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Synovus Announces Earnings for the Second Quarter 2017

Diluted Earnings per Share of \$0.60, up 29.6% vs. 2Q16

COLUMBUS, Ga., July 18, 2017 – Synovus Financial Corp. (NYSE: SNV) today reported financial results for the quarter ended June 30, 2017.

Second Quarter Highlights

- Net income available to common shareholders was \$73.4 million or \$0.60 per diluted share as compared to \$69.3 million or \$0.56 per diluted share for the first quarter 2017 and \$57.9 million or \$0.46 per diluted share for the second quarter 2016.
- Return on average assets was 1.00%, up 4 basis points from the previous quarter and up 17 basis points from the second quarter 2016.
- Return on average common equity was 10.34%, up 37 basis points from the previous quarter and up 208 basis points from the second quarter 2016.
- Total average loans grew \$314.0 million or 5.2% annualized from the previous quarter and \$1.42 billion or 6.2% as compared to the second quarter 2016.
- Total average deposits grew \$72.9 million or 1.2% annualized from the previous quarter and \$1.38 billion or 5.9% as compared to the second quarter 2016.
- Credit quality metrics remained favorable with a non-performing asset ratio of 73 basis points, down 4 basis points from the previous quarter and down 8 basis points from the second quarter 2016.
- Total revenues¹ were \$319.8 million, up \$15.7 million or 5.2% from the previous quarter and 10.5% from the second quarter 2016.
- Net interest margin was 3.51%, up 9 basis points from the previous quarter and up 24 basis points from the second quarter 2016.
- Efficiency ratio² of 59.90% improved from 64.84% the previous quarter and 65.11% in the second quarter 2016.

“We are pleased with our second quarter performance, highlighted by a 30 percent year-over-year increase in earnings per share,” said Kessel Stelling, Synovus chairman and CEO. “Profitability continued to improve as we delivered a 1 percent return on assets and an efficiency ratio below 60 percent for the quarter. We also celebrated being named ‘Most Reputable Bank’ by *American Banker* magazine and the Reputation Institute. Our team is honored by this recognition from both customers and non-customers, and further energized about our transition to a unified Synovus brand in 2018.”

¹ Consist of net interest income and non-interest income excluding net investment securities gains.

² Non-interest expense as a percentage of the sum of net interest income (fully taxable equivalent basis) and non-interest income excluding net investment securities gains/losses.

Balance Sheet

- Total loans ended the quarter at \$24.43 billion, up \$172.0 million or 2.8% annualized from the previous quarter and up \$1.37 billion or 5.9% as compared to the second quarter 2016.
 - Commercial and industrial loans grew by \$10.1 million or 0.3% annualized from the previous quarter and \$795.5 million or 7.3% as compared to the second quarter 2016.
 - Consumer loans grew by \$207.2 million or 16.3% annualized from the previous quarter and \$666.0 million or 14.4% as compared to the second quarter 2016.
 - Commercial real estate loans declined by \$45.0 million or 2.4% annualized from the previous quarter and declined \$93.4 million or 1.2% as compared to the second quarter 2016.
- Total average loans were \$24.35 billion, up \$314.0 million or 5.2% annualized from the previous quarter and \$1.42 billion or 6.2% as compared to the second quarter 2016.
- Total average deposits were \$24.99 billion, up \$72.9 million or 1.2% annualized from the previous quarter and \$1.38 billion or 5.9% as compared to the second quarter 2016.
 - Average core transaction deposits³ grew \$261.3 million or 5.8% annualized from the previous quarter and \$1.56 billion or 9.3% as compared to the second quarter 2016.

Core Performance

- Total revenues¹ were \$319.8 million, up \$15.7 million or 5.2% from the previous quarter and 10.5% from the second quarter 2016.
- Net interest income was \$251.1 million, up \$11.2 million or 4.7% from the previous quarter and 13.4% from the second quarter 2016.
- Net interest margin was 3.51%, up 9 basis points from the previous quarter. Yield on earning assets was 3.99%, up 11 basis points from the previous quarter, and the effective cost of funds was 0.48%, up 2 basis points from the previous quarter.
- Total non-interest income was \$68.7 million, down \$3.2 million or 4.4% compared to the previous quarter and up 1.2% from second quarter 2016.
- Adjusted non-interest income was \$70.1 million, up \$4.1 million or 6.2% from the previous quarter and up 3.4% as compared to the second quarter 2016.
 - Core banking fees⁴ were \$34.2 million, up \$1.5 million or 4.6% from the previous quarter and 1.3% from the second quarter 2016.
 - Fiduciary and asset management fees, brokerage revenue, and insurance revenues were \$20.8 million, up \$114 thousand or 0.5% from the previous quarter and 5.0% from the second quarter 2016.
 - Mortgage banking income was \$5.8 million, unchanged from the previous quarter and down 2.6% from the second quarter 2016.
- Total non-interest expense was \$191.7 million, down \$5.6 million or 2.9% from the previous quarter and up 1.7% from the second quarter 2016.
 - First quarter 2017 and second quarter 2016 included restructuring charges of \$6.5 million and \$5.8 million, respectively.
- Adjusted non-interest expense was \$191.4 million, up \$837 thousand or 0.4% from the previous quarter and 5.0% from the second quarter 2016.

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

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.

- Employment expense of \$105.2 million decreased \$2.0 million or 1.8% from the previous quarter and increased 8.4% from the second quarter 2016.
- Occupancy and equipment expense of \$29.9 million increased \$602 thousand or 2.1% from the previous quarter and 11.8% from the second quarter 2016.
- Other expenses of \$56.6 million decreased \$4.3 million or 7.0% from the previous quarter and decreased 12.6% from the second quarter 2016.
- Efficiency ratio² was 59.90% as compared to 64.84% in the previous quarter and 65.11% in the second quarter 2016.
- Adjusted efficiency ratio was 59.56% as compared to 62.25% in the previous quarter and 63.00% in the second quarter 2016.

Credit Quality

- Non-performing loans were \$159.3 million at June 30, 2017, up \$951 thousand from March 31, 2017 and up \$5.2 million from June 30, 2016. The non-performing loan ratio was 0.65% at June 30, 2017, unchanged compared to March 31, 2017 and down from 0.67% at June 30, 2016.
- Total non-performing assets were \$178.9 million at June 30, 2017, down \$8.3 million from March 31, 2017 and down \$8.4 million from June 30, 2016. The non-performing asset ratio was 0.73% at June 30, 2017, as compared to 0.77% at March 31, 2017 and 0.81% at June 30, 2016.
- Net charge-offs were \$15.7 million in the second quarter 2017, up \$8.8 million from \$6.9 million in the previous quarter and up \$9.5 million from \$6.1 million in the second quarter 2016. The annualized net charge-off ratio was 0.26% in the second quarter as compared to 0.12% in the previous quarter and 0.11% in the second quarter 2016.
- Total delinquencies (consisting of loans 30 or more days past due and still accruing) remained low at 0.27% of total loans at June 30, 2017 as compared to 0.26% at March 31, 2017 and 0.24% at June 30, 2016.

Capital Ratios

- Ratios reflect repurchase of \$30.2 million in common stock during the second quarter 2017.
- Common Equity Tier 1 ratio was 10.02% at June 30, 2017 compared to 9.86% at March 31, 2017.
- Tier 1 Capital ratio was 10.36% at June 30, 2017 compared to 10.18% at March 31, 2017.
- Total Risk Based Capital ratio was 12.24% at June 30, 2017 compared to 12.09% at March 31, 2017.
- Tier 1 Leverage ratio was 9.29% at June 30, 2017 compared to 9.13% at March 31, 2017.
- Tangible Common Equity ratio was 9.15% at June 30, 2017 compared to 9.04% at March 31, 2017.

Second Quarter Earnings Conference Call

Synovus will host an earnings highlights conference call at 8:30 a.m. EDT on July 18, 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 \$31 billion in assets. Synovus provides commercial and retail banking, investment, and mortgage services through 248 branches in Georgia, Alabama, South Carolina, Florida, and Tennessee. Synovus Bank, a wholly owned subsidiary of Synovus, was recognized as the “Most Reputable Bank” by *American Banker* and the Reputation Institute in 2017, and was named “[Best Regional Bank, Southeast](#)” by *MONEY* Magazine for 2016-17. Synovus is on the web at synovus.com, on Twitter [@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, strategic transactions, our brand 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, 2016 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 average core transaction deposits; 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 total average deposits; total non-interest income; total non-interest expense; efficiency ratio; return on average common equity 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' operating results, financial strength and capitalization, and the performance of its business and the strength of its capital position, but they have inherent limitations as analytical tools and should not be considered in isolation or as a substitute for analyses of results as reported under GAAP. Average core transaction deposits 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 and decrease in fair value of private equity investments, net. 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 be considered as additional views 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 and should not be considered as substitutes for total average deposits; total non-interest income; total non-interest expense; efficiency ratio; return on average common equity 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 average core transaction deposits; 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 total average deposits; total non-interest income; total non-interest expense; efficiency ratio; return on average common equity; and total shareholders' equity to total assets ratio are set forth in the tables below.

Reconciliation of Non-GAAP Financial Measures

(dollars in thousands)

	<u>2Q17</u>	<u>1Q17</u>	<u>2Q16</u>
Average Core Transaction Deposits			
Total average deposits	\$24,991,708	24,918,855	23,608,027
Subtract: Average brokered deposits	(1,379,559)	(1,380,786)	(1,337,001)
Subtract: Average time deposits excluding average SCM time deposits	(3,151,333)	(3,151,888)	(3,141,621)
Subtract: Average state, county, and municipal (SCM) deposits	<u>(2,051,646)</u>	<u>(2,238,324)</u>	<u>(2,280,038)</u>
Average core transaction deposits	<u>\$ 18,409,170</u>	<u>18,147,857</u>	<u>16,849,367</u>
Adjusted Non-interest Income			
Total non-interest income	\$68,701	71,839	67,886
Subtract/add: Investment securities gains (losses), net	1	(7,668)	-
Subtract/add: (Decrease) increase in fair value of private equity investments, net	<u>1,352</u>	<u>1,814</u>	<u>(113)</u>
Adjusted non-interest income	<u>\$70,054</u>	<u>65,985</u>	<u>67,773</u>
Adjusted Non-interest Expense			
Total non-interest expense	\$ 191,747	197,388	188,611
Subtract: Restructuring charges	(13)	(6,511)	(5,841)
Subtract: Fair value adjustment to Visa derivative	-	-	(360)
Subtract: Merger-related expense	-	(86)	-
Subtract: Amortization of intangibles	<u>(292)</u>	<u>(183)</u>	-
Adjusted non-interest expense	<u>\$ 191,442</u>	<u>\$ 190,608</u>	<u>182,410</u>
Adjusted Efficiency Ratio			
Adjusted non-interest expense	\$ 191,442	190,608	182,410
Net interest income	251,097	239,927	221,449
Add: Tax equivalent adjustment	298	309	329
Add: Total non-interest income	68,701	71,839	67,886
Subtract/add: Decrease (increase) in fair value of private equity investments, net	1,352	1,814	(113)
Subtract/add: Investment securities gains (losses), net	<u>1</u>	<u>(7,668)</u>	-
Total revenues	\$ 321,449	\$ 306,221	289,551
Adjusted efficiency ratio	<u>59.56%</u>	<u>62.25</u>	<u>63.00</u>

Reconciliation of Non-GAAP Financial Measures, continued

(dollars in thousands)

	2Q17	1Q17	2Q16
Tangible common equity ratio			
Total assets	\$ 30,687,966	30,679,589	29,459,691
Subtract: Goodwill	(57,092)	(57,010)	(24,431)
Subtract: Other intangible assets, net	<u>(11,843)</u>	<u>(12,137)</u>	<u>(228)</u>
Tangible assets	<u>\$ 30,619,031</u>	<u>30,610,442</u>	<u>29,435,032</u>
Total shareholders' equity	\$ 2,997,947	2,962,127	2,951,659
Subtract: Goodwill	(57,092)	(57,010)	(24,431)
Subtract: Other intangible assets, net	(11,843)	(12,137)	(288)
Subtract: Series C Preferred Stock, no par value	<u>(125,980)</u>	<u>(125,980)</u>	<u>(125,980)</u>
Tangible common equity	<u>\$ 2,803,032</u>	<u>2,767,000</u>	<u>2,800,960</u>
Tangible common equity ratio	9.15%	9.04	9.52
Common Equity Tier 1 (CET1) ratio (fully phased-in)			
Common Equity Tier 1 (CET1)	\$2,733,823	2,672,649	2,615,939
Adjustment related to capital components	<u>(31,913)</u>	<u>(39,834)</u>	<u>(114,751)</u>
CET1 (fully phased-in)	<u>\$ 2,701,910</u>	<u>2,632,815</u>	<u>2,501,188</u>
Total risk-weighted assets (fully phased-in)	\$ 27,528,806	27,332,093	26,363,698
Common Equity Tier 1 (CET1) ratio (fully phased-in)	9.81%	9.63	9.49

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INCOME STATEMENT DATA

(Unaudited)

(Dollars in thousands, except per share data)

Six Months Ended

	June 30,		
	2017	2016	Change
Interest income	\$ 557,911	501,716	11.2 %
Interest expense	66,887	62,073	7.8
Net interest income	491,024	439,643	11.7
Provision for loan losses	18,934	16,070	17.8
Net interest income after provision for loan losses	472,090	423,573	11.5
Non-interest income:			
Service charges on deposit accounts	39,593	39,950	(0.9)
Fiduciary and asset management fees	24,676	22,854	8.0
Brokerage revenue	14,436	13,821	4.4
Mortgage banking income	11,548	11,425	1.1
Bankcard fees	16,438	16,718	(1.7)
Investment securities gains, net	7,667	67	nm
(Decrease) increase in fair value of private equity investments, net	(3,166)	(278)	nm
Other fee income	11,033	10,084	9.4
Other non-interest income	18,314	16,392	11.7
Total non-interest income	140,539	131,033	7.3
Non-interest expense:			
Salaries and other personnel expense	212,404	198,419	7.0
Net occupancy and equipment expense	59,264	53,360	11.1
Third-party processing expense	26,223	22,814	14.9
FDIC insurance and other regulatory fees	13,645	13,344	2.3
Professional fees	12,907	13,307	(3.0)
Advertising expense	11,258	9,761	15.3
Foreclosed real estate expense, net	3,582	7,272	(50.7)
Earnout liability adjustments	1,707	-	nm
Merger-related expense	86	-	nm
Amortization of intangibles	475	121	292.6
Fair value adjustment to Visa derivative	-	720	nm
Loss on early extinguishment of debt	-	4,735	nm
Litigation settlement expense	-	2,700	nm
Restructuring charges, net	6,524	6,981	(6.5)
Other operating expenses	41,058	43,310	(5.2)
Total non-interest expense	389,133	376,844	3.3
Income before income taxes	223,496	177,762	25.7
Income tax expense	75,635	64,773	16.8
Net income	147,861	112,989	30.9
Dividends on preferred stock	5,119	5,119	-
Net income available to common shareholders	\$ 142,742	107,870	32.3 %
Net income per common share, basic	\$ 1.17	0.85	37.4 %
Net income per common share, diluted	1.16	0.85	36.5
Cash dividends declared per common share	0.30	0.24	25.0
Return on average assets	0.98 %	0.78	20 bp
Return on average common equity	10.16	7.66	250
Weighted average common shares outstanding, basic	122,251	126,164	(3.1) %
Weighted average common shares outstanding, diluted	123,042	126,778	(2.9)

nm - not meaningful

bps - basis points

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INCOME STATEMENT DATA

(Unaudited)

(In thousands, except per share data)

	2017			2016		2nd Quarter
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	'17 vs. '16 Change
Interest income	\$ 285,510	272,401	264,534	256,554	252,393	13.1 %
Interest expense	34,413	32,474	31,004	30,547	30,944	11.2
Net interest income	251,097	239,927	233,530	226,007	221,449	13.4
Provision for loan losses	10,260	8,674	6,259	5,671	6,693	53.3
Net interest income after provision for loan losses	240,837	231,253	227,271	220,336	214,756	12.1
Non-interest income:						
Service charges on deposit accounts	19,820	19,774	20,653	20,822	20,240	(2.1)
Fiduciary and asset management fees	12,524	12,151	11,903	11,837	11,580	8.2
Brokerage revenue	7,210	7,226	7,009	6,199	7,338	(1.7)
Mortgage banking income	5,784	5,766	5,504	7,329	5,941	(2.6)
Bankcard fees	8,253	8,185	8,330	8,269	8,346	(1.1)
Investment securities gains (losses), net	(1)	7,668	5,885	59	-	nm
(Decrease) increase in fair value of private equity investments, net	(1,352)	(1,814)	(499)	(249)	113	nm
Other fee income	6,164	4,868	4,965	5,171	5,280	16.7
Other non-interest income	10,299	8,015	10,256	8,718	9,048	13.8
Total non-interest income	68,701	71,839	74,006	68,155	67,886	1.2
Non-interest expense:						
Salaries and other personnel expense	105,213	107,191	101,662	101,945	97,061	8.4
Net occupancy and equipment expense	29,933	29,331	27,867	28,120	26,783	11.8
Third-party processing expense	13,620	12,603	12,287	11,219	11,698	16.4
FDIC insurance and other regulatory fees	6,875	6,770	6,614	6,756	6,625	3.8
Professional fees	7,551	5,355	6,904	6,486	6,938	8.8
Advertising expense	5,346	5,912	4,905	5,597	7,351	(27.3)
Foreclosed real estate expense, net	1,448	2,134	2,840	2,725	4,588	(68.4)
Earnout liability adjustments	1,707	-	-	-	-	nm
Merger-related expense	-	86	1,086	550	-	nm
Amortization of intangibles	292	183	400	-	-	nm
Fair value adjustment to Visa derivative	-	-	4,716	360	360	nm
Litigation settlement (recovery) expense	-	-	-	(189)	-	nm
Restructuring charges, net	13	6,511	42	1,243	5,841	nm
Other operating expenses	19,749	21,312	23,886	21,059	21,366	(7.6)
Total non-interest expense	191,747	197,388	193,209	185,871	188,611	1.7
Income before income taxes	117,791	105,704	108,068	102,620	94,031	25.3
Income tax expense	41,788	33,847	39,519	37,375	33,574	24.5
Net income	76,003	71,857	68,549	65,245	60,457	25.7
Dividends on preferred stock	2,559	2,559	2,559	2,559	2,559	-
Net income available to common shareholders	\$ 73,444	69,298	65,990	62,686	57,898	26.9 %
Net income per common share, basic	\$ 0.60	0.57	0.54	0.51	0.46	29.9 %
Net income per common share, diluted	0.60	0.56	0.54	0.51	0.46	29.6
Cash dividends declared per common share	0.15	0.15	0.12	0.12	0.12	25.0
Return on average assets *	1.00 %	0.96	0.90	0.88	0.83	17 bps
Return on average common equity *	10.34	9.97	9.42	8.89	8.26	208
Weighted average common shares outstanding, basic	122,203	122,300	122,341	122,924	125,100	(2.3) %
Weighted average common shares outstanding, diluted	123,027	123,059	123,187	123,604	125,699	(2.1)

nm - not meaningful

bps - basis points

* - ratios are annualized

Synovus

BALANCE SHEET DATA (Unaudited)

(In thousands, except share data)

ASSETS

	June 30, 2017	December 31, 2016	June 30, 2016
Cash and cash equivalents	\$ 377,213	395,175	377,334
Interest bearing funds with Federal Reserve Bank	468,148	527,090	904,406
Interest earning deposits with banks	6,012	18,720	24,541
Federal funds sold and securities purchased under resale agreements	46,847	58,060	77,685
Trading account assets, at fair value	3,045	9,314	1,001
Mortgage loans held for sale, at fair value	61,893	51,545	87,824
Investment securities available for sale, at fair value	3,827,058	3,718,195	3,580,359
Loans, net of deferred fees and costs	24,430,512	23,856,391	23,060,908
Allowance for loan losses	(248,095)	(251,758)	(255,076)
Loans, net	<u>24,182,417</u>	<u>23,604,633</u>	<u>22,805,832</u>
Premises and equipment, net	416,364	417,485	424,967
Goodwill	57,092	59,678	24,431
Other intangible assets	11,843	13,223	228
Other real estate	19,476	22,308	33,289
Deferred tax asset, net	320,403	395,356	425,160
Other assets	890,155	813,220	692,634
Total assets	<u>\$ 30,687,966</u>	<u>30,104,002</u>	<u>29,459,691</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities:

Deposits:

Non-interest bearing deposits	\$ 7,363,476	7,085,804	6,934,443
Interest bearing deposits, excluding brokered deposits	16,387,032	16,183,273	15,495,318
Brokered deposits	1,468,308	1,378,983	1,496,161
Total deposits	<u>25,218,816</u>	<u>24,648,060</u>	<u>23,925,922</u>

Federal funds purchased and securities sold under repurchase agreements

	150,379	159,699	247,179
Long-term debt	2,107,245	2,160,881	2,135,892
Other liabilities	213,579	207,438	199,039
Total liabilities	<u>27,690,019</u>	<u>27,176,078</u>	<u>26,508,032</u>

Shareholders' equity:

Series C Preferred Stock - no par value, 5,200,000 shares outstanding at June 30, 2017, December 31, 2016, and June 30, 2016	125,980	125,980	125,980
Common stock - \$1.00 par value. 121,661,092 shares outstanding at June 30, 2017, 122,266,106 shares outstanding at December 31, 2016, and 124,047,659 shares outstanding at June 30, 2016	142,499	142,026	141,008
Additional paid-in capital	3,029,754	3,028,405	2,993,985
Treasury stock, at cost - 20,837,814 shares at June 30, 2017, 19,759,614 shares at December 31, 2016, and 16,959,977 shares at June 30, 2016	(709,944)	(664,595)	(573,058)
Accumulated other comprehensive income (loss)	(47,865)	(55,659)	11,005
Retained earnings	457,523	351,767	252,739
Total shareholders' equity	<u>2,997,947</u>	<u>2,927,924</u>	<u>2,951,659</u>
Total liabilities and shareholders' equity	<u>\$ 30,687,966</u>	<u>30,104,002</u>	<u>29,459,691</u>

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AVERAGE BALANCES AND YIELDS/RATES (1)

(Unaudited)

(Dollars in thousands)

	2017			2016	
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter
Interest Earning Assets					
Taxable investment securities ⁽²⁾	\$ 3,844,688	3,841,556	3,643,510	3,544,933	3,529,030
Yield	2.11 %	2.06	1.92	1.83	1.89
Tax-exempt investment securities ^{(2) (4)}	\$ 340	2,730	2,824	2,943	3,491
Yield (taxable equivalent)	6.87 %	5.81	5.82	5.96	6.08
Trading account assets	\$ 3,667	6,443	6,799	5,493	3,803
Yield	2.28 %	1.72	2.63	0.93	1.27
Commercial loans ^{(3) (4)}	\$ 19,137,733	19,043,384	18,812,659	18,419,484	18,433,638
Yield	4.27 %	4.16	4.05	4.03	4.04
Consumer loans ⁽³⁾	\$ 5,215,258	4,992,683	4,911,149	4,720,082	4,497,147
Yield	4.49 %	4.40	4.27	4.30	4.32
Allowance for loan losses	\$ (251,219)	(253,927)	(253,713)	(255,675)	(251,101)
Loans, net ⁽³⁾	\$ 24,101,772	23,782,140	23,470,095	22,883,891	22,679,684
Yield	4.36 %	4.25	4.14	4.14	4.15
Mortgage loans held for sale	\$ 52,224	46,554	77,652	87,524	72,477
Yield	3.87 %	4.01	3.51	3.32	3.59
Federal funds sold, due from Federal Reserve Bank, and other short-term investments	\$ 561,503	654,322	982,355	998,565	907,614
Yield	1.00 %	0.77	0.49	0.48	0.47
Federal Home Loan Bank and Federal Reserve Bank stock ⁽⁵⁾	\$ 177,323	170,844	121,079	70,570	77,571
Yield	2.99 %	3.42	3.75	4.99	5.15
Total interest earning assets	\$ 28,741,517	28,504,589	28,304,314	27,593,919	27,273,670
Yield	3.99 %	3.88	3.73	3.71	3.73
Interest Bearing Liabilities					
Interest bearing demand deposits	\$ 4,837,053	4,784,329	4,488,135	4,274,117	4,233,310
Rate	0.23 %	0.19	0.16	0.16	0.18
Money market accounts	\$ 7,427,562	7,424,627	7,359,067	7,227,030	7,082,759
Rate	0.32 %	0.31	0.29	0.29	0.31
Savings deposits	\$ 805,019	909,660	908,725	797,961	746,225
Rate	0.04 %	0.11	0.12	0.07	0.06
Time deposits under \$100,000	\$ 1,202,746	1,215,593	1,229,809	1,248,294	1,262,280
Rate	0.67 %	0.64	0.64	0.64	0.64
Time deposits over \$100,000	\$ 2,040,924	2,029,713	2,014,564	2,030,242	2,016,116
Rate	0.94 %	0.92	0.90	0.88	0.89
Non maturing brokered deposits	\$ 564,043	619,627	638,779	634,596	451,398
Rate	0.54 %	0.41	0.31	0.29	0.39
Brokered time deposits	\$ 815,515	761,159	742,153	775,143	885,603
Rate	0.94 %	0.92	0.90	0.88	0.85
Total interest bearing deposits	\$ 17,692,862	17,744,708	17,381,232	16,987,383	16,677,691
Rate	0.41 %	0.39	0.37	0.37	0.39
Federal funds purchased and securities sold under repurchase agreements	\$ 183,400	176,854	219,429	247,378	221,276
Rate	0.10 %	0.09	0.08	0.09	0.09
Long-term debt	\$ 2,270,452	2,184,072	2,190,716	2,114,193	2,279,043
Rate	2.83 %	2.83	2.65	2.71	2.55
Total interest bearing liabilities	\$ 20,146,714	20,105,634	19,791,377	19,348,954	19,178,010
Rate	0.68 %	0.65	0.62	0.63	0.65
Non-interest bearing demand deposits	\$ 7,298,845	7,174,146	7,280,033	7,042,908	6,930,336
Effective cost of funds	0.48 %	0.46	0.44	0.44	0.46
Net interest margin	3.51 %	3.42	3.29	3.27	3.27
Taxable equivalent adjustment	\$ 298	309	322	330	329

(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 June 30, 2017	Total Non-performing Loans March 31, 2017	2Q17 vs. 1Q17 % change ⁽¹⁾	Total Non-performing Loans June 30, 2016	2Q17 vs. 2Q16 % change
Multi-Family	\$ 1,621	1,556	16.8 %	\$ 4,070	nm
Hotels	376	323	65.8	5,052	(92.6) %
Office Buildings	326	185	305.7	2,563	(87.3)
Shopping Centers	161	-	nm	358	nm
Warehouses	41	226	(328.3)	1,128	(96.4)
Other Investment Property	1,187	750	233.7	580	104.7
Total Investment Properties	3,712	3,040	88.7	13,751	(73.0)
1-4 Family Construction	-	306	(401.1)	304	(100.0)
1-4 Family Investment Mortgage	8,535	8,497	1.8	7,994	6.8
Total 1-4 Family Properties	8,535	8,803	(12.2)	8,298	2.9
Commercial Development	269	205	125.2	398	(32.4)
Residential Development	5,585	9,033	(153.1)	9,571	(41.6)
Land Acquisition	5,077	5,114	(2.9)	7,610	(33.3)
Land and Development	10,931	14,352	(95.6)	17,579	(37.8)
Total Commercial Real Estate	23,178	26,195	(46.2)	39,628	(41.5)
Commercial, Financial, and Agricultural Owner-Occupied	69,550	60,381	60.9	55,821	24.6
	24,918	26,564	(24.9)	17,118	45.6
Total Commercial & Industrial	94,468	86,945	34.7	72,939	29.5
Home Equity Lines	20,648	22,918	(39.7)	16,912	22.1
Consumer Mortgages	18,035	19,874	(37.1)	21,895	(17.6)
Credit Cards	-	-	nm	-	nm
Other Consumer Loans	2,988	2,434	91.3	2,698	10.7
Total Consumer	41,671	45,226	(31.5)	41,505	0.4
Total	\$ 159,317	158,366	2.4 %	\$ 154,072	3.4 %

(1) Percentage change is annualized.

LOANS OUTSTANDING BY TYPE COMPARISON
(Unaudited)

(Dollars in thousands)

Loan Type	Total Loans June 30, 2017	Total Loans March 31, 2017	2Q17 vs. 1Q17 % change ⁽¹⁾	Total Loans June 30, 2016	2Q17 vs. 2Q16 % change
Multi-Family	\$ 1,724,917	1,638,250	21.2 %	\$ 1,528,191	12.9 %
Hotels	835,110	794,685	20.4	746,397	11.9
Office Buildings	1,567,984	1,581,460	(3.4)	1,559,631	0.5
Shopping Centers	864,868	902,954	(16.9)	926,147	(6.6)
Warehouses	467,369	504,619	(29.6)	535,889	(12.8)
Other Investment Property	575,415	594,084	(12.6)	554,715	3.7
Total Investment Properties	6,035,663	6,016,052	1.3	5,850,970	3.2
1-4 Family Construction	198,419	203,151	(9.3)	208,871	(5.0)
1-4 Family Investment Mortgage	637,201	658,120	(12.7)	758,463	(16.0)
Total 1-4 Family Properties	835,620	861,271	(11.9)	967,334	(13.6)
Commercial Development	59,299	58,537	5.2	69,691	(14.9)
Residential Development	118,032	130,653	(38.7)	160,446	(26.4)
Land Acquisition	365,657	392,710	(27.6)	459,254	(20.4)
Land and Development	542,988	581,900	(26.8)	689,391	(21.2)
Total Commercial Real Estate	7,414,271	7,459,223	(2.4)	7,507,695	(1.2)
Commercial, Financial, and Agricultural Owner-Occupied	7,000,573	7,056,032	(3.2)	6,596,835	6.1
	4,750,335	4,684,734	5.6	4,358,595	9.0
Total Commercial & Industrial	11,750,908	11,740,766	0.3	10,955,430	7.3
Home Equity Lines	1,563,167	1,587,102	(6.0)	1,657,109	(5.7)
Consumer Mortgages	2,470,665	2,350,730	20.5	2,132,114	15.9
Credit Cards	225,900	224,349	2.8	236,034	(4.3)
Other Consumer Loans	1,031,639	922,018	47.7	600,153	71.9
Total Consumer	5,291,371	5,084,199	16.3	4,625,410	14.4
Unearned Income	(26,038)	(25,720)	5.0	(27,627)	(5.8)
Total	\$ 24,430,512	24,258,468	2.8 %	\$ 23,060,908	5.9 %

(1) Percentage change is annualized.

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CREDIT QUALITY DATA

(Unaudited)

(Dollars in thousands)

	2017		2016		2nd Quarter	
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	
Non-performing Loans	\$ 159,317	158,366	153,378	148,155	154,072	3.4 %
Impaired Loans Held for Sale ⁽¹⁾	127	8,442	-	2,473	-	nm
Other Real Estate	19,476	20,425	22,308	28,438	33,289	(41.5)
Non-performing Assets	178,920	187,233	175,686	179,066	187,361	(4.5)
Allowance for loan losses	248,095	253,514	251,758	253,817	255,076	(2.7)
Net Charge-Offs - Quarter	15,678	6,919	8,319	6,930	6,133	155.6
Net Charge-Offs - YTD	22,597	6,919	28,739	20,420	13,490	67.5
Net Charge-Offs / Average Loans - Quarter ⁽²⁾	0.26 %	0.12	0.14	0.12	0.11	
Net Charge-Offs / Average Loans - YTD ⁽²⁾	0.19	0.12	0.12	0.12	0.12	
Non-performing Loans / Loans	0.65	0.65	0.64	0.64	0.67	
Non-performing Assets / Loans, Other Loans Held for Sale & ORE	0.73	0.77	0.74	0.77	0.81	
Allowance / Loans	1.02	1.05	1.06	1.09	1.11	
Allowance / Non-performing Loans	155.72	160.08	164.14	171.32	165.56	
Allowance / Non-performing Loans ⁽³⁾	217.07	204.94	202.01	198.94	195.25	
Past Due Loans over 90 days and Still Accruing	\$ 4,550	2,777	3,135	5,358	5,964	(23.7)
As a Percentage of Loans Outstanding	0.02 %	0.01	0.01	0.02	0.03	
Total Past Due Loans and Still Accruing	\$ 66,788	62,137	65,106	61,781	55,716	19.9
As a Percentage of Loans Outstanding	0.27 %	0.26	0.27	0.27	0.24	
Accruing Troubled Debt Restructurings (TDRs)	\$ 167,395	172,421	195,776	201,896	205,165	(18.4)

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

(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)

	June 30, 2017	December 31,	
		2016	June 30, 2016
Tier 1 Capital	\$ 2,827,892	2,685,880	2,627,574
Total Risk-Based Capital	3,338,707	3,201,268	3,146,898
Common Equity Tier 1 Ratio (transitional)	10.02 %	9.96	10.01
Common Equity Tier 1 Ratio (fully phased-in)	9.81	9.51	9.49
Tier 1 Capital Ratio	10.36	10.07	10.06
Total Risk-Based Capital Ratio	12.24	12.01	12.05
Tier 1 Leverage Ratio	9.29	8.99	9.10
Common Equity as a Percentage of Total Assets ⁽²⁾	9.36	9.31	9.59
Tangible Common Equity as a Percentage of Tangible Assets ⁽³⁾	9.15	9.09	9.52
Tangible Common Equity as a Percentage of Risk Weighted Assets ⁽³⁾	10.27	10.24	10.72
Book Value Per Common Share ⁽⁴⁾	\$ 23.61	22.92	22.78
Tangible Book Value Per Common Share ⁽³⁾	23.04	22.32	22.58

(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.