



NEWS RELEASE

Media Contact

Lee Underwood
Media Relations
(706) 644-0528

Investor Contact

Kevin Brown
Investor Relations
(706) 644-0948

Synovus Announces Earnings for the Second Quarter 2020

Diluted Earnings per Share of \$0.57 vs. \$0.96 in 2Q19

Adjusted Diluted Earnings per Share of \$0.23 vs. \$1.00 in 2Q19

COLUMBUS, Ga., July 21, 2020 - Synovus Financial Corp. (NYSE: SNV) today reported financial results for the quarter ended June 30, 2020.

Second Quarter 2020 Highlights

- Diluted EPS of \$0.57; adjusted diluted EPS of \$0.23.
- Period-end loan growth of \$1.66 billion or 4.3% sequentially; funded approximately \$2.9 billion in Paycheck Protection Program (PPP) loans, supporting more than 19,000 customers.
- Core transaction deposits (non-interest bearing, NOW/savings, and money market deposits excluding public and brokered funds) increased \$4.63 billion or 18.7% sequentially.
- Interest-bearing deposit (NOW/savings, money market, and time deposit) costs down 45 bps from the first quarter.
- Net interest income growth of \$3.3 million sequentially; net interest margin of 3.13% vs. 3.37% in 1Q20.
- Non-interest revenue increased \$69.6 million sequentially and \$83.7 million compared to prior year, largely due to investment gains of \$78.1 million.
- Provision for credit losses of \$141.9 million reflected significant economic stress due to the COVID-19 healthcare crisis; allowance for credit losses coverage ratio (to loans) of 1.63%, or 1.74% excluding PPP loans.
- Credit quality metrics remain stable, with the non-performing loan ratio and net charge-off ratio of 0.37% and 0.24%, respectively.
- CET1 ratio improved 20 bps to 8.90% and Total Risk Based Capital ratio increased 41 bps to 12.70%.

Second Quarter Summary

<i>(dollars in thousands)</i>	Reported			Adjusted		
	2Q20	1Q20	2Q19	2Q20	1Q20	2Q19
Net income available to common shareholders	\$ 84,901	\$ 30,230	\$ 153,034	\$ 34,015	\$ 30,708	\$ 158,892
Diluted earnings per share	0.57	0.20	0.96	0.23	0.21	1.00
Total loans	39,914,297	38,258,024	36,138,561	N/A	N/A	N/A
Total deposits	44,194,580	39,826,585	37,966,722	N/A	N/A	N/A
Total revenues	550,911	477,903	487,880	472,795	473,424	488,270
Return on avg assets	0.71 %	0.32 %	1.34 %	0.32 %	0.32 %	1.39 %
Return on avg common equity	7.48	2.75	13.90	3.00	2.79	14.43
Return on avg tangible common equity	8.69	3.34	16.09	3.60	3.39	16.70
Net interest margin	3.13	3.37	3.69	3.11	3.35	3.48
Efficiency ratio	51.58	57.81	54.14	57.91	56.72	52.08
NCO ratio	0.24	0.21	0.13	N/A	N/A	N/A
NPA ratio	0.44	0.50	0.39	N/A	N/A	N/A

“Our performance in the second quarter demonstrates the key role we play as a financial resource and community partner in the markets we serve,” said Kessel D. Stelling, Synovus Chairman and CEO. “We delivered approximately \$3 billion in Paycheck Protection Program loans to more than 19,000 customers and originated a record \$1.4 billion in consumer mortgages. Through strong operating performance and effective balance sheet management, we further improved both our capital and liquidity levels during the quarter. As we navigate an uncertain economic environment, we continue to invest in the future while accelerating many Synovus Forward initiatives focused on efficiencies, digital enhancements, and customer experience. And as our communities manage through the challenges of the pandemic and longstanding racial inequalities, we are fully committed to do our part to bring strength and positive change.”

Balance Sheet

Loans*

<i>(dollars in millions)</i>	2Q20	1Q20	Linked Quarter Change	Linked Quarter % Change	2Q19	Year/Year Change	Year/Year % Change
Commercial & industrial	\$ 19,938.3	\$ 17,661.4	\$ 2,276.8	12.9 %	\$ 16,228.7	\$ 3,709.5	22.9 %
Commercial real estate	10,827.5	10,671.2	156.3	1.5	10,367.2	460.3	4.4
Consumer	9,246.7	9,950.9	(704.2)	(7.1)	9,566.1	(319.5)	(3.3)
Unearned income	(98.2)	(25.5)	(72.7)	nm	(23.6)	(74.6)	316.8
Total loans	<u>\$ 39,914.3</u>	<u>\$ 38,258.0</u>	<u>\$ 1,656.3</u>	<u>4.3 %</u>	<u>\$ 36,138.6</u>	<u>\$ 3,775.7</u>	<u>10.4 %</u>

*Amounts may not total due to rounding
nm = not meaningful

- Total loans ended the quarter at \$39.91 billion, up \$1.66 billion or 4.3% sequentially.
- Commercial and industrial (C&I) loans sequential growth of \$2.28 billion led by net growth of \$2.71 billion in PPP loans, offsetting C&I line utilization of 41% compared to 50% in the prior quarter.
- Consumer loans decreased by \$704.2 million sequentially, primarily as a result of transitioning lending partnership assets to held-for-sale, partially offset by record portfolio mortgage production of \$800.5 million, up \$510.5 million sequentially.

Deposits*

<i>(dollars in millions)</i>	2Q20	1Q20	Linked Quarter Change	Linked Quarter % Change	2Q19	Year/ Year Change	Year/Year % Change
Non-interest-bearing DDA	\$ 11,830.7	\$ 8,968.8	\$ 2,861.9	31.9 %	\$ 8,577.6	\$ 3,253.1	37.9 %
Interest-bearing DDA	5,057.2	4,617.4	439.9	9.5	4,847.2	210.0	4.3
Money market	11,457.2	10,255.0	1,202.2	11.7	8,952.9	2,504.3	28.0
Savings	1,080.1	949.5	130.6	13.8	891.2	188.9	21.2
Public funds	5,347.4	5,261.4	86.0	1.6	4,351.3	996.0	22.9
Time deposits	5,131.7	5,786.6	(655.0)	(11.3)	7,343.0	(2,211.3)	(30.1)
Brokered deposits	4,290.3	3,987.9	302.4	7.6	3,003.5	1,286.8	42.8
Total deposits	<u>\$ 44,194.6</u>	<u>\$ 39,826.6</u>	<u>\$ 4,368.0</u>	<u>11.0 %</u>	<u>\$ 37,966.7</u>	<u>\$ 6,227.9</u>	<u>16.4 %</u>

* Amounts may not total due to rounding

- Total deposits ended the quarter at \$44.19 billion, up \$4.37 billion or 11.0% sequentially.
- Core transaction deposits increased \$4.63 billion or 18.7% sequentially, led by non-interest-bearing DDA growth of \$2.86 billion.
- Broad-based growth in NOW, MMA, and savings deposits more than offset a \$655.0 million decline in time deposits.
- 2Q20 interest-bearing deposit costs declined 45 bps from 1Q20.

Income Statement Summary**

<i>(in thousands, except per share data)</i>	2Q20	1Q20	Linked Quarter Change	Linked Quarter % Change	2Q19	Year/ Year Change	Year/Year % Change
Net interest income	\$ 376,566	\$ 373,260	\$ 3,306	0.9 %	\$ 397,262	\$ (20,696)	(5.2)%
Non-interest revenue	173,484	103,857	69,627	67.0	89,807	83,677	93.2
Non-interest expense	284,141	276,279	7,862	2.8	264,126	20,015	7.6
Provision for credit losses	141,851	158,722	(16,871)	(10.6)	12,119	129,732	nm
Income before taxes	\$ 124,058	\$ 42,116	\$ 81,942	194.6 %	\$ 210,824	\$ (86,766)	(41.2)%
Income tax expense	30,866	3,595	27,271	nm	54,640	(23,774)	(43.5)
Preferred stock dividends	8,291	8,291	—	—	3,150	5,141	163.2
Net income available to common shareholders	<u>\$ 84,901</u>	<u>\$ 30,230</u>	<u>\$ 54,671</u>	<u>180.9 %</u>	<u>\$ 153,034</u>	<u>\$ (68,133)</u>	<u>(44.5)%</u>
Weighted average common shares outstanding, diluted	147,733	148,401	(668)	(0.5)%	159,077	(11,344)	(7.1)%
Diluted earnings per share	\$ 0.57	\$ 0.20	\$ 0.37	182.1	\$ 0.96	\$ (0.39)	(40.3)
Adjusted diluted earnings per share	0.23	0.21	0.02	11.3	1.00	(0.77)	(77.0)

** Amounts may not total due to rounding
nm - not meaningful

Core Performance

- Total revenues were \$550.9 million in the second quarter, up \$73.0 million sequentially.
- Net interest income increased \$3.3 million, or 0.9% sequentially, benefiting from prudent deposit pricing, growth in PPP loan balances, and \$9.2 million of PPP fees recognized in the quarter.
- Net interest margin was 3.13%, down 24 bps from the prior quarter.

- Non-interest revenue increased \$69.6 million, or 67.0% sequentially, and increased \$83.7 million, or 93.2% year-over-year. The sequential increase was largely attributable to \$69.4 million of securities gains as a result of repositioning the investment portfolio.
- Adjusted non-interest revenue decreased \$4.0 million, or 4.0% sequentially, and increased \$5.2 million, or 5.7% year-over-year. Mortgage revenue increased \$11.3 million compared to the prior quarter on record production.
- Non-interest expense increased \$7.9 million, or 2.8% sequentially. Adjusted non-interest expense increased \$5.3 million, or 1.9% sequentially.
 - The increase in expenses reflected a \$7.1 million increase in mortgage commissions. Additionally, the second quarter included \$6.7 million of professional fees associated with the implementation of Synovus Forward initiatives and \$6.6 million of COVID-19 related expenses, partially offset by a \$6.9 million reduction in benefits and payroll tax expense.
- Provision for credit losses of \$141.9 million reflected significant economic stress due to the COVID-19 healthcare crisis; allowance for credit losses coverage ratio (to loans) of 1.63%, or 1.74% excluding PPP loans.
- Tax expense was \$30.9 million, an increase of \$27.3 million driven by higher pre-tax income and favorable discrete items in the first quarter; year-to-date effective tax rate of 20.74%.

Capital Ratios

	2Q20	1Q20	2Q19
Common equity Tier 1 capital (CET1) ratio	8.90 % *	8.70 %	9.61 %
Tier 1 capital ratio	10.15 *	9.95	10.09
Total risk-based capital ratio	12.70 *	12.29	12.11
Tier 1 leverage ratio	8.38 *	8.92	8.89
Tangible common equity ratio	7.41	7.94	8.56

* Ratios are preliminary.

Capital

- CET1 ratio increased 20 bps during the quarter to 8.90%, benefiting from higher net income and a reduction of \$68.9 million in risk-weighted assets sequentially.
- Total risk-based capital of 12.70% is the highest since 2Q18 and reflects continued allowance build.

Second Quarter Earnings Conference Call

Synovus will host an earnings highlights conference call at 8:30 a.m. EDT on July 21, 2020. 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. is a financial services company based in Columbus, Georgia, with approximately \$54 billion in assets. Synovus provides commercial and retail banking, investment, and mortgage services through 294 branches in Alabama, Florida, Georgia, South Carolina, and Tennessee. Synovus Bank, a wholly owned subsidiary of Synovus, has been recognized as one of the country's "Most Reputable Banks" by American Banker and the Reputation Institute. Synovus is on the web at synovus.com, and on [Twitter](#), [Facebook](#), [LinkedIn](#), and [Instagram](#).

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 our future operating and financial performance, our expectations regarding net interest income and net interest margin; expectations on our growth strategy, expense and revenue initiatives, capital management, liquidity and funding, and future profitability; expectations on credit quality and performance; 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 uncertainties related to the impact of the COVID-19 pandemic on Synovus’ assets, business, liquidity, financial condition, prospects and results of operations, and 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, 2019, 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.

Non-GAAP Financial Measures

The measures entitled adjusted non-interest revenue; adjusted non-interest expense; adjusted total revenues; adjusted tangible efficiency ratio; adjusted net income available to common shareholders; adjusted earnings per diluted share; adjusted return on average assets; adjusted return on average common equity; return on average tangible common equity; adjusted return on average tangible common equity; and tangible common equity 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 revenue; total non-interest expense; total revenues; efficiency ratio-FTE; net income available to common shareholders; earnings per diluted common share; return on average assets; return on average common equity; and the ratio of total shareholders' equity to total assets, 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 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 total revenues and adjusted non-interest revenue are measures used by management to evaluate total revenues and non-interest revenue exclusive of net investment securities gains (losses) and gains on sales and changes in the fair value of private equity investments, net. Adjusted non-interest expense and the adjusted tangible efficiency ratio are measures utilized by management to measure the success of expense management initiatives focused on reducing recurring controllable operating costs. Adjusted net income available to common shareholders, adjusted earnings per diluted share, adjusted return on average assets, and adjusted return on average common equity are measures used by management to evaluate operating results exclusive of items that are not indicative of ongoing operations and impact period-to-period comparisons. Return on average tangible common equity and adjusted return on average tangible common equity are measures 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 ratio is used by management to assess the strength of our capital position. The computations of these measures are set forth in the tables below.

Reconciliation of Non-GAAP Financial Measures

(dollars in thousands)

	<u>2Q20</u>	<u>1Q20</u>	<u>2Q19</u>
Adjusted non-interest revenue			
Total non-interest revenue	\$ 173,484	\$ 103,857	\$ 89,807
Subtract/add: Investment securities (gains) losses, net	(69,409)	(8,734)	1,845
Subtract/add: Gain on sale and fair value (increase) decrease of private equity investments	(8,707)	4,255	(1,455)
Adjusted non-interest revenue	<u>\$ 95,368</u>	<u>\$ 99,378</u>	<u>\$ 90,197</u>
Adjusted non-interest expense			
Total non-interest expense	\$ 284,141	\$ 276,279	\$ 264,126
Subtract: Earnout liability adjustments	(4,908)	—	—
Subtract: Merger-related expense	—	—	(7,401)
Subtract: Restructuring charges, net	(2,822)	(3,220)	(18)
Subtract: Loss on early extinguishment of debt, net	—	(1,904)	—
Adjusted non-interest expense	<u>\$ 276,411</u>	<u>\$ 271,155</u>	<u>\$ 256,707</u>

Reconciliation of Non-GAAP Financial Measures, continued

(dollars in thousands)

	2Q20	1Q20	2Q19
Adjusted total revenues and adjusted tangible efficiency ratio			
Adjusted non-interest expense	\$ 276,411	\$ 271,155	\$ 256,707
Subtract: Amortization of intangibles	(2,640)	(2,640)	(2,410)
Adjusted tangible non-interest expense	<u>\$ 273,771</u>	<u>\$ 268,515</u>	<u>\$ 254,297</u>
Net interest income	\$ 376,566	\$ 373,260	\$ 397,262
Add: Tax equivalent adjustment	861	786	811
Add: Total non-interest revenue	173,484	103,857	89,807
Total FTE revenues	550,911	477,903	487,880
Subtract/add: Investment securities (gains)/losses, net	(69,409)	(8,734)	1,845
Subtract/add: Gain on sale and fair value (increase) decrease of private equity investments	(8,707)	4,255	(1,455)
Adjusted total revenues	<u>\$ 472,795</u>	<u>\$ 473,424</u>	<u>\$ 488,270</u>
Efficiency ratio-FTE	51.58 %	57.81 %	54.14 %
Adjusted tangible efficiency ratio	<u>57.91</u>	<u>56.72</u>	<u>52.08</u>
Adjusted return on average assets			
Net income	\$ 93,192	\$ 38,521	\$ 156,184
Add: Earnout liability adjustments	4,908	—	—
Add: Merger-related expense	—	—	7,401
Add: Restructuring charges, net	2,822	3,220	18
Add: Loss on early extinguishment of debt, net	—	1,904	—
Subtract/add: Investment securities (gains) losses, net	(69,409)	(8,734)	1,845
Subtract/add: Gain on sale and fair value (increase) decrease of private equity investments	(8,707)	4,255	(1,455)
Add/subtract: Tax effect of adjustments	19,500	(167)	(1,951)
Adjusted net income	<u>\$ 42,306</u>	<u>\$ 38,999</u>	<u>\$ 162,042</u>
Net income annualized	\$ 374,816	\$ 154,931	\$ 626,452
Adjusted net income annualized	\$ 170,154	\$ 156,853	\$ 649,949
Total average assets	\$52,853,685	\$48,696,595	\$46,679,769
Return on average assets	0.71 %	0.32 %	1.34 %
Adjusted return on average assets	<u>0.32</u>	<u>0.32</u>	<u>1.39</u>
Adjusted net income available to common shareholders and adjusted net income per common share, diluted			
Net income available to common shareholders	\$ 84,901	\$ 30,230	\$ 153,034
Add: Earnout liability adjustments	4,908	—	—
Add: Merger-related expense	—	—	7,401
Add: Restructuring charges, net	2,822	3,220	18
Add: Loss on early extinguishment of debt, net	—	1,904	—
Subtract/add: Investment securities (gains) losses, net	(69,409)	(8,734)	1,845
Subtract/add: Gain on sale and fair value (increase) decrease of private equity investments	(8,707)	4,255	(1,455)
Add/subtract: Tax effect of adjustments	19,500	(167)	(1,951)
Adjusted net income available to common shareholders	<u>\$ 34,015</u>	<u>\$ 30,708</u>	<u>\$ 158,892</u>
Weighted average common shares outstanding, diluted	147,733	148,401	159,077
Net income per common share, diluted	\$ 0.57	\$ 0.20	\$ 0.96
Adjusted net income per common share, diluted	<u>0.23</u>	<u>0.21</u>	<u>1.00</u>

Reconciliation of Non-GAAP Financial Measures, continued

(dollars in thousands)

Adjusted return on average common equity, return on average tangible common equity, and adjusted return on average tangible common equity

	2Q20	1Q20	2Q19
Net income available to common shareholders	\$ 84,901	\$ 30,230	\$ 153,034
Add: Earnout liability adjustments	4,908	—	—
Add: Merger-related expense	—	—	7,401
Add: Restructuring charges, net	2,822	3,220	18
Add: Loss on early extinguishment of debt, net	—	1,904	—
Subtract/add: Investment securities (gains) losses, net	(69,409)	(8,734)	1,845
Subtract/add: Gain on sale and fair value (increase) decrease of private equity investments	(8,707)	4,255	(1,455)
Add/subtract: Tax effect of adjustments	19,500	(167)	(1,951)
Adjusted net income available to common shareholders	\$ 34,015	\$ 30,708	\$ 158,892
Adjusted net income available to common shareholders annualized	\$ 136,808	\$ 123,507	\$ 637,314
Add: Amortization of intangibles	7,868	7,868	7,250
Adjusted net income available to common shareholders excluding amortization of intangibles annualized	\$ 144,676	\$ 131,375	\$ 644,564
Net income available to common shareholders annualized	\$ 341,470	\$ 121,584	\$ 613,818
Add: Amortization of intangibles	7,868	7,868	7,250
Net income available to common shareholders excluding amortization of intangibles annualized	\$ 349,338	\$ 129,452	\$ 621,068
Total average shareholders' equity less preferred stock	\$ 4,567,254	\$ 4,424,278	\$ 4,416,705
Subtract: Goodwill	(497,267)	(497,267)	(487,601)
Subtract: Other intangible assets, net	(51,667)	(54,514)	(69,853)
Total average tangible shareholders' equity less preferred stock	\$ 4,018,320	\$ 3,872,497	\$ 3,859,251
Return on average common equity	7.48 %	2.75 %	13.90 %
Adjusted return on average common equity	3.00	2.79	14.43
Return on average tangible common equity	8.69	3.34	16.09
Adjusted return on average tangible common equity	3.60	3.39	16.70

Tangible common equity ratio

	June 30, 2020	March 31, 2020	June 30, 2019
Total assets	\$ 54,121,989	\$ 50,619,585	\$ 47,318,203
Subtract: Goodwill	(497,267)	(497,267)	(492,390)
Subtract: Other intangible assets, net	(50,392)	(53,032)	(61,473)
Tangible assets	\$ 53,574,330	\$ 50,069,286	\$ 46,764,340
Total shareholders' equity	\$ 5,052,968	\$ 5,065,205	\$ 4,753,816
Subtract: Goodwill	(497,267)	(497,267)	(492,390)
Subtract: Other intangible assets, net	(50,392)	(53,032)	(61,473)
Subtract: Preferred Stock, no par value	(537,145)	(537,145)	(195,140)
Tangible common equity	\$ 3,968,164	\$ 3,977,761	\$ 4,004,813
Total shareholders' equity to total assets ratio	9.34 %	10.01 %	10.05 %
Tangible common equity ratio	7.41	7.94	8.56

INCOME STATEMENT DATA

(Unaudited)

(Dollars in thousands, except per share data)

	2020	2019	Second Quarter 20 vs '19 % Change
Interest income	\$ 935,466	\$ 1,020,970	(8.4) %
Interest expense	185,640	226,532	(18.1)
Net interest income	749,826	794,438	(5.6)
Provision for credit losses	300,573	35,688	742.2
Net interest income after provision for credit losses	449,253	758,750	(40.8)
Non-interest revenue:			
Service charges on deposit accounts	36,255	42,853	(15.4)
Fiduciary and asset management fees	30,124	28,057	7.4
Card fees	20,136	22,037	(8.6)
Brokerage revenue	22,383	19,431	15.2
Mortgage banking income	35,757	12,962	175.9
Capital markets income	17,294	14,161	22.1
Income from bank-owned life insurance	13,794	10,466	31.8
Investment securities gains/(losses), net	78,144	(1,771)	nm
Gain on sale and fair value increase, net, of private equity investments	4,452	2,313	nm
Other non-interest revenue	19,002	18,676	1.7
Total non-interest revenue	277,341	169,185	63.9
Non-interest expense:			
Salaries and other personnel expense	309,274	282,436	9.5
Net occupancy, equipment, and software expense	83,921	78,245	7.3
Third-party processing and other services	42,846	36,875	16.2
Professional fees	25,980	15,660	65.9
FDIC insurance and other regulatory fees	12,129	14,629	(17.1)
Amortization of intangibles	5,280	5,802	(9.0)
Merger-related expense	—	57,140	nm
Earnout liability adjustments	4,908	—	nm
Loss on early extinguishment of debt, net	1,904	—	nm
Restructuring charges	6,042	37	nm
Other operating expenses	68,137	65,713	3.7
Total non-interest expense	560,421	556,537	0.7
Income before income taxes	166,173	371,398	(55.3)
Income tax expense	34,461	95,028	(63.7)
Net income	131,712	276,370	(52.3)
Less: Preferred stock dividends	16,581	6,300	163.2
Net income available to common shareholders	\$ 115,131	\$ 270,070	(57.4) %
Net income per common share, basic	\$ 0.78	\$ 1.70	(53.9) %
Net income per common share, diluted	0.78	1.68	(53.7)
Cash dividends declared per common share	0.66	0.60	10.0
Return on average assets *	0.52 %	1.21 %	(69)bps
Return on average common equity *	5.15	12.46	(731)
Weighted average common shares outstanding, basic	147,300	159,148	(7.4) %
Weighted average common shares outstanding, diluted	148,067	160,908	(8.0)

nm - not meaningful

bps - basis points

* - ratios are annualized

Synovus

INCOME STATEMENT DATA

(Unaudited)

(Dollars in thousands, except per share data)

	2020		2019			Second Quarter
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	20 vs '19 % Change
Interest income	\$ 451,569	483,897	506,253	523,415	516,131	(12.5) %
Interest expense	75,003	110,637	106,985	121,318	118,869	(36.9)
Net interest income	376,566	373,260	399,268	402,097	397,262	(5.2)
Provision for credit losses	141,851	158,722	24,470	27,562	12,119	nm
Net interest income after provision for credit losses	234,715	214,538	374,798	374,535	385,143	(39.1)
Non-interest revenue:						
Service charges on deposit accounts	15,567	20,689	22,385	22,952	21,994	(29.2)
Fiduciary and asset management fees	14,950	15,174	15,645	14,686	14,478	3.3
Card fees	9,186	10,950	11,325	12,297	11,161	(17.7)
Brokerage revenue	9,984	12,398	11,106	11,071	10,052	(0.7)
Mortgage banking income	23,530	12,227	9,287	10,351	7,907	197.6
Capital markets income	6,050	11,243	8,972	7,396	8,916	(32.1)
Income from bank-owned life insurance	7,756	6,038	5,620	5,139	5,176	49.8
Investment securities gains/(losses), net	69,409	8,734	(2,157)	(3,731)	(1,845)	nm
Gain on sale and fair value increase/(decrease) of private equity investments	8,707	(4,255)	8,100	1,194	1,455	nm
Other non-interest revenue	8,345	10,659	7,672	7,405	10,513	(20.6)
Total non-interest revenue	173,484	103,857	97,955	88,760	89,807	93.2
Non-interest expense:						
Salaries and other personnel expense	159,597	149,678	145,084	142,516	143,009	11.6
Net occupancy, equipment, and software expense	41,727	42,194	42,644	41,017	39,851	4.7
Third-party processing and other services	21,366	21,480	20,293	18,528	19,118	11.8
Professional fees	15,305	10,675	9,921	9,719	9,312	64.4
FDIC insurance and other regulatory fees	6,851	5,278	9,825	7,242	7,867	(12.9)
Amortization of intangibles	2,640	2,640	2,901	2,901	2,410	9.5
Merger-related expense	—	—	(913)	353	7,401	nm
Earnout liability adjustments	4,908	—	—	10,457	—	nm
Loss on early extinguishment of debt, net	—	1,904	—	4,592	—	nm
Valuation adjustment to Visa derivative	—	—	1,111	2,500	—	nm
Restructuring charges	2,822	3,220	1,259	(66)	18	nm
Other operating expenses	28,925	39,210	33,996	36,551	35,140	(17.7)
Total non-interest expense	284,141	276,279	266,121	276,310	264,126	7.6
Income before income taxes	124,058	42,116	206,632	186,985	210,824	(41.2)
Income tax expense	30,866	3,595	54,948	51,259	54,640	(43.5)
Net income	93,192	38,521	151,684	135,726	156,184	(40.3)
Less: Preferred stock dividends	8,291	8,291	8,291	8,291	3,150	163.2
Net income available to common shareholders	\$ 84,901	30,230	143,393	127,435	153,034	(44.5) %
Net income per common share, basic	\$ 0.58	0.21	0.98	0.84	0.97	(40.7) %
Net income per common share, diluted	0.57	0.20	0.97	0.83	0.96	(40.3)
Cash dividends declared per common share	0.33	0.33	0.30	0.30	0.30	10.0
Return on average assets *	0.71 %	0.32	1.27	1.14	1.34	(63)bps
Return on average common equity *	7.48	2.75	13.08	11.36	13.90	(642)
Weighted average common shares outstanding, basic	147,288	147,311	146,948	152,238	157,389	(6.4) %
Weighted average common shares outstanding, diluted	147,733	148,401	148,529	154,043	159,077	(7.1)

nm - not meaningful

bps - basis points

* - ratios are annualized

Synovus

BALANCE SHEET DATA

(Unaudited)

(In thousands, except share data)

ASSETS

	June 30, 2020	December 31, 2019	June 30, 2019
Cash and due from banks	\$ 572,169	\$ 535,846	\$ 549,616
Interest-bearing funds with Federal Reserve Bank	860,289	553,390	531,488
Interest earning deposits with banks	20,719	20,635	20,271
Federal funds sold and securities purchased under resale agreements	118,048	77,047	49,946
Cash and cash equivalents	1,571,225	1,186,918	1,151,321
Investment securities available for sale, at fair value	7,197,493	6,778,670	7,007,012
Loans held for sale (\$266,306, \$115,173, \$81,855 measured at fair value, respectively)	900,936	115,173	86,716
Loans, net of deferred fees and costs	39,914,297	37,162,450	36,138,561
Allowance for loan losses	(588,648)	(281,402)	(257,376)
Loans, net	39,325,649	36,881,048	35,881,185
Cash surrender value of bank-owned life insurance	1,038,049	775,665	766,287
Premises and equipment, net	481,716	493,940	490,644
Goodwill	497,267	497,267	492,390
Other intangible assets, net	50,392	55,671	61,473
Receivable on unsettled securities sales	1,289,116	—	—
Other assets	1,770,146	1,418,930	1,381,175
Total assets	<u>\$ 54,121,989</u>	<u>\$ 48,203,282</u>	<u>\$ 47,318,203</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities:

Deposits:			
Non-interest-bearing deposits	\$ 12,555,714	\$ 9,439,485	\$ 9,205,066
Interest-bearing deposits	31,638,866	28,966,019	28,761,656
Total deposits	44,194,580	38,405,504	37,966,722
Federal funds purchased and securities sold under repurchase agreements	225,576	165,690	273,481
Other short-term borrowings	300,000	1,753,560	1,330,000
Long-term debt	2,327,921	2,153,897	2,306,072
Due on unsettled securities purchases	922,952	—	—
Other liabilities	1,097,992	782,941	688,112
Total liabilities	<u>49,069,021</u>	<u>43,261,592</u>	<u>42,564,387</u>

Shareholders' equity:

Preferred stock - no par value. Authorized 100,000,000 shares; issued 22,000,000, 22,000,000, and 8,000,000	537,145	537,145	195,140
Common stock - \$1.00 par value. Authorized 342,857,143 shares; issued 167,405,730, 166,800,623, and 166,079,543; outstanding 147,312,703, 147,157,596, and 156,872,026	167,406	166,801	166,080
Additional paid-in capital	3,826,726	3,819,336	3,801,748
Treasury stock, at cost - 20,093,027, 19,643,027, and 9,207,517 shares	(731,806)	(715,560)	(344,901)
Accumulated other comprehensive income, net	202,970	65,641	49,289
Retained earnings	1,050,527	1,068,327	886,460
Total shareholders' equity	<u>5,052,968</u>	<u>4,941,690</u>	<u>4,753,816</u>
Total liabilities and shareholders' equity	<u>\$ 54,121,989</u>	<u>\$ 48,203,282</u>	<u>\$ 47,318,203</u>

Synovus

AVERAGE BALANCES AND YIELDS/RATES ⁽¹⁾

(Unaudited)

(Dollars in thousands)

	2020		2019		
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter
Interest Earning Assets					
Investment securities ⁽²⁾⁽⁴⁾	\$ 6,618,533	6,680,047	6,696,768	6,831,036	6,955,386
Yield	2.72 %	3.09	3.12	3.14	3.03
Trading account assets ⁽⁵⁾	\$ 6,173	6,306	7,986	5,519	4,853
Yield	2.19 %	2.70	2.69	4.01	1.83
Commercial loans ⁽³⁾⁽⁴⁾	\$ 30,236,919	27,607,343	26,698,202	26,567,719	26,353,701
Yield	3.95 %	4.57	4.82	5.09	5.13
Consumer loans ⁽³⁾	\$ 9,899,172	9,985,702	9,809,832	9,633,603	9,423,427
Yield	4.34 %	4.60	5.07	5.08	5.17
Allowance for loan losses	\$ (498,545)	(368,033)	(269,052)	(258,024)	(259,284)
Loans, net ⁽³⁾	\$ 39,637,546	37,225,012	36,238,982	35,943,298	35,517,844
Yield	4.08 %	4.62	4.93	5.13	5.17
Mortgage loans held for sale	\$ 221,157	86,415	117,909	99,556	70,497
Yield	3.09 %	3.67	3.77	3.93	4.27
Other loans held for sale	\$ 19,246	—	—	475	272
Yield	4.19 %	—	—	—	—
Federal funds sold, due from Federal Reserve Bank, and other short-term investments	\$ 1,709,086	652,130	514,635	513,160	511,488
Yield	0.11 %	1.02	1.71	2.08	2.37
Federal Home Loan Bank and Federal Reserve Bank Stock ⁽⁵⁾	\$ 247,801	284,082	278,586	254,994	234,949
Yield	3.60 %	3.38	2.85	3.85	3.29
Total interest earning assets	\$ 48,459,542	44,933,992	43,854,866	43,648,038	43,295,289
Yield	3.75 %	4.33	4.60	4.78	4.79
Interest-Bearing Liabilities					
Interest-bearing demand deposits	\$ 7,260,940	6,445,986	6,381,282	6,138,810	6,335,953
Rate	0.21 %	0.51	0.60	0.69	0.71
Money Market accounts	\$ 12,238,479	11,548,014	10,526,296	10,138,783	10,024,836
Rate	0.46 %	1.00	1.13	1.26	1.23
Savings deposits	\$ 1,036,024	926,822	915,640	900,366	904,183
Rate	0.02 %	0.05	0.05	0.05	0.05
Time deposits under \$100,000	\$ 1,621,943	1,761,741	1,873,350	2,100,492	2,245,878
Rate	1.43 %	1.64	1.27	1.39	1.39
Time deposits over \$100,000	\$ 4,772,555	5,051,705	5,198,266	5,957,691	6,331,665
Rate	1.80 %	2.04	1.51	1.69	1.70
Other brokered deposits	\$ 1,998,571	1,376,669	1,156,131	993,078	766,718
Rate	0.25 %	1.42	1.84	2.47	2.46
Brokered time deposits	\$ 2,244,429	2,166,496	2,121,069	2,119,149	1,985,589
Rate	1.86 %	2.11	2.16	2.27	2.28
Total interest-bearing deposits	\$ 31,172,941	29,277,433	28,172,034	28,348,369	28,594,822
Rate	0.73 %	1.18	1.16	1.32	1.30
Federal funds purchased and securities sold under repurchase agreements	\$ 250,232	167,324	192,731	221,045	300,168
Rate	0.12 %	0.30	0.24	0.22	0.20
Other short-term borrowings	\$ 550,000	1,384,362	1,565,507	1,307,370	1,090,581
Rate	1.23 %	1.66	1.87	2.31	2.59
Long-term debt	\$ 2,834,188	2,678,651	2,153,983	2,286,221	2,114,819
Rate	2.36 %	2.78	3.07	3.32	3.53
Total interest-bearing liabilities	\$ 34,807,361	33,507,770	32,084,255	32,163,005	32,100,390
Rate	0.86 %	1.30	1.30	1.47	1.48
Non-interest-bearing demand deposits	\$ 11,923,534	9,409,774	9,706,784	9,365,776	9,304,839
Cost of funds	0.65 %	1.04	1.02	1.16	1.15
Net interest margin	3.13 %	3.37	3.65	3.69	3.69
Taxable equivalent adjustment ⁽⁴⁾	\$ 861	786	769	819	811

⁽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 21%, 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.

Synovus

LOANS OUTSTANDING BY TYPE

(Unaudited)

(Dollars in thousands)

Loan Type	Total Loans	Total Loans	Linked Quarter	Total Loans	Year/Year
	June 30, 2020	March 31, 2020	% Change	June 30, 2019	% Change
Commercial, Financial, and Agricultural	\$ 13,136,696	\$ 11,018,155	19.2 %	\$ 9,716,939	35.2 %
Owner-Occupied	6,801,580	6,643,287	2.4	6,511,805	4.4
Total Commercial & Industrial	19,938,276	17,661,442	12.9	16,228,744	22.9
Multi-Family	2,252,820	2,108,360	6.9	2,023,061	11.4
Hotels	1,364,511	1,314,053	3.8	1,244,519	9.6
Office Buildings	2,297,721	2,264,844	1.5	2,297,515	—
Shopping Centers	1,738,504	1,741,557	(0.2)	1,682,283	3.3
Warehouses	781,252	761,863	2.5	686,827	13.7
Other Investment Property	1,012,392	1,027,757	(1.5)	980,787	3.2
Total Investment Properties	9,447,200	9,218,434	2.5	8,914,992	6.0
1-4 Family Construction	229,999	255,005	(9.8)	276,068	(16.7)
1-4 Family Investment Mortgage	466,809	482,773	(3.3)	528,358	(11.6)
Total 1-4 Family Properties	696,808	737,778	(5.6)	804,426	(13.4)
Commercial Development	112,539	107,351	4.8	138,840	(18.9)
Residential Development	270,952	303,459	(10.7)	213,823	26.7
Land Acquisition	300,036	304,179	(1.4)	295,165	1.7
Land and Development	683,527	714,989	(4.4)	647,828	5.5
Total Commercial Real Estate	10,827,535	10,671,201	1.5	10,367,246	4.4
Consumer Mortgages	5,811,376	5,608,121	3.6	5,407,762	7.5
Home Equity Lines	1,710,264	1,778,862	(3.9)	1,650,745	3.6
Credit Cards	250,448	261,581	(4.3)	258,283	(3.0)
Other Consumer Loans	1,474,583	2,302,349	(36.0)	2,249,337	(34.4)
Total Consumer	9,246,671	9,950,913	(7.1)	9,566,127	(3.3)
Unearned Income	(98,185)	(25,532)	284.6	(23,556)	316.8
Total	\$ 39,914,297	\$ 38,258,024	4.3 %	\$ 36,138,561	10.4 %

NON-PERFORMING LOANS COMPOSITION

(Unaudited)

(Dollars in thousands)

Loan Type	Total Non-performing Loans	Total Non-performing Loans	Linked Quarter	Total Non-performing Loans	Year/Year
	June 30, 2020	March 31, 2020	% Change	June 30, 2019	% Change
Commercial, Financial, and Agricultural	\$ 83,000	\$ 99,287	(16.4)%	\$ 72,934	13.8 %
Owner-Occupied	19,605	17,357	13.0	13,465	45.6
Total Commercial & Industrial	102,605	116,644	(12.0)	86,399	18.8
Multi-Family	—	356	(100.0)	—	nm
Hotels	—	—	nm	—	nm
Office Buildings	836	836	—	300	178.7
Shopping Centers	409	712	(42.6)	671	(39.0)
Other Investment Property	393	308	27.6	7	nm
Total Investment Properties	1,638	2,212	(25.9)	978	67.5
1-4 Family Construction	2,593	278	832.7	208	nm
1-4 Family Investment Mortgage	1,844	2,047	(9.9)	1,637	12.6
Total 1-4 Family Properties	4,437	2,325	90.8	1,845	140.5
Commercial Development	840	596	40.9	—	nm
Residential Development	685	561	22.1	1,253	(45.3)
Land Acquisition	1,042	1,043	(0.1)	1,482	(29.7)
Land and Development	2,567	2,200	16.7	2,735	(6.1)
Total Commercial Real Estate	8,642	6,737	28.3	5,558	55.5
Consumer Mortgages	17,438	13,571	28.5	13,628	28.0
Home Equity Lines	14,200	12,475	13.8	13,830	2.7
Other Consumer Loans	4,552	6,860	(33.6)	4,667	(2.5)
Total Consumer	36,190	32,906	10.0	32,125	12.7
Total	\$ 147,437	\$ 156,287	(5.7)%	\$ 124,082	18.8 %

Synovus

CREDIT QUALITY DATA (Unaudited)

	2020		2019			Second Quarter
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	20 vs '19 % Change
Non-performing Loans (NPLs)	\$ 147,437	156,287	101,636	115,915	124,083	18.8 %
Other Real Estate and Other Assets	30,242	33,679	35,810	35,400	15,479	95.4
Non-performing Assets (NPAs)	177,679	189,966	137,446	151,315	139,562	27.3
Allowance for Loan Losses (ALL)	588,648	493,452	281,402	265,013	257,376	128.7
Reserve for Unfunded Commitments	61,029	38,420	1,375	1,496	995	nm
Allowance for Credit Losses (ACL)	649,677	531,872	282,777	266,509	258,371	151.5
Net Charge-Offs - Quarter	24,045	20,061	8,821	19,925	11,779	
Net Charge-Offs - YTD	44,106	20,061	57,612	48,791	28,867	
Net Charge-Offs / Average Loans - Quarter ⁽¹⁾	0.24 %	0.21	0.10	0.22	0.13	
Net Charge-Offs / Average Loans - YTD ⁽¹⁾	0.23	0.21	0.16	0.18	0.16	
NPLs / Loans	0.37	0.41	0.27	0.32	0.34	
NPAs / Loans, ORE and specific other assets	0.44	0.50	0.37	0.42	0.39	
ACL/Loans	1.63	1.39	0.76	0.73	0.71	
ALL/Loans	1.47	1.29	0.76	0.73	0.71	
ACL/NPLs	440.65	340.32	278.23	229.92	208.22	
ALL/NPLs	399.25	315.74	276.87	228.63	207.42	
Past Due Loans over 90 days and Still Accruing	\$ 8,391	6,398	15,943	15,660	5,851	43.4
As a Percentage of Loans Outstanding	0.02 %	0.02	0.04	0.04	0.02	
Total Past Due Loans and Still Accruing	\$ 46,390	83,235	123,793	88,219	80,792	(42.6)
As a Percentage of Loans Outstanding	0.12 %	0.22	0.33	0.24	0.22	
Accruing Troubled Debt Restructurings (TDRs)	\$ 166,461	160,128	133,145	130,019	126,369	31.7

⁽¹⁾ Ratio is annualized.

SELECTED CAPITAL INFORMATION ⁽¹⁾ (Unaudited)

(Dollars in thousands)

	June 30, 2020	December 31, 2019	June 30, 2019
Tier 1 Capital	\$ 4,364,077	4,280,604	4,094,672
Total Risk-Based Capital	5,459,271	5,123,381	4,913,043
Common Equity Tier 1 Capital Ratio	8.90 %	8.95	9.61
Tier 1 Capital Ratio	10.15	10.23	10.09
Total Risk-Based Capital Ratio	12.70	12.25	12.11
Tier 1 Leverage Ratio	8.38	9.16	8.89
Common Equity as a Percentage of Total Assets ⁽²⁾	8.34	9.14	9.63
Tangible Common Equity Ratio ⁽³⁾⁽⁵⁾	7.41	8.08	8.56
Book Value Per Common Share ⁽⁴⁾	\$ 30.65	29.93	29.06
Tangible Book Value Per Common Share ⁽³⁾	26.94	26.17	25.53

⁽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.

⁽⁵⁾ See "Non-GAAP Financial Measures" of this report for applicable reconciliation.