans to well-capitalized public companies and larger

private companies that operate in the five-state footprint as well as other states in the Southeast.

At September 30, 2015, \$6.28 billion of C&I loans, or 28.7% of the total loan portfolio, represented loans originated for the purpose of financing commercial, financial, and agricultural business activities. The primary source of repayment on these loans is revenue generated from products or services offered by the business or organization. The secondary source of repayment is the collateral, which consists primarily of equipment, inventory, accounts receivable, time deposits, and other business assets.

At September 30, 2015, \$4.27 billion of C&I loans, or 19.5% of the total loan portfolio, represented loans originated for the purpose of financing owner-occupied properties. The primary source of repayment on these loans is revenue generated from products or services offered by the business or organization. The secondary source of repayment on these loans is the real estate.

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These loans are predominately secured by owner-occupied properties and other real estate, and to a lesser extent, other types of collateral.

### Commercial Real Estate Loans

CRE loans consist of investment properties loans, 1-4 family properties loans, and land acquisition loans. CRE loans are primarily originated through Synovus' local market banking divisions. These loans are subject to the same uniform lending policies referenced above. Total CRE loans, which represent 32.9% of the total loan portfolio at September 30, 2015, were \$7.19 billion compared to \$6.93 billion, or 32.8% of the total loan portfolio, at December 31, 2014 and \$6.77 billion, or 32.9% of the total loan portfolio, at September 30, 2014. CRE loans increased \$263.7 million, or 5.1% annualized, from December 31, 2014 and \$415.5 million, or 6.1%, from September 30, 2014, driven by growth in investment properties loans partially offset by planned reductions in land acquisition and 1-4 family properties loans.

### Investment Properties Loans

Total investment properties loans as of September 30, 2015 were \$5.56 billion, or 77.3% of the total CRE portfolio and 25.4% of the total loan portfolio, compared to \$5.21 billion, or 75.2% of the total CRE portfolio, and 24.7% of the total loan portfolio at December 31, 2014, an increase of \$350.9 million, or 9.0% annualized, with draws on existing construction commitments being a significant contributor. Investment properties loans consist of construction and mortgage loans for income producing properties and are primarily made to finance multi-family properties, hotels, office buildings, shopping centers, warehouses, and other commercial development properties. Synovus' investment properties portfolio is well diversified with no concentration by property type, geography (other than the fact that most of these loans are in Synovus' primary market areas of Georgia, Alabama, Tennessee, South Carolina, and Florida), or tenants. The investment properties loans are primarily secured by the property being financed by the loans; however, these loans may also be secured by real estate or other assets beyond the property being financed.

### 1-4 Family Properties Loans

At September 30, 2015, 1-4 family properties loans totaled \$1.09 billion, or 15.2% of the total CRE portfolio and 5.0% of the total loan portfolio, compared to \$1.13 billion, or 16.4% of the total CRE portfolio and 5.4% of the total loan portfolio at December 31, 2014. 1-4 family properties loans include construction loans to homebuilders, commercial mortgage loans to real estate investors, and residential development loans to developers and are almost always secured by the underlying property being financed by such loans. These properties are primarily located in the markets served by Synovus. Underwriting standards for these types of loans include stricter approval requirements as well as more stringent underwriting standards than current regulatory guidelines. Construction and residential development loans are generally interest-only loans and typically have maturities of three years or less, and 1-4 family rental properties generally have maturities of three to five years, with amortization periods of up to fifteen to twenty years.

### Land Acquisition Loans

Total land acquisition loans were \$538.1 million at September 30, 2015, or 2.5% of the total loan portfolio, a decline of \$47.9 million, or 10.9% annualized, from December 31, 2014. Land acquisition loans are secured by land held for future development, typically in excess of one year. These loans have short-term maturities and are typically unamortized. Land securing these loans is substantially within the Synovus footprint, and loan terms generally include personal guarantees from the principals. Loans in this portfolio are underwritten based on the loan to value of the collateral and the capacity of the guarantor(s). Generally, the maximum loan-to-value at the time of origination or refinancing is aligned with regulatory requirements. Synovus has continued to reduce its exposure to these types of loans.

### Retail Loans

Retail loans at September 30, 2015 totaled \$4.16 billion, representing 19.0% of the total loan portfolio compared to \$3.93 billion, or 18.6% of the total loan portfolio at December 31, 2014, and \$3.85 billion, or 18.7% of the total loan portfolio at September 30, 2014. Retail loans increased \$225.1 million, or 7.6% annualized, from December 31, 2014 and \$304.3 million, or 7.9%, from September 30, 2014, primarily as a result of significant growth in consumer mortgage loans of \$194.4 million, or 15.3% annualized, from December 31, 2014 and \$266.6 million, or 16.4%, from September 30, 2014.

The retail loan portfolio consists of a wide variety of loan products offered through Synovus' banking network, including first and second residential mortgages, home equity lines, credit card loans, automobile loans, and other retail loans. The majority of Synovus' retail loans are consumer mortgages and home equity lines secured by first and second liens on residential real estate primarily located in the markets served by Synovus in Georgia, Florida, South Carolina, Alabama, and Tennessee. Substantially all retail loans are to in-market borrowers with no indirect lending products, which increases opportunities for cross-selling. Credit card loans totaled \$241.3 million at September 30, 2015, including \$57.2 million of commercial credit card loans. The commercial credit card loans relate to Synovus' commercial customers who utilize corporate credit cards for various business activities.

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Retail loans are subject to uniform lending policies and consist primarily of loans with strong borrower credit scores (most recently measured as of June 30, 2015). At June 30, 2015 and December 31, 2014, weighted-average FICO scores within the residential real estate portfolio were 775 and 772, respectively, for HELOCs and 736 and 735, respectively, for consumer mortgages. Conservative debt-to-income ratios (average HELOC debt to income ratio of loans originated) were maintained in the third quarter of 2015 at 30.3% compared to 31.6% in the second quarter of 2015. HELOC utilization rates (total amount outstanding as a percentage of total available lines) of 60.3% and 61.3% at September 30, 2015 and December 31, 2014, respectively, and loan-to-value ratios based upon prudent guidelines were maintained to ensure consistency with Synovus' overall risk philosophy. At September 30, 2015, 34% of home equity line balances were secured by a first lien, and 66% were secured by a second lien. Apart from credit card loans and unsecured loans, Synovus does not originate loans with LTV ratios greater than 100% at origination except for infrequent situations provided that certain underwriting requirements are met. Additionally, at origination, loan maturities are determined based on the borrower's ability to repay (cash flow or earning power of the borrower that represents the primary source of repayment) and the collateralization of the loan, including the economic life of the asset being pledged. Collateral securing these loans provides a secondary source of repayment in that the collateral may be liquidated. Synovus determines the need for collateral on a case-by-case basis. Factors considered include the purpose of the loan, current and prospective credit-worthiness of the customer, terms of the loan, and economic conditions.

Risk levels 1-6 (descending) are assigned to retail loans based upon a risk score matrix. At least annually, the retail loan portfolio data is sent to a consumer credit reporting agency for a refresh of customers' credit scores. The most recent credit score refresh was completed as of June 30, 2015. Management reviews the refreshed scores to monitor the credit risk migration of the retail loan portfolio, which impacts the allowance for loan losses. Management also considers the results from the refreshed scores for possible changes in underwriting policies. Revolving lines of credit are regularly reviewed for any material change in financial circumstances, and when appropriate, the line of credit may be suspended.

Higher-risk consumer loans as defined by the FDIC are consumer loans (excluding consumer loans defined as nontraditional mortgage loans) where, as of the origination date or, if the loan has been refinanced, as of the refinance date, the probability of default within two years is greater than 20%, as determined using a defined historical stress period. These loans are not a part of Synovus' retail lending strategy, and Synovus does not currently develop or offer specific higher-risk consumer loans, alt-A, no documentation or stated income retail residential real estate loan products. Synovus estimates that, as of September 30, 2015, it had \$119.8 million of higher-risk consumer loans (2.9% of the retail portfolio and 0.6% of the total loan portfolio). Included in this amount is approximately \$14 million of accruing TDRs. Synovus makes retail lending decisions based upon a number of key credit risk determinants including FICO scores as well as bankruptcy predictor scores, loan-to-value, and debt-to-income ratios.

#### Other Real Estate

The carrying value of ORE was \$64.3 million, \$85.5 million, and \$81.6 million at September 30, 2015, December 31, 2014, and September 30, 2014, respectively. As of September 30, 2015, the ORE carrying value reflects cumulative write-downs totaling approximately \$75 million, or 54% of the related loans' unpaid principal balance. During the nine months ended September 30, 2015 and 2014, \$23.9 million and \$35.5 million, respectively, of loans and other loans held for sale were foreclosed and transferred to other real estate at fair value less costs to sell. During the nine months ended September 30, 2015 and 2014, Synovus recognized foreclosed real estate expense, net, of \$18.4 million and \$18.8 million, respectively. These expenses included write-downs for declines in fair value of ORE subsequent to the date of foreclosure and net realized losses resulting from sales transactions totaling \$14.9 million and \$16.7 million for the nine months ended September 30, 2015 and 2014, respectively.

Synovus' objective is to dispose of ORE properties in a timely manner and to maximize net sale proceeds. Synovus has a centralized managed assets division with the specialized skill set to facilitate this objective. While there is not a defined timeline for their sale, ORE properties are actively marketed through unaffiliated third parties, including real estate brokers and real estate auctioneers. Sales are made on an opportunistic basis, as acceptable buyers and terms are identified. In addition, Synovus may also decide to sell ORE properties in bulk asset sales to unaffiliated third parties, in which case the typical period of marketing the property will likely not occur. In some cases, Synovus is approached

by potential buyers of ORE properties or Synovus may contact independent third parties who we believe might have an interest in an ORE property.

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## Deposits

Deposits provide the most significant funding source for interest earning assets. The following table shows the relative composition of average deposits for the time periods indicated.

## Composition of Average Deposits

| (dollars in thousands)                                              | September 30, 2015 |                  | Three Months Ended June 30, 2015 |                  | March 31, 2015 |                  | December 31, 2014 |                  | September 30, 2014 |                  |
|---------------------------------------------------------------------|--------------------|------------------|----------------------------------|------------------|----------------|------------------|-------------------|------------------|--------------------|------------------|
|                                                                     |                    | % <sup>(1)</sup> |                                  | % <sup>(1)</sup> |                | % <sup>(1)</sup> |                   | % <sup>(1)</sup> |                    | % <sup>(1)</sup> |
| Non-interest bearing demand deposits                                | \$6,541,832        | 28.6 %           | \$6,436,167                      | 28.7 %           | \$6,108,558    | 28.3 %           | \$6,110,047       | 28.6 %           | \$5,824,592        | 27.8 %           |
| Interest bearing demand deposits                                    | 3,955,803          | 17.3             | 3,919,401                        | 17.4             | 3,800,476      | 17.6             | 3,781,389         | 17.7             | 3,722,599          | 17.8             |
| Money market accounts, excluding brokered deposits                  | 6,893,563          | 30.2             | 6,466,610                        | 28.8             | 6,210,704      | 28.7             | 6,009,897         | 28.2             | 6,044,138          | 28.9             |
| Savings deposits                                                    | 685,813            | 3.0              | 675,260                          | 3.0              | 649,597        | 3.0              | 638,813           | 3.0              | 645,654            | 3.1              |
| Time deposits, excluding brokered deposits                          | 3,425,845          | 15.0             | 3,412,733                        | 15.2             | 3,250,892      | 15.0             | 3,193,507         | 15.0             | 3,206,984          | 15.3             |
| Brokered deposits                                                   | 1,357,163          | 5.9              | 1,555,931                        | 6.9              | 1,594,822      | 7.4              | 1,602,354         | 7.5              | 1,494,620          | 7.1              |
| Total average deposits                                              | \$22,860,019       | 100.0            | \$22,466,102                     | 100.0            | \$21,615,049   | 100.0            | \$21,336,007      | 100.0            | \$20,938,587       | 100.0            |
| Average core deposits <sup>(2)</sup>                                | \$21,502,856       | 94.1             | \$20,910,171                     | 93.1             | 20,020,227     | 92.6             | \$19,733,653      | 92.5             | \$19,443,967       | 92.9             |
| Average core deposits excluding average SCM deposits <sup>(2)</sup> | \$19,378,044       | 84.8 %           | \$18,632,388                     | 82.9 %           | 17,796,034     | 82.3 %           | \$17,548,896      | 82.3 %           | \$17,398,150       | 83.1 %           |

<sup>(1)</sup> Deposits balance in each category expressed as percentage of total deposits.

<sup>(2)</sup> See reconciliation of "Non-GAAP Financial Measures" in this Report.

During the third quarter of 2015, total average deposits increased \$393.9 million, or 7.0% annualized, compared to the second quarter of 2015, and increased \$1.92 billion, or 9.2%, compared to the third quarter of 2014. Average core deposits were up \$592.7 million, or 11.2% annualized, compared to the previous quarter, and up \$2.06 billion, or 10.6%, compared to the third quarter a year ago. Average core deposits excluding average state, county, and municipal (SCM) deposits grew \$745.7 million, or 15.9% annualized, over the prior quarter and \$1.98 billion, or 11.4%, over the third quarter of 2014. The increase in deposits was largely due to growth in money market and non-interest bearing demand products. Average non-interest bearing demand deposits as a percentage of total average deposits were 28.6%

for the three months ended September 30, 2015, compared to 28.7% for the three months ended June 30, 2015, and 27.8% for the three months ended September 30, 2014. See reconciliation of "Non-GAAP Financial Measures" in this Report.

Average time deposits of \$100,000 and greater for the three months ended September 30, 2015, June 30, 2015, and September 30, 2014 were \$3.22 billion, \$3.43 billion, and \$3.19 billion respectively, and included average brokered time deposits of \$1.14 billion, \$1.37 billion, and \$1.32 billion, respectively. These larger deposits represented 14.1%, 15.3%, and 15.2% of total average deposits for the three months ended September 30, 2015, June 30, 2015, and September 30, 2014, respectively, and included brokered time deposits which represented 5.0%, 6.1%, and 6.3% of total average deposits for the three months ended September 30, 2015, June 30, 2015, and September 30, 2014, respectively.

During the third quarter of 2015, total average brokered deposits represented 5.9% of Synovus' total average deposits compared to 6.9% and 7.1% of total average deposits the previous quarter and the third quarter a year ago, respectively.

#### Non-interest Income

Non-interest income for the nine and three months ended September 30, 2015 was \$201.7 million and \$67.1 million, respectively, up \$4.2 million, or 2.1%, and up \$3.1 million, or 4.8%, compared to the nine and three months ended September 30, 2014, respectively. Adjusted non-interest income, which excludes net investment securities gains and the prior year net gain of \$5.8 million from the Memphis transaction, increased \$8.6 million, or 4.5%, for the nine months ended September 30, 2015, compared to the same period a year ago and increased \$3.1 million, or 4.8%, for the three months ended September 30, 2015, compared to the same period a year ago. The increase over the prior year was driven primarily by an increase in mortgage banking income. Additionally, most all non-interest income categories reflect growth over the same periods in the prior year, including: service charges on deposit accounts, fiduciary and asset management fees, bankcard fees, and customer swap dealer fees. See reconciliation of "Non-GAAP Financial Measures" in this Report.

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The following table shows the principal components of non-interest income.

| Non-interest Income<br>(in thousands) | Nine Months Ended<br>September 30, |         | Three Months Ended<br>September 30, |        |
|---------------------------------------|------------------------------------|---------|-------------------------------------|--------|
|                                       | 2015                               | 2014    | 2015                                | 2014   |
| Service charges on deposit accounts   | \$59,621                           | 58,610  | \$20,692                            | 20,159 |
| Fiduciary and asset management fees   | 34,722                             | 33,536  | 11,308                              | 11,207 |
| Brokerage revenue                     | 20,978                             | 20,201  | 6,946                               | 7,281  |
| Mortgage banking income               | 19,960                             | 13,459  | 5,965                               | 4,665  |
| Bankcard fees                         | 24,910                             | 24,394  | 8,334                               | 8,182  |
| Investment securities gains, net      | 2,710                              | 1,331   | —                                   | —      |
| Other fee income                      | 15,371                             | 14,495  | 5,521                               | 4,704  |
| Gain on sale of Memphis branches, net | —                                  | 5,789   | —                                   | —      |
| Other non-interest income             | 23,474                             | 25,740  | 8,293                               | 7,787  |
| Total non-interest income             | \$201,746                          | 197,555 | \$67,059                            | 63,985 |

## Principal Components of Non-interest Income

Service charges on deposit accounts for the nine and three months ended September 30, 2015 were up \$1.0 million, or 1.7%, and up \$533 thousand, or 2.6%, respectively, compared to the same time periods in 2014. Service charges on deposit accounts consist of NSF fees, account analysis fees, and all other service charges. NSF fees were \$27.5 million and \$9.6 million for the nine and three months ended September 30, 2015, respectively, an increase of \$1.3 million, or 5.0%, and \$85 thousand, or 0.9%, compared to the nine and three months ended September 30, 2014, respectively, due primarily to an increase in overdraft service utilization rates and higher Regulation E opt-in rates (Regulation E limits the ability of a financial institution to assess an overdraft fee for paying automated teller machine and debit card transactions that overdraw a customer's account unless the customer affirmatively consents, or opts-in, to the institution's payment of overdrafts for these transactions). Account analysis fees were \$17.4 million and \$6.0 million for the nine and three months ended September 30, 2015, respectively, down \$109 thousand, or 0.6%, and up \$484 thousand, or 8.7%, compared to the nine and three months ended September 30, 2014, respectively. The increase in account analysis fees for the three months ended September 30, 2015 compared to the three months ended September 30, 2014 was largely due to fee increases to align more closely with market rates. All other service charges on deposit accounts, which consist primarily of monthly fees on retail demand deposit and saving accounts, for the nine and three months ended September 30, 2015 were \$14.7 million and \$5.0 million, respectively, down \$184 thousand, or 1.2%, and \$35 thousand, or 0.7%, compared to the same periods in 2014, respectively, with more retail customers meeting requirements to qualify for fee waivers on checking products.

Fiduciary and asset management fees are derived from providing estate administration, employee benefit plan administration, personal trust, corporate trust, corporate bond, investment management, and financial planning services. Fiduciary and asset management fees were \$34.7 million and \$11.3 million for the nine and three months ended September 30, 2015, respectively, an increase of \$1.2 million, or 3.5%, and \$101 thousand, or 0.9%, respectively, compared to the same periods in 2014, due to new talent acquisition in strategic markets and an increase in assets-under-management of 3.0% from a year ago.

Brokerage revenue, which consists primarily of brokerage commissions, was \$21.0 million and \$6.9 million for the nine and three months ended September 30, 2015, respectively. Compared to the nine and three months ended September 30, 2014, brokerage revenue was up \$777 thousand, or 3.8%, and down \$335 thousand, or 4.6%, respectively. The year-over-year increase was largely due to the unfavorable impact of severe winter weather on transactions during the first quarter of 2014. Additionally, the increase was driven by talent acquisition of commission-based financial consultants and brokers and a favorable increase in customer fee-based assets-under-management.

Mortgage banking income increased \$6.5 million, or 48.3%, and increased \$1.3 million, or 27.9%, for the nine and three months ended September 30, 2015, respectively, when compared to the same periods in 2014, due primarily to an increase in mortgage production which was driven by the rate environment, talent acquisitions, investments in key

markets, and enhanced product offerings. For the fourth quarter of 2015, Synovus currently expects a decline in mortgage banking income from third quarter 2015 levels of approximately 20% reflecting seasonally lower volumes as well as a greater portion being allocated to portfolio mortgages.

Bankcard fees increased \$516 thousand, or 2.1%, for the nine months ended September 30, 2015, compared to the same period in 2014, and for the three months ended September 30, 2015, bankcard fees increased by \$152 thousand, or 1.9%, compared to

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the three months ended September 30, 2014. Bankcard fees consist primarily of credit card interchange fees and debit card interchange fees. Debit card interchange fees were \$12.4 million, up \$116 thousand, or 0.9%, and \$4.2 million, up \$43 thousand, or 1.1%, for the nine and three months ended September 30, 2015, respectively, compared to the same periods in 2014. Credit card interchange fees were \$17.3 million, up \$512 thousand, or 3.0%, and \$5.8 million, down \$22 thousand, or 0.4%, for the nine and three months ended September 30, 2015, respectively, compared to the same periods in 2014.

Other fee income includes fees for letters of credit and unused lines of credit, safe deposit box fees, access fees for automated teller machine use, customer swap dealer fees, and other service charges. Other fee income increased \$876 thousand, or 6.0%, for the nine months ended September 30, 2015, compared to the same period in 2014 and increased \$817 thousand, or 17.4%, for the three months ended September 30, 2015, compared to the three months ended September 30, 2014 due primarily to an increase in customer swap dealer fees and fees on unused lines of credit.

The 2014 gain on sale of Memphis branches consists of a gain, net of associated costs, from the sale of certain loans, premises, deposits, and other assets and liabilities of the Memphis, Tennessee operations of Trust One Bank, a division of Synovus Bank on January 17, 2014. Please see "Note 3 - Sale of Branches" of this Report for further explanation of this transaction.

The main components of other non-interest income are income from company-owned life insurance policies, gains from sales of SBA loans, insurance commissions, card sponsorship fees, and other miscellaneous items. Gains from sales of SBA loans totaled \$4.0 million during the nine months ended September 30, 2015, up \$922 thousand compared to the same period in 2014.

Non-interest Expense

Non-interest expense for the nine and three months ended September 30, 2015 declined \$25.5 million, or 4.6%, and \$15.8 million, or 8.2%, respectively, compared to the same periods in 2014. Adjusted non-interest expense for the nine and three months ended September 30, 2015, which excludes litigation contingency/settlement expense, restructuring charges, credit costs, and Visa indemnification charges, increased \$1.1 million, or 0.2%, and \$3.4 million, or 2.0%, respectively, compared to the same periods in 2014. Professional fees for the three months ended September 30, 2014 were impacted by a \$3.6 million net insurance recovery for incurred legal fees related to litigation. See "Non-GAAP Financial Measures" in this Report for applicable reconciliation.

The following table summarizes the components of non-interest expense for the nine and three months ended September 30, 2015 and 2014.

Non-interest Expense

|                                          | Nine Months Ended<br>September 30, |          | Three Months Ended<br>September 30, |         |
|------------------------------------------|------------------------------------|----------|-------------------------------------|---------|
| (in thousands)                           | 2015                               | 2014     | 2015                                | 2014    |
| Salaries and other personnel expense     | \$285,394                          | 279,855  | \$94,341                            | 93,870  |
| Net occupancy and equipment expense      | 79,650                             | 79,436   | 26,937                              | 26,956  |
| Third-party processing expense           | 31,858                             | 29,604   | 10,844                              | 10,044  |
| FDIC insurance and other regulatory fees | 20,315                             | 25,369   | 6,591                               | 7,839   |
| Professional fees                        | 18,382                             | 18,427   | 6,371                               | 2,526   |
| Advertising expense                      | 11,797                             | 15,935   | 5,488                               | 7,177   |
| Foreclosed real estate expense, net      | 18,350                             | 18,818   | 4,503                               | 9,074   |
| Visa indemnification charges             | 1,092                              | 2,731    | 363                                 | 1,979   |
| Restructuring charges, net               | (33)                               | ) 17,101 | 69                                  | 809     |
| Other operating expenses                 | 67,816                             | 72,839   | 22,400                              | 33,475  |
| Total non-interest expense               | \$534,621                          | 560,115  | \$177,907                           | 193,749 |

Salaries and other personnel expenses increased \$5.5 million, or 2.0%, and \$471 thousand, or 0.5%, for the nine and three months ended September 30, 2015, respectively, compared to the same periods in 2014 primarily due to

additional variable compensation from higher mortgage and brokerage revenue, annual merit increases, and higher incentive compensation. These increases were somewhat offset by the decrease in salaries and other personnel expense resulting from the decline of 139, or 3.0%, in total headcount at September 30, 2015 vs. September 30, 2014. The decline in headcount was driven primarily by the elimination of positions during 2014 in connection with branch closings, further refinement of our branch staffing model, and other efficiency initiatives.

Net occupancy and equipment expense was up slightly by \$214 thousand and down slightly by \$19 thousand for the nine and three months ended September 30, 2015, respectively, compared to the same periods in 2014. Synovus continues to invest in

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technology and rationalize its branch network which has declined to 258 branches at September 30, 2015 from 271 branches at September 30, 2014. During the third quarter of 2015, 13.4% of all retail deposits were performed through a non-branch channel (ATM or mobile capture). This transaction migration has contributed to an overall 9% decrease in teller staffing compared to a year ago and also supported the reduction of 13 branches in the fourth quarter of last year. During the second quarter of this year, Synovus relocated a branch and opened its first new branch prototype in Nashville with a second opening in Sarasota in October and a third opening in Jacksonville during early 2016. These branches are smaller in size, reduce barriers between Synovus' customers and bankers, and come equipped with more self-serve and convenient banker-assisted technology.

Third-party processing expense includes all third-party core operating system and processing charges. Third-party processing expense increased \$2.3 million, or 7.6%, and \$800 thousand, or 8.0%, for the nine and three months ended September 30, 2015, respectively, compared to the same periods in 2014 driven by investments in technology.

FDIC insurance costs and other regulatory fees declined \$5.1 million, or 19.9%, and \$1.2 million, or 15.9%, for the nine and three months ended September 30, 2015, respectively, compared to the same periods in 2014, primarily due to significant improvement in credit metrics included in the FDIC assessment scorecard with declines of 31.6% and 41.2% in NPAs and accruing TDRs, respectively, at September 30, 2015 compared to September 30, 2014.

Professional fees for the nine months ended September 30, 2015 are flat to the same period in 2014. For the three months ended September 30, 2015, professional fees are up \$3.8 million compared to the same period in 2014 due primarily to a \$3.6 million net insurance recovery for incurred legal fees related to litigation included in the three months ended September 30, 2014.

Advertising expense was \$11.8 million and \$5.5 million for the nine and three months ended September 30, 2015, respectively, compared to \$15.9 million and \$7.2 million for the nine and three months ended September 30, 2014, respectively. Advertising expense during 2015 has primarily related to Synovus' retail deposit account acquisition campaign and brand capability advertising. Advertising expense during 2014 related primarily to an advertising campaign that included brand and capability awareness in key markets throughout the Synovus footprint.

Foreclosed real estate costs were down \$468 thousand, or 2.5%, and \$4.6 million, or 50.4%, for the nine and three months ended September 30, 2015, respectively, compared to the same periods in 2014 with a decline of \$17.3 million in other real estate at September 30, 2015 from September 30, 2014. For further discussion of foreclosed real estate, see the section captioned "Other Real Estate" of this Report.

Other operating expenses include litigation contingency/settlement expenses of \$4.4 million for the nine months ended September 30, 2015 and \$12.3 million for the nine and three months ended September 30, 2014.

Management currently expects that adjusted non-interest expense for the year ending December 31, 2015 will be approximately the same as in 2014 (\$675 million). See "Non-GAAP Financial Measures" in Synovus' 2014 Form 10-K for applicable reconciliation.

#### Income Tax Expense

Income tax expense was \$100.1 million and \$36.1 million for the nine and three months ended September 30, 2015, respectively, compared to \$81.6 million and \$25.9 million for the nine and three months ended September 30, 2014, respectively. The effective tax rate was 37.4% and 36.5% for the nine months ended September 30, 2015 and September 30, 2014, respectively. For the three months ended September 30, 2015 and 2014, the effective tax rate was 38.4% and 36.6%, respectively. The increase in the effective tax rate for the three months ended September 30, 2015 as compared to prior periods was primarily due to an increase in the valuation allowance for state tax credits expected to expire before they can be utilized. Synovus calculated the provision for income taxes for the nine and three months ended September 30, 2015 and September 30, 2014 by applying the estimated annual effective tax rate to year-to-date pre-tax income and adjusting for discrete items that occurred during the period. The actual effective income tax rate in future periods could be affected by items that are infrequent in nature, such as new legislation and changes in the deferred tax asset valuation allowance. Synovus currently expects an annual effective tax rate of approximately 36%-37% for the full year 2015.

At September 30, 2015, the net deferred tax asset was \$526.5 million, compared to \$622.5 million at December 31, 2014. The decrease in the net deferred tax asset is primarily driven by the continued generation of taxable income.



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## CREDIT QUALITY, CAPITAL RESOURCES AND LIQUIDITY

## Credit Quality

Synovus continuously monitors the credit quality of its loan portfolio and maintains an allowance for loan losses that management believes is sufficient to absorb probable losses inherent in its loan portfolio. Credit quality continued to improve during the third quarter of 2015 with non-performing assets declining by 7.5% sequentially to an ending non-performing assets ratio of 1.01%. Also past dues remained at low levels. Net charge-off ratio was 0.12%, compared to 0.10% in the second quarter of 2015. The non-performing loans ratio continued to decline, ending the quarter at 0.72%.

The table below includes selected credit quality metrics.

| Credit Quality Metrics<br>(dollars in thousands)                                | As of and for the Three Months Ended, |                  |                   |                      |                       |
|---------------------------------------------------------------------------------|---------------------------------------|------------------|-------------------|----------------------|-----------------------|
|                                                                                 | September 30,<br>2015                 | June 30,<br>2015 | March 31,<br>2015 | December 31,<br>2014 | September 30,<br>2014 |
| Provision for loan losses                                                       | \$2,956                               | \$6,636          | \$4,397           | 8,193                | 3,843                 |
| Other credit costs                                                              | 7,344                                 | 6,175            | 11,273            | 8,213                | 11,858                |
| Total credit costs                                                              | \$10,300                              | \$12,811         | \$15,670          | 16,406               | 15,701                |
| Non-performing loans                                                            | 157,640                               | 173,638          | 194,232           | 197,757              | 242,382               |
| Impaired loans held for sale <sup>(1)</sup>                                     | —                                     | —                | 1,082             | 3,606                | 338                   |
| Other real estate                                                               | 64,346                                | 66,449           | 74,791            | 85,472               | 81,636                |
| Non-performing assets                                                           | \$221,986                             | \$240,087        | \$270,105         | 286,835              | 324,356               |
| Non-performing loans as a % of total loans                                      | 0.72                                  | % 0.81           | 0.92              | 0.94                 | 1.18                  |
| Non-performing assets as a % of total loans, other loans held for sale, and ORE | 1.01                                  | % 1.11           | 1.28              | 1.35                 | 1.57                  |
| NPL inflows                                                                     | \$25,572                              | 21,397           | 26,059            | 32,630               | 32,988                |
| Loans 90 days past due and still accruing                                       | 2,998                                 | 4,832            | 5,025             | 4,637                | 4,067                 |
| As a % of total loans                                                           | 0.01                                  | % 0.02           | 0.02              | 0.02                 | 0.02                  |
| Total past due loans and still accruing                                         | \$39,350                              | 50,860           | 57,443            | 51,251               | 72,712                |
| As a % of total loans                                                           | 0.18                                  | % 0.24           | 0.27              | 0.24                 | 0.35                  |
| Net charge-offs                                                                 | \$6,758                               | 5,306            | 12,343            | 16,252               | 12,250                |
| Net charge-offs/average loans                                                   | 0.12                                  | % 0.10           | 0.23              | 0.31                 | 0.24                  |
| Allowance for loan losses                                                       | \$250,900                             | 254,702          | 253,371           | 261,317              | 269,376               |
| Allowance for loan losses as a % of total loans                                 | 1.15                                  | % 1.18           | 1.20              | 1.24                 | 1.31                  |

<sup>(1)</sup> Represent only impaired loans that have been specifically identified to be sold. Impaired loans held for sale are carried at the lower of cost or fair value, less costs to sell, based primarily on estimated sales proceeds net of selling costs.

## Total credit costs

Total credit costs (provision for loan losses plus other credit costs which consist primarily of foreclosed real estate expense, net) for the quarters ended September 30, 2015 and September 30, 2014 were \$10.3 million and \$15.7 million, respectively, including provision for loan losses of \$3.0 million and \$3.8 million, respectively, and expenses related to foreclosed real estate of \$4.5 million and \$9.1 million, respectively. Total credit costs improved 19.6% on a sequential quarter basis and improved 34.4% from the third quarter of 2014.



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## Non-performing Assets

Total NPAs were \$222.0 million at September 30, 2015, a \$64.9 million, or 22.6%, decrease from December 31, 2014 and a \$102.4 million, or 31.6%, decrease from \$324.4 million at September 30, 2014. The year-over-year decline in non-performing assets was primarily driven by significant balance reductions in legacy non-performing assets, a continued decline in NPL inflows, as well as asset dispositions. Total non-performing assets as a percentage of total loans, other loans held for sale, and other real estate were 1.01% at September 30, 2015 compared to 1.35% at December 31, 2014, and 1.57% at September 30, 2014. Synovus currently expects that NPAs will continue to decline at a modest pace for the remainder of 2015.

## NPL Inflows by Loan Type

| (in thousands)                         | Nine Months Ended<br>September 30, |         | Three Months Ended<br>September 30, |        |
|----------------------------------------|------------------------------------|---------|-------------------------------------|--------|
|                                        | 2015                               | 2014    | 2015                                | 2014   |
| Investment properties                  | \$3,922                            | 7,601   | \$242                               | 2,475  |
| 1-4 family properties                  | 3,999                              | 15,311  | 1,025                               | 10,085 |
| Land acquisition                       | 3,722                              | 6,891   | 3,352                               | 350    |
| Total commercial real estate           | 11,643                             | 29,803  | 4,619                               | 12,910 |
| Commercial, financial and agricultural | 29,855                             | 26,714  | 12,823                              | 7,038  |
| Owner-occupied                         | 13,552                             | 16,674  | 2,687                               | 4,486  |
| Total commercial and industrial        | 43,407                             | 43,388  | 15,510                              | 11,524 |
| Home equity lines                      | 6,834                              | 8,490   | 1,365                               | 3,700  |
| Consumer mortgages                     | 10,269                             | 18,631  | 3,796                               | 3,842  |
| Credit cards                           | —                                  | —       | —                                   | —      |
| Other retail loans                     | 875                                | 2,457   | 282                                 | 1,012  |
| Total retail                           | 17,978                             | 29,578  | 5,443                               | 8,554  |
| Total NPL inflows                      | \$73,028                           | 102,769 | \$25,572                            | 32,988 |

## Past Due Loans

As a percentage of total loans outstanding, loans 90 days past due and still accruing interest continue to be at very low levels and were 0.01% at September 30, 2015 and 0.02% at December 31, 2014, and September 30, 2014. These loans are in the process of collection, and management believes that sufficient collateral value securing these loans exists to cover contractual interest and principal payments.

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## Troubled Debt Restructurings

Accruing TDRs were \$240.4 million at September 30, 2015, compared to \$348.4 million at December 31, 2014 and \$408.7 million at September 30, 2014. Accruing TDRs declined \$108.1 million, or 31.01%, from December 31, 2014 and \$168.4 million, or 41.2%, from a year ago primarily due to lower TDR inflows as well as fewer TDRs having to retain the TDR designation upon subsequent renewal, refinance, or modification. At September 30, 2015, the allowance for loan losses allocated to these accruing TDRs was \$16.2 million compared to \$21.0 million at December 31, 2014 and \$22.7 million at September 30, 2014. Accruing TDRs are considered performing because they are performing in accordance with the restructured terms. At both September 30, 2015 and December 31, 2014, approximately 99% of accruing TDRs were current. In addition, subsequent defaults on accruing TDRs (defined as the earlier of the TDR being placed on non-accrual status or reaching 90 days past due with respect to principal and/or interest payments within twelve months of the TDR designation) have declined significantly to four defaults with a recorded investment of \$593 thousand for the nine months ended September 30, 2015 compared to twelve defaults with a recorded investment of \$3.4 million for the nine months ended September 30, 2014.

At September 30, 2015, 43.3%, or \$104.2 million, of accruing TDRs were graded as Pass (33.9%) or Special Mention (9.5%) loans. At September 30, 2015, troubled debt restructurings (accruing and non-accruing) were \$279.1 million, a decrease of \$144 million, or 34.0%, compared to December 31, 2014.

| Accruing TDRs by Risk Grade<br>(dollars in thousands) | September 30, 2015 |       | December 31, 2014 |       |   |
|-------------------------------------------------------|--------------------|-------|-------------------|-------|---|
|                                                       | Amount             | %     | Amount            | %     |   |
| Pass                                                  | \$81,447           | 33.9  | % \$86,354        | 24.8  | % |
| Special Mention                                       | 22,719             | 9.5   | 65,446            | 18.8  |   |
| Substandard accruing                                  | 136,204            | 56.7  | 196,627           | 56.4  |   |
| Total accruing TDRs                                   | \$240,370          | 100.0 | % \$348,427       | 100.0 | % |

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## Accruing TDRs Aging and Allowance for Loan Losses by Portfolio Class

September 30, 2015

| (in thousands)                         | Current   | 30-89 Days<br>Past Due | 90+ Days<br>Past Due | Total   | Allowance<br>for Loan<br>Losses |
|----------------------------------------|-----------|------------------------|----------------------|---------|---------------------------------|
| Investment properties                  | \$80,457  | —                      | —                    | 80,457  | 9,811                           |
| 1-4 family properties                  | 25,076    | —                      | —                    | 25,076  | 2,258                           |
| Land acquisition                       | 22,156    | —                      | —                    | 22,156  | 773                             |
| Total commercial real estate           | 127,689   | —                      | —                    | 127,689 | 12,842                          |
| Commercial, financial and agricultural | 27,053    | 519                    | —                    | 27,572  | 815                             |
| Owner-occupied                         | 48,058    | —                      | —                    | 48,058  | 1,893                           |
| Total commercial and industrial        | 75,111    | 519                    | —                    | 75,630  | 2,708                           |
| Home equity lines                      | 9,600     | 209                    | —                    | 9,809   | 155                             |
| Consumer mortgages                     | 21,166    | 1,163                  | —                    | 22,329  | 468                             |
| Credit cards                           | —         | —                      | —                    | —       | —                               |
| Other retail loans                     | 4,633     | 263                    | 16                   | 4,912   | 72                              |
| Total retail                           | 35,399    | 1,635                  | 16                   | 37,050  | 695                             |
| Total accruing TDRs                    | \$238,199 | 2,154                  | 16                   | 240,369 | 16,245                          |

December 31, 2014

| (in thousands)                         | Current   | 30-89 Days<br>Past Due | 90+ Days<br>Past Due | Total   | Allowance<br>for Loan<br>Losses |
|----------------------------------------|-----------|------------------------|----------------------|---------|---------------------------------|
| Investment properties                  | \$109,436 | —                      | —                    | 109,436 | 5,294                           |
| 1-4 family properties                  | 39,655    | —                      | —                    | 39,655  | 6,838                           |
| Land acquisition                       | 43,696    | —                      | —                    | 43,696  | 2,815                           |
| Total commercial real estate           | 192,787   | —                      | —                    | 192,787 | 14,947                          |
| Commercial, financial and agricultural | 46,995    | 197                    | —                    | 47,192  | 2,373                           |
| Owner-occupied                         | 66,463    | 548                    | —                    | 67,011  | 2,854                           |
| Total commercial and industrial        | 113,458   | 745                    | —                    | 114,203 | 5,227                           |
| Home equity lines                      | 4,657     | 191                    | —                    | 4,848   | 129                             |
| Consumer mortgages                     | 28,714    | 2,164                  | 418                  | 31,296  | 592                             |
| Credit cards                           | —         | —                      | —                    | —       | —                               |
| Other retail loans                     | 5,095     | 180                    | 18                   | 5,293   | 101                             |
| Total retail                           | 38,466    | 2,535                  | 436                  | 41,437  | 822                             |
| Total accruing TDRs                    | \$344,711 | 3,280                  | 436                  | 348,427 | 20,996                          |



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Non-accruing TDRs may generally be returned to accrual status if there has been a period of performance, consisting usually of at least a six month sustained period of repayment performance in accordance with the terms of the agreement. Consistent with regulatory guidance, a TDR will generally no longer be reported as a TDR after a period of performance which is generally a minimum of six months and after the loan has been reported as a TDR at a year-end reporting date, and if at the time of the modification, the interest rate was at market, considering the credit risk associated with the borrower. Non-accruing TDRs were \$38.7 million at September 30, 2015 compared to \$74.6 million at December 31, 2014, a decrease of \$35.9 million, or 48.2%, primarily due to principal reductions.

## Non-accruing TDRs by Type

| (in thousands)                         | September 30, 2015 | December 31, 2014 |
|----------------------------------------|--------------------|-------------------|
| Investment properties                  | \$8,148            | \$15,922          |
| 1-4 family properties                  | 3,809              | 7,523             |
| Land acquisition                       | 10,400             | 24,037            |
| Total commercial real estate           | 22,357             | 47,482            |
| Commercial, financial and agricultural | 10,246             | 7,478             |
| Owner-occupied                         | 1,346              | 14,427            |
| Total commercial and industrial        | 11,592             | 21,905            |
| Home equity lines                      | 705                | 893               |
| Consumer mortgages                     | 4,012              | 4,256             |
| Credit cards                           | —                  | —                 |
| Other retail loans                     | 18                 | 66                |
| Total retail                           | 4,735              | 5,215             |
| Total non-accruing TDRs                | \$38,684           | \$74,602          |

## Potential Problem Loans

Potential problem loans are defined by management as being certain performing loans with a well-defined weakness where there is known information about possible credit problems of borrowers which causes management to have concerns about the ability of such borrowers to comply with the present repayment terms of such loans. Potential problem commercial loans consist of commercial Substandard accruing loans but exclude loans 90 days past due and still accruing interest and accruing TDRs classified as Substandard. Synovus had \$205.7 million of potential problem commercial loans at September 30, 2015 compared to \$222.5 million and \$223.1 million at December 31, 2014 and September 30, 2014, respectively. Synovus cannot predict at this time whether these potential problem loans ultimately will become non-performing loans or result in losses.

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## Net Charge-offs

Net charge-offs for the nine months ended September 30, 2015 were \$24.4 million, or 0.15% as a percentage of average loans annualized, a decrease of \$38.4 million, or 61.1%, compared to \$62.8 million, or 0.41%, as a percentage of average loans annualized for the nine months ended September 30, 2014. The decline in net charge-offs was driven by a decline in NPL inflows, lower impairment charge-offs on existing collateral dependent impaired loans, and lower charges on the resolution and disposition of distressed loans. The net charge-off ratio for 2015 is expected to be below the previously guided range of 30 to 40 basis points due to the continued significant credit improvements.

The following tables show net charge-offs by loan type for the nine and three months ended September 30, 2015 and 2014.

## Net Charge-offs (Recoveries) by Loan Type

|                                        | Nine Months Ended September |            | Three Months Ended September |           |
|----------------------------------------|-----------------------------|------------|------------------------------|-----------|
|                                        | 30,                         |            | 30,                          |           |
| (in thousands)                         | 2015                        | 2014       | 2015                         | 2014      |
| Investment properties                  | \$(664)                     | ) \$10,159 | \$(829)                      | ) \$1,265 |
| 1-4 family properties                  | 3,423                       | 3,144      | 472                          | 1,455     |
| Land acquisition                       | (1,140)                     | ) 19,518   | (1,940)                      | ) (586)   |
| Total commercial real estate           | 1,619                       | 32,821     | (2,297)                      | ) 2,134   |
| Commercial, financial and agricultural | 6,768                       | 11,406     | 3,639                        | 4,765     |
| Owner-occupied                         | 4,875                       | 5,929      | 2,500                        | 1,284     |
| Total commercial and industrial        | 11,643                      | 17,335     | 6,139                        | 6,049     |
| Home equity lines                      | 2,085                       | 4,226      | 780                          | 979       |
| Consumer mortgages                     | 5,043                       | 3,212      | 604                          | 1,243     |
| Credit cards                           | 3,102                       | 3,585      | 1,188                        | 1,063     |
| Other retail loans                     | 915                         | 1,625      | 344                          | 782       |
| Total retail                           | 11,145                      | 12,648     | 2,916                        | 4,067     |
| Total net charge-offs                  | \$24,407                    | \$62,804   | \$6,758                      | \$12,250  |

## Provision for Loan Losses and Allowance for Loan Losses

For the nine months ended September 30, 2015, the provision for loan losses was \$14.0 million, a decrease of \$11.6 million, or 45.4%, compared to the nine months ended September 30, 2014. The decrease in the provision for loan losses was primarily a result of continued improvement in credit quality trends, including:

• Reduced net loan charge-offs by \$38.4 million, or 61.1%, from \$62.8 million for the nine months ended September 30, 2014 to \$24.4 million for the nine months ended September 30, 2015;

• Reduced NPL inflows by \$29.7 million, or 28.9%, from \$102.8 million for the nine months ended September 30, 2014 to \$73.0 million for the nine months ended September 30, 2015;

• Reduced loans rated Special Mention by \$197.3 million, or 30.2%, from \$652.2 million at September 30, 2014 to \$454.9 million at September 30, 2015;

• Reduced loans rated Substandard accruing by \$114.6 million, or 24.3%, from \$472.4 million at September 30, 2014 to \$357.8 million at September 30, 2015; and

• Pass rated loans as a percentage of total loans were 95.5% at September 30, 2015 compared to 93.4% at September 30, 2014.

The allowance for loan losses at September 30, 2015 was \$250.9 million, or 1.15% of total loans, compared to \$261.3 million, or 1.24% of total loans, at December 31, 2014 and \$269.4 million, or 1.31% of total loans, at September 30, 2014. The decrease in the allowance for loan losses is primarily due to continued improvement in credit quality trends, which includes lower NPL levels as well as reduced NPL inflows and net charge-offs, improved risk grade migration trends, and stable collateral values.

## Capital Resources

Synovus is required to comply with the capital adequacy standards established by the Federal Reserve Board and our subsidiary bank, Synovus Bank, must comply with similar capital adequacy standards established by the FDIC.

Synovus has always placed

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great emphasis on maintaining a solid capital base and continues to satisfy applicable regulatory capital requirements. The Basel III capital rules, implemented in the U.S. with certain changes mandated by the Dodd-Frank Act, strengthen the definition of regulatory capital, increase risk-based capital requirements, and make selected changes to the calculation of risk-weighted assets. The rules became effective January 1, 2015, for Synovus and Synovus Bank, subject to a transition period for several aspects, including the capital conservation buffer and certain regulatory capital adjustments and deductions, as described below. Under the Basel III capital rules, the minimum capital requirements for Synovus and Synovus Bank include a common equity Tier 1 (CET1) ratio of 4.5%; Tier 1 capital ratio of 6%; total capital ratio of 8%; and leverage ratio of 4%. When fully phased-in on January 1, 2019, the Basel III capital rules include a capital conservation buffer of 2.5% that is added on top of each of the minimum risk-based capital ratios. The implementation of the capital conservation buffer will begin on January 1, 2016 at the 0.625% level and be phased-in over a three-year period (increasing by that amount on each subsequent January 1, until it reaches 2.5% on January 1, 2019). As a financial holding company, Synovus and its subsidiary bank, Synovus Bank, are required to maintain capital levels required for a well-capitalized institution as defined by federal banking regulations. Under the Basel III capital rules, Synovus and Synovus Bank are well-capitalized if each has a CET1 ratio of 6.5% or greater, a Tier 1 risk-based capital ratio of 8% or greater, a total risk-based capital ratio of 10% or greater, a leverage ratio of 5% or greater, and are not subject to any written agreement, order, capital directive, or prompt corrective action directive from a federal and/or state banking regulatory agency to meet and maintain a specific capital level for any capital measure.

At September 30, 2015, Synovus' and Synovus Bank's capital levels each exceeded well-capitalized requirements currently in effect. The following table presents certain ratios used to measure Synovus and Synovus Bank's capitalization.

## Capital Ratios

| (dollars in thousands)                                 | September 30,<br>2015 | December 31,<br>2014 |
|--------------------------------------------------------|-----------------------|----------------------|
| Capital rules in effect:                               | Basel III             | Basel I              |
| Tier 1 capital                                         |                       |                      |
| Synovus Financial Corp.                                | \$2,637,462           | 2,543,625            |
| Synovus Bank                                           | 3,093,551             | 2,988,189            |
| Common equity Tier 1 capital (transitional)            |                       |                      |
| Synovus Financial Corp.                                | 2,637,462             | N/A                  |
| Synovus Bank                                           | 3,093,551             | N/A                  |
| Tier 1 common equity <sup>(1)</sup>                    |                       |                      |
| Synovus Financial Corp.                                | N/A                   | 2,407,645            |
| Total risk-based capital                               |                       |                      |
| Synovus Financial Corp.                                | 2,990,099             | 2,987,406            |
| Synovus Bank                                           | \$3,346,269           | 3,251,836            |
| Tier 1 capital ratio                                   |                       |                      |
| Synovus Financial Corp.                                | 10.60                 | % 10.86              |
| Synovus Bank                                           | 12.46                 | 12.76                |
| Common equity Tier 1 ratio (transitional)              |                       |                      |
| Synovus Financial Corp.                                | 10.60                 | N/A                  |
| Synovus Bank                                           | 12.46                 | N/A                  |
| Tier 1 common equity ratio <sup>(1)</sup>              |                       |                      |
| Synovus Financial Corp.                                | N/A                   | 10.28                |
| Total risk-based capital to risk-weighted assets ratio |                       |                      |
| Synovus Financial Corp.                                | 12.02                 | 12.75                |
| Synovus Bank                                           | 13.48                 | 13.89                |
| Leverage ratio                                         |                       |                      |

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|                                                                |       |       |
|----------------------------------------------------------------|-------|-------|
| Synovus Financial Corp.                                        | 9.45  | 9.67  |
| Synovus Bank                                                   | 11.10 | 11.39 |
| Tangible common equity to tangible assets ratio <sup>(1)</sup> |       |       |
| Synovus Financial Corp.                                        | 10.18 | 10.69 |

<sup>(1)</sup> See reconciliation of “Non-GAAP Financial Measures” in this Report.

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During the third quarter of 2015, Synovus completed its existing \$250 million share repurchase program which was announced on October 21, 2014 and expired on October 23, 2015. As of September 30, 2015, Synovus had repurchased a total of \$250.0 million, or 9.1 million shares, of common stock through a combination of share repurchases under the accelerated share repurchase (ASR) agreement described below and open market transactions. Synovus entered into the ASR agreement during October 2014 to purchase \$75.0 million of Synovus common stock under the share repurchase program. As of December 31, 2014, Synovus had repurchased 2.5 million shares of common stock under the ASR agreement. During January 2015, Synovus repurchased 392 thousand shares upon completion of the ASR agreement. Additionally, from October 2014 through September 30, 2015, Synovus repurchased \$175.0 million, or 6.2 million shares, of common stock through open market transactions, including \$161.9 million, or 5.7 million shares, of common stock repurchased during the nine months ended September 30, 2015.

Additionally, 2015 capital ratios are impacted by changes required under Basel III capital rules, which, for Synovus, increased risk-weighted assets by approximately \$420 million when the capital rules went into effect at March 31, 2015 with higher risk-weights assigned to certain categories including unfunded lines of credit, non-performing loans, and various other categories. Synovus and Synovus Bank elected to make a permanent election to exclude accumulated other comprehensive income (loss) from regulatory capital, and therefore will retain the same accumulated other comprehensive income (loss) treatment as under the regulatory capital rules in effect prior to January 1, 2015.

As of September 30, 2015, total disallowed deferred tax assets were \$357.0 million or 1.44% of risk-weighted assets, compared to \$384.0 million or 1.57% of risk-weighted assets at June 30, 2015, and compared to \$492.2 million or 2.10% of risk weighted assets at December 31, 2014. Disallowed deferred tax assets for the new Basel III ratio, CET1, were \$231.3 million at September 30, 2015, compared to \$258.2 million at June 30, 2015 due to a three-year phase-in of the total disallowed deferred tax asset for the CET1 capital measure. Basel III revised the deferred tax asset limitation criteria effective January 1, 2015 and now includes the component of deferred tax assets arising from temporary timing differences in regulatory capital up to certain levels of CET1. Thus, the disallowed portion of deferred tax assets, under Basel III, is comprised of net operating loss carryforwards and tax credit carryforwards. Under Basel I, there were limitations on the inclusion of deferred tax assets for regulatory capital based on Tier 1 capital levels and projected future earnings. The treatment of deferred tax assets under Basel III had an initial favorable impact on Synovus' regulatory capital ratios. Synovus' deferred tax asset is projected to continue to decline, thus creating additional regulatory capital in future periods.

Synovus' CET1 ratio was 10.60% at September 30, 2015 under Basel III transitional provisions and the estimated fully phased-in CET1 ratio, as of September 30, 2015 was 9.98%, both of which are well in excess of the regulatory requirements prescribed by Basel III.

Management currently believes, based on internal capital analyses and earnings projections, that Synovus and Synovus Bank's capital position is adequate to meet current and future regulatory minimum capital requirements.

#### Dividends

Synovus has historically paid a quarterly cash dividend to the holders of its common stock. Management and the Board of Directors closely monitor current and projected capital levels, liquidity (including dividends from subsidiaries), financial markets and other economic trends, as well as regulatory requirements regarding the payment of dividends. During October 2014, Synovus increased the quarterly common stock dividend from \$0.07 to \$0.10 per share, effective with the quarterly dividend paid in January 2015. Additionally, during the third quarter of 2015, the Board of Directors approved a 20% increase in the quarterly common stock dividend to \$0.12 per share. The dividend increase will be effective with the quarterly dividend payable in January 2016.

Synovus' ability to pay dividends on its capital stock, including the common stock and the Series C Preferred Stock, is primarily dependent upon dividends and distributions that it receives from its bank and non-banking subsidiaries, which are restricted by various regulations administered by federal and state bank regulatory authorities, as further discussed below in the section titled "Liquidity." During the nine months ended September 30, 2015 and the year ended December 31, 2014, Synovus Bank paid upstream dividends to Synovus of \$200.0 million and \$182.0 million, respectively.

Synovus declared dividends of \$0.30 per common share for the nine months ended September 30, 2015 and \$0.21 for the nine months ended September 30, 2014. In addition to dividends paid on its common stock, Synovus paid dividends of \$7.7 million on its Series C Preferred Stock during both the nine months ended September 30, 2015 and September 30, 2014.

#### Liquidity

Liquidity represents the extent to which Synovus has readily available sources of funding needed to meet the needs of depositors, borrowers and creditors, to support asset growth, and to otherwise sustain operations of Synovus and its subsidiaries, at a reasonable cost, on a timely basis, and without adverse consequences. ALCO monitors Synovus' economic, competitive, and regulatory environment and is responsible for measuring, monitoring, and reporting on liquidity and funding risk, interest rate risk, and market risk and has the authority to establish policies relative to these risks. ALCO, operating under liquidity and funding policies approved by the Board of Directors, actively analyzes contractual and anticipated cash flows in order to properly manage Synovus' liquidity position.

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Contractual and anticipated cash flows are analyzed under normal and stressed conditions to determine forward looking liquidity needs and sources. Synovus analyzes liquidity needs under various scenarios of market conditions and operating performance. This analysis includes stress testing and measures expected sources and uses of funds under each scenario. Emphasis is placed on maintaining numerous sources of current and potential liquidity to allow Synovus to meet its obligations to depositors, borrowers, and creditors on a timely basis.

Liquidity is generated primarily through maturities and repayments of loans by customers, maturities and sales of investment securities, deposit growth, and access to sources of funds other than deposits. Management continuously monitors and maintains appropriate levels of liquidity so as to provide adequate funding sources to manage customer deposit withdrawals, loan requests, and funding maturities. Liquidity is also enhanced by the acquisition of new deposits. Each of the banking divisions monitors deposit flows and evaluates local market conditions in an effort to retain and grow deposits.

Synovus Bank also generates liquidity through the national deposit markets through the issuance of brokered certificates of deposit and money market accounts. Synovus Bank accesses these funds from a broad geographic base to diversify its sources of funding and liquidity. Synovus Bank has the capacity to access funding through its membership in the FHLB System. At September 30, 2015, Synovus Bank had access to incremental funding, subject to available collateral and FHLB credit policies, through utilization of FHLB advances.

In addition to bank level liquidity management, Synovus must manage liquidity at the Parent Company for various operating needs including potential capital infusions into subsidiaries, the servicing of debt, the payment of dividends on our common stock and preferred stock, and payment of general corporate expenses. The primary source of liquidity for Synovus consists of dividends from Synovus Bank, which is governed by certain rules and regulations of the GA DBF and FDIC. During 2014, Synovus Bank paid upstream dividends totaling \$182.0 million to Synovus Financial Corp. During the nine months ended September 30, 2015, Synovus Bank paid upstream dividends of \$200.0 million to Synovus. Synovus' ability to receive dividends from Synovus Bank in future periods will depend on a number of factors, including, without limitation, Synovus Bank's future profits, asset quality, liquidity and overall condition. In addition, GA DBF rules and related statutes contain additional restrictions on payments of dividends by Synovus Bank. In particular, the Georgia Financial Institutions Code contains restrictions on the ability of a Georgia bank to pay dividends other than from retained earnings without the approval of the GA DBF. As a result of this restriction, Synovus Bank is currently required to seek approval from the GA DBF to pay dividends to Synovus.

Synovus presently believes that the sources of liquidity discussed above, including existing liquid funds on hand, are sufficient to meet its anticipated funding needs through the near future. However, if economic conditions were to significantly deteriorate, regulatory capital requirements for Synovus or Synovus Bank increase as the result of regulatory directives or otherwise, or Synovus believes it is prudent to enhance current liquidity levels, then Synovus may seek additional liquidity from external sources. See "Part I – Item 1A. Risk Factors - Changes in the cost and availability of funding due to changes in the deposit market and credit market, or the way in which we are perceived in such markets, may adversely affect our capital resources, liquidity and financial results." of Synovus' 2014 Form 10-K.

#### Earning Assets and Sources of Funds

Average total assets for the nine months ended September 30, 2015 increased \$1.49 billion, or 5.6%, to \$27.92 billion as compared to \$26.43 billion for the first nine months of 2014. Average earning assets increased \$1.62 billion, or 6.7%, in the first nine months of 2015 compared to the same period in 2014 and represented 92.4% of average total assets at September 30, 2015, as compared to 91.5% at September 30, 2014. The increase in average earning assets resulted from a \$1.09 billion increase in average loans, net, and a \$447.9 million increase in federal funds sold, due from Federal Reserve Bank, and other short-term investments. Average non-interest bearing demand deposits increased \$653.7 million, or 11.4%, to \$6.36 billion for the first nine months of 2015 compared to the same period in 2014. Average interest bearing liabilities increased \$858.3 million, or 4.9%, to \$18.33 billion for the first nine months of 2015 compared to the same period in 2014. The increase in interest bearing liabilities was driven by a \$474.6 million increase in money market deposit accounts (excluding brokered deposits), a \$141.7 million increase in time deposits greater than \$100,000 and a \$116.0 million increase in brokered time deposits.

Net interest income for the nine months ended September 30, 2015 was \$614.7 million, an increase of \$2.9 million, or 0.47%, compared to \$611.8 million for the nine months ended September 30, 2014.

The net interest margin for the nine months ended September 30, 2015 was 3.19%, down 20 bps from 3.39% for the nine months ended September 30, 2014. Earning asset yields decreased by 19 bps compared to the nine months ended September 30, 2014 while the effective cost of funds increased by 1 bp. The primary factor negatively impacting earning asset yields was a 17 bp decline in loan yields.

On a sequential quarter basis, net interest income increased by \$4.1 million and the net interest margin decreased by 1 bp to 3.14%. The increase in net interest income for the third quarter was due to one additional calendar day in the quarter and a \$343.2 million increase in average loans, net. Yields on earning assets decreased by 1 bp while the effective cost of funds remained flat.

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The primary factor negatively impacting earning asset yields was a 4 bp decline in loan yields. This decline was mostly offset by lower balances held at the Federal Reserve Bank.

Current expectations are for the net interest margin to be flat to slightly down in the fourth quarter of 2015 from the third quarter level.

Quarterly yields earned on average interest-earning assets and rates paid on average interest-bearing liabilities for the five most recent quarters are presented below.

| Average Balances, Interest, and Yields<br>(dollars in thousands) (yields and rates<br>annualized) | 2015          |                   |                  | 2014              |                  |
|---------------------------------------------------------------------------------------------------|---------------|-------------------|------------------|-------------------|------------------|
|                                                                                                   | Third Quarter | Second<br>Quarter | First<br>Quarter | Fourth<br>Quarter | Third<br>Quarter |
| <b>Interest Earning Assets:</b>                                                                   |               |                   |                  |                   |                  |
| Taxable investment securities <sup>(1)</sup>                                                      | \$3,380,543   | 3,165,513         | 2,998,597        | 3,027,769         | 3,035,940        |
| Yield                                                                                             | 1.76          | % 1.79            | 1.85             | 1.85              | 1.84             |
| Tax-exempt investment securities <sup>(1)(3)</sup>                                                | \$4,509       | 4,595             | 4,967            | 5,030             | 5,168            |
| Yield (taxable equivalent) <sup>(3)</sup>                                                         | 6.21          | % 6.15            | 6.21             | 6.19              | 6.21             |
| Trading account assets                                                                            | \$7,278       | 12,564            | 14,188           | 12,879            | 16,818           |
| Yield                                                                                             | 1.84          | % 3.72            | 3.02             | 3.08              | 2.52             |
| Commercial loans <sup>(2)(3)</sup>                                                                | \$17,522,735  | 17,297,130        | 17,176,641       | 16,956,294        | 16,603,287       |
| Yield                                                                                             | 3.99          | % 4.01            | 4.06             | 4.09              | 4.17             |
| Consumer loans <sup>(2)</sup>                                                                     | \$4,105,639   | 3,986,151         | 3,929,188        | 3,895,397         | 3,814,160        |
| Yield                                                                                             | 4.31          | % 4.37            | 4.45             | 4.42              | 4.44             |
| Allowance for loan losses                                                                         | \$(256,102 )  | (254,177 )        | (257,167 )       | (268,659 )        | (274,698 )       |
| Loans, net <sup>(2)</sup>                                                                         | \$21,372,272  | 21,029,104        | 20,848,662       | 20,583,032        | 20,142,749       |
| Yield                                                                                             | 4.10          | % 4.14            | 4.19             | 4.22              | 4.29             |
| Mortgage loans held for sale                                                                      | \$69,438      | 90,419            | 64,507           | 60,892            | 70,766           |
| Yield                                                                                             | 3.82          | % 3.39            | 3.92             | 3.84              | 3.96             |
| Federal funds sold, due from Federal Reserve Bank, and other short-term investments               | \$1,380,686   | 1,590,114         | 1,123,250        | 898,871           | 974,363          |
| Yield                                                                                             | 0.24          | % 0.24            | 0.24             | 0.23              | 0.23             |
| Federal Home Loan Bank and Federal Reserve Bank Stock <sup>(4)</sup>                              | \$71,852      | 76,091            | 80,813           | 75,547            | 78,131           |
| Yield                                                                                             | 4.71          | % 4.57            | 3.90             | 4.53              | 3.57             |
| Total interest earning assets                                                                     | \$26,286,578  | 25,968,400        | 25,134,984       | 24,664,020        | 24,323,935       |
| Yield                                                                                             | 3.60          | % 3.61            | 3.73             | 3.78              | 3.81             |
| <b>Interest Bearing Liabilities:</b>                                                              |               |                   |                  |                   |                  |
| Interest bearing demand deposits                                                                  | \$3,955,803   | 3,919,401         | 3,800,476        | 3,781,389         | 3,722,599        |
| Rate                                                                                              | 0.18          | % 0.18            | 0.19             | 0.19              | 0.19             |
| Money Market accounts                                                                             | \$6,893,563   | 6,466,610         | 6,210,704        | 6,009,897         | 6,044,138        |
| Rate                                                                                              | 0.36          | % 0.35            | 0.32             | 0.29              | 0.29             |
| Savings deposits                                                                                  | \$685,813     | 675,260           | 649,597          | 638,813           | 645,654          |
| Rate                                                                                              | 0.06          | % 0.06            | 0.05             | 0.07              | 0.07             |
| Time deposits under \$100,000                                                                     | \$1,338,994   | 1,351,299         | 1,324,513        | 1,315,905         | 1,335,848        |
| Rate                                                                                              | 0.66          | % 0.68            | 0.61             | 0.57              | 0.56             |
| Time deposits over \$100,000                                                                      | \$2,086,851   | 2,061,434         | 1,926,380        | 1,877,602         | 1,871,136        |
| Rate                                                                                              | 0.88          | % 0.88            | 0.80             | 0.76              | 0.75             |
| Brokered money market accounts                                                                    | \$221,817     | 185,909           | 181,754          | 191,103           | 174,538          |
| Rate                                                                                              | 0.31          | % 0.31            | 0.30             | 0.28              | 0.27             |
| Brokered time deposits                                                                            | \$1,135,346   | 1,370,022         | 1,413,068        | 1,411,252         | 1,320,082        |
| Rate                                                                                              | 0.71          | % 0.67            | 0.63             | 0.58              | 0.52             |
| Total interest bearing deposits                                                                   | \$16,318,187  | 16,029,935        | 15,506,492       | 15,225,961        | 15,113,995       |

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|                                                          |             |           |           |           |           |
|----------------------------------------------------------|-------------|-----------|-----------|-----------|-----------|
| Rate                                                     | 0.42        | % 0.42    | 0.39      | 0.36      | 0.35      |
| Federal funds purchased and other short-term liabilities | \$207,894   | 232,531   | 222,658   | 186,993   | 171,429   |
| Rate                                                     | 0.09        | % 0.08    | 0.08      | 0.07      | 0.08      |
| Long-term debt                                           | \$2,073,185 | 2,173,595 | 2,207,215 | 2,084,636 | 2,142,705 |

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|                                              |              |   |            |            |            |            |
|----------------------------------------------|--------------|---|------------|------------|------------|------------|
| Rate                                         | 2.46         | % | 2.39       | 2.41       | 2.55       | 2.54       |
| Total interest bearing liabilities           | \$18,599,266 |   | 18,436,061 | 17,936,365 | 17,497,590 | 17,428,129 |
| Rate                                         | 0.65         | % | 0.65       | 0.63       | 0.62       | 0.62       |
| Non-interest bearing demand deposits         | \$6,541,832  |   | 6,436,167  | 6,108,558  | 6,110,047  | 5,824,592  |
| Effective cost of funds                      | 0.46         | % | 0.46       | 0.45       | 0.44       | 0.44       |
| Net interest margin                          | 3.14         | % | 3.15       | % 3.28     | 3.34       | 3.37       |
| Taxable equivalent adjustment <sup>(3)</sup> | \$315        |   | 330        | 349        | 372        | 408        |

<sup>(1)</sup> Excludes net unrealized gains and (losses).

<sup>(2)</sup> Average loans are shown net of deferred fees and costs. Non-performing loans are included.

<sup>(3)</sup> Reflects taxable-equivalent adjustments, using the statutory federal income tax rate of 35%, in adjusting interest on tax-exempt loans and investment securities to a taxable-equivalent basis.

<sup>(4)</sup>Included as a component of Other Assets on the balance sheet.

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## Net Interest Income and Rate/Volume Analysis

The following tables set forth the major components of net interest income and the related annualized yields and rates for the nine months ended September 30, 2015 and 2014, as well as the variances between the periods caused by changes in interest rates versus changes in volume.

## Net Interest Income and Rate/Volume Analysis

|                                                                                     | Nine Months Ended September 30, |            |           |         |                       |        | 2015 Compared to 2014 |           |            |  |
|-------------------------------------------------------------------------------------|---------------------------------|------------|-----------|---------|-----------------------|--------|-----------------------|-----------|------------|--|
|                                                                                     | Average Balances                |            | Interest  |         | Annualized Yield/Rate |        | Change due to         |           | Increase   |  |
| (dollars in thousands)                                                              | 2015                            | 2014       | 2015      | 2014    | 2015                  | 2014   | Volume                | Rate      | (Decrease) |  |
| Assets                                                                              |                                 |            |           |         |                       |        |                       |           |            |  |
| Interest earning assets:                                                            |                                 |            |           |         |                       |        |                       |           |            |  |
| Taxable investment securities                                                       | \$3,182,950                     | 3,102,518  | \$42,901  | 43,598  | 1.80                  | % 1.87 | \$1,125               | (1,822 )  | \$(697 )   |  |
| Tax-exempt investment securities <sup>(2)</sup>                                     | 4,689                           | 5,785      | 218       | 270     | 6.19                  | 6.23   | (51 )                 | (1 )      | (52 )      |  |
| Total investment securities                                                         | 3,187,639                       | 3,108,303  | 43,119    | 43,868  | 1.80                  | 1.88   | 1,074                 | (1,823 )  | (749 )     |  |
| Trading account assets                                                              | 11,318                          | 17,712     | 258       | 357     | 3.03                  | 2.69   | (129 )                | 30        | (99 )      |  |
| Taxable loans, net <sup>(1)</sup>                                                   | 21,266,232                      | 20,193,398 | 651,103   | 642,140 | 4.09                  | 4.25   | 34,103                | (25,140 ) | 8,963      |  |
| Tax-exempt loans, net <sup>(1)(2)</sup>                                             | 74,843                          | 96,614     | 2,622     | 3,465   | 4.68                  | 4.79   | (780 )                | (63 )     | (843 )     |  |
| Allowance for loan losses                                                           | (255,812 )                      | (291,580 ) |           |         |                       |        |                       |           |            |  |
| Loans, net                                                                          | 21,085,263                      | 19,998,432 | 653,725   | 645,605 | 4.15                  | 4.32   | 33,323                | (25,203 ) | 8,120      |  |
| Mortgage loans held for sale                                                        | 74,806                          | 56,498     | 2,060     | 1,719   | 3.67                  | 4.06   | 556                   | (215 )    | 341        |  |
| Federal funds sold, due from Federal Reserve Bank, and other short-term investments | 1,365,627                       | 917,703    | 2,476     | 1,596   | 0.24                  | 0.23   | 737                   | 143       | 880        |  |
| Federal Home Loan Bank and Federal Reserve Bank stock                               | 76,219                          | 78,946     | 2,503     | 2,150   | 4.38                  | 3.63   | (74 )                 | 427       | 353        |  |
| Total interest earning assets                                                       | \$25,800,872                    | 24,177,594 | \$704,141 | 695,295 | 3.65                  | % 3.84 | \$35,487              | (26,641 ) | \$8,846    |  |
| Cash and due from banks                                                             | 410,417                         | 404,077    |           |         |                       |        |                       |           |            |  |
| Premises and equipment, net                                                         | 451,092                         | 466,561    |           |         |                       |        |                       |           |            |  |
| Other real estate                                                                   | 74,230                          | 107,829    |           |         |                       |        |                       |           |            |  |
| Other assets <sup>(3)</sup>                                                         | 1,182,989                       | 1,270,850  |           |         |                       |        |                       |           |            |  |
| Total assets                                                                        | \$27,919,600                    | 26,426,911 |           |         |                       |        |                       |           |            |  |

## Liabilities and Shareholders'

## Equity

Interest-bearing  
liabilities:

|                                                                         |              |            |           |         |      |   |      |          |           |          |
|-------------------------------------------------------------------------|--------------|------------|-----------|---------|------|---|------|----------|-----------|----------|
| Interest-bearing demand deposits                                        | \$3,892,462  | 3,810,143  | \$5,327   | 5,334   | 0.18 | % | 0.19 | \$117    | (124 )    | \$(7 )   |
| Money market accounts                                                   | 6,722,767    | 6,240,247  | 17,272    | 14,155  | 0.34 |   | 0.30 | 1,083    | 2,034     | 3,117    |
| Savings deposits                                                        | 670,356      | 635,678    | 279       | 413     | 0.06 |   | 0.09 | 23       | (157 )    | (134 )   |
| Time deposits                                                           | 4,668,925    | 4,447,188  | 25,981    | 21,344  | 0.74 |   | 0.64 | 1,061    | 3,576     | 4,637    |
| Federal funds purchased and securities sold under repurchase agreements | 220,973      | 201,823    | 134       | 186     | 0.08 |   | 0.12 | 17       | (69 )     | (52 )    |
| Long-term debt                                                          | 2,150,841    | 2,132,988  | 39,457    | 40,728  | 2.45 |   | 2.55 | 340      | (1,611 )  | (1,271 ) |
| Total interest-bearing liabilities                                      | \$18,326,324 | 17,468,067 | \$88,450  | 82,160  | 0.64 |   | 0.63 | \$2,641  | 3,649     | \$6,290  |
| Non-interest bearing deposits                                           | 6,363,773    | 5,710,043  |           |         |      |   |      |          |           |          |
| Other liabilities                                                       | 210,649      | 228,321    |           |         |      |   |      |          |           |          |
| Shareholders' equity                                                    | 3,018,854    | 3,020,480  |           |         |      |   |      |          |           |          |
| Total liabilities and equity                                            | \$27,919,600 | 26,426,911 |           |         |      |   |      |          |           |          |
| Net interest income/margin                                              |              |            | 615,691   | 613,135 | 3.19 | % | 3.39 | \$32,846 | (30,290 ) | \$2,556  |
| Taxable equivalent adjustment                                           |              |            | 993       | 1,306   |      |   |      |          |           |          |
| Net interest income, actual                                             |              |            | \$614,698 | 611,829 |      |   |      |          |           |          |

(1) Average loans are shown net of unearned income. Non-performing loans are included. Interest income includes fees as follows: 2015 - \$22.7 million, 2014 - \$21.4 million.

(2) Reflects taxable-equivalent adjustments, using the statutory federal income tax rate of 35% in adjusting interest on tax-exempt loans and investment securities to a taxable-equivalent basis.

(3) Includes average net unrealized gains (losses) on investment securities available for sale of \$20.8 million and \$2.2 million for the nine months ended September 30, 2015 and 2014, respectively.

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## Market Risk Analysis

Interest rate risk is the primary market risk to which Synovus is potentially exposed. Synovus measures its sensitivity to changes in market interest rates through the use of a simulation model. Synovus uses this simulation model to determine a baseline net interest income forecast and the sensitivity of this forecast to changes in interest rates. These simulations include all of Synovus' earning assets and liabilities. Forecasted balance sheet changes, primarily reflecting loan and deposit growth forecasts, are included in the periods modeled. Anticipated deposit mix changes in each interest rate scenario are also included in the periods modeled.

Synovus has modeled its baseline net interest income forecast assuming a flat interest rate environment with the federal funds rate at the Federal Reserve's current targeted range of 0% to 0.25% and the current prime rate of 3.25%. Due to the targeted federal funds rate being at or near 0% at this time, only rising rate scenarios have been modeled. Synovus has modeled the impact of a gradual increase in short-term rates of 100 and 200 basis points to determine the sensitivity of net interest income for the next twelve months. Synovus continues to maintain a modestly asset sensitive position which would be expected to benefit net interest income in a rising interest rate environment. The following table represents the estimated sensitivity of net interest income to these changes in short term interest rates at September 30, 2015, with comparable information for December 31, 2014.

| Change in Short-term Interest Rates (in basis points) | Estimated % Change in Net Interest Income as Compared to Unchanged Rates (for the next twelve months) |                   |
|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------|-------------------|
|                                                       | September 30, 2015                                                                                    | December 31, 2014 |
| +200                                                  | 7.2%                                                                                                  | 6.7%              |
| +100                                                  | 4.7%                                                                                                  | 4.3%              |
| Flat                                                  | —%                                                                                                    | —%                |

Several factors could serve to diminish or eliminate this asset sensitivity. These factors include a higher than projected level of deposit customer migration to higher cost deposits, such as certificates of deposit, which would increase total interest expense and serve to reduce the realized level of asset sensitivity. Another factor which could impact the realized interest rate sensitivity is the repricing behavior of interest bearing non-maturity deposits. Assumptions for repricing are expressed as a beta relative to the change in the prime rate. For instance, a 50% beta would correspond to a deposit rate that would increase 0.5% for every 1% increase in the prime rate. Projected betas for interest bearing non-maturity deposit repricing are a key component of determining the Company's interest rate risk positioning. Should realized betas be higher than projected betas, the expected benefit from higher interest rates would be diminished. The following table presents an example of the potential impact of an increase in repricing betas on Synovus' realized interest rate sensitivity position.

| Change in Short-term Interest Rates (in basis points) | As of September 30, 2015 |                                        |
|-------------------------------------------------------|--------------------------|----------------------------------------|
|                                                       | Base Scenario            | 15% Increase in Average Repricing Beta |
| +200                                                  | 7.2%                     | 5.6%                                   |
| +100                                                  | 4.7%                     | 3.8%                                   |

The net interest income simulation model is the primary tool utilized to evaluate potential interest rate risks over a shorter term time horizon. Synovus also evaluates potential longer term interest rate risk through modeling and evaluation of economic value of equity (EVE). Simulation modeling is utilized to measure the economic value of equity and its sensitivity to immediate changes in interest rates. These simulations value only the current balance sheet and do not incorporate growth assumptions used in the net interest income simulation. The economic value of equity is the net fair value of assets, liabilities, and off-balance sheet financial instruments derived from the present value of future cash flows discounted at current market interest rates. From this baseline valuation, Synovus evaluates changes in the value of each of these

items in various interest rate scenarios to determine the net impact on the economic value of equity. As illustrated in the table below, the economic value of equity model indicates that, compared with a valuation assuming stable rates, EVE is projected to increase by 4.3% and 6.0%, assuming an immediate and sustained increase in interest rates of 100 and 200 basis points, respectively.

| Immediate Change in Interest Rates (in basis points) | Estimated Change in EVE |                   |
|------------------------------------------------------|-------------------------|-------------------|
|                                                      | September 30, 2015      | December 31, 2014 |
| +200                                                 | 6.0%                    | 6.7%              |
| +100                                                 | 4.3%                    | 4.4%              |

## ADDITIONAL DISCLOSURES

### Recently Issued Accounting Standards

The following ASUs will be implemented effective January 1, 2016 or later:

ASU 2014-09, Revenue from Contracts with Customers. ASU 2014-09 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The standard is intended to increase comparability across industries and jurisdictions. The core principle of the revenue model is that a company will recognize revenue when it transfers control of goods or services to customers at an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services.

On April 29, 2015, the FASB issued a proposal to delay the effective date of ASU 2014-09, Revenue from Contracts with Customers, for public and non-public companies. The proposed new effective date will be annual reporting periods beginning after December 15, 2017, and the interim periods within that year, for public business entities. As such, for Synovus, the ASU will be effective on January 1, 2018, for both its interim and annual reporting periods. This proposal represents a one-year deferral from the original effective date.

The proposed new effective date guidance will allow early adoption for all entities (i.e., both public business entities and other entities) as of the original effective date for public business entities, which was annual reporting periods beginning after December 15, 2016, and the interim periods within that year.

The FASB has already issued proposals to amend certain aspects of the standard related to licenses of intellectual property and identifying performance obligations, and guidance on whether an entity is a principal or an agent and should report revenue gross or net. The FASB has also directed its staff to draft a proposal to amend the guidance on the collectability criterion, the definition of a completed contract at transition, and practical expedients to ease transition and other clarifications.

Management is currently evaluating the impact of this ASU on Synovus' consolidated financial statements. The standard is expected to potentially impact ORE sales, interchange revenue, credit card loyalty programs, uncollectible credit card interest and fees, asset managers' performance fees, treasury management services revenue, and miscellaneous fees; however the overall financial statement impact for Synovus is not expected to be material. Extensive new disclosures will be required, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods, and information about key judgments and estimates and policy decisions regarding revenue recognition.

ASU 2015-02, Amendments to the Consolidation Analysis. ASU 2015-02 was issued by the FASB to modify the analysis that companies must perform to determine whether a legal entity should be consolidated. ASU 2015-02 simplifies current consolidation rules by reducing the number of consolidation models; placing more emphasis on risk of loss when determining a controlling financial interest; reducing the frequency of the application of related-party guidance when determining a controlling financial interest in a variable interest entity (VIE); and changing consolidation conclusions for public and private companies in several industries that typically make use of limited partnerships or VIEs. Although the ASU is expected to result in the deconsolidation of many entities, companies will need to reevaluate all their previous consolidation conclusions. ASU 2015-02 will be effective for annual reporting periods beginning after December 15, 2015. Early adoption is permitted. Management is currently evaluating the impact of the accounting update on Synovus' consolidated financial statements.

ASU 2015-03, Simplifying the Presentation of Debt Issuance Costs. On April 7, 2015, the FASB issued a new ASU that intends to simplify the presentation of debt issuance costs. The new standard will more closely align the presentation of debt issuance costs under U.S. GAAP with the presentation under comparable IFRS standards. Under current accounting standards, debt issuance costs are reported on the balance sheet as assets and amortized as interest expense. The new ASU requires that debt issuance costs be presented on the balance sheet as a direct deduction from the carrying amount of the related debt liability, which is similar to the presentation of debt discounts or premiums. The costs will continue to be amortized to interest expense using the effective interest method. The cost of issuing debt will no longer be recorded as a separate asset, except when incurred before receipt of the funding from the associated debt liability. The ASU requires retrospective application to all prior periods presented in the financial statements. The ASU is effective for public business entities for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Adoption of ASU 2015-03 will not have a material impact on Synovus' consolidated financial statements.

ASU 2015-15, Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements. ASU 2015-15 was issued to add SEC paragraphs pursuant to the SEC Staff Announcement at the June 18, 2015 Emerging Issues Task Force (EITF) meeting about the presentation and subsequent measurement of debt issuance costs associated with line-of-credit arrangements. In this announcement, the SEC Staff noted that given the absence of authoritative guidance within ASU 2015-03 for the presentation of debt issuance costs related to line-of-credit arrangements, they would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs

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ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement.

As noted above, ASU 2015-03 was issued in April 2015 and requires debt issuance costs to be presented on the balance sheet as a direct reduction from the carrying amount of the related debt liability, but does not address the presentation of debt issuance costs related to line-of-credit arrangements. Adoption of ASU 2015-15 will not have a material impact on Synovus' consolidated financial statements.

See Note 1 of the notes to the unaudited interim consolidated financial statements for a discussion of recently adopted accounting standards updates.

### Critical Accounting Policies

The accounting and financial reporting policies of Synovus are in accordance with U.S. GAAP and conform to the accounting and reporting guidelines prescribed by bank regulatory authorities. Synovus has identified certain of its accounting policies as "critical accounting policies," consisting of those related to the allowance for loan losses, deferred tax assets valuation allowance, other real estate, and determining the fair value of financial instruments. In determining which accounting policies are critical in nature, Synovus has identified the policies that require significant judgment or involve complex estimates. It is management's practice to discuss critical accounting policies with the Board of Directors' Audit Committee, including the development, selection, implementation and disclosure of the critical accounting policies. The application of these policies has a significant impact on Synovus' unaudited interim consolidated financial statements. Synovus' financial results could differ significantly if different judgments or estimates are used in the application of these policies. All accounting policies described in Note 1 - Summary of Significant Accounting Policies in Synovus' 2014 Form 10-K should be reviewed for a greater understanding of how we record and report our financial performance. During the three months ended September 30, 2015, there have been no significant changes to Synovus' critical accounting policies, estimates and assumptions, or the judgments affecting the application of these estimates and assumptions from those disclosed in Synovus' 2014 Form 10-K.

### Non-GAAP Financial Measures

The measures entitled adjusted net income available to common shareholders, adjusted net income per diluted common share, adjusted pre-tax, pre-credit costs income, adjusted non-interest income, adjusted non-interest expense, average core deposits, average core deposits excluding average SCM deposits, tangible common equity to tangible assets ratio, Tier 1 common equity, and Tier 1 common equity ratio are not measures recognized under U.S. GAAP and therefore are considered non-GAAP financial measures. The most comparable GAAP measures are net income available to common shareholders, net income per diluted common share, income before income taxes, total non-interest income, total non-interest expense, total average deposits, ratio of total shareholders' equity to total assets, Tier 1 capital, and ratio of Tier 1 capital to risk-weighted assets, respectively.

Management uses these non-GAAP financial measures to assess the performance of Synovus' core business and the strength of its capital position. Synovus believes that these non-GAAP financial measures provide meaningful additional information about Synovus to assist investors in evaluating Synovus' operating results, financial strength and capital position. These non-GAAP financial measures should not be considered as a substitute for operating results determined in accordance with GAAP and may not be comparable to other similarly titled measures at other companies. Adjusted net income available to common shareholders and adjusted net income per diluted common share are measures used by management to evaluate core operating results exclusive of restructuring charges, litigation settlement expenses, as well as other non-recurring revenues and expenses. Adjusted pre-tax, pre-credit costs income is a measure used by management to evaluate core operating results exclusive of credit costs as well as certain other items such as restructuring charges and litigation settlement expenses. Adjusted non-interest income is a measure used by management to evaluate non-interest income exclusive of net investment securities gains and other non-recurring income items. Adjusted non-interest expense is a measure used by management to gauge the success of expense management initiatives focused on reducing recurring controllable operating costs. Average core deposits and average core deposits excluding average SCM deposits are measures used by management to evaluate organic growth of deposits and the quality of deposits as a funding source. The tangible common equity to tangible assets ratio, Tier 1 common equity, and Tier 1 common equity ratio are used by management to assess the strength of Synovus' capital position. The computations of these measures are set forth in the tables below.



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## Reconciliation of Non-GAAP Financial Measures

|                                                                                                                                                                                          | Nine Months Ended  |                    | Three Months Ended |               |                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|---------------|--------------------|
| (in thousands)                                                                                                                                                                           | September 30, 2015 | September 30, 2014 | September 30, 2015 | June 30, 2015 | September 30, 2014 |
| Adjusted Pre-tax, Pre-credit Costs Income                                                                                                                                                |                    |                    |                    |               |                    |
| Income before income taxes                                                                                                                                                               | \$267,833          | 223,631            | \$93,986           | 88,034        | 72,656             |
| Add: Provision for loan losses                                                                                                                                                           | 13,990             | 25,638             | 2,956              | 6,636         | 3,843              |
| Add: Other credit costs <sup>(1)</sup>                                                                                                                                                   | 24,792             | 24,621             | 7,344              | 6,175         | 11,858             |
| Add: Restructuring charges                                                                                                                                                               | (33)               | ) 17,101           | 69                 | 5             | 809                |
| Add: Litigation contingency/settlement expenses <sup>(2)</sup>                                                                                                                           | 4,400              | 12,349             | —                  | 4,400         | 12,349             |
| Add: Visa indemnification charges                                                                                                                                                        | 1,092              | 2,731              | 363                | 354           | 1,979              |
| Less: Investment securities gains, net                                                                                                                                                   | (2,710)            | ) (1,331)          | ) —                | (1,985)       | ) —                |
| Less: Gain on sale of Memphis branches, net                                                                                                                                              | —                  | (5,789)            | ) —                | —             | —                  |
| Adjusted pre-tax, pre-credit costs income                                                                                                                                                | \$309,364          | 298,951            | \$104,718          | 103,619       | 103,494            |
| Adjusted Non-interest Income                                                                                                                                                             |                    |                    |                    |               |                    |
| Total non-interest income                                                                                                                                                                | \$201,746          | 197,555            | \$67,059           | 68,832        | 63,985             |
| Less: Investment securities gains, net                                                                                                                                                   | (2,710)            | ) (1,331)          | ) —                | (1,985)       | ) —                |
| Less: Gain on sale of Memphis branches, net                                                                                                                                              | —                  | (5,789)            | ) —                | —             | —                  |
| Adjusted non-interest income                                                                                                                                                             | \$199,036          | 190,435            | \$67,059           | 66,847        | 63,985             |
| Adjusted Non-interest Expense                                                                                                                                                            |                    |                    |                    |               |                    |
| Total non-interest expense                                                                                                                                                               | \$534,621          | 560,115            | \$177,907          | 177,806       | 193,749            |
| Less: Other credit costs <sup>(1)</sup>                                                                                                                                                  | (24,792)           | ) (24,621)         | ) (7,344)          | ) (6,175)     | ) (11,858)         |
| Less: Restructuring charges                                                                                                                                                              | 33                 | (17,101)           | ) (69)             | ) (5)         | ) (809)            |
| Less: Visa indemnification charges                                                                                                                                                       | (1,092)            | ) (2,731)          | ) (363)            | ) (354)       | ) (1,979)          |
| Less: Litigation contingency/settlement expenses <sup>(2)</sup>                                                                                                                          | (4,400)            | ) (12,349)         | ) —                | (4,400)       | ) (12,349)         |
| Adjusted non-interest expense                                                                                                                                                            | \$504,370          | 503,313            | \$170,131          | 166,872       | 166,754            |
| Adjusted Net Income Per Common Share, Diluted                                                                                                                                            |                    |                    |                    |               |                    |
| Net income available to common shareholders                                                                                                                                              |                    |                    | \$55,369           |               | 44,229             |
| Add: Litigation settlement expenses (after-tax)                                                                                                                                          |                    |                    | —                  |               | 7,545              |
| Deduct: Recovery of previously incurred legal costs related to certain legal matters, net of legal costs incurred in 3Q14 related to those same legal matters (after-tax) <sup>(3)</sup> |                    |                    | —                  |               | (2,211)            |
| Add: Restructuring charges (after-tax)                                                                                                                                                   |                    |                    | 42                 |               | 494                |
| Add: Visa indemnification charges (after-tax)                                                                                                                                            |                    |                    | 222                |               | 1,209              |
| Adjusted net income available to common shareholders                                                                                                                                     |                    |                    | \$55,633           |               | 51,266             |
| Weighted average common shares outstanding - diluted                                                                                                                                     |                    |                    | 132,297            |               | 139,726            |
| Adjusted net income per common share, diluted                                                                                                                                            |                    |                    | \$0.42             |               | 0.37               |



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## Reconciliation of Non-GAAP Financial Measures, continued

| (dollars in thousands)                                                         | September<br>30, 2015 | June 30,<br>2015 | March 31,<br>2015 | December 31,<br>2014 | September 30,<br>2014 |
|--------------------------------------------------------------------------------|-----------------------|------------------|-------------------|----------------------|-----------------------|
| Average Core Deposits and Average Core Deposits Excluding Average SCM Deposits |                       |                  |                   |                      |                       |
| Average total deposits                                                         | 22,860,019            | 22,466,102       | 21,615,049        | 21,336,007           | 20,938,587            |
| Less: Average brokered deposits                                                | (1,357,163 )          | (1,555,931 )     | (1,594,822 )      | (1,602,354 )         | (1,494,620 )          |
| Average core deposits                                                          | 21,502,856            | 20,910,171       | 20,020,227        | 19,733,653           | 19,443,967            |
| Less: Average SCM deposits                                                     | (2,124,812 )          | (2,277,783 )     | (2,224,193 )      | (2,184,757 )         | (2,045,817 )          |
| Average core deposits excluding average SCM deposits                           | 19,378,044            | 18,632,388       | 17,796,034        | 17,548,896           | 17,398,150            |
| Tangible Common Equity to Tangible Assets Ratio                                |                       |                  |                   |                      |                       |
| Total assets                                                                   | 28,167,827            | 28,205,870       | 27,633,784        | 27,051,231           | 26,519,110            |
| Less: Goodwill                                                                 | (24,431 )             | (24,431 )        | (24,431 )         | (24,431 )            | (24,431 )             |
| Less: Other intangible assets, net                                             | (667 )                | (863 )           | (1,061 )          | (1,265 )             | (1,471 )              |
| Tangible assets                                                                | 28,142,729            | 28,180,576       | 27,608,292        | 27,025,535           | 26,493,208            |
| Total shareholders' equity                                                     | 3,017,116             | 3,006,157        | 3,030,635         | 3,041,270            | 3,076,545             |
| Less: Goodwill                                                                 | (24,431 )             | (24,431 )        | (24,431 )         | (24,431 )            | (24,431 )             |
| Less: Other intangible assets, net                                             | (667 )                | (863 )           | (1,061 )          | (1,265 )             | (1,471 )              |
| Less: Series C Preferred Stock, no par value                                   | (125,980 )            | (125,980 )       | (125,980 )        | (125,980 )           | (125,980 )            |
| Tangible common equity                                                         | 2,866,038             | 2,854,883        | 2,879,163         | 2,889,594            | 2,924,663             |
| Total shareholders' equity to total assets ratio                               | 10.71                 | 10.66            | 10.97             | 11.24                | 11.60                 |
| Tangible common equity to tangible assets ratio                                | 10.18                 | 10.13            | 10.43             | 10.69                | 11.04                 |
| Tier 1 Common Equity and Tier 1 Common Equity Ratio                            |                       |                  |                   |                      |                       |
| Total shareholders' equity                                                     |                       |                  |                   |                      | \$3,076,545           |
| Less: Accumulated other comprehensive loss, net                                |                       |                  |                   |                      | 24,827                |
| Less: Goodwill                                                                 |                       |                  |                   |                      | (24,431 )             |
| Less: Other intangible assets, net                                             |                       |                  |                   |                      | (1,471 )              |
| Less: Disallowed deferred tax assets                                           |                       |                  |                   |                      | (529,342 )            |
| Other items                                                                    |                       |                  |                   |                      | 7,636                 |
| Tier 1 capital                                                                 |                       |                  |                   |                      | \$2,553,764           |
| Less: Qualifying trust preferred securities                                    |                       |                  |                   |                      | (10,000 )             |
| Less: Series C Preferred Stock, no par value                                   |                       |                  |                   |                      | (125,980 )            |
| Tier 1 common equity                                                           |                       |                  |                   |                      | \$2,417,784           |
| Total risk-weighted assets                                                     |                       |                  |                   |                      | \$22,817,379          |
| Tier 1 capital ratio                                                           |                       |                  |                   |                      | 11.19 %               |
| Tier 1 common equity ratio                                                     |                       |                  |                   |                      | 10.60 %               |

(1) Other credit costs consist primarily of foreclosed real estate expense, net.

(2) Amounts for other periods presented herein are not reported separately as amounts are not material.

(3) Recovery of previously incurred legal costs represents a reimbursement from an insurance carrier for attorney fees incurred in previous periods in connection with certain litigation. This amount, net of attorney fees incurred in 3Q14 relating to the same legal matters, is recorded as a component of professional fees in the consolidated income statement. These items are also a component of adjusted pre-tax, pre-credit costs income.

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**ITEM 3. – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The information presented in the Market Risk Analysis section of the Management's Discussion and Analysis of Financial Condition and Results of Operations is incorporated herein by reference.

**ITEM 4. – CONTROLS AND PROCEDURES**

In connection with the preparation of this Quarterly Report on Form 10-Q, an evaluation was carried out by Synovus' management, with the participation of Synovus' Chief Executive Officer and Chief Financial Officer, of the effectiveness of Synovus' disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures. Based on that evaluation, Synovus' Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2015, Synovus' disclosure controls and procedures were effective.

There have been no material changes in Synovus' internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the quarter ended September 30, 2015 that has materially affected, or is reasonably likely to materially affect, Synovus' internal controls over financial reporting.

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## PART II. – OTHER INFORMATION

## ITEM 1. – LEGAL PROCEEDINGS

Synovus and its subsidiaries are subject to various legal proceedings, claims and disputes that arise in the ordinary course of its business. Additionally, in the ordinary course of business, Synovus and its subsidiaries are subject to regulatory examinations, information gathering requests, inquiries and investigations. Synovus, like many other financial institutions, has been the target of numerous legal actions and other proceedings asserting claims for damages and related relief for losses. These actions include mortgage loan and other loan put-back claims, claims and counterclaims asserted by individual borrowers related to their loans and allegations of violations of state and federal laws and regulations relating to banking practices, including putative class action matters. In addition to actual damages if Synovus does not prevail in such asserted legal actions, credit-related litigation could result in additional write-downs or charge-offs of assets, which could adversely affect Synovus' results of operations during the period in which the write-down or charge-off were to occur. Synovus also from time to time faces disputes with customers and other counterparties, and in many cases, those disputes can pose both financial and reputational risk to Synovus. Based on Synovus' current knowledge and advice of counsel, management presently does not believe that the liabilities arising from these legal matters will have a material adverse effect on Synovus' consolidated financial condition, results of operations or cash flows. However, it is possible that the ultimate resolution of these legal matters could have a material adverse effect on Synovus' results of operations for any particular period. For additional information, see "Part I - Item 1. Financial Statements - Note 13 - Legal Proceedings" of this Report, which Note is incorporated herein by this reference.

## ITEM 1A. – RISK FACTORS

In addition to the other information set forth in this Report, you should carefully consider the factors discussed in "Risk Factors" in Part I-Item 1A of Synovus' 2014 Form 10-K which could materially affect its business, financial position, results of operations, cash flows, or future results. Please be aware that these risks may change over time and other risks may prove to be important in the future. New risks may emerge at any time, and we cannot predict such risks or estimate the extent to which they may affect our business, financial condition or results of operations, or the trading price of our securities.

There were no material changes during the period covered by this Report to the risk factors previously disclosed in Synovus' 2014 10-K.

## ITEM 2. – UNREGISTERED SALES OF SECURITIES AND USE OF PROCEEDS

(a) None.

(b) None.

(c) Issuer Purchases of Equity Securities:

During the third quarter of 2015, Synovus completed the \$250 million share repurchase program which was announced on October 21, 2014 and had an expiration date of October 23, 2015. The table below sets forth information regarding repurchases of our common stock during the third quarter of 2015.

| Share Repurchases | Total Number of Shares Repurchased | Average Price Paid per Share <sup>(1)</sup> | Total Number of Shares Repurchased as Part of Publicly Announced Plans or Programs | Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs |
|-------------------|------------------------------------|---------------------------------------------|------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| July 2015         | 305,700                            | \$30.84                                     | 305,700                                                                            | \$43,103,108                                                                                     |
| August 2015       | 901,100                            | 30.67                                       | 901,100                                                                            | 15,468,669                                                                                       |
| September 2015    | 518,400                            | 29.84                                       | 518,400                                                                            | —                                                                                                |
| Total             | 1,725,200                          | \$30.45                                     | 1,725,200                                                                          | \$—                                                                                              |

<sup>(1)</sup> The average price paid per share is calculated on a trade date basis for all open market transactions and excludes commissions and other transaction expenses.



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ITEM 3. – DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. – MINE SAFETY DISCLOSURES

None.

ITEM 5. – OTHER INFORMATION

None.

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ITEM 6. – EXHIBITS

| Exhibit<br>Number | Description                                                                                                                                                                                                                                                                       |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3.1               | Amended and Restated Articles of Incorporation of Synovus, as amended, incorporated by reference to Exhibit 3.1 of Synovus' Quarterly Report on Form 10-Q for the quarter ended June 30, 2010, as filed with the SEC on August 9, 2010.                                           |
| 3.2               | Articles of Amendment to the Amended and Restated Articles of Incorporation of Synovus with respect to the Series C Preferred Stock, incorporated by reference to Exhibit 3.1 to Synovus' Current Report on Form 8-K dated July 25, 2013, as filed with the SEC on July 25, 2013. |
| 3.3               | Articles of Amendment to the Amended and Restated Articles of Incorporation of Synovus, incorporated by reference to Exhibit 3.1 to Synovus' Current Report on Form 8-K dated April 29, 2014, as filed with the SEC on April 29, 2014.                                            |
| 3.4               | Articles of Amendment to the Amended and Restated Articles of Incorporation of Synovus, incorporated by reference to Exhibit 3.1 to Synovus' Current Report on Form 8-K dated May 19, 2014, as filed with the SEC on May 19, 2014.                                                |
| 3.5               | Bylaws, as amended, of Synovus, incorporated by reference to Exhibit 3.1 of Synovus' Current Report on Form 8-K dated November 8, 2010, as filed with the SEC on November 9, 2010.                                                                                                |
| 12.1              | Ratio of Earnings to Fixed Charges.                                                                                                                                                                                                                                               |
| 31.1              | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.                                                                                                                                                                               |
| 31.2              | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.                                                                                                                                                                               |
| 32                | Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.                                                                                                                                                   |
| 101               | Interactive Data File                                                                                                                                                                                                                                                             |

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

SYNOVUS FINANCIAL CORP.

November 5, 2015  
Date

By: /s/ Thomas J. Prescott  
Thomas J. Prescott  
Executive Vice President and Chief Financial Officer  
(Duly Authorized Officer and Principal Financial Officer)