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Synovus Announces Earnings for the Fourth Quarter 2016

*Diluted Earnings per Share of \$0.54, up 25.9% vs. 4Q15
Quarterly Shareholder Dividend Increase of 25% to \$0.15 per Share*

COLUMBUS, Ga., January 17, 2017 – Synovus Financial Corp. (NYSE: SNV) today reported financial results for the quarter and year ended December 31, 2016.

Net income available to common shareholders for the fourth quarter 2016 was \$66.0 million or \$0.54 per diluted share as compared to \$62.7 million or \$0.51 per diluted share for the third quarter 2016 and \$55.8 million or \$0.43 per diluted share for the fourth quarter 2015. Adjusted earnings per diluted share for the fourth quarter 2016 were \$0.54, a 3.6% increase from the third quarter 2016 and a 22.2% increase from the fourth quarter 2015.

2016 Highlights

- Net income available to common shareholders for 2016 was \$236.5 million or \$1.89 per diluted share as compared to \$215.8 million or \$1.62 per diluted share for 2015. Diluted EPS grew 16.7% for 2016 compared to 2015.
- Total average loans¹ for the year were \$23.10 billion, a \$1.56 billion or 7.2% increase from 2015.
 - Total loans¹ ended the year at \$23.86 billion, a \$1.43 billion or 6.4% increase from 2015.
- Total average deposits for the year were \$23.88 billion, a \$1.33 billion or 5.9% increase from 2015.
- Total revenues² of \$1.16 billion increased \$73.9 million or 6.8% from 2015.
- Efficiency ratio of 64.74% improved 87 basis points from 2015.
 - Adjusted efficiency ratio of 61.06% improved 87 basis points from 2015.
- Non-performing loans of \$153.4 million at December 31, 2016 declined 8.9% from December 31, 2015, and the non-performing loan ratio declined 11 basis points from December 31, 2015 to 0.64% at December 31, 2016.
- Returned over \$322 million in capital to common shareholders during the year through common share repurchases and dividends.
 - Common Equity Tier 1 ratio was 9.96% at December 31, 2016 compared to 10.37% at December 31, 2015.
- Completed the acquisition of Global One effective October 1, 2016.

¹ Include Global One acquisition effective October 1, 2016, which added \$357 million in loans.

² Consist of net interest income and non-interest income excluding net investment securities gains.

“We closed out 2016 with another quarter of improved profitability demonstrated by diluted earnings per share of \$0.54, up 26 percent compared to the fourth quarter of 2015,” said Kessel D. Stelling, Synovus Chairman and CEO. “We also achieved strong earnings per share growth for the full year and returned more than \$300 million in capital to our shareholders. We are energized about the opportunities in 2017 and beyond as we focus on exceptional and efficient service delivery, understanding and meeting customer needs, further balance sheet diversification, disciplined expense management, and investing in our communities.”

Consolidated Fourth Quarter Financial Results

Balance Sheet

- Total loans¹ ended the quarter at \$23.86 billion, up \$593.5 million or 10.1% annualized from the previous quarter and up \$1.43 billion or 6.4% as compared to the fourth quarter 2015.
 - Commercial and industrial loans¹ grew by \$536.0 million or 19.4% annualized from the previous quarter and \$779.8 million or 7.2% as compared to the fourth quarter 2015.
 - Retail loans grew by \$157.0 million or 13.0% annualized from the previous quarter and \$671.7 million or 15.6% as compared to the fourth quarter 2015.
 - Commercial real estate loans declined by \$99.6 million or 5.3% annualized from the previous quarter and \$28.8 million or 0.4% as compared to the fourth quarter 2015.
- Total average deposits for the quarter were \$24.66 billion, up \$631.0 million or 10.4% annualized from the previous quarter and \$1.42 billion or 6.1% as compared to the fourth quarter 2015.
 - Average core transaction accounts³ grew by \$414.1 million or 9.5% annualized from the previous quarter and \$1.21 billion or 7.3% as compared to the fourth quarter 2015.

Core Performance

- Total revenues² were \$301.7 million, up \$7.5 million or 2.6% from the previous quarter and 8.2% from the fourth quarter 2015.
- Net interest income was \$233.5 million, up \$7.5 million or 3.3% from the previous quarter and 9.8% as compared to the fourth quarter 2015.
- Net interest margin was 3.29%, up 2 basis points from the previous quarter. Yield on earning assets was 3.73%, up 2 basis points from the previous quarter, and the effective cost of funds was 0.44%, unchanged from the previous quarter.
- Total non-interest income was \$74.0 million, up \$5.9 million or 8.6% compared to the previous quarter and 11.8% as compared to the fourth quarter 2015.
- Adjusted non-interest income was \$68.1 million, unchanged from the previous quarter and up 3.0% as compared to the fourth quarter 2015.
 - Core banking fees⁴ were \$35.5 million, up \$689 thousand or 2.0% from the previous quarter and 1.4% as compared to the fourth quarter 2015.
 - Gains from sale of GGL/SBA loans were \$2.2 million, up \$878 thousand or 67.7% from the previous quarter and 57.0% as compared to the fourth quarter 2015.

³ Consist of non-interest bearing, NOW/Savings, and money market deposits excluding SCMs.

⁴ Include service charges on deposit accounts, bankcard fees, letter of credit fees, ATM fee income, line of credit non-usage fees, gains from sales of government guaranteed loans, and miscellaneous other service charges.

- Fiduciary and asset management fees, brokerage revenue, and insurance revenues were \$20.3 million, up \$787 thousand or 4.0% from the previous quarter and 7.9% as compared to the fourth quarter 2015.
- Mortgage banking income was \$5.5 million, down \$1.8 million or 24.9% from the previous quarter and up 33.1% as compared to the fourth quarter 2015.
- Total non-interest expense was \$193.2 million, up \$7.3 million or 3.9% from the previous quarter and 5.6% as compared to the fourth quarter 2015.
 - Fourth quarter 2016 total non-interest expense includes a \$4.7 million charge related to changes in the valuation of the Visa derivative and \$1.1 million in merger-related expenses.
- Adjusted non-interest expense was \$187.0 million, up \$3.1 million or 1.7% from the previous quarter and 3.7% as compared to the fourth quarter 2015.
 - Employment expense of \$101.7 million decreased \$282 thousand or 0.3% from the previous quarter and increased 6.4% as compared to the fourth quarter 2015.
 - Occupancy and equipment expense of \$27.9 million decreased \$253 thousand or 0.9% from the previous quarter and increased 0.2% as compared to the fourth quarter 2015.
 - Other operating expenses of \$23.9 million increased \$2.8 million or 13.4% from the previous quarter and 5.1% as compared to the fourth quarter 2015.
 - Efficiency ratio for the fourth quarter was 63.98% as compared to 63.13% in the previous quarter and 65.59% in the fourth quarter 2015.
 - Adjusted efficiency ratio for the fourth quarter was 60.32% as compared to 60.55% in the previous quarter and 62.13% in the fourth quarter 2015.

Credit Quality

- Non-performing loans were \$153.4 million at December 31, 2016, up \$5.2 million or 3.5% from the previous quarter and down \$15.0 million or 8.9% from December 31, 2015. The non-performing loan ratio was 0.64% at December 31, 2016, as compared to 0.64% at the end of the previous quarter and 0.75% at December 31, 2015.
- Total non-performing assets were \$175.7 million at December 31, 2016, down \$3.4 million or 1.9% from the previous quarter and down \$39.7 million or 18.4% from December 31, 2015. The non-performing asset ratio was 0.74% at December 31, 2016, as compared to 0.77% at the end of the previous quarter and 0.96% at December 31, 2015.
- Net charge-offs were \$8.3 million in the fourth quarter 2016, up \$1.4 million or 20.0% from \$6.9 million in the previous quarter. The annualized net charge-off ratio was 0.14% in the fourth quarter as compared to 0.12% in the previous quarter.
- Total delinquencies (consisting of loans 30 or more days past due and still accruing) remain low at 0.27% of total loans at December 31, 2016 as compared to 0.27% the previous quarter and 0.21% at December 31, 2015.

Capital Ratios

- Common Equity Tier 1 ratio was 9.96% at December 31, 2016 compared to 9.96% at September 30, 2016.
- Tier 1 Capital ratio was 10.08% at December 31, 2016 compared to 10.05% at September 30, 2016.
- Total Risk Based Capital ratio was 12.01% at December 31, 2016 compared to 12.04% at September 30, 2016.
- Tier 1 Leverage ratio was 8.99% at December 31, 2016 compared to 8.98% at September 30, 2016.

- Tangible Common Equity ratio was 9.09% at December 31, 2016 compared to 9.28% at September 30, 2016.

Capital Management

- During the fourth quarter, the Company completed the \$300 million common stock repurchase program announced in the fourth quarter 2015, which resulted in 9.9 million total shares repurchased and reduced total share count by 7.6%.
- Additionally, during the fourth quarter, the Board of Directors authorized a new share repurchase program of up to \$200 million of the Company's common stock to be executed during 2017.
- The Board of Directors also approved a 25% increase in the Company's quarterly common stock dividend from \$0.12 to \$0.15 per share, effective with the quarterly dividend payable in April 2017.

Fourth Quarter Earnings Conference Call

Synovus will host an earnings highlights conference call at 8:30 a.m. EDT on January 17, 2017. The earnings call will be accompanied by a slide presentation. Shareholders and other interested parties may listen to this conference call via simultaneous Internet broadcast. For a link to the webcast, go to investor.synovus.com/event. The replay will be archived for 12 months and will be available 30-45 minutes after the call.

Synovus Financial Corp.

Synovus Financial Corp. is a financial services company based in Columbus, Georgia, with approximately \$30 billion in assets. Synovus provides commercial and retail banking, investment, and mortgage services to customers through 28 locally-branded divisions, 248 branches, and 328 ATMs in Georgia, Alabama, South Carolina, Florida, and Tennessee. Synovus Bank, a wholly owned subsidiary of Synovus, was recognized as one of America's Most Reputable Banks by *American Banker* and the Reputation Institute in 2016 and 2015, and was named "Best Regional Bank, Southeast" by *MONEY Magazine* for 2016-2017. Synovus is on the web at synovus.com, on Twitter [@synovus](https://twitter.com/synovus), and on LinkedIn at <http://linkedin.com/company/synovus>.

Forward-Looking Statements

This press release and certain of our other filings with the Securities and Exchange Commission contain statements that constitute "forward-looking statements" within the meaning of, and subject to the protections of, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. 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," "should," "predicts," "could," "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 banking industry and economy in general. These forward-looking statements include, among others, our expectations regarding deposits, loan growth and the net interest margin; expectations on our growth strategy, expense initiatives, capital management and future profitability; expectations on credit trends and key credit metrics; and the assumptions underlying our expectations. Prospective investors are cautioned that any such forward-looking

statements are not guarantees of future performance and involve known and unknown risks and uncertainties which may cause the actual results, performance or achievements of Synovus to be materially different from the future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements are based on the information known to, and 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 press release. Many of these factors are beyond Synovus' ability to control or predict.

These forward-looking statements are based upon information presently known to Synovus' management and are inherently subjective, uncertain and subject to change due to any number of risks and uncertainties, including, without limitation, the risks and other factors set forth in Synovus' filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended December 31, 2015 under the captions "Cautionary Notice Regarding Forward-Looking Statements" and "Risk Factors" and in Synovus' quarterly reports on Form 10-Q and current reports on Form 8-K. We believe these forward-looking statements are reasonable; however, undue reliance should not be placed on any forward-looking statements, which are based on current expectations and speak only as of the date that they are made. We do not assume any obligation to update any forward-looking statements as a result of new information, future developments or otherwise, except as otherwise may be required by law.

Use of Non-GAAP Financial Measures

The measures entitled adjusted diluted earnings per share; average core transaction deposit accounts; adjusted non-interest income; adjusted non-interest expense; adjusted efficiency ratio; tangible common equity ratio; and common equity Tier 1 (CET1) ratio (fully phased-in) are not measures recognized under U.S. generally accepted accounting principles (GAAP) and therefore are considered non-GAAP financial measures. The most comparable GAAP measures are diluted earnings per share; total average deposits; total non-interest income; total non-interest expense; efficiency ratio and total shareholders' equity to total assets ratio, respectively.

Synovus believes that these non-GAAP financial measures provide meaningful additional information about Synovus to assist management, investors, and bank regulators in evaluating Synovus' capital strength and the performance of its core business. Adjusted diluted earnings per share is a measure used by management to evaluate operating results exclusive of items that are not indicative of ongoing operations and impact period-to-period comparisons. Average core transaction deposit accounts are a measure used by management to evaluate organic growth of deposits and the quality of deposits as a funding source. Adjusted non-interest income is a measure utilized by management to measure non-interest income exclusive of net investment securities gains. 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. The tangible common equity ratio and common equity Tier 1 (CET1) ratio (fully phased-in) are used by management and bank regulators to assess the strength of our capital position. These non-GAAP financial measures should not be considered as substitutes for diluted earnings per share; total average deposits; total non-interest income; total non-interest expense; efficiency ratio; and total shareholders' equity to total assets ratio determined in accordance with GAAP and may not be comparable to other similarly titled measures at other companies.

The computations of adjusted diluted earnings per share; average core transaction deposit accounts; adjusted non-interest income; adjusted non-interest expense; adjusted efficiency ratio; tangible common equity ratio; and common equity Tier 1 (CET1) ratio (fully phased-in) and the reconciliation of these measures to diluted earnings per share; total average deposits; total non-interest income; total non-interest expense; efficiency ratio; and total shareholders' equity to total assets ratio are set forth in the tables below.

Reconciliation of Non-GAAP Financial Measures

<i>(dollars in thousands)</i>	4Q16	3Q16	4Q15
Adjusted Diluted Earnings per Share			
Net income available to common shareholders	\$ 65,990	62,686	55,839
Add: Litigation contingency/settlement (recovery) expense	-	(189)	710
Add: Restructuring charges	42	1,243	69
Add: Merger-related expenses	1,086	550	-
Add: Fair value adjustment to Visa derivative	4,716	360	371
Add: Loss on early extinguishment of debt	-	-	1,533
Subtract: Investment securities gains, net	(5,885)	(59)	(58)
Tax effect of adjustments	<u>15</u>	<u>(697)</u>	<u>(961)</u>
Adjusted net income available to common shareholders	<u>\$ 65,964</u>	<u>63,894</u>	<u>57,503</u>
Weighted average common shares outstanding, diluted	123,187	123,604	131,197
Adjusted diluted earnings per share	<u>\$ 0.54</u>	<u>0.52</u>	<u>0.44</u>
Average Core Transaction Deposit Accounts			
Total average deposits	\$24,661,265	24,030,330	23,244,256
Subtract: Average brokered deposits	(1,380,931)	(1,409,740)	(1,185,093)
Subtract: Average time deposits excluding average SCM time deposits	(3,147,620)	(3,153,366)	(3,188,706)
Subtract: Average state, county, and municipal (SCM) deposits	<u>(2,356,567)</u>	<u>(2,105,126)</u>	<u>(2,303,278)</u>
Average core transaction deposit accounts	<u>\$ 17,776,147</u>	<u>17,362,098</u>	<u>16,567,179</u>
Adjusted Non-interest Income			
Total non-interest income	\$74,006	68,155	66,175
Subtract: Investment securities gains, net	<u>(5,885)</u>	<u>(59)</u>	<u>(58)</u>
Adjusted non-interest income	<u>\$68,121</u>	<u>68,096</u>	<u>66,117</u>

Reconciliation of Non-GAAP Financial Measures, continued*(dollars in thousands)*

	<u>4Q16</u>	<u>3Q16</u>	<u>4Q15</u>	<u>2016</u>	<u>2015</u>
Adjusted Non-interest Expense					
Total non-interest expense	\$ 193,209	185,871	183,033	755,925	717,655
Subtract: Restructuring charges	(42)	(1,243)	(69)	(8,267)	(36)
Subtract: Fair value adjustment to Visa derivative	(4,716)	(360)	(371)	(5,795)	(1,463)
Subtract: Litigation contingency/settlement recovery (expense)*	-	189	(710)	(2,511)	(5,110)
Subtract: Loss on early extinguishment of debt	-	-	-	(4,735)	(1,533)
Subtract: Merger-related expenses	(1,086)	(550)	(1,533)	(1,636)	-
Subtract: Amortization of intangibles	<u>(400)</u>	<u>-</u>	<u>(123)</u>	<u>(521)</u>	<u>(503)</u>
Adjusted non-interest expense	<u>\$ 186,965</u>	<u>183,907</u>	<u>180,227</u>	<u>732,460</u>	<u>709,010</u>
Adjusted Efficiency Ratio					
Adjusted non-interest expense	\$ 186,965	183,907	180,227	732,460	709,010
Subtract: Foreclosed real estate expense	(2,840)	(2,725)	(4,454)	(12,838)	(22,804)
Subtract: Other credit costs	<u>(1,969)</u>	<u>(2,913)</u>	<u>(2,410)</u>	<u>(6,701)</u>	<u>(8,853)</u>
Adjusted non-interest expense excluding total credit costs	<u>\$ 182,156</u>	<u>178,269</u>	<u>173,363</u>	<u>712,921</u>	<u>677,353</u>
Net interest income	233,530	226,007	212,620	899,180	827,318
Add: Tax equivalent adjustment	322	330	311	1,286	1,304
Add: Total non-interest income	74,006	68,155	66,175	273,194	267,920
Subtract: Investment securities gains, net	<u>(5,885)</u>	<u>(59)</u>	<u>(58)</u>	<u>(6,011)</u>	<u>(2,769)</u>
Total revenues	<u>\$ 301,973</u>	<u>294,433</u>	<u>279,048</u>	<u>1,167,649</u>	<u>1,093,773</u>
Adjusted efficiency ratio	<u>60.32%</u>	<u>60.55</u>	<u>62.13</u>	<u>61.06</u>	<u>61.93</u>

Reconciliation of Non-GAAP Financial Measures, continued*(dollars in thousands)*

	4Q16	3Q16	4Q15
Tangible common equity ratio			
Total assets	\$ 30,104,002	29,727,096	28,792,653
Subtract: Goodwill	(59,678)	(24,431)	(24,431)
Subtract: Other intangible assets, net	<u>(13,223)</u>	<u>(225)</u>	<u>(471)</u>
Tangible assets	<u>\$ 30,031,101</u>	<u>29,702,440</u>	<u>28,767,751</u>
Total shareholders' equity	\$ 2,927,924	2,906,659	3,000,196
Subtract: Goodwill	(59,678)	(24,431)	(24,431)
Subtract: Other intangible assets, net	(13,223)	(225)	(471)
Subtract: Series C Preferred Stock, no par value	<u>(125,980)</u>	<u>(125,980)</u>	<u>(125,980)</u>
Tangible common equity	<u>\$ 2,729,043</u>	<u>2,756,023</u>	<u>2,849,314</u>
Total shareholders' equity to total assets ratio	9.73%	9.78	10.42
Tangible common equity ratio	9.09%	9.28	9.90
Common Equity Tier 1 (CET1) ratio (fully phased-in)			
Common Equity Tier 1 (CET1)	\$ 2,654,286	2,596,233	2,660,016
Adjustment related to capital components	<u>(94,386)</u>	<u>(101,843)</u>	<u>(128,480)</u>
CET1 (fully phased-in)	<u>\$ 2,559,900</u>	<u>2,494,390</u>	<u>2,531,536</u>
Total risk-weighted assets (fully phased-in)	\$ 26,900,331	26,323,936	25,915,650
Common Equity Tier 1 (CET1) ratio (fully phased-in)	9.52%	9.48	9.77

* Amounts for other periods presented herein are not reported separately as amounts are not material.

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INCOME STATEMENT DATA (Unaudited)

(Dollars in thousands, except per share data)

Twelve Months Ended

	December 31,		
	2016	2015	Change
Interest income	\$ 1,022,803	945,962	8.1 %
Interest expense	123,623	118,644	4.2
Net interest income	899,180	827,318	8.7
Provision for loan losses	28,000	19,010	47.3
Net interest income after provision for loan losses	871,180	808,308	7.8
Non-interest income:			
Service charges on deposit accounts	81,425	80,142	1.6
Fiduciary and asset management fees	46,594	45,928	1.5
Brokerage revenue	27,028	27,855	(3.0)
Mortgage banking income	24,259	24,096	0.7
Bankcard fees	33,318	33,172	0.4
Investment securities gains, net	6,011	2,769	117.1
Other fee income	20,220	21,170	(4.5)
Other non-interest income	34,339	32,788	4.7
Total non-interest income	273,194	267,920	2.0
Non-interest expense:			
Salaries and other personnel expense	402,026	380,918	5.5
Net occupancy and equipment expense	109,347	107,466	1.8
Third-party processing expense	46,320	42,851	8.1
FDIC insurance and other regulatory fees	26,714	27,091	(1.4)
Professional fees	26,698	26,646	0.2
Advertising expense	20,264	15,477	30.9
Foreclosed real estate expense, net	12,838	22,803	(43.7)
Merger-related expense	1,636	-	nm
Amortization of intangibles	521	503	3.6
Fair value adjustment to Visa derivative	5,795	1,464	295.8
Loss on early extinguishment of debt	4,735	1,533	208.9
Litigation settlement/contingency expense	2,511	5,110	(50.9)
Restructuring charges, net	8,267	36	nm
Other operating expenses	88,251	85,757	2.9
Total non-interest expense	755,923	717,655	5.3
Income before income taxes	388,451	358,573	8.3
Income tax expense	141,667	132,491	6.9
Net income	246,784	226,082	9.2
Dividends on preferred stock	10,238	10,238	-
Net income available to common shareholders	\$ 236,546	215,844	9.6 %
Net income per common share, basic	\$ 1.90	1.63	16.7 %
Net income per common share, diluted	1.89	1.62	16.7
Cash dividends declared per common share	0.48	0.42	14.3
Return on average assets	0.84 %	0.80	4 bp
Return on average common equity	8.41	7.46	95
Weighted average common shares outstanding, basic	124,389	132,423	(6.1) %
Weighted average common shares outstanding, diluted	125,078	133,201	(6.1)

nm - not meaningful

bps - basis points

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INCOME STATEMENT DATA

(Unaudited)

(In thousands, except per share data)

	2016				2015	4th Quarter
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	'16 vs. '15 Change
Interest income	\$ 264,534	256,554	252,393	249,323	242,814	8.9 %
Interest expense	31,004	30,547	30,944	31,130	30,194	2.7
Net interest income	233,530	226,007	221,449	218,193	212,620	9.8
Provision for loan losses	6,259	5,671	6,693	9,377	5,021	24.7
Net interest income after provision for loan losses	227,271	220,336	214,756	208,816	207,599	9.5
Non-interest income:						
Service charges on deposit accounts	20,653	20,822	20,240	19,710	20,522	0.6
Fiduciary and asset management fees	11,903	11,837	11,580	11,274	11,206	6.2
Brokerage revenue	7,009	6,199	7,338	6,483	6,877	1.9
Mortgage banking income	5,504	7,329	5,941	5,484	4,136	33.1
Bankcard fees	8,330	8,269	8,346	8,372	8,262	0.8
Investment securities gains, net	5,885	59	-	67	58	nm
Other fee income	4,965	5,171	5,280	4,804	5,798	(14.4)
Other non-interest income	9,757	8,469	9,161	6,953	9,316	4.7
Total non-interest income	74,006	68,155	67,886	63,147	66,175	11.8
Non-interest expense:						
Salaries and other personnel expense	101,662	101,945	97,061	101,358	95,524	6.4
Net occupancy and equipment expense	27,867	28,120	26,783	26,577	27,816	0.2
Third-party processing expense	12,287	11,219	11,698	11,116	10,993	11.8
FDIC insurance and other regulatory fees	6,614	6,756	6,625	6,719	6,776	(2.4)
Professional fees	6,904	6,486	6,938	6,369	8,265	(16.5)
Advertising expense	4,905	5,597	7,351	2,410	3,680	33.3
Foreclosed real estate expense, net	2,840	2,725	4,588	2,684	4,454	(36.2)
Merger-related expense	1,086	550	-	-	-	nm
Amortization of intangibles	400	-	-	121	123	nm
Fair value adjustment to Visa derivative	4,716	360	360	360	371	nm
Loss on early extinguishment of debt	-	-	-	4,735	1,533	-
Litigation contingency/settlement (recovery) expense	-	(189)	-	2,700	710	(100.0)
Restructuring charges, net	42	1,243	5,841	1,140	69	(39.1)
Other operating expenses	23,886	21,059	21,366	21,944	22,720	5.1
Total non-interest expense	193,209	185,871	188,611	188,233	183,034	5.6
Income before income taxes	108,068	102,620	94,031	83,730	90,741	19.1
Income tax expense	39,519	37,375	33,574	31,199	32,343	22.2
Net income	68,549	65,245	60,457	52,531	58,398	17.4
Dividends on preferred stock	2,559	2,559	2,559	2,559	2,559	-
Net income available to common shareholders	\$ 65,990	62,686	57,898	49,972	55,839	18.2 %
Net income per common share, basic	\$ 0.54	0.51	0.46	0.39	0.43	25.9 %
Net income per common share, diluted	0.54	0.51	0.46	0.39	0.43	25.9
Cash dividends declared per common share	0.12	0.12	0.12	0.12	0.12	0.0
Return on average assets *	0.90 %	0.88	0.83	0.73	0.81	9 bps
Return on average common equity *	9.42	8.89	8.26	7.06	7.67	175
Weighted average common shares outstanding, basic	122,341	122,924	125,100	127,227	130,354	(6.1) %
Weighted average common shares outstanding, diluted	123,187	123,604	125,699	127,857	131,197	(6.1)

nm - not meaningful

bps - basis points

* - ratios are annualized

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BALANCE SHEET DATA (Unaudited)

(In thousands, except share data)

ASSETS

	December 31, 2016	September 30, 2016	December 31, 2015
Cash and cash equivalents	\$ 395,175	367,342	367,092
Interest bearing funds with Federal Reserve Bank	527,090	985,776	829,887
Interest earning deposits with banks	18,720	18,375	17,387
Federal funds sold and securities purchased under resale agreements	58,060	71,753	69,819
Trading account assets, at fair value	9,314	7,309	5,097
Mortgage loans held for sale, at fair value	51,545	95,769	59,275
Investment securities available for sale, at fair value	3,718,195	3,603,153	3,587,818
Loans, net of deferred fees and costs	23,856,391	23,262,887	22,429,565
Allowance for loan losses	(251,758)	(253,817)	(252,496)
Loans, net	<u>23,604,633</u>	<u>23,009,070</u>	<u>22,177,069</u>
Premises and equipment, net	417,485	418,091	445,155
Goodwill	59,678	24,431	24,431
Intangible assets, net	13,223	225	471
Other real estate	22,308	28,438	47,030
Deferred tax asset, net	395,356	395,795	511,948
Other assets	<u>813,220</u>	<u>701,569</u>	<u>650,174</u>
Total assets	<u>\$ 30,104,002</u>	<u>29,727,096</u>	<u>28,792,653</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities:

Deposits:			
Non-interest bearing deposits	\$ 7,085,804	7,059,059	6,732,970
Interest bearing deposits, excluding brokered deposits	16,183,273	15,817,596	15,434,171
Brokered deposits	<u>1,378,983</u>	<u>1,315,348</u>	<u>1,075,520</u>
Total deposits	24,648,060	24,192,003	23,242,661
Federal funds purchased and securities sold under repurchase agreements	159,699	195,025	177,025
Long-term debt	2,160,881	2,160,985	2,186,893
Other liabilities	<u>207,438</u>	<u>272,424</u>	<u>185,878</u>
Total liabilities	<u>27,176,078</u>	<u>26,820,437</u>	<u>25,792,457</u>

Shareholders' equity:

Series C Preferred Stock - no par value, 5,200,000 shares outstanding at December 31, 2016, September 30, 2016, and December 31, 2015	125,980	125,980	125,980
Common stock - \$1.00 par value. 122,266,106 shares outstanding at December 31, 2016, 121,453,772 shares outstanding at September 30, 2016, and 129,547,032 shares outstanding at December 31, 2015	142,026	141,066	140,592
Additional paid-in capital	3,028,405	2,987,760	2,989,981
Treasury stock, at cost - 19,759,614 shares at December 31, 2016, 19,612,435 shares at September 30, 2016, and 11,045,377 shares at December 31, 2015	(664,595)	(654,014)	(401,511)
Accumulated other comprehensive (loss) gain	(55,659)	5,165	(29,819)
Retained earnings	<u>351,767</u>	<u>300,702</u>	<u>174,973</u>
Total shareholders' equity	<u>2,927,924</u>	<u>2,906,659</u>	<u>3,000,196</u>
Total liabilities and shareholders' equity	<u>\$ 30,104,002</u>	<u>29,727,096</u>	<u>28,792,653</u>

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AVERAGE BALANCES AND YIELDS/RATES (1)

(Unaudited)

(Dollars in thousands)

	2016				2015
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter
Interest Earning Assets					
Taxable investment securities ⁽²⁾	\$ 3,643,510	3,544,933	3,529,030	3,537,131	3,481,184
Yield	1.92 %	1.83	1.89	1.91	1.85
Tax-exempt investment securities ^{(2) (4)}	\$ 2,824	2,943	3,491	4,091	4,352
Yield (taxable equivalent)	5.82 %	5.96	6.08	6.37	6.16
Trading account assets	\$ 6,799	5,493	3,803	5,216	8,067
Yield	2.63 %	0.93	1.27	1.65	2.24
Commercial loans ^{(3) (4)}	\$ 18,812,659	18,419,484	18,433,638	18,253,169	17,884,661
Yield	4.05 %	4.03	4.04	4.03	3.97
Consumer loans ⁽³⁾	\$ 4,911,149	4,720,082	4,497,147	4,334,817	4,233,061
Yield	4.27 %	4.30	4.32	4.37	4.27
Allowance for loan losses	\$ (253,713)	(255,675)	(251,101)	(258,097)	(252,049)
Loans, net ⁽³⁾	\$ 23,470,095	22,883,891	22,679,684	22,329,889	21,865,673
Yield	4.14 %	4.14	4.15	4.15	4.08
Mortgage loans held for sale	\$ 77,652	87,524	72,477	63,339	50,668
Yield	3.51 %	3.32	3.59	3.72	3.84
Federal funds sold, due from Federal Reserve Bank, and other short-term investments	\$ 982,355	998,565	907,614	885,938	1,081,604
Yield	0.49 %	0.48	0.47	0.47	0.27
Federal Home Loan Bank and Federal Reserve Bank stock ⁽⁵⁾	\$ 121,079	70,570	77,571	80,679	66,790
Yield	3.75 %	4.99	5.15	3.82	5.08
Total interest earning assets	\$ 28,304,314	27,593,919	27,273,670	26,906,283	26,558,338
Yield	3.73 %	3.71	3.73	3.73	3.63
Interest Bearing Liabilities					
Interest bearing demand deposits	\$ 4,488,135	4,274,117	4,233,310	4,198,738	4,117,116
Rate	0.16 %	0.16	0.18	0.17	0.17
Money market accounts	\$ 7,359,067	7,227,030	7,082,759	7,095,778	7,062,517
Rate	0.29 %	0.29	0.31	0.32	0.35
Savings deposits	\$ 908,725	797,961	746,225	722,172	692,536
Rate	0.12 %	0.07	0.06	0.07	0.06
Time deposits under \$100,000	\$ 1,229,809	1,248,294	1,262,280	1,279,811	1,307,601
Rate	0.64 %	0.64	0.64	0.65	0.65
Time deposits over \$100,000	\$ 2,014,564	2,030,242	2,016,116	2,006,302	2,033,193
Rate	0.90 %	0.88	0.89	0.89	0.88
Non maturing brokered deposits	\$ 638,779	634,596	451,398	315,006	297,925
Rate	0.31 %	0.29	0.39	0.48	0.31
Brokered time deposits	\$ 742,153	775,143	885,603	780,233	887,168
Rate	0.90 %	0.88	0.85	0.83	0.76
Total interest bearing deposits	\$ 17,381,232	16,987,383	16,677,691	16,398,040	16,398,056
Rate	0.37 %	0.37	0.39	0.39	0.40
Federal funds purchased and securities sold under repurchase agreements	\$ 219,429	247,378	221,276	177,921	158,810
Rate	0.08 %	0.09	0.09	0.10	0.08
Long-term debt	\$ 2,190,716	2,114,193	2,279,043	2,361,973	2,007,924
Rate	2.65 %	2.71	2.55	2.55	2.63
Total interest bearing liabilities	\$ 19,791,377	19,348,954	19,178,010	18,937,934	18,564,790
Rate	0.62 %	0.63	0.65	0.66	0.65
Non-interest bearing demand deposits	\$ 7,280,033	7,042,908	6,930,336	6,812,223	6,846,200
Effective cost of funds	0.44 %	0.44	0.46	0.46	0.45
Net interest margin	3.29 %	3.27	3.27	3.27	3.18
Taxable equivalent adjustment	\$ 322	330	329	305	311

(1) Yields and rates are annualized.

(2) Excludes net unrealized gains and losses.

(3) Average loans are shown net of unearned income. Non-performing loans are included.

(4) 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.

(5) Included as a component of Other Assets on the consolidated balance sheet

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NON-PERFORMING LOANS COMPOSITION

(Unaudited)

(Dollars in thousands)

Loan Type	Total Non-performing Loans		4Q16 vs. 3Q16 % change ⁽¹⁾	Total Non-performing Loans	
	December 31, 2016	September 30, 2016		December 31, 2015	4Q16 vs. 4Q15 % change
Multi-Family	\$ 1,853	3,912	(209.4) %	\$ 223	nm
Hotels	335	346	(12.6)	381	(12.1) %
Office Buildings	1,380	931	191.9	1,170	17.9
Shopping Centers	354	354	0.0	907	(61.0)
Warehouses	592	1,108	(185.3)	208	184.6
Other Investment Property	922	2,233	(233.6)	20,151	(95.4)
Total Investment Properties	5,436	8,884	(154.4)	23,040	(76.4)
1-4 Family Construction	305	304	1.3	-	nm
1-4 Family Investment Mortgage	8,809	7,658	59.8	7,708	14.3
Residential Development	8,994	9,190	(8.5)	9,130	(1.5)
Total 1-4 Family Properties	18,108	17,152	22.2	16,838	7.5
Land Acquisition	7,071	6,672	23.8	17,768	(60.2)
Total Commercial Real Estate	30,615	32,708	(25.5)	57,646	(46.9)
Commercial, Financial, and Agricultural Owner-Occupied	59,074	49,874	73.4	49,137	20.2
	16,503	21,443	(91.7)	20,294	(18.7)
Total Commercial & Industrial	75,577	71,317	23.8	69,431	8.9
Home Equity Lines	21,551	19,815	34.9	16,480	30.8
Consumer Mortgages	22,681	21,284	26.1	22,248	1.9
Credit Cards	-	-	-	-	-
Other Retail Loans	2,954	3,031	(10.1)	2,565	15.2
Total Retail	47,186	44,130	27.5	41,293	14.3
Total	\$ 153,378	148,155	14.0 %	\$ 168,370	(8.9) %

(1) Percentage change is annualized.

LOANS OUTSTANDING BY TYPE COMPARISON

(Unaudited)

(Dollars in thousands)

Loan Type	Total Loans		4Q16 vs. 3Q16 % change ⁽¹⁾	Total Loans	
	December 31, 2016	September 30, 2016		December 31, 2015	4Q16 vs. 4Q15 % change
Multi-Family	\$ 1,568,234	1,553,275	3.8 %	\$ 1,391,453	12.7 %
Hotels	748,951	774,873	(13.3)	703,825	6.4
Office Buildings	1,568,328	1,575,190	(1.7)	1,495,247	4.9
Shopping Centers	964,325	917,284	20.4	956,394	0.8
Warehouses	486,300	522,170	(27.3)	563,217	(13.7)
Other Investment Property	596,481	626,674	(19.2)	641,495	(7.0)
Total Investment Properties	5,932,619	5,969,466	(2.5)	5,751,631	3.1
1-4 Family Construction	190,477	193,791	(6.8)	187,545	1.6
1-4 Family Investment Mortgage	696,830	727,897	(17.0)	786,797	(11.4)
Residential Development	136,514	149,366	(34.2)	154,814	(11.8)
Total 1-4 Family Properties	1,023,821	1,071,054	(17.5)	1,129,156	(9.3)
Land Acquisition	409,534	425,058	(14.5)	513,981	(20.3)
Total Commercial Real Estate	7,365,974	7,465,578	(5.3)	7,394,768	(0.4)
Commercial, Financial, and Agricultural Owner-Occupied	6,915,927	6,544,629	22.6	6,453,180	7.2
	4,636,016	4,471,365	14.6	4,318,950	7.3
Total Commercial & Industrial	11,551,943	11,015,994	19.4	10,772,130	7.2
Home Equity Lines	1,617,265	1,638,844	(5.2)	1,689,914	(4.3)
Consumer Mortgages	2,296,604	2,243,154	9.5	1,938,683	18.5
Credit Cards	232,413	232,309	0.2	240,851	(3.5)
Other Retail Loans	818,183	693,204	71.7	423,318	93.3
Total Retail	4,964,465	4,807,511	13.0	4,292,766	15.6
Unearned Income	(25,991)	(26,196)	(3.1)	(30,099)	(13.6)
Total	\$ 23,856,391	23,262,887	10.1 %	\$ 22,429,565	6.4 %

(1) Percentage change is annualized.

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CREDIT QUALITY DATA

(Unaudited)

(Dollars in thousands)

	2016			2015		4th Quarter
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	'16 vs. '15 Change
Non-performing Loans	\$ 153,378	148,155	154,072	178,167	168,370	(8.9) %
Impaired Loans Held for Sale ⁽¹⁾	-	2,473	-	-	-	-
Other Real Estate	22,308	28,438	33,289	38,462	47,030	(52.6)
Non-performing Assets	175,686	179,066	187,361	216,629	215,400	(18.4)
Allowance for loan losses	251,758	253,817	255,076	254,516	252,496	(0.3)
Net Charge-Offs - Quarter	8,319	6,930	6,133	7,357	3,425	142.9
Net Charge-Offs - YTD	28,739	20,420	13,490	7,357	27,831	3.3
Net Charge-Offs / Average Loans - Quarter ⁽²⁾	0.14 %	0.12	0.11	0.13	0.06	
Net Charge-Offs / Average Loans - YTD ⁽²⁾	0.12	0.12	0.12	0.13	0.13	
Non-performing Loans / Loans	0.64	0.64	0.67	0.78	0.75	
Non-performing Assets / Loans, Other Loans Held for Sale & ORE	0.74	0.77	0.81	0.95	0.96	
Allowance / Loans	1.06	1.09	1.11	1.12	1.13	
Allowance / Non-performing Loans	164.14	171.32	165.56	142.85	149.96	
Allowance / Non-performing Loans ⁽³⁾	202.01	198.94	195.25	173.64	189.47	
Past Due Loans over 90 days and Still Accruing	\$ 3,135	5,358	5,964	3,214	2,621	19.6
As a Percentage of Loans Outstanding	0.01 %	0.02	0.03	0.01	0.01	
Total Past Due Loans and Still Accruing	\$ 65,106	61,781	55,716	63,852	47,912	35.9
As a Percentage of Loans Outstanding	0.27 %	0.27	0.24	0.28	0.21	
Accruing Troubled Debt Restructurings (TDRs)	\$ 195,776	201,896	205,165	209,159	223,873	(12.6)

(1) Represent impaired loans that are intended to be sold. Held for sale loans are carried at the lower of cost or fair value, less costs to sell.

(2) Ratio is annualized.

(3) Excludes non-performing loans for which the expected loss has been charged off.

SELECTED CAPITAL INFORMATION ⁽¹⁾

(Unaudited)

(Dollars in thousands)

	December 31, 2016	September 30, 2016	December 31, 2015
Tier 1 Capital	\$ 2,685,880	2,620,379	2,660,016
Total Risk-Based Capital	3,201,268	3,139,465	3,255,758
Common Equity Tier 1 Ratio (transitional)	9.96 %	9.96	10.37
Common Equity Tier 1 Ratio (fully phased-in)	9.52	9.48	9.77
Tier 1 Capital Ratio	10.08	10.05	10.37
Total Risk-Based Capital Ratio	12.01	12.04	12.70
Tier 1 Leverage Ratio	8.99	8.98	9.43
Common Equity as a Percentage of Total Assets ⁽²⁾	9.31	9.35	9.98
Tangible Common Equity as a Percentage of Tangible Assets ⁽³⁾	9.09	9.28	9.90
Tangible Common Equity as a Percentage of Risk Weighted Assets ⁽³⁾	10.24	10.58	11.11
Book Value Per Common Share ⁽⁴⁾	22.92	22.89	22.19
Tangible Book Value Per Common Share ⁽³⁾	22.32	22.69	21.99

(1) Current quarter regulatory capital information is preliminary.

(2) Common equity consists of Total Shareholders' Equity less Preferred Stock.

(3) Excludes the carrying value of goodwill and other intangible assets from common equity and total assets

(4) Book Value Per Common Share consists of Total Shareholders' Equity less Preferred Stock divided by total common shares outstanding.