

Welcome to here.

SYNOVUS

Banking
Lending
Investing

SYNOVUS®

2017 Annual Report

We created a better Synovus experience.

A single name, a single culture,
a seamless banking experience
for our customers.

From personal banking and home mortgage to treasury management and specialized corporate finance, our broad range of capabilities, along with our community- and customer-focused approach to business, means we can meet any banking or investment need, no matter the size or complexity.





A unified brand highlights Synovus’ deep presence in key growth markets across our footprint.

Whether in Tampa, Atlanta, Nashville, Charleston, or Tuscaloosa, the Synovus name promises a consistent banking experience everywhere we operate, with knowledgeable local bankers and leaders with strong roots in our communities.

To our shareholders,

As this letter goes to press in March 2018, our company has reached the halfway mark of the transition from 28 locally-branded divisions to a unified Synovus brand. The transition began in January of this year, with 14 branches in our Columbus hometown, and will conclude in June when 38 branches in South Carolina assume the Synovus name.

The business rationale for the single-name transition is straightforward: It will increase awareness of our regional presence, our financial capabilities, and our ability to meet the needs of customers and prospects. The name also represents a culture that has defined nearly every aspect of our company since its founding in 1888. The Synovus culture — relationship-based, service-focused, and grounded *here* — is our principal source of value creation with communities, customers, team members, and shareholders. Adopting the Synovus name throughout the company will allow us to deploy this core competitive advantage even more effectively — and is a critical step toward building our future.

2017 Results

2017 was an outstanding year for Synovus. Our financial results demonstrated broad-based improvement, and we achieved our previously established long-term goals for earnings per share growth, return on assets, and efficiency. We posted double-digit revenue and earnings per share growth, grew loans and deposits while diversifying our balance sheet, and improved overall



Kessel Stelling, Synovus Chairman and CEO

credit quality. We made meaningful investments in talent and capabilities, upgraded products and services, completed an innovative transaction, and continued to return capital to shareholders. In preparation for the single-brand conversion, we concluded the transition to a single-bank operating platform. And we received significant external validation about our reputation.

In short, we strengthened the foundation for executing as one Synovus.

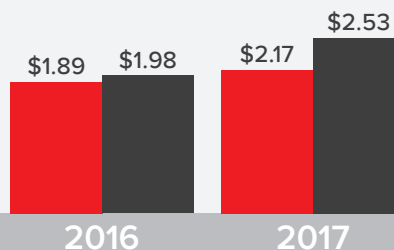
Diluted Earnings Per Share



27.7%*
Year-over-year

Reported

Adjusted*



Total revenues for the year were \$1.4 billion, an increase of 17 percent from \$1.2 billion in 2016. Net interest income was \$1.0 billion, up 14 percent from 2016, and adjusted non-interest income* (which excludes the \$75 million Cabela's transaction fee and other items) was \$274 million, up 2 percent from 2016. Net income available to common shareholders in 2017 was \$265 million, up 12 percent from \$237 million in the prior year, and diluted earnings per share (EPS) was \$2.17, up 15 percent from \$1.89 in 2016.

Adopting the Synovus name is a critical step toward building our future.

Revenues and profits grew faster than expenses as we generated positive operating leverage during the year: non-interest expense in 2017 increased 9 percent from 2016 as we utilized the proceeds from the Cabela's transaction to restructure the balance sheet and invest for future growth. Our focus on prudent investment and expense management helped us achieve a number of long-term goals in 2017, including 1-plus percent adjusted return on average assets (ROA)*, 10-plus percent EPS growth, and an adjusted efficiency ratio* below 60 percent. For the year, adjusted ROA* was 1.04 percent, diluted EPS growth was 15

percent, and the adjusted efficiency ratio* was 59.87 percent.

Total loans were \$24.8 billion at year-end 2017, an increase of 4 percent from \$23.9 billion at the end of 2016. Consumer loans increased 18 percent to \$5.9 billion at year-end 2017 from \$5.0 billion the prior year, as lending partnerships and consumer mortgages continued to generate strong growth. Commercial and industrial (C&I) loans totaled \$12.0 billion at the end of 2017, up 4 percent from \$11.5 billion at year-end 2016. Commercial real estate (CRE) loans were \$6.9 billion at year-end 2017, down 6 percent from the end of 2016.

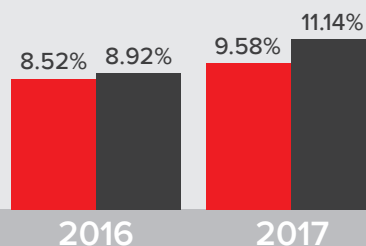
As part of a long-term strategy to shift and de-risk the composition of our loan portfolio, CRE declined to less than 28 percent of outstanding balances. In consumer lending, we continued to benefit from strategic partnerships with financial technology lending companies, while private wealth and physician-focused customer strategies drove growth in consumer mortgages. C&I growth was again fueled by core community banking expansion, as well as long-standing corporate specialty areas such as senior housing and specialized health care. Global One, our life insurance premium financing division, also made strong contributions to lending growth, demonstrating the strategic value of that 2016 acquisition, and our success in integrating it quickly and realizing business synergies.

Return on Average Tangible Common Equity*



222 bps*
Year-over-year

■ Reported ■ Adjusted*



Credit quality continued to improve in 2017 as a result of balance sheet restructuring activities and loan portfolio de-risking, with non-performing asset and loan ratios reaching their lowest levels in more than a decade. Non-performing assets at the end of 2017 were \$131 million, down 26 percent from \$176 million at year-end 2016, and the non-performing asset ratio declined 21 basis points from the end of 2016 to 0.53 percent at December 31, 2017. The net charge-off ratio was 0.29 percent in 2017 compared to 0.12 percent in 2016. Excluding the impact from the balance sheet restructuring actions, the adjusted net charge-off ratio* was 0.15 percent in 2017.

We produced solid growth in deposits and strong gains in the small business and private wealth divisions. Total average deposits in 2017 were \$25.4 billion, an increase of 6 percent from \$23.9 billion in 2016, and average core transaction account deposits* increased 8 percent to \$18.5 billion in 2017 from \$17.1 billion in 2016. Average core transaction non-interest bearing deposits* increased 6 percent, from \$6.2 billion in 2016 to \$6.6 billion in 2017, on the strength of our relationship-based approach to clients.

We continued to invest in talent acquisition, market expansion, and product and service enhancements in 2017. Our financial management services division added investment professionals in Charleston, Atlanta, Augusta, and other strategic markets, and our Family Asset Management

(FAM) unit opened its first office in Nashville. These new team members helped grow assets under management to \$14 billion at year-end 2017, up 23 percent from the end of 2016, and brokerage assets under management to \$2.5 billion, up 30 percent.

We launched a portfolio of new credit card products with a wider range of competitive benefits and features. We completed replacement of legacy sales, servicing, and underwriting infrastructure with enhanced systems to increase efficiency and improve the customer experience. We finished major real estate and office space consolidations in Birmingham and Atlanta, which included opening a new Synovus-branded building at Overton Park Drive in Atlanta, a highly efficient space that has already fostered considerable collaboration among team members. We also opened two modern and highly customer-centric branches in the lobby of the Overton building and in Atlanta's Reynoldstown neighborhood.

In September, we closed a significant transaction with Cabela's and Capital One. Our role was instrumental in completing one of the year's most noteworthy corporate acquisitions, and the resulting \$75 million fee allowed us to take actions that will have long-term financial benefits for the company, including strengthening our balance sheet through accelerated liquidation of problem assets, refinancing higher-cost debt, repositioning the bond portfolio, and deploying additional liquidity to grow assets.

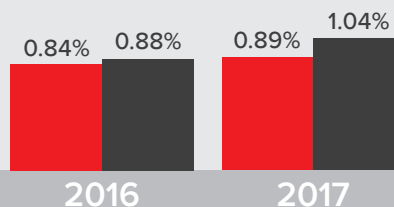
Return on Average Assets



16 bps*
Year-over-year

■ Reported

■ Adjusted*



Through earnings growth and associated capital actions, we continued to optimize capital while maintaining regulatory ratios at strong levels. The common equity Tier 1 ratio at the end of 2017 was 9.99 percent, up from 9.96 percent at the close of 2016. The total risk-based capital ratio was 12.23 percent at year-end, up from 12.01 percent at the end of 2016. Our capital levels are well over minimum regulatory levels and we believe are sufficient to sustain the company through periods of severe economic decline.

We returned \$244 million to common shareholders in 2017.

We returned \$244 million to common shareholders in 2017 through \$175 million in common share repurchases and \$69 million in common stock dividends. In addition, our Board of Directors authorized a new share repurchase program of up to \$150 million of the company's common stock to be executed during 2018, and approved a 67 percent increase in the company's quarterly common stock dividend to \$0.25 per share, effective with the quarterly dividend payable in April 2018. These actions demonstrate our operating and financial strength and continuing commitment to return capital to shareholders.

In 2017, we completed one of the most important projects in our company's history: implementation of a single-bank operating environment. Successful implementation of this environment consolidated a number of essential but non-customer-facing processing functions and was critical for enabling a seamless customer experience under a unified brand. It is a testament to the dedication and skill of the hundreds of team members who supported this project that it was implemented with minimal disruption to the business or customers.

Finally, we won 23 Excellence Awards for Small Business Banking and Middle Market Banking from Greenwich Associates, which sets the benchmark for customer service in the banking industry. We were also extraordinarily gratified to be recognized as the country's most reputable bank by Reputation Institute and *American Banker*. Of 42 banks in the survey — including the country's largest national and regional institutions — Synovus ranked first overall, first among non-customers and in the top 10 among customers. Our overall score of 80.7 was the highest overall score in survey history and nearly 10 points above the 2017 industry average. The ranking demonstrates that who we are, what we stand for, and how we do business resonate strongly with customers and non-customers. It also validates the strength of Synovus' service-focused culture as we transition to a unified brand.

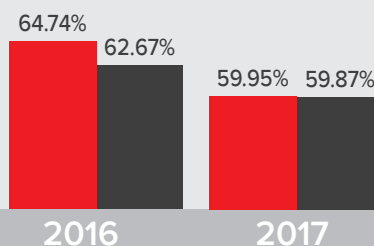
Efficiency Ratio



280 bps*
Year-over-year

■ Reported

■ Adjusted*



Building on our good name

We are not resting on our laurels. We know we must continue to improve. Our transition to a single-brand is an essential next step to increase our competitiveness — with customers and non-customers alike. To improve the customer experience, we plan to launch a new online banking platform and mobile application this year, and we expect to complete the refresh of our ATM fleet. We will help more customers achieve

We were gratified to be recognized as the country's most reputable bank.

their financial goals by improving our wealth-building products and services. We will continue to invest in our team, including personal and professional development opportunities for team members, while leveraging our reputation in talent acquisition across our footprint. We will accelerate our efforts to improve inclusion and diversity in our workplace. And we will continue to demonstrate our commitment to the communities we serve through our *Here Matters* community service program.

* Non-GAAP financial measure. See "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Financial Measures" of the enclosed Annual Report for a reconciliation and discussion of these non-GAAP measures.

We also know that investors will expect more. As the interest rate, tax, regulatory, and business environments continue to change — and having achieved our previously-established long-term goals — we have updated our financial targets in the areas of growth, profitability, and efficiency. Specifically, over the next three years, we aspire to deliver 20 percent or higher compounded annual growth in EPS; ROA above 1.35 percent; return on average tangible common equity* above 15 percent; and an adjusted efficiency ratio* below 57 percent. We have made great progress over the last five years, and our team believes we will continue to deliver and achieve these more aggressive financial targets in the next three years.

As the *bank of here*, we create long-term value by serving local communities, customers, team members, and shareholders. We expect to create even more value by serving as a unified brand — as one Synovus. I am grateful to team members for the work they have invested in delivering us *here*, and for their efforts to deliver on our potential. And I am especially grateful to our shareholders for your business, your confidence, and your investment.

Kessel D. Stelling
Chairman and
Chief Executive Officer

Our customers and communities are saying “hello” to the same great bank.



Unmatched customer service everywhere the bank operates.

“I’ve been a Synovus customer since the bank arrived in Savannah in 2004, and I value my relationship because Synovus runs its business the same way I run mine: with a focus on unmatched customer service. I can go to anyone at the bank, from the local president to the tellers, and receive excellent service from everyone. With the transition to a single brand, I know I’ll be able to expect the Synovus treatment everywhere the bank operates.”

Roy Page
Chairman and CEO, Page International

The same level of service, throughout our footprint.

“We are proud to serve Huntsville — the rocket city. Our customers are smart, innovative, and future-focused. They value personal relationships and the qualities of our community that make Huntsville unique. They expect the same of their bank — and we’ve delivered as part of Synovus for more than 25 years. With the transition to a unified brand, I’m thrilled our customers will know they can expect the same level of skill, service, and community commitment throughout our footprint.”

Beth Sippel
Market President, Huntsville, Alabama



Synovus is addressing community needs through *Here Matters*.

Team members demonstrated that *Here Matters* in 2017 through pre-planned, footprint-wide projects — and through our rapid response to event-driven needs. In June, team members collected nearly 5,000 children's books for distribution to more than a dozen organizations across the

footprint. In October, we celebrated military, public safety officers, and first-responders as part of an "Honoring our Heroes" outreach that included meal deliveries to fire stations and police precincts, and collection of blankets, clothing, and food staples for homeless veterans.

Synovus Community Outreach in 2017 by the numbers.

\$910,000 contributed by team members and corporate giving to the United Way

\$112,500 Jack Parker Scholarship dollars awarded through 101 scholarships

28,770 volunteer hours supporting *Here Matters* community projects

3,650 *Here Matters* community projects completed

Not every initiative was planned in advance. As Hurricane Irma approached south Florida, team members in Columbus assembled a convoy of five trucks for immediate dispatch. Using branches in Naples and Fort Myers as staging areas, the team distributed 600 cases of water, gas generators, lumber, carpentry tools, and other supplies, and provided assistance with clean-up efforts. Around the footprint, team members raised \$18,000 and the company contributed an additional \$10,000 for team members with immediate needs and for community relief efforts related to the storms.

Synovus empowers us to make a difference.

“The fight to end human trafficking has been an important part of my life for nearly a decade, and I can't imagine an employer more supportive of my efforts than Synovus. The company strengthens communities through locally-driven *Here Matters* projects, and I've enjoyed participating in those and seeing the difference they make in my Warner Robins community. As important, though, I appreciate that the company empowers team members to make a difference where *Here Matters* in their own hearts.”

Christine Watson
2017 William B. Turner Community Impact Award Recipient



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

FORM 10-K

Annual report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2017

Commission file number 1-10312

SYNOVUS
SYNOVUS FINANCIAL CORP.

(Exact name of registrant as specified in its charter)

Georgia

(State or other jurisdiction of incorporation or organization)

1111 Bay Avenue Suite 500, Columbus, Georgia

(Address of principal executive offices)

58-1134883

(I.R.S. Employer Identification No.)

31901

(Zip Code)

(706) 649-2311

Registrant's telephone number, including area code:

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	New York Stock Exchange
Series B Participating Cumulative Preferred Stock 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

	YES	NO
• Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, 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).	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• 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 <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)
Smaller reporting company <input type="checkbox"/>		
• Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).	<input type="checkbox"/>	<input checked="" type="checkbox"/>

As of June 30, 2017, the aggregate market value of the registrant's Common Stock held by non-affiliates of the registrant was approximately \$5,018,777,602 based on the closing sale price of \$44.24 reported on the New York Stock Exchange on June 30, 2017.

As of February 26, 2018, there were 118,681,256 shares of the registrant's Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Incorporated Documents	Form 10-K Reference Locations
Portions of the Proxy Statement for the Annual Meeting of Shareholders to be held April 26, 2018 ("Proxy Statement")	Part III

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SYNOVUS FINANCIAL CORP.

INDEX OF DEFINED TERMS

ALCO – Synovus’ Asset Liability Management Committee

ALL – Allowance for loan losses

ASC – Accounting Standards Codification

ASR – Accelerated share repurchase

ASU – Accounting Standards Update

ATM – Automatic teller machine

AUM – Assets under management

Basel III – The third Basel Accord developed by the Basel Committee on Banking Supervision to strengthen existing regulatory capital requirements

BOLI – Bank owned life insurance policies

BHC – Bank holding company

BSA/AML – Bank Secrecy Act/Anti-Money Laundering

BOV – Broker’s opinion of value

bp(s) – Basis point(s)

C&I – Commercial and industrial loans

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

CFPB – Consumer Finance Protection Bureau

CMO – Collateralized Mortgage Obligation

Cabela’s Transaction – The transaction completed on September 25, 2017 whereby Synovus Bank acquired certain assets and assumed certain liabilities of World’s Foremost Bank (“WFB”) and then immediately thereafter sold WFB’s credit card assets and certain related liabilities to Capital One Bank (USA), National Association. As a part of this transaction, Synovus Bank retained WFB’s \$1.10 billion brokered time deposit portfolio and received a \$75.0 million fee from Cabela’s Incorporated and Capital One. Throughout this Report, we refer to this transaction as the “**Cabela’s Transaction**” and the associated \$75.0 million fee received from Cabela’s and Capital One as the “**Cabela’s Transaction Fee**”

Code – Internal Revenue Code of 1986, as amended

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

DIF – Deposit Insurance Fund

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

DRR – Dual Risk Rating

EL – Expected loss

EVE – Economic value of equity

Exchange Act – Securities Exchange Act of 1934, as amended

FASB – Financial Accounting Standards 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

Federal Tax Reform – Enactment of H.R. 1, formerly known as the Tax Cuts and Jobs Act, on December 22, 2017, legislation in which a number of changes were made under the Internal Revenue Code, including a reduction of the corporate income tax rate, significant limitations on the deductibility of interest, allowance of the expensing of capital expenditures, limitation on deductibility of FDIC insurance premiums, and limitation of the deductibility of certain performance-based compensation, among others

FHLB – Federal Home Loan Bank

FICO – Fair Isaac Corporation

FinCEN – The Treasury’s financial crimes enforcement network

FINRA – Financial Industry Regulatory Authority

FFIEC – Federal Financial Institutions Examination Council

GA DBF – Georgia Department of Banking and Finance

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

GGL – Government guaranteed loans

GSE – Government sponsored enterprise

Global One – Entaire Global Companies, Inc., the parent company of Global One Financial, Inc., as acquired by Synovus on October 1, 2016. Throughout this Report, we refer to this acquisition as “**Global One**”

HELOC – Home equity line of credit

IPO – Initial public offering

IRS – Internal Revenue Service

LGD – Loss given default

LIBOR – London Interbank Offered Rate

LIHTC – Low Income Housing Tax Credit

LTV – Loan-to-collateral value ratio

MBS – Mortgage-backed securities

nm – Not meaningful

NOL – Net operating loss

NPA – Non-performing assets

NPL – Non-performing loans

NSF – Non-sufficient funds

NYSE – New York Stock Exchange

OCI – Other comprehensive income

OFAC – Office of Foreign Assets Control

ORE – Other real estate

OTTI – Other-than-temporary impairment

Parent Company – Synovus Financial Corp.

PD – Probability of default

POS – Point-of-sale

Rights Plan – Synovus' Shareholder Rights Plan dated April 26, 2010, as amended

SBA – Small Business Administration

SEC – U.S. Securities and Exchange Commission

Securities Act – Securities Act of 1933, as amended

Series A Preferred Stock – Synovus' Fixed Rate Cumulative Perpetual Preferred Stock, Series A, without par value

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 and wholly-owned subsidiary of Synovus, through which Synovus conducts its banking operations

Synovus' 2017 Form 10-K – Synovus' Annual Report on Form 10-K for the year ended December 31, 2017

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

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

Synovus Securities – Synovus Securities, Inc., a wholly-owned subsidiary of Synovus

TBA – To-be-announced securities with respect to mortgage-related securities to be delivered in the future (MBSs and CMOs)

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

the Treasury – United States Department of the Treasury

UDAAP – Unfair, deceptive or abusive acts or practices

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 A shares – Class A shares of common stock issued by Visa are publicly traded shares which are not subject to restrictions on sale

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. Class B shares will be convertible into Visa Class A shares using a then current conversion ratio upon the lifting of restrictions with respect to sale of Visa Class B shares

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

Visa IPO – The initial public offering of shares of Class A common stock by Visa, Inc. on March 25, 2008

Warrant – A warrant issued to Treasury by Synovus to purchase up to 2,215,819 shares of Synovus common stock at a per share exercise price of \$65.52 expiring on December 19, 2018, as was issued by Synovus to Treasury in 2008 in connection with the Capital Purchase Program, promulgated under the Emergency Economic Stabilization Act of 2008

Part I

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 financial services 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,” “assumes,” “predicts,” “could,” “should,” “would,” “intends,” “targets,” “estimates,” “projects,” “plans,” “potential” and other similar words and expressions of the future or otherwise regarding the outlook for Synovus’ future business and financial performance and/or the performance of the financial services 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;
- (2) the risk that we may not realize the expected benefits from our efficiency and growth initiatives, which could negatively affect our future profitability;
- (3) the risk that our current and future information technology system enhancements and initiatives may not be successfully implemented, which could negatively impact our operations;
- (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;
- (7) changes in the interest rate environment, including changes to the federal funds rate, 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;
- (8) our ability to attract and retain key employees;
- (9) the risk that we may be required to make substantial expenditures to keep pace with regulatory initiatives and the rapid technological changes in the financial services market;
- (10) 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;
- (11) risks related to the ability of our operational framework to manage risks associated with our business such as credit risk and operational risk, including third-party vendors and other service providers, which could among other things, result in a breach of operating or security systems as a result of cyber attack or similar act;
- (12) our ability to identify and address cyber-security risks such as data security breaches, malware, “denial of service” attacks, “hacking” and identity theft, a failure of which could disrupt our business and result in the disclosure of and/or misuse or misappropriation of confidential or proprietary information, disruption or damage of our systems, increased costs, significant losses, or adverse effects to our reputation;
- (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 and the uncertainty of future implementation and enforcement of these regulations;
- (14) the risk that Federal Tax Reform could have an adverse impact on our business or our customers, including with respect to demand and pricing for our loan products;

- (15) the risk that we could realize losses if we sell non-performing assets and the proceeds we receive are lower than the carrying value of such assets;
- (16) the risk that we may be exposed to potential losses in the event of fraud and/or theft;
- (17) the risk that we may not be able to identify suitable acquisition targets or strategic partners as part of our growth strategy and even if we are able to identify suitable acquisition counterparties, we may not be able to complete such transactions on favorable terms, if at all, or successfully integrate acquired bank or nonbank operations into our existing operations;
- (18) 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;
- (19) 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;
- (20) changes in the cost and availability of funding due to changes in the deposit market and credit market;
- (21) 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;
- (22) our ability to receive dividends from our subsidiaries could affect our liquidity, including our ability to pay dividends or take other capital actions;
- (23) risks related to regulatory approval to take certain actions, including any dividends on our common stock or Series C Preferred Stock, any repurchases of common stock or any other issuance or redemption of any other regulatory capital instruments, as well as any applications in respect of expansionary initiatives;
- (24) 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;
- (25) the risk that we may be required to take additional charges with respect to our deferred tax assets as a result of Federal Tax Reform in the event our estimates prove false;
- (26) the costs and effects of litigation, investigations, inquiries or similar matters, or adverse facts and developments related thereto;
- (27) risks related to the fluctuation in our stock price;
- (28) the effects of any damages to our reputation resulting from developments related to any of the items identified above; and
- (29) other factors and other information contained in this Report and in other reports and filings that we make with the SEC under the Exchange Act, including, without limitation, those found in “Part I—Item 1A. Risk Factors” of this Report.

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 this Report 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 statement 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.

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Overview

General

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 our wholly-owned subsidiary bank, Synovus Bank, and other offices in Georgia, Alabama, South Carolina, Florida and Tennessee. With the completion of its acquisition of Global One on October 1, 2016, Synovus Bank also provides life insurance premium financing.

Our relationship-centered, community-committed model positions Synovus Bank to be the one people think of first for all of their financial service needs. We deliver a differentiated, personal and capable customer experience, allowing us to seamlessly deliver financial solutions and value-added advice. Moreover, we strive to strengthen and lead the communities we serve. Through the investment of dollars and volunteer hours, as well as our thought leadership in innovation and economic development, we are committed to improving the markets in our footprint. Lastly, we foster a high-performing, inclusive, and rewarding workplace. Our team of exceptional and specialized talent, combined with our people-first culture, differentiates us in the marketplace. For all these reasons, we believe we are well positioned to continue to grow and prosper, and to take advantage of the opportunities that exist in our attractive footprint.

We were incorporated under the laws of the State of Georgia in 1972. Our principal executive offices are located at 1111 Bay Avenue, Suite 500, Columbus, Georgia 31901 and our telephone number at that address is (706) 649-2311. Our common stock is traded on the New York Stock Exchange under the symbol "SNV."

2017 Business Highlights

Our 2017 financial results were in line with our 2017 earnings guidance, and we achieved our long-term targets for earnings per share growth, adjusted return on average assets, and the adjusted efficiency ratio.

- **Earnings growth:** Synovus reported net income available to common shareholders of \$265.2 million, or \$2.17 per diluted common share in 2017. Adjusted net income per diluted common share* was \$2.53 in 2017, up 27.7% from 2016, exceeding our long-term financial target of 10-plus percent sustained growth in earnings per share.
- **Revenue growth:** Total revenues were \$1.37 billion in 2017, up 16.7% from 2016. Adjusted total revenues* were \$1.30 billion, up 11.1% from 2016. Net interest income was \$1.02 billion, up 13.8% for the year, exceeding our 2017 earnings guidance of 8% – 10% growth due in part to net interest margin expansion associated with increases in the Federal Funds rate, while deposit rates remained relatively stable. Non-interest income was \$345.3 million in 2017, up \$72.1 million from 2016 driven by the \$75 million Cabela's Transaction Fee. Adjusted non-interest income* increased \$5.5 million or 2.1% from 2016, in line with our 2017 earnings guidance of 2% – 4% growth.
- **Profitability:** Return on average assets was 0.89% in 2017 compared to 0.84% in 2016. Adjusted return on average assets* increased to 1.04% in 2017, compared to 0.88% in 2016, resulting in the achievement of one of our long-term targets of 1-plus percent return on average assets.
- **Efficiency:** Non-interest expense was \$821.3 million in 2017, up 8.7% from 2016. Adjusted non-interest expense* was \$777.3 million in 2017, up 6.1% from 2016. Our reported growth in non-interest expense of 8.7% exceeded our 2017 earnings guidance of 2% – 4% growth driven by the third quarter balance sheet restructuring actions which increased non-interest expense by \$31.9 million or 4.2% of 2016 reported non-interest expense. Meanwhile, our continued focus on expense management helped us achieve our long-term financial goal of an adjusted efficiency ratio below 60 percent. The efficiency ratio was 59.95% in 2017. The adjusted efficiency ratio was 59.87% in 2017, improved from 62.67% in 2016.
- **Loan portfolio growth and diversification:** Total average loans were \$24.40 billion in 2017, up \$1.28 billion or 5.5% from 2016, in line with our 2017 guidance of 5% – 7% growth. Additionally, we continued to diversify the loan portfolio. Commercial and industrial loans now represent 49% of total loans, and consumer loans have increased to 24% of total loans while commercial real estate loans have declined to less than 28% of total loans.
- **Deposit growth:** Total average deposits were \$25.37 billion, up \$1.49 billion or 6.3% from 2016, in line with our 2017 guidance of 5% – 7% growth. We continued to enhance the mix of our deposits, with average core transaction deposit accounts* continuing to grow, posting a \$1.36 billion or 7.9% increase for the year, and including a \$390.3 million or 6.3% increase in average core transaction non-interest bearing deposits*.
- **Credit quality:** Credit quality continued to improve. The non-performing assets ratio ended the year at 0.53%, a 21 basis point improvement from 2016. The net charge-off ratio was 0.29% for the year, compared to 0.12% in 2016. Excluding the impact from the third quarter 2017 balance sheet restructuring actions (transfers to held-for-sale), the adjusted net charge-off ratio* was 0.15% in 2017, in line with our 2017 guidance of 15 – 20 basis points in net charge-offs for the year.
- **Capital management:** Our capital ratios continue to be well above regulatory requirements. The common equity Tier 1 ratio ended the year at 9.99%, up from 9.96% in 2016, and the Tier 1 capital ratio ended the year at 10.38%, up from 10.07% a year ago. Return on average common equity was 9.32% in 2017, compared to 8.41% in 2016. The adjusted return on average common equity* was 10.86% in 2017, up from 8.82% in 2016. Additionally, the return on average tangible common equity* was 9.58% in 2017, up from 8.52% in 2016. Adjusted return on average tangible common equity* was 11.14% in 2017, up from 8.92% in 2016. In 2017, we returned \$244.5 million in capital to common shareholders. Repurchases for the year totaled \$175.1 million, and we paid \$69.4 million in common stock dividends, including a 25% increase in the quarterly dividend to \$0.15 per share in the first quarter. While we continued to return capital to shareholders, we also continued to grow tangible book value* in 2017 to \$23.27 per common share, an increase of 4.3% over the prior year.

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* Non-GAAP financial measure. See “Part II – Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Financial Measures” of this Report for applicable reconciliation to GAAP financial measure.

Additional information relating to our business and our subsidiaries, including a detailed description of our operating results and financial condition for 2017, 2016 and 2015, is contained below and under “Part II – Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Report.

Banking Operations

Synovus conducts its banking operations through Synovus Bank. Synovus Bank is a Georgia state-chartered bank and operates throughout Alabama, Florida, Georgia, South Carolina and Tennessee. Synovus Bank offers commercial banking services and retail banking services. Our commercial banking services include cash management, asset management, capital markets services, institutional trust services and commercial, financial and real estate loans. Our retail banking services include accepting customary types of demand and savings deposits accounts; mortgage, installment and other retail loans; investment and brokerage services; safe deposit services; automated banking services; automated fund transfers; Internet-based banking services; and bank credit card services, including Visa and MasterCard services.

Throughout most of 2017, Synovus Bank operated under the following 28 locally-branded bank divisions in the following states:

Table 1 – Bank Divisions

	State(s)
CB&T Bank of East Alabama	Alabama
Community Bank & Trust of Southeast Alabama	Alabama
The Bank of Tuscaloosa	Alabama
Sterling Bank	Alabama
First Commercial Bank of Huntsville	Alabama
First Commercial Bank	Alabama
The First Bank of Jasper	Alabama
Tallahassee State Bank	Florida
Coastal Bank and Trust of Florida	Florida
First Coast Community Bank	Florida
Synovus Bank	Florida
Synovus Bank of Jacksonville	Florida
Columbus Bank and Trust Company	Georgia
Commercial Bank	Georgia
Commercial Bank & Trust Company of Troup County	Georgia
SB&T Bank	Georgia
The Coastal Bank of Georgia	Georgia
First State Bank and Trust Company of Valdosta	Georgia
First Community Bank of Tifton	Georgia
CB&T Bank of Middle Georgia	Georgia
Sea Island Bank	Georgia
Citizens First Bank	Georgia
AFB&T	Georgia
Bank of North Georgia	Georgia
Georgia Bank & Trust	Georgia
NBSC	South Carolina
The Bank of Nashville	Tennessee
Cohutta Banking Company	Tennessee and Georgia

Beginning in the fourth quarter of 2017 with Cohutta Banking Company, Synovus Bank began to execute on its initiative to transition away from the foregoing locally-branded bank divisions to a single brand, Synovus. Execution and implementation of this initiative is expected to be completed by mid-2018.

The following chart reflects the distribution of our branch locations as of December 31, 2017, in each of the states in which we conduct banking operations:

Table 2 – Bank Branch Locations

	Branches
Georgia	116
Alabama	37
South Carolina	38
Florida	48
Tennessee	11
Total	250

Major Non-bank Subsidiaries

In addition to our banking operations, we also provide various other financial services to our customers through the following direct and indirect wholly-owned non-bank subsidiaries:

- Synovus Securities, 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, asset management and financial planning services, and the provision of individual investment advice on equity and other securities;
- Synovus Trust, headquartered in Columbus, Georgia, which provides trust services; and
- Synovus Mortgage, headquartered in Birmingham, Alabama, which offers mortgage services.

Business Developments

Synovus has traditionally focused on a strategy that includes expanding and diversifying its franchise in terms of revenues, profitability and asset size while maintaining a community banking, relationship-based approach to banking. This strategy has encompassed both organic growth as well as acquisitions of complementary banks and financial services businesses. The fourth quarter 2016 acquisition of Global One is one such example of executing on our growth strategy.

During 2017, we continued to execute on our realignment of our corporate, commercial, and retail bankers, and investment professionals to more effectively identify and pursue strategic customer relationships in our markets. We believe these changes, begun in 2014, simplify the way we deliver services to our customers and enable more consistent delivery across our footprint; leverage our relationship-based banking model to better align the strengths of our bankers with the needs of our customers; and position us to realize increased shareholder value.

Lending Activities

Overview

The primary goal of Synovus' lending function is to help customers achieve their financial goals by providing quality financing products that are fair to the customer and profitable to Synovus. Management believes that this purpose can best be accomplished by building strong customer relationships over time and maintaining a strong presence and position of influence in the communities Synovus serves. Synovus strives to serve all of its customers with the highest levels of courtesy, respect, gratitude and fairness and deliver its services with unparalleled expertise, efficiency, responsiveness and accuracy. This relationship-based approach to banking enables Synovus' bankers to develop a deep knowledge of Synovus' customers and the markets in which they operate. Synovus has processes to ensure consistency of its lending processes, to maintain strong underwriting criteria in evaluating new loans and loan renewals, and to diversify its loan portfolio in terms of type, industry and geographical concentration. Synovus believes that these measures better position Synovus to meet the credit needs of businesses and consumers in the markets it serves while pursuing a balanced strategy of loan profitability, loan growth and loan quality.

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Synovus conducts the majority of its lending activities within the framework of its relationship-based approach to banking, built on creating long-term relationships with its customers. The following tables summarize Synovus' loan portfolio by type at December 31, 2017 and 2016.

Table 3 – Loans by Type

(dollars in thousands)	2017		2016	
	Total Loans*	%	Total Loans*	%
Investment properties	\$ 5,670,065	22.9%	\$ 5,869,261	24.6%
1-4 family properties	781,619	3.1	888,553	3.7
Land and development	483,604	2.0	616,298	2.6
Total commercial real estate	6,935,288	28.0	7,374,112	30.9
Commercial, financial, and agricultural	7,179,487	29.0	6,909,036	29.0
Owner-occupied	4,844,163	19.5	4,634,770	19.4
Total commercial and industrial	12,023,650	48.5	11,543,806	48.4
Home equity lines	1,514,227	6.1	1,617,265	6.8
Consumer mortgages	2,633,503	10.6	2,296,604	9.6
Credit cards	232,676	0.9	232,413	1.0
Other consumer loans	1,473,451	5.9	818,182	3.3
Total consumer	5,853,857	23.5	4,964,464	20.7
Deferred fees and costs, net	(25,331)	nm	(25,991)	nm
Total loans, net of deferred fees and costs	\$ 24,787,464	100.0%	\$ 23,856,391	100.0%

* Loan balance in each category is before net deferred fees and costs and is expressed as a percentage of total loans, net of deferred fees and costs.
nm = not meaningful

The following discussion describes the underwriting procedures of Synovus' lending function and presents the principal types of lending conducted by Synovus. The results of Synovus' lending activities and the relative risk of Synovus' loan portfolio are discussed in "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Report.

Underwriting Approach

Recognizing that interest earned from its loan portfolio is the primary source of revenue, Synovus' management believes that proper and consistent loan underwriting is critical to Synovus' long-term financial success. Synovus' underwriting approach is designed to effectively govern the degree of assumed risk and ensure that its credit relationships conform to Synovus' overall risk philosophy. Synovus' underwriting standards address collateral requirements; guarantor requirements (including policies on financial statements, tax returns, and limited guarantees); requirements regarding appraisals and their review; loan approval hierarchy; standard consumer credit scoring underwriting criteria (including credit score thresholds, maximum maturity and amortization, LTV limits, global debt service coverage, and debt to income limits); CRE and C&I underwriting guidelines (including minimum debt service coverage ratio, maximum amortization, minimum equity requirements, maximum LTV ratios); lending limits; and credit approval authorities. Additionally, Synovus utilizes a loan concentration policy to limit and manage its exposure to certain loan concentrations, including CRE. The loan concentration policy provides a more detailed program for portfolio risk management and reporting, including limits on CRE loans as a percentage of risk-based capital (in the aggregate and by loan type), large borrower concentration limits and monitoring, as well as portfolio mix monitoring. Synovus' underwriting process is structured to require oversight that is proportional to the size and complexity of the lending relationship.

Synovus utilizes a tiered credit approval process requiring all loans to be approved by concurring bank officers. Larger loans are approved by more senior bank officers as well as an independent senior credit officer, with the largest loans requiring approval of Synovus Bank's Loan Committee, which is comprised of the Chief Credit Officer, the Chief Community Banking Officer, the Chief Commercial Banking Officer, and other key executives of Synovus Bank. The centralized underwriting policy and philosophy also provides a structured, conservative approach to lending. For instance, LTV limits on certain types of loan offerings are lower than regulatory requirements, and large borrower concentration limits are explicit. Furthermore, Synovus has established more stringent underwriting requirements on certain types of CRE lending, including loans for the purpose of financing shopping centers and land.

Commercial and Industrial Loan Portfolio

The C&I loan portfolio represents the largest category of Synovus' total loan portfolio. Synovus' C&I loan portfolio is currently concentrated on small to middle market C&I lending disbursed throughout a diverse group of industries primarily in the Southeast and other selected areas in the United States, including health care and social assistance, real estate-related industries, retail trade, manufacturing, finance and insurance, and professional, scientific, and technical services. 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 originated through Synovus' local markets and the Corporate Banking Group to commercial customers primarily to finance capital expenditures, including real property, plant and equipment, or as a source of working capital. At December 31, 2017, 40.3% of Synovus' total C&I loans represented loans for the purpose of financing owner-occupied properties. The primary source of repayment on these C&I loans is revenue generated from products or services offered by the borrower's business. The secondary source of repayment on these C&I loans is the real estate securing such loans. In accordance with Synovus' uniform lending policy, each loan undergoes a detailed underwriting

process, which incorporates the uniform underwriting approach, procedures and evaluations described above. Approximately 93% of Synovus' C&I loans are secured by business assets including equipment, inventory, real estate, and other types of collateral. Total C&I loans at December 31, 2017 were \$12.02 billion, or 48.5%, of the total loan portfolio.

C&I lending is a key component of Synovus' growth and diversification strategy. Synovus continues to invest in additional lending expertise in key strategic markets as well as offer enhanced products and services to its C&I customers. During the fourth quarter of 2016, \$356.7 million of C&I loans were added with the acquisition of Global One. The addition of these loans through Global One aligns well with our strategy of further diversifying our loan portfolio and growing loans, as well as providing additional cross-sell opportunities through collaboration with other Synovus business units. Complementing this investment in C&I growth, Synovus' 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 customers and includes specialty commercial units such as loan syndications, corporate real estate, senior housing, middle market, and healthcare banking. These units partner with Synovus' local bankers to build relationships across the five-state footprint, as well as other selected areas in the U.S. To date, loan syndications consist primarily of loans where Synovus is participating in the credit. Senior housing loans are typically extended to borrowers primarily in the assisted living, independent living, or memory care facilities sectors. Synovus has continued to develop its middle market lending program by enhancing its focus on this program and reallocating lending resources while sustaining momentum from investments made in other specialty lines such as healthcare banking. The Corporate Banking Group also originates direct loans to well-capitalized public companies and larger private companies that operate predominantly in the five-state footprint and other selected areas throughout the U.S.

Commercial Real Estate Loan Portfolio

Synovus' CRE loans consist of investment property loans, residential construction and development loans, land acquisition loans, and 1-4 family perm/mini-perm loans. As is the case with Synovus' C&I loans, CRE loans are primarily originated through Synovus Bank's local markets. Total CRE loans as of December 31, 2017 were \$6.94 billion, or 28.0%, of the total loan portfolio.

Investment Property Loans

Synovus' investment property 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 property portfolio is well diversified by property type, geography (primarily within Synovus' market areas of Georgia, Alabama, Tennessee, South Carolina, and Florida) and tenants. These loans are generally recourse in nature with short-term maturities (3 years or less), allowing for restructuring opportunities which reduces Synovus' overall risk exposure. The investment property loans are primarily secured by the property being financed by the loans; however, they may also be secured by real estate or other assets beyond the property being financed. Investment property loans are subject to the same uniform lending policies and procedures described above, although such loans have historically been underwritten with stressed interest rates and vacancies. All investment property loans of \$1 million or more are reviewed semi-annually to more closely monitor the performance of the portfolio. Total investment property loans as of December 31, 2017 were \$5.67 billion, or 22.9%, of the total loan portfolio.

1-4 Family Properties Loans

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. These loans are subject to the same uniform lending policies and procedures described above. At December 31, 2017, these loans totaled \$781.6 million, or 3.1% of the total loan portfolio.

Land and Development

Land acquisition loans are secured by land held for future development, typically in excess of one year. They have short-term maturities and are typically unamortized. These properties are substantially within the Synovus footprint and generally carry personal guarantees from the principals. They are underwritten based on the LTV of the collateral and the capacity of the guarantor(s). These loans are generally subject to the same uniform lending policies and procedures described above. Land acquisition loans have a maximum LTV limit which is aligned with regulatory requirements. Synovus is not actively seeking to originate these types of loans, due to diversification and overarching credit objectives. At December 31, 2017, these loans were \$483.6 million, or 2.0% of the total loan portfolio.

Consumer Loan Portfolio

Synovus' consumer loan portfolio consists of a wide variety of loan products offered through its banking network as well as third-party lending partnerships, including first and second residential mortgages, home equity lines, credit card loans, home improvement loans, student loans, and other consumer loans. These various types of secured and unsecured retail loans are marketed to qualifying existing customers and to other creditworthy candidates primarily in Synovus' market area. The majority of Synovus' consumer loans are consumer mortgages secured by first and second liens on residential real estate primarily located in the markets served by Synovus. Other consumer loans includes two lending partnerships. One lending partnership, which began near the end of the third quarter of 2015, is a program that provides merchants and contractors nationwide with the ability to offer term financing to their customers for major purchases and home improvement projects. The other lending partnership, which began in the second quarter of 2016, primarily provides qualified borrowers the ability to refinance student loan debt. As of December 31, 2017, these partnerships had combined balances of \$1.14 billion. Total consumer loans as of December 31, 2017 were \$5.85 billion, or 23.5%, of the total loan portfolio.

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In accordance with Synovus' lending policy, each loan undergoes a detailed underwriting process which incorporates uniform underwriting standards and oversight that is proportional to the size and complexity of the lending relationship. Consumer loans are subject to the same uniform lending policies referenced above and consist primarily of loans with strong borrower credit scores (weighted average FICO scores within the retail residential real estate portfolio were 772 (HELOCs) and 774 (Consumer Mortgages) at December 31, 2017, conservative debt-to-income ratios (average HELOCs debt-to-income ratio of 32.6% at December 31, 2017), utilization rates (total amount outstanding as a percentage of total available lines) of 55.6% at December 31, 2017 and loan-to-value ratios based upon prudent guidelines to ensure consistency with Synovus' overall risk philosophy. At December 31, 2017, 36% of our home equity lines balances were secured by a first lien while 64% 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.

Mortgage Banking

Synovus offers various types of fixed-rate and adjustable-rate loans for the purpose of purchasing, refinancing or constructing residential properties. Synovus originated \$1.27 billion in residential mortgage loans in 2017. The majority of the originated loans are conforming mortgage loans for owner-occupied properties. Conforming loans are loans that are underwritten in accordance with the underwriting standards set forth by GSEs such as the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. These loans are generally collateralized by 1-4 family residential real estate properties and are made to borrowers in good credit standing.

Certain mortgage loans originated by Synovus are sold to third-party purchasers on a servicing released basis, without recourse or continuing involvement. Each purchaser of our mortgage loans has specific guidelines and criteria for sellers of loans, and the risk of credit loss with regard to the principal amount of the loans sold is generally transferred to the purchasers upon sale. While the loans are sold without recourse, the purchase agreements require Synovus to make certain representations and warranties regarding the existence and sufficiency of file documentation and the absence of fraud by borrowers or other third parties such as appraisers in connection with obtaining the loan. If it is determined that the loans sold were in breach of these representations or warranties, Synovus has obligations to either repurchase the loan for the unpaid principal balance and related investor fees or make the purchaser whole for the economic benefits of the loan. Repurchase activity pursuant to the terms of these representations and warranties has been minimal and has primarily been associated with loans originated from 2005 through 2008. Additionally, foreclosure activity in the home equity and consumer mortgage loan portfolios has been low.

Credit Quality

Synovus continuously monitors credit quality and maintains an allowance for loan losses that management believes is sufficient to absorb probable and estimable losses inherent in the loan portfolio. For a more detailed discussion of Synovus' credit quality, see "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Credit Quality" of this Report for further information.

Monitoring of Collateral

Synovus' loan portfolio and the collateral securing such loans is predominantly located in a five state footprint consisting of Georgia, Florida, South Carolina, Alabama, and Tennessee. C&I loans represent 48.5% of the total loan portfolio at December 31, 2017. These loans are predominantly secured by owner-occupied and other real estate. Other types of collateral securing these loans consist primarily of marketable equipment, marketable inventory, accounts receivable, equity and debt securities, time deposits, and cash surrender value of life insurance. Total CRE loans represent 28.0% of the total loan portfolio at December 31, 2017. These loans are primarily secured by commercial real estate, including 1-4 family properties, land, and investment properties. The collateral generally consists of the property being financed by the loans; however, collateral may also include real estate or other assets beyond the property being financed. Retail loans at December 31, 2017 totaled \$5.85 billion, or 23.5%, of the total loan portfolio. Of this amount, \$4.15 billion consists of consumer mortgages secured by first and second liens on residential real estate. Credit card loans represent \$232.7 million of this amount, and these loans are generally unsecured. Other retail loans represent \$1.47 billion of this amount and are primarily unsecured and include \$1.14 billion related to consumer-based lending partnerships.

Synovus follows a risk-based approach as it relates to the credit monitoring processes for its loan portfolio. Synovus updates the fair value of the real estate collateral securing collateral-dependent impaired loans each calendar quarter, with appraisals usually received on a periodic basis from an independent, unaffiliated certified or licensed appraiser. Management also considers other factors or recent developments, such as selling costs and anticipated sales values considering management's plans for disposition, which could result in adjustments to the collateral value estimates indicated in the appraisals. Synovus updates the value of collateral that is in the form of accounts receivable, inventory, equipment, and cash surrender value of life insurance policies at least annually and the value of collateral that is in the form of marketable securities and brokerage accounts at least quarterly.

It is the Company's policy to obtain, on a periodic basis, an updated appraisal from an independent, unaffiliated certified or licensed appraiser for loan relationships of \$1 million and over when at least one of the loans in the relationship is on non-accrual status. For relationships under \$1 million, while independent appraisals are not mandated by the Company's policies, management will obtain such appraisals when considered prudent. For credits that are not on impaired status, Synovus generally obtains an unaffiliated third-party appraisal of the value of the real estate collateral prior to each loan renewal. Additionally, if conditions warrant (e.g., loans that are not considered impaired but exhibit a higher or potentially higher risk), Synovus engages an unaffiliated appraiser to reappraise the value of the collateral on a more frequent basis. Examples of circumstances that could warrant a

new appraisal on an existing performing credit include instances in which local market conditions where the real estate collateral is located have deteriorated, the collateral has experienced damage (e.g., fire, wind damage, etc.), the lease or sell-out of the collateral has not met the original projections, and the net operating income of the collateral has declined. In circumstances where the collateral is no longer considered sufficient, Synovus seeks to obtain additional collateral.

Loan Guarantees

In addition to collateral, Synovus generally requires a guarantee from all principals on all CRE and C&I lending relationships. Specifically, Synovus generally obtains unlimited guarantees from any entity (e.g., individual, corporation, or partnership) that owns or controls 50 percent or more of the borrowing entity. Limited guarantees on a pro-rata basis are generally required for all 20 percent or more owners.

Synovus evaluates the financial ability of a guarantor through an evaluation of the guarantor's current financial statements, income tax returns for the two most recent years, as well as financial information regarding a guarantor's business or related interests. In addition, to validate the support that a guarantor provides relating to a CRE loan, Synovus analyzes substantial assets owned by the guarantor to ensure that the guarantor has the necessary ownership interest and control over these assets to convert to cash and the global cash flow of the guarantor. With certain limited exceptions, Synovus seeks performance under guarantees in the event of a borrower's default.

Unsecured Loans

At December 31, 2017, unsecured loans totaled \$2.41 billion, which represents approximately 10% of total loans. Consumer-based lending partnerships represent \$1.14 billion of the total; however, a significant portion of these loans have a credit enhancement feature. Additionally, commercial loans to borrowers that are primarily in the manufacturing, insurance, financial services, utilities, and religious organization sectors represent \$875 million, and credit card loans represent \$213 million.

Provision for Loan Losses and Allowance for Loan Losses

Despite credit standards, effective operation of internal controls, and a continuous loan review process, the inherent risk in the lending process results in periodic charge-offs. The provision for loan losses is the charge to operating earnings necessary to maintain an adequate allowance for loan losses. Through the provision for loan losses, Synovus maintains an allowance for losses on loans that management believes will absorb probable losses inherent within the loan portfolio. However, future additions to the allowance may be necessary based on changes in economic conditions, as well as changes in assumptions regarding a borrower's ability to pay and/or collateral values. In addition, various regulatory agencies, as an integral part of their examination procedures, periodically review Synovus Bank's allowance for loan losses. Based on their judgments about information available to them at the time of their examination, such agencies may require Synovus Bank to recognize additions to its allowance for loan losses.

The allowance for loan losses is a significant accounting estimate that is determined through periodic and systematic detailed reviews of the Company's loan portfolio. The allowance for loan losses is determined based on an analysis which assesses the inherent risk for probable losses within the loan portfolio. Significant judgments and estimates are necessary in the determination of the allowance for loan losses. Significant judgments include, among others, loan risk ratings and classifications, the determination and measurement of impaired loans, the timing of loan charge-offs, the probability of loan defaults, the net loss exposure in the event of loan defaults, the loss emergence period, qualitative loss factors, management's plans, if any, for disposition of certain loans as well as other qualitative considerations.

See "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Credit Quality" and "Part I – Item 1A. Risk Factors – *"Our allowance for loan losses may not cover actual losses, and we may be required to materially increase our allowance, which may adversely affect our capital, financial condition and results of operations"*

 of this Report for further discussion.

Non-performing Assets and Past Due Loans

Non-performing assets consist of loans classified as non-accrual, impaired loans held for sale and real estate acquired through foreclosure. Synovus' management continuously monitors non-performing and past due loans to prevent further deterioration regarding the condition of these loans.

See "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Credit Quality" of this Report for further information.

Investment Activities

Our investment securities portfolio consists principally of debt securities classified as available for sale. Investment securities available for sale provide Synovus with a source of liquidity and a relatively stable source of income. The investment securities portfolio also provides management with a tool to balance the interest rate risk of its loan and deposit portfolios.

Our investment strategy focuses on the use of the investment securities portfolio to generate interest income and to assist in the management of interest rate risk. Synovus also utilizes a significant portion of its investment portfolio to secure certain deposits and other liabilities requiring collateralization. At December 31, 2017, \$2.00 billion of these investment securities were pledged to secure certain deposits and securities sold under repurchase agreements as required by law and contractual agreements. The investment securities are primarily MBS issued by U.S. government

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agencies and GSEs, both of which have a high degree of liquidity and limited credit risk. A MBS depends on the underlying pool of mortgage loans to provide a cash flow pass-through of principal and interest. At December 31, 2017, all of the collateralized mortgage obligations and mortgage-backed pass-through securities held by Synovus were issued or backed by federal agencies or GSEs.

Funding Activities

Liquidity represents the extent to which Synovus has readily available sources of funding 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. Core deposits represent the largest source of funds for lending and investing activities. Scheduled payments, as well as prepayments, from our loan and investment portfolios also provide a source of funds. Additional funding sources which provide liquidity include FHLB advances, brokered deposits and other short-term borrowed funds, as well as equity and debt issued through the capital markets. Following is a brief description of the various sources of funds used by Synovus. For further discussion relating to Synovus' funding sources, see "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Deposits," "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity" and "Part II – Item 8. Financial Statements and Supplementary Data – Note 11 – Long-term Debt and Short-term Borrowings" of this Report.

Deposits

Deposits provide the most significant funding source for Synovus' interest earning assets and remain a strength of Synovus' business. Deposits are attracted principally from customers within Synovus' retail branch network through the offering of a broad array of deposit products to individuals and businesses, including non-interest bearing demand deposit accounts, interest-bearing demand deposit accounts, savings accounts, money market deposit accounts, and time deposit accounts. Synovus also utilizes brokered deposits as a funding source in addition to deposits attracted through its retail branch network. Terms vary among deposit products with respect to commitment periods, minimum balances, and applicable fees. Interest paid on deposits represents the largest component of Synovus' interest expense. Interest rates offered on interest-bearing deposits are determined based on a number of factors, including, but not limited to, (1) interest rates offered in local markets by competitors, (2) current and expected economic conditions, (3) anticipated future interest rates, (4) the expected amount and timing of funding needs, and (5) the availability and cost of alternative funding sources. Customer deposits are attractive sources of funding because of their stability and relative cost. Deposits are regarded as an important part of the overall customer relationship and provide a strong foundation for providing other needs-based solutions to our customers.

See "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Deposits" of this Report for further information.

Borrowed Funds and Non-Deposit Liquidity

Synovus' ability to borrow funds from non-deposit sources provides additional flexibility in meeting the liquidity needs of Synovus. Synovus generates non-deposit liquidity through scheduled payments and prepayments of loans and investment securities and access to sources of funds other than deposits. Synovus Bank has the capacity to access funding through its membership in the FHLB. At December 31, 2017, 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 level 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, share repurchases 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 the Federal Reserve Board.

During 2017, Synovus Bank and non-bank subsidiaries made upstream cash distributions to the Parent Company totaling \$451.0 million including cash dividends of \$283.2 million. During 2016, Synovus Bank paid upstream cash dividends of \$325.0 million to the Parent Company. During 2015, Synovus Bank made upstream cash distributions to the Parent Company totaling \$225.0 million including cash dividends of \$199.9 million. 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 limitations on payments of dividends by Synovus Bank without the approval of the GA DBF. 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 may adversely affect our capital resources, liquidity and financial results.*"

Synovus presently believes that the sources of liquidity discussed above, including existing liquid funds on hand, are sufficient to meet its anticipated funding needs. 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 may adversely affect our capital resources, liquidity and financial results.*"

Enterprise Risk Management

As a financial services organization, Synovus accepts a certain degree of risk with each business decision it makes. Risk management does not eliminate risk, but seeks to achieve an appropriate balance between risk and return, which is critical to optimizing shareholder value. Understanding our risks and managing them appropriately can enhance our ability to make better decisions, deliver on objectives, and improve performance. The

enterprise risk framework has been established within Synovus, which begins with the Board of Directors, working primarily with the Risk Committee of the Board. The Risk Committee fulfills the overarching oversight role for the risk management process, including approving risk appetite and tolerance levels, risk policies and limits, monitoring key and emerging risks, and reviewing risk assessment results. In addition, oversight of certain risk is allocated to all other committees of the Board that meet regularly and report to the Board.

The Chief Risk Officer reports to the Chief Executive Officer and provides overall vision, direction and leadership regarding the enterprise risk management framework. The framework includes an Executive Risk Committee, chaired by the Chief Risk Officer, and various management risk committees. Executive Risk Committee membership includes all Synovus' executive officers, the Chief Information Security Officer, and the Senior Director of Enterprise Risk, and the committee provides management oversight of the Enterprise Risk Program and primary oversight of strategic risk, reputation risk, and litigation risk. Management risk committees are responsible for effective risk measurement, management and reporting of their respective risk categories. The Chief Risk Officer is an active member of each of the management risk committees.

- ALCO – Interest Rate/Market Risk and Liquidity Risk
- Credit Risk Committee – Credit Risk
- Regulatory Compliance Risk Committee – Compliance Risk
- Operational Risk Committee – Operational Risk

Management believes that Synovus' primary risk exposures are operational, regulatory compliance, credit, liquidity, and strategic risk. Operational risk arises from the potential that inadequate information systems, operational problems, inadequate or failed internal controls, human error, fraud, security breaches such as cyber-attacks, or external events will result in unexpected losses. Compliance risk arises from nonconformance with laws, rules, and regulations that apply to the financial services industry and exposes the Company to monetary penalties, enforcement actions, or other sanctions. Credit risk is risk of loss arising from our borrowers' or counterparties' inability to meet the financial terms of any contract with the Company, or other failure to perform as agreed. Liquidity risk arises from an inability of the Company to meet current or future obligations when they come due without incurring unacceptable losses. Strategic risk arises from threats to long-term growth and strategic direction such as the ability to meet competitive challenges, attract and retain customers and team members, keep pace with technological changes, and develop new products and services.

ALCO

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 create 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. Operating under interest rate risk policies approved by the Board of Directors, ALCO analyzes the interest rate sensitivity of Synovus and develops and implements strategies to improve balance sheet structure and interest rate risk positioning. See "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity" and "Item 7A. Qualitative and Quantitative Disclosures about Market Risk" in this Report for further information. The model risk management function reviews liquidity and interest rate risk models on an annual basis and prioritizes implementation of the model changes.

Credit Risk

The Company has established a credit risk management process with policies, controls and regular Board and management oversight. Credit risk management is guided by centralized credit policies that provide for a consistent and prudent approach to underwriting and approvals of credits. The Credit Risk Committee, chaired by the Chief Credit Officer, monitors credit management reports, establishes lending policies, limits, and guidance to better manage the loan function, and provides strategies to manage the level of credit risk in the loan portfolio. The Credit Risk Committee oversees risk grade accuracy, credit servicing requirements, and loan concentration levels and manages risk in the execution of loan growth strategies.

The Regional Credit function reports to the Chief Credit Officer, providing independence from the line of business. Regional Credit manages credit activities within each region, underwriting borrowing relationships over certain dollar thresholds, managing small business accounts, jointly approving loans for amounts greater than the local market's lending authority, and evaluating loan administration processes.

Synovus maintains a centralized Retail Lending Center where consumer loans are centrally processed, scored, and analyzed. This structure enhances the control environment, drives efficiencies, and provides a more consistent overall customer experience.

Synovus has established the ALL Oversight Council to review and approve the adequacy of the allowance for loan losses and the ALL methodology. The Council includes the Chief Risk Officer, Chief Credit Officer, Chief Financial Officer, and other senior management. The Council meets at least quarterly and considers enhancements and refinements to the ALL process and models in light of new and other relevant information. The allowance adequacy and the ALL methodology are reviewed by the Audit Committee of the Board of Directors at least quarterly. The Model Risk Management function reviews the ALL models on an annual basis and prior to implementation of model changes.

Regulatory Compliance Risk

Compliance laws, rules and standards generally cover matters such as observing proper standards of market conduct, managing conflicts of interest, treating customers fairly, and ensuring the suitability of customer advice. They also include basic prudential banking requirements and specific areas such as the prevention of money laundering and terrorist financing.

The Regulatory Compliance Risk Committee was created to assist the Board and management in overseeing the management of overall compliance risk at the Bank and Financial Management Services, developing and implementing policy, and ensuring that compliance issues are resolved

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effectively and expeditiously. The Committee is made up of senior management from the business lines, risk management, legal, human resources, and compliance functions and specifically provides oversight for the Corporate Compliance Policy and Programs, including, but not limited to UDAAP, Fair Lending, Volker Rule, BSA/AML, and customer complaint management throughout the Company. Written policies contain the principles to be followed by management and staff of Synovus Bank and its subsidiaries and explain and direct the processes by which risks are identified and managed. The individual policies guide the Company's compliance functions and provide for monitoring, training, and risk assessments.

Operational Risk

Synovus aims to minimize and mitigate unexpected loss through a proactive and structured approach to operational risk management. The Operational Risk Committee provides oversight of the operational risk function, maintaining effective processes to assess, monitor and mitigate operational risk. Specific responsibilities include providing a forum for addressing operational issues that require collaboration of multiple operational groups, reviewing significant operational risk exposures and remediation strategies, and reviewing risk metrics for ongoing pertinence to the risk management framework.

Business units are responsible for identifying and reporting operational risks that require resolution, participating in risk assessments, responding to changes in risk metrics and implementing corrective actions and new risk solutions. The Operational Risk Committee also oversees the various cybersecurity risks facing Synovus, including e-fraud, loss of sensitive information or service interruptions as a result of cyber-attacks or other disruptions or failures in Synovus' computer systems or network infrastructure.

Executive Risk Committee

The Executive Risk Committee oversees the enterprise risk program, policies and the framework, monitors key and emerging risks, and evaluates the effectiveness of action plans to address key risks and issues. The Committee recommends capital actions, evaluates and vets stress testing results, including stress scenarios, and reviews new and modified products. In addition, the Committee establishes and recommends to the Board for approval the risk appetite and risk tolerance levels.

Competition

The financial services industry is highly competitive and could become more competitive as a result of recent and ongoing legislative, regulatory and technological changes, and continued consolidation and economic turmoil within the financial services industry. Synovus Bank and our wholly-owned non-bank subsidiaries compete actively with national and state banks, savings and loan associations and credit unions and other nonbank financial intermediaries, including securities brokers and dealers, investment advisory firms, mortgage companies, insurance companies, trust companies, finance companies, leasing companies, mortgage companies and certain governmental agencies, all of which actively engage in marketing various types of loans, deposit accounts and other financial services. In addition, competition from nontraditional banking institutions, often known as FinTech, continues to increase, with consumers having the opportunity to select from a growing variety of traditional and nontraditional alternatives. The ability of such non-banking financial institutions to provide services previously limited to commercial banks has intensified competition. Because non-banking financial institutions are not subject to many of the same regulatory restrictions as banks and bank holding companies, they can often operate with greater flexibility and lower cost structures. These competitors have been successful in developing products that are in direct competition with or are alternatives to the banking services offered by traditional banking institutions. Our ability to deliver strong financial performance will depend in part on our ability to expand the scope of, and effectively deliver, products and services, which will allow us to meet the changing needs of our customers. However, we often compete with much larger national and regional banks that have more resources than we do to deliver new products and services and introduce new technology to enhance the customer experience. See "Part I – Item 1A. Risk Factors – *Competition in the financial services industry may adversely affect our future earnings and growth.*"

As of December 31, 2017, we were the second largest bank holding company headquartered in Georgia based on assets. Financial services customers are generally influenced by convenience, quality of service, personal contacts, price of services and availability of products. We continue to be pleased with the traction we have in most of our key markets, as well as overall markets, as shown in the most recent market share deposit data for FDIC-insured institutions as of June 30, 2017. Additionally, over the last year, we have continued to rationalize our branch network and focused on improving the mix of our deposits, while maintaining and growing market share throughout our footprint.

Employees

As of December 31, 2017, Synovus had 4,541 employees compared to 4,436 employees at December 31, 2016.

Supervision, Regulation and Other Factors

Like all bank holding companies and financial holding companies, we are regulated extensively under federal and state law. In addition, Synovus Bank and certain of our non-bank subsidiaries are subject to regulation under federal and state law. The following discussion sets forth some of the elements of the bank regulatory framework applicable to us and certain of our subsidiaries. The regulatory framework is intended primarily for the protection of depositors and the DIF and not for the protection of security holders and creditors. To the extent that the following information describes statutory and regulatory provisions, it is qualified in its entirety by reference to the particular statutory and regulatory provisions.

General

Bank holding companies and financial holding companies are subject to supervision and regulation by the Federal Reserve Board under the Bank Holding Company Act of 1956, as amended. In addition, the GA DBF, regulates holding companies that own Georgia-chartered banks under the bank holding company laws of the State of Georgia. Synovus Bank, which became a member of the Federal Reserve System in November 2016, is also subject to supervision and regulation by the Federal Reserve Board, and by its state banking regulator, the GA DBF. All member banks of the Federal Reserve System, including Synovus Bank, are required to hold stock in the Federal Reserve System's Reserve Banks in an amount equal to 6 percent of their capital stock and surplus (half paid to acquire stock with the remainder held as a cash reserve). Member banks do not have any control over the Federal Reserve System as a result of owning the stock and the stock cannot be sold or traded. The annual dividend rate for member banks with total assets in excess of \$10 billion, including Synovus Bank, is based on a floating dividend rate tied to 10-year U.S. Treasuries with the maximum dividend rate capped at 6 percent.

Numerous other federal and state laws, as well as regulations promulgated by the Federal Reserve Board, the GA DBF, and the FDIC govern almost all aspects of the operations of Synovus Bank. Synovus Trust, a subsidiary of Synovus Bank that provides trust services, is organized as a national trust bank and thus is subject to supervision and regulation by the Office of the Comptroller of the Currency. Various federal and state bodies regulate and supervise our non-bank subsidiaries including our brokerage, investment advisory, insurance agency and processing operations. These include, but are not limited to, the SEC, the Financial Industry Regulatory Authority, federal and state banking regulators and various state regulators of insurance and brokerage activities.

In addition, we are subject to supervision and regulation by the CFPB with regard to our offering and provision of consumer financial products and services. The CFPB was established by the Dodd-Frank Act of 2010, which is discussed in greater detail below. The CFPB has broad authority to regulate the offering and provision of consumer financial products. The CFPB has rulemaking authority for a range of federal consumer financial protection laws (such as the Truth in Lending Act, the Electronic Funds Transfer Act, and the Real Estate Settlement Procedures Act). The CFPB has the authority to supervise and examine depository institutions, like Synovus Bank, with more than \$10 billion in assets, together with all affiliates of such a depository institution, like us and our subsidiaries, for compliance with these federal consumer financial protection laws. Finally, the CFPB has broad enforcement authority with regard to compliance with federal consumer financial protection laws.

Permitted Activities

The Bank Holding Company Act limits the activities in which bank holding companies and their subsidiaries may engage. A bank holding company and its subsidiaries are generally permitted, subject to Federal Reserve Board approval, to engage in or acquire direct or indirect control of more than 5 percent of the voting shares of any company engaged in those activities that are "closely related to banking as to be properly incident thereto" as defined by the Federal Reserve Board.

The Federal Reserve Board has the authority to order a bank holding company or its subsidiaries to terminate any of these activities or to terminate its ownership or control of any subsidiary when it has reasonable cause to believe that the bank holding company's continued ownership, activity or control constitutes a serious risk to the financial safety, soundness or stability of it or any of its bank subsidiaries.

A bank holding company, such as us, may file an election with the Federal Reserve Board to be treated as a financial holding company and engage in an expanded list of financial activities. The election must be accompanied by a certification that the company's insured depository institution subsidiary is "well capitalized" and "well managed." Additionally, the rating of the bank holding company's subsidiary bank(s) under the Community Reinvestment Act of 1977 must be satisfactory or better. We have made such an election and are treated as a financial holding company. As such, we may engage in activities that are financial in nature or incidental or complementary to financial activities, including insurance underwriting, securities underwriting and dealing, and making merchant banking investments in commercial and financial companies. If either of our depository institution subsidiaries, Synovus Bank or Synovus Trust, ceases to be "well capitalized" or "well managed" under applicable regulatory standards, the Federal Reserve Board may, among other things, place limitations on our ability to conduct these broader financial activities or, if the deficiencies persist, require us to divest the banking subsidiary or the businesses engaged in activities permissible only for financial holding companies. In addition, if Synovus Bank receives a rating of less than satisfactory under the Community Reinvestment Act, we would be prohibited from engaging in any additional activities other than those permissible for bank holding companies that are not financial holding companies. If, after becoming a financial holding company and undertaking activities not permissible for a bank holding company, the company fails to continue to meet any of the prerequisites for financial holding company status, including those described above, the company must enter into an agreement with the Federal Reserve Board to comply with all applicable requirements. If the company does not return to compliance within 180 days, the Federal Reserve Board may order the company to divest its subsidiary bank or the company may discontinue or divest investments in companies engaged in, activities permissible only for a financial holding company.

Actions by Federal and State Regulators

Like all bank and financial holding companies, we are regulated extensively under federal and state law. Under federal and state laws and regulations pertaining to the safety and soundness of insured depository institutions, state banking regulators, the Federal Reserve Board, and separately the FDIC as the insurer of bank deposits, have the authority to compel or restrict certain actions on our part if they determine that we have insufficient capital or other resources, or are otherwise operating in a manner that may be deemed to be inconsistent with safe and sound banking practices. Under this authority, our bank regulators can require us or our subsidiaries to enter into informal or formal supervisory agreements, including board resolutions, memoranda of understanding, written agreements and consent or cease and desist orders, pursuant to which we would be required to take identified corrective actions to address cited concerns and to refrain from taking certain actions.

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If we become subject to and are unable to comply with the terms of any future regulatory actions or directives, supervisory agreements, or orders, then we could become subject to additional, heightened supervisory actions and orders, possibly including consent orders, prompt corrective action restrictions and/or other regulatory actions, including prohibitions on the payment of dividends on our common stock and preferred stock. If our regulators were to take such additional supervisory actions, then we could, among other things, become subject to significant restrictions on our ability to develop any new business, as well as restrictions on our existing business, and we could be required to raise additional capital, dispose of certain assets and liabilities within a prescribed period of time, or both. The terms of any such supervisory action could have a material negative effect on our business, reputation, operating flexibility, financial condition, and the value of our common stock and preferred stock. See “Part I – Item 1A. Risk Factors – *We may become subject to supervisory actions and enhanced regulation that could have a material adverse effect on our business, reputation, operating flexibility, financial condition and the value of our common stock and preferred stock*” of this Report.

Change in Control

Subject to certain exceptions, the Bank Holding Company Act and the Change in Bank Control Act, together with regulations promulgated thereunder, require Federal Reserve Board approval prior to any person or company acquiring “control” of a bank or bank holding company. Control is conclusively presumed to exist if an individual or company acquires 25 percent or more of any class of voting securities, and a rebuttable presumption of control exists if a person acquires 10 percent or more, but less than 25 percent, of any class of voting securities and the company has registered securities under Section 12 of the Exchange Act. In certain cases, a company may also be presumed to have control under the Bank Holding Company Act if it acquires 5 percent or more of any class of voting securities. Our common stock and preferred stock is registered under Section 12 of the Exchange Act.

On September 22, 2008, the Federal Reserve Board issued a policy statement on non-controlling equity investments in banks and bank holding companies, that permits investors to (1) acquire up to 33 percent of the total equity of a target bank or bank holding company, subject to certain conditions, including (but not limited to) that the investing firm does not acquire 15 percent or more of any class of voting securities and (2) designate at least one director, without triggering the various regulatory requirements associated with control.

Standards for Safety and Soundness

The Federal Deposit Insurance Act requires the federal bank regulatory agencies to prescribe, by regulation or guideline, operational and managerial standards for all insured depository institutions relating to: (1) internal controls, information systems and audit systems; (2) loan documentation; (3) credit underwriting; (4) interest rate risk exposure; and (5) asset quality. The agencies also must prescribe standards for asset quality, earnings, and stock valuation, as well as standards for compensation, fees and benefits, including a prohibition on any compensatory arrangement that would provide any executive officer, employee, director, or principal shareholder of the institution with excessive compensation, fees or benefits and any compensatory arrangement that could lead to material financial loss to an institution. The federal banking agencies have adopted regulations and Interagency Guidelines Prescribing Standards for Safety and Soundness to implement these required standards. These guidelines set forth the safety and soundness standards used to identify and address problems at insured depository institutions before capital becomes impaired. Under the regulations, if a regulator determines that a bank fails to meet any standards prescribed by the guidelines, the regulator may require the bank to submit an acceptable plan to achieve compliance, consistent with deadlines for the submission and review of such safety and soundness compliance plans.

Dividends

Synovus is a legal entity separate and distinct from its subsidiaries. Under the laws of the State of Georgia, we, as a business corporation, may declare and pay dividends in cash or property unless the payment or declaration would be contrary to restrictions contained in our Articles of Incorporation, or unless, after payment of the dividend, we would not be able to pay our debts when they become due in the usual course of our business or our total assets would be less than the sum of our total liabilities. In addition, we are also subject to federal regulatory capital requirements that effectively limit the amount of cash dividends that we may pay.

The Federal Reserve Board may restrict our ability to pay dividends on any class of stock or any other Tier 1 capital instrument if we are not deemed to have a strong capital position. In addition, we may have to reduce or eliminate dividends if:

- our net income available to shareholders for the past four quarters, net of dividends previously paid during that period, is not sufficient to fully fund the dividends;
- our prospective rate of earnings retention is not consistent with our capital needs and overall current and prospective financial condition; or
- we will not meet, or are in danger of not meeting, the minimum regulatory capital adequacy ratios.

Further, Federal Reserve Board guidance provides that bank holding companies should consult with the Federal Reserve Board before taking any actions that could result in a diminished capital base, including increasing dividends or redeeming or repurchasing common stock or other regulatory capital instruments.

The Federal Reserve Board has indicated that bank holding companies should carefully review their dividend policy and has in some cases discouraged payment unless both asset quality and capital are very strong.

The primary sources of funds for our payment of dividends to our shareholders are cash on hand and dividends from Synovus Bank and our non-bank subsidiaries. Various federal and state statutory provisions and regulations limit the amount of dividends that Synovus Bank and our non-bank subsidiaries may pay. Synovus Bank is a Georgia bank. Under the regulations of the GA DBF, a Georgia bank must have approval of the GA DBF to pay cash dividends if, at the time of such payment:

- the ratio of Tier 1 capital to adjusted total assets is less than 6 percent;
- the aggregate amount of dividends to be declared or anticipated to be declared during the current calendar year exceeds 50 percent of its net after-tax profits before dividends for the previous calendar year; or
- its total classified assets in its most recent regulatory examination exceeded 80 percent of its Tier 1 capital plus its allowance for loan and lease losses.

In addition, 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 the foregoing restrictions, Synovus Bank may be required to seek approval from the GA DBF to pay dividends.

The Federal Deposit Insurance Corporation Improvement Act of 1991, or FDICIA, generally prohibits a depository institution from making any capital distribution, including payment of a dividend, or paying any management fee to its holding company, if the institution would thereafter be undercapitalized. In addition, federal banking regulations applicable to us and our bank subsidiaries require minimum levels of capital that limit the amounts available for payment of dividends. Finally, “stress testing requirements” established by the Dodd-Frank Act, which are described below in “Our Capital Requirements,” may impact the ability of some banks and bank holding companies to pay dividends.

See “Part II – Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Repurchases of Equity Securities – Dividends” and “Part II – Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Parent Company” of this Report for further information.

Capital

We, and separately Synovus Bank, are required to comply with the capital adequacy standards established by the Federal Reserve Board. As a financial holding company, we, Synovus Bank, and Synovus Trust are each required to maintain capital levels required for a well-capitalized institution, as that term is defined under the rules of the Federal Reserve Board for us and as defined separately for Synovus Bank and Synovus Trust in “Prompt Corrective Action for Undercapitalization” below.

Our Capital Requirements

The Federal Reserve Board has issued regulations pursuant to which it assesses the adequacy of capital in examining and supervising a bank holding company or financial holding company, and state member banks such as Synovus Bank. These regulations include quantitative measures that assign risk weightings to assets and off-balance sheet items and that define and set minimum regulatory capital requirements. Effective on January 1, 2015, this regulatory capital framework changed in important respects for us as a result of new rules (“Revised Rules”) implementing the Dodd-Frank Act and a separate, international regulatory capital initiative known as “Basel III.” Among other things, the Revised Rules raised the minimum thresholds for required capital and revised certain aspects of the definitions and elements of the capital that can be used to satisfy these required minimum thresholds. While the rules became effective on January 1, 2014 for certain large banking organizations, most U.S. banking organizations, including Synovus and Synovus Bank, began compliance on January 1, 2015.

Through December 31, 2014, the applicable capital guidelines required us to maintain Tier 1 Capital of at least 4 percent of risk-weighted assets, Total Capital (the sum of Tier 1 Capital and Tier 2 Capital) of at least 8 percent of risk-weighted assets and Tier 1 Capital of at least 4 percent of adjusted quarterly average assets. Under this framework, Tier 1 Capital consisted principally of shareholders’ equity less any amounts of disallowed deferred tax assets, goodwill, other intangible assets, non-financial equity investments, and other items that are required to be deducted by the Federal Reserve Board. Tier 2 Capital consisted principally of perpetual and trust preferred stock that was not eligible to be included as Tier 1 Capital, term subordinated debt, intermediate-term preferred stock and, subject to limitations, general allowances for loan and lease losses.

The Revised Rules made substantial changes to this framework. Among other things, the Revised Rules (1) introduced a new capital measure called “Common Equity Tier 1” (“CET1”), (2) specified that Tier 1 Capital consist of CET1 and “Additional Tier 1 Capital” instruments meeting certain requirements, (3) defined CET1 narrowly by requiring that most deductions/adjustments to regulatory capital measures be made to CET1 and not to the other components of capital and (4) expanded the scope of the deductions/adjustments from capital that apply to Synovus and other banking organizations. Under the Revised Rules, for most banking organizations, including Synovus, the most common form of “Additional Tier 1 Capital” is non-cumulative perpetual preferred stock, such as our Series C Preferred Stock, and the most common forms of Tier 2 capital are subordinated notes and a portion of the allocation for loan losses, in each case, subject to certain specific requirements set forth in the regulation. Under the Revised Rules, certain hybrid securities, such as trust preferred securities, do not qualify as Tier 1 capital.

Similar to the rules applicable to our results through 2014, under the Revised Rules, assets are adjusted under the risk-based guidelines to take into account different risk characteristics. The Revised Rules changed risk weights for certain assets and off-balance sheet exposures that resulted in higher risk weights for a variety of asset categories, including a 150% risk weight (instead of a 100% risk weight) for certain high volatility commercial real estate acquisition, development and construction loans.

Further, the Revised Rules set forth the following minimum capital ratios, effective January 1, 2015:

- 4.5 percent CET1 to risk-weighted assets.

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- 6.0 percent Tier 1 Capital to risk-weighted assets.
- 8.0 percent Total Capital to risk-weighted assets.
- 4.0 percent Tier 1 leverage ratio to average consolidated assets.

As discussed below, the Revised Rules also provide for changes to the Prompt Corrective Action framework to correspond to these new minimum capital thresholds.

The Revised Rules provide for a number of deductions from and adjustments to CET1, which include the requirement that mortgage servicing rights, deferred tax assets arising from temporary differences that could not be realized through net operating loss carrybacks and significant investments in non-consolidated financial entities be deducted from CET1 to the extent that any one such category exceeds 10% of CET1 or all such categories in the aggregate exceed 15% of CET1. Implementation of the deductions and other adjustments to CET1 began on January 1, 2015 and will be phased-in over a three-year period (beginning at 40% on January 1, 2015 and an additional 20% per year thereafter until fully phased-in). On November 21, 2017, federal banking regulators finalized a pause on Basel III implementation to allow banks that are not subject to Basel III's advanced approaches to extend the current regulatory capital treatment of MSAs and DTAs. The pause allows the regulators to fully consider a broader set of proposed simplifications in the capital rules for these institutions, and will likely be in effect until regulators finalize the more permanent simplifications in the Basel III proposed capital rules. Advanced approaches-banking organizations – those with over \$250 billion in assets or more than \$10 billion in foreign exposure – are still required to apply the capital rules' fully phased-in treatment for capital items beginning January 1, 2018.

The Revised Rules also introduce a minimum "capital conservation buffer" equal to 2.5% of an organization's total risk-weighted assets, which exists in addition to the required minimum CET1, Tier 1, and Total Capital ratios identified above. The "capital conservation buffer," which must consist entirely of CET1, is designed to absorb losses during periods of economic stress. The implementation of the capital conservation buffer began on January 1, 2016 at the 0.625% level and will 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). Thus, when the capital conservation buffer is fully phased-in on January 1, 2019, the Revised Rules will require us to maintain: (1) a minimum ratio of CET1 to risk-weighted assets of at least 4.5%, plus the 2.5% capital conservation buffer, effectively resulting in a minimum ratio of CET1 to risk-weighted assets of at least 7%, (2) a minimum ratio of Tier 1 capital to risk-weighted assets of at least 6.0%, plus the capital conservation buffer, effectively resulting in a minimum Tier 1 capital ratio of 8.5%, (3) a minimum ratio of Total capital (that is, Tier 1 plus Tier 2) to risk-weighted assets of at least 8.0%, plus the capital conservation buffer, effectively resulting in a minimum total capital ratio of 10.5% and (4) a minimum leverage ratio of 4%, calculated as the ratio of Tier 1 capital to average assets.

Under capital standards applicable to our 2014 results, the effects of accumulated other comprehensive income items included in shareholders' equity under GAAP were excluded for the purposes of determining regulatory capital ratios. Under the Revised Rules, the effects of certain accumulated other comprehensive items are not excluded. However, the Revised Rules permit most banking organizations, including us and Synovus Bank, to make a one-time permanent election to continue to exclude these items. Synovus and Synovus Bank have made the permanent election to exclude accumulated other comprehensive income from regulatory capital by selecting the "opt-out" election on the March 31, 2015 Call Report and FR Y-9C; thus, Synovus and Synovus Bank retained the same accumulated other comprehensive income treatment as under the regulatory capital rules in effect prior to January 1, 2015.

As of December 31, 2017, based on management's interpretation, Synovus and its subsidiary bank meet all capital adequacy requirements including the capital conservation buffer, under the Revised Rules on a fully phased-in basis if such requirements were currently effective. See "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Financial Measures" in this Report for applicable reconciliation to GAAP measure. Regardless, complying with the Revised Rules will likely affect our operations going forward.

We are also subject to "stress testing" requirements that are designed to require banking organizations to assess the potential impact of different scenarios on their earnings, losses, and capital over a set time period, with consideration given to certain relevant factors, including the organization's condition, risks, exposures, strategies, and activities. Specifically, banking organizations with total consolidated assets of more than \$10 billion but less than \$50 billion, such as us and Synovus Bank, are required to conduct annual company-run stress tests, report the results to their primary federal regulator and the Federal Reserve Board, and publish a summary of the results. Among other things, these rules establish stress test methodologies, set forth the form of the report that must be submitted, and require publication of a summary of results. Under the rules, stress tests must be conducted using certain scenarios (baseline, adverse and severely adverse), which the Federal Reserve Board will provide each year. In addition, the rules require such organizations to publicly disclose a summary of certain stress test results (i.e., results under the "severely adverse" scenario). On October 20, 2017, we disclosed a summary of our 2017 results of the stress testing process on our website.

In addition, the banking agencies have issued guidance on stress testing for banking organizations with more than \$10 billion in total consolidated assets, which outlines four "high-level" principles for stress testing practices that should be a part of a banking organization's stress-testing framework. Regulators have stated that they expect banking organizations subject to the guidance to comply with these principles when conducting stress testing in accordance with the Dodd-Frank Act requirements discussed above. The guidance calls for a banking organization's stress testing framework to (1) include activities and exercises that are tailored to and sufficiently capture the banking organization's exposures, activities and risks; (2) employ multiple conceptually sound stress testing activities and approaches; (3) be forward-looking and flexible; and (4) be clear, actionable, well-supported, and used in the decision-making process.

See "Part I – Item 1A. Risk Factors – *We may be required to undertake additional strategic initiatives to improve our capital position due to changes in economic conditions or changes in regulatory capital rules*" of this Report.

Capital Ratios

Certain regulatory capital ratios for Synovus and Synovus Bank as of December 31, 2017 are shown in the following table, applying the capital rules applicable to our 2017 results.

Table 4 – Capital Ratios as of December 31, 2017

	Regulatory Minimums	Regulatory Minimums to be Well-Capitalized	Regulatory Minimums Plus Capital Conservation Buffer	Synovus	Synovus Bank
CET1	4.5%	6.5%	5.75%	9.99%	11.43%
Tier 1 risk-based capital ratio	6.0	8.0	7.25	10.38	11.43
Total risk-based capital ratio	8.0	10.0	9.25	12.23	12.33
Leverage ratio	4.0	5.0	N/A	9.19	10.12

See “Part II – Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Capital Resources” and “Part II – Item 8. Financial Statements and Supplementary Data – Note 13 – Regulatory Capital” of this Report for further information.

Prompt Corrective Action for Undercapitalization

FDICIA established a system of prompt corrective action to resolve the problems of undercapitalized insured depository institutions. Under this system, the federal banking regulators are required to rate insured depository institutions on the basis of five capital categories as described below. The federal banking regulators are also required to take mandatory supervisory actions and are authorized to take other discretionary actions, with respect to insured depository institutions in the three undercapitalized categories, the severity of which will depend upon the capital category in which the insured depository institution is assigned. Generally, subject to a narrow exception, FDICIA requires the banking regulator to appoint a receiver or conservator for an insured depository institution that is critically undercapitalized. The federal banking agencies have specified by regulation the relevant capital level for each category. The thresholds for each of these categories were revised pursuant to the Revised Rules, which are discussed above in “Our Capital Requirements.” These revised categories applied to Synovus Bank beginning on January 1, 2015, and are discussed below. Under the regulations, all insured depository institutions are assigned to one of the following capital categories:

- **Well Capitalized** – A well-capitalized insured depository institution is one (1) having a total risk-based capital ratio of 10 percent or greater, (2) having a Tier 1 risk-based capital ratio of 8 percent or greater, (3) having a CET1 capital ratio of 6.5 percent or greater, (4) having a leverage capital ratio of 5 percent or greater and (5) that is not subject to any order or written directive to meet and maintain a specific capital level for any capital measure.
- **Adequately Capitalized** – An adequately-capitalized depository institution is one having (1) a total risk-based capital ratio of 8 percent or more, (2) a Tier 1 capital ratio of 6 percent or more, (3) a CET1 capital ratio of 4.5 percent or more, and (4) a leverage ratio of 4 percent or more.
- **Undercapitalized** – An undercapitalized depository institution is one having (1) a total capital ratio of less than 8 percent, (2) a Tier 1 capital ratio of less than 6 percent, (3) a CET1 capital ratio of less than 4.5 percent, or (4) a leverage ratio of less than 4 percent.
- **Significantly Undercapitalized** – A significantly undercapitalized institution is one having (1) a total risk-based capital ratio of less than 6 percent (2) a Tier 1 capital ratio of less than 4 percent, (3) a CET1 ratio of less than 3 percent or (4) a leverage capital ratio of less than 3 percent.
- **Critically Undercapitalized** – A critically undercapitalized institution is one having a ratio of tangible equity to total assets that is equal to or less than 2 percent.

The prompt corrective action regulations permit the appropriate federal banking regulator to downgrade an institution to the next lower category if the regulator determines after notice and opportunity for hearing or response that the institution (1) is in an unsafe or unsound condition or (2) has received and not corrected a less-than-satisfactory rating for any of the categories of asset quality, management, earnings or liquidity in its most recent examination. Supervisory actions by the appropriate federal banking regulator depend upon an institution’s classification within the five categories. Our management believes that our insured bank subsidiary, Synovus Bank, has the requisite capital levels to qualify as a well capitalized institution under the FDICIA regulations. See “Part II – Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Capital Resources” and “Part II – Item 8. Financial Statements and Supplementary Data – Note 13 – Regulatory Capital” of this Report for further information.

If an institution fails to remain well-capitalized, it will be subject to a variety of enforcement remedies that increase as the capital condition worsens. For instance, FDICIA generally prohibits an insured depository institution from making any capital distribution, including payment of a dividend, or paying any management fee to its holding company if the depository institution would thereafter be undercapitalized as a result. Undercapitalized depository institutions are subject to restrictions on borrowing from the Federal Reserve System. In addition, undercapitalized depository institutions may not accept brokered deposits absent a waiver from the FDIC, are subject to growth limitations and are required to submit capital restoration plans for regulatory approval. A depository institution’s holding company must guarantee any required capital restoration plan, up to an amount equal to the lesser of 5 percent of the depository institution’s assets at the time it becomes undercapitalized or the amount of the capital deficiency when the institution fails to comply with the plan. Federal banking agencies may not accept a capital plan without determining, among other things, that the plan is based on realistic assumptions and is likely to succeed in restoring the depository institution’s capital. If a depository institution fails to submit an acceptable plan, it is treated as if it is significantly undercapitalized.

Significantly undercapitalized depository institutions may be subject to a number of requirements and restrictions, including orders to sell sufficient voting stock to become adequately capitalized, requirements to reduce total assets and cessation of receipt of deposits from correspondent banks. Critically undercapitalized depository institutions are subject to appointment of a receiver or conservator.

Deposit Insurance and Assessments

Deposits at Synovus Bank are insured by the DIF, as administered by the FDIC, up to the applicable limits established by law. The Dodd-Frank Act amended the statutory regime governing the DIF. Among other things, the Dodd-Frank Act established a minimum designated reserve ratio of 1.35% of estimated insured deposits (which the FDIC has set at 2.0% each year since 2010), required that the fund reserve ratio reach 1.35% by September 30, 2020, and directed the FDIC to amend its regulations to redefine the assessment base used for calculating deposit insurance assessments. Specifically, the Dodd-Frank Act requires the assessment base to be an amount equal to the average consolidated total assets of the insured depository institution during the assessment period, minus the sum of the average tangible equity of the insured depository institution during the assessment period and an amount the FDIC determines is necessary to establish assessments consistent with the risk-based assessment system found in the Federal Deposit Insurance Act. Under FDIC rules, banks such as Synovus Bank with at least \$10 billion in assets pay a surcharge to enable the reserve ratio to reach 1.35% by December 31, 2018.

Under the FDIC's risk-based assessment system, insured institutions are assigned to risk categories based on supervisory evaluations, regulatory capital levels and certain other factors. As of July 1, 2016, minimum and maximum assessment rates (inclusive of possible adjustments) for institutions the size of Synovus Bank range from 3 to 30 basis points of total assets less tangible capital. The FDIC's current system represents a change, required by the Dodd-Frank Act, from its prior practice of basing the assessment on an institution's aggregate deposits.

In addition, the FDIC collects quarterly FICO deposit assessments, which are calculated off of the assessment base described above. Synovus Bank pays the deposit insurance assessment and pays the quarterly FICO assessments.

With respect to brokered deposits, an insured depository institution must be well-capitalized in order to accept, renew or roll over such deposits without FDIC clearance. An adequately capitalized insured depository institution must obtain a waiver from the FDIC in order to accept, renew or roll over brokered deposits. Undercapitalized insured depository institutions generally may not accept, renew or roll over brokered deposits. See "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Deposits" of this Report for further information.

Incentive Compensation

In June 2010, the federal banking agencies issued joint guidance on executive compensation designed to help ensure that a banking organization's incentive compensation policies do not encourage imprudent risk taking and are consistent with the safety and soundness of the organization. In addition, the Dodd-Frank Act requires those agencies, along with the SEC, to adopt rules to require reporting of the incentive compensation and to prohibit certain compensation arrangements. The federal banking agencies and the Commission proposed such rules in April 2011. In addition, in June 2012, the SEC issued final rules to implement the Dodd-Frank Act's requirement that the Commission direct the national securities exchanges to adopt certain listing standards related to the compensation committee of a company's board of directors as well as its compensation advisers.

In 2016, the Federal Reserve also proposed rules that would, depending upon the assets of the institution, directly regulate incentive compensation arrangements and would require enhanced oversight and recordkeeping. As of December 31, 2017, these rules have not been implemented.

Dodd-Frank Act; Future Changes to Legal Framework

The Dodd-Frank Act of 2010 brought about a significant overhaul of many aspects of the regulation of the financial services industry, addressing, among other things, systemic risk, capital adequacy, deposit insurance assessments, consumer financial protection, interchange fees, derivatives, lending limits, mortgage lending practices, registration of investment advisors and changes among the bank regulatory agencies. Key provisions of the Dodd-Frank Act that have impacted or are likely to impact the operations of Synovus or Synovus Bank include:

- Creation of the CFPB with centralized authority, including rulemaking, examination and enforcement authority, for consumer protection in the banking industry.
- New limitations on federal preemption.
- New prohibitions and restrictions on the ability of a banking entity to engage in proprietary trading and have certain interests in, or relationships with, a hedge fund or private equity fund (known as the "Volcker Rule").
- Application of new regulatory capital requirements, including changes to leverage and risk-based capital standards and changes to the components of permissible tiered capital.
- Requirement that the company and its subsidiary banks be well capitalized and well managed in order to engage in activities permitted for financial holding companies.
- Changes to the assessment base for deposit insurance premiums.
- Permanently raising the FDIC's standard maximum insurance amount to \$250,000.
- Repeal of the prohibition on the payment of interest on demand deposits, thereby permitting depository institutions to pay interest on business transaction and other accounts.
- Restrictions on compensation, including a prohibition on incentive-based compensation arrangements that encourage inappropriate risk by taking covered financial institutions and are deemed to be excessive, or that may lead to material losses.
- Requirement that sponsors of asset-backed securities retain a percentage of the credit risk underlying the securities.
- Requirement that banking regulators remove references to and requirements of reliance upon credit ratings from their regulations and replace them with appropriate alternatives for evaluating creditworthiness.

Some of these and other major changes, could materially impact the profitability of our business, the value of assets we hold or the collateral available for our loans, require changes to business practices or force us to discontinue businesses and expose us to additional costs, taxes, liabilities, enforcement actions and reputational risk. Many of these provisions became effective upon enactment of the Dodd-Frank Act, while others were subject to further study, rule-making, and the discretion of regulatory bodies and have only recently taken effect or will take effect in the coming years.

In light of these significant changes and the discretion afforded to federal regulators, we cannot fully predict the effect that compliance with the Dodd-Frank Act or any implementing regulations will have on Synovus' businesses or its ability to pursue future business opportunities. Additional regulations resulting from the Dodd-Frank Act may materially adversely affect Synovus' business, financial condition or results of operations. See "Part 1 – Item 1A. Risk Factors – *Regulation of the financial services industry continues to undergo major changes, and future legislation could increase our cost of doing business or harm our competitive position*" of this Report.

Additional changes to the laws and regulations applicable to us are frequently proposed at both the federal and state levels. The likelihood, timing, and scope of any such change and the impact any such change may have on us are impossible to determine with any certainty.

Volcker Rule

In December 2013, the Federal Reserve Board and other regulators jointly issued final rules implementing requirements of a new Section 13 to the Bank Holding Company Act, commonly referred to as the "Volcker Rule."

The Volcker Rule generally prohibits Synovus and its subsidiaries from (i) engaging in proprietary trading for its own account, and (ii) acquiring or retaining an ownership interest in or sponsoring a "covered fund," all subject to certain exceptions. The Volcker Rule also specifies certain limited activities in which Synovus and its subsidiaries may continue to engage, and requires us to implement a compliance program.

The regulators provided for a Volcker Rule conformance date of July 21, 2015. Conformance with the provisions prohibiting certain "covered funds" activities was extended by a Federal Reserve Board order that provided for an extension of the Volcker Rule conformance period for legacy ownership interests and sponsorship of covered funds until July 21, 2016. The Federal Reserve Board granted the last available statutory extension for such covered funds activities until July 21, 2017. Further, the Federal Reserve Board permits limited exemptions, upon application, for divestiture of certain "illiquid" covered funds, for an additional period of up to 5 years beyond that date. In the first quarter of 2017, we obtained a five-year extension from the Federal Reserve to the divestiture requirement of certain funds held by us and covered by this rule.

The Volcker Rule further restricts and limits the types of activities in which Synovus and its subsidiaries may engage. Moreover, it requires Synovus and its subsidiaries to adopt complex compliance monitoring and reporting systems in order to ensure compliance with the rule while engaging in activities that Synovus and its subsidiaries currently conduct.

Consumer Protection Regulations

Retail activities of banks are subject to a variety of statutes and regulations designed to protect consumers, which for us and our subsidiaries and affiliates are enforced at the federal level by the CFPB. Interest and other charges collected or contracted for by banks are subject to state usury laws and federal laws concerning interest rates. Loan operations are also subject to federal laws applicable to credit transactions, such as:

- the federal Truth-In-Lending Act and Regulation Z, governing disclosures of credit terms to consumer borrowers;
- the Real Estate Settlement Procedures Act and Regulation X, providing for certain practices and disclosures in residential real estate lending (including disclosures integrated with those required by Regulation Z);
- the Home Mortgage Disclosure Act and Regulation C, requiring financial institutions to provide information to enable the public and public officials to determine whether a financial institution is fulfilling its obligation to help meet the housing needs of the community it serves;
- the Equal Credit Opportunity Act and Regulation B, on the basis of race, color, religion, national origin, sex, marital status, age or other prohibited factors in extending credit;
- the Fair Credit Reporting Act and Regulation V, governing the use and provision of information to consumer reporting agencies;
- the Fair Debt Collection Practices Act, governing the manner in which consumer debts may be collected by collection agencies; and
- the guidance of the various federal agencies charged with the responsibility of implementing such federal laws.

Deposit operations also are subject to:

- the Truth in Savings Act and Regulation DD, which requires disclosure of deposit terms to consumers;
- Regulation CC, which relates to the availability of deposit funds to consumers;
- the Right to Financial Privacy Act, which imposes a duty to maintain the confidentiality of consumer financial records and prescribes procedures for complying with administrative subpoenas of financial records; and
- the Electronic Funds Transfer Act and Regulation E, which governs automatic deposits to and withdrawals from deposit accounts and customers' rights and liabilities arising from the use of automated teller machines and other electronic banking services, as well as electronic transfers initiated by consumers in the U.S. to recipients in foreign countries.

The CFPB adopted a rule that implements the ability-to-repay and qualified mortgage provisions of the Dodd-Frank Act (the "ATR/QM rule"), which took effect on January 10, 2014, and has impacted our residential mortgage lending practices, and the residential mortgage market generally. The

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ATR/QM rule requires lenders to consider, among other things, income, employment status, assets, payment amounts, and credit history before approving a mortgage, and provides a compliance “safe harbor” for lenders that issue certain “qualified mortgages.” The ATR/QM rule defines a “qualified mortgage” to have certain specified characteristics, and generally prohibit loans with negative amortization, interest-only payments, balloon payments, or terms exceeding 30 years from being qualified mortgages. The rule also establishes general underwriting criteria for qualified mortgages, including that monthly payments be calculated based on the highest payment that will apply in the first five years of the loan and that the borrower have a total debt-to-income ratio that is less than or equal to 43 percent. While “qualified mortgages” will generally be afforded safe harbor status, a rebuttable presumption of compliance with the ability-to-repay requirements will attach to “qualified mortgages” that are “higher priced mortgages” (which are generally subprime loans). In addition, the banking regulators have issued final rules that require the securitizer of asset-backed securities to retain not less than 5 percent of the credit risk of the assets collateralizing the asset-backed securities, unless subject to an exemption for asset-backed securities that are collateralized exclusively by residential mortgages that qualify as “qualified residential mortgages.” These definitions are expected to significantly shape the parameters for the majority of consumer mortgage lending in the U.S.

Reflecting the CFPB’s focus on the residential mortgage lending market, the CFPB has also issued rules to implement requirements of the Dodd-Frank Act pertaining to mortgage loan origination (including with respect to loan originator compensation and loan originator qualifications) and has finalized, integrated mortgage disclosure rules that replace and combine certain requirements under the Truth in Lending Act and the Real Estate Settlement Procedures Act and took effect on October 3, 2015.

In addition, there are a number of significant consumer protection standards that apply to functional areas of operation (rather than applying only to loan or deposit products). For example, the Federal Reserve Board has issued rules aimed at protecting consumers in connection with retail foreign exchange transactions.

In recent years, the Federal Reserve Board and the CFPB have made a number of changes to Regulation E. For example, financial institutions are prohibited from charging consumers fees for paying overdrafts on automated teller machine and one-time debit card transactions, unless a consumer consents, or opts in, to the overdraft service for those types of transactions. Regulation E amendments also require financial institutions to provide consumers with a notice that explains the financial institution’s overdraft services, including the fees associated with the service and the consumer’s choices. Financial institutions also must monitor overdraft payment programs for “excessive or chronic” customer use and undertake “meaningful and effective” follow-up action with customers that overdraw their accounts more than six times during a rolling 12-month period. Furthermore, the CFPB has engaged in studies of overdraft practices and the costs to consumers, and has indicated that it may issue new rules regarding these services.

Regulation E also includes rules for “remittance transfers,” which require financial institutions to provide consumers that transfer funds to overseas recipients with detailed disclosures and to meet other requirements.

The CFPB may engage in other rulemakings that may impact our business, as the CFPB has indicated that, in addition to specific statutory mandates, it is working on a wide range of initiatives to address issues in markets for consumer financial products and services. The CFPB has also undertaken an effort to “streamline” consumer regulations and has established a database to collect, track and make public consumer complaints, including complaints against individual financial institutions.

The CFPB also has broad authority to prohibit unfair, deceptive or abusive acts and practices and to investigate and penalize financial institutions that violate this prohibition. The CFPB has brought enforcement actions against certain financial institutions for UDAAP violations and issued some guidance on the topic, which provides insight into the agency’s expectations regarding these standards. Among other things, CFPB guidance and its UDAAP-related enforcement actions have emphasized that management of third-party service providers is essential to effective UDAAP compliance and that the CFPB and other regulators are particularly focused on marketing and sales practices.

In addition, Synovus Bank may also be subject to certain state laws and regulations designed to protect consumers. Additional regulations resulting from the Dodd-Frank Act and the broad authority of the CFPB could adversely affect Synovus’ business, financial condition or results of operations. See “Part 1 – Item 1A. Risk Factors – *Regulation of the financial services industry continues to undergo major changes, and future legislation could increase our cost of doing business or harm our competitive position*” of this Report.

Anti-Money Laundering; USA PATRIOT Act; Office of Foreign Assets Control

Financial institutions must maintain anti-money laundering programs that include established internal policies, procedures, and controls; a designated compliance officer; an ongoing employee training program; and testing of the program by an independent audit function, among other requirements such as obtaining beneficial ownership information for certain accounts. We are prohibited from entering into specified financial transactions and account relationships and must meet enhanced standards for due diligence in dealings with foreign financial institutions and foreign customers. We also must take reasonable steps to conduct enhanced scrutiny of account relationships to guard against money laundering and to report any suspicious transactions. Recent laws provide law enforcement authorities with increased access to financial information maintained by banks. Anti-money laundering obligations have been substantially strengthened as a result of the USA PATRIOT Act, enacted in 2001 and renewed in 2006.

The USA PATRIOT Act amended, in part, the Bank Secrecy Act and provides for the facilitation of information sharing among governmental entities and financial institutions for the purpose of combating terrorism and money laundering. The statute also creates enhanced information collection tools and enforcement mechanics for the U.S. government, including: (1) requiring standards for verifying customer identification at account opening; (2) promulgating rules to promote cooperation among financial institutions, regulators, and law enforcement entities in identifying parties that may be involved in terrorism or money laundering; (3) requiring reports by nonfinancial trades and businesses filed with FinCEN for transactions exceeding \$10,000; and (4) mandating the filing of suspicious activity reports if a bank believes a customer may be violating U.S. laws and regulations. The statute also requires enhanced due diligence requirements for financial institutions that administer, maintain, or manage private bank accounts or correspondent accounts for non-U.S. persons.

The Federal Bureau of Investigation may send bank regulatory agencies lists of the names of persons suspected of involvement in terrorist activities. Banks can be requested to search their records for any relationships or transactions with persons on those lists and may be required to report any identified relationships or transactions. Furthermore, OFAC is responsible for helping to ensure that U.S. entities do not engage in transactions with certain prohibited parties, as defined by various Executive Orders and Acts of Congress. OFAC publishes, and routinely updates, lists of names of persons and organizations suspected of aiding, harboring or engaging in terrorist acts, including the Specially Designated Nationals and Blocked Persons. If we find a name on any transaction, account or wire transfer that is on an OFAC list, we must freeze such account, file a suspicious activity report and notify the appropriate authorities.

Bank regulators routinely examine institutions for compliance with these anti-money laundering obligations and recently have been active in imposing “cease and desist” and other regulatory orders and money penalty sanctions against institutions found to be in violation of these requirements.

Commitments to Synovus Bank

Under the Federal Reserve Board’s policy and regulation, we are expected to serve as a source of financial and managerial strength to Synovus Bank and Synovus Trust, and to commit resources to support Synovus Bank in circumstances when we might not do so absent such policy. Under the Bank Holding Company Act, the Federal Reserve Board may require a bank holding company to terminate any activity or relinquish control of a nonbank subsidiary, other than a nonbank subsidiary of a bank, upon the Federal Reserve Board’s determination that such activity or control constitutes a serious risk to the financial soundness or stability of any depository institution subsidiary. Further, the Federal Reserve Board has discretion to require a bank holding company to divest itself of any bank or non-bank subsidiaries if the agency determines that any such divestiture may aid the depository institution’s financial condition. In addition, any loans by us to Synovus Bank would be subordinate in right of payment to depositors and to certain other indebtedness of the bank. Notably, the Dodd-Frank Act codified the Federal Reserve Board’s “source of strength” doctrine. In addition to the foregoing requirements, the Dodd-Frank Act’s new provisions authorize the Federal Reserve Board to require a company that directly or indirectly controls a bank to submit reports that are designed both to assess the ability of such company to comply with its “source of strength” obligations and to enforce the company’s compliance with these obligations. The Federal Reserve Board has not yet issued rules implementing this requirement.

If we were to enter bankruptcy or become subject to the orderly liquidation process established by the Dodd-Frank Act, any commitment by us to a federal bank regulatory agency to maintain the capital of Synovus Bank would be assumed by the bankruptcy trustee or the FDIC, as appropriate, and entitled to a priority of payment. In addition, the FDIC provides that any insured depository institution generally will be liable for any loss incurred by the FDIC in connection with the default of, or any assistance provided by the FDIC to, a commonly controlled insured depository institution. Synovus Bank is an FDIC-insured depository institution and thus subject to these requirements.

Transactions with Affiliates and Insiders

A variety of legal limitations restrict Synovus Bank from lending or otherwise supplying funds or in some cases transacting business with us or our non-bank subsidiaries. Synovus Bank is subject to Sections 23A and 23B of the Federal Reserve Act and Federal Reserve Regulation W. Section 23A places limits on the amount of “covered transactions,” which include loans or extensions of credit to, investments in or certain other transactions with, affiliates as well as the amount of advances to third parties collateralized by the securities or obligations of affiliates. The aggregate of all covered transactions is limited to 10 percent of the bank’s capital and surplus for any one affiliate and 20 percent for all affiliates. Furthermore, within the foregoing limitations as to amount, certain covered transactions must meet specified collateral requirements ranging from 100 to 130 percent. Also, Synovus Bank is prohibited from purchasing low quality assets from any of its affiliates. Section 608 of the Dodd-Frank Act broadened the definition of “covered transaction” to include derivative transactions and the borrowing or lending of securities if the transaction will cause a bank to have credit exposure to an affiliate. The expanded definition of “covered transaction” also includes the acceptance of debt obligations issued by an affiliate as collateral for a bank’s loan or extension of credit to a third-party. Furthermore, reverse repurchase transactions will be viewed as extensions of credit (instead of asset purchases) and thus become subject to collateral requirements. The expanded definition of “covered transaction” took effect on July 21, 2012 under the terms of the Dodd-Frank Act.

Section 23B, among other things, prohibits an institution from engaging in certain transactions with affiliates unless the transactions are on terms substantially the same, or at least as favorable to the bank, as those prevailing at the time for comparable transactions with nonaffiliated companies. Except for limitations on low quality asset purchases and transactions that are deemed to be unsafe or unsound, Regulation W generally excludes affiliated depository institutions from treatment as affiliates. Transactions between a bank and any of its subsidiaries that are engaged in certain financial activities may be subject to the affiliated transaction limits. The Federal Reserve Board also may designate bank subsidiaries as affiliates.

Banks are also subject to quantitative restrictions on extensions of credit to executive officers, directors, principal shareholders, and their related interests. In general, such extensions of credit (1) may not exceed certain dollar limitations, (2) must be made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with third parties and (3) must not involve more than the normal risk of repayment or present other unfavorable features. Certain extensions of credit also require the approval of a bank’s Board of Directors.

Regulatory Examinations

Federal and state banking agencies require us and our subsidiary bank to prepare annual reports on financial condition and to conduct an annual audit of financial affairs in compliance with minimum standards and procedures. Synovus Bank, Synovus Trust, and in some cases we and our nonbank affiliates, must undergo regular on-site examinations by the appropriate regulatory agency, which will examine for adherence to a range of legal and regulatory compliance responsibilities. A bank regulator conducting an examination has complete access to the books and records of the examined institution. The results of the examination are confidential. The cost of examinations may be assessed against the examined institution as the agency deems necessary or appropriate.

Community Reinvestment Act

The Community Reinvestment Act requires the Federal Reserve Board to evaluate the record of Synovus Bank in meeting the credit needs of its local community, including low and moderate income neighborhoods. These evaluations are considered in evaluating mergers, acquisitions, and applications to open a branch or facility. Failure to adequately meet these criteria could result in additional requirements and limitations on the bank.

Commercial Real Estate Lending

Lending operations that involve concentrations of commercial real estate loans are subject to enhanced scrutiny by federal banking regulators. The regulators have advised financial institutions of the risks posed by commercial real estate lending concentrations. Such loans generally include land development, construction loans and loans secured by multifamily property, and nonfarm, nonresidential real property where the primary source of repayment is derived from rental income associated with the property. The guidance prescribes the following guidelines for examiners to help identify institutions that are potentially exposed to concentration risk and may warrant greater supervisory scrutiny:

- total reported loans for construction, land development and other land represent 100 percent or more of the institutions total capital, or
- total commercial real estate loans represent 300 percent or more of the institution's total capital, and the outstanding balance of the institution's commercial real estate loan portfolio has increased by 50 percent or more during the prior 36 months.

In addition, the banking regulators have issued final rules that require the securitizer of asset-backed securities to retain not less than 5 percent of the credit risk of the assets collateralizing the asset-backed securities. This may impact our business by reducing the amount of our CRE lending and increasing the cost of borrowing.

Branching

The Dodd-Frank Act substantially amended the legal framework that had previously governed interstate branching activities. Formerly, under the Reigle-Neal Interstate Banking and Branching Efficiency Act of 1994, a bank's ability to branch into a particular state was largely dependent upon whether the state "opted in" to de novo interstate branching. Many states did not "opt-in," which resulted in branching restrictions in those states. The Dodd-Frank Act removed the "opt-in" concept and permits banks to engage in de novo branching outside of their home states, provided that the laws of the target state permit banks chartered in that state to branch within that state. Accordingly, de novo interstate branching by Synovus Bank is subject to these new standards. All branching in which Synovus Bank may engage remains subject to regulatory approval and adherence to applicable legal and regulatory requirements.

Anti-Tying Restrictions

In general, a bank may not extend credit, lease, sell property, or furnish any services or fix or vary the consideration for them on the condition that (1) the customer obtain or provide some additional credit, property, or services from or to the bank or bank holding company or their subsidiaries or (2) the customer not obtain some other credit, property, or services from a competitor, except to the extent reasonable conditions are imposed to assure the soundness of the credit extended. A bank may, however, offer combined-balance products and may otherwise offer more favorable terms if a customer obtains two or more traditional bank products. The law also expressly permits banks to engage in other forms of tying and authorizes the Federal Reserve Board to grant additional exceptions by regulation or order. Also, certain foreign transactions are exempt from the general rule.

Privacy and Credit Reporting

Financial institutions are required to disclose their policies for collecting and protecting nonpublic customer information obtained from consumers. Customers generally may prevent financial institutions from sharing nonpublic personal financial information with nonaffiliated third parties, with some exceptions, such as the processing of transactions requested by the consumer. Financial institutions generally may not disclose certain consumer or account information to any nonaffiliated third-party for use in telemarketing, direct mail marketing or other marketing. Federal and state banking agencies have prescribed standards for maintaining the security and confidentiality of consumer information, and we are subject to such standards, as well as certain federal and state laws or standards for notifying consumers in the event of a security breach.

Synovus Bank utilizes credit bureau data in underwriting activities. Use of such data is regulated under the Fair Credit Reporting Act and Regulation V on a uniform, nationwide basis, including credit reporting, prescreening, and sharing of information between affiliates and the use of credit data. The Fair and Accurate Credit Transactions Act, which amended the Fair Credit Reporting Act, permits states to enact identity theft laws that are not inconsistent with the conduct required by the provisions of that Act.

Enforcement Powers

Synovus Bank and its "institution-affiliated parties," including management, employees, agents, independent contractors and consultants, such as attorneys and accountants and others who participate in the conduct of the institution's affairs, are subject to potential civil and criminal penalties for violations of law, regulations or written orders of a government agency. Violations can include failure to timely file required reports, filing false or misleading information or submitting inaccurate reports. Civil penalties may be as high as \$1,000,000 a day for such violations and criminal penalties for some financial institution crimes may include imprisonment for 20 years. Regulators have flexibility to commence enforcement actions against institutions and institution-affiliated parties, and the FDIC has the authority to terminate deposit insurance. When issued by a banking agency, cease-and-desist and

similar orders may, among other things, require affirmative action to correct any harm resulting from a violation or practice, including restitution, reimbursement, indemnifications or guarantees against loss. A financial institution may also be ordered to restrict its growth, dispose of certain assets, rescind agreements or contracts, or take other actions determined to be appropriate by the ordering agency. The federal banking agencies also may remove a director or officer from an insured depository institution (or bar them from the industry) if a violation is willful or reckless. See “Part I – Item 1A. Risk Factors – *We may become subject to supervisory actions and enhanced regulation that could have a material adverse effect on our business, reputation, operating flexibility, financial condition and the value of our common stock and preferred stock*” of this Report.

Debit Interchange Fees

Interchange fees, or “swipe” fees, are fees that merchants pay to credit card companies and card-issuing banks such as Synovus Bank for processing electronic payment transactions on their behalf. The maximum permissible interchange fee that a non-exempt issuer may receive for an electronic debit transaction is the sum of 21 cents per transaction and 5 basis points multiplied by the value of the transaction, subject to an upward adjustment of 1 cent if an issuer certifies that it has implemented policies and procedures reasonably designed to achieve the fraud-prevention standards set forth by the Federal Reserve. In addition, card issuers and networks are prohibited from entering into arrangements requiring that debit card transactions be processed on a single network or only two affiliated networks, and allows merchants to determine transaction routing.

Monetary Policy and Economic Controls

The earnings of Synovus Bank, and therefore our earnings, are affected by the policies of regulatory authorities, including the monetary policy of the Federal Reserve Board. An important function of the Federal Reserve Board is to promote orderly economic growth by influencing interest rates and the supply of money and credit. Among the methods that have been used to achieve this objective are open market operations in U.S. government securities, changes in the discount rate for bank borrowings, expanded access to funds for nonbanks and changes in reserve requirements against bank deposits. These methods are used in varying combinations to influence overall growth and distribution of bank loans, investments and deposits, interest rates on loans and securities, and rates paid for deposits. In response to the financial crisis, the Federal Reserve Board created several innovative programs to stabilize certain financial institutions and to ensure the availability of credit, which the Federal Reserve Board has begun to modify in light of improved economic conditions.

The effects of the various Federal Reserve Board policies on our future business and earnings cannot be predicted. We cannot predict the nature or extent of any effects that possible future governmental controls or legislation might have on our business and earnings.

Depositor Preference Statute

Federal law provides that deposits and certain claims for administrative expenses and employee compensation against an insured depository institution are afforded priority over other general unsecured claims against such institution, including federal funds and letters of credit, in the liquidation or other resolution of the institution by any receiver.

Other Regulatory Matters

Synovus and its subsidiaries and affiliates are subject to numerous examinations by federal and state banking regulators, as well as the SEC, the FINRA, the NYSE and various state insurance and securities regulators. Synovus and its subsidiaries have from time to time received requests for information from regulatory authorities in various states, including state insurance commissions and state attorneys general, securities regulators and other regulatory authorities, concerning their business practices. Such requests are considered incidental to the normal conduct of business.

Shareholder Say-On-Pay Votes

The Dodd-Frank Act requires public companies to take shareholders’ votes on proposals addressing compensation (known as say-on-pay), the frequency of a say-on-pay vote, and the golden parachutes available to executives in connection with change-in-control transactions. Public companies must give shareholders the opportunity to vote on the compensation at least every three years and the opportunity to vote on frequency at least every six years, indicating whether the say-on-pay vote should be held annually, biennially, or triennially. The first say-on-pay vote occurred at our 2010 annual shareholders meeting. The say-on-pay, the say-on-parachute and the say-on-frequency votes are explicitly nonbinding and cannot override a decision of our Board of Directors.

Available Information

Our website address is www.synovus.com. We file with or furnish to the SEC Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements and annual reports to shareholders, and, from time to time, amendments to these documents and other documents called for by the SEC. The reports and other documents filed with or furnished to the SEC are available to investors on or through our website at investor.synovus.com under the heading “Financial Information” and then under “SEC Filings.” These reports are available on our website free of charge as soon as reasonably practicable after we electronically file them with the SEC.

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ITEM 1. BUSINESS

In addition, the public may read and copy any of the materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NW, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet website that contains reports, proxy and information statements and other information regarding issuers, such as Synovus, that file electronically with the SEC. The address of that website is www.sec.gov.

We have adopted a Code of Business Conduct and Ethics for our directors, officers and employees and have also adopted Corporate Governance Guidelines. Our Code of Business Conduct and Ethics, Corporate Governance Guidelines and the charters of our board committees, as well as information on how to contact our Board of Directors, are available in the Corporate Governance Section of our website at investor.synovus.com/govdocs. We will post any waivers of our Code of Business Conduct and Ethics granted to our directors or executive officers on our website at investor.synovus.com.

We include our website addresses throughout this filing only as textual references. The information contained on our website is not incorporated in this document by reference.

ITEM 1A. RISK FACTORS

This section highlights the material risks that we currently face. 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.

Competition in the financial services industry may adversely affect our future earnings and growth.

We operate in a highly competitive environment and our profitability and our future growth depends on our ability to compete successfully. We face pricing competition for loans and deposits and we compete for customers based on such factors as convenience, product lines, accessibility of service and service capabilities. Certain of our competitors are larger and have more resources than we do, enabling them to be more aggressive than us in competing for loans and deposits and investing in new products, technology and services. In addition, the ability of non-bank competitors to provide services previously limited to commercial banks has intensified the competition we face. These non-bank competitors are not subject to the same extensive regulations that govern us and, therefore, may be able to operate with greater flexibility and lower cost structures. This significant competition in attracting and retaining deposits and making loans as well as in providing other financial services may impact our future earnings and growth.

We may not realize the expected benefits from our efficiency and growth initiatives, which could negatively impact our future profitability.

In the current competitive banking environment, operating costs must reduce or grow much slower than overall revenue growth. In addition, we must continue to implement strategies to grow our loan portfolio and increase non-interest income in order to realize continued earnings growth and to remain competitive with the other banks in the markets we serve. Since 2010, we have implemented a series of strategic efficiency and growth initiatives for expense reduction, increased efficiencies and long-term growth. While we have realized cost-savings and growth as a result of these initiatives, there is no guarantee that these initiatives will be successful in controlling expenses and growth revenues in the future. In addition, while expense control continues to be a major focus for us, management also expects to continue to make strategic investments in technology and talent that are expected to improve our customer experience and support future growth which will require an increase in our expenditures. There can be no assurance that we will ultimately realize the anticipated benefits of our expense reduction and growth strategies, which may impair our earnings growth.

We may not be able to successfully implement current or future information technology system enhancements and operational initiatives, which could adversely affect our business operations and profitability.

We are investing significant resources in information technology system enhancements and operational initiatives in order to provide functionality and security at an appropriate level, to improve our operating efficiency and to streamline our customer experience. We may not be able to successfully implement and integrate such system enhancements and initiatives, which could adversely impact the ability to comply with a number of legal and regulatory requirements, which could result in sanctions from regulatory authorities. In addition, these projects could have higher than expected costs and/or result in operating inefficiencies, which could increase the costs associated with the implementation as well as ongoing operations. Failure to properly utilize system enhancements that are implemented in the future could result in impairment charges that adversely impact our financial condition and results of operations, could result in significant costs to remediate or replace the defective components and could impact our ability to compete. In addition, we may incur significant training, licensing, maintenance, consulting and amortization expenses during and after implementation, and any such costs may continue for an extended period of time. As such, we cannot guarantee that the anticipated long-term benefits of these system enhancements and operational initiatives will be realized.

If our enterprise risk management framework is not effective at mitigating risk and loss to us, we could suffer unexpected losses and our results of operations could be materially adversely affected.

Our enterprise risk management framework seeks to achieve an appropriate balance between risk and return, which is critical to optimizing shareholder value. We have established processes and procedures intended to identify, measure, monitor, report and analyze the types of risk to which we are subject, including strategic, market, credit, liquidity, operational, regulatory compliance, litigation and reputational. However, as with any risk management framework, there are inherent limitations to our risk management strategies as there may exist, or develop in the future, risks that we have not appropriately anticipated or identified. For example, the financial and credit crisis and resulting regulatory reform highlighted both the importance and some of the limitations of managing unanticipated risks. If our risk management framework proves ineffective, we could suffer unexpected losses and our business and results of operations could be materially adversely affected.

Our allowance for loan losses may not cover actual losses, and we may be required to materially increase our allowance, which may adversely affect our capital, financial condition and results of operations.

We derive the most significant portion of our revenues from our lending activities. When we lend money, commit to lend money or enter into a letter of credit or other contract with a counterparty, we incur credit risk, which is the risk of losses if our borrowers do not repay their loans or our counterparties fail to perform according to the terms of their contracts. We estimate and maintain an allowance for loan losses, which is a reserve established through a provision for loan losses charged to expenses, which represents management's best estimate of probable credit losses that have been incurred within the existing portfolio of loans, as described under "Part II – Item 8. Financial Statements and Supplementary Data – Note 1 – Summary of Significant Accounting Policies" and "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies – Allowance for Loan Losses". The allowance, in the judgment of management, is established to reserve for

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ITEM 1A. RISK FACTORS

estimated loan losses and risks inherent in the loan portfolio. The determination of the appropriate level of the allowance for loan losses inherently involves a high degree of subjectivity and requires us to make significant estimates of current credit risks using existing qualitative and quantitative information, all of which may undergo material changes. Changes in economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans, changes in assumptions regarding a borrower's ability to pay, changes in collateral values, risk ratings, and other factors, both within and outside of our control, may cause the allowance for loan losses to become inadequate and require an increase in the provision for loan losses. In addition, the FASB has adopted new accounting standards for the recognition and measurement of credit losses for loans and certain other instruments. The new standards will be effective beginning January 1, 2020. While we are still evaluating the impact of these new accounting standards, we expect that the allowance for loan losses will be higher under the new standard and as such, could have an impact on our results of operations.

Because the risk rating of the loans is dependent on certain subjective information and is subject to changes in the borrower's credit risk profile, evolving local market conditions and other factors, it can be difficult for us to predict the effects that those factors will have on the classifications assigned to the loan portfolio, and thus difficult to anticipate the velocity or volume of the migration of loans through the classification process and effect on the level of the allowance for loan losses. Accordingly, we monitor our credit quality and our reserve requirements and use that as a basis for capital planning and other purposes. See "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity" and "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Capital Resources" of this Report for further information.

Various regulatory agencies, as an integral part of their examination procedures, periodically review the allowance. Based on their judgments about information available to them at the time of their examination, such agencies may require us to recognize additions to the allowance or additional loan charge offs. An increase in the allowance for loan losses would result in a decrease in net income and capital, and could have a material adverse effect on our capital, financial condition and results of operations.

Any future economic downturn could have a material adverse effect on our capital, financial condition, results of operations, and future growth.

Management continually monitors market conditions and economic factors throughout our footprint. If conditions were to worsen nationally, regionally or locally, then we could see a sharp increase in our total net charge-offs and also be required to significantly increase our allowance for loan losses. Furthermore, the demand for loans and our other products and services could decline. An increase in our non-performing assets and related increases in our provision for loan losses, coupled with a potential decrease in the demand for loans and our other products and services, could negatively affect our business and could have a material adverse effect on our capital, financial condition, results of operations and future growth.

Changes in interest rates may have an adverse effect on our net interest income.

Net interest income, which is the difference between the interest income that we earn on interest-earning assets and the interest expense that we pay on interest-bearing liabilities, is a major component of our income and our primary source of revenue from our operations. A narrowing of interest rate spreads could adversely affect our earnings and financial condition. The Federal Reserve began raising rates in recent years, but there is no assurance that rates will increase as expected, or at all. Regional and local economic conditions, competitive pressures and the policies of regulatory authorities, including monetary policies of the FRB, affect interest income and interest expense. We have ongoing policies and procedures designed to manage the risks associated with changes in market interest rates. However, changes in interest rates still may have an adverse effect on our profitability. A significant portion of our loans, including commercial real estate loans and commercial and industrial loans, bear interest at variable rates. Increases in market interest rates can have a negative impact on our business, including reducing the amount of money our customers borrow or by adversely affecting their ability to repay outstanding loan balances that may increase due to adjustments in their variable rates. In addition, as interest rates increase, in order to compete for deposits in our primary market areas, we may have to offer more attractive interest rates to depositors, or pursue other sources of liquidity, such as wholesale funds. While we actively manage these risks through hedging and other risk mitigation strategies, if our assumptions are wrong or overall economic conditions are significantly different than anticipated, our risk mitigation techniques may be insufficient.

Our net interest income was \$1.02 billion for 2017, an increase of 13.8% compared to \$899.2 million for 2016. Our total loans were \$24.79 billion as of December 31, 2017, an increase of 3.9% compared to \$23.86 billion as of December 31, 2016. Any future decrease in loan yields or lower realized yields on investment securities could reduce our net interest income and could cause pressure on net interest income in future periods. Net interest income also may be negatively impacted by the high level of competition that we face in our primary market area. A significant reduction in our net interest income could have a material adverse impact on our capital, financial condition and results of operations.

We may not be able to attract and retain key employees, which may adversely impact our ability to successfully execute our growth strategies.

Our financial success depends upon our ability to attract and retain highly motivated, well-qualified personnel. We face significant competition in the recruitment of qualified employees from financial institutions and others. Moreover, as the banking industry transforms due to technological innovation, we must continually assess and manage how our talent needs change over time. In addition, our future growth and the continued diversification of our loan portfolio depends, in part, on our ability to attract and retain the right mix of well-qualified employees. If we are unable to attract and retain qualified employees, our ability to execute our business strategies may suffer and we may be required to substantially increase our overall compensation or benefits to attract and retain such employees. In June 2010, the federal banking regulators jointly issued comprehensive final guidance designed to ensure that incentive compensation policies do not undermine the safety and soundness of banking organizations by encouraging employees to take imprudent risks. In 2016, the federal banking regulators also proposed rules that would, depending upon the assets of the institution, directly regulate incentive compensation arrangements and would require enhanced oversight and recordkeeping. As of December 31, 2017, these rules have not been implemented. These regulations may significantly restrict the amount, form, and context in which we pay incentive

compensation and may put us at a competitive disadvantage compared to non-financial institutions in terms of attracting and retaining key employees.

The financial services market is undergoing rapid technological changes, and if we are unable to stay current with those changes, we will not be able to effectively compete.

The financial services market, including banking services, is undergoing rapid changes with frequent introductions of new technology-driven products and services. Our future success will depend, in part, on our ability to keep pace with these technological changes and to use technology to satisfy and grow customer demand for our products and services and to create additional efficiencies in our operations. We expect that we will need to make substantial investments in our technology and information systems to compete effectively and to stay current with technological changes. Some of our competitors have substantially greater resources to invest in technological improvements and will be able to invest more heavily in developing and adopting new technologies, which may put us at a competitive disadvantage. We may not be able to effectively implement new technology-driven products and services or be successful in marketing these products and services to our customers. As a result, our ability to effectively compete to retain or acquire new business may be impaired, and our business, financial condition or results of operations may be adversely affected.

We rely extensively on information technology systems to operate our business and an interruption or security breach may disrupt our business operations, result in reputational harm and have an adverse effect on our operations.

As a large financial institution, we rely extensively on our information technology systems to operate our business, including to process, record and monitor a large number of customer transactions on a continuous basis. As customer, public and regulatory expectations regarding operational and information security have increased, our operational systems and infrastructure must continue to be safeguarded and monitored for potential failures, disruptions and breakdowns. Our business, financial, accounting, data processing systems or other operating systems and facilities may stop operating properly or become disabled or damaged as a result of a number of factors including events that are wholly or partially beyond our control. For example, there could be sudden increases in customer transaction volume; electrical or telecommunications outages; natural disasters such as earthquakes, tornadoes, and hurricanes; disease pandemics; events arising from local or larger scale political or social matters, including terrorist acts; and, as described below, cyber-attacks.

We have policies, procedures and systems designed to prevent or limit the effect of possible failures, interruptions or breaches in security of information systems and business continuity programs designed to provide services in the case of an event resulting in material disruptions of our operating systems. We regularly seek to test the effectiveness of and enhance these policies, procedures and systems. However, there is no guarantee that these safeguards or programs will address all of the threats that continue to evolve.

Disruptions or failures in the physical infrastructure or operating systems that support our businesses and customers, or cyber-attacks or security breaches of the networks, systems, or devices that our customers use to access our products and services, could result in customer attrition, regulatory and other fines, penalties or intervention, reputational damage, reimbursement or other compensation costs and/or additional compliance costs, any of which could materially adversely affect our business, results of operations or financial condition.

We face significant cyber and data security risk that could result in the disclosure of confidential information, adversely affect our business or reputation and expose us to significant liabilities.

As a large financial institution, we are under continuous threat of loss due to the velocity and sophistication of cyber-attacks. This risk continues to increase. Two of the most significant cyber-attack risks that we face are e-fraud and loss of sensitive customer data. Loss from e-fraud occurs when cybercriminals breach and extract funds directly from customer or our accounts. Any loss of sensitive customer data that results from attempts to breach our systems, such as account numbers and social security numbers, would present significant reputational, legal and/or regulatory costs to us. Our risk and exposure to these matters remains heightened because of the evolving nature and complexity of these threats from cybercriminals and hackers, our plans to continue to provide internet banking and mobile banking channels, and our plans to develop additional remote connectivity solutions to serve our customers. While we have not experienced any material losses relating to cyber-attacks or other information security breaches to date, we have been the subject of attempted hacking and cyber-attacks and there can be no assurance that we will not suffer such losses in the future.

The occurrence of any cyber-attack or information security breach could result in material adverse consequences to us including damage to our reputation and the loss of customers. We also could face litigation or additional regulatory scrutiny. Litigation or regulatory actions in turn could lead to significant liability or other sanctions, including fines and penalties or reimbursement to customers adversely affected by a security breach. Even if we do not suffer any material adverse consequences as a result of events affecting us directly, successful attacks or systems failures at other large financial institutions could lead to a general loss of customer confidence in financial institutions including us.

We continually review the security of our IT systems and make the necessary investments to improve the resiliency of our systems and their security from attack. Nonetheless, there remains the risk that we may be materially harmed by a cyber-attack or information security breach. Attack methods continue to evolve in sophistication, velocity, and frequency and can occur from a variety of sources, such as foreign governments, hacktivists, or other well-financed entities, and may originate from less regulated and remote areas of the world. As a result, if such an attack or breach does occur, we will take reasonable and customary measures to address the situation, based on our crisis management plan; however, there can be no assurance that such measures will effectively prevent or mitigate any resulting losses.

We rely on other companies to provide key components of our business infrastructure.

Third parties provide key components of our business operations such as data processing, recording and monitoring transactions, online banking interfaces and services, Internet connections and network access. We have selected these third-party vendors carefully and have conducted the due diligence consistent with regulatory guidance and best practices. While we have ongoing programs to review third party vendors and assess risk, we

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do not control their actions. Any problems caused by these third parties, including those resulting from disruptions in communication services provided by a vendor, failure of a vendor to handle current or higher volumes, cyber-attacks and security breaches at a vendor, failure of a vendor to provide services for any reason or poor performance of services, could adversely affect our ability to deliver products and services to our customers and otherwise conduct our business. Financial or operational difficulties of a third-party vendor could also hurt our operations if those difficulties interfere with the vendor's ability to serve us. Furthermore, our vendors could also be sources of operational and information security risk to us, including from breakdowns or failures of their own systems or capacity constraints. Replacing these third-party vendors could also create significant delay and expense. Accordingly, use of such third parties creates an unavoidable inherent risk to our business operations.

We intend to pursue acquisitions as part of our growth strategy. If we are unable to identify attractive acquisition targets and complete such acquisitions on favorable terms or we fail to successfully integrate bank or nonbank acquisitions into our existing operations, our growth prospects may be impaired and we may not realize the anticipated benefits from future acquisitions.

Part of our growth strategy is to pursue and complete acquisitions of bank or non-bank operations that meet our acquisition criteria. However, we may not be successful in identifying suitable acquisition candidates, and even if we identify such candidates, we may not be successful in completing such acquisitions on favorable terms, if at all.

In particular, difficulties may arise in the integration of the business and operations of BHCs, banks and other non-bank entities we acquire and, as a result, we may not be able to achieve the anticipated benefits, cost savings and other synergies that we expect will result from such transactions. Achieving cost savings is dependent on consolidating certain operational and functional areas, eliminating duplicative positions and terminating certain agreements for outside services. Additional savings are dependent upon the integration of the acquired entity's businesses with our businesses, the conversion of core operating systems, data systems and products and the standardization of business practices. The integration could result in higher than expected deposit attrition, loss of key employees, disruption of our businesses or the businesses of the acquired company, or otherwise adversely affect our ability to maintain relationships with customers and employees or achieve the anticipated benefits of the acquisition.

In addition, we must generally satisfy a number of meaningful conditions before we can complete an acquisition of another bank or BHC, including federal and/or state regulatory approvals. Also, under the Dodd-Frank Act, U.S. regulators must take systemic risk into account when evaluating whether to approve a potential acquisition transaction. We cannot be certain when or if, or on what terms and conditions, any required regulatory approvals will be granted, if at all.

Regulation of the financial services industry continues to undergo major changes, and future legislation could increase our cost of doing business or harm our competitive position.

The Dodd-Frank Act brought about a significant overhaul of many aspects of the regulation of the financial services industry, addressing, among other things, systemic risk, capital adequacy, deposit insurance assessments, consumer financial protection, interchange fees, derivatives, lending limits, mortgage lending practices, registration of investment advisors and changes among the bank regulatory agencies. Key provisions of the Dodd-Frank Act that have impacted or are likely to impact our operations or the operations of Synovus Bank include:

- Creation of the CFPB with centralized authority, including examination and enforcement authority, for consumer protection in the banking industry.
- Limitations on federal preemption.
- Prohibitions and restrictions on the ability of a banking entity and nonbank financial company to engage in proprietary trading and have certain interests in, or relationships with, a hedge fund or private equity fund (the "Volcker Rule").
- Application of new regulatory capital requirements, including changes to leverage and risk-based capital standards and changes to the components of permissible tiered capital.
- Requirement that the company and its subsidiary bank be well capitalized and well managed in order to engage in activities permitted for financial holding companies.
- Changes to the assessment base for deposit insurance premiums.
- Permanently raising the FDIC's standard maximum deposit insurance amount to a \$250,000 limit for federal deposit insurance.
- Repeal of the prohibition on the payment of interest on demand deposits, thereby permitting depository institutions to pay interest on business transaction and other accounts.
- Restrictions on compensation, including a prohibition on incentive-based compensation arrangements that encourage inappropriate risk taking by covered financial institutions and are deemed to be excessive, or that may lead to material losses.
- Requirement that sponsors of asset-backed securities retain a percentage of the credit risk of the assets underlying the securities.
- Requirement that banking regulators remove references to and requirements of reliance upon credit ratings from their regulations and replace them with appropriate alternatives for evaluating credit worthiness.
- Rules pertaining to a mortgage borrower's ability to repay, mortgage loan originator compensation and qualifications, and integrated mortgage disclosure rules that will replace and combine certain existing requirements under the Truth in Lending Act and the Real Estate Settlement Procedures Act, among other requirements affecting the mortgage origination and secondary marketing of mortgages.

Some of these and other major changes could materially impact the profitability of our business, the value of assets we hold or the collateral available for our loans, require changes to business practices or force us to discontinue businesses and expose us to additional costs, taxes, liabilities, enforcement actions and reputational risk. Many of these provisions became effective upon enactment of the Dodd-Frank Act, while others were subject to further study, rulemaking, and the discretion of regulatory bodies and have only recently taken effect or will take effect in coming years. In

light of these significant changes and the discretion afforded to federal regulators, we cannot fully predict the effect that compliance with the Dodd-Frank Act or any implementing regulations will have on our businesses or our ability to pursue future business opportunities. Additional regulations resulting from the Dodd-Frank Act may materially adversely affect our business, financial condition or results of operations.

Certain other reform proposals have resulted in us becoming subject to stricter capital requirements and leverage limits, and affect the scope, coverage, or calculation of capital, all of which could require us to reduce business levels or to raise capital, including in ways that may adversely impact our shareholders or creditors. See “Part I – Item 1. Business – Supervision, Regulation and Other Factors” of this Report for further information. We cannot predict whether new legislation will be enacted and, if enacted, the effect that it, or any regulations, would have on our business, financial condition, or results of operations.

The 2016 national election results have introduced further uncertainty into future implementation and enforcement of the Dodd-Frank Act and other regulatory requirements applicable to the banking sector. In addition, various proposals for regulatory simplification or relief were proposed by Congress and the banking agencies in 2017. While these developments have contributed to increased market valuations of companies in the banking and financial services industry, including our company, there is no assurance that any regulatory changes will be implemented or that benefits to our future financial performance will continue to be realized.

The full impact of Federal Tax Reform on us and our customers is unknown at present, creating uncertainty and risk related to our customers’ future demand for credit and our future results.

While we expect Federal Tax Reform to have an overall positive impact on our business going forward, we continue to evaluate its impact on our business and that impact remains uncertain. Increased economic activity is expected as a result of the decrease in tax rates on businesses generally, which could spur additional economic activity that would encourage additional borrowing. At the same time, some customers may elect to use their additional cash flow from lower taxes to fund their existing levels of activity, decreasing borrowing needs. The elimination of the federal income tax deductibility of business interest expenses for a significant number of customers effectively increases the cost of borrowing and could make equity or hybrid funding relatively more attractive. Moreover, tax exempt borrowing may be less attractive in the future due to the decrease in tax rates generally. This could have long-term negative impact on business customer borrowing. The differing effects of Federal Tax Reform for taxable corporations as compared to pass through entities owned by individuals also creates the potential for differing economic strategies by our customers that are presently uncertain and may continue to be for some time.

We are anticipating an increase in our after-tax net income available to shareholders in 2018 and future years as a result of the decrease in our effective tax rate. Some or all of this benefit could be lost to the extent that our competitors elect to lower interest rates and fees and we are forced to respond in order to remain competitive. Furthermore, we incurred a significant one-time, non-cash provisional charge resulting from the revaluation of our deferred tax assets in the fourth quarter of 2017. The estimated impact of Federal Tax Reform is based on management’s current knowledge and assumptions, but there is no assurance that the presently anticipated benefits of Federal Tax Reform on us will be realized or that we will not incur further charges with respect to the revaluation of our deferred tax assets.

We are subject to a variety of operational risks, including reputational risk, legal risk, and regulatory and compliance risk, and the risk of fraud or theft by employees or outsiders, which may adversely affect our business and results of operations.

We are exposed to many types of operational risks, including reputational risk, legal and regulatory and compliance risk, the risk of fraud or theft by employees or outsiders, including unauthorized transactions by employees or operational errors, clerical or record-keeping errors or those resulting from faulty or disabled computer or telecommunications systems. See “Part I – Item 1. Business – Enterprise Risk Management” of this Report for further information. Negative public opinion may result from our actual or alleged conduct in any number of activities, including lending practices, corporate governance and acquisitions and from actions taken by government regulators and community organizations in response to those activities. Negative public opinion may adversely affect our ability to attract and keep customers and can expose us to litigation and regulatory action. Actual or alleged conduct by us may result in negative public opinion about our business. Negative public opinion may also affect our credit ratings, which are important to our access to unsecured wholesale borrowings.

Because the nature of the financial services business involves a high volume of transactions, certain errors may be repeated or compounded before they are discovered and successfully rectified. Our necessary dependence upon automated systems to record and process transactions, and our large transaction volume may further increase the risk that technical flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect. We also may be subject to disruptions of our operating systems arising from events that are wholly or partially beyond our control (for example, computer viruses, cyber- attacks or electrical or telecommunications outages, or natural disasters, disease pandemics or other damage to property or physical assets) which may give rise to disruption of service to customers and to financial loss or liability. The occurrence of any of these risks may result in a diminished ability of us to operate our business (for example, by requiring us to expend significant resources to correct the defect), as well as potential liability to customers, reputational damage and regulatory intervention, which may adversely affect our business, financial condition or results of operations, perhaps materially.

As an issuer of credit and debit cards we are exposed to losses in the event that holders of our cards experience fraud on their card accounts.

Our customers regularly use Synovus-issued credit and debit cards to pay for transactions with retailers and other businesses. There is the risk of data security breaches at these retailers and other businesses that could result in the misappropriation of our customers’ credit and debit card information. When our customers use Synovus-issued cards to make purchases from those businesses, card account information is provided to the business. If the business’s systems that process or store card account information are subject to a data security breach, holders of our cards who have made purchases from that business may experience fraud on their card accounts. While we expect that the rollout of EMV-enabled credit and debit cards

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will have a positive impact on fraudulent transactions, we may nonetheless suffer losses associated with reimbursing our customers for fraudulent transactions on customers' card accounts, as well as for other costs related to data security compromise events, such as replacing cards associated with compromised card accounts. In addition, we provide card transaction processing services to some merchant customers under agreements we have with payment networks such as Visa and MasterCard. Under these agreements, we may be responsible for certain losses and penalties if one of our merchant customers suffers a data security breach.

In the last several years, a number of large retailers suffered substantial data security breaches compromising millions of credit and debit card accounts. To date, our losses and costs related to these breaches have not been material, but other similar events in the future could be more significant to us.

The fiscal and monetary policies of the federal government and its agencies could have a material adverse effect on our earnings.

The Federal Reserve Board regulates the supply of money and credit in the U.S. Its policies determine in large part the cost of funds for lending and investing and the return earned on those loans and investments, both of which affect our net interest margin. They can also materially decrease the value of financial assets we hold. Federal Reserve policies may also adversely affect borrowers, potentially increasing the risk that they may fail to repay their loans, or could adversely create asset bubbles which result from prolonged periods of accommodative policy. This, in turn, may result in volatile markets and rapidly declining collateral values. Changes in Federal Reserve policies are beyond our control and difficult to predict; consequently, the impact of these changes on our activities and results of operations is difficult to predict. Also, potential new taxes on corporations generally, or on financial institutions specifically, would adversely affect our net income.

We may become subject to supervisory actions and enhanced regulation that could have a material adverse effect on our business, reputation, operating flexibility, financial condition and the value of our common stock and preferred stock.

Under federal and state laws and regulations pertaining to the safety and soundness of insured depository institutions, state banking regulators, the Federal Reserve, and separately the FDIC as the insurer of bank deposits, each has the authority to compel or restrict certain actions on our part if any of them determine that we have insufficient capital or are otherwise operating in a manner that may be deemed to be inconsistent with safe and sound banking practices. In addition to examinations for safety and soundness, we and our subsidiaries also are subject to continuous examination by state and federal banking regulators, including the CFPB, for compliance with various laws and regulations, as well as consumer compliance initiatives. As a result of this regulatory oversight and examination process, our regulators may require us to enter into informal or formal supervisory agreements, including board resolutions, memoranda of understanding, written agreements and consent or cease and desist orders, pursuant to which we could be required to take identified corrective actions to address cited concerns, or to refrain from taking certain actions.

If we become subject to and are unable to comply with the terms of any future regulatory actions or directives, supervisory agreements, or orders, then we could become subject to additional, heightened supervisory actions and orders, possibly including consent orders, prompt corrective action restrictions and/or other regulatory actions, including prohibitions on the payment of dividends on our common stock and Series C Preferred Stock. If our regulators were to take such additional supervisory actions, then we could, among other things, become subject to significant restrictions on our ability to develop any new business, as well as restrictions on our existing business, and we could be required to raise additional capital, discontinue our share repurchase program, dispose of certain assets and liabilities within a prescribed period of time, or all of the above. The terms of any such supervisory action could have a material negative effect on our business, reputation, operating flexibility, financial condition and the value of our common stock. See "Part 1 – Item 1. Business – Supervision, Regulation, and Other Factors" in this Report for further information.

We may be required to undertake additional strategic initiatives to improve our capital position due to changes in economic conditions or changes in regulatory capital rules

Effective January 1, 2015, the regulatory capital framework changed for us in important respects as a result of the Revised Rules. Among other things, the Revised Rules raised the minimum thresholds for required capital and revised certain aspects of the definitions and elements of the capital that can be used to satisfy these required minimum thresholds. The Revised Rules also introduced a minimum "capital conservation buffer" equal to 2.5% of an organization's total risk-weighted assets, which exists in addition to the required minimum CET1, Tier 1 and Total Capital ratios identified above. The "capital conservation buffer," which must consist entirely of CET1, is designed to absorb losses during periods of economic stress. The implementation of the capital conservation buffer began on January 1, 2016 at the 0.625% level and will 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). At January 1, 2017, the buffer was increased to 1.25%. In addition, we repurchased \$175.1 million of capital stock under our previously announced share repurchase program. As a result and as of December 31, 2017, our CET1 ratio under Basel III was 9.88% on a fully phased-in basis, which is in excess of the minimum common equity and additional conservation buffer stipulated by the Revised Rules. See "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Capital Resources" and "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Financial Measures" of this Report for applicable reconciliation to GAAP measure.

In addition to maintaining compliance with the Revised Rules, we and Synovus Bank are also subject to stress testing requirements, including public disclosures of certain results. The results of such stress testing may require us to take certain actions to improve our capital position. See "Part 1 – Item 1. Business – Supervision, Regulation, and Other Factors" of this Report for further information.

Moreover, federal bank regulators have issued a series of guidance and rulemakings applicable to large banks. While many of these do not currently apply to us due to our asset size, these issuances could impact industry capital standards and practices in many potentially unforeseeable ways.

We continue to actively monitor economic conditions, evolving industry capital standards, and changes in regulatory standards and requirements, and engage in regular discussions with our regulators regarding capital at both Synovus and Synovus Bank. As part of our ongoing management of

capital, we will continue to identify, consider, and pursue additional strategic initiatives to bolster our capital position as deemed necessary, including strategies that may be required to meet the requirements of the Revised Rules and other regulatory initiatives regarding capital, and will continue to evaluate our share repurchase program and increased dividends. The need to maintain more capital and greater liquidity than has been required historically could limit our business activities, including lending, and our ability to expand, either organically or through future acquisitions. It could also result in us taking steps to increase our capital that may be dilutive to shareholders or limit our ability to pay dividends or otherwise return capital to shareholders.

Changes in the cost and availability of funding due to changes in the deposit market and credit market may adversely affect our capital resources, liquidity and financial results.

We may be unable to access historical and alternative sources of liquidity, including the capital markets, brokered deposits, and borrowings from the FHLB, which could adversely affect our overall liquidity. Liquidity represents the extent to which we have readily available sources of funding needed to meet the needs of our depositors, borrowers and creditors, to support asset growth, and to otherwise sustain our operations and the operations of our subsidiary bank. In managing our consolidated balance sheet, we depend on access to a variety of sources of funding to provide us with sufficient capital resources and liquidity to meet our commitments and business needs, and to accommodate the transaction and cash management needs of our customers. Sources of funding available to us, and upon which we rely as regular components of our liquidity and funding management strategy, include borrowings from the FHLB and brokered deposits. See “Part II – Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity” and “Part II – Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Capital Resources” of this Report for further information. We also have historically enjoyed a solid reputation in the capital markets and have been able to raise funds in the form of either short- or long-term borrowings or equity or debt issuances. If, due to market disruptions, perceptions about our credit ratings or other factors, we are unable to access the capital markets in the future, our capital resources and liquidity may be adversely affected.

In general, the amount, type and cost of our funding, including from other financial institutions, the capital markets and deposits, directly impacts our costs of operating our business and growing our assets and can therefore positively or negatively affect our financial results. A number of factors could make funding more difficult, more expensive or unavailable on any terms, including, but not limited to, a downgrade in our credit ratings, financial results, changes within our organization, specific events that adversely impact our reputation, disruptions in the capital markets, specific events that adversely impact the financial services industry, counterparty availability, changes affecting our assets, the corporate and regulatory structure, interest rate fluctuations, general economic conditions and the legal, regulatory, accounting and tax environments governing our funding transactions. Also, we compete for funding with other banks and similar companies, many of which are substantially larger, and have more capital and other resources than we do. In addition, as some of these competitors consolidate with other financial institutions, these advantages may increase. Competition from these institutions may increase the cost of funds.

In addition to bank level liquidity management, we must manage liquidity at the Parent Company for various needs including potential capital infusions into subsidiaries, the servicing of debt, the payment of dividends on our common stock and preferred stock and share repurchases. The primary source of liquidity for us consists of dividends from Synovus Bank which are governed by certain rules and regulations of our supervising agencies. During 2015, Synovus Bank made upstream cash distributions to the Parent Company totaling \$225.0 million including cash dividends of \$199.9 million. During 2016, Synovus Bank made upstream cash dividends to the Parent Company totaling \$325.0 million. During 2017, Synovus Bank and non-bank subsidiaries made cash distributions to the Parent Company totaling \$451.0 million including cash dividends of \$283.2 million. In January 2018, Synovus Bank made an upstream cash dividend of \$45 million to the Parent Company. 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 and under other circumstances without the approval of the GA DBF. As a result of these restrictions, Synovus Bank may be required to seek approval from the GA DBF to pay dividends. See “Part I – Item 1A. Risk Factors – *We may not be able to generate sufficient cash to service all of our debt and repay maturing debt obligations*” of this Report. See “Part 1 – Item 1. Business – Supervision, Regulation, and Other Factors – Dividends” of this Report for further information. Synovus expects that it will receive additional dividends from Synovus Bank in 2018. If Synovus does not receive additional dividends from Synovus Bank in 2018 at the levels anticipated, its liquidity could be adversely affected and it may not be able to continue to execute its current capital plan to return capital to its shareholders. In addition to dividends from Synovus Bank, we have historically had access to a number of alternative sources of liquidity, including the capital markets, but there is no assurance that we will be able to obtain such liquidity on terms that are favorable to us, or at all. If our access to these traditional and alternative sources of liquidity is diminished or only available on unfavorable terms, then our overall liquidity and financial condition will be adversely affected.

We could realize losses if we determine to sell non-performing assets and the proceeds we receive are lower than the carrying value of such assets.

Distressed asset sales have been a component of our strategy to further strengthen the balance sheet, improve asset quality, and enhance earnings. We could realize future losses if the proceeds we receive upon dispositions of non-performing assets are lower than the recorded carrying value of such assets, which could adversely affect our results of operations in future periods. Accordingly, we could realize an increased level of credit costs in any period during which we determine to dispose of an increased level of distressed assets. Further, although market conditions have improved, if market conditions experience another downturn, this could negatively impact our ability to dispose of distressed assets, and may result in higher credit losses on sales of distressed assets.

If Synovus Bank is unable to grow its deposits, it may be subject to paying higher funding costs.

The total amount that we pay for funding costs is dependent, in part, on Synovus Bank’s ability to grow its deposits. If Synovus Bank is unable to sufficiently grow its deposits to meet liquidity needs, it may be subject to paying higher funding costs to meet these liquidity needs. Synovus Bank

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competes with banks and other financial services companies for deposits. If competitors raise the rates they pay on deposits, Synovus Bank's funding costs may increase, either because Synovus Bank raises rates to avoid losing deposits or because Synovus Bank loses deposits and must rely on more expensive sources of funding. Higher funding costs reduce our net interest margin and net interest income. Synovus Bank's customers could withdraw their deposits in favor of alternative investments, causing Synovus Bank to lose a lower cost source of funding. Checking and savings account balances and other forms of customer deposits may decrease when customers perceive alternative investments, such as the stock market, as providing a better risk/return tradeoff.

We may not be able to generate sufficient cash to service all of our debt and repay maturing debt obligations.

As of December 31, 2017, we and our consolidated subsidiaries had \$1.71 billion of long-term debt outstanding. Our ability to make scheduled payments of principal and interest or to satisfy our obligations in respect of our debt, to refinance our debt or to fund capital expenditures will depend on our future financial and operating performance and our ability to maintain adequate liquidity. Prevailing economic conditions (including interest rates), and regulatory constraints, including, among other things, on distributions to us from our subsidiaries and required capital levels with respect to our subsidiary bank and financial subsidiaries, business and other factors, many of which are beyond our control, may also affect our ability to meet these needs. We may not be able to generate sufficient cash flows from operations, or obtain future borrowings in an amount sufficient to enable us to pay our debt, or to fund our other liquidity needs. We may need to refinance all or a portion of our debt on maturity, and we may not be able to refinance any of our debt when needed on commercially reasonable terms or at all. If our cash flow and capital resources are insufficient to fund our debt obligations, we may be forced to reduce or delay investments in our business, sell assets, seek to obtain additional equity or debt financing or restructure our debt on terms that may not be favorable to us.

We may be unable to pay dividends on our common stock and Series C Preferred Stock.

Holders of our common stock and Series C Preferred Stock are only entitled to receive such dividends as our Board of Directors may declare out of funds legally available for such payments. Although we have historically paid a quarterly cash dividend to the holders of our common stock and Series C Preferred Stock, we are not legally required to do so. Further, the Federal Reserve could decide at any time that paying any dividends on our common stock or preferred stock could be an unsafe or unsound banking practice. The reduction or elimination of dividends paid on our common stock or preferred stock could adversely affect the market price of our common stock or preferred stock, as applicable. In addition, if we fail to pay dividends on our Series C Preferred Stock for six quarters, whether or not consecutive, the holders of the Series C Preferred Stock shall be entitled to certain rights to elect two directors to our Board of Directors.

For a discussion of current regulatory limits on our ability to pay dividends, see "Part 1 – Item 1. Business – Supervision, Regulation, and Other Factors – Dividends" "Part I – Item 1A – Risk Factors – *We may become subject to supervisory actions and enhanced regulation that could have a material adverse effect on our business, reputation, operating flexibility, financial condition and the value of our common stock and preferred stock*" and "Part II – Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Repurchases of Equity Securities – Dividends" in this Report for further information.

Our current tax position, including the realization of our deferred tax assets in the future, could be subject to potential legislative, administrative or judicial changes or interpretations, which could adversely affect our operating results.

The lower federal corporate income tax rate resulting from Federal Tax Reform caused us to revalue our deferred tax assets, resulting in a reduction of our deferred tax asset balance and a corresponding one-time, non-cash income tax charge of \$47.2 million in the fourth quarter of 2017. This provisional charge is based on our current analysis of the impact of Federal Tax Reform to us, which is uncertain, and we may be required to further revalue our deferred tax assets in the future, which could result in additional increases to income tax expense. Because Synovus had \$165.8 million in net deferred tax assets as of December 31, 2017, \$70.4 million of which is disallowed when calculating regulatory capital, a further reduction in our deferred tax asset balance and a corresponding increase in our income tax expense could have a material impact on our results of operations. In addition, uncertainties in the interpretation and application of Federal Tax Reform and further tax reform in the future could materially impact our tax obligations and operating results in a number of other ways. In the absence of guidance on various uncertainties and ambiguities in the application of certain provisions of Federal Tax Reform, we will use what we believe are reasonable interpretations and assumptions in applying Federal Tax Reform, but it is possible that the IRS could issue subsequent guidance or take positions that differ from our prior interpretations and assumptions, which could have a material adverse effect on our results of operations and financial condition. In addition, local or state authorities may interpret tax laws, including Federal Tax Reform, and regulations differently than us or may reform their own tax laws and regulations, resulting in differences in the treatment of revenues, deductions or credits and/or differences in the timing of these items. The differences in treatment may result in payment of additional taxes, interest or penalties that could have a material adverse effect on our financial results. See "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Income Tax Expense" and "Part II – Item 8. Financial Statements and Supplementary Data – Note 23 – Income Taxes" in this Report for further information.

The costs and effects of litigation, investigations or similar matters involving us or other financial institutions or counterparties, or adverse facts and developments related thereto, could materially affect our business, operating results and financial condition.

We may be involved from time to time in a variety of litigation, investigations, inquiries or similar matters arising out of our business, including those described in "Part I – Item 3. Legal Proceedings" and "Part II – Item 8. Financial Statements and Supplementary Data – Note 20 – Legal Proceedings" of this Report. Synovus cannot predict the outcome of these or any other legal matters. We establish reserves for legal claims when payments associated with the claims become probable and the losses can be reasonably estimated. We may still incur legal costs for a matter even if we have not established a reserve. In addition, the actual cost of resolving a legal claim may be substantially higher than any amounts reserved for that matter.

For those legal matters where the amounts associated with the claims are not probable and the costs cannot be reasonably estimated, Synovus estimates a range of reasonably possible losses. As of December 31, 2017, Synovus' management currently estimates the aggregate range of reasonably possible losses resulting from our outstanding litigation, including, without limitation, the matters described in this Report, is from zero to \$8.0 million in excess of the amounts accrued, if any, related to those matters. This estimated aggregate range is based upon information currently available to us, and the actual losses could prove to be higher. As there are further developments in these legal matters, we will reassess these matters and the estimated range of reasonably possible losses may change as a result of this assessment. In addition, in the future, we may need to record additional litigation reserves with respect to these matters. Further, regardless of how these matters proceed, it could divert our management's attention and other resources away from our business.

Our insurance may not cover all claims that may be asserted against it and indemnification rights to which we are entitled may not be honored, and any claims asserted against us, regardless of merit or eventual outcome, may harm our reputation. Should the ultimate judgments or settlements in any litigation or investigation significantly exceed our insurance coverage, they could have a material adverse effect on our business, financial condition and results of operations. In addition, premiums for insurance covering the financial and banking sectors are rising. We may not be able to obtain appropriate types or levels of insurance in the future, nor may we be able to obtain adequate replacement policies with acceptable terms or at historic rates, if at all.

Our stock price is subject to fluctuations, and the value of your investment may decline.

The trading price of our common stock is subject to wide fluctuations. The stock market in general, and the market for the stocks of commercial banks and other financial services companies in particular, has experienced significant price and volume fluctuations that sometimes have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry factors may seriously harm the market price of our common stock, regardless of our operating performance, and the value of your investment may decline.

Certain shares of our common stock are entitled to ten votes per share on each matter submitted to a vote at a meeting of shareholders.

Although we only have one class of common stock, certain shares of our common stock are entitled to ten votes per share on each matter submitted to a vote at a meeting of shareholders, including common stock that has been beneficially owned continuously by the same shareholder for a period of forty-eight consecutive months before the record date of any meeting of shareholders at which the share is eligible to be voted. Therefore, while a holder of common stock may have an economic interest in us that is identical to or even greater than another shareholder, that other shareholder may be entitled to ten times as many votes per share. As a result, some groups of shareholders will be able to approve strategic transactions or increases in authorized capital stock, among other matters submitted to the shareholders, even over the objections of shareholders, who hold equivalent or greater economic stakes in our company.

Our articles of incorporation, our Rights Plan and certain banking laws and regulations may have an anti-takeover effect.

Provisions of our articles of incorporation, our Rights Plan and certain banking laws and regulations, including regulatory approval requirements, could make it more difficult for a third party to acquire us, even if doing so would be perceived to be beneficial to our shareholders. The combination of these provisions may inhibit a non-negotiated merger or other business combination, which, in turn, could adversely affect the market price of our common stock.

Part I**ITEM 1B. UNRESOLVED STAFF COMMENTS****ITEM 1B. UNRESOLVED STAFF COMMENTS**

NONE.

ITEM 2. PROPERTIES

We and our subsidiaries own or lease all of the real property and/or buildings in which we operate our business. All of such buildings are in a good state of repair.

As of December 31, 2017, we and our subsidiaries owned 202 facilities encompassing approximately 1,961,741 square feet and leased from third parties 94 facilities encompassing approximately 1,017,776 square feet. The owned and leased facilities are primarily comprised of office space from which we conduct our business in our headquarters in Columbus, Georgia and throughout our footprint. See Table 2 for a list of bank branches by state. The following table provides additional information with respect to our leased facilities:

Table 5 – Properties

Square Footage	Number of Locations	Average Square Footage
Under 3,000	17	1,603
3,000 – 9,999	57	4,827
10,000 – 18,999	6	13,752
19,000 – 30,000	7	23,424
Over 30,000	7	66,985

See “Part II – Item 8. Financial Statements and Supplementary Data – Note 7 – Premises and Equipment” of this Report for further information.

ITEM 3. LEGAL PROCEEDINGS

Synovus and its subsidiaries are subject to various legal proceedings and claims 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 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 asserted legal actions, credit-related litigation could result in additional write-downs or charge-offs of loans, which could adversely affect Synovus’ results of operations during the period in which the write-down or charge-off were to occur.

Based on our 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 II – Item 8. Financial Statements and Supplementary Data – Note 20 – Legal Proceedings” of this Report, which Note is incorporated in this Item 3 by this reference.

ITEM 4. MINE SAFETY DISCLOSURES

NOT APPLICABLE.

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ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER REPURCHASES OF EQUITY SECURITIES

Shares of our common stock are traded on the NYSE under the symbol "SNV." On February 26, 2018, the closing price per share of our common stock as quoted, at the end of regular trading, on the NYSE was \$51.07.

Market and Stock Price Information

The table below sets forth the high and low sales prices of our common stock during the years ended December 31, 2017 and December 31, 2016 as reported on the NYSE.

Table 6 – Stock Price Information

	High		Low	
2017				
Quarter ended December 31, 2017	\$	51.09	\$	44.60
Quarter ended September 30, 2017		46.42		40.27
Quarter ended June 30, 2017		44.76		39.09
Quarter ended March 31, 2017		44.09		37.95
2016				
Quarter ended December 31, 2016	\$	41.83	\$	31.41
Quarter ended September 30, 2016		33.59		27.26
Quarter ended June 30, 2016		32.55		27.61
Quarter ended March 31, 2016		32.01		25.48

As of February 26, 2018, there were 118,681,256 shares of Synovus common stock issued and outstanding and 12,955 shareholders of record of Synovus common stock, some of which are holders in nominee name for the benefit of a number of different shareholders.

Dividends

The table below sets forth information regarding dividends declared on our common stock during the periods set forth below.

Table 7 – Dividends

	Date Paid to Shareholders	Per Share Amount	
2017			
Quarter ended December 31, 2017	January 2, 2018	\$	0.15
Quarter ended September 30, 2017	October 2, 2017		0.15
Quarter ended June 30, 2017	July 3, 2017		0.15
Quarter ended March 31, 2017	April 3, 2017		0.15
2016			
Quarter ended December 31, 2016	January 2, 2017	\$	0.12
Quarter ended September 30, 2016	October 3, 2016		0.12
Quarter ended June 30, 2016	July 1, 2016		0.12
Quarter ended March 31, 2016	April 1, 2016		0.12

During each of 2017 and 2016, Synovus paid dividends of \$10.2 million on its Series C Preferred Stock.

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ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER REPURCHASES OF EQUITY SECURITIES

Synovus has historically paid a quarterly cash dividend to the holders of its common stock. Management closely monitors trends and developments in credit quality, liquidity (including dividends from subsidiaries), financial markets and other economic trends, as well as regulatory requirements regarding the payment of dividends, all of which impact Synovus' capital position, and will continue to periodically review dividend levels to determine if they are appropriate in light of these factors and the restrictions on payment of dividends described below.

Under the laws of the State of Georgia, we, as a business corporation, may declare and pay dividends in cash or property unless the payment or declaration would be contrary to restrictions contained in our articles of incorporation, or unless, after payment of the dividend, we would not be able to pay our debts when they become due in the usual course of our business, or our total assets would be less than the sum of our total liabilities. In addition, we are also subject to federal regulatory capital requirements that effectively limit the amount of cash dividends, if any, that we may pay.

Synovus' ability to pay dividends is partially dependent upon dividends and distributions that it receives from Synovus Bank and its non-banking subsidiaries, which are restricted by various regulations administered by federal and state bank regulatory authorities. During 2017, Synovus Bank and non-bank subsidiaries made upstream cash distributions to the Parent Company totaling \$451.0 million including cash dividends of \$283.2 million. During 2016, Synovus Bank paid upstream cash dividends of \$325.0 million to the Parent Company. 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 limitations on payments of dividends by Synovus Bank without the approval of the GA DBF. See "Part I – Item 1. Business – Supervision, Regulation and Other Factors – Dividends" of this Report for further information. Synovus is also subject to contractual restrictions that limit its ability to pay dividends if there is an event of default under such contract. Synovus in the future may become subject to additional supervisory actions and/or enhanced regulation that could have a material negative effect on business, operating flexibility, financial condition, and the value of our common stock and preferred stock.

See "Part I – Item 1. Business – Supervision, Regulation and Other Factors – Dividends," "Part I – Item 1A. Risk factors – *We may become subject to supervisory actions and enhanced regulation that could have a material adverse effect on our business, reputation, operating flexibility, financial condition and the value of our common stock and preferred stock*" and "Part I – Item 1A. Risk Factors – *We may be unable to pay dividends on our common stock and Series C Preferred Stock*" of this Report for additional information regarding dividends on Synovus stock.

Stock Performance Graph

The following graph compares the yearly percentage change in cumulative shareholder return on Synovus stock with the cumulative total return of the Standard & Poor's 500 Index and the KBW Regional Bank Index for the last five fiscal years (assuming a \$100 investment on December 31, 2012 and reinvestment of all dividends).

Comparison of Five-Year Cumulative Total Return

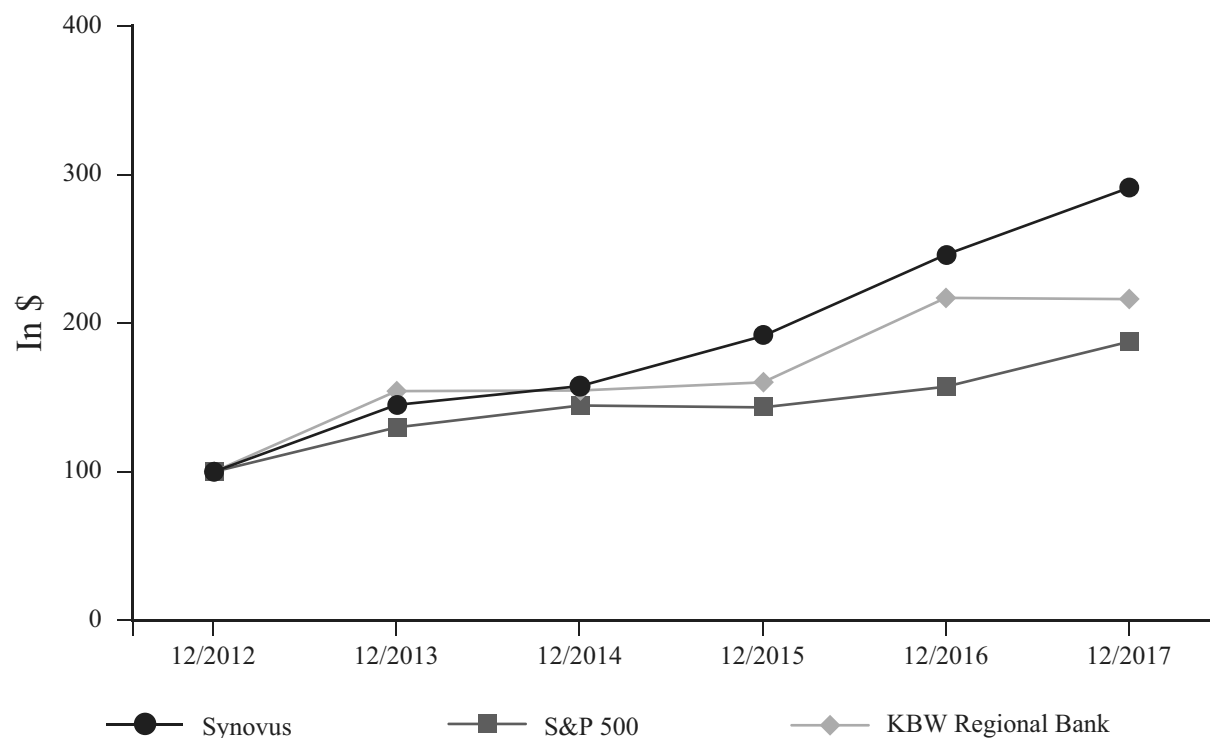


Table 8 – Stock Performance

	2012	2013	2014	2015	2016	2017
Synovus	\$ 100	\$ 144.77	\$ 157.57	\$ 191.01	\$ 245.92	\$ 290.88
Standard & Poor's 500 Index	100	129.60	144.36	143.31	156.98	187.47
KBW Regional Bank Index	100	154.19	154.50	159.85	216.87	216.21

Part II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER REPURCHASES OF EQUITY SECURITIES

Issuer Purchases of Equity Securities

On October 20, 2015, Synovus announced a \$300 million share repurchase program to be completed over the next 15 month period. This program was completed during the fourth quarter of 2016. On January 17, 2017, Synovus announced a \$200 million share repurchase program to be completed during 2017. The table below sets forth information regarding repurchases of our common stock during the fourth quarter of 2017, all of which were made under the \$200 million share repurchase program.

Table 9 – Share Repurchases

<i>(in thousands, except per share data)</i>	Total Number of Shares Repurchased	Average Price Paid per Share ⁽¹⁾	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
October 2017	66,000	\$ 46.95	66,000	\$ 61,051,035
November 2017	386,800	46.38	386,800	43,111,251
December 2017	368,840	49.10	368,840	—
Total	821,640	\$ 47.65	821,640	

(1) 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.

The foregoing repurchases during the fourth quarter of 2017 were purchased through open market transactions, including under plans complying with Rule 10b5-1 under the Exchange Act.

Following the expiration of the \$200 million share repurchase program on December 31, 2017, the Board of Directors authorized a new \$150 million share repurchase program that will expire at the end of 2018. This new program was announced on January 23, 2018.

ITEM 6. SELECTED FINANCIAL DATA

Table 10 – Selected Financial Data

(in thousands, except per share data)	Years Ended December 31,				
	2017	2016	2015	2014	2013
Income Statement					
Total revenues	\$ 1,368,636	\$ 1,172,375	\$ 1,095,238	\$ 1,081,388	\$ 1,063,763
Net interest income	1,023,309	899,180	827,318	819,284	810,192
Provision for loan losses	67,185	28,000	19,010	33,831	69,598
Non-interest income	345,327	273,194	267,920	262,104	253,571
Non-interest expense	821,313	755,923	717,655	744,998	741,537
Net income	275,474	246,784	226,082	195,249	159,383
Dividends and accretion of discount on preferred stock	10,238	10,238	10,238	10,238	40,830
Net income available to common shareholders	265,236	236,546	215,844	185,011	118,553
Per share data					
Net income per common share, basic	2.19	1.90	1.63	1.34	0.93
Net income per common share, diluted	2.17	1.89	1.62	1.33	0.88
Cash dividends declared per common share	0.60	0.48	0.42	0.31	0.28
Book value per common share	23.85	22.92	22.19	21.42	20.32
Balance Sheet					
Investment securities available for sale	3,987,069	3,718,195	3,587,818	3,041,406	3,199,358
Loans, net of deferred fees and costs	24,787,464	23,856,391	22,429,565	21,097,699	20,057,798
Total assets	31,221,837	30,104,002	28,792,653	27,050,237	26,200,205
Deposits	26,147,900	24,648,060	23,242,661	21,531,700	20,876,790
Long-term debt	1,706,138	2,160,881	2,186,893	2,139,325	2,031,742
Total shareholders' equity	2,961,566	2,927,924	3,000,196	3,041,270	2,948,985
Performance ratios and other data					
Return on average assets	0.89%	0.84%	0.80%	0.74%	0.61%
Return on average equity	9.27	8.40	7.49	6.45	4.84
Net interest margin	3.55	3.27	3.19	3.38	3.40
Dividend payout ratio ⁽¹⁾	27.60	25.38	25.93	23.13	30.77
Total shareholders' equity to total assets ratio	9.49	9.73	10.42	11.24	11.25
Tangible common equity to tangible assets ratio ⁽²⁾	8.88	9.09	9.90	10.69	10.68
Weighted average common shares outstanding, basic	121,162	124,389	132,423	138,495	127,495
Weighted average common shares outstanding, diluted	122,012	125,078	133,201	139,154	134,226

(1) Determined by dividing cash dividends declared per common share by diluted net income per share.

(2) See "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Financial Measures" of this Report for applicable reconciliation to GAAP measure.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Executive Summary

The following financial review provides a discussion of Synovus' financial condition, changes in financial condition, and results of operations as well as a summary of Synovus' critical accounting policies. This section should be read in conjunction with the audited consolidated financial statements and accompanying notes included in "Part II – Item 8. Financial Statements and Supplementary Data" of this Report.

Overview of 2017 Financial Results

Net income available to common shareholders for 2017 was \$265.2 million, or \$2.17 per diluted common share, an increase of 12.1% and 14.9%, respectively, compared to \$236.5 million, or \$1.89 per diluted common share for 2016. Adjusted net income per diluted common share was \$2.53 for 2017, up 27.7% compared to \$1.98 for 2016. Return on average assets for 2017 was 0.89%, up 5 basis points from 2016. Adjusted return on average assets was 1.04% for 2017, up 16 basis points from 2016. The 2017 results include the \$75 million Cabela's Transaction Fee, which was partially offset by the effect from certain balance sheet restructuring actions in the third quarter which resulted in pre-tax charges totaling \$67.6 million. Results for 2017 also included \$47.2 million in provisional tax expense due to the remeasurement of our deferred tax assets and liabilities resulting from Federal Tax Reform. See "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Financial Measures" of this Report for applicable reconciliation to GAAP measures.

Total revenues for 2017 were \$1.37 billion, up 16.7% compared to 2016. Adjusted total revenues, which exclude the Cabela's Transaction Fee, investment securities (losses) gains, net, and decrease in fair value of private equity investments, net, of \$1.30 billion for 2017 were up 11.1% compared to 2016. Net interest income was \$1.02 billion in 2017, up \$124.1 million, or 13.8%, compared to 2016. The net interest margin was 3.55% for 2017, an increase of 28 basis points from 2016. The yield on earning assets increased 31 basis points to 4.03% and the effective cost of funds increased 3 basis points to 0.48%. The primary factors positively impacting earning asset yields were a 28 basis point increase in loan yields and a 26 basis point increase in taxable investment securities yields. Additionally, the rate increases in March, June, and December favorably impacted net interest income and net interest margin for 2017. See "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Financial Measures" of this Report for applicable reconciliation to GAAP measures.

Non-interest income for 2017 was \$345.3 million, up \$72.1 million, or 26.4%, compared to 2016. The increase was driven by the \$75 million Cabela's Transaction Fee. Adjusted non-interest income was up \$5.5 million, or 2.1%, compared to 2016. See "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Financial Measures" of this Report for applicable reconciliation to GAAP measure.

Non-interest expense in 2017 was \$821.3 million compared to \$755.9 million in 2016. Adjusted non-interest expense increased \$44.8 million, or 6.1% compared to 2016. Our focus on expense management helped us achieve the long-term goal of an efficiency ratio below 60% for the year. The efficiency ratio was 59.95% in 2017. The adjusted efficiency ratio was 59.87% in 2017 improved from 62.67% the prior year. Synovus continues to generate positive operating leverage with the year-over-year adjusted expense growth primarily driven by strategic investments in talent and technology, higher third-party processing expense relating to third-party lending partnerships servicing fees, expenses associated with Synovus Bank's transition to a single bank operating environment and re-branding strategy, higher medical self-insurance expense, a one-time \$1 thousand bonus per eligible employee, and the addition of Global One. Strategic investments in talent and technology accounted for approximately \$18.6 million of the increase in 2017 compared to 2016, as Synovus continues to add key talent and invest in technology to enhance the customer experience. Third-party processing expense relating to the servicing fees of the third-party lending partnerships increased by \$4.8 million in 2017 compared to 2016, and expenses associated with Synovus Bank's transition to a single bank operating environment and re-branding strategy resulted in higher expenses of \$5.9 million compared to 2016. Synovus' self-insured employee medical insurance expense was \$5.7 million higher in 2017 compared to 2016, and the one-time \$1 thousand bonus per eligible employee increased employment expense by \$3.3 million. Global One operating expenses for the full year 2017 accounted for \$3.3 million of the increase compared to 2016. See "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Financial Measures" of this Report for applicable reconciliation to GAAP measures.

Credit quality continued to improve in 2017. During 2017, Synovus completed certain balance sheet restructuring actions which included \$77.8 million in loans transferred to held-for-sale (consisting primarily of NPLs) that resulted in charge-offs of \$34.2 million and provision expense of \$27.7 million. Additionally, foreclosed real estate expenses for the year included \$7.1 million of charges related to discounts to fair value for completed or planned accelerated dispositions. Non-performing loans were \$115.6 million at December 31, 2017, down \$37.8 million, or 24.7%, from December 31, 2016. The non-performing loan ratio was 0.47% at December 31, 2017, as compared to 0.64% at December 31, 2016. Total non-performing assets were \$130.6 million at December 31, 2017, down \$45.1 million, or 25.7%, from December 31, 2016. The non-performing assets ratio was 0.53% at December 31, 2017, down 21 basis points from a year ago. Net charge-offs for 2017 were \$69.7 million, or 0.29% of average loans, compared to \$28.7 million, or 0.12% of average loans, for 2016. Excluding the 2017 balance sheet restructuring actions, the adjusted net charge-off ratio for 2017 was 0.15%. Loans past due over 90 days were 0.02% of total loans at December 31, 2017 as compared to 0.01% at December 31, 2016. The allowance for loan losses at December 31, 2017 was \$249.3 million, or 1.01% of total loans, compared to \$251.8 million, or 1.06% of total loans, at December 31, 2016. See "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Financial Measures" of this Report for applicable reconciliation to GAAP measure.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Restructuring charges for 2017 were \$7.0 million and consisted primarily of severance charges of \$6.1 million for termination benefits incurred in conjunction with a voluntary early retirement program offered during the first quarter of 2017. Restructuring charges, in 2016, totaled \$8.3 million with \$5.3 million related to corporate real estate optimization activities and \$2.8 million associated with branch closures.

At December 31, 2017, total loans were \$24.79 billion, an increase of \$931.1 million, or 3.9%, compared to December 31, 2016. Total average loans were \$24.40 billion in 2017, an increase of 5.5% from a year ago. Loan growth was driven by an \$889.4 million or 17.9% increase in consumer loans and a \$479.8 million or 4.2% increase in C&I loans, partially offset by a \$438.8 million or 6.0% decline in CRE loans.

Total average deposits increased \$1.49 billion, or 6.3%, to \$25.37 billion in 2017 from \$23.88 billion in 2016. Average core deposits were up \$1.18 billion, or 5.2%, from 2016 and average non-interest bearing demand deposits as a percentage of total average deposits were 29.0% for 2017 compared to 29.4% for 2016. Average core transaction deposit accounts grew \$1.36 billion, or 7.9%, from the previous year. See "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Financial Measures" of this Report for applicable reconciliation to GAAP measures.

On November 9, 2017, Synovus redeemed all of the \$300.0 million aggregate principal amount of its outstanding 7.875% senior notes due 2019. 2017 results include a loss of \$23.2 million related to early extinguishment of these notes. During January 2016, Synovus repurchased \$124.7 million of its subordinated notes that matured on June 15, 2017 in conjunction with Synovus' cash tender offer. Results for the year ended December 31, 2016 included a \$4.7 million loss relating to this tender offer.

During 2017, Synovus repurchased \$175.1 million, or 4.0 million shares, of common stock through open market transactions under the \$200 million share repurchase program authorized during the fourth quarter of 2016 for execution during 2017. Additionally, cash dividends declared on common stock totaled \$72.5 million in 2017, or \$0.15 per share, representing a 25% increase from 2016. Total shareholders' equity was \$2.96 billion at December 31, 2017, compared to \$2.93 billion at December 31, 2016. Return on average common equity was 9.32% for 2017, compared to 8.41% for 2016. Adjusted return on average common equity was 10.86% for 2017, compared to 8.82% for 2016. Adjusted return on average tangible common equity was 11.14% for 2017, compared to 8.92% for 2016. See "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Capital Resources" and "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Financial Measures" of this Report for applicable reconciliation to GAAP measures. Also see "Part II – Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Repurchases of Equity Securities – Share Repurchases" of this Report for further discussion regarding Synovus' common stock repurchase program.

2018 Capital Actions

During the fourth quarter of 2017, the Board of Directors authorized a new share repurchase program of up to \$150 million to be completed during 2018. Additionally, during January 2018, the Board of Directors approved a 67% increase in the quarterly common stock dividend to \$0.25 per share, effective with the quarterly dividend payable in April 2018.

2018 Outlook

For the full year 2018 compared to the full year 2017, we currently expect:

- Average loan growth of 4% to 6%
- Average total deposits growth of 4% to 6%
- Net interest income growth of 11% to 13%⁽¹⁾
- Adjusted non-interest income⁽²⁾ growth of 4% to 6%
- Total non-interest expense growth of 0% to 3%
- Effective income tax rate of 23% to 24%
- Net charge-off ratio of 15 to 25 b.p.s
- Common share repurchases of up to \$150 million

(1) Assumes a 25 b.p.s increase in the Federal funds rate in March and September 2018. If there are no increases in the Federal funds rate in 2018, net interest income is expected to increase by 9% to 11% in 2018.

(2) See "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Financial Measures" of this Report for applicable reconciliation to GAAP measure.

Consolidated Financial Highlights

A summary of Synovus' financial performance for the years ended December 31, 2017 and 2016 is set forth in the table below.

Table 11 – Consolidated Financial Highlights

<i>(dollars in thousands, except per share data)</i>	Years Ended December 31,		
	2017	2016	Change
Net interest income	\$ 1,023,309	\$ 899,180	13.8%
Provision for loan losses	67,185	28,000	139.9
Non-interest income	345,327	273,194	26.4
Adjusted non-interest income ⁽¹⁾	273,709	268,209	2.1
Total revenues	1,368,636	1,172,374	16.7
Adjusted total revenues ⁽¹⁾	1,298,142	1,168,674	11.1
Non-interest expense	821,313	755,923	8.7
Adjusted non-interest expense ⁽¹⁾	777,260	732,458	6.1
Income before income taxes	480,138	388,451	23.6
Net income	275,474	246,784	11.6
Net income available to common shareholders	265,236	236,546	12.1
Net income per common share, basic	2.19	1.90	15.1
Net income per common share, diluted	2.17	1.89	14.9
Adjusted net income per common share, diluted ⁽¹⁾	2.53	1.98	27.7
Return on average common equity	9.32%	8.41%	91 bps
Adjusted return on average common equity ⁽¹⁾	10.86	8.82	204
Adjusted return on average tangible common equity ⁽¹⁾	11.14	8.92	222
Return on average assets	0.89	0.84	5
Adjusted return on average assets ⁽¹⁾	1.04	0.88	16
Efficiency ratio	59.95	64.74	(479)
Adjusted efficiency ratio ⁽¹⁾	59.87	62.67	(280)

	As Of and For The Years Ended December 31,		
	2017	2016	Change
Loans, net of deferred fees and costs	\$ 24,787,464	\$ 23,856,391	3.9%
Total deposits	26,147,900	24,648,060	6.1
Total average deposits	25,374,388	23,880,021	6.3
Average core deposits ⁽¹⁾	23,750,007	22,573,804	5.2
Average core transaction deposit accounts ⁽¹⁾	18,490,056	17,133,511	7.9
Net interest margin	3.55%	3.27%	28 bps
Non-performing assets ratio	0.53	0.74	(21)
Non-performing loans ratio	0.47	0.64	(17)
Past due loans over 90 days	0.02	0.01	1
Net charge-off ratio	0.29	0.12	17
Adjusted net charge-off ratio ⁽¹⁾	0.15	0.12	3
Common equity Tier 1 capital (transitional)	\$ 2,763,168	\$ 2,654,287	4.1%
Tier 1 capital	2,872,001	2,685,880	6.9
Total risk-based capital	3,383,081	3,201,268	5.7
Common equity Tier 1 capital ratio (transitional)	9.99%	9.96%	3 bps
Tier 1 capital ratio	10.38	10.07	31
Total risk-based capital ratio	12.23	12.01	22
Total shareholders' equity to total assets ratio	9.49	9.73	(24)
Tangible common equity to tangible assets ratio ⁽¹⁾	8.88	9.09	(21)

⁽¹⁾ See "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Financial Measures" of this Report for applicable reconciliation to GAAP measures.

Critical Accounting Policies

The accounting and financial reporting policies of Synovus are in accordance with 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 accounting for the allowance for loan losses 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 on a periodic basis, including the development, selection, implementation, and disclosure of the critical accounting policies. The application of these policies has a significant impact on Synovus' consolidated financial statements. Synovus' financial results could differ significantly if different judgments or estimates are applied in the application of these policies.

Allowance for Loan Losses

The allowance for loan losses is a significant accounting estimate that represents management's best estimate of probable losses inherent in the funded loan portfolio. The economic and business climate in any given industry or market is difficult to gauge and can change rapidly, and the effects of those changes can vary by borrower. Significant judgments and estimates are necessary in the determination of the allowance for loan losses. Significant judgments include, among others, loan risk ratings and classifications, the determination and measurement of impaired loans, the timing of loan charge-offs, the probability of loan defaults, the net loss exposure in the event of loan defaults, the loss emergence period, qualitative loss factors, as well as other qualitative considerations. In determining the allowance for loan losses, management makes numerous assumptions, estimates, and assessments, which are inherently subjective. The use of different estimates or assumptions could have a significant impact on the provision for loan losses, allowance for loan losses, non-performing loans, loan charge-offs, financial condition, and results of operations. A detailed discussion of the methodology used in determining the ALL as well as information regarding recently issued accounting standards related to the ALL are included in "Part II – Item 8. Financial Statements and Supplementary Data – Note 1 – Summary of Significant Accounting Policies" of this Report.

Fair Value Measurements

Synovus evaluates assets, liabilities, and other financial instruments that are either required or elected to be recorded, reported, or disclosed at fair value, and determines the fair value of these instruments as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Synovus updates the fair value measurements of each instrument on a periodic basis, but no less than quarterly.

Synovus selects the most appropriate technique for determining the fair value of the asset or liability. The degree of management judgment involved in determining fair value is dependent upon the availability of quoted prices or observable market data. There is minimal subjectivity involved in measuring the fair value of financial instruments based on quoted market prices; however, when quoted prices and observable market data are not available, Synovus uses a valuation technique requiring more judgment to estimate the appropriate fair value.

Fair value is measured either on a recurring basis, in which the fair value is the primary measure of accounting, or on a non-recurring basis, to measure items for potential impairment, or for disclosure purposes.

Assets, liabilities, and other financial instruments classified as Level 3 in the fair value hierarchy are generally less liquid and estimating their fair value requires inputs that are unobservable and require the application of significant judgment in order to determine the appropriate fair value of each of these instruments. As of December 31, 2017, assets totaling \$21.8 million are measured at fair value on a recurring basis (or 0.07% of total assets) and classified as Level 3, of which \$15.8 million consisted of private equity investments. Additionally, \$15.7 million of liabilities are measured at fair value on a recurring basis (or 0.06% of total liabilities) and are classified as Level 3.

See "Part II – Item 8. Financial Statements and Supplementary Data – Note 1 – Summary of Significant Accounting Policies" and "Part II – Item 8. Financial Statements and Supplementary Data – Note 15 – Fair Value Accounting" of this Report for further discussion of fair value measurements and Synovus' use of the various fair value methodologies and the types of assets and liabilities in which fair value accounting is applied.

DISCUSSION OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Investment Securities Available for Sale

The investment securities portfolio consists principally of debt securities classified as available for sale. Investment securities available for sale provide Synovus with a source of liquidity and a relatively stable source of income. The investment securities portfolio also provides management with a tool to balance the interest rate risk of its loan and deposit portfolios. See Table 13 for maturity and average yield information of the investment securities available for sale portfolio.

The investment strategy focuses on the use of the investment securities portfolio to generate interest income and to assist in the management of interest rate risk. Synovus increased the portfolio's duration slightly during 2017 while the average balance of the portfolio increased from the prior year. The weighted average duration of the investment securities portfolio was 3.8 years at December 31, 2017 compared to 3.7 years at December 31, 2016.

Synovus also utilizes a significant portion of its investment portfolio to secure certain deposits and other liabilities requiring collateralization. At December 31, 2017, \$2.00 billion of these investment securities were pledged to secure certain deposits and securities sold under repurchase agreements as required by law and contractual agreements. The investment securities are primarily mortgage-backed securities issued by U.S. government agencies and GSEs, both of which have a high degree of liquidity and limited credit risk. A mortgage-backed security depends on the underlying pool of mortgage loans to provide a cash flow pass-through of principal and interest. At December 31, 2017, all of the collateralized mortgage obligations and mortgage-backed pass-through securities held by Synovus were issued or backed by federal agencies or GSEs.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

As of December 31, 2017 and 2016, the estimated fair value of investment securities available for sale as a percentage of their amortized cost was 98.7%. The investment securities available for sale portfolio had gross unrealized gains of \$6.1 million and gross unrealized losses of \$57.3 million, for a net unrealized loss of \$51.2 million as of December 31, 2017. The investment securities available for sale portfolio had gross unrealized gains of \$11.1 million and gross unrealized losses of \$61.5 million, for a net unrealized loss of \$50.4 million as of December 31, 2016. Shareholders' equity included net unrealized losses of \$43.5 million and \$44.3 million on the available for sale portfolio as of December 31, 2017 and 2016, respectively.

The average balance of investment securities available for sale increased to \$3.85 billion in 2017 from \$3.57 billion in 2016. The portfolio earned a taxable-equivalent rate of 2.15% and 1.89% for 2017 and 2016, respectively. For the years ended December 31, 2017 and 2016, average investment securities available for sale represented 13.34% and 12.96%, respectively, of average interest earning assets.

The following table shows investment securities available for sale by type as of December 31, 2017 and 2016.

Table 12 – Investment Securities Available for Sale

<i>(in thousands)</i>	December 31,	
	2017	2016
U.S. Treasury securities	\$ 82,674	\$ 107,802
U.S. Government agency securities	10,862	12,993
Mortgage-backed securities issued by U.S. Government agencies	120,440	174,202
Mortgage-backed securities issued by U.S. Government sponsored enterprises	2,640,523	2,506,340
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	1,111,999	890,442
State and municipal securities	180	2,794
Equity securities	—	3,782
Corporate debt and other securities	20,391	19,840
Investment securities available for sale	\$ 3,987,069	\$ 3,718,195

The calculation of weighted average yields for investment securities available for sale displayed below is based on the amortized cost and effective yields of each security. The yield on state and municipal securities is computed on a taxable-equivalent basis using the statutory federal income tax rate of 35%. Maturity information is presented based upon contractual maturity. Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

Table 13 – Maturities and Weighted Average Yields of Investment Securities Available for Sale as of December 31, 2017

<i>(dollars in thousands)</i>	Within One Year	1 to 5 Years	5 to 10 Years	More Than 10 Years	No Stated Maturity	Total
Fair Value						
U.S. Treasury securities	\$ 18,870	\$ 63,804	\$ —	\$ —	\$ —	\$ 82,674
U.S. Government agency securities	2,360	6,459	2,043	—	—	10,862
Mortgage-backed securities issued by U.S. Government agencies	—	—	31,193	89,247	—	120,440
Mortgage-backed securities issued by U.S. Government sponsored enterprises	18	1,928	430,140	2,208,437	—	2,640,523
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	—	—	19,366	1,092,633	—	1,111,999
State and municipal securities	180	—	—	—	—	180
Corporate debt and other securities	—	—	15,294	1,935	3,162	20,391
Total	\$ 21,428	\$ 72,191	\$ 498,036	\$ 3,392,252	\$ 3,162	\$ 3,987,069
Weighted Average Yield						
U.S. Treasury securities	0.93%	1.49%	—%	—%	—%	1.37%
U.S. Government agency securities	4.90	5.66	4.90	—	—	5.36
Mortgage-backed securities issued by U.S. Government agencies	—	—	2.22	2.61	—	2.51
Mortgage-backed securities issued by U.S. Government sponsored enterprises	3.10	5.55	1.93	2.43	—	2.35
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	—	—	1.72	2.21	—	2.21
State and municipal securities	5.22	—	—	—	—	5.22
Corporate debt and other securities	—	—	5.50	5.50	1.99	4.93
Total	1.40%	1.96%	2.06%	2.37%	1.99%	2.32%

Loans

The following table shows loans by portfolio class and as a percentage of total loans, net of deferred fees and costs, as of December 31, 2017 and 2016.

Table 14 – Loans by Portfolio Class

(dollars in thousands)	December 31,			
	2017		2016	
	Total Loans	%*	Total Loans	%*
Investment properties	\$ 5,670,065	22.9%	\$ 5,869,261	24.6%
1-4 family properties	781,619	3.1	888,553	3.7
Land and development	483,604	2.0	616,298	2.6
Total commercial real estate	6,935,288	28.0	7,374,112	30.9
Commercial, financial, and agricultural	7,179,487	29.0	6,909,036	29.0
Owner-occupied	4,844,163	19.5	4,634,770	19.4
Total commercial and industrial	12,023,650	48.5	11,543,806	48.4
Home equity lines	1,514,227	6.1	1,617,265	6.8
Consumer mortgages	2,633,503	10.6	2,296,604	9.6
Credit cards	232,676	0.9	232,413	1.0
Other consumer loans	1,473,451	5.9	818,182	3.3
Total consumer loans	5,853,857	23.5	4,964,464	20.7
Deferred fees and costs, net	(25,331)	nm	(25,991)	nm
Total loans, net of deferred fees and costs	\$ 24,787,464	100.0%	\$ 23,856,391	100.0%

* Loan balance in each category is before net deferred fees and costs and is expressed as a percentage of total loans, net of deferred fees and costs. nm – not meaningful

Total loans ended the year at \$24.79 billion, a \$931.1 million or 3.9% increase from a year ago. Loan growth was driven by a \$479.8 million or 4.2% increase in C&I loans and a \$889.4 million or 17.9% increase in consumer loans, with our lending partnerships portfolio growing \$669.2 million and consumer mortgages increasing by \$336.9 million or 14.7%. This growth was partially offset by a decline in CRE loans of \$438.8 million or 6.0%. Investment properties loans declined by \$199.2 million or 3.4% while 1-4 family properties and land & development loans declined by \$106.9 million, or 12.0%, and \$132.7 million, or 21.5%, respectively.

Commercial Loans

The commercial loan portfolio consists of C&I loans and CRE loans. Total commercial loans at December 31, 2017 were \$18.96 billion, or 76.5% of the total loan portfolio, and grew \$41.0 million or 0.2% from December 31, 2016.

At December 31, 2017 and 2016, Synovus had 25 and 29 commercial loan relationships, respectively, with total commitments of \$50 million or more (including amounts funded). The average funded balance of these relationships at December 31, 2017 and 2016 was approximately \$35 million and \$34 million, respectively.

Commercial and Industrial Loans

The C&I loan portfolio represents the largest category of Synovus' total loan portfolio and is currently concentrated on small to middle market C&I lending dispersed throughout a diverse group of industries primarily in the Southeast and other selected areas in the United States. The following table shows the composition of the C&I portfolio aggregated by NAICS code. 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 originated through Synovus' local markets and the Corporate Banking Group 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' 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.

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Table 15 – Commercial and Industrial Loans by Industry

(dollars in thousands)	December 31, 2017		December 31, 2016	
	Amount	%*	Amount	%*
Health care and social assistance	\$ 2,764,907	23.0%	\$ 2,598,438	22.5%
Manufacturing	930,751	7.7	872,559	7.5
Retail trade	857,348	7.1	876,951	7.6
Real estate, rental and leasing	851,303	7.1	763,050	6.7
Finance and insurance	780,279	6.5	764,811	6.6
Professional, scientific, and technical services	771,809	6.4	719,056	6.2
Other services	761,916	6.3	816,846	7.1
Wholesale trade	675,741	5.6	645,124	5.6
Real estate other	586,707	4.9	561,133	4.9
Accommodation and food services	562,877	4.7	530,232	4.6
Construction	500,091	4.2	465,632	4.0
Other industries	438,312	3.6	406,691	3.5
Transportation and warehousing	427,608	3.6	385,350	3.3
Agriculture, forestry, fishing, and hunting	349,181	2.9	387,589	3.4
Administration, support, waste management, and remediation	273,189	2.3	287,391	2.5
Educational services	259,367	2.2	222,516	1.9
Information	232,264	1.9	240,437	2.1
Total C&I loans	\$ 12,023,650	100.0%	\$ 11,543,806	100.0%

* Loan balance in each category expressed as a percentage of total C&I loans.

As of December 31, 2017, 93% of C&I loans are secured by real estate, business equipment, inventory, and other types of collateral. Total C&I loans at December 31, 2017 were \$12.02 billion, or 48.5% of the total loan portfolio, compared to \$11.54 billion, or 48.4% of the total loan portfolio at December 31, 2016, an increase of \$479.8 million, or 4.2%, from 2016. Global One, our life insurance premium finance lender acquired in 2016, contributed \$172.4 million of the total growth. Additionally, the industries that primarily contributed to the growth during 2017 included health care and social assistance, real estate-related industries, and manufacturing. At December 31, 2017, \$7.18 billion, or 59.7% of total C&I loans represented loans for the purpose of financing commercial, financial, and agricultural business activities compared to \$6.91 billion or 59.9% of total C&I loans at December 31, 2016. 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, cash surrender value of life insurance, and other business assets. At December 31, 2017, \$4.84 billion, or 40.3% of total C&I loans represented loans for the purpose of financing owner-occupied properties compared to \$4.63 billion or 40.1% of total C&I loans at December 31, 2016. 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 underlying real estate. These loans are predominantly secured by owner-occupied and other real estate, and to a lesser extent, other types of collateral.

Commercial Real Estate Loans

Total CRE loans, consisting of investment properties, 1-4 family properties, and land and development loans and representing 28.0% of the total loan portfolio at December 31, 2017, were \$6.94 billion, a decrease of \$438.8 million, or 6.0%, from December 31, 2016.

Investment Properties Loans

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. Total investment properties loans as of December 31, 2017 were \$5.67 billion, or 81.8% of the total CRE loan portfolio, and 22.9% of the total loan portfolio, compared to \$5.87 billion, or 79.6% of the total CRE loan portfolio, and 24.6% of the total loan portfolio at December 31, 2016. Total investment properties decreased \$199.2 million or 3.4% during 2017 primarily due to a decline in multi-family properties and shopping centers.

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The following table shows the principal categories of the investment properties loan portfolio at December 31, 2017 and 2016.

Table 16 – Investment Properties Loan Portfolio

	December 31,			
	2017		2016	
<i>(dollars in thousands)</i>				
Multi-family	\$ 1,492,159	26.3%	\$ 1,568,234	26.7%
Hotels	741,703	13.1	748,951	12.8
Office buildings	1,499,834	26.5	1,539,516	26.2
Shopping centers	791,311	14.0	964,325	16.4
Warehouses	581,410	10.2	515,112	8.8
Other investment property	563,648	9.9	533,123	9.1
Total investment properties loans	\$ 5,670,065	100.0%	\$ 5,869,261	100.0%

* Loan balance in each category expressed as a percentage of total investment properties loans.

1-4 Family Properties Loans

1-4 family properties loans include construction loans to homebuilders and commercial mortgage loans to real estate investors, 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. Construction loans are primarily interest-only loans and typically have maturities of three years or less, and commercial mortgage loans generally have maturities of three to five years, with amortization periods of up to fifteen to twenty years. At December 31, 2017, 1-4 family properties loans declined to \$781.6 million, or 11.3% of the total CRE portfolio, and 3.1% of the total loan portfolio, compared to \$888.6 million, or 12.0% of the total CRE portfolio, and 3.7% of the total loan portfolio at December 31, 2016.

Land and Development

Land and development loans include commercial and residential development as well as land acquisition loans and are secured by land held for future development, typically in excess of one year. These loans have short-term maturities and are typically unamortized. Properties securing these loans are substantially within the Synovus footprint, and loan terms generally include personal guarantees from the principals. Loans in this portfolio are underwritten based on the LTV of the collateral and the capacity of the guarantor(s). Land and development loans were \$483.6 million at December 31, 2017, or 7.0% of the total CRE portfolio and 2.0% of the total loan portfolio compared to \$616.3 million at December 31, 2016, or 8.4% of the CRE portfolio and 2.6% of the total loan portfolio. Land and development loans declined 21.5% from December 31, 2016 as Synovus continues to strategically reduce its exposure to these types of loans.

Consumer Loans

The consumer loan portfolio consists of a wide variety of loan products offered through Synovus' banking network as well as third-party lending partnerships, including first and second residential mortgages, home equity lines, credit card loans, home improvement loans, student loans, and other consumer loans. The majority of Synovus' consumer 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. Total consumer loans as of December 31, 2017 were \$5.85 billion, or 23.5% of the total loan portfolio compared to \$4.96 billion, or 20.7% of the total loan portfolio at December 31, 2016. Total consumer loans increased by \$889.4 million, or 17.9%, from December 31, 2016. Consumer mortgages grew \$336.9 million or 14.7% from 2016 to \$2.63 billion primarily due to continued recruiting of mortgage loan originators in strategic markets throughout the footprint as well as enhanced origination efforts, which also create additional cross-selling opportunities for other products. Credit card loans totaled \$232.7 million at December 31, 2017 compared to \$232.4 million at December 31, 2016.

Other consumer loans increased \$655.3 million or 80.1% to \$1.47 billion at December 31, 2017, primarily due to two consumer-based lending partnerships. One lending partnership, which began in the third quarter of 2015, is a program that provides merchants and contractors nationwide with the ability to offer term financing to their customers for major purchases and home improvement projects. The other lending partnership, which began in the second quarter of 2016, primarily provides borrowers the ability to refinance student loan debt. As of December 31, 2017, these partnerships had combined balances of \$1.14 billion, up from \$469.3 million at December 31, 2016.

Consumer loans are subject to uniform lending policies and consist primarily of loans with strong borrower credit scores. Synovus makes consumer lending decisions based upon a number of key credit risk determinants including FICO scores as well as loan-to-value and debt-to-income ratios. Risk levels 1-6 (descending) are assigned to consumer loans based upon a risk score matrix. At least annually, the consumer loan portfolio is sent to a consumer credit reporting agency for a refresh of customers' credit scores so that management can evaluate ongoing consistency or negative migration in the quality of the portfolio, which impacts the allowance for loan losses. The most recent credit score refresh was completed as of December 31, 2017. Revolving lines of credit were reviewed for a material change in financial circumstances, and when appropriate, the line of credit may be suspended for further advances. FICO scores within the retail residential real estate portfolio have generally remained stable over the last several years.

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 sub-prime, alt-A, no documentation or stated income retail residential real estate loan products. Synovus estimates that, as of

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December 31, 2017, it had \$92.5 million of higher-risk consumer loans (1.6% of total consumer loans and 0.4% of the total loan portfolio) compared to \$102.0 million as of December 31, 2016.

At December 31, 2017 and December 31, 2016, weighted average FICO scores within the consumer residential real estate portfolio were 772 and 768 (HELOCs), respectively, and 774 and 773 (Consumer Mortgages), respectively.

See "Part I – Item 1. Business – Monitoring of Collateral and Loan Guarantees" of this Report for information on monitoring of collateral and loan guarantees.

The following table shows the composition of the loan portfolio at December 31, 2017, 2016, 2015, 2014, and 2013.

Table 17 – Composition of Loan Portfolio

(dollars in thousands)	December 31,									
	2017		2016		2015		2014		2013	
	Amount	%*	Amount	%*	Amount	%*	Amount	%*	Amount	%*
Commercial										
Commercial, financial, and agricultural	\$ 7,179,487	29.0%	\$ 6,909,036	29.0%	\$ 6,453,180	28.8%	\$ 6,182,312	29.3%	\$ 5,895,265	29.4%
Owner-occupied	4,844,163	19.5	4,634,770	19.4	4,318,950	19.2	4,085,407	19.4	4,036,186	20.1
Real estate — construction	1,604,803	6.5	1,724,518	7.1	2,181,174	9.7	1,714,942	8.1	1,758,054	8.8
Real estate — mortgage	5,330,485	21.5	5,649,594	23.7	5,213,594	23.2	5,211,660	24.7	4,748,922	23.6
Total commercial	18,958,938	76.5	18,917,918	79.2	18,166,898	80.9	17,194,321	81.5	16,438,427	81.9
Retail										
Real estate — mortgage	4,147,730	16.7	3,913,869	16.4	3,628,597	16.1	3,378,059	15.9	3,106,609	15.4
Retail loans — credit cards	232,676	0.9	232,413	1.0	240,851	1.1	253,649	1.2	256,846	1.3
Retail loans — other	1,473,451	5.9	818,182	3.4	423,318	1.9	302,460	1.4	284,778	1.4
Total retail	5,853,857	23.5	4,964,464	20.8	4,292,766	19.1	3,934,168	18.5	3,648,233	18.1
Total loans	24,812,795		23,882,382		22,459,664		21,128,489		20,086,660	
Deferred fees and costs, net	(25,331)	nm	(25,991)	nm	(30,099)	nm	(30,790)	nm	(28,862)	nm
Total loans, net of deferred fees and costs	\$ 24,787,464	100.0%	\$ 23,856,391	100.0%	\$ 22,429,565	100.0%	\$ 21,097,699	100.0%	\$ 20,057,798	100.0%

* Loan balance in each category is before net deferred fees and costs and is expressed as a percentage of total loans, net of deferred fees and costs.
nm – not meaningful

Deposits

Deposits provide the most significant funding source for interest earning assets. Total deposits were \$26.15 billion at December 31, 2017, an increase of \$1.50 billion, or 6.1%, compared to year-end 2016. Non-interest bearing deposits totaled \$7.69 billion, at December 31, 2017, an increase of \$600.5 million, or 8.5%, from December 31, 2016.

The following table shows the composition of average deposits for 2017 and 2016. See Table 21 for additional information on average deposits including average rates paid in 2017, 2016, and 2015.

Table 18 – Composition of Average Deposits

(dollars in thousands)	2017		2016	
	Amount	% ⁽¹⁾	Amount	% ⁽¹⁾
Non-interest bearing demand deposits	\$ 7,351,015	\$ 29.0%	\$ 7,017,168	29.4%
Interest bearing demand deposits	4,867,029	19.2	4,299,026	18.0
Money market accounts, excluding brokered deposits	7,474,200	29.4	7,191,715	30.1
Savings deposits	830,317	3.3	794,096	3.3
Time deposits, excluding brokered deposits	3,227,446	12.7	3,271,798	13.7
Brokered deposits	1,624,381	6.4	1,306,217	5.5
Total average deposits	\$ 25,374,388	100.0%	\$ 23,880,021	100.0%
Average core deposits ⁽²⁾	\$ 23,750,007	93.6%	\$ 22,573,804	94.5%
Average core transaction deposit accounts ⁽²⁾	\$ 18,490,056	72.9%	\$ 17,133,511	71.7%

(1) Deposits balance in each category expressed as percentage of total deposits.

(2) See "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Financial Measures" of this Report for applicable reconciliation to GAAP measure.

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Total average deposits increased \$1.49 billion, or 6.3%, to \$25.37 billion in 2017 from \$23.88 billion in 2016. Average core deposits were up \$1.18 billion, or 5.2%, from 2016 and average non-interest bearing demand deposits as a percentage of total average deposits were 29.0% for 2017 compared to 29.4% for 2016. Average core transaction deposit accounts grew \$1.36 billion, or 7.9%, from the previous year. The increase in deposits was driven by growth in interest bearing demand deposits, non-interest bearing demand deposits, and money market accounts. Average brokered deposits increased \$318.2 million compared to 2016 due primarily to brokered time deposits acquired from World's Foremost Bank in the Cabela's Transaction. See "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Financial Measures" of this Report for applicable reconciliation to GAAP measures.

Average brokered deposits represented 6.4% of Synovus' total average deposits for 2017 compared to 5.5% for 2016.

Time deposits of \$100,000 and greater at December 31, 2017 and 2016 were \$3.36 billion and \$2.73 billion, respectively, and included brokered time deposits of \$1.41 billion and \$718.0 million, respectively. See Table 19 for the maturity distribution of time deposits of \$100,000 or more. These larger deposits represented 12.8% and 11.1% of total deposits at December 31, 2017 and 2016, respectively, and included brokered time deposits which represented 5.4% and 2.9% of total deposits at December 31, 2017 and 2016, respectively.

The following table shows maturities of time deposits of \$100,000 or more at December 31, 2017.

Table 19 – Maturity Distribution of Time Deposits of \$100,000 or More

<i>(in thousands)</i>	December 31, 2017
3 months or less	\$ 565,250
Over 3 months through 6 months	620,227
Over 6 months through 12 months	626,202
Over 12 months	1,546,538
Total outstanding	\$ 3,358,217

Net Interest Income

The following table summarizes the components of net interest income for the years ended December 31, 2017, 2016, and 2015, including the tax-equivalent adjustment that is required in making yields on tax-exempt loans and investment securities comparable to taxable loans and investment securities. The taxable-equivalent adjustment is based on a 35% federal income tax rate.

Table 20 – Net Interest Income

<i>(in thousands)</i>	Years Ended December 31,		
	2017	2016	2015
Interest income	\$ 1,162,497	\$ 1,022,803	\$ 945,962
Taxable-equivalent adjustment	1,124	1,285	1,304
Interest income, taxable-equivalent	1,163,621	1,024,088	947,266
Interest expense	139,188	123,623	118,644
Net interest income, taxable-equivalent	\$ 1,024,433	\$ 900,465	\$ 828,622

Net interest income (interest income less interest expense) is the largest component of total revenues, representing earnings from the primary business of gathering funds from customer deposits and other sources, and investing those funds primarily in loans and investment securities. Synovus' long-term objective is to manage those assets and liabilities to maximize net interest income while balancing interest rate, credit, liquidity, and capital risks.

Net interest income is presented in this discussion on a tax-equivalent basis so that the income from assets exempt from federal income taxes is adjusted based on a statutory marginal federal tax rate of 35% in all years (see Table 20 above). The net interest margin is defined as taxable-equivalent net interest income divided by average total interest earning assets and provides an indication of the efficiency of the earnings from balance sheet activities. The net interest margin is affected by changes in the spread between interest earning asset yields and interest bearing liability costs (spread rate), and by the percentage of interest earning assets funded by non-interest bearing funding sources.

Net interest income for 2017 was \$1.02 billion, up \$124.1 million, or 13.8%, from 2016. On a taxable-equivalent basis, net interest income increased \$124.0 million, or 13.8%, from 2016. During 2017, average earning assets increased \$1.36 billion, or 4.9%, primarily as a result of an increase in net loans and investment securities balances.

Net interest income for 2016 was \$899.2 million, up \$71.9 million, or 8.7%, from 2015. On a taxable-equivalent basis, net interest income increased \$71.8 million, or 8.7%, from 2015. During 2016, average earning assets increased \$1.53 billion, or 5.9%, primarily as a result of an increase in net loans and investment securities balances.

Net Interest Margin

The net interest margin was 3.55% for 2017, an increase of 28 basis points from 2016. The yield on earning assets increased 31 basis points to 4.03% and the effective cost of funds increased 3 basis points to 0.48%. The effective cost of funds includes non-interest bearing funding sources primarily consisting of demand deposits.

The primary components of the yield on interest earning assets are loan yields, yields on investment securities, and the yield on balances held with the Federal Reserve Bank. The primary factors positively impacting earning asset yields were a 28 basis point increase in loan yields and a 26 basis point increase in taxable investment securities yields. The increase in loan yields was primarily due to an increase in short term interest rates during 2017, including a 59 basis point increase in the average prime rate for 2017 compared to 2016. The increase in taxable investment securities yields was due to a modest increase in the effective duration of the investment portfolio and higher reinvestment rates. Earning asset yields were also positively impacted by a reduction in average balances of lower yielding funds held at the Federal Reserve Bank.

The primary factors impacting the effective cost of funds during 2017 were a 14 basis point increase in the cost of time deposits and a 18 basis point increase in the cost of long-term debt. These increases were partially offset by a higher level of non-interest bearing funding and a 2 basis point decrease in the cost of savings deposits.

The net interest margin was 3.27% for 2016, an increase of 8 basis points from 2015. The yield on earning assets increased 8 basis points to 3.72% and the effective cost of funds was unchanged at 0.45%. The primary factors positively impacting earning asset yields were a 1 basis point increase in loan yields and a 7 basis point increase in taxable investment securities yields. The increase in taxable investment securities yields was due to a lower level of purchased premium amortization and a modest increase in the effective duration of the investment portfolio. Earning asset yields were also positively impacted by a reduction in average balances of lower yielding funds held at the Federal Reserve Bank. The primary factors impacting the effective cost of funds during 2016 were a 6 point basis point increase in the cost of time deposits and a 15 basis point increase in the cost of long-term debt. These increases were offset by a higher level of non-interest bearing funding, a 4 basis point decline in the cost of money market accounts, and a 1 basis point decrease in the cost of interest bearing demand deposits.

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Table 21 – Average Balances, Interest, and Yields

(dollars in thousands)	2017			2016			2015		
	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
Assets									
Interest earning assets:									
Taxable loans, net ⁽¹⁾⁽²⁾	\$ 24,318,345	\$ 1,062,261	4.37%	\$ 23,022,443	\$ 941,978	4.09%	\$ 21,462,926	\$ 875,147	4.08%
Tax-exempt loans, net ⁽¹⁾⁽²⁾⁽³⁾	66,174	3,157	4.77	74,929	3,469	4.63	73,907	3,444	4.66
Less Allowance for loan losses	251,667	—	—	254,646	—	—	254,863	—	—
Loans, net	24,132,852	1,065,418	4.41	22,842,726	945,447	4.14	21,281,970	878,591	4.13
Investment securities available for sale:									
Taxable investment securities	3,852,571	82,664	2.15	3,563,818	67,335	1.89	3,258,121	58,968	1.81
Tax-exempt investment securities ⁽³⁾	869	54	6.21	3,335	203	6.09	4,604	285	6.19
Total investment securities	3,853,440	82,718	2.15	3,567,153	67,538	1.89	3,262,725	59,253	1.82
Trading account assets	6,330	141	2.22	5,332	91	1.71	10,499	303	2.89
Interest earning deposits with banks	45,365	636	1.40	22,121	42	0.19	16,641	14	0.08
Due from Federal Reserve Bank	575,126	6,470	1.12	847,346	4,356	0.51	1,201,254	3,144	0.26
Federal funds sold and securities purchased under resale agreements	50,315	384	0.76	74,407	184	0.25	76,143	63	0.08
FHLB and Federal Reserve Bank stock	170,703	5,928	3.47	87,520	3,784	4.32	73,843	3,353	4.54
Mortgage loans held for sale	49,082	1,926	3.92	75,288	2,646	3.51	68,722	2,545	3.70
Total interest earning assets	28,883,213	1,163,621	4.03	27,521,893	1,024,088	3.72	25,991,797	947,266	3.64
Cash and cash equivalents	392,720			402,047			414,519		
Premises and equipment, net	419,619			430,651			450,056		
Other real estate	17,789			36,211			69,869		
Other assets ⁽⁴⁾	1,073,947			1,090,148			1,172,717		
Total assets	\$ 30,787,288			\$ 29,480,950			\$ 28,098,958		
Liabilities and Equity									
Interest bearing liabilities:									
Interest bearing demand deposits	\$ 4,867,029	\$ 11,919	0.24%	\$ 4,299,026	\$ 7,198	0.17%	\$ 3,949,087	\$ 7,117	0.18%
Money market accounts	8,043,327	28,269	0.35	7,702,353	23,482	0.30	6,883,496	23,687	0.34
Savings deposits	830,317	457	0.06	794,096	640	0.08	675,947	375	0.06
Time deposits	4,282,700	40,680	0.95	4,067,378	32,886	0.81	4,557,778	34,355	0.75
Federal funds purchased and securities sold under repurchase agreements	184,093	198	0.11	216,593	200	0.09	205,305	168	0.08
Long-term debt	2,036,987	57,665	2.83	2,236,022	59,217	2.65	2,114,197	52,942	2.50
Total interest bearing liabilities	20,244,453	139,188	0.69	19,315,468	123,623	0.64	18,385,810	118,644	0.65
Non-interest bearing demand deposits	7,351,015			7,017,168			6,485,371		
Other liabilities	221,270			208,808			209,877		
Equity	2,970,550			2,939,506			3,017,900		
Total liabilities and equity	\$ 30,787,288			\$ 29,480,950			\$ 28,098,958		
Net interest income, taxable equivalent net interest margin		\$ 1,024,433	3.55%		\$ 900,465	3.27%		\$ 828,622	3.19%
Less: taxable-equivalent adjustment		1,124			1,285			1,304	
Net interest income		\$ 1,023,309			\$ 899,180			\$ 827,318	

(1) Average loans are shown net of deferred fees and costs. Non-performing loans are included.

(2) Interest income includes net loan fees as follows: 2017 — \$32.4 million, 2016 — \$30.8 million, and 2015 — \$30.5 million.

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

(4) Includes average net unrealized (losses)/gains on investment securities available for sale of \$(34.4) million, \$30.1 million, and \$19.7 million for the years ended December 31, 2017, 2016, and 2015, respectively.

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Table 22 – Rate/Volume Analysis

(in thousands)	2017 Compared to 2016			2016 Compared to 2015		
	Change Due to ⁽¹⁾			Change Due to ⁽¹⁾		
	Volume	Yield/ Rate	Net Change	Volume	Yield/ Rate	Net Change
Interest earned on:						
Taxable loans, net	\$ 53,002	\$ 67,281	\$ 120,283	\$ 63,628	\$ 3,203	\$ 66,831
Tax-exempt loans, net ⁽²⁾	(405)	93	(312)	48	(23)	25
Taxable investment securities	5,457	9,872	15,329	5,533	2,834	8,367
Tax-exempt investment securities ⁽²⁾	(150)	1	(149)	(79)	(3)	(82)
Trading account assets	17	33	50	(149)	(63)	(212)
Interest earning deposits with banks	44	550	594	4	24	28
Due from Federal Reserve Bank	(1,388)	3,502	2,114	(920)	2,132	1,212
Federal funds sold and securities purchased under resale agreements	(60)	260	200	(1)	122	121
FHLB and Federal Reserve Bank stock	3,594	(1,450)	2,144	621	(189)	432
Mortgage loans held for sale	(920)	200	(720)	243	(143)	100
Total interest income	59,191	80,342	139,533	68,928	7,894	76,822
Interest paid on:						
Interest bearing demand deposits	966	3,755	4,721	630	(549)	81
Money market accounts	1,023	3,764	4,787	2,784	(2,989)	(205)
Savings deposits	29	(212)	(183)	71	194	265
Time deposits	1,744	6,050	7,794	(3,678)	2,209	(1,469)
Federal funds purchased and securities sold under repurchase agreements	(29)	27	(2)	9	23	32
Long-term debt	(5,274)	3,722	(1,552)	3,046	3,229	6,275
Total interest expense	(1,541)	17,106	15,565	2,862	2,117	4,979
Net interest income	\$ 60,732	\$ 63,236	\$ 123,968	\$ 66,066	\$ 5,777	\$ 71,843

(1) The change in interest due to both rate and volume has been allocated to the yield/rate component.

(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.

Non-interest Income

Non-interest income for the year ended December 31, 2017 was \$345.3 million, up \$72.1 million, or 26.4%, compared to the year ended December 31, 2016. The increase was driven by the \$75 million Cabela's Transaction Fee. Adjusted non-interest income was up \$5.5 million, or 2.1%, compared to the year ended December 31, 2016. See "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Financial Measures" of this Report for applicable reconciliation to GAAP measure.

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

Table 23 – Non-interest Income

(in thousands)	Years Ended December 31,		
	2017	2016	2015
Service charges on deposit accounts	\$ 79,801	\$ 81,425	\$ 80,142
Fiduciary and asset management fees	50,485	46,594	45,928
Brokerage revenue	29,705	27,028	27,855
Mortgage banking income	22,798	24,259	24,096
Bankcard fees	32,232	33,318	33,172
Cabela's Transaction Fee	75,000	—	—
Investment securities (losses) gains, net	(289)	6,011	2,769
Decrease in fair value of private equity investments, net	(3,093)	(1,026)	(219)
Other fee income	20,168	20,220	21,170
Other non-interest income	38,520	35,365	33,007
Total non-interest income	\$ 345,327	\$ 273,194	\$ 267,920

Principal Components of Non-interest Income

Service charges on deposit accounts were \$79.8 million in 2017, a decrease of \$1.6 million, or 2.0%, from the previous year, and \$81.4 million in 2016, an increase of 1.6% from 2015. Service charges on deposit accounts consist of NSF fees, account analysis fees, and all other service charges. NSF fees were \$36.6 million in 2017, a decrease of \$1.1 million, or 2.8%, from 2016. The decline in NSF fees from prior year is primarily due to lower Regulation E opt-in rates on new accounts as well as lower incident levels given higher average deposit balances. Account analysis fees were \$24.7 million in 2017, up \$396 thousand, or 1.6%, compared to 2016. All other service charges on deposit accounts, which consist primarily of monthly fees on retail demand deposit and savings accounts, were \$18.5 million for 2017, a decrease of \$968 thousand, or 5.0%, compared to 2016. The decline in all other service charges is largely due to a one-time impact during 2017 from account level conversions required for Synovus Bank's transition to a single bank operating environment.

Fiduciary and asset management fees are derived from providing estate administration, personal trust, corporate trust, corporate bond, investment management, and financial planning services. Fiduciary and asset management fees were \$50.5 million in 2017, an increase of \$3.9 million, or 8.4%, from 2016. The increase was driven by growth in total assets under management, which increased by 23% to approximately \$14 billion, due to the benefit of new talent additions as well as higher equity markets. Fiduciary and asset management fees were \$46.6 million in 2016, an increase of \$666 thousand, or 1.5% from 2015, driven in part by growth in assets under management of 4% from 2015.

At December 31, 2017, the market value of assets under management was approximately \$14 billion, an increase of 23% from 2016, and \$11.4 billion at December 31, 2016, an increase of 4% from 2015. Assets under management consist of all assets where Synovus has investment authority. Assets under advisement were approximately \$3.1 billion and \$3.4 billion at December 31, 2017 and 2016, respectively. Assets under advisement consist of non-managed assets as well as non-custody assets where Synovus earns a consulting fee. Assets under advisement at December 31, 2017 declined 9% from 2016 following an increase of 5% in 2016 from 2015. Many of the fiduciary and asset management fee charges are based on asset values, and changes in these values throughout the year directly impact fees earned.

Brokerage revenue was \$29.7 million in 2017, a \$2.7 million, or 9.9%, increase from 2016, and \$27.0 million in 2016, an \$827 thousand, or 3.0%, decrease from 2015. The increase in 2017 from 2016 was largely driven by growth in brokerage assets under management due primarily to new talent additions. Brokerage revenue consists primarily of brokerage commissions. Brokerage assets under management were approximately \$2.5 billion at December 31, 2017, an increase of 30% from \$1.9 billion at December 31, 2016.

Mortgage banking income decreased \$1.5 million, or 6.0%, for the year ended December 31, 2017 compared to 2016, reflecting a decline in refinancing volume. Mortgage banking income increased \$163 thousand, or 0.7%, during 2016 compared to 2015.

Bankcard fees decreased \$1.1 million, or 3.3%, for the year ended December 31, 2017 compared to 2016. Bankcard fees consist primarily of credit card interchange fees and debit card interchange fees. Credit card interchange fees were \$22.5 million, up \$164 thousand, or 0.7%, for the year ended December 31, 2017 compared to 2016. Debit card interchange fees were \$17.3 million, up \$198 thousand, or 1.2%, for the year ended December 31, 2017, compared to 2016. Bankcard fees increased \$146 thousand, or 0.4%, for the year ended December 31, 2016 compared to 2015.

On September 25, 2017, Synovus Bank completed the Cabela's Transaction and received the Cabela's Transaction Fee. See "Part II – Item 8. Financial Statements and Supplementary Data – Note 2 – Acquisitions" in this Report for more information on the Cabela's Transaction.

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 was lower by \$52 thousand, or 0.3%, for the year ended December 31, 2017 compared to 2016. Other fee income decreased \$950 thousand, or 4.5%, for the year ended December 31, 2016 compared to 2015 due primarily to a decrease in customer swap dealer fees.

The main components of other non-interest income are income from BOLI policies, insurance commissions, gains from sales of GGL/SBA loans, card and merchant sponsorship fees, and other miscellaneous items. Other non-interest income was up \$3.2 million, or 8.9%, in 2017 compared to 2016. The increase was due primarily to growth in BOLI policy revenues of \$3.7 million driven by additional investments in BOLI policies. Other non-interest income was up \$1.6 million, or 4.7%, in 2016 compared to 2015. The increase was driven largely by growth in insurance revenues.

Non-interest Expense

Non-interest expense for the year ended December 31, 2017 was \$821.3 million compared to \$755.9 million for the year ended December 31, 2016. Adjusted non-interest expense for the year ended December 31, 2017 increased \$44.8 million, or 6.1% compared to the year ended December 31, 2016. Our focus on expense management helped us achieve the long-term goal of an efficiency ratio below 60% for the year. The efficiency ratio was 59.95% in 2017. The adjusted efficiency ratio was 59.87% in 2017 improved from 62.67% the prior year. Synovus continues to generate positive operating leverage with the year-over-year adjusted expense growth primarily driven by strategic investments in talent and technology, higher third-party processing expense relating to third-party lending partnerships servicing fees, expenses associated with Synovus Bank's transition to a single bank operating environment and single brand, higher medical self-insurance expense, a one-time \$1 thousand bonus per eligible employee, and the addition of Global One. Strategic investments in talent and technology accounted for approximately \$18.6 million of the increase for the year ended December 31, 2017 compared to the year ended December 31, 2016, as Synovus continues to add key talent and invest in technology to enhance the customer experience. Third-party processing expense relating to the servicing fees of the third-party lending partnerships increased by \$4.8 million for the year ended December 31, 2017 compared to the year ended December 31, 2016, and expenses associated with Synovus Bank's transition to a single bank operating environment and single brand resulted in higher expenses of \$5.9 million compared to the year ended December 31, 2016. Self-insured employee medical insurance expense was \$5.7 million higher in 2017 compared to 2016 and the one-time \$1 thousand bonus per eligible employee increased employment expense by \$3.3 million. Global One operating expenses for the full year 2017 accounted for \$3.3 million of

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the increase compared to the year ended December 31, 2016. See "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Financial Measures" of this Report for applicable reconciliation to GAAP measures.

The following table summarizes non-interest expense for the years ended December 31, 2017, 2016, and 2015.

Table 24 – Non-interest Expense

<i>(in thousands)</i>	Years Ended December 31,		
	2017	2016	2015
Salaries and other personnel expense	\$ 433,321	\$ 402,026	\$ 380,918
Net occupancy and equipment expense	119,964	109,347	107,466
Third-party processing expense	54,708	46,320	42,851
FDIC insurance and other regulatory fees	27,011	26,714	27,091
Professional fees	26,232	26,698	26,646
Advertising expense	22,948	20,264	15,477
Foreclosed real estate expense, net	12,540	12,838	22,803
Loss on early extinguishment of debt, net	23,160	4,735	1,533
Earnout liability adjustment	5,466	—	—
Fair value adjustment to Visa derivative	—	5,795	1,464
Restructuring charges, net	7,014	8,267	36
Other operating expenses	88,949	92,919	91,370
Total non-interest expense	\$ 821,313	\$ 755,923	\$ 717,655

2017 vs. 2016

Salaries and other personnel expense increased \$31.3 million, or 7.8%, in 2017 compared to 2016 due primarily to talent additions, higher self-insurance expense, annual merit increases, a one-time \$1 thousand bonus per eligible employee, and the addition of Global One.

Net occupancy and equipment expense increased \$10.6 million, or 9.7%, during 2017 compared to 2016 as costs associated with growth in technology investments offset efficiencies gained in occupancy and related expenses. Synovus Bank's branch network consists of 250 branches at December 31, 2017, compared to 248 at December 31, 2016.

Third-party processing expense includes all third-party core operating system and processing charges as well as third-party servicing charges. Third-party processing expense increased \$8.4 million, or 18.1%, compared to 2016 driven by an increase of \$4.8 million from servicing fees associated with loan growth from Synovus' two consumer-based lending partnerships.

Advertising expense was up \$2.7 million in 2017 compared to 2016 as a result of continued increased brand awareness activities.

Foreclosed real estate expense for 2017 totaled \$12.5 million and included balance sheet restructuring actions during the three months ended September 30, 2017 with \$7.1 million recorded for discounts to fair value for completed or planned ORE accelerated dispositions. ORE balances declined \$18.6 million to \$3.8 million at December 31, 2017 compared to prior year.

On November 9, 2017, Synovus redeemed all of the \$300.0 million aggregate principal amount of its 7.875% senior notes due 2019. 2017 results include a loss of \$23.2 million related to early extinguishment of these notes.

Earnout liability adjustment expense relates to the acquisition of Global One. See "Part II – Item 8. Financial Statements and Supplementary Data – Note 2 – Acquisitions" in this Report for more information on the acquisition of Global One.

Restructuring charges of \$7.0 million for the year ended December 31, 2017, consist primarily of severance charges of \$6.1 million for termination benefits incurred in conjunction with a voluntary early retirement program offered during the first quarter of 2017. Additionally, during 2017, Synovus recorded restructuring charges of \$715 thousand due to additional asset impairment charges on properties previously identified for disposition.

2016 vs. 2015

Salaries and other personnel expense increased \$21.1 million, or 5.5%, in 2016 compared to 2015 due primarily to annual merit increases and higher commissions and incentive compensation.

Net occupancy and equipment expense increased \$1.9 million, or 1.8%, during 2016. Synovus continued to evaluate its branch network while deploying additional digital and on-line capabilities to increase convenience for customers while lowering transaction costs, and identified and closed nine branches during 2016.

Third-party processing expense increased \$3.5 million, or 8.1%, compared to 2015 driven by an increase of \$2.6 million from servicing charges associated with growth from Synovus' two consumer-based lending partnerships. One lending partnership began in the third quarter of 2015 and the other lending partnership began in the second quarter of 2016.

FDIC insurance costs and other regulatory fees declined \$377 thousand, or 1.4%, in 2016 compared to 2015. On March 15, 2016, the FDIC approved a final rule to increase the DIF to the statutorily required minimum level of 1.35 percent. Congress, in the Dodd-Frank Act, increased the

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minimum for the DIF reserve ratio, the ratio of the amount in the fund to insured deposits, from 1.15 percent to 1.35 percent and required that the ratio reach that level by September 30, 2020. Further, the Dodd-Frank Act also made banks with \$10 billion or more in total assets responsible for the increase from 1.15 percent to 1.35 percent. Under a rule adopted by the FDIC in 2011, regular assessment rates for all banks decline when the reserve ratio reaches 1.15 percent, which occurred during the second quarter of 2016. Banks with total assets of less than \$10 billion have substantially lower assessment rates under the 2011 rule. The final rule imposed on banks with at least \$10 billion in assets a surcharge of 4.5 cents per \$100 of their assessment base, after making certain adjustments. The FDIC expects the reserve ratio will likely reach 1.35 percent after approximately two years of payments of the surcharges. The final rule became effective on July 1, 2016 with surcharge assessments beginning July 1, 2016. Synovus' FDIC insurance cost remained relatively flat for the second half of 2016 compared to the first half of 2016 following the surcharge assessment since regular assessment rates declined at the same time the surcharge assessment became effective.

Advertising expense was up \$4.8 million in 2016 compared to 2015 as a result of Synovus increasing brand awareness activities.

Foreclosed real estate costs declined \$10.0 million, or 43.7%, to \$12.8 million in 2016 as a result of lower inventory due to a reduction in the level of foreclosures as well as lower levels of losses and write-downs due to declines in fair value of ORE. ORE was \$22.3 million at December 31, 2016, down \$24.7 million or 52.6% from \$47.0 million at December 31, 2015.

During January 2016, Synovus repurchased \$124.7 million of its subordinated notes that matured on June 15, 2017 in conjunction with Synovus' cash tender offer. Results for the year ended December 31, 2016 included a \$4.7 million loss relating to this tender offer.

For the year ended December 31, 2016, restructuring charges totaled \$8.3 million with \$5.3 million related to corporate real estate optimization activities and \$2.8 million associated with branch closures. For the year ended December 31, 2015, Synovus recorded net gains of \$401 thousand on the sale of certain branch locations and recorded additional expense of \$437 thousand associated primarily with branches closed during 2014.

Other operating expenses for 2016 included \$2.5 million in litigation settlement expenses and other operating expenses for 2015 included \$5.1 million in litigation settlement/contingency expenses. Please refer to "Part II – Item 8. Financial Statements and Supplementary Data – Note 20 – Legal Proceedings" of this Report for a more detailed discussion of legal proceedings and expenses related thereto.

Income Taxes

On December 22, 2017, H.R.1, formerly known as the Tax Cuts and Jobs Act of 2017 (Federal Tax Reform), was signed into legislation. The Federal Tax Reform includes a number of changes to existing U.S. tax laws that impact Synovus, most notably a reduction of the U.S. corporate income tax rate from 35 percent to 21 percent for tax years beginning after December 31, 2017. The Federal Tax Reform also provides for significant limitations on the deductibility of interest, allowance of the expensing of capital expenditures, limitation on deductibility of FDIC insurance premiums, and limitation of the deductibility of certain performance-based compensation, among others.

The 2017 financial results reflect the income tax expense effects from Federal Tax Reform in accordance with ASC Topic 740, *Income Taxes*. Additionally, Staff Accounting Bulletin No. 118 provides guidance for the application of ASC Topic 740 in the reporting period in which the Federal Tax Reform was signed into law. Synovus remeasured its deferred tax assets and liabilities based upon the newly enacted U.S. statutory federal tax rate of 21 percent which is the rate at which these deferred tax assets and liabilities are expected to reverse. This resulted in additional federal income tax expense of \$47.2 million in 2017. Based on the information available and our current interpretation of the Federal Tax Reform, Synovus has made reasonable estimates of the impact from the reduction in the corporate tax rate on the remeasurement of applicable deferred tax assets and liabilities. However, certain deferred tax assets and liabilities will continue to be evaluated in the context of Federal Tax Reform through the date of the filing of our 2017 federal income tax return, and may change as a result of evolving management interpretations, elections, and assumptions, as well as new guidance that may be issued by the Internal Revenue Service. Accordingly, the federal income tax expense of \$47.2 million relating to the effects from Federal Tax Reform is considered provisional, as defined by SAB 118. Management expects to complete its analysis within the measurement period in accordance with SAB 118.

Income tax expense was \$204.7 million for the year ended December 31, 2017 compared to \$141.7 million and \$132.5 million for the years ended December 31, 2016 and 2015, respectively. The effective income tax rate for the years ended December 31, 2017, 2016 and 2015 was 42.6%, 36.5% and 36.9%, respectively. The increase in the effective income tax rate for 2017 was due to the \$47.2 million tax expense recorded for the remeasurement of deferred tax assets and liabilities resulting from Federal Tax Reform. Without this adjustment, the effective income tax rate would have been 32.8%. Synovus currently expects an effective income tax rate of approximately 23% to 24% for the year ending December 31, 2018. The 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.

Deferred tax assets represent amounts available to reduce income taxes payable in future years. At December 31, 2017, total deferred tax assets, net of valuation allowance, were \$165.8 million compared to \$395.4 million at December 31, 2016. The decline is mainly due the utilization of net operating losses, the remeasurement of deferred tax assets and liabilities resulting from Federal Tax Reform, and the reclassification of the alternative minimum tax credits to current taxes receivable.

Synovus currently expects to realize the \$165.8 million in net deferred tax assets well in advance of the statutory carryforward period. At December 31, 2017, \$41.1 million or 25% of the net deferred tax asset relates to state net operating losses which have expiration dates beginning in 2023 through 2035. Additionally, \$108.9 million of the net deferred tax assets have no expiration date as of December 31, 2017. See "Part II – Item 8. Financial Statements and Supplementary Data – Note 23 – Income Taxes" of this Report for additional discussion regarding deferred income taxes.

The Tax Reform Act of 1986 contains provisions that limit the utilization of NOL carryovers if there has been an "ownership change" as defined in Section 382 of the Code. In general, this would occur if ownership of common stock held by one or more 5% shareholders increased by more than 50 percentage points over their lowest pre-change ownership within a three-year period. If Synovus experiences such an ownership change, the

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utilization of pre-change NOLs to reduce future state income tax obligations could be limited. To reduce the likelihood of such an ownership change, Synovus adopted a Rights Plan in 2010 that was ratified by Synovus shareholders in 2011 and has been subsequently amended and ratified by Synovus shareholders, with the current plan expiring in April 2019.

Credit Quality

During 2017, credit quality continued to strengthen, with most key credit quality measures improving from 2016 levels.

Table 25 – Selected Credit Quality Metrics

<i>(dollars in thousands)</i>	December 31,				
	2017	2016	2015	2014	2013
Non-performing loans	\$ 115,561	\$ 153,378	\$ 168,370	\$ 197,757	\$ 416,300
Impaired loans held for sale	11,278	—	—	3,607	10,685
Other real estate	3,758	22,308	47,030	85,472	112,629
Non-performing assets	\$ 130,597	\$ 175,686	\$ 215,400	\$ 286,836	\$ 539,614
Loans 90 days past due and still accruing	\$ 4,414	\$ 3,135	\$ 2,621	\$ 4,637	\$ 4,489
As a % of loans	0.02%	0.01%	0.01%	0.02%	0.02%
Total past due loans and still accruing	\$ 52,031	\$ 65,106	\$ 47,912	\$ 51,251	\$ 72,600
As a % of loans	0.21%	0.27%	0.21%	0.24%	0.36%
Accruing TDRs	\$ 151,271	\$ 195,776	\$ 223,873	\$ 348,427	\$ 556,410
Non-performing loans as a % of total loans	0.47%	0.64%	0.75%	0.94%	2.08%
Non-performing assets as a % of total loans, other loans held for sale, and ORE	0.53	0.74	0.96	1.35	2.67

Non-performing Assets

Total NPAs were \$130.6 million at December 31, 2017, a \$45.1 million, or 25.7%, decrease from \$175.7 million at December 31, 2016. The decline in non-performing assets was primarily due to resolution and disposition of non-performing assets and charge-offs. Total non-performing assets as a percentage of total loans, other loans held for sale, and other real estate declined 21 basis points to 0.53% at December 31, 2017 compared to 0.74% at December 31, 2016.

Non-performing loans were \$115.6 million at December 31, 2017, a \$37.8 million, or 24.7%, decrease from \$153.4 million at December 31, 2016. The decline was driven by resolution and disposition of distressed loans (which includes some performing loans). Total non-performing loans as a percentage of total loans were 0.47% at December 31, 2017 compared to 0.64% at December 31, 2016.

ORE was \$3.8 million at December 31, 2017, down \$18.6 million, or 83.2%, from \$22.3 million at December 31, 2016. The decline from 2016 was driven by sales and fewer properties being transferred into other real estate. ORE sales for 2017 were \$18.5 million compared to \$34.9 million in 2016. 2017 results reflect ORE write-downs in the third quarter totaling \$7.1 million consisting of discounts to fair value for completed and planned ORE accelerated dispositions.

The following table shows the components of NPAs by portfolio class at December 31, 2017 and 2016.

Table 26 – NPAs by Portfolio Class

<i>(in thousands)</i>	December 31,							
	2017				2016			
	NPLs ⁽¹⁾	Impaired Loans Held for Sale	ORE	Total NPAs ⁽²⁾	NPLs ⁽¹⁾	Impaired Loans Held for Sale	ORE	Total NPAs ⁽²⁾
Investment properties	\$ 3,804	\$ 141	\$ —	\$ 3,945	\$ 5,268	\$ —	\$ 339	\$ 5,607
1-4 family properties	2,849	2,497	—	5,346	9,114	—	2,739	11,853
Land and development	5,797	412	1,435	7,644	16,233	—	9,195	25,428
Total commercial real estate	12,450	3,050	1,435	16,935	30,615	—	12,273	42,888
Commercial, financial, and agricultural	70,130	3,691	908	74,729	59,074	—	5,004	64,078
Owner-occupied	6,654	904	284	7,842	16,503	—	1,549	18,052
Total commercial and industrial	76,784	4,595	1,192	82,571	75,577	—	6,553	82,130
Consumer	26,327	3,633	1,131	31,091	47,186	—	3,482	50,668
Total	\$ 115,561	\$ 11,278	\$ 3,758	\$ 130,597	\$ 153,378	\$ —	\$ 22,308	\$ 175,686

(1) NPL ratio is 0.47% and 0.64% at December 31, 2017 and 2016, respectively.

(2) NPA ratio is 0.53% and 0.74% at December 31, 2017 and 2016, respectively.

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NPL inflows were down slightly for 2017 at \$122.9 million compared to \$123.5 million for 2016. The following table shows NPL inflows by portfolio class for the years ended December 31, 2017 and 2016.

Table 27 – NPL Inflows by Portfolio Class

<i>(in thousands)</i>	Years Ended December 31,	
	2017	2016
Investment properties	\$ 3,357	\$ 13,577
1-4 family properties	5,735	5,212
Land and development	4,923	5,016
Total commercial real estate	14,015	23,805
Commercial, financial, and agricultural	54,324	55,395
Owner-occupied	28,669	15,750
Total commercial and industrial	82,993	71,145
Consumer	25,889	28,501
Total NPL inflows	\$ 122,897	\$ 123,451

Asset Dispositions

During 2017, 2016 and 2015, Synovus completed sales of distressed assets (consisting primarily of NPLs and ORE) with total carrying values of \$64.7 million, \$54.8 million, and \$79.3 million, respectively. Distressed asset sales have been a component of Synovus' strategy to further strengthen the balance sheet, improve asset quality, and enhance future earnings.

Troubled Debt Restructurings

At December 31, 2017, troubled debt restructurings (accruing and non-accruing) were \$163.0 million, a decrease of \$44.1 million, or 21.3%, compared to December 31, 2016. Non-accruing TDRs of \$11.7 million at December 31, 2017 increased \$372 thousand, or 3.3%, from December 31, 2016. Accruing TDRs were \$151.3 million at December 31, 2017 compared to \$195.8 million at December 31, 2016, a decrease of \$44.5 million, or 22.7%, primarily due to a decline in TDR inflows as well as fewer TDRs having to retain the TDR designation upon subsequent renewal, refinance, or modification. At December 31, 2017, the allowance for loan losses allocated to these accruing TDRs declined to \$8.7 million compared to \$9.8 million at December 31, 2016 due to the decreased level of accruing TDRs. Accruing TDRs are considered performing because they are performing in accordance with the restructured terms. At both December 31, 2017 and 2016, approximately 99% of accruing TDRs were current. In addition, subsequent defaults on accruing TDRs (defaults 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 remained low, and consisted of only eight defaults with a recorded investment of \$4.0 million and two defaults with a recorded investment of \$181 thousand for the years ended December 31, 2017 and 2016, respectively.

The table below shows accruing TDRs by risk grade at December 31, 2017 and 2016.

Table 28 – Accruing TDRs by Risk Grade

<i>(dollars in thousands)</i>	December 31,			
	2017		2016	
	Amount	%	Amount	%
Pass	\$ 57,136	37.8%	\$ 81,615	41.7%
Special mention	15,879	10.5	29,250	14.9
Substandard	78,256	51.7	84,911	43.4
Total accruing TDRs	\$ 151,271	100.0%	\$ 195,776	100.0%

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The following table shows the payment status of accruing TDRs and the allocated allowance for loan losses at December 31, 2017 and 2016.

Table 29 – Accruing TDRs Aging and Allowance for Loan Losses by Portfolio Class

<i>(in thousands)</i>	December 31, 2017				
	Current	30-89 Days Past Due	90+ Days Past Due	Total	Allowance for Loan Losses
Investment properties	\$ 21,398	\$ —	\$ —	\$ 21,398	\$ 1,006
1-4 family properties	14,865	191	—	15,056	504
Land and development	14,835	381	—	15,216	1,047
Total commercial real estate	51,098	572	—	51,670	2,557
Commercial, financial and agricultural	33,789	1,161	44	34,994	3,161
Owner-occupied	35,554	—	—	35,554	1,958
Total commercial and industrial	69,343	1,161	44	70,548	5,119
Home equity lines	5,096	—	—	5,096	114
Consumer mortgages	18,588	80	—	18,668	570
Credit cards	—	—	—	—	—
Other consumer loans	5,097	192	—	5,289	341
Total consumer	28,781	272	—	29,053	1,025
Total accruing TDRs	\$ 149,222	\$ 2,005	\$ 44	\$ 151,271	\$ 8,701

<i>(in thousands)</i>	December 31, 2016				
	Current	30-89 Days Past Due	90+ Days Past Due	Total	Allowance for Loan Losses
Investment properties	\$ 30,182	\$ 133	\$ —	\$ 30,315	\$ 1,456
1-4 family properties	22,694	—	—	22,694	631
Land and development	26,015	10	—	26,025	1,731
Total commercial real estate	78,891	143	—	79,034	3,818
Commercial, financial and agricultural	31,443	798	—	32,241	2,919
Owner-occupied	52,333	—	—	52,333	2,332
Total commercial and industrial	83,776	798	—	84,574	5,251
Home equity lines	7,526	412	—	7,938	120
Consumer mortgages	18,518	572	—	19,090	487
Credit cards	—	—	—	—	—
Other consumer loans	5,013	127	—	5,140	167
Total consumer	31,057	1,111	—	32,168	774
Total accruing TDRs	\$ 193,724	\$ 2,052	\$ —	\$ 195,776	\$ 9,843

Past Due Loans

Loans past due 90 days or more, which based on a determination of collectability are accruing interest, are classified as past due loans. Synovus' policy discourages making additional loans to a borrower or any related interest of the borrower who has a loan that is past due as to principal or interest more than 90 days and remains on accruing status. Additionally, Synovus' policy prohibits making additional loans to a borrower, or any related interest of a borrower, who is on nonaccrual status except under certain workout plans and if such extension of credit aids with loss mitigation.

Past due loans have remained at low levels. As a percentage of total loans outstanding, loans 90 days past due and still accruing interest were 0.02% and 0.01% at December 31, 2017 and December 31, 2016, respectively. 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. As a percentage of total loans outstanding, loans 30 or more days past due and still accruing interest were 0.21% and 0.27% at December 31, 2017 and 2016, respectively.

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The following table shows the aging of past due loans by portfolio class at December 31, 2017 and 2016.

Table 30 – Loans Past Due by Portfolio Class

(dollars in thousands)	December 31,							
	2017				2016			
	30-89 Days Past Due		90+ Days Past Due		30-89 Days Past Due		90+ Days Past Due	
	Amount	%	Amount	%	Amount	%	Amount	%
Investment properties	\$ 2,506	0.04%	\$ 90	—%	\$ 2,795	0.05%	\$ —	—%
1-4 family properties	3,545	0.45	202	0.03	4,801	0.54	161	0.01
Land and development	1,609	0.33	67	0.01	1,441	0.23	—	0.01
Total commercial real estate	7,660	0.11	359	0.01	9,037	0.12	161	—
Commercial, financial and agricultural	11,214	0.16	1,016	0.01	9,542	0.14	720	0.01
Owner-occupied	6,880	0.14	479	0.01	17,913	0.39	244	—
Total commercial and industrial	18,094	0.15	1,495	0.01	27,455	0.24	964	0.01
Home equity lines	5,629	0.37	335	0.02	10,013	0.62	473	—
Consumer mortgages	3,971	0.15	268	0.01	7,876	0.34	81	0.01
Credit cards	1,930	0.83	1,731	0.74	1,819	0.78	1,417	0.60
Other consumer loans	10,333	0.70	226	0.02	5,771	0.71	39	0.01
Total consumer	21,863	0.37	2,560	0.04	25,479	0.51	2,010	0.04
Total loans past due	\$ 47,617	0.19%	\$ 4,414	0.02%	\$ 61,971	0.26%	\$ 3,135	0.01%

Potential Problem Loans

Management continuously monitors non-performing and past due loans to mitigate further deterioration regarding the condition of these loans. Potential problem loans are defined by management as certain performing loans with a well-defined weakness where there is information about possible credit problems of borrowers which causes management to have doubts as to the ability of such borrowers to comply with the present repayment terms of such loans. Potential problem commercial loans consist of substandard accruing loans but exclude both loans 90 days past due and still accruing interest and substandard accruing troubled debt restructurings, which are reported separately. Management's decision to include performing loans in the category of potential problem loans indicates that management has recognized a higher degree of risk associated with these loans. In addition to accruing loans 90 days past due and accruing restructured loans, Synovus had \$103.3 million of potential problem commercial loans at December 31, 2017 compared to \$162.0 million at December 31, 2016. Management's current expectation of probable losses from potential problem loans is included in the allowance for loan losses, and management cannot predict at this time whether these potential problem loans ultimately will become non-performing loans or result in losses.

Net Charge-offs

Total 2017 net charge-offs were \$69.7 million, or 0.29% of average loans, an increase of \$40.9 million, or 142.4%, compared to 2016. Total 2016 net charge-offs were \$28.7 million, or 0.12% of average loans, an increase of \$907 thousand, or 3.3%, compared to \$27.8 million, or 0.13% of average loans, for 2015. The \$40.9 million increase from 2016 is primarily due to \$34.2 million in net charge-offs recorded during the third quarter of 2017 in conjunction with the aforementioned transfers to held for sale.

The following table shows net charge-offs (recoveries) by portfolio class for the years ended December 31, 2017, 2016 and 2015.

Table 31 – Net Charge-offs (Recoveries) by Portfolio Class

(dollars in thousands)	Years Ended December 31,					
	2017		2016		2015	
	Amount	% ⁽¹⁾	Amount	% ⁽¹⁾	Amount	% ⁽¹⁾
Investment properties	\$ 658	0.01%	\$ 5,711	0.10%	\$ (280)	(0.01)%
1-4 family properties	2,678	0.32	(1,842)	(0.19)	(33)	—
Land and development	831	0.15	(879)	(0.13)	667	(0.08)
Total commercial real estate	4,167	0.06	2,990	0.04	354	0.01
Commercial, financial and agricultural	25,426	0.36	12,255	0.18	8,464	0.13
Owner-occupied	17,132	0.36	3,713	0.08	5,508	0.13
Total commercial and industrial	42,558	0.36	15,968	0.14	13,972	0.13
Home equity lines	4,329	0.28	1,462	0.09	2,996	0.18
Consumer mortgages	8,385	0.34	1,425	0.07	5,506	0.31
Credit cards	4,931	2.17	4,500	1.92	3,991	1.64
Other consumer loans	5,305	0.49	2,393	0.39	1,012	0.30
Total consumer	22,950	0.43	9,780	0.21	13,505	0.33
Total net charge-offs	\$ 69,675	0.29%	\$ 28,738	0.12%	\$ 27,831	0.13%

(1) Net charge-off ratio as a percentage of average loans.

Provision for Loan Losses and Allowance for Loan Losses

See "Part II – Item 8. Financial Statements and Supplementary Data – Note 5 – Loans and Allowance for Loan Losses" and "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies" of this Report for further information.

Provision for loan losses for the years ended December 31, 2017 and 2016, was \$67.2 million and \$28.0 million, respectively. In the third quarter of 2017, Synovus completed certain balance sheet restructuring actions which included the transfer of \$77.8 million in loans (consisting primarily of non-performing loans) to held-for-sale. This action resulted in provision expense of \$27.7 million and net charge-offs of \$34.2 million due to the actual or planned sale of such loans in an accelerated timeline, which required discounts below fair value. The provision for loan losses for the year ended December 31, 2016 was \$28.0 million, an increase of \$9.0 million or 47.3% compared to 2015. The increase in the provision for loan losses from 2015 to 2016 was primarily due to growth in loans outstanding, movement towards expected normalization of provision expense levels, as well as the continued stabilization of the allowance for loan loss factors.

The allowance for loan losses at December 31, 2017 was \$249.3 million, or 1.01% of total loans, compared to \$251.8 million, or 1.06% of total loans, at December 31, 2016. The decrease in the allowance for loan losses as a percentage of loans during 2017 was primarily a result of improvement in the overall risk profile of the loan portfolio.

A summary by loan category of loans charged off, recoveries of loans previously charged off, and additions to the allowance through provision for loan losses for the years ended December 31, 2017 and 2016, 2015, 2014, and 2013 is presented in the following table:

Table 32 – Allowance for Loan Losses – Summary of Activity by Loan Category

(dollars in thousands)	Years Ended December 31,				
	2017	2016	2015	2014	2013
Allowance for loan losses at beginning of year	\$ 251,758	\$ 252,496	\$ 261,317	\$ 307,560	\$ 373,405
Allowance for loan losses of sold Memphis loans	—	—	—	(1,019)	—
Loans charged off					
Commercial:					
Commercial, financial, and agricultural	31,154	20,058	16,589	30,024	38,121
Owner-occupied	18,090	4,981	5,994	8,917	20,815
Real estate — construction	5,294	6,815	9,019	31,753	51,651
Real estate — mortgage	6,899	11,401	4,979	17,963	35,380
Total commercial	61,437	43,255	36,581	88,657	145,967
Consumer:					
Real estate — mortgage	16,903	6,071	13,020	15,636	22,662
Consumer loans — credit cards	5,754	5,376	5,382	6,114	7,811
Consumer loans — other	6,325	3,258	2,356	3,131	3,513
Total consumer	28,982	14,705	20,758	24,881	33,986
Total loans charged off	90,419	57,960	57,339	113,538	179,953
Recoveries of loans previously charged off					
Commercial:					
Commercial, financial, and agricultural	5,728	7,803	8,125	13,287	17,314
Owner-occupied	958	1,268	486	1,341	2,604
Real estate — construction	4,173	7,846	8,202	8,714	11,348
Real estate — mortgage	3,853	7,380	5,442	3,073	5,720
Total commercial	14,712	24,297	22,255	26,415	36,986
Consumer:					
Real estate — mortgage	4,187	3,184	4,518	5,832	4,748
Consumer loans — credit cards	824	876	1,391	1,583	1,918
Consumer loans — other	1,021	865	1,344	653	858
Total consumer	6,032	4,925	7,253	8,068	7,524
Recoveries of loans previously charged off	20,744	29,222	29,508	34,483	44,510
Net loans charged off	69,675	28,738	27,831	79,055	135,443
Provision for loan losses	67,185	28,000	19,010	33,831	69,598
Allowance for loan losses at end of year	\$ 249,268	\$ 251,758	\$ 252,496	\$ 261,317	\$ 307,560
Ratios:					
Allowance for loan losses to loans, net of deferred fees and costs	1.01%	1.06%	1.13%	1.24%	1.53%
Net charge-offs as a percentage of average loans net of deferred fees and costs	0.29%	0.12%	0.13%	0.39%	0.69%
Allowance to non-performing loans excluding collateral-dependent impaired loans with no related allowance	238.44%	202.01%	189.47%	197.22%	95.43%

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The following table shows the allocation of the allowance for loan losses by loan category at December 31, 2017, 2016, 2015, 2014, and 2013.

Table 33 – Allocation of Allowance for Loan Losses

<i>(dollars in thousands)</i>	December 31,									
	2017		2016		2015		2014		2013	
	Amount	% ⁽¹⁾	Amount	% ⁽¹⁾	Amount	% ⁽¹⁾	Amount	% ⁽¹⁾	Amount	% ⁽¹⁾
Commercial										
Commercial, financial, and agricultural	\$ 87,781	29.0%	\$ 88,208	29.0%	\$ 83,859	28.8%	\$ 76,981	29.3%	\$ 76,992	29.4%
Owner-occupied	39,022	19.5	37,570	19.4	39,130	19.2	41,129	19.4	38,443	20.1
Real estate — construction	27,518	6.5	33,827	7.1	38,354	9.7	48,742	8.1	53,697	8.8
Real estate — mortgage	47,479	21.5	47,989	23.7	48,779	23.2	52,729	24.7	73,949	23.6
Total commercial	201,800	76.5	207,594	79.2	210,122	80.9	219,581	81.5	243,081	81.9
Consumer										
Real estate — mortgage	24,771	16.7	28,381	16.4	29,579	16.1	29,887	15.9	29,607	15.4
Consumer loans — credit cards	10,378	0.9	8,936	1.0	8,604	1.1	9,853	1.2	10,030	1.3
Consumer loans — other	12,319	5.9	6,847	3.4	4,191	1.9	1,996	1.4	1,842	1.4
Total consumer	47,468	23.5	44,164	20.8	42,374	19.1	41,736	18.5	41,479	18.1
Unallocated	—	—	—	—	—	—	—	—	23,000	—
Total allowance for loan losses	\$ 249,268	100.0%	\$ 251,758	100.0%	\$ 252,496	100.0%	\$ 261,317	100.0%	\$ 307,560	100.0%

(1) Loan balance in each category expressed as a percentage of total loans, net of deferred fees and costs.

Capital Resources

Synovus and Synovus Bank are required to comply with capital adequacy standards established by their primary federal regulator, the Federal Reserve. Synovus has always placed great emphasis on maintaining a solid capital base and continues to satisfy applicable regulatory capital requirements.

At December 31, 2017, 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.

Table 34 – Capital Ratios

<i>(dollars in thousands)</i>	December 31, 2017	December 31, 2016
Common equity tier 1 capital (transitional)		
Synovus Financial Corp.	\$ 2,763,168	\$ 2,654,287
Synovus Bank	3,155,163	3,187,583
Tier 1 capital		
Synovus Financial Corp.	2,872,001	2,685,880
Synovus Bank	3,155,163	3,187,583
Total risk-based capital		
Synovus Financial Corp.	3,383,081	3,201,268
Synovus Bank	3,406,243	3,441,563
Common equity tier 1 capital ratio (transitional)		
Synovus Financial Corp.	9.99%	9.96%
Synovus Bank	11.43	11.97
Tier 1 capital ratio		
Synovus Financial Corp.	10.38	10.07
Synovus Bank	11.43	11.97
Total risk-based capital to risk-weighted assets ratio		
Synovus Financial Corp.	12.23	12.01
Synovus Bank	12.33	12.93
Leverage ratio		
Synovus Financial Corp.	9.19	8.99
Synovus Bank	10.12	10.68
Tangible common equity to tangible assets ratio ⁽¹⁾		
Synovus Financial Corp.	8.88	9.09

(1) See "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations -Non-GAAP Financial Measures" of this Report for applicable reconciliation to GAAP measure.

Part II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Basel III capital 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.

During 2017, Synovus repurchased \$175.1 million, or 4.0 million shares, of common stock through open market transactions under the \$200 million share repurchase program authorized during the fourth quarter of 2016 for execution during 2017.

During 2016, Synovus completed its \$300 million share repurchase program with repurchases of \$262.9 million, or 8.7 million shares, of common stock. This program was authorized during the third quarter of 2015 and was executed over a 15 month period through a combination of open market transactions and an ASR. Share repurchases of common stock during 2016 executed through open market transactions totaled \$212.9 million, or 7.3 million shares, and \$50.0 million, or 1.4 million shares, were executed through an ASR. During the fourth quarter of 2015, Synovus repurchased \$37.1 million, or 1.2 million shares, under the \$300 million share repurchase program through open market transactions.

As of December 31, 2017, total disallowed deferred tax assets were \$70.4 million, or 0.25% of risk-weighted assets, compared to \$218.3 million, or 0.82% of risk-weighted assets, at December 31, 2016. Disallowed deferred tax assets for CET1 were \$56.3 million at December 31, 2017 compared to \$131.0 million at December 31, 2016, due to phase-in of the total disallowed deferred tax asset for the CET1 capital measure. The net impact of Federal Tax Reform to the regulatory capital ratios at December 31, 2017 was a reduction of approximately 5 basis points. See "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Income Taxes" in this Report for more information on Synovus' net deferred tax asset.

At December 31, 2017, Synovus' CET1 ratio was 9.99% under the Basel III transitional provisions, and the estimated fully phased-in CET1 ratio was 9.88%, both of which are well in excess of regulatory requirements including the capital conservation buffer. On November 21, 2017, federal banking regulators adopted a final rule to extend the regulatory capital transition applicable during 2017 to future periods for banking organizations (such as Synovus) that are not subject to the advanced approaches capital rule. This will reduce the capital impact to Synovus in 2018 from the fully phased-in implementation of Basel III that was originally required. See "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Financial Measures" in this Report for applicable reconciliation to GAAP measure. Management currently believes, based on internal capital analyses and earnings projections, that Synovus' capital position is adequate to meet current and future regulatory minimum capital requirements. During the fourth quarter of 2017, the Board of Directors authorized a new share repurchase program of up to \$150 million to be completed during 2018, and during January 2018, Synovus' Board of Directors approved a 67% increase in the quarterly common stock dividend to \$0.25 per share, effective with the quarterly dividend payable in April 2018.

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.

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 local markets 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. On September 25, 2017, Synovus Bank completed the Cabela's Transaction and thereby retained WFB's \$1.10 billion brokered time deposit portfolio with a weighted average remaining maturity of approximately 2.53 years and a weighted average rate of 1.83 percent. Synovus Bank has the capacity to access funding through its membership in the FHLB system. At December 31, 2017, based on currently pledged collateral, Synovus Bank had access to incremental funding of \$850 million, subject to FHLB credit policies, through utilization of FHLB advances.

In addition to bank level liquidity management, Synovus must manage liquidity at the parent company level for various operating needs including the servicing of debt, the payment of dividends on our common stock and preferred stock, share repurchases, payment of general corporate expenses

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and potential capital infusions into subsidiaries. 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 the Federal Reserve Bank. During 2017, Synovus Bank and non-bank subsidiaries made upstream cash distributions to the Parent Company totaling \$451.0 million including cash dividends of \$283.2 million. During 2016, Synovus Bank paid upstream cash dividends of \$325.0 million to the Parent Company. During 2015, Synovus Bank made upstream cash distributions to the Parent Company totaling \$225.0 million including cash dividends of \$199.9 million. 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 limitations on payments of dividends by Synovus without the approval of the GA DBF.

On November 1, 2017, Synovus issued \$300.0 million aggregate principal amount of 3.125% senior notes maturing in 2022 in a public offering with aggregate proceeds of \$296.9 million, net of discount and debt issuance costs. On November 9, 2017, Synovus redeemed all of the \$300.0 million aggregate principal amount of its 7.875% senior notes due 2019 at a "make whole" premium. 2017 results include a loss of \$23.2 million related to early extinguishment of these notes. Additionally, during 2017, Synovus paid off the remaining balance of \$278.6 million of its subordinated notes at their maturity date of June 15, 2017. During 2016 and 2015, Synovus repurchased \$124.7 million and \$46.7 million, respectively, of its subordinated notes maturing in 2017. Results for the years ended December 31, 2016 and 2015 included losses of \$4.7 million and \$1.5 million, respectively, relating to repurchases of these notes. During 2015, Synovus issued \$250 million aggregate principal amount of subordinated notes due in 2025 in a public offering, for aggregate proceeds of \$246.6 million, net of debt issuance costs.

Synovus presently believes that the sources of liquidity discussed above, including existing liquid funds on hand, are sufficient to meet its anticipated funding needs. 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 may adversely affect our capital resources, liquidity and financial results.*" Furthermore, Synovus may, from time to time, take advantage of attractive market opportunities to refinance its existing debt, redeem its preferred stock, or strengthen its liquidity or capital position.

Contractual Cash Obligations

The following table summarizes, by remaining maturity, Synovus' significant contractual cash obligations at December 31, 2017. Excluded from the table below are certain liabilities with variable cash flows and/or no contractual maturity. See "Part II – Item 8. Financial Statements and Supplementary Data – Note 19 – Commitments and Contingencies" of this Report for information on Synovus' commitments to extend credit including loan commitments and letters of credit. Additionally, see "Part II – Item 8. Financial Statements and Supplementary Data – Note 10 – Deposits" and "Part II – Item 8. Financial Statements and Supplementary Data – Note 17 – Variable Interest Entities" of this Report for information on contractual maturities of time deposits and commitments pursuant to low income housing tax credit partnerships.

Table 35 – Contractual Cash Obligations

(in thousands)	Payments Due After December 31, 2017				
	1 Year or Less	Over 1 – 3 Years	4 – 5 Years	After 5 Years	Total
Long-term debt obligations	\$ 139,309	\$ 425,342	\$ 1,053,939	\$ 307,392	\$ 1,925,982
Capital lease obligations	113	226	241	1,154	1,734
Operating lease obligations	28,187	54,205	47,208	98,797	228,397
Purchase commitments ⁽¹⁾	62,647	27,155	8,932	—	98,734
Commitments to fund low income housing tax credit partnerships ⁽²⁾	30,679	8,616	125	574	39,994
Total contractual cash obligations	\$ 260,935	\$ 515,544	\$ 1,110,445	\$ 407,917	\$ 2,294,841

(1) Legally binding purchase obligations of \$1.0 million or more.

(2) Commitments to fund investments in affordable housing tax credit partnerships have scheduled funding dates that are contingent on events that have not yet occurred, and may be subject to change.

Short-term Borrowings

The following table sets forth certain information regarding federal funds purchased and securities sold under repurchase agreements, the principal components of short-term borrowings.

Table 36 – Short-term Borrowings

(dollars in thousands)	2017	2016	2015
Balance at December 31,	\$ 161,190	\$ 159,699	\$ 177,025
Weighted average interest rate at December 31,	0.18%	0.08%	0.08%
Maximum month end balance during the year	\$ 225,475	\$ 286,175	\$ 250,453
Average amount outstanding during the year	184,093	216,593	205,305
Weighted average interest rate during the year	0.11%	0.09%	0.08%

Earning Assets and Sources of Funds

Average total assets for 2017 increased \$1.31 billion, or 4.4%, to \$30.79 billion as compared to average total assets for 2016. Average earning assets increased \$1.36 billion, or 4.9%, in 2017 as compared to the prior year. Average earning assets represented 93.8% and 93.4% of average total assets for 2017 and 2016, respectively. The increase in average earning assets resulted primarily from a \$1.29 billion increase in average loans, and a \$288.8 million increase in average taxable investment securities. These increases were partially offset by a \$272.2 million decrease in average interest bearing funds held at the Federal Reserve Bank. Average interest bearing demand deposits, non-interest bearing demand deposits, and average money market deposits increased by \$568.0 million, \$333.8 million and \$341.0 million, respectively, and represented the primary funding source growth for the year.

Average total assets for 2016 increased \$1.38 billion, or 4.9%, to \$29.48 billion as compared to average total assets for 2015. Average earning assets increased \$1.53 billion, or 5.9%, in 2016 as compared to the prior year. Average earning assets represented 93.4% and 92.5% of average total assets for 2016 and 2015, respectively. The increase in average earning assets resulted primarily from a \$1.56 billion increase in average loans, and a \$305.7 million increase in average taxable investment securities. These increases were partially offset by a \$353.9 million decrease in average interest bearing funds held at the Federal Reserve Bank. Average non-interest bearing demand deposits and average money market deposits increased by \$531.8 million and \$818.9 million, respectively, and represented the primary funding source growth for the year.

For more detailed information on the average balance sheets for the years ended December 31, 2017, 2016, and 2015, refer to Table 21 – Average Balances, Interest, and Yields.

The table below shows the maturities of selected loan categories as of December 31, 2017. Also provided are the amounts due after one year, classified according to the sensitivity in interest rates. Actual repayments of loans may differ from the contractual maturities reflected therein because borrowers have the right to prepay obligations with and without prepayment penalties. Additionally, the refinancing of such loans or the potential delinquency of such loans could create differences between the contractual maturities and the actual repayment of such loans.

Table 37 – Loan Maturities and Interest Rate Sensitivity

<i>(in thousands)</i>	December 31, 2017			
	One Year Or Less	Over One Year Through Five Years	Over Five Years	Total
Selected loan categories:				
Commercial, financial, and agricultural	\$ 2,179,318	\$ 3,871,846	\$ 1,128,323	\$ 7,179,487
Owner-occupied	774,526	2,753,789	1,315,848	4,844,163
Real estate – construction	731,469	840,839	32,495	1,604,803
Total	\$ 3,685,313	\$ 7,466,474	\$ 2,476,666	\$ 13,628,453
Loans due after one year:				
Having predetermined interest rates				\$ 4,185,874
Having floating or adjustable interest rates				5,757,266
Total				\$ 9,943,140

Recently Issued Accounting Standards

See “Part II – Item 8. Financial Statements and Supplementary Data – Note 1 – Summary of Significant Accounting Policies” of this Report for further information.

Non-GAAP Financial Measures

The measures entitled adjusted non-interest income; adjusted non-interest expense; adjusted total revenues; adjusted efficiency ratio; average core deposits; average core transaction deposits; average core transaction non-interest bearing deposits; adjusted return on average assets; adjusted net income per common share, diluted; adjusted return on average common equity; adjusted return on average tangible common equity; tangible common equity to tangible assets ratio; tangible book value per common share; common equity Tier 1 (CET1) ratio (fully phased-in); and adjusted net charge-off ratio are not measures recognized under GAAP and therefore are considered non-GAAP financial measures. The most comparable GAAP measures to these measures are total non-interest income, total non-interest expense, total revenues, efficiency ratio, total average deposits, return on average assets, net income per common share, diluted, return on average common equity, the ratio of total shareholders' equity to total assets, book value per common share, the CET1 ratio, and net charge-off ratio, respectively.

Management believes that these non-GAAP financial measures provide meaningful additional information about Synovus to assist management and investors in evaluating Synovus' operating results, financial strength, the performance of its business, and the strength of its capital position. However, these non-GAAP financial measures have inherent limitations as analytical tools and should not be considered in isolation or as a substitute for analyses of operating results or capital position as reported under GAAP. The non-GAAP financial measures should be considered as additional views

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of the way our financial measures are affected by significant items and other factors, and since they are not required to be uniformly applied, they may not be comparable to other similarly titled measures at other companies. Adjusted non-interest income and adjusted total revenues are measures used by management to evaluate non-interest income and total revenues exclusive of net investment securities gains/losses, changes in fair value of private equity investments, net, and the Cabela's Transaction Fee. Adjusted non-interest expense and the adjusted efficiency ratio are measures utilized by management to measure the success of expense management initiatives focused on reducing recurring controllable operating costs. Average core deposits, average core transaction deposits, and average core transaction non-interest bearing deposits are measures used by management to evaluate organic growth of deposits and the quality of deposits as a funding source. Adjusted return on average assets, adjusted net income per common share, diluted, and adjusted return on average common equity are measurements used by management to evaluate operating results exclusive of items that are not indicative of ongoing operations and impact period-to-period comparisons. The adjusted return on average tangible common equity is a measure used by management to compare Synovus' performance with other financial institutions because it calculates the return available to common shareholders without the impact of intangible assets and their related amortization, thereby allowing management to evaluate the performance of the business consistently. The tangible common equity to tangible assets ratio, tangible book value per common share, and the common equity Tier 1 (CET1) ratio (fully phased-in) are used by management and bank regulators to assess the strength of our capital position. Adjusted net charge-off ratio is a measure used by management to evaluate charge-offs exclusive of charge-offs on loans transferred to held-for-sale. The computations of these measures are set forth in the tables below.

Table 38 – Reconciliation of Non-GAAP Financial Measures

(dollars in thousands)	Years Ended December 31,		
	2017	2016	2015
Adjusted Non-interest Income			
Total non-interest income	\$ 345,327	\$ 273,194	\$ 267,920
Subtract: Cabela's Transaction Fee	(75,000)	—	—
Add/subtract: Investment securities losses (gains), net	289	(6,011)	(2,769)
Add: Decrease in fair value of private equity investments, net	3,093	1,026	219
Adjusted non-interest income	\$ 273,709	\$ 268,209	\$ 265,370
Adjusted Non-interest Expense			
Total non-interest expense	\$ 821,313	\$ 755,923	\$ 717,655
Subtract: 3Q17 discounts to fair value for completed or planned ORE accelerated dispositions	(7,082)	—	—
Subtract: 3Q17 asset impairment charges related to accelerated disposition of corporate real estate and other properties	(1,168)	—	—
Subtract: Earnout liability adjustments	(3,759)	—	—
Subtract: Litigation settlement/contingency expense	(701)	(2,511)	(5,110)
Subtract: Restructuring charges, net	(7,014)	(8,267)	(36)
Subtract: Fair value adjustment to Visa derivative	—	(5,795)	(1,464)
Subtract: Loss on early extinguishment of debt, net	(23,160)	(4,735)	(1,533)
Subtract: Merger-related expense	(110)	(1,636)	—
Subtract: Amortization of intangibles	(1,059)	(521)	(503)
Adjusted non-interest expense	\$ 777,260	\$ 732,458	\$ 709,009
Adjusted Total Revenues and Adjusted Efficiency Ratio			
Adjusted non-interest expense	\$ 777,260	\$ 732,458	\$ 709,009
Net interest income	1,023,309	899,180	827,318
Add: Tax equivalent adjustment	1,124	1,285	1,304
Total non-interest income	345,327	273,194	267,920
Add/subtract: Investment securities losses (gains), net	289	(6,011)	(2,769)
Total FTE revenues	\$ 1,370,049	\$ 1,167,648	\$ 1,093,773
Subtract: Cabela's Transaction Fee	(75,000)	—	—
Add: Decrease in fair value of private equity investments, net	3,093	1,026	219
Adjusted total revenues	\$ 1,298,142	\$ 1,168,674	\$ 1,093,992
Efficiency ratio	59.95%	64.74%	65.61%
Adjusted efficiency ratio ⁽¹⁾	59.87	62.67	64.81

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(dollars in thousands)	Years Ended December 31,		
	2017	2016	2015
Average Core Deposits, Average Core Transaction Deposit Accounts, and Average Core Transaction Non-Interest Bearing Deposits			
Average total deposits	\$ 25,374,388	\$ 23,880,021	\$ 22,551,679
Subtract: Average brokered deposits	(1,624,381)	(1,306,217)	(1,421,949)
Average core deposits	23,750,007	22,573,804	21,129,730
Subtract: Average state, county, and municipal (SCM) deposits	(2,123,104)	(2,295,266)	(2,232,437)
Subtract: Average time deposits, excluding SCM deposits	(3,136,847)	(3,145,027)	(3,202,308)
Average core transaction deposit accounts	\$ 18,490,056	\$ 17,133,511	\$ 15,694,985
Average core transaction non-interest bearing deposits	\$ 6,593,727	\$ 6,203,475	\$ 5,706,010
Average core transaction interest bearing demand deposits	3,969,111	3,337,751	3,069,481
Average core transaction money market accounts, excluding brokered deposits	7,102,148	6,806,876	6,250,756
Average core transaction savings deposits	825,070	785,409	668,738
Average core transaction deposit accounts	\$ 18,490,056	\$ 17,133,511	\$ 15,694,985

(in thousands, except per share data)	Years Ended December 31,	
	2017	2016
Adjusted Return on Average Assets		
Net income	\$ 275,474	\$ 246,784
Add: Earnout liability adjustments	3,759	—
Add: Income tax expense related to effects of Federal Tax Reform	47,181	—
Add: Litigation settlement/contingency expenses	701	2,511
Add: Restructuring charges, net	7,014	8,267
Add: Fair value adjustment to Visa derivative	—	5,795
Add: Loss on early extinguishment of debt, net	23,160	4,735
Add: Merger-related expense	110	1,636
Add: Amortization of intangibles	1,059	521
Add: 3Q17 provision expense on loans transferred to loans held-for-sale	27,710	—
Add: 3Q17 discounts to fair value for completed or planned ORE accelerated dispositions	7,082	—
Add: 3Q17 asset impairment charges related to accelerated disposition of corporate real estate and other properties	1,168	—
Add/subtract: Investment securities losses (gains), net	289	(6,011)
Add: Decrease in fair value of private equity investments, net	3,093	1,026
Subtract: Cabela's Transaction Fee	(75,000)	—
Subtract: Income tax benefit related to pre-2017 R&D credits and state taxes	(4,847)	—
Add/subtract: Tax effect of adjustments	1,337	(6,838)
Adjusted net income	\$ 319,290	\$ 258,426
Total average assets	\$ 30,787,288	\$ 29,480,950
Return on average assets	0.89%	0.84%
Adjusted return on average assets	1.04	0.88

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<i>(in thousands, except per share data)</i>	Years Ended December 31,	
	2017	2016
Adjusted Net Income per Common Share, Diluted		
Net income available to common shareholders	\$ 265,236	\$ 236,546
Add: Earnout liability adjustments	3,759	—
Add: Income tax expense related to effects of Federal Tax Reform	47,181	—
Add: Litigation settlement/contingency expenses	701	2,511
Add: Restructuring charges, net	7,014	8,267
Add: Fair value adjustment to Visa derivative	—	5,795
Add: Loss on early extinguishment of debt, net	23,160	4,735
Add: Merger-related expense	110	1,636
Add: Amortization of intangibles	1,059	521
Add: 3Q17 provision expense on loans transferred to loans held-for-sale	27,710	—
Add: 3Q17 discounts to fair value for completed or planned ORE accelerated dispositions	7,082	—
Add: 3Q17 asset impairment charges related to accelerated disposition of corporate real estate and other properties	1,168	—
Add/subtract: Investment securities losses (gains), net	289	(6,011)
Add: Decrease in fair value of private equity investments, net	3,093	1,026
Subtract: Cabela's Transaction Fee	(75,000)	—
Subtract: Income tax benefit related to pre-2017 R&D credits and state taxes	(4,847)	—
Add/subtract: Tax effect of adjustments	1,337	(6,838)
Adjusted net income available to common shareholders	\$ 309,052	\$ 248,188
Weighted average common shares outstanding, diluted	122,012	125,078
Adjusted net income per common share, diluted	\$ 2.53	\$ 1.98

<i>(in thousands, except per share data)</i>	Years Ended December 31,	
	2017	2016
Adjusted Return on Average Common Equity and Adjusted Return on Average Tangible Common Equity		
Net income available to common shareholders	\$ 265,236	\$ 236,546
Add: Earnout liability adjustments	3,759	—
Add: Income tax expense related to effects of Federal Tax Reform	47,181	—
Add: Litigation settlement/contingency expenses	701	2,511
Add: Restructuring charges, net	7,014	8,267
Add: Fair value adjustment to Visa derivative	—	5,795
Add: Loss on early extinguishment of debt, net	23,160	4,735
Add: Merger-related expense	110	1,636
Add: Amortization of intangibles	1,059	521
Add: 3Q17 provision expense on loans transferred to loans held-for-sale	27,710	—
Add: 3Q17 discounts to fair value for completed or planned ORE accelerated dispositions	7,082	—
Add: 3Q17 asset impairment charges related to accelerated disposition of corporate real estate and other properties	1,168	—
Add/subtract: Investment securities losses (gains), net	289	(6,011)
Add: Decrease in fair value of private equity investments, net	3,093	1,026
Subtract: Cabela's Transaction Fee	(75,000)	—
Subtract: Income tax benefit related to pre-2017 R&D credits and state taxes	(4,847)	—
Add/subtract: Tax effect of adjustments	1,337	(6,838)
Adjusted net income available to common shareholders	\$ 309,052	\$ 248,188
Total average shareholder's equity less preferred stock	\$ 2,844,570	\$ 2,813,526
Subtract: Goodwill	(57,779)	(32,151)
Subtract: Other intangible assets, net	(12,030)	(269)
Total average tangible shareholders' equity less preferred stock	\$ 2,774,761	\$ 2,781,106
Return on average common equity	9.32%	8.41%
Adjusted return on average common equity	10.86	8.82
Return on average tangible common equity	9.58	8.52
Adjusted return on average tangible common equity	11.14	8.92

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	December 31,				
<i>(dollars in thousands)</i>	2017	2016	2015	2014	2013
Tangible Common Equity to Tangible Assets Ratio					
Total assets	\$ 31,221,837	\$ 30,104,002	\$ 28,792,653	\$ 27,050,237	\$ 26,201,604
Subtract: Goodwill	(57,315)	(59,678)	(24,431)	(24,431)	(24,431)
Subtract: Other intangible assets, net	(11,254)	(13,223)	(471)	(1,265)	(3,415)
Tangible assets	\$ 31,153,268	\$ 30,031,101	\$ 28,767,751	\$ 27,024,541	\$ 26,173,758
Total shareholders' equity	\$ 2,961,566	\$ 2,927,924	\$ 3,000,196	\$ 3,041,270	\$ 2,948,985
Subtract: Goodwill	(57,315)	(59,678)	(24,431)	(24,431)	(24,431)
Subtract: Other intangible assets, net	(11,254)	(13,223)	(471)	(1,265)	(3,415)
Subtract: Series C Preferred Stock	(125,980)	(125,980)	(125,980)	(125,980)	(125,862)
Tangible common equity	\$ 2,767,017	\$ 2,729,043	\$ 2,849,314	\$ 2,889,594	\$ 2,795,277
Total shareholders' equity to total assets ratio	9.49%	9.73%	10.42%	11.24%	11.25%
Tangible common equity to tangible assets ratio	8.88	9.09	9.90	10.69	10.68

	December 31, 2017
<i>(dollars in thousands)</i>	
Common Equity Tier 1 (CET1) Ratio (fully phased-in)	
Common equity Tier 1	\$ 2,763,168
Subtract: Adjustment related to capital components	(17,147)
Common equity Tier 1 (fully phased-in)	\$ 2,746,021
Total risk-weighted assets	\$ 27,667,906
Total risk-weighted assets (fully phased-in)	\$ 27,791,929
Common equity Tier 1 (CET1) ratio	9.99%
Common equity Tier 1 ratio (fully phased-in)	9.88

	Year Ended December 31, 2017
<i>(dollars in thousands)</i>	
Adjusted Net Charge-off Ratio	
Net charge-offs	\$ 69,675
Subtract: Charge-offs on loans transferred to held-for-sale during 3Q17	(34,235)
Net charge-offs, excluding charge-offs on loans transferred to held-for-sale	\$ 35,440
Average total loans	\$ 24,384,519
Net charge-off ratio, as reported	0.29%
Adjusted net charge off-ratio, excluding 3Q17 transfers to held-for-sale	0.15

	Current outlook-increase (decrease) vs. 2017		
<i>(dollars in thousands)</i>	December 31, 2017	\$	%
2018 Outlook for Adjusted Non-interest Income Growth			
Total non-interest income, as reported	\$ 345,327	\$285 million-\$290 million	(16%)-(18%)
Subtract: Cabela's Transaction Fee	(75,000)		
Add: Investment securities losses, net	289		
Add: Decrease in fair value of private equity investments, net	3,093		
Adjusted non-interest income	\$ 273,709	\$285 million-\$290 million	4%-6%

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(in thousands, except per share data)	December 31,	
	2017	2016
Tangible Book Value per Common Share		
Total shareholder's equity	\$ 2,961,566	\$ 2,927,924
Subtract: Series C Preferred Stock	(125,980)	(125,980)
Common equity	2,835,586	2,801,944
Subtract: Goodwill	(57,315)	(59,678)
Subtract: Other intangible assets, net	(11,254)	(13,223)
Tangible common equity	\$ 2,767,017	\$ 2,729,043
Common shares outstanding	118,897	122,266
Book value per common share	\$ 23.85	\$ 22.92
Tangible book value per common share	23.27	22.32

(1) The calculation of the adjusted efficiency ratio was revised during 2017. ORE expense and other credit costs had been excluded since the financial crisis due to the abnormal level of expenditure. Given the more normalized level of expense that Synovus is now experiencing, these costs will be included in the calculation hereafter (excluding the third quarter of 2017 balance sheet restructuring actions) and previous years have been restated as well. The change in the calculation resulted in a higher adjusted efficiency ratio.

Parent Company

The Parent Company's net assets consist primarily of its investment in Synovus Bank. The Parent Company's primary uses of cash are for the servicing of debt, payment of dividends to shareholders, and repurchases of common stock. The Parent Company also provides the necessary funds to strengthen the capital of its subsidiaries if needed. These uses of cash are primarily funded by dividends from Synovus Bank, borrowings from external sources, and equity offerings.

Synovus returned \$244.5 million in capital to common shareholders during 2017 with \$175.1 million of common stock repurchases and \$69.4 million of common stock dividends. During the fourth quarter of 2017, the Board of Directors authorized a new share repurchase program of up to \$150 million to be completed during 2018, and during January 2018, Synovus' Board of Directors approved a 67% increase in the quarterly common stock dividend to \$0.25 per share, effective with the quarterly dividend payable in April 2018.

During 2017, Synovus repurchased \$175.1 million, or 4.0 million shares, of common stock through open market transactions under the \$200 million share repurchase program authorized during the fourth quarter of 2016 for execution during 2017.

During 2016, Synovus completed its \$300 million share repurchase program with repurchases of \$262.9 million, or 8.7 million shares, of common stock. This program was authorized during the third quarter of 2015 and was executed over a 15 month period through a combination of open market transactions and an ASR. Share repurchases of common stock during 2016 executed through open market transactions totaled \$212.9 million, or 7.3 million shares, and \$50.0 million, or 1.4 million shares, were executed through an ASR. During the fourth quarter of 2015, Synovus repurchased \$37.1 million, or 1.2 million shares, under the \$300 million share repurchase program through open market transactions.

During 2015, Synovus completed its \$250 million share repurchase program. This program was announced on October 21, 2014 and expired on October 23, 2015. Under this program, Synovus repurchased 9.1 million shares of common stock through a combination of open market transactions and an ASR. 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 2015. Synovus also entered into a \$75.0 million ASR in October 2014. During 2014, Synovus repurchased 2.5 million shares of common stock under this ASR, and during January 2015, Synovus repurchased 392 thousand shares upon completion of this ASR.

On November 1, 2017, Synovus issued \$300.0 million aggregate principal amount of 3.125% senior notes maturing in 2022 in a public offering with aggregate proceeds of \$296.9 million, net of discount and debt issuance costs. On November 9, 2017, Synovus redeemed all of the \$300.0 million aggregate principal amount of its 7.875% senior notes due 2019 at a "make whole" premium. 2017 results include a loss of \$23.2 million related to early extinguishment of these notes.

During 2017, Synovus paid off the remaining balance of \$278.6 million of its subordinated notes at their maturity date of June 15, 2017. During 2016 and 2015, Synovus repurchased \$124.7 million and \$46.7 million, respectively, of its subordinated notes maturing in 2017. Results for the years ended December 31, 2016 and 2015 included losses of \$4.7 million and \$1.5 million, respectively, relating to repurchases of these notes. During 2015, Synovus issued \$250 million aggregate principal amount of subordinated notes due in 2025 in a public offering, for aggregate proceeds of \$246.6 million, net of debt issuance costs.

On October 1, 2016, Synovus completed its acquisition of Global One. Under the terms of the merger agreement, Synovus acquired Global One for an up-front payment of \$30 million, consisting of the issuance of 821 thousand shares of Synovus common stock valued at \$26.6 million and \$3.4 million in cash, with additional annual payments to the former shareholders of Global One for three to five years based on a percentage of Global One's earnings as defined in the merger agreement. The first annual Earnout Payment of stock and cash valued at \$6.4 million was made during November 2017. The balance of the earnout liability at December 31, 2017 was \$11.3 million based on the estimated fair value of the remaining Earnout Payments.

During 2017, Synovus Bank and non-bank subsidiaries made upstream cash distributions to the Parent Company totaling \$451.0 million including cash dividends of \$283.2 million. During 2016, Synovus Bank paid upstream cash dividends of \$325.0 million to the Parent Company. During 2015, Synovus Bank made upstream cash distributions to the Parent Company totaling \$225.0 million including cash dividends of \$199.9 million.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk and Interest Rate Sensitivity

Market risk reflects the risk of economic loss resulting from adverse changes in market prices and interest rates. This risk of loss can be reflected in either diminished current market values or reduced current and potential net income. Synovus' most significant market risk is interest rate risk. This risk arises primarily from Synovus' core banking activities of extending loans and accepting deposits.

Managing interest rate risk is a primary goal of the asset liability management function. Synovus attempts to achieve consistency in net interest income while limiting volatility arising from changes in interest rates. Synovus seeks to accomplish this goal by balancing the maturity and repricing characteristics of assets and liabilities along with the selective use of derivative instruments. Synovus manages its exposure to fluctuations in interest rates through policies established by ALCO and approved by the Board of Directors. ALCO meets periodically and has responsibility for developing asset liability management policies, reviewing the interest rate sensitivity of Synovus, and developing and implementing strategies to improve balance sheet structure and interest rate risk positioning.

Synovus measures the sensitivity of net interest income to changes in market interest rates through the utilization of simulation modeling. On at least a quarterly basis, the following twenty-four month time period is simulated 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. Projected rates for loans and deposits are based on management's outlook and local market conditions. Anticipated deposit mix changes in each interest rate scenario are also included in the periods modeled.

The magnitude and velocity of rate changes among the various asset and liability groups exhibit different characteristics for each possible interest rate scenario; additionally, customer loan and deposit preferences can vary in response to changing interest rates. Simulation modeling enables Synovus to capture the expected effect of these differences. Assumptions utilized in the model are updated on an ongoing basis and are reviewed and approved by ALCO and the Risk Committee of the Board of Directors. Synovus also models expected changes in the shape of interest rate yield curves for each rate scenario. Simulation also enables Synovus to capture the effect of expected prepayment level changes on selected assets and liabilities subject to prepayment.

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 1.25% to 1.50% and the current prime rate of 4.50%. Synovus has modeled the impact of a gradual increase in short-term rates of 100 and 200 basis points, a decline of 25 basis points, and a gradual decline of 100 basis points to determine the sensitivity of net interest income for the next twelve months. The gradual decline of 100 basis points was not modeled at the end of 2016 as the Federal Reserve's targeted rate for federal funds at the time was 0.50% to 0.75%. As illustrated in the table below, the net interest income sensitivity model indicates that, compared with a net interest income forecast assuming stable rates, net interest income is projected to increase by 1.9% and increase by 3.6% if interest rates increased by 100 and 200 basis points, respectively. Net interest income is projected to decline by 1.7% and decline by 4.7% if interest rates decreased by 25 basis points and 100 basis points, respectively. These changes are within Synovus' policy limit of a maximum 5% negative change.

Table 39 – Twelve Month Net Interest Income Sensitivity

Change in Short-term Interest Rates (in basis points)	Estimated Change in Net Interest Income As of December 31,	
	2017	2016
+200	3.6%	4.6%
+100	1.9%	2.2%
Flat	—%	—%
-25	-1.7%	-2.3%
-100	-4.7%	—%

The measured interest rate sensitivity indicates an asset sensitive position over the next year, which could serve to improve net interest income in a rising interest rate environment. The level of asset sensitivity has moderately declined in the past year, primarily due to modest duration extension within the loan and investment portfolios. The actual realized change in net interest income would depend on several factors, some of which could serve to diminish or eliminate the asset sensitivity noted above. 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 in a rising rate environment 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 position. 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 in a rising rate environment on Synovus' realized interest rate sensitivity position.

Table 40 – Core Deposit Beta Sensitivity

Change in Short-term Interest Rates (in basis points)	As of December 31, 2017	
	Base Scenario	15% Increase in Average Repricing Beta
+200	3.6%	1.9%
+100	1.9%	1.1%

While all of the above estimates are reflective of the general interest rate sensitivity of Synovus, local market conditions and their impact on loan and deposit pricing would be expected to have a significant impact on the realized level of net interest income. Actual realized balance sheet growth and mix would also impact the realized level of net interest income.

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). This EVE modeling allows Synovus to capture longer-term repricing risk and options risk embedded in the balance sheet. 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 EVE 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. Key assumptions utilized in the model, namely loan and investment prepayments, deposit pricing betas, and non-maturity deposit durations have a significant impact on the results of the EVE simulations.

As illustrated in the table below, the EVE model indicates that, compared with a valuation assuming stable rates, EVE is projected to increase by 1.6% and decrease by 0.2%, assuming an immediate and sustained increase in interest rates of 100 and 200 basis points, respectively. EVE is projected to decrease by 2.7% and 16.9% assuming an immediate and sustained decrease of 25 and 100 basis points, respectively. These changes are within Synovus' policy which limits the maximum negative change in EVE to 20% of the base EVE. These metrics reflect a slight moderation of asset sensitivity in the past year. This moderation is due to modest duration extension within the loan and investment portfolios coupled with a slightly higher mix of shorter duration deposits.

Table 41 – Economic Value of Equity Sensitivity

Immediate Change in Interest Rates (in basis points)	Estimated Change in EVE As of December 31,	
	2017	2016
+200	-0.2%	2.8%
+100	1.6%	3.2%
-25	-2.7%	-3.3%
-100	-16.9%	—%

Synovus is also subject to market risk in certain of its fee income business lines. Financial management services revenues, which include trust, brokerage, and asset management fees, can be affected by risk in the securities markets, primarily the equity securities market. A significant portion of the fees in this unit are determined based upon a percentage of asset values. Weaker securities markets and lower equity values have an adverse impact on the fees generated by these operations. Trading account assets, maintained to facilitate brokerage customer activity, are also subject to market risk. This risk is not considered significant, as trading activities are limited and subject to risk policy limits. Mortgage banking income is also subject to market risk. Mortgage loan originations are sensitive to levels of mortgage interest rates and therefore, mortgage banking income could be negatively impacted during a period of rising interest rates. The extension of commitments to customers to fund mortgage loans also subjects Synovus to market risk. This risk is primarily created by the time period between making the commitment and closing and delivering the loan. Synovus seeks to minimize this exposure by utilizing various risk management tools, the primary of which are forward sales commitments and best efforts commitments.

Derivative Instruments for Interest Rate Risk Management

As part of its overall interest rate risk management activities, Synovus utilizes derivative instruments to manage its exposure to various types of interest rate risks. 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 when 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 of December 31, 2017 and December 31, 2016, Synovus had no outstanding interest rate swap contracts utilized to manage interest rate risk.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Synovus Financial Corp.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Synovus Financial Corp. and subsidiaries (the Company) as of December 31, 2017 and 2016, the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2017 and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 28, 2018 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 1975.

/s/ KPMG LLP
Atlanta, Georgia
February 28, 2018

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Synovus Financial Corp.:

Opinion on Internal Control Over Financial Reporting

We have audited Synovus Financial Corp.'s (the Company) internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company and subsidiaries as of December 31, 2017 and 2016, the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2017, and the related notes (collectively, the consolidated financial statements), and our report dated February 28, 2018 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP
Atlanta, Georgia
February 28, 2018

Synovus Financial Corp.

Consolidated Balance Sheets

<i>(in thousands, except share and per share data)</i>	December 31,	
	2017	2016
ASSETS		
Cash and cash equivalents	\$ 397,848	\$ 395,175
Interest bearing funds with Federal Reserve Bank	460,928	527,090
Interest earning deposits with banks	26,311	18,720
Federal funds sold and securities purchased under resale agreements	47,846	58,060
Trading account assets, at fair value	3,820	9,314
Mortgage loans held for sale, at fair value	48,024	51,545
Other loans held for sale	11,356	—
Investment securities available for sale, at fair value	3,987,069	3,718,195
Loans, net of deferred fees and costs	24,787,464	23,856,391
Allowance for loan losses	(249,268)	(251,758)
Loans, net	24,538,196	23,604,633
Premises and equipment, net	426,813	417,485
Goodwill	57,315	59,678
Other intangible assets	11,254	13,223
Other real estate	3,758	22,308
Deferred tax asset, net	165,788	395,356
Other assets	1,035,511	813,220
Total assets	\$ 31,221,837	\$ 30,104,002
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Deposits:		
Non-interest bearing deposits	\$ 7,686,339	\$ 7,085,804
Interest bearing deposits, excluding brokered deposits	16,500,436	16,183,273
Brokered deposits	1,961,125	1,378,983
Total deposits	26,147,900	24,648,060
Federal funds purchased and securities sold under repurchase agreements	161,190	159,699
Long-term debt	1,706,138	2,160,881
Other liabilities	245,043	207,438
Total liabilities	28,260,271	27,176,078
Shareholders' Equity		
Series C Preferred Stock – no par value. 5,200,000 shares outstanding at December 31, 2017 and December 31, 2016	125,980	125,980
Common stock - \$1.00 par value. Authorized 342,857,143 shares at December 31, 2017 and December 31, 2016; issued 142,677,449 at December 31, 2017 and 142,025,720 at December 31, 2016; outstanding 118,897,295 at December 31, 2017 and 122,266,106 at December 31, 2016	142,678	142,026
Additional paid-in capital	3,043,129	3,028,405
Treasury stock, at cost – 23,780,154 shares at December 31, 2017 and 19,759,614 shares at December 31, 2016	(839,674)	(664,595)
Accumulated other comprehensive loss, net	(54,754)	(55,659)
Retained earnings	544,207	351,767
Total shareholders' equity	2,961,566	2,927,924
Total liabilities and shareholders' equity	\$ 31,221,837	\$ 30,104,002

See accompanying notes to the audited consolidated financial statements.

Synovus Financial Corp.

Consolidated Statements of Income

	Years Ended December 31,		
<i>(in thousands, except per share data)</i>	2017	2016	2015
Interest income:			
Loans, including fees	\$ 1,064,276	\$ 944,233	\$ 877,384
Investment securities available for sale	82,699	67,467	59,154
Trading account assets	141	91	303
Mortgage loans held for sale	1,926	2,646	2,546
Federal Reserve Bank balances	6,470	4,356	3,144
Other earning assets	6,985	4,010	3,431
Total interest income	1,162,497	1,022,803	945,962
Interest expense:			
Deposits	81,325	64,206	65,534
Federal funds purchased and securities sold under repurchase agreements	198	200	168
Long-term debt	57,665	59,217	52,942
Total interest expense	139,188	123,623	118,644
Net interest income	1,023,309	899,180	827,318
Provision for loan losses	67,185	28,000	19,010
Net interest income after provision for loan losses	956,124	871,180	808,308
Non-interest income:			
Service charges on deposit accounts	79,801	81,425	80,142
Fiduciary and asset management fees	50,485	46,594	45,928
Brokerage revenue	29,705	27,028	27,855
Mortgage banking income	22,798	24,259	24,096
Bankcard fees	32,232	33,318	33,172
Cabela's Transaction Fee	75,000	—	—
Investment securities (losses) gains, net	(289)	6,011	2,769
Decrease in fair value of private equity investments, net	(3,093)	(1,026)	(219)
Other fee income	20,168	20,220	21,170
Other non-interest income	38,520	35,365	33,007
Total non-interest income	345,327	273,194	267,920
Non-interest expense:			
Salaries and other personnel expense	433,321	402,026	380,918
Net occupancy and equipment expense	119,964	109,347	107,466
Third-party processing expense	54,708	46,320	42,851
FDIC insurance and other regulatory fees	27,011	26,714	27,091
Professional fees	26,232	26,698	26,646
Advertising expense	22,948	20,264	15,477
Foreclosed real estate expense, net	12,540	12,838	22,803
Loss on early extinguishment of debt, net	23,160	4,735	1,533
Earnout liability adjustments	5,466	—	—
Fair value adjustment to Visa derivative	—	5,795	1,464
Restructuring charges, net	7,014	8,267	36
Other operating expenses	88,949	92,919	91,370
Total non-interest expense	821,313	755,923	717,655
Income before income taxes	480,138	388,451	358,573
Income tax expense	204,664	141,667	132,491
Net income	275,474	246,784	226,082
Dividends on preferred stock	10,238	10,238	10,238
Net income available to common shareholders	\$ 265,236	\$ 236,546	\$ 215,844
Net income per common share, basic	\$ 2.19	\$ 1.90	\$ 1.63
Net income per common share, diluted	2.17	1.89	1.62
Weighted average common shares outstanding, basic	121,162	124,389	132,423
Weighted average common shares outstanding, diluted	122,012	125,078	133,201

See accompanying notes to the audited consolidated financial statements.

Synovus Financial Corp.

Consolidated Statements of Comprehensive Income

	December 31, 2017			December 31, 2016			December 31, 2015		
	Before-tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before-tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before-tax Amount	Tax (Expense) Benefit	Net of Tax Amount
(in thousands)									
Net income	\$ 480,138	\$ (204,664)	\$ 275,474	\$ 388,451	\$ (141,667)	\$ 246,784	\$ 358,573	\$ (132,491)	\$ 226,082
Net change related to cash flow hedges:									
Reclassification adjustment for losses realized in net income	130	(50)	80	467	(180)	287	521	(201)	320
Net unrealized gains (losses) on investment securities available for sale:									
Reclassification adjustment for net losses (gains) realized in net income	289	(111)	178	(6,011)	2,314	(3,697)	(2,769)	1,066	(1,703)
Net unrealized gains (losses) arising during the period	1,038	(362)	676	(36,432)	14,027	(22,405)	(25,707)	9,901	(15,806)
Net unrealized gains (losses)	1,327	(473)	854	(42,443)	16,341	(26,102)	(28,476)	10,967	(17,509)
Post-retirement unfunded health benefit:									
Reclassification adjustment for gains realized in net income	(110)	43	(67)	(144)	56	(88)	(272)	104	(168)
Actuarial gains arising during the period	61	(23)	38	102	(39)	63	236	(93)	143
Net unrealized gains	(49)	20	(29)	(42)	17	(25)	(36)	11	(25)
Other comprehensive income (loss)	\$ 1,408	\$ (503)	\$ 905	\$ (42,018)	\$ 16,178	\$ (25,840)	\$ (27,991)	\$ 10,777	\$ (17,214)
Comprehensive income			\$ 276,379			\$ 220,944			\$ 208,868

See accompanying notes to the audited consolidated financial statements.

Synovus Financial Corp.

Consolidated Statements of Changes in Shareholders' Equity

<i>(in thousands, except per share data)</i>	Series C Preferred Stock	Common Stock	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Balance at December 31, 2014	\$ 125,980	\$ 139,950	\$ 2,960,825	\$ (187,774)	\$ (12,605)	\$ 14,894	\$ 3,041,270
Net income	—	—	—	—	—	226,082	226,082
Other comprehensive loss, net of income taxes	—	—	—	—	(17,214)	—	(17,214)
Cash dividends declared on common stock - \$0.42 per share	—	—	—	—	—	(55,354)	(55,354)
Cash dividends paid on Series C Preferred Stock	—	—	—	—	—	(10,238)	(10,238)
Repurchases and completion of ASR agreement to repurchase shares of common stock	—	—	14,516	(213,737)	—	—	(199,221)
Restricted share unit activity	—	304	(4,877)	—	—	(411)	(4,984)
Stock options exercised	—	338	5,305	—	—	—	5,643
Share-based compensation net tax benefit	—	—	1,656	—	—	—	1,656
Share-based compensation expense	—	—	12,556	—	—	—	12,556
Balance at December 31, 2015	\$ 125,980	\$ 140,592	\$ 2,989,981	\$ (401,511)	\$ (29,819)	\$ 174,973	\$ 3,000,196
Net income	—	—	—	—	—	246,784	246,784
Other comprehensive loss, net of income taxes	—	—	—	—	(25,840)	—	(25,840)
Cash dividends declared on common stock - \$0.48 per share	—	—	—	—	—	(59,425)	(59,425)
Cash dividends paid on Series C Preferred Stock	—	—	—	—	—	(10,238)	(10,238)
Repurchases of common stock	—	—	—	(263,084)	—	—	(263,084)
Issuance of common stock for acquisition	—	821	25,771	—	—	—	26,592
Restricted share unit activity	—	316	(5,030)	—	—	(327)	(5,041)
Stock options exercised	—	297	4,858	—	—	—	5,155
Share-based compensation net tax deficiency	—	—	(790)	—	—	—	(790)
Share-based compensation expense	—	—	13,615	—	—	—	13,615
Balance at December 31, 2016	\$ 125,980	\$ 142,026	\$ 3,028,405	\$ (664,595)	\$ (55,659)	\$ 351,767	\$ 2,927,924
Net income	—	—	—	—	—	275,474	275,474
Other comprehensive income, net of income taxes	—	—	—	—	905	—	905
Cash dividends declared on common stock - \$0.60 per share	—	—	—	—	—	(72,506)	(72,506)
Cash dividends paid on Series C Preferred Stock	—	—	—	—	—	(10,238)	(10,238)
Repurchases of common stock	—	—	—	(175,079)	—	—	(175,079)
Issuance of common stock for earnout payment	—	118	5,342	—	—	—	5,460
Restricted share unit activity	—	336	(8,039)	—	—	(290)	(7,993)
Stock options exercised	—	198	3,242	—	—	—	3,440
Share-based compensation expense	—	—	14,179	—	—	—	14,179
Balance at December 31, 2017	\$ 125,980	\$ 142,678	\$ 3,043,129	\$ (839,674)	\$ (54,754)	\$ 544,207	\$ 2,961,566

See accompanying notes to the audited consolidated financial statements.

Synovus Financial Corp.

Consolidated Statements of Cash Flows

(in thousands)	Years Ended December 31,		
	2017	2016	2015
Operating Activities			
Net income	\$ 275,474	\$ 246,784	\$ 226,082
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses	67,185	28,000	19,010
Depreciation, amortization, and accretion, net	59,121	58,228	56,741
Deferred income tax expense	231,056	128,837	121,904
Decrease (increase) in trading account assets	5,494	(2,327)	8,766
Originations of mortgage loans held for sale	(622,564)	(705,394)	(790,625)
Proceeds from sales of mortgage loans held for sale	642,193	724,712	807,906
Gain on sales of mortgage loans held for sale, net	(13,450)	(13,780)	(14,966)
(Increase) decrease in other assets ⁽¹⁾	(80,544)	(21,697)	6,135
Increase (decrease) in other liabilities	28,651	(4,239)	(24,906)
Investment securities losses (gains), net	289	(6,011)	(2,769)
Losses and write-downs on other real estate, net	11,382	10,174	17,619
Loss on early extinguishment of debt, net	23,160	4,735	1,533
Share-based compensation expense	14,179	13,615	12,556
Net cash provided by operating activities	641,626	461,637	444,986
Investing Activities			
Net cash received in acquisition	—	6,146	—
Net increase in interest earning deposits with banks	(7,591)	(1,335)	(5,577)
Net decrease in federal funds sold and securities purchased under resale agreements	10,214	11,759	3,291
Net decrease (increase) in interest bearing funds with Federal Reserve Bank	66,162	302,797	(108,525)
Proceeds from maturities and principal collections of investment securities available for sale	632,875	894,123	693,608
Proceeds from sales of investment securities available for sale	812,293	968,606	347,954
Purchases of investment securities available for sale	(1,729,902)	(2,051,283)	(1,634,531)
Proceeds from sales of loans	42,726	15,046	28,762
Proceeds from sale of other real estate	14,322	30,762	47,137
Net increase in loans	(1,060,582)	(1,129,422)	(1,411,050)
Purchase of Federal Reserve Bank capital stock	—	(97,293)	—
Purchases of bank-owned life insurance policies, net of settlements ⁽¹⁾	(148,110)	(28,126)	(42,444)
Net increase in premises and equipment	(51,106)	(34,317)	(28,381)
Proceeds from sale of other assets held for sale	3,158	13,072	3,039
Net cash used in investing activities	(1,415,541)	(1,099,465)	(2,106,717)
Financing Activities			
Net increase in demand and savings deposits	932,561	1,512,451	2,274,949
Net increase (decrease) in certificates of deposit	566,524	(107,893)	(565,315)
Net increase (decrease) in federal funds purchased and securities sold under repurchase agreements	1,491	(17,326)	50,109
Repayments and redemption of long-term debt	(2,250,422)	(2,263,688)	(823,899)
Proceeds from issuance of long-term debt	1,771,866	1,875,000	871,644
Dividends paid to common shareholders	(54,670)	(59,425)	(55,354)
Dividends paid to preferred shareholders	(10,238)	(10,238)	(10,238)
Stock options exercised	3,440	5,155	5,643
Earnout payment	(892)	—	—
Repurchase of common stock	(175,079)	(263,084)	(199,221)
Taxes paid related to net share settlement of equity awards	(7,993)	(5,041)	(4,984)
Net cash provided by financing activities	776,588	665,911	1,543,334

(Continued)

<i>(in thousands)</i>	Years Ended December 31,		
	2017	2016	2015
Increase (decrease) in cash and cash equivalents	2,673	28,083	(118,397)
Cash and cash equivalents at beginning of year	395,175	367,092	485,489
Cash and cash equivalents at end of year	\$ 397,848	\$ 395,175	\$ 367,092
Supplemental Cash Flow Information			
Cash Paid During the Year for:			
Income tax payments, net	\$ 18,040	\$ 9,340	\$ 10,514
Interest paid	143,237	123,560	115,795
Non-cash Activities:			
Loans foreclosed and transferred to other real estate	7,154	16,214	26,313
Premises and equipment transferred to other properties held for sale	3,283	25,231	2,340
Other assets held for sale transferred to premises and equipment	4,450	—	—
Investment securities available for sale transferred to trading account assets at fair value	—	1,890	—
Loans transferred to other loans held for sale at fair value	52,829	14,621	26,213
Dividends declared on common stock during the period but paid after period-end	17,835	—	—
Settlement of earnout payment with shares of common stock	5,460	—	—
Mortgage loans held for sale transferred to loans at fair value	—	313	659
Acquisition:			
Fair value of non-cash assets acquired	—	408,054	—
Fair value of liabilities assumed	—	387,608	—
Fair value of common stock issued	—	26,592	—

(1) Related to Synovus' early adoption of ASU 2016-15, certain prior period amounts have been reclassified between operating activities and investing activities. See "Part II – Item 8. Financial Statements and Supplementary Data – Note 1 – Summary of Significant Accounting Policies" of this Report for additional information.

See accompanying notes to the audited consolidated financial statements.

Note 1 — Summary of Significant Accounting Policies

Business Operations

The 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 its customers through its wholly-owned subsidiary bank, Synovus Bank, in offices located throughout 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, 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, headquartered in Columbus, Georgia, which provides trust, asset management, and financial planning services; and Synovus Mortgage, headquartered in Birmingham, Alabama, which offers mortgage services.

Basis of Presentation

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. All significant intercompany accounts and transactions have been eliminated in consolidation. In preparing the consolidated financial statements in accordance with U.S. 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 fair value of investment securities; the fair value of private equity investments; and contingent liabilities related to legal matters. In connection with the determination of the allowance for loan losses and the valuation of certain impaired loans, management obtains independent appraisals for significant properties and properties collateralizing impaired loans. In making this determination, management also considers other factors or recent developments, such as changes in absorption rates or market conditions at the time of valuation and anticipated sales values based on management's plans for disposition.

The following is a description of the Company's significant accounting policies.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and due from banks. At December 31, 2016, \$533 thousand of the due from banks balance was restricted as to withdrawal. No cash was restricted as to withdrawal at December 31, 2017.

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 December 31, 2017 and 2016, interest bearing funds with the Federal Reserve Bank included \$8.6 million and \$130 million, respectively, on deposit to meet Federal Reserve Bank reserve requirements. Interest earning deposits with banks include \$5.9 million at December 31, 2017 and \$5.6 million at December 31, 2016, which is pledged as collateral in connection with certain letters of credit. Federal funds sold include \$43.8 million at December 31, 2017 and \$56.1 million at December 31, 2016, 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.

Trading Account Assets

Trading account assets, which are primarily held on a short-term basis for the purpose of selling at a profit, consist of debt and equity securities and are reported at fair value. Fair value adjustments and fees from trading account activities are included as a component of other fee income on the consolidated statements of income. Gains and losses realized from the sale of trading account assets are determined by specific identification and are included as a component of other fee income on the trade date. Interest income on trading assets is reported as a component of interest income on the consolidated statements of income.

Mortgage Loans Held for Sale and Mortgage Banking Income

Mortgage Loans Held for Sale

Mortgage loans held for sale are recorded at fair value. Fair value is derived from a hypothetical bulk sale model used to estimate the exit price of the loan in a loan sale. The bid pricing convention is used for loan pricing for similar assets. The valuation model is based upon forward settlements of a pool of loans of similar coupon, maturity, product, and credit attributes. The inputs to the model are continuously updated with available market and historical data. Until the loans are committed to be sold in the secondary market, the valuation model produces an estimate of fair value that represents the highest and best use of the loans in Synovus' principal market.

Mortgage Banking Income

Mortgage banking income consists primarily of origination and ancillary fees on loans originated for sale, and gains and losses from the sale of mortgage loans. Mortgage loans are generally sold servicing released, without recourse or continuing involvement, and meet ASC 860-10-65 criteria for sale accounting.

Other Loans Held for Sale

Loans are transferred to other loans held for sale at fair value when Synovus makes the determination to sell specifically identified loans. The fair value of the loans is primarily determined by analyzing the underlying collateral of the loan and the anticipated market prices of similar assets less estimated costs to sell. At the time of transfer, if the estimated fair value is less than the carrying amount, the difference is recorded as a charge-off against the allowance for loan losses. Decreases in the fair value subsequent to the transfer, as well as gains/losses realized from the sale of these assets, are recorded as gains/losses on other loans held for sale, net, as a component of non-interest expense on the consolidated statements of income.

Investment Securities Available for Sale

Investment securities available for sale are carried at fair value with unrealized gains and losses, net of the related tax effect, excluded from earnings and reported as a separate component of shareholders' equity within accumulated other comprehensive income (loss) until realized.

Synovus performs a quarterly assessment of its investment securities available for sale to determine if the decline in fair value of a security below its amortized cost is deemed to be other-than-temporary. Factors included in the assessment 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. Other-than-temporary impairment losses are recognized on securities when: (1) the holder has an intention to sell the security; (2) it is more likely than not that the security will be required to be sold prior to recovery; or (3) the holder does not expect to recover the entire amortized cost basis of the security. Other-than-temporary impairment losses 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 (loss).

Premiums and discounts are amortized or accreted over the life of the related security as an adjustment to yield using the effective interest method and prepayment assumptions. Actual prepayment experience is reviewed periodically and the timing of the accretion and amortization is adjusted accordingly. Interest income on securities available for sale is recorded on the accrual basis. Realized gains and losses for securities are included in investment securities gains (losses), net, on the consolidated statements of income and are derived using the specific identification method, on a trade date basis.

Loans and Interest Income on Loans

Loans are reported at principal amounts outstanding less amounts charged off, net of deferred fees and expenses. Interest income and deferred fees, net of expenses on loans, are recognized on a level yield basis.

Non-accrual Loans

Loans on which the accrual of interest has been discontinued are designated as non-accrual loans. Accrual of interest is discontinued on loans when reasonable doubt exists as to the full collection of interest or principal, or when loans become contractually past due for 90 days or more as to either interest or principal, in accordance with the terms of the loan agreement, unless they are both well-secured and in the process of collection. When a loan is placed on non-accrual status, previously accrued and uncollected interest is generally reversed as an adjustment to interest income on loans. Interest payments received on non-accrual loans are generally recorded as a reduction of principal. As payments are received on non-accruing loans, interest income can be recognized on a cash basis; however, there must be an expectation of full repayment of the remaining recorded principal balance. The remaining portion of this payment is recorded as a reduction to principal. Loans are generally returned to accruing status when they are brought fully current with respect to interest and principal and when, in the judgment of management, the loans are estimated to be fully collectible as to both principal and interest, and the borrower has sustained repayment performance under the terms of the loan agreement for a reasonable period of time (generally six months).

Impaired Loans

Impaired loans are loans for which it is probable that Synovus will not be able to collect all amounts due according to the contractual terms of the loan agreements and all loans modified in a troubled debt restructuring (TDR). Other than TDRs, impaired loans do not include smaller-balance homogeneous loans that are collectively evaluated for impairment, which consist of most retail loans and commercial loan relationships lower than \$1.0 million. Impairment is measured on a discounted cash flow method based upon the loan's contractual effective interest rate, or at the loan's observable market price, or at the fair value of the collateral, less costs to sell if the loan is collateral-dependent. Interest income on non-accrual impaired loans is recognized as described above under "non-accrual loans." Impaired accruing loans generally consist of those TDRs for which management has concluded that the collectability of the loan is not in doubt.

At December 31, 2017 and 2016, substantially all non-accrual impaired loans were collateral-dependent and secured by real estate. For impairment measured using the estimated fair value of collateral less costs to sell, fair value is estimated using appraisals performed by a certified or licensed appraiser. Management also considers other factors or recent developments, such as selling costs and anticipated sales values, taking into account management's plans for disposition, which could result in adjustments to the fair value estimates indicated in the appraisals. The assumptions used in determining the amount of the impairment are subject to significant judgment. Use of different assumptions, for example, changes in the fair value of the collateral or management's plans for disposition could have a significant impact on the amount of impairment.

Under the discounted cash flow method, impairment is recorded as a specific reserve with a charge-off for any portion of the impairment considered a confirmed loss. The reserve is reassessed each quarter and adjusted as appropriate based on changes in estimated cash flows.

Where guarantors are determined to be a source of repayment, an assessment of the guarantee is required. This guarantee assessment would include, but not be limited to, factors such as type and feature of the guarantee, consideration for the guarantor's financial strength and capacity to service the loan in combination with the guarantor's other financial obligations as well as the guarantor's willingness to assist in servicing the loan.

Troubled Debt Restructurings

When borrowers are experiencing financial difficulties, Synovus may, in order to assist the borrowers in repaying the principal and interest owed to Synovus, make certain modifications to the borrower's loan. All loan modifications, renewals, and refinances are evaluated for TDR classification. All TDRs are considered to be impaired loans, and the amount of impairment, if any, is determined in accordance with ASC 310-10-35.

Concessions provided by Synovus in a TDR are generally made in order to assist borrowers so that debt service is not interrupted and to mitigate the potential for loan losses. A number of factors are reviewed when a loan is renewed, refinanced, or modified, including cash flows, collateral values, guarantees, and loan structures. Concessions are primarily in the form of providing a below market interest rate given the borrower's credit risk to assist the borrower in managing cash flows, an extension of the maturity of the loan generally for less than one year, or 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). Insignificant periods of reduction of principal and/or interest payments, or one time deferrals of three months or less, are generally not considered to be financial concessions. Further, it is generally Synovus' practice not to defer principal and/or interest for more than twelve months.

Non-accruing TDRs may generally be returned to accrual status if there has been a period of performance, usually at least a six month sustained period of repayment performance in accordance with the agreement. Consistent with regulatory guidance, a TDR will generally no longer be reported as a TDR after a period of performance and after the loan was 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, and no principal was forgiven.

Allowance for Loan Losses

The allowance for loan losses represents management's estimate of probable losses inherent in the funded loan portfolio. Changes to the allowance are recorded through a provision for loan losses and reduced by loans charged-off, net of recoveries.

Impaired loans are generally evaluated on a loan by loan basis with specific reserves, if any, recorded as appropriate. Specific reserves are determined based on ASC 310-10-35, which provides for measurement of a loan's impairment based on one of three methods. If the loan is collateral-dependent, then the fair value of the loan's collateral, less estimated selling costs, is compared to the loan's carrying amount to determine impairment. Other methods of measuring a loan's impairment include the present value of the expected future cash flows of the loan, or if available, the observable market price of the loan. Synovus considers the pertinent facts and circumstances for each impaired loan when selecting the appropriate method to measure impairment, and quarterly evaluates each selection to ensure its continued appropriateness and evaluates the reasonableness of specific reserves, if any.

For loans that are not considered impaired, the allocated allowance for loan losses is determined based upon Expected Loss (EL) factors, which are applied to groupings of specific loan types by loan risk ratings. The EL is determined based upon a probability of default (PD), which is the probability that a borrower, segregated by loan type and loan risk grade, will default, and loss given default (LGD), which is the estimate of the amount of net loss in the event of default. The groupings of the loans into loan categories are determined based upon the nature of the loan types and the level of inherent risk associated with the various loan categories. The loan groupings are further segregated based upon the individual loan risk ratings, as described below. The EL factors applied in the methodology are periodically re-evaluated and adjusted to reflect changes in historical loss levels or other risks.

Allocated EL factors may also be adjusted, as necessary, for certain qualitative factors that in management's judgment are necessary to reflect losses incurred in the portfolio.

Qualitative factors that management considers in the analysis include:

- changes in lending policies and procedures, including changes in underwriting standards and collection, charge-off, and recovery practices not considered elsewhere in estimating credit losses
- changes in the volume and severity of past due loans, the volume of non-accrual loans, and the volume and severity of adversely classified or grade loans
- loan growth
- effects of changes in credit concentrations
- experience, ability, and depth of lending management, loan review personnel, and other relevant staff
- changes in the quality of the loan review function
- national and local economic trends and conditions
- value of underlying collateral for collateral-dependent loans
- other external factors such as the effects for the current competitive, legal, and regulatory environment

The adjusted EL factors by portfolio are then adjusted by a loss emergence period for each loan type. A loss emergence period represents the amount of time between when a loss event first occurs to when it is charged off. The loss emergence period was determined for each loan type based on the Company's historical experience and is validated at least annually.

Commercial Loans – Risk Ratings

Synovus utilizes two primary methods for risk assessment of the commercial loan portfolio: Single Risk Rating Assessment and Dual Risk Rating (DRR) Assessment. The single and dual risk ratings are based on the borrowers' credit risk profile, considering factors such as debt service history, current and estimated prospective cash flow information, collateral supporting the credit, source of repayment as well as other variables, as appropriate.

Each loan is assigned a risk rating during its initial approval process. For single risk rated loans, this process begins with a loan rating recommendation from the loan officer responsible for originating the loan. Commercial single risk rated loans are graded on a 9-point scale. Single risk ratings six through nine are defined consistent with the bank regulatory classifications of special mention, substandard, doubtful, and loss, respectively. The primary determinants of the risk ratings for commercial single risk rated loans are the reliability of the primary source of repayment and the borrower's expected performance (i.e., the likelihood that the borrower will be able to service its obligations in accordance with the terms). Expected performance will be based upon full analysis of the borrower's historical financial results, current financial strength and future prospects, which includes any external drivers.

For dual risk rated loans, this process begins with scoring the loan for a rating during its initial approval process. The dual risk rating methodology is used for certain components of the C&I loan portfolio as well as certain income-producing real estate loans. At December 31, 2017 and 2016, approximately \$7.6 billion was rated using the DRR methodology. The DRR includes sixteen PD categories and nine categories for estimating losses given an event of default. The result is an EL rate established for each borrower.

The loan rating is subject to approvals from other members of management, regional credit and/or loan committees depending on the size of the loan and loan's credit attributes. Loan ratings are regularly re-evaluated based upon annual scheduled credit reviews or on a more frequent basis if determined prudent by management. Additionally, an independent loan review function evaluates Synovus' risk rating processes on a continuous basis.

Retail Loans – Risk Ratings

Retail loans are generally assigned a risk rating on a 6-point scale at the time of origination based on credit bureau scores, with a loan grade of 1 assigned as the lowest level of risk and a loan grade of 6 as the highest level of risk. At 90-119 days past due, a loan grade of 7-substandard non-accrual rating is applied and at 120 days past due, the loan is generally downgraded to grade 9-loss and is generally charged-off. The credit bureau-based ratings are updated at least semi-annually and the ratings based on the past due status are updated monthly.

Premises and Equipment

Premises and equipment, including bank owned branch locations and leasehold improvements, are reported at cost, less accumulated depreciation and amortization, which are computed using the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are depreciated over the shorter of the estimated useful life or the remainder of the lease term. Synovus reviews long-lived assets, such as premises and equipment, for impairment whenever events and circumstances indicate that the carrying amount of an asset may not be recoverable.

Goodwill and Other Intangible Assets

Goodwill represents the excess purchase price over the fair value of identifiable net assets of acquired businesses. Goodwill is tested for impairment at the reporting unit level on an annual basis and as events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Synovus reviews goodwill for impairment as of June 30th and at interim periods if indicators of impairment exist.

Synovus applies judgment when assessing goodwill for impairment. ASC 350-20-35-3A, *Goodwill Subsequent Measurement - Qualitative Assessment*, provides the option to perform a qualitative assessment to determine whether the two-step goodwill impairment test is necessary. Beginning in 2017, Synovus applies the qualitative assessment guidance in ASC 350-20-35-3A to determine if the following factors indicate that goodwill is more likely than not impaired: macroeconomic conditions, industry and market considerations, cost factors, overall financial performance, other relevant entity-specific events, events affecting the reporting unit, and common stock share price. Management applies judgment when weighing the factors most likely to impact a reporting unit's fair value.

Other intangible assets relate primarily to borrower relationships, trade name, and a distribution network resulting from a business acquisition. These intangible assets are amortized using straight line methods based on the remaining lives of the assets. Amortization periods range from eight to ten years. Amortization periods for intangible assets are monitored to determine if events and circumstances require such periods to be reduced.

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the intangible assets is measured by a comparison of the carrying amount of the asset to future undiscounted cash flows expected to be generated by the asset. If such assets are considered impaired, the amount of the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value of the assets based on the discounted expected future cash flows to be generated by the assets.

Other Real Estate

Other Real Estate (ORE) consists of properties obtained through a foreclosure proceeding or through an in-substance foreclosure in satisfaction of loans. A loan is classified as an in-substance foreclosure when Synovus has taken possession of the collateral regardless of whether formal foreclosure proceedings have taken place.

At foreclosure, ORE is recorded at the lower of cost or fair value less estimated selling costs, which establishes a new cost basis. Subsequent to foreclosure, ORE is evaluated quarterly and reported at fair value less estimated selling costs, not to exceed the new cost basis, determined by review of current appraisals, as well as the review of comparable sales and other estimates of fair value obtained principally from independent sources, adjusted for estimated selling costs. Management also considers other factors or recent developments such as changes in absorption rates or market

Part II

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

conditions from the time of the latest appraisal received or previous re-evaluation performed, and anticipated sales values considering management's plans for disposition, which could result in an adjustment to lower the fair value estimates indicated in the appraisals. At the time of foreclosure or initial possession of collateral, any excess of the loan balance over the fair value of the real estate held as collateral, less costs to sell, is recorded as a charge against the allowance for loan losses. Revenue and expenses from ORE operations as well as gains or losses on sales are recorded as foreclosed real estate expense, net, a component of non-interest expense on the consolidated statements of income. Subsequent declines in fair value are recorded on a property-by-property basis through use of a valuation allowance within ORE on the consolidated balance sheets and valuation adjustment account in foreclosed real estate expense, net, a component of non-interest expense on the consolidated statements of income.

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.

Other Assets

Other assets include accrued interest receivable and other significant balances as described below. More detail of other asset balances can be found in "Part II - Item 8. Financial Statements and Supplementary Data - Note 9 - Other Assets" of this Report.

Cash Surrender Value of Bank-Owned Life Insurance

Investments in bank-owned life insurance policies on certain current and former officers of Synovus are recorded at the net realizable value of the policies. Net realizable value is the cash surrender value of the policies less any applicable surrender charges and any policy loans. Synovus has not borrowed against the cash surrender value of these policies. Changes in the cash surrender value of the policies are recognized as a component of other non-interest income in the consolidated statements of income.

Investments in Federal Reserve Bank and Federal Reserve Home Loan Bank Stock

On November 17, 2016, Synovus Bank made an investment of \$97.3 million in Federal Reserve Bank capital stock and became a member of the Federal Reserve System. Synovus held stock in the Federal Reserve Bank totaling \$95.6 million at December 31, 2017 and \$98.6 million at December 31, 2016. Synovus also held stock in the FHLB of Atlanta totaling \$63.9 million at December 31, 2017 and \$71.3 million at December 31, 2016. The Federal Reserve Bank and FHLB stocks are recorded at amortized cost. The investment in FHLB stock is required for membership in the FHLB system and in relation to the level of FHLB outstanding borrowings.

Investments in Affordable Housing Tax Credit Partnerships

Synovus applies the proportional amortization method of accounting for its qualified affordable housing investments. The proportional amortization method recognizes the amortized cost of the investment as a component of income tax expense. For affordable housing investments which do not qualify for application of the proportional amortization method of accounting, Synovus applies the equity method of accounting. The equity method recognizes income or loss from affordable housing investments as a component of other non-interest income.

GGL/SBA Loans Servicing Asset

Synovus has retained servicing responsibilities on sold GGL/SBA loans and receives a servicing fee. The servicing asset is established at fair value at the time of the sale based on an analysis of future cash flows that incorporates estimates for discount rates, prepayment speeds, and delinquency rates. The servicing asset is measured at fair value with changes in fair value included with the associated servicing fee in other non-interest income. Prior to 2017, Synovus accounted for the GGL/SBA loans servicing asset using the amortization method.

Private Equity Investments

Private equity investments are recorded at fair value on the consolidated balance sheets with realized and unrealized gains and losses recorded on the consolidated statements of income (as a component of other non-interest income). The private equity investments in which Synovus holds a limited partner interest consist of funds that invest in privately held companies. For privately held companies in the fund, the general partner estimates the fair value of the company. The estimated fair value of the company is the estimated fair value as an exit price the fund would receive if it were to sell the company in the marketplace. The fair value of the fund's underlying investments is estimated through the use of valuation models, such as option pricing or a discounted cash flow model. Valuation factors, such as a company's financial performance against budget or milestones, last price paid by investors, with consideration given on whether financing is provided by insiders or unrelated new investors, public market comparables, liquidity of the market, industry and economic trends, and changes in management or key personnel, are used in the determination of estimated fair value.

Other Assets Held for Sale

Other assets held for sale consist of certain premises and equipment held for sale, including those related to the efficiency initiatives discussed in "Note 3 - Restructuring Charges" of this Report. These assets are classified as held for sale and recorded at the lower of their amortized cost or fair value, less costs to sell, consistent with ASC 360-10. The fair value of these assets is determined primarily on the basis of appraisals or BOV, as circumstances warrant, adjusted for estimated selling costs. Both techniques engage licensed or certified professionals that use inputs such as absorption rates, capitalization rates, and market comparables.

Derivative Instruments

Synovus' risk management policies emphasize the management of interest rate risk within acceptable guidelines. Synovus' objective in maintaining these policies is to limit volatility in net interest income arising from changes in interest rates. Risks to be managed include both fair value and cash flow risks. Utilization of derivative financial instruments provides a valuable tool to assist in the management of these risks.

All derivative instruments are recorded on the consolidated balance sheets at their respective fair values, as components of other assets and other liabilities. The accounting for changes in fair value (i.e., unrealized gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and, if so, on the reason for holding it. If certain conditions are met, entities may elect to designate a derivative instrument as a hedge of exposures to changes in fair values, cash flows, or foreign currencies. If the hedged exposure is a fair value exposure, the unrealized gain or loss on the derivative instrument is recognized in earnings in the period of change, together with the offsetting unrealized loss or gain on the hedged item attributable to the risk being hedged as a component of other non-interest income on the consolidated statements of income. If the hedged exposure is a cash flow exposure, the effective portion of the gain or loss on the derivative instrument is reported initially as a component of accumulated other comprehensive income (loss), net of the tax impact, and subsequently reclassified into earnings when the hedged transaction affects earnings. Any amounts excluded from the assessment of hedge effectiveness, as well as the ineffective portion of the gain or loss on the derivative instrument, are reported in earnings immediately as a component of other non-interest income on the consolidated statements of income. If the derivative instrument is not designated as a hedge, the gain or loss on the derivative instrument is recognized in earnings as a component of other non-interest income on the consolidated statements of income in the period of change.

Synovus also holds derivative instruments, which consist of interest rate lock agreements related to expected funding of fixed-rate mortgage loans to customers (interest rate lock commitments) and forward commitments to sell mortgage-backed securities and individual fixed-rate mortgage loans. Synovus' objective in obtaining the forward commitments is to mitigate the interest rate risk associated with the interest rate lock commitments and the mortgage loans that are held for sale. Both the interest rate lock commitments and the forward commitments are reported at fair value, with adjustments recorded in current period earnings in mortgage banking income.

Synovus also enters into interest rate swap agreements to facilitate the risk management strategies of certain 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 with any unrealized gain or loss recorded in current period earnings in other non-interest income. These instruments, and their offsetting positions, are recorded in other assets and other liabilities on the consolidated balance sheets.

Non-interest Income

Service Charges on Deposit Accounts

Service charges on deposit accounts consist of NSF fees, account analysis fees, and other service charges on deposits which consist primarily of monthly account fees. NSF fees are recognized at the time when the account overdraft occurs in accordance with regulatory guidelines. Account analysis fees consist of fees charged to certain commercial demand deposit accounts based upon account activity (and reduced by a credit which is based upon cash levels in the account). These fees, as well as monthly account fees, are recorded under the accrual method of accounting.

Fiduciary and Asset Management Fees

Fiduciary and asset management fees are generally determined based upon fair values of assets under management as of a specified date during the period. These fees are recorded under the accrual method of accounting as the services are performed.

Brokerage Revenue

Brokerage revenue consists primarily of commission income, which represents the spread between buy and sell transactions processed, and net fees charged to customers on a transaction basis for buy and sell transactions processed. Commission income is recorded on a trade-date basis. Brokerage revenue includes portfolio management fees, which represent monthly fees charged on a contractual basis to customers for the management of their investment portfolios and are recorded under the accrual method of accounting.

Brokerage revenue also includes investment banking revenue, which includes fees for services arising from securities offerings or placements in which Synovus acts as an agent as well as fees earned from providing advisory services. Revenue is recognized at the time the underwriting is completed and the revenue is reasonably determinable.

Bankcard Fees

Bankcard fees consist primarily of interchange fees earned, net of fees paid, on debit card and credit card transactions. Net fees are recognized into income as they are collected.

Advertising Expense

Advertising costs are expensed as incurred and recorded as a component of non-interest expense.

Income Taxes

Synovus is a domestic corporation that files a consolidated federal income tax return with its wholly-owned subsidiaries and files state income tax returns on a consolidated or separate entity basis with the various taxing jurisdictions based on its taxable presence. The current income tax payable or receivable is an estimate of the amounts currently owed to or due from taxing authorities in which Synovus conducts business. It also includes increases and decreases in the amount of taxes payable for uncertain tax positions reported in tax returns for the current and/or prior years.

Synovus uses the asset and liability method to account for future income taxes expected to be paid or received (i.e., deferred income taxes). Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement (GAAP) carrying amounts of existing assets and liabilities and their respective tax bases, including operating losses and tax credit carryforwards. The deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in income tax rates is recognized in income in the period that includes the enactment date.

A valuation allowance is required for deferred tax assets if, based on available evidence, it is more likely than not that all or some portion of the asset will not be realized. In making this assessment, all sources of taxable income available to realize the deferred tax asset are considered, including taxable income in prior carryback years, future reversals of existing temporary differences, tax planning strategies, and future taxable income exclusive of reversing temporary differences and carryforwards. The predictability that future taxable income, exclusive of reversing temporary differences, will occur is the most subjective of these four sources. Changes in the valuation allowance are recorded through income tax expense.

Significant estimates used in accounting for income taxes relate to the valuation allowance for deferred tax assets, estimates of the realizability of income tax credits, utilization of net operating losses, the determination of taxable income, and the determination of temporary differences between book and tax bases.

Synovus accrues tax liabilities for uncertain income tax positions based on current assumptions regarding the expected outcome by weighing the facts and circumstances available at the reporting date. If related tax benefits of a transaction are not more likely than not of being sustained upon examination, Synovus will accrue a tax liability or reduce a deferred tax asset for the expected tax impact associated with the transaction. Events and circumstances may alter the estimates and assumptions used in the analysis of its income tax positions and, accordingly, Synovus' effective tax rate may fluctuate in the future. Synovus recognizes accrued interest and penalties related to unrecognized income tax benefits as a component of income tax expense.

Synovus applies the proportional amortization method in accounting for its qualified affordable housing tax credit investments. This method recognizes the amortized cost of the investment as a component of income tax expense.

On December 22, 2017, H.R.1, formerly known as the Tax Cuts and Jobs Act of 2017 (Federal Tax Reform), was enacted into law. The new legislation included a decrease in the corporate federal income tax rate from 35% to 21% effective January 1, 2018. Under ASC 740, the effects of the changes in tax rates and laws are recognized in the period in which the new legislation is enacted. Therefore, Synovus was required to remeasure its deferred tax assets and liabilities and record the adjustment to income tax expense effective December 22, 2017. In December 2017, the SEC issued Staff Accounting Bulletin No. 118, *Income Tax Accounting Implications of the Tax Cuts and Jobs Act* (SAB 118), which allows companies to record provisional amounts during a measurement period not to extend beyond one year of the enactment date. Since the Federal Tax Reform was enacted late in 2017, management expects that certain deferred tax assets and liabilities will continue to be evaluated in the context of Federal Tax Reform through the date of the filing of our 2017 federal income tax return, and may change as a result of evolving management interpretations, elections, and assumptions, as well as new guidance that may be issued by the Internal Revenue Service. Accordingly, the federal income tax expense of \$47.2 million recorded in 2017 relating to the effects from Federal Tax Reform is considered provisional. Management expects to complete its analysis within the measurement period in accordance with SAB 118.

Share-based Compensation

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. Synovus' 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. Share-based compensation expense for service-based awards that contain a graded vesting schedule is recognized net of estimated forfeitures for plan participants on a straight-line basis over the requisite service period for the entire award. The non-employee director restricted share units become fully vested and transferable upon the earlier to occur of the completion of three years of service or the date the holder reaches the mandatory retirement age, as set forth in the Company's Corporate Governance Guidelines. Thus, share-based compensation expense for non-employee awards is recognized over the shorter of three years or mandatory retirement.

Earnings per Share

Basic net income per common share is computed by dividing net income available to common shareholders 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.

Fair Value Measurements and Disclosures

Fair value estimates are made at a specific point in time, based on relevant market information and other information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale, at one time, the entire holdings of a particular financial instrument. Because no market exists for a portion of the financial instruments, fair value estimates are also based on judgments regarding estimated cash flows, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Synovus employs independent third-party pricing services to provide fair value estimates for its investment securities available for sale, trading account assets, and derivative financial instruments. Fair values for fixed income investment securities and certain derivative financial instruments are typically the prices supplied by either the third-party pricing service or an unrelated counterparty, which utilize quoted market prices, broker/dealer quotations for identical or similar securities, and/or inputs that are observable in the market, either directly or indirectly, for substantially similar securities. Level 1 securities are typically exchange quoted prices. Level 2 securities are typically matrix priced by a third-party pricing service to calculate the fair value. Such fair value measurements consider observable data, such as market spreads, cash flows, yield curves, live trading levels, trade execution data, market consensus prepayments speeds, credit information, and the respective terms and conditions for debt instruments. Level 3 instruments' 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.

Management uses various validation procedures to validate the prices received from pricing services and quotations received from dealers are reasonable for each relevant financial instrument, including reference to other market information and a review of valuations and trade activity of comparable securities. Consideration is given to the nature of the quotes (e.g., indicative or firm) and the relationship of recently evidenced market activity to the prices provided by the third-party pricing service. Further, management also employs the services of an additional independent pricing firm as a means to verify and confirm the fair values of its primary independent pricing firm.

Understanding the third-party pricing service's valuation methods, assumptions and inputs used by the firm is an important part of the process of determining that reasonable and reliable fair values are being obtained. Management evaluates quantitative and qualitative information provided by the third-party pricing services to assess whether they continue to exhibit the high level of expertise and internal controls that management relies upon.

Fair value estimates are based on existing financial instruments on the consolidated balance sheet, without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. Significant assets and liabilities that are not considered financial instruments include deferred income taxes, premises and equipment, equity method investments, goodwill and other intangible assets. In addition, the income tax ramifications related to the realization of the unrealized gains and losses on available for sale investment securities can have a significant effect on fair value estimates and have not been considered in any of the estimates.

Contingent Liabilities and Legal Costs

Synovus estimates its contingent liabilities with respect to outstanding legal matters based on information currently available to management, management's estimates about the probability of outcomes of each case and the advice of legal counsel. Management accrues an estimated loss from a loss contingency when information available indicates that it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. In addition, it must be probable that one or more future events will occur confirming the fact of the loss. Significant judgment is required in making these estimates and management must make assumptions about matters that are highly uncertain. Accordingly, the actual loss may be more or less than the current estimate.

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. As there are further developments, Synovus will reassess these legal matters and the related potential liabilities and will revise, when needed, its estimate of contingent liabilities.

Legal costs, including attorney fees, incurred in connection with pending litigation and other loss contingencies are expensed as incurred.

Recently Adopted Accounting Standards Updates

Effective January 1, 2017, Synovus adopted ASU 2016-09, *Compensation - Stock Compensation: Improvements to Employee Share-Based Payment Accounting*, which simplified various aspects of the accounting for employee share-based payment transactions for both public and nonpublic entities, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. This accounting standard update includes a requirement to record all tax effects associated with share-based compensation through the income statement. Prior to 2017, tax benefits in excess of compensation cost ("windfalls") and tax deficiencies ("shortfalls") were recorded in equity. During the year ended December 31, 2017, Synovus recognized \$5.0 million of income tax benefits from excess tax benefits that occurred during the year from the vesting of restricted share units and exercise of stock options. As of January 1, 2017, Synovus had no previously unrecognized excess tax benefits. Additionally, beginning January 1, 2017, Synovus modified the denominator in the diluted earnings per common share calculation under the treasury stock method to exclude future excess tax benefits as part of the assumed proceeds. Synovus elected to retain its existing accounting policy election to estimate award forfeitures.

Effective January 1, 2017, Synovus adopted the provisions of ASU 2016-15, *Statement of Cash Flows - Classification of Certain Cash Receipts and Cash Payments*. Adoption of the ASU resulted in the classification of the earnout liability payments as cash outflows for financing activities as well as a reclassification of bank owned life insurance cash settlements from cash from operating activities to cash from investing activities.

Recently Issued Accounting Standards Updates

The following ASUs will be implemented effective January 1, 2018 or later:

ASU 2018-02, *Income Statement — Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*. In February 2018, the FASB issued final guidance on reclassification of tax effects stranded in other comprehensive income due to Federal Tax Reform. The guidance provides entities the option to reclassify the tax effects that are stranded in accumulated other comprehensive income (AOCI) as a result of Federal Tax Reform to retained earnings. The guidance is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. In the period of adoption, an entity can elect to apply the amendments retrospectively to each period in which the effect of the change in the federal income tax rate due to Federal Tax Reform is recognized, or apply the amendments in that reporting period. An entity that elects to record the adjustment in the period of adoption will make an adjustment in the statement of shareholders' equity as of the beginning of the reporting period. For Synovus, tax effects stranded in AOCI due to Federal Tax Reform totaled \$7.8 million at December 31, 2017, and they relate to unrealized losses on the available-for-sale investment securities portfolio. Synovus will elect to apply the guidance during the reporting period ending on March 31, 2018, and record the reclassification adjustment in the period of adoption. The reclassification adjustment will result in an increase to retained earnings as of January 1, 2018 of \$7.8 million and a corresponding decrease to accumulated other comprehensive income for the same amount. The reclassification adjustment will increase regulatory capital by \$7.8 million, resulting in an approximate 3 b.p.s increase to Tier 1 capital, common equity Tier 1 capital, and total risk based capital ratios, and an approximate 2 b.p.s increase to the leverage ratio.

ASU 2016-01, *Financial Instruments — Overall: Recognition and Measurement of Financial Assets and Financial Liabilities*. In January 2016, the FASB issued new accounting guidance related to financial instruments. The guidance requires entities to measure equity investments (except those accounted for under the equity method of accounting or consolidated) at fair value, and record changes in fair value as a component of net income. For financial instruments recorded at amortized cost, the new guidance requires public companies to disclose the fair values using the exit price concept prescribed by ASC 820-10, and eliminates the disclosure requirements related to measurement assumptions. The new guidance also requires separate presentation of financial assets and liabilities based on form and measurement category. The guidance is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Synovus currently accounts for all of its equity investments under the equity method of accounting; therefore, the provisions of the new accounting guidance do not impact Synovus' accounting for existing equity investments. With respect to the provisions related to financial instruments recorded at amortized cost, Synovus is in the process of evaluating changes needed to the valuation of its loan portfolio to conform to the exit price requirements of the new guidance. Synovus' current method to estimate the fair value of its loan portfolio does not incorporate the exit price concept of fair value. Management currently expects that the fair value under the exit price concept could result in a lower fair value as compared to the current method. However, management has not yet determined the impact to the fair value estimates as a result of incorporating the exit price concept. Determination of the fair value under the exit price method will require judgment because substantially all of the loans within the loan portfolio do not have observable market prices. The adoption of this guidance will result in the use of the exit price concept for determining the fair value of the loan portfolio for disclosure purposes only.

ASU 2016-13, *Financial Instruments — Credit Losses (CECL)*. In June 2016, the FASB issued the new guidance related to credit losses. The new guidance replaces the existing incurred loss impairment guidance with a single expected credit loss methodology. The new guidance will require management's estimate of credit losses over the full remaining expected life of loans and other financial instruments. For Synovus, the standard will apply to loans, unfunded loan commitments, and debt securities available for sale. The standard is effective for fiscal years beginning after December 15, 2019 and interim periods within those fiscal years. Early adoption is permitted on January 1, 2019. Upon adoption, Synovus will record a cumulative effect adjustment to retained earnings as of the beginning of the reporting period of adoption.

Synovus has begun its implementation efforts which are led by a cross-functional steering committee. Management expects that the allowance for loan losses will be higher under the new standard; however, management is still in the process of determining the magnitude of the impact on its financial statements and regulatory capital ratios. Additionally, the extent of the expected increase on the allowance for loan losses will depend upon the composition of the loan portfolio upon adoption of the standard, as well as economic conditions and forecasts at that time.

ASU 2016-02, *Leases*. In February 2016, the FASB issued ASU 2016-02, its new standard on lease accounting. ASU 2016-02 introduces a lessee model that brings most leases on the balance sheet. Under the new standard, all lessees will recognize a right-of-use asset and a lease liability, including operating leases, with a lease term greater than 12 months. From a lessor perspective, the accounting model is largely unchanged, though the new standard does include certain targeted improvements to align, where necessary, lessor accounting with the lessee accounting model and the revenue recognition guidance in ASC Topic 606 (those related to evaluating when profit can be recognized). For Synovus, the impact of this ASU will primarily relate to its accounting and reporting of leases as a lessee. The new ASU will be effective for Synovus beginning January 1, 2019. A modified retrospective approach is required at adoption which requires all prior periods presented in the financial statements to be restated with a cumulative effect adjustment to retained earnings as of the beginning of the earliest period presented. The standard also requires additional disclosures regarding leasing arrangements.

Synovus is currently evaluating the potential financial statement impact from the implementation of this standard by reviewing its existing lease contracts and other contracts that may include embedded leases. Synovus currently expects to recognize lease liabilities and corresponding right-of-use assets (at their present value) related to substantially all of the \$230 million of future minimum lease commitments as disclosed in Note 7. However, the population of contracts requiring balance sheet recognition and their initial measurement continues to be under evaluation.

ASU 2014-09, *Revenue from Contracts with Customers*. In May 2014, the FASB issued new accounting guidance for recognizing revenue from contracts with customers, which is effective on January 1, 2018. ASU 2014-09 and subsequent related updates establish 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. 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. The scope of the guidance explicitly excludes net interest income as well as many other revenues from financial assets. Synovus completed its assessment of revenue contracts as of December 31, 2017. Based on this review, management did not identify material changes to the timing or amount of revenue recognition.

Synovus adopted these ASUs on January 1, 2018 using the modified retrospective method of adoption. The adoption resulted in an immaterial cumulative effect adjustment to the opening balance of retained earnings. In connection with the adoption of this standard, Synovus will provide new footnote disclosures beginning in the first quarter of 2018 Form 10-Q, including expanded disaggregated non-interest income disclosures.

Additionally, the following ASUs will be implemented effective January 1, 2018 or later but are not expected to have a significant impact on Synovus' consolidated financial statements:

- ASU 2016-18, *Statement of Cash Flows-Restricted Cash*
- ASU 2017-12, *Derivatives and Hedging*
- ASU 2017-08, *Receivables-Nonrefundable Fees and Other Costs: Premium Amortization on Purchased Callable Debt Securities*
- ASU 2017-05, *Other Income-Gains and Losses from the Derecognition of Nonfinancial Assets, Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets*
- ASU 2017-04, *Intangibles-Goodwill and Other, Simplifying the Test for Goodwill Impairment*
- ASU 2017-01, *Business Combinations-Clarifying the Definition of a Business*

Reclassifications

Prior years' consolidated financial statements are reclassified whenever necessary to conform to the current year's presentation.

Note 2 — Acquisitions

Cabela's Transaction

On September 25, 2017, Synovus' wholly owned subsidiary, Synovus Bank, completed the acquisition of certain assets and assumption of certain liabilities of World's Foremost Bank, or WFB. Immediately following the closing of this transaction, Synovus Bank sold WFB's credit card assets and related liabilities to Capital One Bank (USA), National Association, a bank subsidiary of Capital One Financial Corporation.

Synovus retained WFB's \$1.10 billion brokered time deposits portfolio, which had a weighted average remaining maturity of approximately 2.53 years and a weighted average rate of 1.83% as of September 25, 2017. The transaction was accounted for as an assumption of a liability (accounted for under the asset acquisition model). In accordance with ASC 820, *Fair Value Measurements and Disclosures*, the brokered time deposit portfolio was recorded at \$1.10 billion, which was the amount of cash received for the deposits and represented the estimated fair value of the deposits at the transaction date. Additionally, Synovus received a \$75.0 million transaction fee from Cabela's Incorporated and Capital One, which was recognized into earnings upon closing of the transaction, based on having achieved the recognition criteria outlined in SEC SAB Topic 13.A, *Revenue Recognition*.

Acquisition of Global One

On October 1, 2016, Synovus completed its acquisition of all of the outstanding stock of Global One. Prior to its acquisition, Global One was an Atlanta-based private specialty financial services company that provided financing primarily to commercial entities, with all loans fully collateralized by cash value life insurance policies and/or annuities issued by investment grade life insurance companies. Under the terms of the merger agreement, Synovus acquired Global One for an up-front payment of \$30 million, consisting of the issuance of 821 thousand shares of Synovus common stock valued at \$26.6 million and \$3.4 million in cash, with additional payments to Global One's former shareholders over the next three to five years based on earnings from the Global One business as further discussed below.

The acquisition of Global One constituted a business combination. Accordingly, the assets acquired and liabilities assumed were recorded at their estimated fair values as shown in the following table. The determination of fair value required management to make estimates about discount rates, future expected earnings and cash flows, market conditions, future loan growth, and other future events that are highly subjective in nature and subject to change. During the three months ended September 30, 2017, Synovus completed the determination of the final allocation of the purchase price with respect to the assets acquired and liabilities assumed; thus, these fair value estimates reflect measurement period adjustments to the amounts reported as of December 31, 2016, the most significant of which consisted of a reduction in goodwill of \$2.4 million and a decrease in the estimated fair value of the earnout liability of \$1.8 million (the income statement impact of such adjustments was insignificant).

Global One (in thousands)	Acquisition Date Fair Value
Assets acquired:	
Cash and due from banks	\$ 9,554
Commercial and industrial loans ⁽¹⁾	357,307
Goodwill ⁽²⁾	32,884
Other intangible assets	12,500
Other assets	3,681
Total assets acquired	\$ 415,926
Liabilities assumed:	
Notes payable ⁽³⁾	\$ 358,560
Earnout liability	12,234
Deferred tax liability, net	3,229
Other liabilities	11,903
Total liabilities assumed	\$ 385,926
Consideration paid	\$ 30,000
Cash paid	\$ 3,408
Fair value of common stock issued	26,592

(1) The unpaid principal balance of the loans was \$356.7 million.

(2) The goodwill is not expected to be deductible for tax purposes.

(3) The unpaid principal balance of the notes payable was \$357.0 million.

Under the terms of the merger agreement, the purchase price includes additional annual payments ("Earnout Payments") to Global One's former shareholders over the next three to five years, with amounts based on a percentage of "Global One Earnings," as defined in the merger agreement. The Earnout Payments will consist of shares of Synovus common stock as well as a smaller cash consideration component. The first annual Earnout Payment of stock and cash valued at \$6.4 million was made during November 2017. The balance of the earnout liability at December 31, 2017 was \$11.3 million based on the estimated fair value of the remaining Earnout Payments.

Other intangible assets consist of existing borrower relationships (11 years useful life), trade name (10 years useful life), and distribution network (8 years useful life) with December 31, 2017 net carrying values of \$9.6 million, \$962 thousand, and \$506 thousand, respectively.

The following is a description of the methods used to determine the fair values of significant assets and liabilities:

Commercial and industrial loans: The fair value of loans was determined based on a discounted cash flow approach. The most significant assumptions used in the valuation of the loan portfolio consisted of the prepayment rate, the probability of extension at maturity, the interest rates on extended loans, and the discount rates. All loans are fully collateralized by cash value life insurance policies and/or annuities issued by investment grade insurance companies. Based on a history of no principal losses on the loan portfolio since inception as well as the collateral position, no losses were estimated in the event of default.

Notes payable: The notes payable were extinguished immediately after the closing of the acquisition. Accordingly, the fair value of notes payable was determined based on the amounts paid to extinguish such notes, inclusive of applicable prepayment penalties, which is consistent with the perspective of a market participant.

Earnout liability: The fair value of the earnout liability, which represents the fair value of the above referenced Earnout Payments, was determined based on option pricing methods and a Monte Carlo simulation. The most significant assumptions used in the valuation of the earnout liability were the expected cash flows, volatility, and discount rates. Subsequent changes in the fair value of the earnout liability are recognized in earnings until the earnout liability arrangement is settled.

Note 3 — Restructuring Charges

For the years ended December 31, 2017, 2016, and 2015 total restructuring charges consist of the following components:

(in thousands)	Years Ended December 31,		
	2017	2016	2015
Severance charges	\$ 6,128	\$ —	\$ —
Asset impairment charges	715	8,107	229
Gain on sale of assets held for sale, net	(4)	—	(401)
Other charges	175	160	208
Total restructuring charges	\$ 7,014	\$ 8,267	\$ 36

Restructuring charges of \$7.0 million were recorded for the year ended December 31, 2017, consisting primarily of severance charges of \$6.1 million. Severance charges included \$6.1 million for termination benefits incurred in conjunction with a voluntary early retirement program offered during the first quarter of 2017. This program was part of Synovus' ongoing efficiency initiatives. The accrual balance for severance charges associated with the voluntary early retirement program was \$336 thousand at December 31, 2017. Additionally, during 2017, Synovus recorded restructuring charges of \$715 thousand due to additional asset impairment charges on properties previously identified for disposition.

For the year ended December 31, 2016, restructuring charges totaled \$8.3 million with \$5.3 million related to corporate real estate optimization activities and \$2.8 million associated with branch closures. For the year ended December 31, 2015, Synovus recorded net gains of \$401 thousand on the sale of certain branch locations and recorded additional expense of \$437 thousand associated primarily with branches closed during 2014.

The following table presents aggregate activity associated with accruals that resulted from the restructuring charges recorded during the years ended December 31, 2017, 2016, and 2015:

(in thousands)	Severance Charges	Lease Termination Charges	Total
Balance at December 31, 2014	\$ 3,291	\$ 5,539	\$ 8,830
Accruals for lease terminations	—	(3)	(3)
Payments	(1,361)	(849)	(2,210)
Balance at December 31, 2015	1,930	4,687	6,617
Accruals for lease terminations	—	6	6
Payments	(1,849)	(725)	(2,574)
Balance at December 31, 2016	81	3,968	4,049
Accruals for voluntary and involuntary termination benefits	6,128	—	6,128
Payments	(5,873)	(692)	(6,565)
Balance at December 31, 2017	\$ 336	\$ 3,276	\$ 3,612

Other charges were paid in the years that they were incurred. No other restructuring charges resulted in payment accruals.

Note 4 — Investment Securities Available for Sale

The amortized cost, gross unrealized gains and losses, and estimated fair values of investment securities available for sale at December 31, 2017 and 2016 are summarized below.

<i>(in thousands)</i>	December 31, 2017			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury securities	\$ 83,608	\$ —	\$ (934)	\$ 82,674
U.S. Government agency securities	10,771	91	—	10,862
Mortgage-backed securities issued by U.S. Government agencies	121,283	519	(1,362)	120,440
Mortgage-backed securities issued by U.S. Government sponsored enterprises	2,666,818	5,059	(31,354)	2,640,523
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	1,135,259	144	(23,404)	1,111,999
State and municipal securities	180	—	—	180
Corporate debt and other securities	20,320	294	(223)	20,391
Total investment securities available for sale	\$ 4,038,239	\$ 6,107	\$ (57,277)	\$ 3,987,069

<i>(in thousands)</i>	December 31, 2016			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury securities	\$ 108,221	\$ 225	\$ (644)	\$ 107,802
U.S. Government agency securities	12,727	266	—	12,993
Mortgage-backed securities issued by U.S. Government agencies	174,440	1,116	(1,354)	174,202
Mortgage-backed securities issued by U.S. Government sponsored enterprises	2,543,495	5,416	(42,571)	2,506,340
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	905,789	1,214	(16,561)	890,442
State and municipal securities	2,780	14	—	2,794
Equity securities	919	2,863	—	3,782
Corporate debt and other securities	20,247	—	(407)	19,840
Total investment securities available for sale	\$ 3,768,618	\$ 11,114	\$ (61,537)	\$ 3,718,195

At December 31, 2017 and 2016, investment securities with a carrying value of \$2.00 billion and \$2.04 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 December 31, 2017 and 2016 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 earnings. Synovus does not intend to sell investment securities in an unrealized loss position prior to the recovery of the unrealized loss, which may not 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.

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 December 31, 2017, Synovus had 60 investment securities in a loss position for less than twelve months and 54 investment securities in a loss position for twelve months or longer.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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 December 31, 2017 and December 31, 2016 are presented below.

(in thousands)	December 31, 2017					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. Treasury securities	\$ 34,243	\$ 443	\$ 29,562	\$ 491	\$ 63,805	\$ 934
Mortgage-backed securities issued by U.S. Government agencies	36,810	357	55,740	1,005	92,550	1,362
Mortgage-backed securities issued by U.S. Government sponsored enterprises	1,271,012	10,263	929,223	21,091	2,200,235	31,354
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	653,781	9,497	426,237	13,907	1,080,018	23,404
Corporate debt and other securities	—	—	5,097	223	5,097	223
Total	\$ 1,995,846	\$ 20,560	\$ 1,445,859	\$ 36,717	\$ 3,441,705	\$ 57,277

(in thousands)	December 31, 2016					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. Treasury securities	\$ 64,023	\$ 644	\$ —	\$ —	\$ 64,023	\$ 644
Mortgage-backed securities issued by U.S. Government agencies	128,121	1,240	3,626	114	131,747	1,354
Mortgage-backed securities issued by U.S. Government sponsored enterprises	2,123,181	42,571	—	—	2,123,181	42,571
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	682,492	15,653	24,801	908	707,293	16,561
Corporate debt and other securities	14,952	48	4,888	359	19,840	407
Total	\$ 3,012,769	\$ 60,156	\$ 33,315	\$ 1,381	\$ 3,046,084	\$ 61,537

Part II

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The amortized cost and fair value by contractual maturity of investment securities available for sale at December 31, 2017 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 December 31, 2017						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	\$ 18,870	\$ 64,738	\$ —	\$ —	\$ —	\$	83,608
U.S. Government agency securities	2,331	6,437	2,003	—	—		10,771
Mortgage-backed securities issued by U.S. Government agencies	—	—	31,259	90,024	—		121,283
Mortgage-backed securities issued by U.S. Government sponsored enterprises	18	1,838	434,603	2,230,359	—		2,666,818
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	—	—	19,769	1,115,490	—		1,135,259
State and municipal securities	180	—	—	—	—		180
Corporate debt and other securities	—	—	15,000	2,000	3,320		20,320
Total amortized cost	\$ 21,399	\$ 73,013	\$ 502,634	\$ 3,437,873	\$ 3,320	\$	4,038,239
Fair Value							
U.S. Treasury securities	\$ 18,870	\$ 63,804	\$ —	\$ —	\$ —	\$	82,674
U.S. Government agency securities	2,360	6,459	2,043	—	—		10,862
Mortgage-backed securities issued by U.S. Government agencies	—	—	31,193	89,247	—		120,440
Mortgage-backed securities issued by U.S. Government sponsored enterprises	18	1,928	430,140	2,208,437	—		2,640,523
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	—	—	19,366	1,092,633	—		1,111,999
State and municipal securities	180	—	—	—	—		180
Corporate debt and other securities	—	—	15,294	1,935	3,162		20,391
Total fair value	\$ 21,428	\$ 72,191	\$ 498,036	\$ 3,392,252	\$ 3,162	\$	3,987,069

Proceeds from sales, gross gains, and gross losses on sales of securities available for sale for the years ended December 31, 2017, 2016 and 2015 are presented below. The specific identification method is used to reclassify gains and losses out of other comprehensive income at the time of sale.

(in thousands)	2017	2016	2015
Proceeds from sales of investment securities available for sale	\$ 812,293	\$ 968,606	\$ 347,954
Gross realized gains on sales ⁽¹⁾	\$ 7,942	\$ 9,586	\$ 4,356
Gross realized losses on sales	(8,231)	(3,575)	(1,587)
Investment securities (losses) gains, net	\$ (289)	\$ 6,011	\$ 2,769

(1) Includes \$1.4 million in gains in 2016 from the transfer of \$1.9 million of investment securities available for sale to trading account assets.

Note 5 — Loans and Allowance for Loan Losses

Loans outstanding, by classification, at December 31, 2017 and 2016 are summarized below.

<i>(in thousands)</i>	December 31,	
	2017	2016
Investment properties	\$ 5,670,065	\$ 5,869,261
1-4 family properties	781,619	888,553
Land and development	483,604	616,298
Total commercial real estate	6,935,288	7,374,112
Commercial, financial and agricultural	7,179,487	6,909,036
Owner-occupied	4,844,163	4,634,770
Total commercial and industrial	12,023,650	11,543,806
Home equity lines	1,514,227	1,617,265
Consumer mortgages	2,633,503	2,296,604
Credit cards	232,676	232,413
Other consumer loans	1,473,451	818,182
Total consumer	5,853,857	4,964,464
Total loans	24,812,795	23,882,382
Deferred fees and costs, net	(25,331)	(25,991)
Total loans, net of deferred fees and costs	\$ 24,787,464	\$ 23,856,391

A substantial portion of the loan portfolio is secured by real estate in markets located throughout Georgia, Alabama, South Carolina, Florida, and Tennessee. Accordingly, the ultimate collectability of a substantial portion of the loan portfolio is susceptible to changes in market conditions in these areas.

The following is a summary of current, accruing past due, and non-accrual loans by class as of December 31, 2017 and 2016.

Current, Accruing Past Due, and Non-accrual Loans

<i>(in thousands)</i>	December 31, 2017					
	Current	Accruing 30-89 Days Past Due	Accruing 90 Days or Greater Past Due	Total Accruing Past Due	Non-accrual	Total
Investment properties	\$ 5,663,665	\$ 2,506	\$ 90	\$ 2,596	\$ 3,804	\$ 5,670,065
1-4 family properties	775,023	3,545	202	3,747	2,849	781,619
Land and development	476,131	1,609	67	1,676	5,797	483,604
Total commercial real estate	6,914,819	7,660	359	8,019	12,450	6,935,288
Commercial, financial and agricultural	7,097,127	11,214	1,016	12,230	70,130	7,179,487
Owner-occupied	4,830,150	6,880	479	7,359	6,654	4,844,163
Total commercial and industrial	11,927,277	18,094	1,495	19,589	76,784	12,023,650
Home equity lines	1,490,808	5,629	335	5,964	17,455	1,514,227
Consumer mortgages	2,622,061	3,971	268	4,239	7,203	2,633,503
Credit cards	229,015	1,930	1,731	3,661	—	232,676
Other consumer loans	1,461,223	10,333	226	10,559	1,669	1,473,451
Total consumer	5,803,107	21,863	2,560	24,423	26,327	5,853,857
Total loans	\$ 24,645,203	\$ 47,617	\$ 4,414	\$ 52,031	\$ 115,561	\$ 24,812,795⁽¹⁾

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December 31, 2016

<i>(in thousands)</i>	Current	Accruing 30-89 Days Past Due	Accruing 90 Days or Greater Past Due	Total Accruing Past Due	Non-accrual	Total
Investment properties	\$ 5,861,198	\$ 2,795	\$ —	\$ 2,795	\$ 5,268	\$ 5,869,261
1-4 family properties	874,477	4,801	161	4,962	9,114	888,553
Land and development	598,624	1,441	—	1,441	16,233	616,298
Total commercial real estate	7,334,299	9,037	161	9,198	30,615	7,374,112
Commercial, financial and agricultural	6,839,700	9,542	720	10,262	59,074	6,909,036
Owner-occupied	4,600,110	17,913	244	18,157	16,503	4,634,770
Total commercial and industrial	11,439,810	27,455	964	28,419	75,577	11,543,806
Home equity lines	1,585,228	10,013	473	10,486	21,551	1,617,265
Consumer mortgages	2,265,966	7,876	81	7,957	22,681	2,296,604
Credit cards	229,177	1,819	1,417	3,236	—	232,413
Other consumer loans	809,418	5,771	39	5,810	2,954	818,182
Total consumer	4,889,789	25,479	2,010	27,489	47,186	4,964,464
Total loans	\$ 23,663,898	\$ 61,971	\$ 3,135	\$ 65,106	\$ 153,378	\$ 23,882,382⁽²⁾

(1) Total before net deferred fees and costs of \$25.3 million.

(2) Total before net deferred fees and costs of \$26.0 million.

Interest income on non-accrual loans outstanding at December 31, 2017 and 2016 that would have been recorded if the loans had been current and performed in accordance with their original terms was \$9.1 million and \$8.9 million, respectively. Interest income recorded on these loans for the years ended December 31, 2017 and 2016 was \$2.7 million and \$3.5 million, respectively.

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 Classified (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, consumer 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 consumer 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.

Loan Portfolio Credit Exposure by Risk Grade

December 31, 2017

<i>(in thousands)</i>	Pass	Special Mention	Substandard ⁽¹⁾	Doubtful ⁽²⁾	Loss	Total
Investment properties	\$ 5,586,792	\$ 64,628	\$ 18,645	\$ —	\$ —	\$ 5,670,065
1-4 family properties	745,299	19,419	16,901	—	—	781,619
Land and development	431,759	33,766	14,950	3,129	—	483,604
Total commercial real estate	6,763,850	117,813	50,496	3,129	—	6,935,288
Commercial, financial and agricultural	6,929,506	115,912	132,818	1,251	—	7,179,487
Owner-occupied	4,713,877	50,140	80,073	73	—	4,844,163
Total commercial and industrial	11,643,383	166,052	212,891	1,324	—	12,023,650
Home equity lines	1,491,105	—	21,079	285	1,758 ⁽³⁾	1,514,227
Consumer mortgages	2,622,499	—	10,607	291	106 ⁽³⁾	2,633,503
Credit cards	230,945	—	399	—	1,332 ⁽⁴⁾	232,676
Other consumer loans	1,470,944	—	2,168	329	10 ⁽³⁾	1,473,451
Total consumer	5,815,493	—	34,253	905	3,206	5,853,857
Total loans	\$ 24,222,726	\$ 283,865	\$ 297,640	\$ 5,358	\$ 3,206	\$ 24,812,795⁽⁵⁾

December 31, 2016

<i>(in thousands)</i>	Pass	Special Mention	Substandard ⁽¹⁾	Doubtful ⁽²⁾	Loss	Total
Investment properties	\$ 5,794,626	\$ 43,336	\$ 31,299	\$ —	\$ —	\$ 5,869,261
1-4 family properties	827,557	33,928	26,790	278	—	888,553
Land and development	521,745	60,205	27,361	6,987	—	616,298
Total commercial real estate	7,143,928	137,469	85,450	7,265	—	7,374,112
Commercial, financial and agricultural	6,635,757	126,268	140,425	6,445	141 ⁽³⁾	6,909,036
Owner-occupied	4,461,174	60,856	111,330	1,410	— ⁽³⁾	4,634,770
Total commercial and industrial	11,096,931	187,124	251,755	7,855	141	11,543,806
Home equity lines	1,589,199	—	22,774	2,892	2,400 ⁽³⁾	1,617,265
Consumer mortgages	2,271,916	—	23,268	1,283	137 ⁽³⁾	2,296,604
Credit cards	230,997	—	637	—	779 ⁽⁴⁾	232,413
Other consumer loans	814,843	—	3,233	42	64 ⁽³⁾	818,182
Total consumer	4,906,955	—	49,912	4,217	3,380	4,964,464
Total loans	\$ 23,147,814	\$ 324,593	\$ 387,117	\$ 19,337	\$ 3,521	\$ 23,882,382⁽⁶⁾

(1) Includes \$190.6 million and \$256.6 million of Substandard accruing loans at December 31, 2017 and December 31, 2016, respectively.

(2) The loans within this risk grade are on non-accrual status and generally have an allowance for loan losses equal to 50% of the loan amount.

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

(4) 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.

(5) Total before net deferred fees and costs of \$25.3 million.

(6) Total before net deferred fees and costs of \$26.0 million.

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The following table details the change in the allowance for loan losses by loan segment for the years ended December 31, 2017, 2016 and 2015.

(in thousands)	As Of and For The Year Ended December 31, 2017			
	Commercial Real Estate	Commercial & Industrial	Consumer	Total
Allowance for loan losses				
Beginning balance	\$ 81,816	\$ 125,778	\$ 44,164	\$ 251,758
Charge-offs	(12,193)	(49,244)	(28,982)	(90,419)
Recoveries	8,026	6,685	6,033	20,744
Provision for loan losses	(2,651)	43,584	26,252	67,185
Ending balance ⁽⁴⁾	\$ 74,998	\$ 126,803	\$ 47,467	\$ 249,268
Ending balance: individually evaluated for impairment	\$ 4,240	\$ 9,515	\$ 1,153	\$ 14,908
Ending balance: collectively evaluated for impairment	\$ 70,758	\$ 117,288	\$ 46,314	\$ 234,360
Loans				
Ending balance: total loans ⁽¹⁾⁽⁴⁾	\$ 6,935,288	\$ 12,023,650	\$ 5,853,857	\$ 24,812,795
Ending balance: individually evaluated for impairment	\$ 56,896	\$ 111,334	\$ 32,056	\$ 200,286
Ending balance: collectively evaluated for impairment	\$ 6,878,392	\$ 11,912,316	\$ 5,821,801	\$ 24,612,509

(in thousands)	As Of and For The Year Ended December 31, 2016			
	Commercial Real Estate	Commercial & Industrial	Consumer	Total
Allowance for loan losses				
Beginning balance	\$ 87,133	\$ 122,989	\$ 42,374	\$ 252,496
Charge-offs	(18,216)	(25,039)	(14,705)	(57,960)
Recoveries	15,226	9,071	4,925	29,222
Provision for loan losses	(2,327)	18,757	11,570	28,000
Ending balance ⁽⁴⁾	\$ 81,816	\$ 125,778	\$ 44,164	\$ 251,758
Ending balance: individually evaluated for impairment	\$ 7,916	\$ 8,384	\$ 1,811	\$ 18,111
Ending balance: collectively evaluated for impairment	\$ 73,900	\$ 117,394	\$ 42,353	\$ 233,647
Loans				
Ending balance: total loans ⁽²⁾⁽⁴⁾	\$ 7,374,112	\$ 11,543,806	\$ 4,964,464	\$ 23,882,382
Ending balance: individually evaluated for impairment	\$ 91,410	\$ 120,560	\$ 37,526	\$ 249,496
Ending balance: collectively evaluated for impairment	\$ 7,282,702	\$ 11,423,246	\$ 4,926,938	\$ 23,632,886

(in thousands)	As Of and For The Year Ended December 31, 2015			
	Commercial Real Estate	Commercial & Industrial	Consumer	Total
Allowance for loan losses				
Beginning balance	\$ 101,471	\$ 118,110	\$ 41,736	\$ 261,317
Allowance for loan losses of sold Memphis loans	—	—	—	—
Charge-offs	(13,998)	(22,583)	(20,758)	(57,339)
Recoveries	13,644	8,611	7,253	29,508
Provision for loan losses	(13,984)	18,851	14,143	19,010
Ending balance ⁽⁴⁾	\$ 87,133	\$ 122,989	\$ 42,374	\$ 252,496
Ending balance: individually evaluated for impairment	\$ 18,969	\$ 10,477	\$ 989	\$ 30,435
Ending balance: collectively evaluated for impairment	\$ 68,164	\$ 112,512	\$ 41,385	\$ 222,061
Loans				
Ending balance: total loans ^{(3) (4)}	\$ 7,394,768	\$ 10,772,130	\$ 4,292,766	\$ 22,459,664
Ending balance: individually evaluated for impairment	\$ 157,958	\$ 105,599	\$ 38,243	\$ 301,800
Ending balance: collectively evaluated for impairment	\$ 7,236,810	\$ 10,666,531	\$ 4,254,523	\$ 22,157,864

(1) Total before net deferred fees and costs of \$25.3 million.

(2) Total before net deferred fees and costs of \$26.0 million.

(3) Total before net deferred fees and costs of \$30.1 million.

(4) As of and for the years ended December 31, 2017, 2016, and 2015, there were no purchased credit-impaired loans and no allowance for loan losses for purchased credit-impaired loans.

Below is a detailed summary of impaired loans (including accruing TDRs) by class as of and for the years ended December 31, 2017 and 2016.

Impaired Loans (including accruing TDRs)

<i>(in thousands)</i>	December 31, 2017				
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded					
Investment properties	\$ —	\$ —	\$ —	\$ 123	\$ —
1-4 family properties	—	—	—	323	—
Land and development	56	1,740	—	1,816	—
Total commercial real estate	56	1,740	—	2,262	—
Commercial, financial and agricultural	8,220	9,576	—	21,686	—
Owner-occupied	—	—	—	6,665	—
Total commercial and industrial	8,220	9,576	—	28,351	—
Home equity lines	2,746	2,943	—	1,205	—
Consumer mortgages	—	—	—	496	—
Credit cards	—	—	—	—	—
Other consumer loans	—	—	—	—	—
Total consumer	2,746	2,943	—	1,701	—
Total	11,022	14,259	—	32,314	—
With allowance recorded					
Investment properties	23,364	23,364	1,100	28,749	1,144
1-4 family properties	15,056	15,056	504	16,257	925
Land and development	18,420	18,476	2,636	23,338	404
Total commercial real estate	56,840	56,896	4,240	68,344	2,473
Commercial, financial and agricultural	65,715	65,851	7,406	50,468	1,610
Owner-occupied	37,399	37,441	2,109	40,498	1,382
Total commercial and industrial	103,114	103,292	9,515	90,966	2,992
Home equity lines	5,096	5,096	114	7,476	334
Consumer mortgages	18,668	18,668	569	19,144	896
Credit cards	—	—	—	—	—
Other consumer loans	5,546	5,546	470	4,765	266
Total consumer	29,310	29,310	1,153	31,385	1,496
Total	189,264	189,498	14,908	190,695	6,961
Total					
Investment properties	23,364	23,364	1,100	28,872	1,144
1-4 family properties	15,056	15,056	504	16,580	925
Land and development	18,476	20,216	2,636	25,154	404
Total commercial real estate	56,896	58,636	4,240	70,606	2,473
Commercial, financial and agricultural	73,935	75,427	7,406	72,154	1,610
Owner-occupied	37,399	37,441	2,109	47,163	1,382
Total commercial and industrial	111,334	112,868	9,515	119,317	2,992
Home equity lines	7,842	8,039	114	8,681	334
Consumer mortgages	18,668	18,668	569	19,640	896
Credit cards	—	—	—	—	—
Other consumer loans	5,546	5,546	470	4,765	266
Total consumer	32,056	32,253	1,153	33,086	1,496
Total impaired loans	\$ 200,286	\$ 203,757	\$ 14,908	\$ 223,009	\$ 6,961

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(in thousands)	December 31, 2016				
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded					
Investment properties	\$ 748	\$ 793	\$ —	\$ 2,013	\$ —
1-4 family properties	643	2,939	—	1,021	—
Land and development	2,099	7,243	—	6,769	—
Total commercial real estate	3,490	10,975	—	9,803	—
Commercial, financial and agricultural	17,958	20,577	—	6,321	—
Owner-occupied	5,508	7,377	—	8,394	—
Total commercial and industrial	23,466	27,954	—	14,715	—
Home equity lines	1,051	1,051	—	1,045	—
Consumer mortgages	744	814	—	870	—
Credit cards	—	—	—	—	—
Other consumer loans	—	—	—	—	—
Total consumer	1,795	1,865	—	1,915	—
Total	28,751	40,794	—	26,433	—
With allowance recorded					
Investment properties	31,489	31,489	2,044	42,659	1,436
1-4 family properties	23,642	23,649	769	39,864	855
Land and development	32,789	32,788	5,103	25,568	995
Total commercial real estate	87,920	87,926	7,916	108,091	3,286
Commercial, financial and agricultural	43,386	45,913	5,687	51,968	1,215
Owner-occupied	53,708	53,942	2,697	52,300	1,946
Total commercial and industrial	97,094	99,855	8,384	104,268	3,161
Home equity lines	9,638	9,638	971	9,668	432
Consumer mortgages	20,953	20,953	673	20,993	1,014
Credit cards	—	—	—	—	—
Other consumer loans	5,140	5,140	167	5,062	303
Total consumer	35,731	35,731	1,811	35,723	1,749
Total	220,745	223,512	18,111	248,082	8,196
Total					
Investment properties	32,237	32,282	2,044	44,672	1,436
1-4 family properties	24,285	26,588	769	40,885	855
Land and development	34,888	40,031	5,103	32,337	995
Total commercial real estate	91,410	98,901	7,916	117,894	3,286
Commercial, financial and agricultural	61,344	66,490	5,687	58,289	1,215
Owner-occupied	59,216	61,319	2,697	60,694	1,946
Total commercial and industrial	120,560	127,809	8,384	118,983	3,161
Home equity lines	10,689	10,689	971	10,713	432
Consumer mortgages	21,697	21,767	673	21,863	1,014
Credit cards	—	—	—	—	—
Other consumer loans	5,140	5,140	167	5,062	303
Total consumer	37,526	37,596	1,811	37,638	1,749
Total impaired loans	\$ 249,496	\$ 264,306	\$ 18,111	\$ 274,515	\$ 8,196

The average recorded investment in impaired loans was \$358.3 million for the year ended December 31, 2015. Excluding accruing TDRs, there was no interest income recognized for the investment in impaired loans for the years ended December 31, 2017, 2016, and 2015. Interest income recognized for accruing TDRs was \$9.5 million for the year ended December 31, 2015. At December 31, 2017, 2016, and 2015, impaired loans of \$49.0 million, \$53.7 million, and \$77.9 million, respectively, 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 three months or less, are generally not considered to be financial concessions.

The following tables represent, by concession type, the post-modification balance for loans modified or renewed during the years ended December 31, 2017, 2016, and 2015 that were reported as accruing or non-accruing TDRs.

TDRs by Concession Type

Year Ended December 31, 2017

<i>(in thousands, except contract data)</i>	Number of Contracts	Principal Forgiveness	Below Market Interest Rate	Term Extensions and/or Other Concessions	Total
Investment properties	1	\$ —	\$ —	\$ 121	\$ 121
1-4 family properties	35	—	2,786	2,040	4,826
Land and development	6	—	157	1,614	1,771
Total commercial real estate	42	—	2,943	3,775	6,718
Commercial, financial and agricultural	56	—	9,434	12,145	21,579
Owner-occupied	4	—	35	1,705	1,740
Total commercial and industrial	60	—	9,469	13,850	23,319
Home equity lines	—	—	—	—	—
Consumer mortgages	11	—	2,539	1,190	3,729
Credit cards	—	—	—	—	—
Other consumer loans	38	—	1,624	1,333	2,957
Total consumer	49	—	4,163	2,523	6,686
Total loans	151	\$ —	\$ 16,575	\$ 20,148	\$ 36,723⁽¹⁾

(1) No charge-offs were recorded during 2017 upon restructuring of these loans.

TDRs by Concession Type

Year Ended December 31, 2016

<i>(in thousands, except contract data)</i>	Number of Contracts	Principal Forgiveness	Below Market Interest Rate	Term Extensions and/or Other Concessions	Total
Investment properties	4	\$ —	\$ 1,825	\$ 3,518	\$ 5,343
1-4 family properties	39	—	5,499	1,488	6,987
Land and development	14	—	—	4,099	4,099
Total commercial real estate	57	—	7,324	9,105	16,429
Commercial, financial and agricultural	63	—	17,509	7,160	24,669
Owner-occupied	9	—	7,884	550	8,434
Total commercial and industrial	72	—	25,393	7,710	33,103
Home equity lines	5	—	225	123	348
Consumer mortgages	7	—	413	51	464
Credit cards	—	—	—	—	—
Other consumer loans	28	—	394	2,256	2,650
Total consumer	40	—	1,032	2,430	3,462
Total loans	169	\$ —	\$ 33,749	\$ 19,245	\$ 52,994⁽¹⁾

(1) No charge-offs were recorded during 2016 upon restructuring of these loans.

TDRs by Concession Type

Year Ended December 31, 2015

<i>(in thousands, except contract data)</i>	Number of Contracts	Principal Forgiveness	Below Market Interest Rate	Term Extensions and/or Other Concessions	Total
Investment properties	11	\$ —	\$ 25,052	\$ 6,973	\$ 32,025
1-4 family properties	43	14,823	4,667	2,763	22,253
Land and development	12	—	614	1,532	2,146
Total commercial real estate	66	14,823	30,333	11,268	56,424
Commercial, financial and agricultural	91	29	3,191	6,477	9,697
Owner-occupied	10	—	3,417	2,064	5,481
Total commercial and industrial	101	29	6,608	8,541	15,178
Home equity lines	53	—	2,826	2,905	5,731
Consumer mortgages	15	—	1,011	895	1,906
Credit cards	—	—	—	—	—
Other consumer loans	27	—	444	703	1,147
Total consumer	95	—	4,281	4,503	8,784
Total loans	262	\$ 14,852	\$ 41,222	\$ 24,312	\$ 80,386⁽¹⁾

(1) Charge-offs of \$4.0 million were recorded during 2015 upon restructuring of these loans.

For the years ended December 31, 2017, 2016 and 2015, there were eight defaults with a recorded investment of \$4.0 million, two defaults with a recorded investment of \$181 thousand, and seven defaults with a recorded investment of \$12.5 million, respectively, on accruing TDRs restructured during the previous twelve months (defaults are 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).

If at the time that a loan was designated as a TDR the loan was not already impaired, the measurement of impairment resulting 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 a TDR is not significant. At December 31, 2017, the allowance for loan losses allocated to accruing TDRs totaling \$151.3 million was \$8.7 million compared to accruing TDRs of \$195.8 million with an allocated allowance for loan losses of \$9.8 million at December 31, 2016. Non-accrual non-homogeneous loans (commercial-type impaired loan relationships 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.

Note 6 — Other Comprehensive Income (Loss)

The following table illustrates activity within the balances in accumulated other comprehensive income (loss) by component, and is shown for the years ended December 31, 2017, 2016, and 2015.

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

(in thousands)	Net Unrealized Gains (Losses) on Cash Flow Hedges	Net Unrealized Gains (Losses) on Investment Securities Available for Sale	Post-Retirement Unfunded Health Benefit	Total
Balance at December 31, 2014	\$ (12,824)	\$ (713)	\$ 932	\$ (12,605)
Other comprehensive income (loss) before reclassifications	—	(15,806)	143	(15,663)
Amounts reclassified from accumulated other comprehensive income (loss)	320	(1,703)	(168)	(1,551)
Net current period other comprehensive income (loss)	320	(17,509)	(25)	(17,214)
Balance at December 31, 2015	\$ (12,504)	\$ (18,222)	\$ 907	\$ (29,819)
Other comprehensive income (loss) before reclassifications	—	(22,405)	63	(22,342)
Amounts reclassified from accumulated other comprehensive income (loss)	287	(3,697)	(88)	(3,498)
Net current period other comprehensive income (loss)	287	(26,102)	(25)	(25,840)
Balance at December 31, 2016	\$ (12,217)	\$ (44,324)	\$ 882	\$ (55,659)
Other comprehensive income (loss) before reclassifications	—	676	38	714
Amounts reclassified from accumulated other comprehensive income (loss)	80	178	(67)	191
Net current period other comprehensive income (loss)	80	854	(29)	905
Balance at December 31, 2017	\$ (12,137)	\$ (43,470)	\$ 853	\$ (54,754)

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 net unrealized 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 instruments and available for sale securities as a single portfolio. As of December 31, 2017, the ending 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 the 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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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following table illustrates activity within the reclassifications out of accumulated other comprehensive income (loss), for the years ended December 31, 2017, 2016, and 2015.

Reclassifications Out of Accumulated Other Comprehensive Income (Loss)

Details About Accumulated Other Comprehensive Income (Loss) Components	Amount Reclassified From Accumulated Other Comprehensive Income (Loss)			Income Statement Line Item Where This is Presented
	For the Years Ended December 31,			
(in thousands)	2017	2016	2015	
Net unrealized gains (losses) on cash flow hedges:				
Amortization of deferred losses	\$ (130)	\$ (270)	\$ (448)	Interest expense
Amortization of deferred losses	—	(197)	(73)	Loss on early extinguishment of debt, net
	50	180	201	Income tax (expense) benefit
	\$ (80)	\$ (287)	\$ (320)	Reclassifications, net of income taxes
Net unrealized gains (losses) on investment securities available for sale:				
Realized (losses) gains, net, on sales of securities ⁽¹⁾	\$ (289)	\$ 6,011	\$ 2,769	Investment securities gains, net
	111	(2,314)	(1,066)	Income tax (expense) benefit
	\$ (178)	\$ 3,697	\$ 1,703	Reclassifications, net of income taxes
Post-retirement unfunded health benefit:				
Amortization of actuarial gains	\$ 110	\$ 144	\$ 272	Salaries and other personnel expense
	(43)	(56)	(104)	Income tax (expense) benefit
	\$ 67	\$ 88	\$ 168	Reclassifications, net of income taxes

(1) Includes \$1.4 million in gains in 2016 from the transfer of \$1.9 million of investment securities available for sale to trading account assets.

Note 7 — Premises and Equipment

Premises and equipment at December 31, 2017 and 2016 consist of the following:

(in thousands)	Useful Life (in years)	2017	2016
Land	Indefinite	\$ 96,759	\$ 97,080
Buildings and improvements	10 — 40	388,254	377,754
Leasehold improvements	10 — 40	38,970	41,355
Furniture and equipment	3 — 10	413,876	370,458
Construction in progress		15,956	29,104
Total premises and equipment		953,815	915,751
Less: Accumulated depreciation and amortization		(527,002)	(498,266)
Premises and equipment, net		\$ 426,813	\$ 417,485

Net premises and equipment included \$1.5 million and \$1.6 million related to net capital leases at December 31, 2017 and 2016, respectively. Aggregate rent expense (principally for offices) net of sublease income, totaled \$22.0 million, \$21.4 million, and \$23.1 million for the years ended December 31, 2017, 2016, and 2015, respectively. Depreciation and amortization expense for the years ended December 31, 2017, 2016, and 2015 totaled \$42.2 million, \$37.1 million, and \$35.3 million, respectively.

During the years ended December 31, 2017 and 2016, Synovus transferred premises and equipment with a net book value of \$3.3 million and \$25.2 million, respectively, to other properties held for sale, a component of other assets.

Lease Commitments

Synovus and its subsidiaries have entered into long-term operating leases for various facilities and equipment. Management expects that as these leases expire they will be renewed or replaced by similar leases based on need.

At December 31, 2017, minimum rental commitments under all such non-cancelable leases for the next five years and thereafter are presented below.

(in thousands)

2018	\$ 28,187
2019	27,722
2020	26,483
2021	23,876
2022	23,332
Thereafter	98,797
Total	\$ 228,397

Note 8 — Goodwill and Other Intangible Assets

At December 31, 2017 and 2016, the net carrying value of goodwill was \$57.3 million and \$59.7 million, respectively, consisting of goodwill associated with two reporting units. At December 31, 2017, \$24.4 million of the goodwill was attributable to the trust services reporting unit, and the remaining \$32.9 million was attributable to the Synovus Bank reporting unit and is a result of the Global One business combination completed during 2016. In connection with the Global One acquisition, Synovus also acquired other intangible assets with an aggregate estimated fair value of \$12.5 million consisting of existing borrower relationships, trade name, and distribution network. The weighted average amortization period for Global One acquired intangibles was 10.8 years. Aggregate other intangible assets amortization expense for the years ended December 31, 2017, 2016, 2015 was \$1.1 million, \$521 thousand, and \$503 thousand, respectively. Estimated amortization expense over each of the next five years is \$1.2 million.

At June 30, 2017, Synovus completed its annual goodwill impairment evaluation applying ASC 350-20-35-3A *Goodwill Subsequent Measurement - Qualitative Assessment Approach* and concluded that goodwill was not impaired.

The following table shows the changes in the carrying amount of goodwill for the year ended December 31, 2017:

(in thousands)	Trust Services Reporting Unit	Synovus Bank Reporting Unit	Total
Balance as of December 31, 2016			
Goodwill	\$ 24,431	\$ 35,247	\$ 59,678
Accumulated impairment losses	—	—	—
Measurement period adjustments	—	(2,363)	(2,363)
Goodwill, net, as of December 31, 2017	\$ 24,431	\$ 32,884	\$ 57,315

The following table shows the carrying amount of other intangibles as of December 31, 2017 and 2016:

(in thousands)	2017	2016
Other intangibles	\$ 13,140	\$ 14,040
Accumulated amortization	(1,886)	(817)
Other intangibles, net	\$ 11,254	\$ 13,223

Note 9 — Other Assets

Significant balances included in other assets at December 31, 2017 and 2016 are presented below.

<i>(in thousands)</i>	2017	2016
Cash surrender value of bank-owned life insurance	\$ 540,958	\$ 378,830
Federal Reserve Bank and FHLB stock	159,443	169,864
Accrued interest receivable	80,036	70,393
Investments in low income housing tax credit partnerships	60,068	26,495
Taxes receivable ⁽¹⁾	46,330	2,611
Accounts receivable	43,878	29,821
Prepaid expenses	33,298	35,542
Private equity investments	15,771	25,493
Derivative asset positions	11,722	20,623
Other properties held for sale	7,825	14,830
SBA/GGL servicing assets, net	4,101	4,451
Miscellaneous other assets	32,081	34,267
Total other assets	\$ 1,035,511	\$ 813,220

(1) Effective December 31, 2017, alternative minimum tax credits of \$42.1 million were reclassified from deferred tax assets to taxes receivable.

Synovus' investment in bank-owned life insurance programs at both December 31, 2017 and December 31, 2016 included approximately \$15 million of separate account life insurance policies covered by stable value agreements. At December 31, 2017, the fair value of the investments underlying the separate account policies was approximately \$14 million, which was within the coverage provided by the stable value agreements.

Note 10 — Deposits

A summary of interest bearing deposits at December 31, 2017 and 2016 is presented below.

<i>(in thousands)</i>	2017	2016
Interest bearing demand deposits	\$ 5,157,175	\$ 4,768,313
Money market accounts, excluding brokered deposits	7,435,941	7,251,093
Savings accounts	798,935	929,402
Time deposits, excluding brokered deposits	3,108,385	3,234,465
Brokered deposits	1,961,125	1,378,983
Total interest bearing deposits	\$ 18,461,561	\$ 17,562,256

The aggregate amount of time deposits of \$250,000 or more was \$921.8 million at December 31, 2017 and \$829.5 million at December 31, 2016.

The following table presents contractual maturities of all time deposits at December 31, 2017.

<i>(in thousands)</i>	
Maturing within one year	\$ 2,544,033
Between 1 — 2 years	851,665
2 — 3 years	567,279
3 — 4 years	248,473
4 — 5 years	65,521
Thereafter	242,909
	\$ 4,519,880

Note 11 – Long-term Debt and Short-term Borrowings

Long-term debt at December 31, 2017 and 2016 is presented in the following table.

<i>(in thousands)</i>	2017	2016
Parent Company:		
3.125% senior notes, due November 1, 2022, \$300 million par value at December 31, 2017 with semi-annual interest payments and principal to be paid at maturity	\$ 296,971	\$ —
5.75% fixed to adjustable rate subordinated notes issued December 7, 2015, due December 15, 2025, \$250 million par value with semi-annual interest payments at 5.75% for the first five years and quarterly payments thereafter at an adjustable rate equal to the then-current three month LIBOR rate + 418.2 basis points and principal to be paid at maturity	247,618	247,136
LIBOR + 1.80% debentures, due April 19, 2035, \$10 million par value with quarterly interest payments and principal to be paid at maturity (rate of 3.39% at December 31, 2017 and 2.76% at December 31, 2016)	10,000	10,000
5.125% subordinated notes, matured June 15, 2017, \$278.6 million par value at December 31, 2016	—	278,480
7.875% senior notes, due February 15, 2019, \$300 million par value	—	297,763
Hedge-related basis adjustment ⁽¹⁾	—	873
Total long-term debt — Parent Company	554,589	834,252
Synovus Bank:		
FHLB advances with interest and principal payments due at various maturity dates through 2022 and interest rates ranging from 1.42% to 1.43% at December 31, 2017 (weighted average interest rate of 1.43% and 0.64% at December 31, 2017 and 2016, respectively)	1,150,000	1,325,000
Capital lease with interest and principal payments due at various dates through 2031 (rate of 1.59% at both December 31, 2017 and 2016)	1,549	1,629
Total long-term debt — Synovus Bank	1,151,549	1,326,629
Total long-term debt	\$ 1,706,138	\$ 2,160,881

⁽¹⁾ Unamortized balance of terminated interest rate swaps reflected in debt for financial reporting purposes.

On November 1, 2017, Synovus issued \$300.0 million aggregate principal amount of 3.125% senior notes maturing in 2022 in a public offering with aggregate proceeds of \$296.9 million, net of discount and debt issuance costs.

On November 9, 2017, Synovus redeemed all of the \$300.0 million aggregate principal amount of its 7.875% senior notes due 2019 at a “make whole” premium. 2017 results include a loss of \$23.2 million related to early extinguishment of these notes.

During 2017, Synovus paid off the remaining balance of \$278.6 million of its subordinated notes at their maturity date of June 15, 2017. During 2016 and 2015, Synovus repurchased \$124.7 million and \$46.7 million, respectively, of its subordinated notes maturing in 2017. Results for the years ended December 31, 2016 and 2015 included losses of \$4.7 million and \$1.5 million, respectively, relating to repurchases of these notes.

The provisions of the indentures governing Synovus’ long-term debt contain certain restrictions within specified limits on mergers, sales of all or substantially all of Synovus’ assets and limitations on sales and issuances of voting stock of subsidiaries and Synovus’ ability to pay dividends on its capital stock if there is an event of default under the applicable indenture. As of December 31, 2017 and 2016, Synovus and its subsidiaries were in compliance with the covenants in these agreements.

The FHLB advances are secured by certain loans receivable with a recorded balance of \$3.40 billion at December 31, 2017 and \$3.25 billion at December 31, 2016.

Contractual annual principal payments on long-term debt for the next five years and thereafter are shown on the following table.

<i>(in thousands)</i>	Parent Company	Synovus Bank	Total
2018	\$ —	\$ 100,089	\$ 100,089
2019	—	90	90
2020	—	350,092	350,092
2021	—	450,096	450,096
2022	300,000	250,107	550,107
Thereafter	260,000	1,075	261,075
Total	\$ 560,000	\$ 1,151,549	\$ 1,711,549

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The following table sets forth certain information regarding federal funds purchased and other securities sold under repurchase agreements.

(dollars in thousands)	2017	2016	2015
Total balance at December 31,	\$ 161,190	\$ 159,699	\$ 177,025
Weighted average interest rate at December 31,	0.18%	0.08%	0.08%
Maximum month end balance during the year	\$ 225,475	\$ 286,175	\$ 250,453
Average amount outstanding during the year	184,093	216,593	205,305
Weighted average interest rate during the year	0.11%	0.09%	0.08%

Note 12 — Shareholders' Equity

The following table shows the changes in shares of preferred and common stock issued and common stock held as treasury shares for the three years ended December 31, 2017.

(shares in thousands)	Series C Preferred Stock Issued	Common Stock Issued	Treasury Stock Held	Common Stock Outstanding
Balance at December 31, 2014	5,200	139,950	3,827	136,123
Restricted share unit activity	—	304	—	304
Stock options exercised	—	338	—	338
Repurchase of common stock	—	—	7,218	(7,218)
Balance at December 31, 2015	5,200	140,592	11,045	129,547
Issuance of common stock for acquisition	—	821	—	821
Restricted share unit activity	—	316	—	316
Stock options exercised	—	297	—	297
Repurchase of common stock	—	—	8,715	(8,715)
Balance at December 31, 2016	5,200	142,026	19,760	122,266
Issuance of common stock for earnout payment	—	118	—	118
Restricted share unit activity	—	336	—	336
Stock options exercised	—	198	—	198
Repurchase of common stock	—	—	4,021	(4,021)
Balance at December 31, 2017	5,200	142,678	23,781	118,897

Issuance of Common Stock for Acquisition and Earnout Payment

On October 1, 2016, Synovus completed its acquisition of Global One. Under the terms of the merger agreement, Synovus acquired Global One for an up-front payment of \$30 million, consisting of the issuance of 821 thousand shares of Synovus common stock valued at \$26.6 million and \$3.4 million in cash, with additional annual payments to the former shareholders of Global One for three to five years based on a percentage of Global One's earnings as defined in the merger agreement. The first annual Earnout Payment was made during November 2017, consisting of the issuance of 118 thousand shares of Synovus common stock valued at \$5.5 million and \$892 thousand in cash. Please refer to Note 2 - "Acquisitions" of this Report for more information on the acquisition of Global One.

Repurchases of Common Stock

During 2017, Synovus repurchased \$175.1 million, or 4.0 million shares, of common stock through open market transactions under the \$200 million share repurchase program authorized during the fourth quarter of 2016 for execution during 2017.

During 2016, Synovus completed its \$300 million share repurchase program with repurchases of \$262.9 million, or 8.7 million shares, of common stock. This program was authorized during the third quarter of 2015 and was executed over a 15 month period through a combination of open market transactions and an ASR. Share repurchases of common stock during 2016 executed through open market transactions totaled \$212.9 million, or 7.3 million shares, and \$50.0 million, or 1.4 million shares, were executed through an ASR. During the fourth quarter of 2015, Synovus repurchased \$37.1 million, or 1.2 million shares, under the \$300 million share repurchase program through open market transactions.

During 2015, Synovus completed its \$250 million share repurchase program. This program was announced on October 21, 2014 and expired on October 23, 2015. Under this program, Synovus repurchased 9.1 million shares of common stock through a combination of open market transactions and an ASR. 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 2015. Synovus also entered into a \$75.0 million ASR in October 2014. During 2014, Synovus repurchased 2.5 million shares of common stock under this ASR, and during January 2015, Synovus repurchased 392 thousand shares upon completion of this ASR.

Series C Preferred Stock

In July 2013, Synovus issued 5.2 million shares of Fixed-to Floating Rate Non-Cumulative Perpetual Preferred Stock, Series C, \$25.00 per share liquidation preference. Dividends on the shares are non-cumulative and, if declared, will accrue and be payable, in arrears, quarterly at a rate per annum equal to 7.875% for each dividend period from the original issue date to, but excluding August 1, 2018. From and including August 1, 2018, the dividend rate will change to a floating rate equal to the three-month LIBOR plus a spread of 6.39% per annum. The Series C Preferred Stock is perpetual and does not have any maturity date. The Series C Preferred Stock is redeemable at Synovus' option at a redemption price equal to \$25.00 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends. The Series C Preferred Stock has no preemptive or conversion rights. Except in certain limited circumstances, the Series C Preferred Stock does not have any voting rights.

Warrant

At December 31, 2017, 2016, and 2015, Synovus had warrants outstanding issued to Treasury to purchase up to 2.2 million shares of Synovus common stock at a per share exercise price of \$65.52 expiring on December 19, 2018. The warrants were issued by Synovus to Treasury in 2008 in connection with the Capital Purchase Program, promulgated under the Emergency Economic Stabilization Act of 2008.

Note 13 – Regulatory Capital

Synovus is subject to regulatory capital requirements administered by the federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, Synovus must meet specific capital levels that involve quantitative measures of both on- and off-balance sheet items as calculated under regulatory capital guidelines. Capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

The Basel III capital 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 began on January 1, 2016 at the 0.625% level and will 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.

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

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The following table summarizes regulatory capital information at December 31, 2017 and 2016 on a consolidated basis and for Synovus' significant subsidiary, defined as any direct subsidiary with assets or net income levels exceeding 10% of the consolidated totals.

<i>(dollars in thousands)</i>	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions ⁽¹⁾	
	2017	2016	2017	2016	2017	2016
Synovus Financial Corp.						
Common equity tier 1 capital	\$ 2,763,168	\$ 2,654,287	\$ 1,250,488	\$ 1,199,794	N/A	N/A
Tier 1 capital	2,872,001	2,685,880	1,660,074	1,599,725	N/A	N/A
Total risk-based capital	3,383,081	3,201,268	2,213,432	2,132,966	N/A	N/A
Common equity tier 1 capital ratio	9.99%	9.96%	4.50%	4.50%	N/A	N/A
Tier 1 capital ratio	10.38	10.07	6.00	6.00	N/A	N/A
Total risk-based capital ratio	12.23	12.01	8.00	8.00	N/A	N/A
Leverage ratio	9.19	8.99	4.00	4.00	N/A	N/A
Synovus Bank						
Common equity tier 1 capital	\$ 3,155,163	\$ 3,187,583	\$ 1,247,462	\$ 1,197,976	\$ 1,795,004	\$ 1,730,410
Tier 1 capital	3,155,163	3,187,583	1,656,927	1,597,302	2,209,236	2,129,736
Total risk-based capital	3,406,243	3,441,563	2,209,236	2,129,736	2,761,545	2,662,169
Common equity tier 1 capital ratio	11.43%	11.97%	4.50%	4.50%	6.50%	6.50%
Tier 1 capital ratio	11.43	11.97	6.00	6.00	8.00	8.00
Total risk-based capital ratio	12.33	12.93	8.00	8.00	10.00	10.00
Leverage ratio	10.12	10.68	4.00	4.00	5.00	5.00

⁽¹⁾ The prompt corrective action provisions are applicable at the bank level only.

Note 14 — Net Income Per Common Share

The following table displays a reconciliation of the information used in calculating basic and diluted net income per common share for the years ended December 31, 2017, 2016, and 2015.

<i>(in thousands, except per share data)</i>	Years Ended December 31,		
	2017	2016	2015
Net income	\$ 275,474	\$ 246,784	\$ 226,082
Dividends on preferred stock	10,238	10,238	10,238
Net income available to common shareholders	\$ 265,236	\$ 236,546	\$ 215,844
Weighted average common shares outstanding	121,162	124,389	132,423
Potentially dilutive shares from outstanding equity-based awards and Earnout Payments	850	689	778
Weighted average diluted common shares	122,012	125,078	133,201
Net income per common share, basic	\$ 2.19	\$ 1.90	\$ 1.63
Net income per common share, diluted	\$ 2.17	\$ 1.89	\$ 1.62

For the years ended December 31, 2017, 2016, and 2015, there were 2.2 million, 2.2 million, and 2.8 million potentially dilutive shares, respectively, related to Warrants and stock options to purchase shares of common stock that were outstanding during 2017, 2016, and 2015, respectively, but were not included in the computation of diluted net income per common share because the effect would have been anti-dilutive.

Note 15 – 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.

Synovus has implemented controls and processes for the determination of the fair value of financial instruments. The ultimate responsibility for the determination of fair value rests with Synovus. Synovus has established a process that has been designed to ensure there is an independent review and validation of fair values by a function independent of those entering into the transaction. This includes specific controls to ensure consistent pricing policies and procedures that incorporate verification for both market and derivative transactions. For all financial instruments where fair values

are determined by reference to externally quoted prices or observable pricing inputs to models, independent price determination or validation is utilized. Where the market for a financial instrument is not active, fair value is determined using a valuation technique or pricing model. These valuation techniques and models involve a degree of estimation, the extent of which depends on each instrument's complexity and the availability of market-based data.

The most frequently applied pricing model and valuation technique utilized by Synovus is the discounted cash flow model. Discounted cash flows determine the value by estimating the expected future cash flows from assets or liabilities discounted to their present value. Synovus may also use a relative value model to determine the fair value of a financial instrument based on the market prices of similar assets or liabilities or an option pricing model such as binomial pricing that includes probability-based techniques. Assumptions and inputs used in valuation techniques and models include benchmark interest rates, credit spreads and other inputs used in estimating discount rates, bond and equity prices, price volatilities and correlations, prepayment rates, probability of default, and loss severity upon default.

Synovus refines and modifies its valuation techniques as markets develop and as pricing for individual financial instruments become more or less readily available. While Synovus believes its valuation techniques are appropriate and consistent with other market participants, the use of different methodologies or assumptions could result in different estimates of fair value at the balance sheet date. In order to determine the fair value, where appropriate, management applies valuation adjustments to the pricing information. These adjustments reflect management's assessment of factors that market participants would consider in setting a price, to the extent that these factors have not already been included in the pricing information. Furthermore, on an ongoing basis, management assesses the appropriateness of any model used. To the extent that the price provided by internal models does not represent the fair value of the financial instrument, management makes adjustments to the model valuation to calibrate it to other available pricing sources. Where unobservable inputs are used, management may determine a range of possible valuations based upon differing stress scenarios to determine the sensitivity associated with the valuation. As a final step, management considers the need for further adjustments to the modeled price to reflect how market participants would price the financial instrument.

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, 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 GSEs and agencies, obligations of states and municipalities, collateralized mortgage obligations issued by GSEs, and mortgage loans held for sale are generally included in this category.
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 loans held for sale, other real estate, certain corporate securities, private equity investments, GGL/SBA loan servicing assets, and the earnout liability.

Fair Value Option

Synovus has elected the fair value option for mortgage loans held for sale primarily to ease the operational burdens required to maintain hedge accounting for these loans. Synovus is still able to achieve effective economic hedges on mortgage loans held for sale without the time and expense needed to manage a hedge accounting program.

Valuation Methodology by Product

Following is a description of the valuation methodologies used for the major categories of financial assets and liabilities measured at fair value.

Trading Account Assets/Liabilities and Investment Securities Available for Sale

The fair values of trading securities and investment securities available for sale are primarily based on actively traded markets where prices are based on either quoted market prices or observed transactions. Management employs independent third-party pricing services to provide fair value estimates for Synovus' investment securities available for sale and trading securities. Fair values for fixed income investment securities are typically determined based upon quoted market prices, and/or inputs that are observable in the market, either directly or indirectly, for substantially similar securities. Level 1 securities are typically exchange quoted prices and include financial instruments such as U.S. Treasury securities, marketable equity securities, and mutual fund investments. Level 2 securities are typically matrix priced by the third-party pricing service to calculate the fair value. Such fair value measurements consider observable data such as market spreads, cash flows, yield curves, live trading levels, trade execution data, market consensus prepayments speeds, credit information, and the respective terms and conditions for debt instruments. The types of securities classified as Level 2 within the valuation hierarchy primarily consist of collateralized mortgage obligations, mortgage-backed securities, debt securities of GSEs and agencies, corporate debt, and state and municipal securities.

When there is limited activity or less transparency around inputs to valuation, Synovus develops valuations based on assumptions that are not readily observable in the marketplace; these securities are classified as Level 3 within the valuation hierarchy. The majority of the balance of Level 3 investment securities available for sale consists primarily of trust preferred securities issued by financial institutions. To determine the fair value of the trust preferred securities, management uses a measurement technique to reflect one that utilizes credit spreads and/or credit indices available from a third-party pricing service. In addition, for each trust preferred security, management projects non-credit adjusted cash flows, and discounts those cash flows to net present value incorporating a relevant credit spread in the discount rate. Other inputs to calculating fair value include potential discounts for lack of marketability.

Management uses various validation procedures to confirm the prices received from pricing services are reasonable. Such validation procedures include reference to market quotes and a review of valuations and trade activity of comparable securities. Consideration is given to the nature of the quotes (e.g., indicative or firm) and the relationship of recently evidenced market activity to the prices provided by the third-party pricing service. Further, management also employs the services of an additional independent pricing firm as a means to verify and confirm the fair values of the primary independent pricing firms.

Mortgage Loans Held for Sale

Synovus elected to apply the fair value option for mortgage loans originated with the intent to sell to investors. When loans are not committed to an investor at a set price, fair value is derived from a hypothetical bulk sale model used to estimate the exit price of the loans in a loan sale. The bid pricing convention is used for loan pricing for similar assets. The valuation model is based upon forward settlements of a pool of loans of similar coupon, maturity, product, and credit attributes. The inputs to the model are continuously updated with available market and historical data. As the loans are sold in the secondary market and primarily used as collateral for securitizations, the valuation model represents the highest and best use of the loans in Synovus' principal market. Mortgage loans held for sale are classified within Level 2 of the valuation hierarchy.

Private Equity Investments

Private equity investments consist primarily of equity method investments in venture capital funds, which are classified as Level 3 within the valuation hierarchy. The valuation of these investments requires significant judgment due to the absence of quoted market prices, inherent lack of liquidity, and the long-term nature of such investments. Based on these factors, the ultimate realizable value of these investments could differ significantly from the value reflected in the accompanying audited consolidated financial statements. The valuation of marketable securities that have trading restrictions is discounted until the securities can be freely traded. The private equity investments in which Synovus holds a limited partnership interest consist of funds that invest in privately held companies. For privately held companies in the funds, the general partner estimates the fair value of the company in accordance with GAAP, as clarified by ASC 820, and guidance specific to investment companies. The estimated fair value of the company is the estimated fair value as an exit price the fund would receive if it were to sell the company in the marketplace. The fair value of the fund's underlying investments is estimated through the use of valuation models such as option pricing or a discounted cash flow model. Valuation factors, such as a company's operational performance against budget or milestones, last price paid by investors, with consideration given on whether financing is provided by insiders or unrelated new investors, public market comparables, liquidity of the market, industry and economic trends, and changes in management or key personnel, are used in the determination of fair value.

Mutual Funds Held in Rabbi Trusts

Mutual funds held in rabbi trusts primarily invest in equity and fixed income securities. Shares of mutual funds are valued based on quoted market prices, and are therefore classified within Level 1 of the fair value hierarchy.

GGL/SBA Loans Servicing Asset

Synovus has retained servicing responsibilities on sold GGL/SBA loans and receives a servicing fee. The servicing asset is established at fair value at the time of the sale based on an analysis of future cash flows that incorporates estimates for discount rates, prepayment speeds, and delinquency rates. The servicing asset is measured at fair value on a quarterly basis with changes in fair value included with the associated servicing fee in other non-interest income. Prior to 2017, Synovus accounted for the GGL/SBA loans servicing asset using the amortization method. The GGL/SBA loan servicing asset is classified as Level 3.

Earnout Liability

The earnout liability is a contingent consideration obligation related to the Global One acquisition and is measured at fair value on a recurring basis. The earnout liability will be adjusted to fair value until settled. Since the assumptions used to measure fair value are based on internal metrics that are not market observable, the earnout liability is classified as Level 3.

Derivative Assets and Liabilities

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. With the exception of one derivative contract discussed herein, Synovus' derivative financial instruments are all Level 2 financial instruments. The majority of derivatives entered into by Synovus are executed over-the-counter and consist of interest rate swaps. The fair values of these derivative instruments are determined based on an internally developed model that uses readily observable market data, as quoted market prices are not available for these instruments. The valuation models and inputs depend on the type of derivative and the nature of the underlying instrument, and include interest rates, prices and indices to generate continuous yield or pricing curves, volatility factors, and customer credit related adjustments. The principal techniques used to model the value of these instruments are an income approach, discounted cash flows, and Black-Scholes or binomial pricing models. The sale of TBA mortgage-backed securities for current month delivery or in the future and the purchase of option contracts of similar duration are derivatives utilized by Synovus, and are valued by obtaining prices directly from dealers in the form of quotes for identical securities or options using a bid pricing convention with a spread between bid and offer quotations. Interest rate swaps, floors, caps and collars, and TBA mortgage-backed securities are classified as Level 2 within the valuation hierarchy.

Synovus enters into interest rate lock commitments related to expected funding of residential mortgage loans at specified times in the future. Interest rate lock commitments that relate to the origination of mortgage loans that will be held-for-sale are considered derivative instruments under applicable accounting guidance. As such, Synovus records its interest rate lock commitments and forward loan sales commitments at fair value, determined as the amount that would be required to settle each of these derivative financial instruments at the balance sheet date. In the normal course of business, Synovus enters into contractual interest rate lock commitments to extend credit at a fixed interest rate and with fixed expiration dates. The commitments become effective when the borrowers "lock-in" a specified interest rate within the established time frames. Market risk arises if interest rates move adversely between the time of the interest rate lock by the borrower and the sale date of the loan to an investor. To mitigate the effect of the interest rate risk inherent in providing interest rate lock commitments to borrowers, Synovus enters into best efforts forward sales contracts with third-party investors. The forward sales contracts lock in a price for the sale of loans similar to those with the specific interest rate lock commitments. Both the interest rate lock commitments to the borrowers and the forward sales contracts to the investors are derivatives, and accordingly, are marked to fair value through earnings. In estimating the fair value of an interest rate lock commitment, Synovus assigns a probability to the interest rate lock commitment based on an expectation that it will be exercised and the loan will be funded. The fair value of the interest rate lock commitment is derived from the fair value of related mortgage loans, which is based on observable market data and includes the expected net future cash flows related to servicing of the loans. The fair value of the interest rate lock commitment is also derived from inputs that include guarantee fees negotiated with the agencies and private investors, buy-up and buy-down values provided by the agencies and private investors, and interest rate spreads for the difference between retail and wholesale mortgage rates. Management also applies fall-out ratio assumptions to the interest rate lock commitments in anticipation of certain mortgage loans which will not close. The fall-out ratio assumptions are based on Synovus' historical experience, conversion ratios for similar loan commitments, and market conditions. While fall-out tendencies are not exact predictions of which loans will or will not close, historical performance review of loan-level data provides the basis for determining the appropriate hedge ratios. In addition, on a periodic basis, Synovus performs analyses of actual rate lock fall-out experience to determine the sensitivity of the mortgage pipeline to interest rate changes from the date of the commitment through loan origination. The expected fall-out ratios (or conversely the "pull-through" percentages) are applied to the determined fair value of the mortgage pipeline. Changes to the fair value of interest rate lock commitments are recognized based on interest rate changes, changes in the probability that the commitment will be exercised, and the passage of time. The fair value of the forward sales contracts to investors considers the market price movement of the same type of security between the trade date and the balance sheet date. These instruments are classified as Level 2 within the valuation hierarchy.

In November 2009, Synovus sold certain Visa Class B shares to another Visa USA member financial institution. The sales price was based on the Visa stock conversion ratio in effect at the time for conversion of Visa Class B shares to Visa Class A unrestricted shares at a future date. In conjunction with the sale, Synovus entered into a derivative contract with the purchaser (the Visa derivative), 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 fair value of the Visa derivative 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. Since this estimation process requires application of judgment in developing significant unobservable inputs used to determine the fair value of the Visa derivative, this derivative has been classified as Level 3 within the valuation hierarchy. See "Part II - Item 8. Financial Statements and Supplementary Data - Note 18 - Visa Shares and Related Agreements" of this Report for additional discussion on the Visa derivative and related litigation.

Part II

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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 December 31, 2017 and 2016, 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. Synovus did not have any transfers between levels for the years ended December 31, 2017 and 2016.

(in thousands)	December 31, 2017			Total Assets and Liabilities at Fair Value
	Level 1	Level 2	Level 3	
Assets				
Trading securities:				
U.S. Government agency securities	\$ —	\$ 3,002	\$ —	\$ 3,002
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	—	296	—	296
Other investments	522	—	—	522
Total trading securities	522	3,298	—	3,820
Mortgage loans held for sale	—	48,024	—	48,024
Investment securities available for sale:				
U.S. Treasury securities	82,674	—	—	82,674
U.S. Government agency securities	—	10,862	—	10,862
Mortgage-backed securities issued by U.S. Government agencies	—	120,440	—	120,440
Mortgage-backed securities issued by U.S. Government sponsored enterprises	—	2,640,523	—	2,640,523
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	—	1,111,999	—	1,111,999
State and municipal securities	—	180	—	180
Corporate debt and other securities ⁽¹⁾	3,162	15,294	1,935	20,391
Total investment securities available for sale	85,836	3,899,298	1,935	3,987,069
Private equity investments	—	—	15,771	15,771
Mutual funds held in rabbi trusts	14,140	—	—	14,140
GGL/SBA loans servicing asset	—	—	4,101	4,101
Derivative assets:				
Interest rate contracts	—	10,786	—	10,786
Mortgage derivatives ⁽²⁾	—	936	—	936
Total derivative assets	—	11,722	—	11,722
Liabilities				
Trading account liabilities	—	1,000	—	1,000
Earnout liability ⁽³⁾	—	—	11,348	11,348
Derivative liabilities:				
Interest rate contracts	—	12,638	—	12,638
Mortgage derivatives ⁽²⁾	—	129	—	129
Visa derivative	—	—	4,330	4,330
Total derivative liabilities	—	12,767	4,330	17,097

December 31, 2016

							Total Assets and Liabilities at Fair Value
(in thousands)	Level 1		Level 2		Level 3		
Assets							
Trading securities:							
Mortgage-backed securities issued by U.S. Government agencies	\$	—	\$	3,460	\$	—	\$ 3,460
Collateralized mortgage obligations issued by U.S. Government sponsored enterprises		—		3,438		—	3,438
State and municipal securities		—		426		—	426
Other investments		1,890		100		—	1,990
Total trading securities		1,890		7,424		—	9,314
Mortgage loans held for sale		—		51,545		—	51,545
Investment securities available for sale:							
U.S. Treasury securities		107,802		—		—	107,802
U.S. Government agency securities		—		12,993		—	12,993
Mortgage-backed securities issued by U.S. Government agencies		—		174,202		—	174,202
Mortgage-backed securities issued by U.S. Government sponsored enterprises		—		2,506,340		—	2,506,340
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises		—		890,442		—	890,442
State and municipal securities		—		2,794		—	2,794
Equity securities		3,782		—		—	3,782
Corporate debt and other securities ⁽¹⁾		3,092		14,952		1,796	19,840
Total investment securities available for sale		114,676		3,601,723		1,796	3,718,195
Private equity investments		—		—		25,493	25,493
Mutual funds held in rabbi trusts		11,479		—		—	11,479
Derivative assets:							
Interest rate contracts		—		17,157		—	17,157
Mortgage derivatives ⁽²⁾		—		3,466		—	3,466
Total derivative assets		—		20,623		—	20,623
Liabilities							
Earnout liability ⁽³⁾		—		—		14,000	14,000
Derivative liabilities:							
Interest rate contracts		—		17,531		—	17,531
Visa derivative		—		—		5,768	5,768
Total derivative liabilities		—		17,531		5,768	23,299

(1) 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.

(2) 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.

(3) Earnout liability consists of contingent consideration obligation related to Global One acquisition.

Fair Value Option

The following table summarizes the difference between the fair value and the unpaid principal balance of mortgage loans held for sale 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.

(in thousands)		Twelve Months Ended December 31,		
		2017	2016	2015
Changes in fair value included in net income:				
Mortgage loans held for sale	\$	754	\$ (667)	\$ (742)
Mortgage loans held for sale:				
Fair value		48,024	51,545	59,275
Unpaid principal balance		46,839	51,114	58,177
Fair value less aggregate unpaid principal balance	\$	1,185	\$ 431	\$ 1,098

Changes in Level 3 Fair Value Measurements and Quantitative Information about 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 year ended December 31, 2017 and 2016 (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 2017 and 2016, Synovus did not have any transfers between levels in the fair value hierarchy.

(in thousands)	2017					GGL/SBA Loans Servicing Asset ⁽²⁾
	Investment Securities Available for Sale	Private Equity Investments	Visa Derivative	Earnout Liability ⁽¹⁾		
Beginning balance, January 1,	\$ 1,796	\$ 25,493	\$ (5,768)	\$ (14,000)		\$ —
Total (losses) gains realized/unrealized:						
Included in earnings	—	(3,093)	—	(5,466)		(1,681)
Unrealized gains included in other comprehensive income	139	—	—	—		—
Additions	—	—	—	—		1,330
Sales	—	(6,629)	—	—		—
Settlements	—	—	1,438	6,352		—
Transfer from amortization method to fair value	—	—	—	—		4,452
Measurement period adjustments related to Global One acquisition	—	—	—	1,766		—
Ending balance, December 31,	\$ 1,935	\$ 15,771	\$ (4,330)	\$ (11,348)		\$ 4,101
Total net (losses) for the year included in earnings attributable to the change in unrealized gains (losses) relating to assets and liabilities still held at December 31,	\$ —	\$ (3,093)	\$ —	\$ (5,466)		\$ (1,681)

(in thousands)	2016				GGL/SBA Loans Servicing Asset ⁽²⁾
	Investment Securities Available for Sale	Private Equity Investments	Visa Derivative	Earnout Liability ⁽¹⁾	
Beginning balance, January 1,	\$ 1,745	\$ 27,148	\$ (1,415)	\$ —	
Total gains (losses) realized/unrealized:					
Included in earnings	—	(1,026)	(5,795)	—	
Unrealized gains included in other comprehensive income	51	—	—	—	
Additions	—	—	—	(14,000)	
Settlements	—	(629)	1,442	—	
Ending balance, December 31,	\$ 1,796	\$ 25,493	\$ (5,768)	\$ (14,000)	
Total net gains (losses) for the year included in earnings attributable to the change in unrealized gains (losses) relating to assets and liabilities still held at December 31,	\$ —	\$ (1,026)	\$ (5,795)	\$ —	

⁽¹⁾ Earnout liability consists of contingent consideration obligation related to the Global One acquisition.

⁽²⁾ Effective January 1, 2017, Synovus elected the fair value option for determining the value of the GGL/SBA loans servicing asset. Prior to 2017, Synovus accounted for the GGL/SBA loans servicing asset using the amortization method.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The table below provides 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 and are measured at fair value on a recurring basis. 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.

			December 31, 2017		December 31, 2016	
<i>(\$dollars in thousands)</i>	Valuation Technique	Significant Unobservable Input	Level 3 Fair Value	Range/ Weighted Average	Level 3 Fair Value	Range/ Weighted Average
Assets measured at fair value on a recurring basis						
Investment Securities Available for Sale – Other investments:						
Trust preferred securities	Discounted cash flow analysis	Credit spread embedded in discount rate	\$ 1,935	398 bps	\$ 1,796	442 bps
Private equity investments	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	15,771	N/A	25,493	N/A
		Discount for lack of liquidity ⁽¹⁾	N/A		15%	
GGL/SBA loans servicing asset	Discounted cash flow analysis	Discount rate Prepayment speeds	4,101	13.16% 7.50%	N/A	N/A
Earnout liability	Option pricing methods and Monte Carlo simulation	Financial projections of Global One	11,348	N/A	14,000	N/A
Visa derivative liability	Discounted cash flow analysis	Estimated timing of resolution of covered litigation, future cumulative deposits to the litigation escrow for settlement of the Covered Litigation, and estimated future monthly fees payable to the derivative counterparty	4,330	1-4 years	5,768	1-5 years

(1) Represents management's estimate of discount that market participants would require based on the instrument's lack of liquidity.

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 tables present 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.

(in thousands)	As of December 31, 2017			Fair Value Adjustments for the Year Ended December 31, 2017
	Level 1	Level 2	Level 3	
Impaired loans*	\$ —	\$ —	\$ 3,603	\$ 991
Other loans held for sale	—	—	10,197	13,004
Other real estate	—	—	3,363	2,413
Other assets held for sale	—	—	5,334	2,491

	As of December 31, 2016			Fair Value Adjustments for the Year Ended December 31, 2016
	Level 1	Level 2	Level 3	
Impaired loans*	\$ —	\$ —	\$ 21,742	\$ 6,613
Other real estate	—	—	19,305	1,223
Other assets held for sale	—	—	12,083	5,715

* Collateral-dependent impaired loans that are written down to fair value during the period.

The table below provides 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 and are measured at fair value on a non-recurring basis.

			December 31, 2017	December 31, 2016
	Valuation Technique	Significant Unobservable Input	Range (Weighted Average) ⁽¹⁾	Range (Weighted Average) ⁽¹⁾
Assets measured at fair value on a non-recurring basis				
Collateral-dependent impaired loans	Third-party appraised value of collateral less estimated selling costs	Discount to appraised value ⁽²⁾ Estimated selling costs	0%-50% (15%) 0%-10% (7%)	0%-52% (25%) 0%-10% (7%)
Other loans held for sale	Third-party appraised value of collateral less estimated selling costs	Discount to appraised value ⁽²⁾ Estimated selling costs	5%-99% (54%) 0%-10% (2%)	N/A
Other real estate	Third-party appraised value of real estate less estimated selling costs	Discount to appraised value ⁽²⁾ Estimated selling costs	0%-85% (35%) 0%-10% (7%)	0%-10% (5%) 0%-10% (7%)
Other assets held for sale	Third-party appraised value less estimated selling costs or BOV	Discount to appraised value ⁽²⁾ Estimated selling costs	21%-52%(25%) 0%-10% (7%)	0%-81% (47%) 0%-10% (7%)

(1) The weighted average is the measure of central tendencies; it is not the value that management is using for the asset or liability.

(2) 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. The year ended December 31, 2017 included certain balance sheet restructuring actions which resulted in additional discounts to fair value for planned accelerated dispositions of other loans held for sale, other real estate, and other assets held for sale.

Fair Value of Financial Instruments

The following table presents the carrying and fair values of financial instruments at December 31, 2017 and 2016. The fair values represent 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.

Cash and cash equivalents, interest bearing funds with the Federal Reserve Bank, interest earning deposits with banks, and federal funds sold and securities purchased under resale agreements are repriced on a short-term basis; as such, the carrying value closely approximates fair value. Since these amounts relate to highly liquid assets, these are considered a Level 1 measurement.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Loans, net of deferred fees and costs, are recorded at the amount of funds advanced, less charge-offs, and an estimation of credit risk represented by the allowance for loan losses. The fair value estimates for disclosure purposes differentiate loans based on their financial characteristics, such as product classification, loan category, pricing features, and remaining maturity. The fair value of loans is estimated for portfolios of loans with similar financial characteristics. Loans are segregated by type, such as commercial, mortgage, home equity, credit card, and other retail loans. Commercial loans are further segmented into certain collateral code groupings. The fair value of the loan portfolio is calculated, in accordance with ASC 825-10, by discounting contractual cash flows using estimated market discount rates, which reflect the credit and interest rate risk inherent in the loan. Synovus' current method to estimate the fair value of its loan portfolio does not incorporate the exit price concept of fair value. Management currently expects that the fair value under the exit price concept could result in a lower fair value as compared to the current method. See "Part II - Item 8. Financial Statements and Supplementary Data - Note 1 - Summary of Significant Accounting Policies" for information on ASU 2016-01, *Recognition and Measurement of Financial Instruments*, which becomes effective in 2018. For loans measured using the estimated fair value of collateral less costs to sell, fair value is generally estimated using appraisals of the collateral. Collateral values are monitored and additional write-downs are recognized if it is determined that the estimated collateral values have declined further. Estimated costs to sell are based on current disposal costs for similar assets. Carrying value is considered to reflect fair value for these loans. Loans are considered a Level 3 fair value measurement.

The fair value of deposits with no stated maturity, such as non-interest bearing demand accounts, interest bearing demand deposits, money market accounts, and savings accounts, is estimated to be equal to the amount payable on demand as of that respective date. The fair value of time deposits is based on the discounted value of contractual cash flows. The discount rate is estimated using the rates currently offered for deposits of similar remaining maturities. The value of long-term relationships with depositors is not taken into account in estimating fair values. Synovus has developed long-term relationships with its customers through its deposit base and, in the opinion of management, these customer relationships add significant value to Synovus. Synovus has determined that the appropriate classification for deposits is Level 2 due to the ability to reasonably measure all inputs to valuation based on observable market variables. Short-term and long-term debt is also considered a Level 2 valuation, as management relies on market prices for bonds or debt that is similar, but not necessarily identical, to the debt being valued. Short-term debt that matures within ten days is assumed to be at fair value, and is considered a Level 1 measurement. The fair value of other short-term and long-term debt with fixed interest rates is calculated by discounting contractual cash flows using market discount rates for bonds or debt that is similar but not identical.

The carrying and estimated fair values of financial instruments, as well as the level within the fair value hierarchy, as of December 31, 2017 and 2016 are as follows:

(in thousands)	December 31, 2017				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Financial Assets					
Cash and cash equivalents	\$ 397,848	\$ 397,848	\$ 397,848	\$ —	\$ —
Interest bearing funds with Federal Reserve Bank	460,928	460,928	460,928	—	—
Interest earning deposits with banks	26,311	26,311	26,311	—	—
Federal funds sold and securities purchased under resale agreements	47,846	47,846	47,846	—	—
Trading account assets	3,820	3,820	522	3,298	—
Mortgage loans held for sale	48,024	48,024	—	48,024	—
Other loans held for sale	11,356	11,356	—	—	11,356
Investment securities available for sale	3,987,069	3,987,069	85,836	3,899,298	1,935
Private equity investments	15,771	15,771	—	—	15,771
Mutual funds held in rabbi trusts	14,140	14,140	14,140	—	—
Loans, net of deferred fees and costs	24,787,464	24,507,141	—	—	24,507,141
GGL/SBA loans servicing asset	4,101	4,101	—	—	4,101
Derivative assets	11,722	11,722	—	11,722	—
Financial Liabilities					
Trading account liabilities	1,000	1,000	—	1,000	—
Non-interest bearing deposits	7,686,339	7,686,339	—	7,686,339	—
Interest bearing deposits	18,461,561	18,465,475	—	18,465,475	—
Federal funds purchased and securities sold under repurchase agreements	161,190	161,190	161,190	—	—
Long-term debt	1,706,138	1,721,814	—	1,721,814	—
Earnout liability	11,348	11,348	—	—	11,348
Derivative liabilities	17,097	17,097	—	12,767	4,330

December 31, 2016

<i>(in thousands)</i>	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Financial assets					
Cash and cash equivalents	\$ 395,175	\$ 395,175	\$ 395,175	\$ —	\$ —
Interest bearing funds with Federal Reserve Bank	527,090	527,090	527,090	—	—
Interest earning deposits with banks	18,720	18,720	18,720	—	—
Federal funds sold and securities purchased under resale agreements	58,060	58,060	58,060	—	—
Trading account assets	9,314	9,314	1,890	7,424	—
Mortgage loans held for sale	51,545	51,545	—	51,545	—
Investment securities available for sale	3,718,195	3,718,195	114,676	3,601,723	1,796
Private equity investments	25,493	25,493	—	—	25,493
Mutual funds held in Rabbi Trusts	11,479	11,479	11,479	—	—
Loans, net of deferred fees and costs	23,856,391	23,709,434	—	—	23,709,434
Derivative assets	20,623	20,623	—	20,623	—
Financial liabilities					
Non-interest bearing deposits	7,085,804	7,085,804	—	7,085,804	—
Interest bearing deposits	17,562,256	17,560,021	—	17,560,021	—
Federal funds purchased and securities sold under repurchase agreements	159,699	159,699	159,699	—	—
Long-term debt	2,160,881	2,217,544	—	2,217,544	—
Earnout liability	14,000	14,000	—	—	14,000
Derivative liabilities	23,299	23,299	—	17,531	5,768

Note 16 — 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 December 31, 2017 and 2016, Synovus had no outstanding interest rate swap contracts utilized to manage interest rate risk related to core banking activities.

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, evaluating other market indicators, and periodically reviewing detailed financials. 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

As of December 31, 2017 and December 31, 2016, there were no cash flow hedges outstanding. The unamortized deferred net loss balance from previously terminated cash flow hedges at December 31, 2016 of \$(130) thousand was recognized during 2017.

Fair Value Hedges

As of December 31, 2017 and December 31, 2016, there were no fair value hedges outstanding. The unamortized deferred gain balance on all previously terminated fair value hedges at December 31, 2016 of \$873 thousand was recognized during 2017.

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 counterparties. 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 as a component of non-interest income. As of December 31, 2017, the notional amount of customer related interest rate derivative financial instruments, including both the customer position and the offsetting position, was \$1.47 billion, an increase of \$141.4 million compared to December 31, 2016.

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 \$4.3 million and \$5.8 million at December 31, 2017 and 2016, respectively. 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. Management believes that the estimate of Synovus' exposure to the Visa indemnification and fees associated with the Visa derivative is adequate based on current information, including Visa's recent announcements and disclosures. However, future developments in the litigation could require potentially significant changes to Synovus' estimate. See "Part II - Item 8. Financial Statements and Supplementary Data - Note 18 - Visa Shares and Related Agreements" of this Report for further information.

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 December 31, 2017 and 2016, Synovus had commitments to fund at a locked interest rate, primarily fixed-rate mortgage loans to customers in the amount of \$49.3 million and \$88.2 million, respectively. Fair value adjustments related to these commitments resulted in a loss of (\$634) thousand and a gain of \$182 thousand for the years ended December 31, 2017 and 2016, respectively, which were recorded as a component of mortgage banking income in the consolidated statements of income.

At December 31, 2017 and 2016, outstanding commitments to sell primarily fixed-rate mortgage loans amounted to \$72.5 million and \$126.5 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. Fair value adjustments related to these outstanding commitments to sell mortgage loans resulted in loss of (\$2.0) million and a gain of \$1.7 million for the years ended December 31, 2017 and 2016, respectively, which were recorded as a component of mortgage banking income in the consolidated statements of income.

Collateral Requirements

Pursuant to the Dodd-Frank Act, certain derivative transactions have collateral requirements, both at the inception of the trade, and as the value of each derivative position changes. As of December 31, 2017, collateral totaling \$43.8 million of federal funds sold was pledged to the derivative counterparties to comply with collateral requirements. Effective January 3, 2017, the CME amended its rulebook to legally characterize variation margin cash payments for cleared OTC derivatives as settlement rather than as collateral. As a result, in 2017, Synovus began reducing the corresponding derivative asset and liability balances for CME- cleared OTC derivatives to reflect the settlement of those positions via the exchange of variation margin. At December 31, 2017, Synovus had a variation margin of \$1.5 million reducing the derivative asset.

The impact of derivative instruments on the consolidated balance sheets at December 31, 2017 and 2016 is presented below.

(in thousands)	Fair Value of Derivative Assets			Fair Value of Derivative Liabilities		
	Location on Consolidated Balance Sheet	December 31, 2017	December 31, 2016	Location on Consolidated Balance Sheet	December 31, 2017	December 31, 2016
Derivatives not designated as hedging instruments:						
Interest rate contracts	Other assets	\$ 10,786	\$ 17,157	Other liabilities	\$ 12,638	\$ 17,531
Mortgage derivatives	Other assets	936	3,466	Other liabilities	129	—
Visa derivative		—	—	Other liabilities	4,330	5,768
Total derivatives not designated as hedging instruments		\$ 11,722	\$ 20,623		\$ 17,097	\$ 23,299

The pre-tax effect of fair value hedges on the consolidated statements of income for the years ended December 31, 2017, 2016 and 2015 is presented below.

		Derivative		
		Gain (Loss) Recognized in Income Years Ended December 31,		
(in thousands)	Location of Gain (Loss) Recognized in Income	2017	2016	2015
Derivatives not designated as hedging instruments				
Interest rate contracts ⁽¹⁾	Other Non-Interest Income	\$ 20	\$ 76	\$ 44
Mortgage derivatives ⁽²⁾	Mortgage Banking Income	(2,659)	1,907	1,099
Total		\$ (2,639)	\$ 1,983	\$ 1,143

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

(2) 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 years ended December 31, 2017, 2016, and 2015, Synovus reclassified \$873 thousand, \$1.8 million, and \$3.1 million, respectively, from hedge-related basis adjustment, a component of long-term debt, as a reduction to interest expense. Additionally, during 2016 and 2015, Synovus reclassified \$1.3 million and \$495 thousand, respectively, from hedge-related basis adjustment as a reduction to loss on early extinguishment of debt, net. As of December 31, 2017, all deferred gains related to hedging relationships that had been previously terminated had been recognized into earnings.

Note 17 — Variable Interest Entities

Synovus has a contractual ownership or other interests in certain VIEs for which the fair value of the VIE's net assets may change exclusive of the variable interests. Under ASC 810, *Consolidation*, Synovus is deemed to be the primary beneficiary and required to consolidate a VIE if it has a variable interest in the VIE that provides it with a controlling financial interest. For such purposes, the determination of whether a controlling financial interest exists is based on whether a single party has both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and the obligation to absorb the losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. ASC 810-10-65, as amended, requires continual reconsideration of conclusions reached regarding which interest holder is a VIE's primary beneficiary.

Synovus' involvement with VIEs is discussed below. Synovus consolidates VIEs for which it is deemed the primary beneficiary.

Consolidated Variable Interest Entities

Rabbi Trusts – Synovus has established certain rabbi trusts related to deferred compensation plans offered to its participants (employees and directors). Synovus contributes the participant's cash compensation deferrals to the trusts and directs the underlying investments made by the trusts. The assets of these trusts are available to Synovus creditors only in the event that Synovus becomes insolvent. These trusts are considered VIEs because either there is no equity at risk in the trusts or because Synovus provided the equity interest to their participants in exchange for services

rendered. While the participants have the ability to direct their funds within the trusts, Synovus is considered the primary beneficiary of the rabbi trusts as it has the ability to direct the underlying investments made by the trusts as well as make funding decisions related to the trusts, the activities that most significantly impact the economic performance of the rabbi trusts. Synovus includes the assets of the rabbi trusts as a component of other assets and a corresponding liability for the associated benefit obligation in other liabilities in its consolidated balance sheets. At December 31, 2017 and 2016, the aggregate amount of rabbi trust assets and benefit obligations was \$14.1 million and \$11.5 million, respectively.

Non-consolidated Variable Interest Entities

Low Income Housing Tax Credit Partnerships – Synovus and its subsidiary bank, Synovus Bank, make equity investments as a limited partner in various partnerships which are engaged in the development and operation of affordable multi-family housing utilizing the LIHTC pursuant to Section 42 of the Code. The purpose of these investments is to earn a return on the investment and to support community reinvestment initiatives of Synovus Bank. The activities of these LIHTC partnerships are limited to development and operation of multi-family housing that is leased to qualifying residential tenants. These partnerships are generally located in southeastern communities where Synovus has a banking presence and are considered VIEs because Synovus, as the holder of an equity investment at risk, does not have voting or similar rights and does not participate in the management or direct the operations of the partnerships (activities which affect the economic performance of the partnerships). Synovus provides construction lending for certain of the LIHTC partnerships in which it also has an equity investment. Synovus is at risk for the amount of its equity investment plus the outstanding amount of any construction loans in excess of the fair value of the collateral for the loan but has no obligation to fund the operations or working capital of the partnerships. The general partners of these partnerships are considered the primary beneficiaries because they are charged with management responsibility which give them the power to direct the activities that most significantly impact the economic performance of the partnerships, and they are exposed to losses beyond Synovus' equity investment. Synovus records its investment in LIHTC partnerships as a component of other assets in its consolidated balance sheet.

The following tables provide a summary of the investments in low income housing tax credit partnerships at December 31, 2017 and 2016 and income (loss) related to these investments for the years ended December 2017, 2016, and 2015.

(in thousands)	2017	2016
Proportional amortization method investments included in other assets	\$ 58,343	\$ —
Equity method investments included in other assets	1,725	26,495
Cumulative equity investments in LIHTC partnerships	46,659	34,065
Unfunded commitments included in other liabilities	39,994	17,420
Short-term construction loans and letter of credit commitments	7,180	—
Funded portion of short-term loans and letters of credit	—	—

(in thousands)	Years Ended December 31,		
	2017	2016	2015
Proportional amortization expense recognized as a component of income tax expense	\$ 1,820	\$ —	\$ —
Income (loss) from equity method investments recognized as a component of non- interest income	(1,648)	389	553

Real Estate Partnerships – Synovus and its subsidiary bank, Synovus Bank, make equity investments as a limited partner in various partnerships which are engaged in the development and operation of real estate. For certain of these investments, Synovus is both an equity investor and a tenant where they occupy leasehold space in the real estate. The purpose of these investments is to earn a return on the investment and to provide for occupancy needs and banking presence location. The activities of these real estate partnerships are limited to development and operation of commercial real estate that is leased to qualifying commercial tenants. These partnerships are located in southeastern communities where Synovus has a banking presence and are considered VIEs because Synovus, as the holder of an equity investment at risk, does not participate in the management or direct the operations of the partnerships (activities which affect the economic performance of the partnerships), and allocation of distributions, operating results, and net exit proceeds for each investment is variable. Synovus is at risk for the amount of its equity investment and in certain circumstances may have an obligation to fund the operations or working capital of the partnerships. Synovus does have voting or similar rights for these real estate partnerships, however, the general partners of these partnerships are considered the primary beneficiaries because they are charged with management responsibilities which give them the power to direct the activities that most significantly impact the economic performance of the partnerships.

Additionally, Synovus has an investment in two former LIHTC partnerships for which the tax credit compliance period is complete and these investments are no longer held for tax credits or other tax benefits. These investments were reclassified from LIHTC investments to real estate investments during 2017. Like the LIHTC partnerships discussed above, the purpose of these investments is to earn a return on the investment and to support community reinvestment initiatives of Synovus Bank. The activities of these former LIHTC partnerships are limited to development and operation of multi-family housing that is leased to qualifying residential tenants. These partnerships are generally located in southeastern communities where Synovus has a banking presence and are considered VIEs because Synovus, as the holder of an equity investment at risk, does not have voting or similar rights and does not participate in the management or direct the operations of the partnerships (activities which affect the economic performance of the partnerships). Synovus is at risk for the amount of its equity investment and has no obligation to fund the operations or working capital of the partnerships. The general partners of these partnerships are considered the primary beneficiaries because they are charged with management responsibility which give them the power to direct the activities that most significantly impact the economic performance of the partnerships, and they are exposed to losses beyond Synovus' equity investment. Synovus classifies these investments as real estate partnerships because they are no longer held for tax credits or other tax benefits.

Part II

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Synovus records its investments in real estate partnerships as a component of other assets in its consolidated balance sheet. Synovus records equity method income (loss) from real estate partnerships as a component of non interest income in its consolidated income statement.

The following tables provide a summary of the investments in real estate partnerships at December 31, 2017 and 2016 and income related to these investments for the years ended December 2017, 2016, and 2015.

<i>(in thousands)</i>	2017	2016
Equity method investments included in other assets	\$ 6,468	\$6,822
Unfunded commitments included in other liabilities	—	—

<i>(in thousands)</i>	Years Ended December 31,		
	2017	2016	2015
Income from equity method investments recognized as a component of non-interest income	\$ 1,584	\$ 1,040	\$ 1,212

Certain Commercial Loans – For certain troubled commercial loans, Synovus restructures the terms of the borrower's debt in an effort to increase the probability of receipt of amounts contractually due. A TDR generally requires consideration of whether the borrowing entity is a VIE as economic events may have proven that the entity's equity is not sufficient to permit it to finance its activities without additional subordinated financial support or a restructuring of the terms of its financing. As Synovus does not have the power to direct the activities that most significantly impact such troubled commercial borrowers' operations, it is not considered the primary beneficiary, even in situations where, based on the size of the financing provided, Synovus is exposed to potentially significant benefits and losses of the borrowing entity. Synovus has no contractual requirements to provide financial support to the borrowing entities beyond certain funding commitments established upon restructuring of the terms of the debt that allow for preparation of the underlying collateral for sale.

Note 18 — Visa Shares and Related Agreements

Synovus is a member of the Visa USA network and received shares of Visa Class B common stock in exchange for its membership interest in Visa USA in conjunction with the Visa IPO in 2008. Visa members have indemnification obligations with respect to the Covered Litigation. Visa Class B shares are subject to certain restrictions until settlement of the Covered Litigation. As of December 31, 2017, all of the Covered Litigation had not been settled. Visa has established a litigation escrow to fund settlement of the Covered Litigation. The litigation escrow is funded by proceeds from Visa's conversion of Class B shares to Class A shares.

In November 2009, Synovus sold its remaining Visa Class B shares to another Visa USA member financial institution. In conjunction with the sale, 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. As of December 31, 2017 and 2016, the fair value of the derivative contract was \$4.3 million and \$5.8 million, respectively. 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. For the years ended December 31, 2016 and 2015, Synovus recognized fair value adjustments to the Visa derivative of \$5.8 million and \$1.5 million, respectively. No fair value adjustments were recognized during the year ended December 31, 2017.

Management believes that the estimate of Synovus' exposure to the Visa indemnification and fees associated with the Visa derivative is adequate based on current information, including Visa's recent announcements and disclosures. However, future developments in the litigation could require potentially significant changes to Synovus' estimate.

Note 19 — Commitments and Contingencies

In the normal course of business, Synovus enters into commitments to extend credit such as loan commitments and letters of credit to meet the financing needs of its customers. Synovus uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee.

The contractual amount of these financial instruments represents Synovus' maximum credit risk should the counterparty draw upon the commitment, and should the counterparty subsequently fail to perform according to the terms of the contract. Since many of the commitments are expected to expire without being drawn upon, total commitment amounts do not necessarily represent future cash requirements. Additionally, certain commitments (primarily consumer) can generally be canceled by providing notice to the borrower.

The allowance for credit losses associated with unfunded commitments and letters of credit is a component of the unfunded commitments reserve recorded within other liabilities on the Consolidated Balance Sheets. Additionally, unearned fees relating to letters of credit are recorded within other liabilities on the Consolidated Balance Sheets. These amounts are not material to Synovus' Consolidated Balance Sheets.

Unfunded letters of credit and lending commitments at December 31, 2017 are presented below.

(in thousands)

Letters of credit*	\$ 153,372
Commitments to fund commercial and industrial loans	5,090,827
Commitments to fund commercial real estate, construction, and land development loans	1,567,583
Commitments under home equity lines of credit	1,137,714
Unused credit card lines	779,254
Other loan commitments	351,358
Total letters of credit and unfunded lending commitments	\$ 9,080,108

* Represent the contractual amount net of risk participations of \$77 million.

Note 20 — Legal Proceedings

Synovus and its subsidiaries are subject to various legal proceedings and claims 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 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 asserted legal actions, credit-related litigation could result in additional write-downs or charge-offs of loans, which could adversely affect Synovus' results of operations during the period in which the write-down or charge-off were to occur.

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 December 31, 2017 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, 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 or events 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 outstanding litigation is from zero to \$8 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 and distraction of defending such legal matters. Synovus maintains insurance coverage, which may be available to cover legal fees, or potential losses that might be incurred in connection with such legal matters. 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.

Note 21 — Employment Expenses and Benefit Plans

For the years ended December 31, 2017, 2016, and 2015, Synovus provided a 100% matching contribution on the first 4% of eligible employee 401(k) contributions for a total annual contribution of \$11.5 million, \$10.8 million, and \$9.9 million, respectively. Effective December 29, 2017, Synovus' non-contributory profit sharing plan was merged into the 401(k) plan.

For the years ended December 31, 2017, 2016, and 2015, Synovus sponsored a stock purchase plan for directors and employees whereby Synovus made contributions equal to 15% of employee and director voluntary contributions, subject to certain maximum contribution limitations. The funds are used to purchase outstanding shares of Synovus common stock. Synovus recorded as expense \$860 thousand, \$826 thousand, and \$835 thousand for contributions to these plans in 2017, 2016, and 2015, respectively.

Note 22 — 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. 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. At December 31, 2017, Synovus had a total of 5.7 million common share equivalents of its authorized but unissued common stock reserved for future grants under the 2013 Omnibus 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. As further discussed below, market restricted share units and performance share units are granted at a defined target level and are compared annually to required market and performance metrics to determine actual units vested and compensation expense. 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.

During 2017, Synovus awarded 242,804 restricted share units to employees and non-employee directors and granted 78,174 market restricted share units and 72,825 performance share units to senior management. The weighted average grant date fair value of the awarded restricted share units, market restricted share units, and performance share units was \$41.82, \$43.52, and \$41.61, per share, respectively. During 2016, Synovus awarded 350,458 restricted share units to employees and non-employee directors and granted 93,913 market restricted share units and 83,529 performance share units to senior management. The weighted average grant date fair value of the awarded restricted share units, market restricted share units, and performance share units was \$26.43, \$26.93, and \$25.95, per share, respectively. During 2015, Synovus awarded 321,874 restricted share units to employees and non-employee directors and granted 82,152 market restricted share units and 82,152 performance share units to senior management. The weighted average grant date fair value of the awarded restricted share units, market restricted share units, and performance share units was \$28.09, \$29.39, and \$28.06, per share, respectively. The restricted share units and the market restricted share units granted during 2017, 2016, and 2015 contain a service-based vesting period of three years with most awards vesting pro-rata over three years.

Share-based Compensation Expense

Total share-based compensation expense was \$14.2 million, \$13.6 million, and \$12.6 million for 2017, 2016, and 2015, respectively. The total income tax benefit recognized in the consolidated statements of income related to share-based compensation expense was approximately \$5.2 million, \$5.0 million, and \$4.6 million for 2017, 2016, and 2015, respectively. No share-based compensation costs have been capitalized for the years ended December 31, 2017, 2016, and 2015. As of December 31, 2017, unrecognized compensation cost related to the unvested portion of share-based compensation arrangements involving shares of Synovus stock was approximately \$17.5 million.

Stock Options

There were no stock option grants in 2017, 2016, or 2015. A summary of stock option activity and changes during the years ended December 31, 2017, 2016, and 2015 is presented below.

Stock Options

	2017		2016		2015	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding at beginning of year	973,361	\$ 17.76	1,741,975	\$ 37.88	2,550,046	\$ 45.11
Options exercised	(197,631)	17.41	(297,225)	17.35	(338,808)	16.72
Options forfeited	—	—	(1,597)	17.64	(12,825)	17.17
Options expired/canceled	—	—	(469,792)	92.62	(456,438)	94.56
Options outstanding at end of year	775,730	\$ 17.85	973,361	\$ 17.76	1,741,975	\$ 37.88
Options exercisable at end of year	775,730	\$ 17.85	973,361	\$ 17.76	1,504,783	\$ 41.08

The aggregate intrinsic value for outstanding and exercisable stock options at December 31, 2017 was \$23.8 million and their weighted average remaining contractual life was 4.18 years.

The intrinsic value of stock options exercised during the years ended December 31, 2017, 2016, and 2015 was \$5.1 million, \$4.7 million, and \$4.4 million, respectively. Cash received from option exercises of common stock for the years ended December 31, 2017, 2016, and 2015 was \$3.4 million, \$5.2 million, and \$5.6 million, respectively. The total grant date fair value of stock options vested during 2016 and 2015 was \$7.4 million and \$6.5 million, respectively. During 2016, 317,524 stock options with a weighted average exercise price of \$93.62 and contractual expiration dates in 2017 and 2018 were canceled without replacement awards. The cancellation resulted in a deferred tax asset write-off totaling \$1.7 million, which was recorded as a reduction of additional paid-in capital. Due to the implementation of ASU 2016-09 effective January 1, 2017, if the canceled stock options had remained outstanding through their original contractual expiration dates, the corresponding deferred tax asset write-off totaling \$1.7 million would have been recorded as a component of income tax expense during the years ending December 31, 2017 and 2018.

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

Compensation expense is measured based on the grant date fair value of restricted share units, market restricted share units, and performance share units. The fair value of restricted share units and performance share units is equal to the market price of common stock on the grant date. The fair value of market restricted share units granted was estimated on the date of grant using a Monte Carlo simulation model with the following weighted average assumptions:

	2017	2016	2015
Risk-free interest rate	1.48%	0.81%	1.05%
Expected stock price volatility	22.9	25.7	26.4
Dividend yield	1.2	1.8	1.4
Simulation period	3.0 years	3.0 years	3.0 years

The stock price expected volatility was based on Synovus' historical and implied volatility. The Monte Carlo model estimates fair value based on 100,000 simulations of future share price using a theoretical model of stock price behavior.

A summary of restricted share units outstanding and changes during the years ended December 31, 2017, 2016, and 2015 is presented below (excluding market restricted and performance share units).

Restricted Share Units

	Share Units	Weighted-Average Grant Date Fair Value
Outstanding at December 31, 2014	882,823	\$ 19.81
Granted	321,874	28.09
Dividend equivalents granted	9,810	28.09
Vested	(428,121)	17.48
Forfeited	(23,619)	24.60
Outstanding at December 31, 2015	762,767	24.57
Granted	350,458	26.43
Dividend equivalents granted	11,105	26.43
Vested	(406,496)	23.10
Forfeited	(12,067)	23.96
Outstanding at December 31, 2016	705,767	26.38
Granted	242,804	41.82
Dividend equivalents granted	5,839	41.82
Vested	(341,825)	26.25
Forfeited	(46,637)	26.28
Outstanding at December 31, 2017	565,948	\$ 33.25

The total fair value of restricted share units vested during 2017, 2016, and 2015 was \$14.4 million, \$11.4 million, and \$12.3 million, respectively. As of December 31, 2017, total unrecognized compensation cost related to the foregoing restricted share units was approximately \$9.9 million. This cost is expected to be recognized over a weighted average remaining period of 1.43 years.

Synovus granted market restricted share units to senior management during the years ended December 31, 2017, 2016, and 2015. 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 a defined target based on Synovus' total shareholder return (TSR). The total fair value of market restricted share units vested during 2017, 2016, and 2015 was \$4.8 million, \$2.6 million, and \$1.4 million, respectively. At December 31, 2017, total unrecognized compensation cost related to market restricted share units was approximately \$3.5 million with a weighted average remaining period of 1.46 years. A summary of market restricted share units outstanding and changes during the years ended December 31, 2017, 2016, and 2015 is presented below.

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Market Restricted Share Units

	Share Units	Weighted- Average Grant Date Fair Value
Outstanding at December 31, 2014	118,186	\$ 24.33
Granted	82,152	29.39
Dividend equivalents granted	2,221	29.05
Quantity change by TSR factor	4,838	24.33
Vested	(49,149)	24.34
Outstanding at December 31, 2015	158,248	27.02
Granted	93,913	26.93
Dividend equivalents granted	3,095	26.93
Quantity change by TSR factor	9,970	26.93
Vested	(82,817)	26.40
Outstanding at December 31, 2016	182,409	27.25
Granted	78,174	43.52
Dividend equivalents granted	2,811	43.52
Quantity change by TSR factor	22,182	27.25
Vested	(114,013)	26.78
Outstanding at December 31, 2017	171,563	\$ 35.24

Synovus granted performance share units to senior management during the years ended December 31, 2017, 2016, and 2015. These 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 a defined target based on Synovus' three-year weighted average ROAA (as defined). The total fair value of performance share units vested during 2017 was \$2.9 million. At December 31, 2017, total unrecognized compensation cost related to performance share units was approximately \$4.1 million with a weighted average remaining period of 1.44 years. A summary of performance share units outstanding and changes during the years ended December 31, 2017, 2016, and 2015 is presented below.

Performance Share Units

	Share Units	Weighted- Average Grant Date Fair Value
Outstanding at December 31, 2014	67,675	\$ 23.47
Granted	82,152	28.06
Dividend equivalents granted	1,740	28.06
Outstanding at December 31, 2015	151,567	26.01
Granted	83,529	25.95
Dividend equivalents granted	3,384	25.95
Outstanding at December 31, 2016	238,480	25.99
Granted	72,825	41.61
Dividend equivalents granted	2,562	41.61
Vested	(69,326)	23.47
Outstanding at December 31, 2017	244,541	\$ 31.54

Other Information

Cash paid for taxes due on vesting of employee restricted share units and market restricted share units where restricted share units were withheld to cover taxes was \$8.0 million, \$5.0 million, and \$5.1 million for the years ended December 31, 2017, 2016, and 2015, respectively.

During 2017, Synovus recognized \$5.0 million of income tax benefits through the income statement from share-based compensation excess tax benefits upon the vesting of restricted share units and exercise of stock options. During 2016, Synovus recognized a share-based compensation net tax deficiency of \$790 thousand associated primarily with expired and canceled stock options. The net deficiency was recorded as a reduction of additional paid-in capital within shareholders' equity. During 2015, Synovus recognized a net tax benefit of \$1.7 million associated with vesting of restricted share units, exercises of stock options, and expired stock options. The net tax benefit was recorded as an increase of additional paid-in capital.

The following table provides aggregate information regarding grants under all Synovus equity compensation plans at December 31, 2017.

Plan Category	(a) Number of Securities to be Issued Upon Vesting of Restricted Share Units, Market Restricted Share Units, and Performance Share Units ⁽¹⁾	(b) Number of Securities to be Issued Upon Exercise of Outstanding Options	(c) Weighted-Average Exercise Price of Outstanding Options in Column (b)	(d) Number of Shares Remaining Available for Issuance Excluding Shares Reflected in Columns (a) and (b)
Shareholder approved equity compensation plans for shares of Synovus stock	982,052	775,730	\$ 17.85	5,671,680

(1) Market restricted and performance share units included at defined target levels. Actual shares issued upon vesting may differ based on actual TSR and ROAA over the measurement period.

Note 23 — Income Taxes

The components of income tax expense (benefit) included in the consolidated statements of income for the years ended December 31, 2017, 2016, and 2015 are presented below:

(in thousands)	2017	2016	2015
Current			
Federal	\$ (32,341)	\$ 7,329	\$ 6,163
State	5,949	5,501	4,424
Total current income tax expense (benefit)	(26,392)	12,830	10,587
Deferred			
Federal	229,917	117,463	108,877
State	1,139	11,374	13,027
Total deferred income tax expense	231,056	128,837	121,904
Total income tax expense	\$ 204,664	\$ 141,667	\$ 132,491

Note: The table above does not reflect a net charge of \$790 thousand and a credit of \$1.7 million for the years ended December 31, 2016 and 2015, respectively, relating to share-based compensation transactions that were charged or credited directly to shareholders' equity.

Income tax expense does not reflect the tax effects of net unrealized gains (losses) on investment securities available for sale and post-retirement unfunded health benefits. These effects are presented in the Consolidated Statements of Comprehensive Income.

The 2017 financial results reflect the income tax expense effects from Federal Tax Reform in accordance with ASC Topic 740, *Income Taxes*. Additionally, Staff Accounting Bulletin No. 118 provides guidance for the application of ASC Topic 740, *Income Taxes*, in the reporting period in which the Federal Tax Reform was signed into law. Synovus remeasured its deferred tax assets and liabilities based upon the newly enacted U.S. statutory federal rate of 21 percent which is the tax rate at which these deferred tax assets and liabilities are expected to reverse. This resulted in an additional provisional federal income tax expense of \$47.2 million in 2017. Based on the information available and our current interpretation of the Federal Tax Reform, Synovus has made reasonable estimates of the impact from the reduction in the corporate tax rate on the remeasurement of applicable deferred tax assets and liabilities. However, certain deferred tax assets and liabilities will continue to be evaluated in the context of Federal Tax Reform through the date of the filing of our 2017 federal income tax return, and may change as a result of evolving management interpretations, elections, and assumptions, as well as new guidance that may be issued by the Internal Revenue Service. Accordingly, the federal income tax expense of \$47.2 million relating to the effects from Federal Tax Reform is considered provisional, as defined by SAB 118. Management expects to complete its analysis within the measurement period in accordance with SAB 118.

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Income tax expense as shown in the consolidated statements of income differed from the amounts computed by applying the U.S. federal income tax rate of 35 percent to income before income taxes. A reconciliation of the differences for the years ended December 31, 2017, 2016 and 2015 is presented below:

(dollars in thousands)	Years Ended December 31,		
	2017	2016	2015
Income tax expense at statutory federal income tax rate	\$ 168,048	\$ 135,957	\$ 125,501
Increase (decrease) resulting from:			
State income tax expense, net of federal income tax benefit	11,961	13,256	12,870
Provisional tax adjustment related to reduction in U.S. federal statutory income tax rate (1)(2)	46,573	—	—
LIHTC amortization, net of tax benefits	268	—	—
Tax-exempt income	(719)	(825)	(835)
Tax benefit from share-based compensation	(4,318)	—	—
Bank-owned life insurance	(4,702)	(3,402)	(2,885)
Change in valuation allowance (3)	(6,227)	(2,055)	(589)
General business tax credits(4)	(6,546)	(1,213)	(1,173)
Other, net	326	(51)	(398)
Total income tax expense	\$ 204,664	\$ 141,667	\$ 132,491
Effective tax rate	42.6%	36.5%	36.9%

(1) Does not include a provisional tax expense adjustment of \$608 thousand which is included as a component of the change in the valuation allowance. The income tax effect of the provisional federal income tax expense of \$47.2 million relating to Federal Tax Reform represents 9.8% of income before taxes.

(2) Includes \$7.8 million expense from remeasurement of deferred tax assets relating to unrealized losses on available for sale securities which were initially recorded through accumulated other comprehensive income (AOCI). As further described in Note 1, ASU 2018-02, issued in February 2018, provides for the reclassification of the tax effects stranded in AOCI resulting from Federal Tax Reform to retained earnings. As a result, Synovus will elect to apply the ASU 2018-02 guidance during the reporting period ending on March 31, 2018 and reclassify \$7.8 million from AOCI to retained earnings.

(3) Includes a provisional federal income tax expense of \$608 thousand related to Federal Tax Reform.

(4) 2017 includes research and development tax credits for the tax years 2013-2017 totaling \$4.6 million.

Significant portions of the deferred tax assets and liabilities at December 31, 2017 and 2016 are presented below:

(in thousands)	2017	2016
Deferred tax assets		
Allowance for loan losses	\$ 66,034	\$ 100,419
Net operating loss carryforwards	41,059	167,072
Tax credit carryforwards	19,175	67,031
Employee benefits and deferred compensation	18,333	26,183
Net unrealized losses on investment securities available for sale	13,253	19,413
Deferred revenue	12,311	18,639
Non-performing loan interest	10,388	19,137
Other	8,892	14,600
Total gross deferred tax assets	189,445	432,494
Less valuation allowance	(3,431)	(9,658)
Total deferred tax assets	186,014	422,836
Deferred tax liabilities		
Other properties held for sale	(5,447)	(8,179)
Excess tax over financial statement depreciation	(6,628)	(5,343)
Other	(8,151)	(13,958)
Total gross deferred tax liabilities	(20,226)	(27,480)
Net deferred tax asset	\$ 165,788	\$ 395,356

The net decrease in the valuation allowance for the years ended December 31, 2017 and 2016 was \$6.2 million and \$2.1 million, respectively, due to the expiration of unused state tax credits, the reversal of valuation allowance on state tax credits that now have been determined to be utilized before they expire, and a provisional tax adjustment of \$608 thousand related to the effects from Federal Tax Reform.

Management assesses the realizability of deferred tax assets at each reporting period. The determination of whether a valuation allowance for deferred tax assets is appropriate is subject to considerable judgment and requires an evaluation of all the positive and negative evidence. At December 31, 2017, the Company is not in a three-year cumulative loss position; accordingly, it does not have significant negative evidence to consider when evaluating the realization of its deferred tax assets. Positive evidence supporting the realization of the Company's deferred tax assets at December 31, 2017 includes generation of taxable income in 2017, 2016, and 2015, continued improvement in credit quality, record of long-term positive earnings prior to the most recent economic downturn, strong capital position, as well as sufficient amounts of projected future taxable income, of the

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appropriate character, to support the realization of the \$165.8 million net deferred tax asset at December 31, 2017. Synovus expects to realize its net deferred tax asset of \$165.8 million through the reversal of existing taxable temporary differences and projected future taxable income. The valuation allowance of \$3.4 million at December 31, 2017 relates to specific state income tax credits that will expire in 2018, and before they can be realized. Based on the assessment of all the positive and negative evidence at December 31, 2017 and 2016, management has concluded that it is more likely than not that the results of future operations will generate sufficient taxable income to realize the deferred tax assets.

Synovus expects to realize substantially all of the \$165.8 million in net deferred tax assets well in advance of the statutory carryforward period. At December 31, 2017, \$108.9 million of existing deferred tax assets are not related to net operating losses or credits and therefore, have no expiration dates. \$41.1 million of the deferred tax assets relate to state net operating losses which will expire in installments annually through the tax year 2035. State tax credits at December 31, 2017 total \$19.2 million and have expiration dates through the tax year 2027.

State NOL and tax credit carryforwards as of December 31, 2017 are summarized in the following table.

Tax Carryforwards

As of December 31, 2017					
(in thousands)	Expiration Dates	Deferred Tax Asset Balance ⁽²⁾	Valuation Allowance	Net Deferred Tax Asset Balance	Pre-Tax Earnings Necessary to Realize ⁽¹⁾
Net operating losses - states	2023-2027	\$ 1,688	\$ —	\$ 1,688	\$ 1,018,310
Net operating losses - states	2028-2032	48,430	—	48,430	1,093,946
Net operating losses - states	2033-2035	360	—	360	7,584
Other credits - states	2018-2022	18,381	(3,431)	14,950	N/A
Other credits - states	2023-2027	207	—	207	N/A
Other credits - states	None	587	—	587	N/A

(1) N/A indicates credits are not measured on a pre-tax earnings basis.

(2) Effective December 31, 2017, alternative minimum tax credits of \$42.1 million were reclassified from deferred tax assets to current taxes receivable reflecting their refundability pursuant to Federal Tax Reform.

Synovus believes that a portion of its state tax credit carryforwards will not be realized due to the length of certain state carryforward periods. Accordingly, a valuation allowance in the amount of \$3.4 million has been established against deferred tax assets at December 31, 2017 compared to a valuation allowance of \$9.7 million at December 31, 2016. The decrease of \$6.2 million in 2017 reflects the expiration of unused state tax credits, the reversal of a valuation allowance on state tax credits that now have been determined to be utilized before they expire, and a provisional tax adjustment related to the effects from the Federal Tax Reform. A decrease of \$2.1 million occurred in 2016.

Synovus is subject to income taxation in the United States and various state jurisdictions. Synovus' federal income tax return is filed on a consolidated basis, while state income tax returns are filed on both a consolidated and separate entity basis. Currently, there are no years for which Synovus filed a federal income tax return that are under examination by the IRS. Additionally, Synovus is no longer subject to income tax examinations by the IRS for years before 2013, and excluding certain limited exceptions, Synovus is no longer subject to income tax examinations by state and local income tax authorities for years before 2013. However, amounts reported as net operating losses and tax credit carryovers from closed tax periods remain subject to review by most tax authorities. Although Synovus is unable to determine the ultimate outcome of current and future examinations, Synovus believes that the liability recorded for uncertain tax positions is adequate.

A reconciliation of the beginning and ending amount of unrecognized income tax benefits is as follows (unrecognized state income tax benefits are not adjusted for the federal income tax impact).

(in thousands)	Years Ended December 31,		
	2017	2016	2015
Balance at January 1,	\$ 14,745	\$ 12,745	\$ 13,023
Additions based on income tax positions related to current year	152	—	—
Additions for income tax positions of prior years *	934	1,811	8
Additions from acquisition	—	608	—
Reductions for income tax positions of prior years	(706)	—	—
Statute of limitation expirations	(8)	(419)	(286)
Settlements	—	—	—
Balance at December 31,	\$ 15,117	\$ 14,745	\$ 12,745

* Includes deferred tax benefits that could reduce future tax liabilities.

Accrued interest and penalties related to unrecognized income tax benefits are included as a component of income tax expense. Accrued interest and penalties on unrecognized income tax benefits totaled \$105 thousand, \$38 thousand, and \$96 thousand as of December 31, 2017, 2016 and 2015, respectively. Unrecognized income tax benefits as of December 31, 2017, 2016 and 2015 that, if recognized, would affect the effective income tax rate totaled \$12.3 million, \$9.9 million and \$8.3 million (net of the federal benefit on state income tax issues). Accrued interest and penalties were approximately \$76 thousand and \$25 thousand at December 31, 2017 and 2016, respectively. Synovus expects that \$17 thousand of uncertain income tax positions will be either settled or resolved during the next twelve months.

Note 24 — Condensed Financial Information of Synovus Financial Corp. (Parent Company only)

Condensed Balance Sheets

(in thousands)	December 31,	
	2017	2016
Assets		
Cash due from bank subsidiary	\$ 191,275	\$ 234,339
Funds due from other depository institutions ⁽¹⁾	19,911	19,911
Investment in consolidated bank subsidiary, at equity	3,232,129	3,319,980
Investment in consolidated nonbank subsidiaries, at equity	40,731	71,335
Notes receivable from nonbank subsidiaries	—	35,200
Other assets	69,762	101,346
Total assets	\$ 3,553,808	\$ 3,782,111
Liabilities and Shareholders' Equity		
Liabilities:		
Long-term debt	\$ 554,589	\$ 834,252
Other liabilities	37,653	19,935
Total liabilities	592,242	854,187
Shareholders' equity:		
Series C Preferred Stock	125,980	125,980
Common stock	142,678	142,026
Additional paid-in capital	3,043,129	3,028,405
Treasury stock	(839,674)	(664,595)
Accumulated other comprehensive loss, net	(54,754)	(55,659)
Retained earnings	544,207	351,767
Total shareholders' equity	2,961,566	2,927,924
Total liabilities and shareholders' equity	\$ 3,553,808	\$ 3,782,111

(1) Restricted as to withdrawal.

Condensed Statements of Income

(in thousands)	Years Ended December 31,		
	2017	2016	2015
Income			
Cash dividends received from subsidiaries ⁽¹⁾	\$ 283,210	\$ 325,000	\$ 199,904
Cash distributions received from subsidiaries ⁽¹⁾	167,790	—	25,096
Interest income	1,443	2,565	8,865
Other income	345	4,595	(337)
Total income	452,788	332,160	233,528
Expenses			
Interest expense	43,922	52,831	46,585
Other expenses	33,955	20,652	10,516
Total expenses	77,877	73,483	57,101
Income before income taxes and equity in undistributed (loss) income of subsidiaries	374,911	258,677	176,427
Allocated income tax benefit	(30,421)	(25,628)	(18,808)
Income before equity in undistributed (loss) income of subsidiaries	405,332	284,305	195,235
Equity in undistributed (loss) income of subsidiaries	(129,858)	(37,521)	30,847
Net income	275,474	246,784	226,082
Dividends on preferred stock	10,238	10,238	10,238
Net income available to common shareholders	\$ 265,236	\$ 236,546	\$ 215,844

(1) Substantially all cash dividends and distributions are from Synovus Bank.

Condensed Statements of Comprehensive Income

(in thousands)	December 31, 2017			December 31, 2016			December 31, 2015		
	Before-tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before-tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before-tax Amount	Tax (Expense) Benefit	Net of Tax Amount
Net income	\$ 480,138	\$ (204,664)	\$ 275,474	\$ 388,451	\$ (141,667)	\$ 246,784	\$ 358,573	\$ (132,491)	\$ 226,082
Reclassification adjustment for losses realized in net income on cash flow hedges	130	(50)	80	467	(180)	287	521	(201)	320
Reclassification adjustment for net gains realized in net income on investment securities available for sale	(5,506)	2,120	(3,386)	(5,763)	2,219	(3,544)	—	—	—
Net unrealized gains on investment securities available for sale	—	—	—	2,358	(908)	1,450	2,908	(1,120)	1,788
Other comprehensive gain (loss) of bank subsidiary	6,784	(2,573)	4,211	(39,080)	15,047	(24,033)	(31,420)	12,098	(19,322)
Other comprehensive income (loss)	1,408	(503)	905	(42,018)	16,178	(25,840)	(27,991)	10,777	(17,214)
Comprehensive income			\$ 276,379			\$ 220,944			\$ 208,868

Condensed Statements of Cash Flows

(in thousands)	Years Ended December 31,		
	2017	2016	2015
Operating Activities			
Net income	\$ 275,474	\$ 246,784	\$ 226,082
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in undistributed loss (income) of subsidiaries	129,858	37,521	(30,847)
Deferred income tax expense (benefit)	60,931	17,989	(2,506)
Net (decrease) increase in other liabilities	(1,095)	7,746	(1,709)
Net (increase) decrease in other assets	(8)	(9,214)	1,045
Other, net	(3,330)	(1,648)	(178)
Net cash provided by operating activities	461,830	299,178	191,887
Investing Activities			
Proceeds from sales of investment securities available for sale	4,305	—	—
Outlays for business combinations	—	(3,408)	—
Net decrease in short-term notes receivable from non-bank subsidiaries	35,200	31,800	10,000
Net cash provided by investing activities	39,505	28,392	10,000
Financing Activities			
Dividends paid to common and preferred shareholders	(64,908)	(69,663)	(65,592)
Repurchases of common stock	(175,079)	(263,084)	(199,221)
Repayments on long-term debt	(600,386)	(130,048)	(48,553)
Proceeds from issuance of long-term debt	296,866	—	246,644
Earnout payment	(892)	—	—
Net cash used in financing activities	(544,399)	(462,795)	(66,722)
(Decrease) increase in cash and funds due from banks	(43,064)	(135,225)	135,165
Cash and funds due from banks at beginning of year	254,250	389,475	254,310
Cash and funds due from banks at end of year	\$ 211,186	\$ 254,250	\$ 389,475

For the years ended December 31, 2017, 2016, and 2015, the Parent Company paid income taxes of \$18.0 million, \$9.5 million, and \$8.7 million, respectively. For the years ended December 31, 2017, 2016, and 2015, the Parent Company paid interest of \$51.0 million, \$53.1 million, and \$46.9 million, respectively.

Note 25 — Supplemental Financial Data

Components of other non-interest income and other operating expenses in excess of 1% of total interest income and total non-interest income for any of the respective years are as follows:

<i>(in thousands)</i>	Years Ended December 31,		
	2017	2016	2015
Insurance and bonds	\$ 10,314	\$ 12,023	\$ 12,514

Summary of Quarterly Financial Data (Unaudited)

Presented below is a summary of the unaudited consolidated quarterly financial data for the years ended December 31, 2017 and 2016.

<i>(in thousands, except per share data)</i>	2017			
	Fourth Quarter ⁽¹⁾	Third Quarter	Second Quarter	First Quarter
Interest income	\$ 306,934	\$ 297,652	\$ 285,510	\$ 272,401
Net interest income	269,713	262,572	251,097	239,927
Provision for loan losses	8,565	39,686	10,260	8,674
Income before income taxes	103,966	152,675	117,791	105,704
Income tax expense	74,361	54,668	41,788	33,847
Net income	29,605	98,007	76,003	71,857
Net income available to common shareholders	27,046	95,448	73,444	69,298
Net income per common share, basic	0.23	0.79	0.60	0.57
Net income per common share, diluted	0.23	0.78	0.60	0.56

(1) The results for the fourth quarter 2017 include \$23.2 million pre-tax loss on early extinguishment of debt, as well as a \$47.2 million income tax charge related to the effect of Federal Tax Reform.

	2016			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Interest income	\$ 264,534	\$ 256,554	\$ 252,393	\$ 249,323
Net interest income	233,530	226,007	221,449	218,193
Provision for loan losses	6,259	5,671	6,693	9,377
Income before income taxes	108,068	102,620	94,031	83,730
Income tax expense	39,519	37,375	33,574	31,199
Net income	68,549	65,245	60,457	52,531
Net income available to common shareholders	65,990	62,686	57,898	49,972
Net income per common share, basic	0.54	0.51	0.46	0.39
Net income per common share, diluted	0.54	0.51	0.46	0.39

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

NONE.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures. In connection with the preparation of this Annual Report on Form 10-K, 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 Securities Exchange Act of 1934 (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 December 31, 2017, Synovus' disclosure controls and procedures were effective.

Synovus regularly engages in productivity and efficiency initiatives to streamline operations, reduce expenses, and increase revenue. Additionally, investment in new and updated information technology systems has enhanced information gathering and processing capabilities, and allowed management to operate in a more centralized environment for critical processing and monitoring functions. Management of Synovus is responsible for identifying, documenting, and evaluating the adequacy of the design and operation of the controls implemented during each process change described above. 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 year ended December 31, 2017 that has materially affected, or is reasonably likely to materially affect, Synovus' internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting. Management of Synovus is responsible for establishing and maintaining effective internal control over financial reporting for Synovus Financial Corp. and its subsidiaries ("we" and "our"), as that term is defined in Exchange Act Rules 13a-15(f). Synovus conducted an evaluation of the effectiveness of our internal control over Synovus' financial reporting as of December 31, 2017 based on criteria established in *Internal Control- Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, we concluded that our internal control over financial reporting is effective as of December 31, 2017.

KPMG LLP, an independent registered public accounting firm, has audited the consolidated financial statements included in this Annual Report and has issued a report on the effectiveness of our internal control over financial reporting, which report is included in "Part II – Item 8. Financial Statements and Supplementary Data" of this Report.

/s/ Kessel D. Stelling
Kessel D. Stelling
Chairman of the Board, President and Chief Executive Officer

/s/ Kevin S. Blair
Kevin S. Blair
Executive Vice President and Chief Financial Officer

Changes in Internal Control Over Financial Reporting. No change in our internal control over financial reporting occurred during the fourth fiscal quarter ended December 31, 2017 covered by this Report that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

NONE.

Part III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information included under the following captions in our Proxy Statement is incorporated in this document by reference:

- “PROPOSALS TO BE VOTED ON” – “PROPOSAL 1: ELECTION OF 14 DIRECTORS”;
- “EXECUTIVE OFFICERS”;
- “SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE”; and
- “CORPORATE GOVERNANCE AND BOARD MATTERS” – “Consideration of Director Candidates – Shareholder Candidates” and “Committees of the Board” – “Audit Committee.”

We have a Code of Business Conduct and Ethics that applies to all directors, officers and employees, including our principal executive officer, principal financial officer and chief accounting officer. You can find our Code of Business Conduct and Ethics in the Corporate Governance section of our website at investor.synovus.com. We will post any amendments to the Code of Business Conduct and Ethics and any waivers that are required to be disclosed by the rules of either the SEC or the NYSE in the Corporate Governance section of our website.

Because our common stock is listed on the NYSE, our chief executive officer is required to make, and he has made, an annual certification to the NYSE stating that he was not aware of any violation by us of the corporate governance listing standards of the NYSE. Our chief executive officer made his annual certification to that effect to the NYSE as of May 16, 2017. In addition, we have filed, as exhibits to this Annual Report, the certifications of our chief executive officer and chief financial officer required under Section 302 of the Sarbanes-Oxley Act of 2002.

ITEM 11. EXECUTIVE COMPENSATION

Information included under the following captions in our Proxy Statement is incorporated in this document by reference:

- “DIRECTOR COMPENSATION”;
- “EXECUTIVE COMPENSATION” – “Compensation Discussion and Analysis”; “Compensation Committee Report”; “Summary Compensation Table” and the compensation tables and related information which follow the Summary Compensation Table; and
- “CORPORATE GOVERNANCE AND BOARD MATTERS” – “Committees of the Board” – “Compensation Committee Interlocks and Insider Participation.”

The information included under the heading “Compensation Committee Report” in our Proxy Statement is incorporated herein by reference; however, this information shall not be deemed to be “soliciting material” or to be “filed” with the Commission or subject to regulation 14A or 14C, or to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information pertaining to equity compensation plans is contained in “Part II – Item 8. Financial Statements and Supplementary Data – Note 20 – Legal Proceedings, Note 21 – Employment Expenses and Benefit Plans, and Note 22 – Shared-Based Compensation” of this Report and are incorporated herein by reference.

Information included under the following captions in our Proxy Statement is incorporated in this document by reference:

- “STOCK OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS”; and
- “PRINCIPAL SHAREHOLDERS.”

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information included under the following captions in our Proxy Statement is incorporated in this document by reference:

- “CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS”; and
- “CORPORATE GOVERNANCE AND BOARD MATTERS” – “Independence.”

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information included under the following captions in our Proxy Statement is incorporated in this document by reference:

- “AUDIT COMMITTEE REPORT” – “KPMG LLP Fees and Services” (excluding the information under the main caption “AUDIT COMMITTEE REPORT”); and
- “AUDIT COMMITTEE REPORT” – “Policy on Audit Committee Pre-Approval.”

Part IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) 1. Financial Statements

The following consolidated financial statements of Synovus and our subsidiaries and related reports of Synovus' independent registered public accounting firm are incorporated in this Item 15 by reference from Part II – Item 8. Financial Statements and Supplementary Data of this Report.

Consolidated Balance Sheets as of December 31, 2017 and 2016

Consolidated Statements of Income for the Years ended December 31, 2017, 2016 and 2015

Consolidated Statements of Changes in Shareholders' Equity and Comprehensive Income for the Years Ended December 31, 2017, 2016 and 2015

Consolidated Statements of Cash Flows for the Years Ended December 31, 2017, 2016 and 2015

Notes to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm (on consolidated financial statements)

Report of Independent Registered Public Accounting Firm (on the effectiveness of internal control over financial reporting)

Management's Report on Internal Control Over Financial Reporting is incorporated by reference from Part II – Item 9A. Controls and Procedures of this Report.

2. Financial Statement Schedules

None are applicable because the required information has been incorporated in the consolidated financial statements and notes thereto of Synovus and our subsidiaries which are incorporated in this Report by reference.

3. Exhibits

The following exhibits are filed herewith or are incorporated to other documents previously filed with the SEC. With the exception of those portions of the Proxy Statement that are expressly incorporated by reference in this Report, such documents are not to be deemed filed as part of this Report.

Exhibit 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 of 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 Exhibits 3.1 to Synovus' Current Report on Form 8-K dated May 19, 2014, as filed with 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.
4.1	Specimen stock certificate for Fixed Rate Cumulative Perpetual Preferred Stock, Series A, incorporated by reference to Exhibit 4.2 of Synovus' Current Report on Form 8-K dated December 17, 2008, as filed with the SEC on December 22, 2008.
4.2	Specimen stock certificate for Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series C, incorporated by reference to Exhibit 4.1 of Synovus' Current Report in Form 8-K dated July 25, 2013, as filed with the SEC on July 25, 2013.
4.3	Warrant for purchase of up to 15,510,737 shares of Synovus common stock, incorporated by reference to Exhibit 4.1 of Synovus' Current Report on Form 8-K dated December 17, 2008, as filed with the SEC on December 22, 2008.
4.4	Shareholder Rights Plan, dated as of April 26, 2010, between Synovus Financial Corp. and Mellon Investor Services LLC, as Rights Agent, which includes the Form of Articles of Amendment to the Articles of Incorporation of Synovus Financial Corp. (Series B Participating Cumulative Preferred Stock) as Exhibit A, the Summary of Terms of the Rights Agreement as Exhibit B and the Form of Right Certificate as Exhibit C, incorporated by reference to Exhibit 4.1 of Synovus' Current Report on Form 8-K dated April 26, 2010, as filed with the SEC on April 26, 2010.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Exhibit Number	Description
4.5	Amendment No. 1 dated as of September 6, 2011 to Shareholder Rights Plan between Synovus Financial Corp. and American Stock Transfer & Trust Company, LLC, incorporated by reference to Exhibit 4.1 of Synovus' Current Report on Form 8-K dated September 6, 2011, as filed with the SEC on September 6, 2011.
4.6	Amendment No. 2 dated as of April 24, 2013 to Shareholder Rights Plan between Synovus Financial Corp. and American Stock Transfer & Trust Company, LLC, incorporated by reference to Exhibit 4.1 of Synovus' Current Report on Form 8-K dated April 24, 2013, as filed with the SEC on April 24, 2013.
4.7	Amendment No. 3 dated as of April 20, 2016 to Shareholder Rights Plan between Synovus Financial Corp. and American Stock Transfer & Trust Company, LLC, incorporated by reference to Exhibit 4.1 of Synovus' Current Report on Form 8-K dated April 20, 2016, as filed with the SEC on April 21, 2016.
4.8	Summary of Plan Adjustments, effective as of May 16, 2014, to Shareholder Rights Plan between Synovus Financial Corp. and American Stock Transfer & Trust Company, LLC, incorporated by reference to Exhibit 99.2 of Synovus' Current Report on Form 8-K dated May 19, 2014, as filed with the SEC on May 19, 2014.
4.9	Indenture, dated as of June 20, 2005, between Synovus Financial Corp. and The Bank of New York Trust Company, N.A., as trustee, incorporated by reference to Exhibit 4.1 of Synovus' Registration Statement on Form S-4 (No. 333-126767), as filed with the SEC on July 21, 2005.
4.10	Senior Notes Indenture, dated as of February 13, 2012, between Synovus Financial Corp. and The Bank of New York Mellon Trust Company, N.A., as trustee, incorporated by reference to Exhibit 4.1 of Synovus' Current Report on Form 8-K dated February 8, 2012, as filed with the SEC on February 13, 2012.
4.11	Subordinated Indenture, dated as of December 7, 2015, between Synovus Financial Corp. and The Bank of New York Mellon Trust Company, N.A., as trustee, incorporated by reference to Exhibit 4.1 of Synovus' Current Report on Form 8-K dated December 2, 2015, as filed with the SEC on December 7, 2015.
4.12	First Supplemental Indenture, dated as of December 7, 2015, between Synovus Financial Corp. and The Bank of New York Mellon Trust Company, N.A., as trustee, incorporated by reference to Exhibit 4.2 of Synovus' Current Report on Form 8-K dated December 2, 2015, as filed with the SEC on December 7, 2015.
4.13	Specimen Physical Stock Certificate of Synovus, incorporated by reference to Exhibit 4.1 to Synovus' Current Report on Form 8-K dated May 19, 2014, as filed with SEC on May 19, 2014.
10.1	Letter Agreement (including Securities Purchase Agreement – Standard Terms incorporated by reference therein) dated December 19, 2008, between Synovus and the United States Department of the Treasury, incorporated by reference to Exhibit 10.1 of Synovus' Current Report on Form 8-K dated December 17, 2008, as filed with the SEC on December 22, 2008.
10.2	Synovus Financial Corp. 2011 Director Stock Purchase Plan, incorporated by reference to Exhibit 99.1 of Synovus' Current Report on Form 8-K dated April 27, 2011, as filed with the SEC on May 3, 2011.*
10.3	Amendment No. 1 dated September 6, 2011 to Synovus Financial Corp. 2011 Director Stock Purchase Plan, incorporated by reference to Exhibit 10.1 of Synovus' Current Report on Form 8-K dated September 6, 2011, as filed with the SEC on September 6, 2011.*
10.4	Amendment No. 2 dated February 28, 2013 to Synovus Financial Corp. 2011 Director Stock Purchase, incorporated by reference to Exhibit 10.6 of Synovus' Annual Report on Form 10-K for the fiscal year ended December 31, 2012, as filed with the SEC on March 1, 2013.*
10.5	Synovus Financial Corp. 2011 Employee Stock Purchase Plan, incorporated by reference to Exhibit 10.1 of Synovus' Registration Statement on Form S-8 (Registration No. 333-174265), as filed with the SEC on May 17, 2011.*
10.6	Amended and Restated Synovus Financial Corp. Directors' Deferred Compensation Plan, incorporated by reference to Exhibit 10.2 of Synovus' Quarterly Report on Form 10-Q for the quarter ended June 30, 2008, as filed with the SEC on August 8, 2008.*
10.7	Synovus Financial Corp. Executive Salary Contribution Death Benefit Plan, incorporated by reference to Exhibit 10.1 of Synovus' Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, as filed with the SEC on August 10, 2009.*
10.8	Third Amended and Restated Synovus Financial Corp. Deferred Compensation Plan, incorporated by reference to Exhibit 10.15 of Synovus' Annual Report on Form 10-K for the fiscal year ended December 31, 2012, as filed with the SEC on March 1, 2013.*
10.9	Form of Change of Control Agreement for executive officers, incorporated by reference to Exhibit 10.1 of Synovus' Quarterly Report on Form 10-Q for the quarter ended June 30, 2008, as filed with the SEC on August 8, 2008.*
10.10	Form of Change of Control Agreement for executive officers, incorporated by reference to Exhibit 10.17 of Synovus' Annual Report on Form 10-K for the fiscal year ended December 31, 2013, as filed with the SEC on February 28, 2014.*
10.11	Riverside Bank Amended and Restated Salary Continuation Agreement adopted as of June 1, 2005 by and between Riverside Bank and Kessel D. Stelling, incorporated by reference to Exhibit 10.17 of Synovus' Annual Report on Form 10-K for the period ended December 31, 2011, as filed with the SEC on February 29, 2012.*
10.12	Synovus Financial Corp. 2007 Omnibus Plan, incorporated by reference to Exhibit 10.1 of Synovus' Current Report on Form 8-K dated April 25, 2007, as filed with the SEC on April 25, 2007.*
10.13	Amendment No. 1 to the Synovus Financial Corp. 2007 Omnibus Plan dated February 9, 2017, incorporated by reference to Exhibit 10.14 of Synovus' Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as filed with the SEC on February 27, 2017.*
10.14	Form of Revised Stock Option Agreement for stock option awards under the Synovus Financial Corp. 2007 Omnibus Plan, incorporated by reference to Exhibit 10.2 of Synovus' Current Report on Form 8-K dated January 29, 2008, as filed with the SEC on January 29, 2008.*
10.15	Form of Retention Stock Option Agreement for retention stock option awards under the Synovus Financial Corp. 2007 Omnibus Plan, incorporated by reference to Exhibit 10.2 of Synovus' Current Report on Form 8-K dated January 29, 2008, as filed with the SEC on January 29, 2008.*

Part IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Exhibit Number	Description
10.16	Form of Restricted Stock Option Agreement for 2010 stock option awards under the Synovus Financial Corp. 2007 Omnibus Plan, incorporated by reference to Exhibit 10.1 of Synovus' Current Report on Form 8-K dated January 29, 2010, as filed with the SEC on January 29, 2010.*
10.17	Synovus Financial Corp. 2013 Omnibus Plan, incorporated by reference to Exhibit 10.18 of Synovus' Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as filed with the SEC on February 27, 2017.*
10.18	Amendment No. 1 to the Synovus Financial Corp. 2013 Omnibus Plan dated February 9, 2017, incorporated by reference to Exhibit 10.19 of Synovus' Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as filed with the SEC on February 27, 2017.*
10.19	Form of Market Restricted Stock Unit Agreement for market restricted stock awards under the Synovus Financial Corp. 2013 Omnibus Plan, incorporated by reference to Exhibit 10.1 of Synovus' Current Report on Form 8-K dated December 11, 2013, as filed with the SEC on December 13, 2013.*
10.20	Form of Performance Stock Unit Agreement for performance-based restricted stock awards under the Synovus Financial Corp. 2013 Omnibus Plan, incorporated by reference to Exhibit 10.2 of Synovus' Current Report on Form 8-K dated January 22, 2014, as filed with the SEC on January 24, 2014.*
10.21	Form of 2014 Market Restricted Stock Unit Agreement for market restricted stock awards under the Synovus Financial Corp. 2013 Omnibus Plan, incorporated by reference to Exhibit 10.3 of Synovus' Current Report on Form 8-K dated January 22, 2014, as filed with the SEC on January 24, 2014.*
10.22	Form of Restricted Stock Unit Agreement for the Synovus Financial Corp. 2013 Omnibus Plan, incorporated by reference to Exhibit 10.2 to Synovus' Current Report on Form 8-K dated June 18, 2013, as filed with the SEC on June 20, 2013.*
10.23	Form of Stock Option Agreement for the Synovus Financial Corp. 2013 Omnibus Plan, incorporated by reference to Exhibit 10.3 to Synovus' Current Report on Form 8-K dated June 18, 2013, as filed with the SEC on June 20, 2013.*
10.24	Form of Director Restricted Stock Unit Agreement for the Synovus Financial Corp. 2013 Omnibus Plan, incorporated by reference to Exhibit 10.1 to Synovus' Current Report on Form 8-K dated June 18, 2013, as filed with the SEC on June 20, 2013.*
10.25	Form of Indemnification Agreement for directors and executive officers of Synovus, incorporated by reference to Exhibit 10.1 of Synovus' Current Report on Form 8-K dated July 26, 2007, as filed with the SEC on July 26, 2007.*
10.26	Summary of Annual Base Salaries of Synovus' Named Executive Officers.*
10.27	Summary of Board of Directors Compensation, incorporated by reference to Exhibit 10.1 of Synovus' Quarterly Report on Form 10-Q for the period ended March 31, 2017, as filed with the SEC on May 5, 2017.*
10.28	First Amendment to the Bank of North Georgia Amended and Restated Salary Continuation Agreement dated September 10, 2007, effective as of January 1, 2005, by and between Bank of North Georgia, as successor in interest to Riverside Bank, and Kessel D. Stelling, Jr., incorporated by reference to Exhibit 10.37 of Synovus' Current Report on Form 10-K for the period ended December 31, 2011, as filed with the SEC on February 29, 2012.*
10.29	Riverside Bank Split Dollar Agreement dated December 23, 1999, by and between Riverside Bank and Kessel D. Stelling, Jr., incorporated by reference to Exhibit 10.38 of Synovus' Current Report on Form 10-K for the period ended December 31, 2011, as filed with the SEC on February 29, 2012.*
10.30	Form of Non-Employee Director Restricted Stock Unit Award Agreement under the Synovus Financial Corp. 2007 Omnibus Plan, incorporated by reference to Exhibit 10.1 of Synovus' Quarterly Report on Form 10-Q for the period ended March 31, 2012, as filed with the SEC on May 10, 2012.*
10.31	Synovus Financial Corp. Clawback Policy, incorporated by reference to Exhibit 10.44 of Synovus' Annual Report on Form 10-K for the period ended December 31, 2013, as filed with the SEC on February 28, 2014.*
10.32	Form of Revised Performance Stock Unit Agreement for performance-based restricted stock awards under the Synovus Financial Corp. 2013 Omnibus Plan, incorporated by reference to Exhibit 10.1 of Synovus' Current Report on Form 8-K dated February 11, 2016, as filed with the SEC on February 18, 2016.*
10.33	Form of Revised Market Restricted Stock Unit Agreement for market restricted stock awards under the Synovus Financial Corp. 2013 Omnibus Plan, incorporated by reference to Exhibit 10.2 of Synovus' Current Report on Form 8-K dated February 11, 2016, as filed with the SEC on February 18, 2016.*
10.34	Amendment No. 1 to Third Amended and Restated Synovus Deferred Compensation Plan, incorporated by reference to Exhibit 10.1 of Synovus' Quarterly Report on Form 10-Q for the period ended June 30, 2017, as filed with the SEC on August 4, 2017.*
10.35	Form of Revised Performance Stock Unit Agreement for performance-based restricted stock awards under the Synovus Financial Corp. 2013 Omnibus Plan.*
10.36	Form of Revised Market Restricted Stock Unit Agreement for market restricted stock awards under the Synovus Financial Corp. 2013 Omnibus Plan.*
10.37	Form of Revised Restricted Stock Unit Agreement for restricted stock awards under the Synovus Financial Corp. 2013 Omnibus Plan.*
12.1	Ratio of Earnings to Fixed Charges.
14	Code of Business Conduct and Ethics, incorporated by reference to Exhibit 99.1 of Synovus' Current Report of Form 8-K dated October 24, 2014, as filed with the SEC on October 24, 2014.
21.1	Subsidiaries of Synovus Financial Corp.
23.1	Consent of Independent Registered Public Accounting Firm.
24.1	Powers of Attorney contained on the signature pages of this 2017 Annual Report on Form 10-K and incorporated herein by reference.

Exhibit Number	Description
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

* Indicates management contracts and compensatory plans and arrangements.

(b) Exhibits

See the response to Item 15(a)(3) above.

(c) Financial Statement Schedules

See the response to Item 15(a)(2) above.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, Synovus Financial Corp. has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

SYNOVUS FINANCIAL CORP.

By: /s/ Kessel D. Stelling

Kessel D. Stelling

Chairman of the Board, President and Chief Executive Officer

(Duly Authorized Officer and Principal Executive Officer)

Date: February 28, 2018

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Kessel D. Stelling, and Kevin S. Blair and each of them, his or her true and lawful attorney(s)-in-fact and agent(s), with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments to this report and to file the same, with all exhibits and schedules thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney(s)-in-fact and agent(s) full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney(s)-in-fact and agent(s), or their substitute(s), may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of Section 13 or 15(d) the Securities Exchange Act of 1934, as amended, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Kessel D. Stelling Kessel D. Stelling	<i>Chairman of the Board, President, Chief Executive Officer and Director (Principal Executive Officer)</i>	February 28, 2018
/s/ Kevin S. Blair Kevin S. Blair	<i>Executive Vice President and Chief Financial Officer (Principal Financial Officer)</i>	February 28, 2018
/s/ Liliana C. McDaniel Liliana C. McDaniel	<i>Chief Accounting Officer (Principal Accounting Officer)</i>	February 28, 2018
/s/ Catherine A. Allen Catherine A. Allen	<i>Director</i>	February 28, 2018
/s/ Tim E. Bentsen Tim E. Bentsen	<i>Director</i>	February 28, 2018
/s/ F. Dixon Brooke, Jr. F. Dixon Brooke, Jr.	<i>Director</i>	February 28, 2018
/s/ Stephen T. Butler Stephen T. Butler	<i>Director</i>	February 28, 2018
/s/ Elizabeth W. Camp Elizabeth W. Camp	<i>Director</i>	February 28, 2018
/s/ Diana M. Murphy Diana M. Murphy	<i>Director</i>	February 28, 2018
/s/ Jerry W. Nix Jerry W. Nix	<i>Director</i>	February 28, 2018
/s/ Harris Pastides Harris Pastides	<i>Director</i>	February 28, 2018
/s/ Joseph J. Prochaska, Jr. Joseph J. Prochaska, Jr.	<i>Director</i>	February 28, 2018
/s/ John L. Stallworth John L. Stallworth	<i>Director</i>	February 28, 2018
/s/ Melvin T. Stith Melvin T. Stith	<i>Director</i>	February 28, 2018
/s/ Barry L. Storey Barry L. Storey	<i>Director</i>	February 28, 2018
/s/ Philip W. Tomlinson Philip W. Tomlinson	<i>Director</i>	February 28, 2018

Shareholder Information

Synovus Financial Corp. is a financial services company based in Columbus, Georgia, with more than \$31 billion in assets. Through its wholly-owned subsidiary, Synovus Bank, the company provides commercial and retail banking services, including private banking, treasury management, wealth management, premium finance, and international banking. Synovus also provides mortgage services, financial planning, and investment advisory services through its wholly-owned subsidiaries, Synovus Mortgage, Synovus Trust, and Synovus Securities, as well as its Global One, GLOBALT, and Creative Financial Group divisions. Synovus' range of products and services, along with its industry-leading reputation and focus on local communities, make the company a compelling choice for customers in some of the best markets in the southeast. See Synovus on the web at synovus.com, Twitter, LinkedIn, Facebook, and Instagram.

Stock Trading Information

Synovus common stock is traded on the New York Stock Exchange (NYSE) under the symbol "SNV."

Dividend Reinvestment and Direct Stock Purchase Plan

The Plan provides a comprehensive package of services designed to make investing in Synovus stock easy, convenient, and more affordable.

To request an enrollment package for the Dividend Reinvestment and Direct Stock Purchase Plan, or for more information, please visit us at investor.synovus.com on the Internet or call our automated request line at (888) 777-0322.

New Investors. You can join the Plan by making an initial investment of at least \$250.

Synovus Shareholders. You can choose to participate by submitting a completed enrollment form. If your shares are held in a brokerage account, you must first register some or all of your shares in your name.

Dividend Reinvestment. You can invest all or a part of your cash dividends to accumulate more shares without paying fees.

Optional Cash Investments. You can purchase additional shares by investing between a minimum of \$50 at any one time and \$250,000 in total per calendar year. If you wish, we can withdraw funds automatically from your bank account each month to purchase

shares. Purchases are made weekly or more often if volume dictates. Fees are lower than those typically charged by the financial services industry.

Safekeeping. You can deposit your certificates with us for safekeeping at no cost to you. You can request a certificate any time at no cost.

Gifts and transfers of shares. You can make gifts or transfers to others.

Sale of shares. Whenever you want, you can sell some or all of your shares at fees lower than those typically charged by the financial services industry. Shares are sold weekly or more often if volume dictates.

Online Stock Purchase and Information

You can now purchase your initial shares online at investor.synovus.com and easily get current information on your shareholder account 24 hours a day, seven days a week.

You will have access to:

- View account status
- Purchase or sell shares
- View book-entry information
- Request certificate issuance
- Establish/change your PIN
- Make address changes
- View payment history for dividend
- Obtain a duplicate 1099 tax form
- Request a dividend check replacement
- Receive annual meeting material electronically

Notice of 2018 Annual Meeting of Shareholders

10 a.m. Eastern time, April 26, 2018, at Blanchard Hall, Synovus Bank, 1144 Broadway, Columbus, GA 31901. Log on to investor.synovus.com/2018annualmeeting to join our 2018 Annual Meeting of Shareholders via a live Webcast on the Internet.

Investor Relations

Analysts, investors, and others seeking additional financial information not available at investor.synovus.com should contact:

Steve Adams
Senior Director Investor Relations
and Corporate Development
Synovus
P.O. Box 120
Columbus, GA 31902-0120
(706) 641-6462
email: steveadams@synovus.com

Shareholder Services

Current shareholders requiring assistance should contact our transfer agent, American Stock Transfer & Trust Company:

U.S. Mail - Registered or Overnight
6201 15th Avenue, Brooklyn, NY 11219

Telephone Inquiries
(888) 777-0322

Web Site
astfinancial.com

Cautionary language regarding forward-looking statements: This annual report to shareholders contains forward looking statements, which by their nature involve risks and uncertainties. Please refer to Synovus' 2017 Annual Report on Form 10-K filed with the Securities and Exchange Commission for information concerning forward-looking statements, under the caption "Forward-Looking Statements," and for a description of certain factors that may cause actual results to differ from goals referred to herein or contemplated by such statements. SYNOVUS® and SYNOVUS FINANCIAL CORP.® are federally registered service marks of Synovus Financial Corp., which also owns a number of other federally registered service marks. All other products and company names are trademarks or federally registered trademarks of their respective companies. ©Copyright 2018 Synovus Financial Corp. All rights reserved.



A single name, a single culture,
a seamless banking experience for
our customers across the Southeast.

SYNOVUS®