SYNOVUS FINANCIAL CORP
Form 10-Q
May 06, 2015
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended March 31, 2015
Commission file number 1-10312

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

Georgia	58-1134883
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1111 Bay Avenue Suite 500, Columbus, Georgia	31901
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (706) 649-2311
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $1.00 Par Value	
Series B Participating Cumulative Preferred Stock	New York Stock Exchange
Purchase Rights	New York Stock Exchange
Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series C	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES x NO ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES x NO ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check One):

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

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

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

Class	April 30, 2015
Common Stock, $1.00 Par Value	133,203,469

Table of Contents

Table of Contents

SYNOVUS FINANCIAL CORP.
INDEX OF DEFINED TERMS
ALCO – Synovus' Asset Liability Management Committee
Annual Meeting - Synovus' 2014 Annual Shareholders' Meeting
ASC – Accounting Standards Codification
ASR – accelerated share repurchase
ASU – Accounting Standards Update
Basel III – a global regulatory framework developed by the Basel Committee on Banking Supervision
BOV – broker’s opinion of value
bp – basis point (bps - basis points)
C&I – commercial and industrial loans
CB&T – Columbus Bank and Trust Company, a division of Synovus Bank. Synovus Bank is a wholly-owned subsidiary of Synovus Financial Corp.
CCC – central clearing counterparty
CET1 – Common Equity Tier 1 Capital defined by Basel III capital rules
CMO – Collateralized Mortgage Obligation
Company – Synovus Financial Corp. and its wholly-owned subsidiaries, except where the context requires otherwise
Covered Litigation – Certain Visa litigation for which Visa is indemnified by Visa USA members
CRE – Commercial Real Estate
Dodd-Frank Act – The Dodd-Frank Wall Street Reform and Consumer Protection Act
DRR – dual risk rating
Exchange Act – Securities Exchange Act of 1934, as amended
FASB – Financial Accounting Standards Board
FDIC – Federal Deposit Insurance Corporation
Federal Reserve Bank – The 12 banks that are the operating arms of the U.S. central bank. They implement the policies of the Federal Reserve Board and also conduct economic research.
Federal Reserve Board – The 7-member Board of Governors that oversees the Federal Reserve System establishes monetary policy (interest rates, credit, etc.) and monitors the economic health of the country. Its members are appointed by the President, subject to Senate confirmation, and serve 14-year terms.
Federal Reserve System – The 12 Federal Reserve Banks, with each one serving member banks in its own district. This system, supervised by the Federal Reserve Board, has broad regulatory powers over the money supply and the credit structure.
FFIEC – Federal Financial Institutions Examination Council
FHLB – Federal Home Loan Bank
FICO – Fair Isaac Corporation
GA DBF – Georgia Department of Banking and Finance
GAAP – Generally Accepted Accounting Principles in the United States of America
GSE – government sponsored enterprise
HELOC – home equity line of credit
IASB – International Accounting Standards Board
IRC – Internal Revenue Code of 1986, as amended

Table of Contents

LIBOR – London Interbank Offered Rate
LTV – loan-to-collateral value ratio
NAICS – North American Industry Classification System
NPA – non-performing assets
NPL – non-performing loans
NSF – non-sufficient funds
NYSE – New York Stock Exchange
OCI – other comprehensive income
ORE – other real estate
OTTI – other-than-temporary impairment
Parent Company – Synovus Financial Corp.
SCM – state, county, and municipal
SEC – U.S. Securities and Exchange Commission
Securities Act – Securities Act of 1933, as amended
Series C Preferred Stock – Synovus' Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series C, $25 liquidation preference
Synovus – Synovus Financial Corp.
Synovus Bank – A Georgia state-chartered bank, formerly known as Columbus Bank and Trust Company, and wholly-owned subsidiary of Synovus, through which Synovus conducts its banking operations
Synovus' 2014 Form 10-K – Synovus' Annual Report on Form 10-K for the year ended December 31, 2014
Synovus Mortgage – Synovus Mortgage Corp., a wholly-owned subsidiary of Synovus Bank
Synovus Trust Company, N. A. – a wholly-owned subsidiary of Synovus Bank
TDR – troubled debt restructuring (as defined in ASC 310-40)
Treasury – United States Department of the Treasury
VIE – variable interest entity, as defined in ASC 810-10
Visa – The Visa U.S.A., Inc. card association or its affiliates, collectively
Visa Class B shares – Class B shares of common stock issued by Visa which are subject to restrictions with respect to sale until all of the Covered Litigation has been settled
Visa derivative – A derivative contract with the purchaser of Visa Class B shares which provides for settlements between the purchaser and Synovus based upon a change in the ratio for conversion of Visa Class B shares into Visa Class A shares
Warrant – A warrant issued to the Treasury by Synovus to purchase up to 2,215,820 shares of Synovus common stock at a per share exercise price of $65.52 expiring on December 19, 2018

Table of Contents

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

(in thousands, except share and per share data)	March 31, 2015	December 31, 2014
ASSETS		
Cash and cash equivalents	$429,338	485,489
Interest bearing funds with Federal Reserve Bank	1,263,886	721,362
Interest earning deposits with banks	6,871	11,810
Federal funds sold and securities purchased under resale agreements	80,772	73,111
Trading account assets, at fair value	20,002	13,863
Mortgage loans held for sale, at fair value	89,245	63,328
Investment securities available for sale, at fair value	3,130,041	3,041,406
Loans, net of deferred fees and costs	21,106,213	21,097,699
Allowance for loan losses	(253,371)	(261,317)
Loans, net	$20,852,842	20,836,382
Premises and equipment, net	451,843	455,235
Goodwill	24,431	24,431
Other real estate	74,791	85,472
Deferred tax asset, net	589,190	622,464
Other assets	620,532	616,878
Total assets	$27,633,784	27,051,231
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Deposits:		
Non-interest bearing deposits	$6,251,393	6,228,472
Interest bearing deposits, excluding brokered deposits	14,251,510	13,660,830
Brokered deposits	1,604,946	1,642,398
Total deposits	22,107,849	21,531,700
Federal funds purchased and securities sold under repurchase agreements	125,323	126,916
Long-term debt	2,189,769	2,140,319
Other liabilities	180,208	211,026
Total liabilities	$24,603,149	24,009,961
Shareholders' Equity		
Series C Preferred Stock – no par value. 5,200,000 shares outstanding at March 31, 2015 and December 31, 2014	125,980	125,980
Common stock - $1.00 par value. Authorized 342,857,143 shares; 140,328,807 issued at March 31, 2015 and 139,950,422 issued at December 31, 2014; 133,929,630 outstanding at March 31, 2015 and 136,122,843 outstanding at December 31, 2014	140,329	139,950
Additional paid-in capital	2,976,882	2,960,825
Treasury stock, at cost – 6,399,177 shares at March 31, 2015 and 3,827,579 shares at December 31, 2014	(261,402)	(187,774)
Accumulated other comprehensive loss, net	(3,651)	(12,605)
Retained earnings	52,497	14,894
Total shareholders’ equity	3,030,635	3,041,270

Total liabilities and shareholders' equity	$27,633,784	27,051,231

See accompanying notes to unaudited interim consolidated financial statements.

1

Table of Contents

SYNOVUS FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

	Three Months Ended March 31,	
(in thousands, except per share data)	2015	2014
Interest income:		
Loans, including fees	$215,269	211,343
Investment securities available for sale	13,943	15,257
Trading account assets	107	161
Mortgage loans held for sale	632	402
Federal Reserve Bank balances	645	527
Other earning assets	805	692
Total interest income	231,401	228,382
Interest expense:		
Deposits	14,819	14,221
Federal funds purchased and securities sold under repurchase agreements	43	77
Long-term debt	13,276	13,570
Total interest expense	28,138	27,868
Net interest income	203,263	200,514
Provision for loan losses	4,397	9,511
Net interest income after provision for loan losses	198,866	191,003
Non-interest income:		
Service charges on deposit accounts	19,133	19,214
Fiduciary and asset management fees	11,571	11,033
Brokerage revenue	7,251	6,213
Mortgage banking income	6,484	3,511
Bankcard fees	8,077	7,518
Investment securities gains, net	725	1,331
Other fee income	5,246	4,863
Gain on sale of Memphis branches, net	—	5,789
Other non-interest income	7,367	10,710
Total non-interest income	65,854	70,182
Non-interest expense:		
Salaries and other personnel expense	96,488	93,445
Net occupancy and equipment expense	26,172	26,056
Third-party processing expense	10,343	10,097
FDIC insurance and other regulatory fees	6,957	9,645
Professional fees	5,594	7,677
Advertising expense	3,443	2,477
Foreclosed real estate expense, net	9,496	5,681
Visa indemnification charges	375	396
Restructuring charges, net	(107)	8,577
Other operating expenses	20,147	20,110
Total non-interest expense	178,908	184,161
Income before income taxes	85,812	77,024
Income tax expense	31,849	28,608
Net income	53,963	48,416
Dividends on preferred stock	2,559	2,559

Net income available to common shareholders	$51,404	45,857
Net income per common share, basic	0.38	0.33
Net income per common share, diluted	0.38	0.33
Weighted average common shares outstanding, basic	134,933	138,932
Weighted average common shares outstanding, diluted	135,744	139,504

See accompanying notes to unaudited interim consolidated financial statements.

2

Table of Contents

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

	Three Months Ended March 31,					
	2015			2014		
(in thousands)	Before-tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before-tax Amount	Tax (Expense) Benefit	Net of Tax Amount
Net income	$85,812	(31,849)	53,963	77,024	(28,608)	48,416
Net change related to cash flow hedges:						
Reclassification adjustment for losses realized in net income	112	(43)	69	112	(43)	69
Net unrealized gains on investment securities available for sale:						
Reclassification adjustment for net gains realized in net income	(725)	281	(444)	(1,331)	513	(818)
Net unrealized gains arising during the period	15,211	(5,856)	9,355	18,843	(7,255)	11,588
Net unrealized gains	14,486	(5,575)	8,911	17,512	(6,742)	10,770
Post-retirement unfunded health benefit:						
Reclassification adjustment for gains realized in net income	(42)	16	(26)	(72)	28	(44)
Other comprehensive income	$14,556	(5,602)	8,954	17,552	(6,757)	10,795
Comprehensive income			$62,917			59,211

See accompanying notes to unaudited interim consolidated financial statements.

SYNOVUS FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(unaudited)

(in thousands, except per share data)	Series C Preferred Stock	Common Stock	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Total
Balance at December 31, 2013	$125,862	139,721	2,976,348	(114,176)	(41,258)	(137,512)	2,948,985
Net income	—	—	—	—	—	48,416	48,416
Other comprehensive income, net of income taxes	—	—	—	—	10,795	—	10,795
Cash dividends declared on common stock - $0.07 per share	—	—	—	—	—	(9,728)	(9,728)
Cash dividends paid on Series C Preferred Stock	—	—	(2,559)	—	—	—	(2,559)
Series C Preferred Stock-adjustment to issuance costs	118	—	—	—	—	—	118
Restricted share unit activity	—	33	(501)	—	—	—	(468)
Stock options exercised	—	32	507	—	—	—	539
Share-based compensation net tax benefit	—	—	170	—	—	—	170
Share-based compensation expense	—	—	2,228	—	—	—	2,228
Balance at March 31, 2014	$125,980	139,786	2,976,193	(114,176)	(30,463)	(98,824)	2,998,496
Balance at December 31, 2014	$125,980	139,950	2,960,825	(187,774)	(12,605)	14,894	3,041,270
Net income	—	—	—	—	—	53,963	53,963
Other comprehensive income, net of income taxes	—	—	—	—	8,954	—	8,954
Cash dividends declared on common stock - $0.10 per share	—	—	—	—	—	(13,434)	(13,434)
Cash dividends paid on Series C Preferred Stock	—	—	—	—	—	(2,559)	(2,559)
Repurchases and completion of ASR agreement to repurchase shares of common stock	—	—	14,515	(73,628)	—	—	(59,113)
Restricted share unit activity	—	274	(4,325)	—	—	(367)	(4,418)
Stock options exercised	—	105	1,587	—	—	—	1,692
Share-based compensation net tax benefit	—	—	1,046	—	—	—	1,046
Share-based compensation expense	—	—	3,234	—	—	—	3,234
Balance at March 31, 2015	$125,980	140,329	2,976,882	(261,402)	(3,651)	52,497	3,030,635

See accompanying notes to unaudited interim consolidated financial statements.

SYNOVUS FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Three Months Ended March 31,			
(in thousands)	2015		2014	
Operating Activities				
Net income	$53,963		48,416	
Adjustments to reconcile net income to net cash provided by operating activities:				
Provision for loan losses	4,397		9,511	
Depreciation, amortization, and accretion, net	13,799		12,312	
Deferred income tax expense	28,718		25,757	
Increase in trading account assets	(6,139	)	(11,695	)
Originations of mortgage loans held for sale	(207,530	)	(129,160	)
Proceeds from sales of mortgage loans held for sale	184,712		126,688	
Gain on sales of mortgage loans held for sale, net	(3,100	)	(1,898	)
Increase in other assets	(6,947	)	(8,019	)
(Decrease) increase in other liabilities	(30,818	)	19,554	
Investment securities gains, net	(725	)	(1,331	)
Losses and write-downs on other real estate, net	7,275		4,752	
Share-based compensation expense	3,234		2,228	
Gain on sale of Memphis branches, net	—		(5,789	)
Gain on sale of branch property	—		(3,116	)
Other, net	(2,052	)	(940	)
Net cash provided by operating activities	$38,787		87,270	
Investing Activities				
Net cash used in dispositions	—		(90,571	)
Net decrease in interest earning deposits with banks	4,939		15,186	
Net (increase) decrease in federal funds sold and securities purchased under resale agreements	(7,661	)	4,878	
Net increase in interest bearing funds with Federal Reserve Bank	(542,524	)	(240,215	)
Proceeds from maturities and principal collections of investment securities available for sale	155,005		117,867	
Proceeds from sales of investment securities available for sale	32,419		20,815	
Purchases of investment securities available for sale	(265,707	)	(57,709	)
Proceeds from sales of loans and principal repayments on other loans held for sale	12,507		29,804	
Proceeds from sales of other real estate	8,785		10,000	
Net increase in loans	(36,336	)	(243,267	)
Net increase in premises and equipment	(5,221	)	(7,955	)
Proceeds from sales of other assets held for sale	351		241	
Net cash used in investing activities	$(643,443	)	(440,926	)
Financing Activities				
Net increase in demand and savings deposits	411,991		251,914	
Net increase in certificates of deposit	164,184		13,561	
Net (decrease) increase in federal funds purchased and securities sold under repurchase agreements	(1,593	)	16,814	
Principal repayments on long-term debt	(375,039	)	(325,615	)
Proceeds from issuance of long-term debt	425,000		400,000	
Dividends paid to common shareholders	(13,434	)	(9,728	)

Dividends paid to preferred shareholders	(2,559)	(2,559)
Stock options exercised	1,692	539
Repurchases of common stock	(59,113)	—
Excess tax benefit from share-based compensation	1,794	186
Restricted stock activity	(4,418)	(468)
Net cash provided by financing activities	$548,505	344,644
Decrease in cash and cash equivalents	(56,151)	(9,012)
Cash and cash equivalents at beginning of period	485,489	469,630

Table of Contents

Cash and cash equivalents at end of period	$429,338	460,618
Supplemental Cash Flow Information		
Cash paid during the period for:		
Income tax payments (refunds), net	338	(12)
Interest paid	27,875	29,503
Non-cash Activities		
Loans foreclosed and transferred to other real estate	5,378	12,881
Loans transferred to other loans held for sale at fair value	10,100	24,505
Securities purchased during the period but settled after period-end	—	10,227
Dispositions:		
Fair value of non-cash assets sold	—	(100,982)
Fair value of liabilities sold	—	(191,553)

See accompanying notes to unaudited interim consolidated financial statements.

Table of Contents

Notes to Unaudited Interim Consolidated Financial Statements
Note 1 - Significant Accounting Policies
Business Operations
The accompanying unaudited interim consolidated financial statements of Synovus include the accounts of the Parent Company and its consolidated subsidiaries. Synovus provides integrated financial services, including commercial and retail banking, financial management, insurance, and mortgage services to its customers through locally-branded divisions of its wholly-owned subsidiary bank, Synovus Bank, in offices located throughout Georgia, Alabama, South Carolina, Florida, and Tennessee.
In addition to our banking operations, we also provide various other financial services to our customers through direct and indirect wholly-owned non-bank subsidiaries, including: Synovus Securities, Inc., headquartered in Columbus, Georgia, which specializes in professional portfolio management for fixed-income securities, investment banking, the execution of securities transactions as a broker/dealer and the provision of individual investment advice on equity and other securities; Synovus Trust Company, N.A., headquartered in Columbus, Georgia, which provides trust, asset management and financial planning services; and Synovus Mortgage Corp., headquartered in Birmingham, Alabama, which offers mortgage services.
Basis of Presentation
The accompanying unaudited interim consolidated financial statements have been prepared in accordance with the instructions to the SEC Form 10-Q and Article 10 of Regulation S-X; therefore, they do not include all information and footnotes necessary for a fair presentation of financial position, results of operations, comprehensive income, and cash flows in conformity with GAAP. All adjustments consisting of normally recurring accruals that, in the opinion of management, are necessary for a fair presentation of the consolidated financial position and results of operations for the periods covered by this Report have been included. The accompanying unaudited interim consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes appearing in Synovus' 2014 Form 10-K. There have been no significant changes to the accounting policies as disclosed in Synovus' 2014 Form 10-K.
In preparing the unaudited interim consolidated financial statements in accordance with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the respective consolidated balance sheets and the reported amounts of revenues and expenses for the periods presented. Actual results could differ significantly from those estimates.
Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for loan losses; the valuation of other real estate; the fair value of investment securities; the fair value of private equity investments; contingent liabilities related to legal matters; and the deferred tax assets valuation allowance.
Cash and Cash Equivalents
Cash and cash equivalents consist of cash and due from banks. At March 31, 2015 and December 31, 2014, $125 thousand of the due from banks balance was restricted as to withdrawal.
Short-term Investments
Short-term investments consist of interest bearing funds with the Federal Reserve Bank, interest earning deposits with banks, and Federal funds sold and securities purchased under resale agreements. At March 31, 2015 and December 31, 2014, interest bearing funds with the Federal Reserve Bank included $81.5 million and $89.7 million, respectively, on deposit to meet Federal Reserve Bank requirements. Interest earning deposits with banks include $7.0 million and $7.1 million at March 31, 2015 and December 31, 2014, respectively, which is pledged as collateral in connection with certain letters of credit. Federal funds sold include $67.5 million at March 31, 2015 and December 31, 2014, which are pledged to collateralize certain derivative instruments. Federal funds sold and securities purchased under resale agreements, and Federal funds purchased and securities sold under repurchase agreements, generally mature in one day.
Recently Adopted Accounting Standards Updates

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

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

In January 2014, the FASB issued amended guidance which permits Synovus to make an accounting policy election to account for its investments in qualified affordable housing projects using a proportional amortization method, if certain conditions are met, and to present the amortization as a component of income tax expense. The amended guidance would

7

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

Synovus adopted the amended guidance on January 1, 2015, and did not make an accounting policy election to apply the proportional amortization method for its investments in qualified affordable housing projects because the impact to the consolidated financial statements was insignificant. Therefore, the adoption did not have an impact on Synovus’ consolidated financial statements. At March 31, 2015, the aggregate carrying value of Synovus' investments in LIHTC partnerships was $8.7 million. See Note 18 "Variable Interest Entities" to the consolidated financial statements of Synovus' 2014 Form 10-K for additional information regarding these investments.

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

- ASU 2014-14, Classification of Certain Government-Guaranteed Mortgage Loans upon Foreclosure
- ASU 2014-12, Accounting for Share-Based Payments when the Terms of an Award Provide that a Performance Target Could be Achieved after the Requisite Service Period
- ASU 2014-11, Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures
- ASU 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity
- ASU 2014-04, Receivables-Troubled Debt Restructurings by Creditors (Subtopic 310-40), Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure

Reclassifications

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

Subsequent Events

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

Note 2 - Share Repurchase Program

On October 21, 2014, Synovus announced a $250 million share repurchase program, which will expire on October 23, 2015. As of March 31, 2015, Synovus had repurchased a total of $147.2 million or 5.6 million shares of common stock under the share repurchase program through a combination of share repurchases under the accelerated share repurchase (ASR) agreement described below and open market transactions.

During October 2014, Synovus entered into an ASR agreement to purchase $75.0 million of Synovus common stock under the share repurchase program. As of December 31, 2014, Synovus had repurchased 2,510,460 shares under the ASR agreement. During January 2015, Synovus repurchased 391,612 shares upon completion of the ASR agreement. Additionally, since October 2014 through March 31, 2015, Synovus has repurchased $72.2 million or 2,683,755 shares of common stock through open market transactions including $59.1 million or 2,179,986 shares of common stock repurchased during the first quarter of 2015.

Note 3 - Reverse Stock Split and Increase in Number of Authorized Common Shares

On April 24, 2014, at Synovus' 2014 Annual Shareholders' Meeting ("Annual Meeting"), Synovus’ shareholders approved a proposal authorizing Synovus’ Board of Directors to effect a one-for-seven reverse stock split of Synovus’ common stock. Following the Annual Meeting, Synovus’ Board of Directors authorized the one-for-seven reverse stock split. The reverse stock split became effective on May 16, 2014, and Synovus' shares of common stock began trading on a post-split basis on the New York Stock Exchange (NYSE) at the opening of trading on May 19, 2014. All prior periods presented in this Report have been adjusted to reflect the one-for-seven reverse stock split. Financial information updated by this capital change includes earnings per common share, dividends per common share, stock price per common share, weighted average common shares, outstanding common shares, treasury shares, common stock, additional paid-in capital, and share-based compensation.

Additionally, on April 24, 2014, Synovus' shareholders also approved an amendment to Synovus' articles of incorporation to increase the number of authorized shares of Synovus' common stock from 1.2 billion shares to 2.4 billion shares. Synovus effected the increase in the number of authorized shares on April 24, 2014. Upon the reverse stock split effective date, the number of Synovus' authorized shares of common stock was proportionately reduced from 2.4 billion shares to 342.9 million shares.

Note 4 - Sale of Branches

On January 17, 2014, Synovus completed the sale of certain loans, premises, deposits, and other assets and liabilities of the Memphis, Tennessee branches of Trust One Bank, a division of Synovus Bank. The sale included $89.6 million in total loans and $191.3 million in total deposits. Results for the three months ended March 31, 2014 reflect a pre-tax gain, net of associated costs, of $5.8 million relating to this transaction.

Note 5 - Investment Securities

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

	March 31, 2015				
(in thousands)	Amortized Cost[1]	Gross Unrealized Gains	Gross Unrealized Losses		Fair Value
U.S. Treasury securities	$43,139	479	—		43,618
U.S. Government agency securities	24,515	980	—		25,495
Securities issued by U.S. Government sponsored enterprises	81,115	664	—		81,779
Mortgage-backed securities issued by U.S. Government agencies	169,098	3,112	(345	)	171,865
Mortgage-backed securities issued by U.S. Government sponsored enterprises	2,186,379	27,536	(6,246	)	2,207,669
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	563,513	6,086	(1,028	)	568,571
State and municipal securities	4,941	168	(1	)	5,108
Equity securities	3,228	3,945	—		7,173
Other investments	19,132	37	(406	)	18,763
Total investment securities available for sale	$3,095,060	43,007	(8,026	)	3,130,041

	December 31, 2014				
(in thousands)	Amortized Cost[1]	Gross Unrealized Gains	Gross Unrealized Losses		Fair Value
U.S. Treasury securities	$42,636	190	—		42,826
U.S. Government agency securities	26,426	898	—		27,324
Securities issued by U.S. Government sponsored enterprises	81,332	710	—		82,042
Mortgage-backed securities issued by U.S. Government agencies	177,678	2,578	(440	)	179,816
Mortgage-backed securities issued by U.S. Government sponsored enterprises	2,250,897	19,915	(9,131	)	2,261,681
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	414,562	4,856	(2,342	)	417,076
State and municipal securities	5,024	183	(1	)	5,206
Equity securities	3,228	3,520			6,748
Other investments	19,121	7	(441	)	18,687
Total investment securities available for sale	$3,020,904	32,857	(12,355	)	3,041,406

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

At March 31, 2015 and December 31, 2014, investment securities with a carrying value of $2.05 billion and $2.12 billion respectively, were pledged to secure certain deposits and securities sold under repurchase agreements as required by law and contractual agreements.

Table of Contents

Synovus has reviewed investment securities that are in an unrealized loss position as of March 31, 2015 and December 31, 2014 for OTTI and does not consider any securities in an unrealized loss position to be other-than-temporarily impaired. If Synovus intended to sell a security in an unrealized loss position, the entire unrealized loss would be reflected in income. Synovus does not intend to sell investment securities in an unrealized loss position prior to the recovery of the unrealized loss, which may be until maturity, and has the ability and intent to hold those securities for that period of time. Additionally, Synovus is not currently aware of any circumstances which will require it to sell any of the securities that are in an unrealized loss position prior to the respective securities recovery of all such unrealized losses.

Declines in the fair value of available for sale securities below their cost that are deemed to have OTTI are reflected in earnings as realized losses to the extent the impairment is related to credit losses. The amount of the impairment related to other factors is recognized in other comprehensive income. Currently, unrealized losses on debt securities are attributable to increases in interest rates on comparable securities from the date of purchase. Synovus regularly evaluates its investment securities portfolio to ensure that there are no conditions that would indicate that unrealized losses represent OTTI. These factors include the length of time the security has been in a loss position, the extent that the fair value is below amortized cost, and the credit standing of the issuer. As of March 31, 2015, Synovus had one investment security in a loss position for less than twelve months and thirty-five investment securities in a loss position for twelve months or longer.

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

	March 31, 2015					
	Less than 12 Months		12 Months or Longer		Total	
(in thousands)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Mortgage-backed securities issued by U.S. Government agencies	4,473	11	20,678	334	25,151	345
Mortgage-backed securities issued by U.S. Government sponsored enterprises	—	—	732,387	6,246	732,387	6,246
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	—	—	82,318	1,028	82,318	1,028
State and municipal securities	—	—	46	1	46	1
Other investments	—	—	3,726	406	3,726	406
Total	$4,473	11	839,155	8,015	843,628	8,026

	December 31, 2014					
	Less than 12 Months		12 Months or Longer		Total	

(in thousands)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Mortgage-backed securities issued by U.S. Government agencies	—	—	21,488	440	21,488	440
Mortgage-backed securities issued by U.S. Government sponsored enterprises	251,134	763	798,282	8,368	1,049,416	9,131
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	20,338	61	119,172	2,281	139,510	2,342
State and municipal securities	—	—	45	1	45	1
Other investments	—	—	3,680	441	3,680	441
Total	$271,472	824	942,667	11,531	1,214,139	12,355

Table of Contents

The amortized cost and fair value by contractual maturity of investment securities available for sale at March 31, 2015 are shown below. The expected life of mortgage-backed securities or CMOs may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties. For purposes of the maturity table, mortgage-backed securities and CMOs, which are not due at a single maturity date, have been classified based on the final contractual maturity date.

	Distribution of Maturities at March 31, 2015					
(in thousands)	Within One Year	1 to 5 Years	5 to 10 Years	More Than 10 Years	No Stated Maturity	Total
Amortized Cost						
U.S. Treasury securities	$18,286	24,853	—	—	—	43,139
U.S. Government agency securities	78	12,001	12,436	—	—	24,515
Securities issued by U.S. Government sponsored enterprises	—	81,115	—	—	—	81,115
Mortgage-backed securities issued by U.S. Government agencies	—	—	—	169,098	—	169,098
Mortgage-backed securities issued by U.S. Government sponsored enterprises	134	1,201	1,792,674	392,370	—	2,186,379
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	—	—	—	563,513	—	563,513
State and municipal securities	165	2,067	—	2,709	—	4,941
Equity securities	—	—	—	—	3,228	3,228
Other investments	—	—	15,000	2,000	2,132	19,132
Total amortized cost	$18,663	121,237	1,820,110	1,129,690	5,360	3,095,060
Fair Value						
U.S. Treasury securities	$18,286	25,332	—	—	—	43,618
U.S. Government agency securities	80	12,412	13,003	—	—	25,495
Securities issued by U.S. Government sponsored enterprises	—	81,779	—	—	—	81,779
Mortgage-backed securities issued by U.S. Government agencies	—	—	—	171,865	—	171,865
Mortgage-backed securities issued by U.S. Government sponsored enterprises	140	1,271	1,801,124	405,134	—	2,207,669
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	—	—	—	568,571	—	568,571
State and municipal securities	166	2,106	—	2,836	—	5,108
Equity securities	—	—	—	—	7,173	7,173
Other investments	—	—	15,037	1,653	2,073	18,763

Total fair value	$18,672	122,900	1,829,164	1,150,059	9,246	3,130,041

Proceeds from sales, gross gains, and gross losses on sales of securities available for sale for the three months ended March 31, 2015 and 2014 are presented below. Other-than-temporary impairment charges of $88 thousand are included in gross realized losses for the three months ended March 31, 2014. The specific identification method is used to reclassify gains and losses out of other comprehensive income at the time of sale.

	Three Months Ended March 31,	
(in thousands)	2015	2014
Proceeds from sales of investment securities available for sale	$32,419	20,815
Gross realized gains	725	1,419
Gross realized losses	—	(88)
Investment securities gains, net	$725	1,331

11

Table of Contents

Note 6 - Restructuring Charges

For the three months ended March 31, 2015 and 2014 total restructuring charges consist of the following components:

	Three Months Ended March 31,	
(in thousands)	2015	2014
Severance charges	$—	8,047
Gain on sale of assets held for sale, net	(157)	—
Professional fees and other charges	50	530
Total restructuring charges, net	$(107)	8,577

For the three months ended March 31, 2015, Synovus recorded net gains of $157 thousand on the sale of certain branch locations and recorded additional expense of $50 thousand associated with the 2014 branch closings. Restructuring charges for the three months ended March 31, 2014 related primarily to expense savings initiatives that were approved during 2014 with an expected completion date of mid-2015. The initiatives include the consolidation or closing of certain branch locations as well as workforce reductions. Severance charges for the three months ended March 31, 2014 consisted of estimated involuntary termination benefits for targeted staff reductions identified during 2014. These termination benefits were provided under an ongoing benefit arrangement as defined in ASC 712, Compensation-Nonretirement Postemployment Benefits; accordingly, the charges were recorded pursuant to the liability recognition criteria of ASC 712. Additionally, substantially all of the professional fees and other charges for the three months ended March 31, 2014 consist of professional fees incurred in connection with an organizational restructuring implemented during 2014.

The following table presents aggregate activity associated with accruals that resulted from restructuring charges during the three months ended March 31, 2015 and 2014:

(in thousands)	Severance Charges	Lease Termination Charges	Total
Balance at December 31, 2013	$1,572	1,383	2,955
Accruals for efficiency initiatives	8,047	—	8,047
Payments	(1,931)	(1,289)	(3,220)
Balance at March 31, 2014	7,688	94	7,782
Balance at December 31, 2014	3,291	5,539	8,830
Payments	(521)	(221)	(742)
Balance at March 31, 2015	$2,770	5,318	8,088

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

Table of Contents

Note 7 - Loans and Allowance for Loan Losses
The following is a summary of current, accruing past due, and non-accrual loans by portfolio class as of March 31, 2015 and December 31, 2014.
Current, Accruing Past Due, and Non-accrual Loans

	March 31, 2015						
(in thousands)	Current	Accruing 30-89 Days Past Due	Accruing 90 Days or Greater Past Due	Total Accruing Past Due	Non-accrual	Total	
Investment properties	$5,201,493	2,579	211	2,790	19,780	5,224,063	
1-4 family properties	1,096,543	3,954	291	4,245	22,827	1,123,615	
Land acquisition	526,185	1,704	4	1,708	31,444	559,337	
Total commercial real estate	6,824,221	8,237	506	8,743	74,051	6,907,015	
Commercial, financial and agricultural	6,155,867	17,834	2,410	20,244	42,060	6,218,171	
Owner-occupied	4,050,333	7,704	—	7,704	31,626	4,089,663	
Total commercial and industrial	10,206,200	25,538	2,410	27,948	73,686	10,307,834	
Home equity lines	1,647,045	5,301	759	6,060	18,933	1,672,038	
Consumer mortgages	1,667,761	9,276	—	9,276	25,351	1,702,388	
Credit cards	239,150	1,767	1,340	3,107	—	242,257	
Other retail	299,529	2,299	10	2,309	2,211	304,049	
Total retail	3,853,485	18,643	2,109	20,752	46,495	3,920,732	
Total loans	$20,883,906	52,418	5,025	57,443	194,232	21,135,581	(1)

	December 31, 2014						
(in thousands)	Current	Accruing 30-89 Days Past Due	Accruing 90 Days or Greater Past Due	Total Accruing Past Due	Non-accrual	Total	
Investment properties	$5,187,200	1,851	—	1,851	20,720	5,209,771	
1-4 family properties	1,106,111	4,067	432	4,499	24,197	1,134,807	
Land acquisition	540,932	363	—	363	34,375	575,670	
Total commercial real estate	6,834,243	6,281	432	6,713	79,292	6,920,248	
Commercial, financial and agricultural	6,172,220	9,979	1,790	11,769	40,359	6,224,348	
Owner-occupied	4,016,997	6,404	225	6,629	26,099	4,049,725	
Total commercial and industrial	10,189,217	16,383	2,015	18,398	66,458	10,274,073	
Home equity lines	1,659,869	6,992	703	7,695	16,434	1,683,998	
Consumer mortgages	1,648,145	12,626	12	12,638	33,278	1,694,061	
Credit cards	250,304	1,971	1,374	3,345	—	253,649	
Other retail	297,703	2,361	101	2,462	2,295	302,460	
Total retail	3,856,021	23,950	2,190	26,140	52,007	3,934,168	
Total loans	$20,879,481	46,614	4,637	51,251	197,757	21,128,489	(2)

(1)Total before net deferred fees and costs of $29.4 million.
(2)Total before net deferred fees and costs of $30.8 million.

Table of Contents

The credit quality of the loan portfolio is summarized no less frequently than quarterly using the standard asset classification system utilized by the federal banking agencies. These classifications are divided into three groups – Not Criticized (Pass), Special Mention, and Classified or Adverse rating (Substandard, Doubtful, and Loss) and are defined as follows:

Pass - loans which are well protected by the current net worth and paying capacity of the obligor (or guarantors, if any) or by the fair value, less cost to acquire and sell in a timely manner, of any underlying collateral.

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

Substandard - loans which are inadequately protected by the current net worth and paying capacity of the obligor or by the collateral pledged, if any. Loans with this classification are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Doubtful - loans which have all the weaknesses inherent in loans classified as Substandard with the added characteristic that the weaknesses make collection or liquidation in full highly questionable and improbable on the basis of currently known facts, conditions, and values.

Loss - loans which are considered by management to be uncollectible and of such little value that their continuance on the institution's books as an asset, without establishment of a specific valuation allowance or charge-off is not warranted.

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

Table of Contents

Loan Portfolio Credit Exposure by Risk Grade

	March 31, 2015					
(in thousands)	Pass	Special Mention	Substandard[1]	Doubtful[2]	Loss	Total
Investment properties	$4,959,969	156,878	107,216	—	—	5,224,063
1-4 family properties	956,789	74,830	84,726	7,270	—	1,123,615
Land acquisition	456,175	47,259	55,318	585	—	559,337
Total commercial real estate	6,372,933	278,967	247,260	7,855	—	6,907,015
Commercial, financial and agricultural	5,956,395	136,454	115,881	9,363	78 [3]	6,218,171
Owner-occupied	3,848,237	84,320	156,334	327	445 [3]	4,089,663
Total commercial and industrial	9,804,632	220,774	272,215	9,690	523	10,307,834
Home equity lines	1,644,215	—	24,001	1,793	2,029 [3]	1,672,038
Consumer mortgages	1,669,848	—	30,358	2,056	126 [3]	1,702,388
Credit cards	240,917	—	455	—	885 [4]	242,257
Other retail	300,846	—	3,079	32	92 [3]	304,049
Total retail	3,855,826	—	57,893	3,881	3,132	3,920,732
Total loans	$20,033,391	499,741	577,368	21,426	3,655	21,135,581 [5]

	December 31, 2014					
(in thousands)	Pass	Special Mention	Substandard[1]	Doubtful[2]	Loss	Total
Investment properties	$4,932,440	174,466	102,865	—	—	5,209,771
1-4 family properties	944,646	86,072	96,392	7,697	—	1,134,807
Land acquisition	460,813	52,026	62,101	730	—	575,670
Total commercial real estate	6,337,899	312,564	261,358	8,427	—	6,920,248
Commercial, financial and agricultural	5,945,725	145,779	123,225	9,539	80 [3]	6,224,348
Owner-occupied	3,792,261	95,647	161,045	327	445 [3]	4,049,725
Total commercial and industrial	9,737,986	241,426	284,270	9,866	525	10,274,073
Home equity lines	1,659,794	—	20,043	2,009	2,152 [3]	1,683,998
Consumer mortgages	1,653,491	—	37,656	2,654	260 [3]	1,694,061
Credit cards	252,275	—	495	—	879 [4]	253,649
Other retail	298,991	—	3,339	32	98 [3]	302,460
Total retail	3,864,551	—	61,533	4,695	3,389	3,934,168
Total loans	$19,940,436	553,990	607,161	22,988	3,914	21,128,489 [6]

[1] Includes $170.5 million and $170.9 million of non-accrual Substandard loans at March 31, 2015 and December 31, 2014, respectively.

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

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

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

(5)Total before net deferred fees and costs of $29.4 million.
(6)Total before net deferred fees and costs of $30.8 million.

Table of Contents

The following table details the changes in the allowance for loan losses by loan segment for the three months ended March 31, 2015 and 2014.
Allowance for Loan Losses and Recorded Investment in Loans

(in thousands)	As Of and For The Three Months Ended March 31, 2015 Commercial Real Estate	Commercial & Industrial	Retail	Unallocated	Total
Allowance for loan losses:					
Beginning balance	$101,471	118,110	41,736	—	261,317
Charge-offs	(7,440)	(5,272)	(7,912)	—	(20,624)
Recoveries	3,941	2,266	2,074	—	8,281
Provision for loan losses	(3,764)	2,702	5,459	—	4,397
Ending balance	$94,208	117,806	41,357	—	253,371
Ending balance: individually evaluated for impairment	18,558	9,411	1,037	—	29,006
Ending balance: collectively evaluated for impairment	$75,650	108,395	40,320	—	224,365
Loans:					
Ending balance: total loans(1)	$6,907,015	10,307,834	3,920,732	—	21,135,581
Ending balance: individually evaluated for impairment	237,167	130,197	41,321	—	408,685
Ending balance: collectively evaluated for impairment	$6,669,848	10,177,637	3,879,411	—	20,726,896

(in thousands)	As Of and For The Three Months Ended March 31, 2014 Commercial Real Estate	Commercial & Industrial	Retail	Unallocated	Total
Allowance for loan losses:					
Beginning balance	$127,012	116,069	41,479	23,000	307,560
Allowance for loan losses of sold loans	(281)	(398)	(340)	—	(1,019)
Charge-offs	(7,946)	(8,036)	(6,293)	—	(22,275)
Recoveries	2,227	1,953	2,914	—	7,094
Provision for loan losses	5,943	18,758	7,810	(23,000)	9,511
Ending balance	$126,955	128,346	45,570	—	300,871
Ending balance: individually evaluated for impairment	42,894	20,678	1,595	—	65,167
Ending balance: collectively evaluated for impairment	$84,061	107,668	43,975	—	235,704
Loans:					
Ending balance: total loans(2)	$6,587,254	9,961,281	3,638,905	—	20,187,440
Ending balance: individually evaluated for impairment	481,684	220,376	52,243	—	754,303
Ending balance: collectively evaluated for impairment	$6,105,570	9,740,905	3,586,662	—	19,433,137

(1)Total before net deferred fees and costs of $29.4 million.
(2)Total before net deferred fees and costs of $28.4 million.

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

Table of Contents

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

	March 31, 2015			Three Months Ended March 31, 2015	
(in thousands)	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded					
Investment properties	$14,636	19,382	—	14,964	—
1-4 family properties	2,730	10,080	—	2,888	—
Land acquisition	22,359	63,276	—	20,814	—
Total commercial real estate	39,725	92,738	—	38,666	—
Commercial, financial and agricultural	6,504	9,187	—	5,993	—
Owner-occupied	18,753	21,451	—	17,558	—
Total commercial and industrial	25,257	30,638	—	23,551	—
Home equity lines	—	—	—	—	—
Consumer mortgages	995	2,065	—	995	—
Credit cards	—	—	—	—	—
Other retail	—	—	—	—	—
Total retail	995	2,065	—	995	—
Total impaired loans with no related allowance recorded	$65,977	125,441	—	63,212	—
With allowance recorded					
Investment properties	96,020	98,622	7,374	86,415	631
1-4 family properties	65,228	66,010	7,594	72,534	356
Land acquisition	36,194	36,416	3,590	44,493	283
Total commercial real estate	197,442	201,048	18,558	203,442	1,270
Commercial, financial and agricultural	44,477	44,615	6,556	54,651	369
Owner-occupied	60,463	60,467	2,855	63,871	509
Total commercial and industrial	104,940	105,082	9,411	118,522	878
Home equity lines	6,317	6,317	180	5,664	59
Consumer mortgages	28,842	28,842	783	31,299	345
Credit cards	—	—	—	—	—
Other retail	5,167	5,167	74	5,252	84
Total retail	40,326	40,326	1,037	42,215	488
Total impaired loans with allowance recorded	$342,708	346,456	29,006	364,179	2,636
Total impaired loans					
Investment properties	$110,656	118,004	7,374	101,379	631
1-4 family properties	67,958	76,090	7,594	75,422	356
Land acquisition	58,553	99,692	3,590	65,307	283
Total commercial real estate	237,167	293,786	18,558	242,108	1,270
Commercial, financial and agricultural	50,981	53,802	6,556	60,644	369
Owner-occupied	79,216	81,918	2,855	81,429	509
Total commercial and industrial	130,197	135,720	9,411	142,073	878
Home equity lines	6,317	6,317	180	5,664	59
Consumer mortgages	29,837	30,907	783	32,294	345
Credit cards	—	—	—	—	—
Other retail	5,167	5,167	74	5,252	84

Total retail	41,321	42,391	1,037	43,210	488
Total impaired loans	$408,685	471,897	29,006	427,391	2,636

Table of Contents

Impaired Loans (including accruing TDRs)

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

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

18

Table of Contents

The average recorded investment in impaired loans was $754.3 million for the three months ended March 31, 2014. Excluding accruing TDRs, there was no interest income recognized for the investment in impaired loans for the three months ended March 31, 2014. Interest income recognized for accruing TDRs was $4.0 million for the three months ended March 31, 2014 . At March 31, 2015 and December 31, 2014, all impaired loans other than $313.4 million and $348.4 million, respectively, of accruing TDRs, were on non-accrual status.
Concessions provided in a TDR are primarily in the form of providing a below market interest rate given the borrower's credit risk, a period of time generally less than one year with a reduction of required principal and/or interest payments (e.g., interest only for a period of time), or extension of the maturity of the loan generally for less than one year. Insignificant periods of reduction of principal and/or interest payments, or one-time deferrals of 3 months or less, are generally not considered to be financial concessions.

Table of Contents

The following tables represent, by concession type, the post-modification balance for loans modified or renewed during the three months ended March 31, 2015 and 2014 that were reported as accruing or non-accruing TDRs.

TDRs by Concession Type

(in thousands, except contract data)	Three Months Ended March 31, 2015 Number of Contracts	Principal Forgiveness	Below Market Interest Rate	Term Extensions and/or Other Concessions	Total	
Investment properties	3	$—	16,932	3,604	20,536	
1-4 family properties	13	14,823	2,856	150	17,829	
Land acquisition	3	—	255	708	963	
Total commercial real estate	19	14,823	20,043	4,462	39,328	
Commercial, financial and agricultural	25	—	1,015	1,890	2,905	
Owner-occupied	2	—	1,739	—	1,739	
Total commercial and industrial	27	—	2,754	1,890	4,644	
Home equity lines	11	—	975	135	1,110	
Consumer mortgages	11	—	245	786	1,031	
Credit cards	—	—	—	—	—	
Other retail	6	—	257	64	321	
Total retail	28	—	1,477	985	2,462	
Total TDRs	74	$14,823	24,274	7,337	46,434	(1)

(1) Net charge-offs of $4.0 million were recorded during the three months ended March 31, 2015 upon restructuring of these loans.

TDRs by Concession Type

(in thousands, except contract data)	Three Months Ended March 31, 2014 Number of Contracts	Principal Forgiveness	Below Market Interest Rate	Term Extensions and/or Other Concessions	Total	
Investment properties	5	$—	7,143	531	7,674	
1-4 family properties	11	—	429	2,114	2,543	
Land acquisition	1	—	—	534	534	
Total commercial real estate	17	—	7,572	3,179	10,751	
Commercial, financial and agricultural	21	—	1,791	4,282	6,073	
Owner-occupied	7	—	2,488	2,818	5,306	
Total commercial and industrial	28	—	4,279	7,100	11,379	
Home equity lines	2	—	241	46	287	
Consumer mortgages	1	—	101	—	101	
Credit cards	—	—	—	—	—	
Other retail	4	—	—	117	117	
Total retail	7	—	342	163	505	
Total TDRs	52	$—	12,193	10,442	22,635	(2)

(2) No net charge-offs were recorded during the three months ended March 31, 2014 upon restructuring of these loans.

20

Table of Contents

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

Troubled Debt Restructurings Entered Into That Subsequently Defaulted* During

	Three Months Ended March 31, 2015		Three Months Ended March 31, 2014	
(in thousands, except contract data)	Number of Contracts	Recorded Investment	Number of Contracts	Recorded Investment
Investment properties	—	$—	1	$186
1-4 family properties	—	—	—	—
Land acquisition	—	—	—	—
Total commercial real estate	—	—	1	186
Commercial, financial and agricultural	—	—	1	522
Owner-occupied	—	—	—	—
Total commercial and industrial	—	—	1	522
Home equity lines	1	34	—	—
Consumer mortgages	—	—	—	—
Credit cards	—	—	—	—
Other retail	1	81	—	—
Total retail	2	115	—	—
Total TDRs	2	$115	2	$708

* Default is defined as the earlier of the troubled debt restructuring being placed on non-accrual status or reaching 90 days past due with respect to principal and/or interest payments.

If, at the time a loan was designated as a TDR, the loan was not already impaired, the measurement of impairment that resulted from the TDR designation changes from a general pool-level reserve to a specific loan measurement of impairment in accordance with ASC 310-10-35. Generally, the change in the allowance for loan losses resulting from such TDR designation is not significant. At March 31, 2015, the allowance for loan losses allocated to accruing TDRs totaling $313.4 million was $17.6 million compared to accruing TDRs of $348.4 million with an allocated allowance for loan losses of $21.0 million at December 31, 2014. Non-accrual, non-homogeneous loans (commercial-type impaired loans greater than $1 million) that are designated as TDRs, are individually measured for the amount of impairment, if any, both before and after the TDR designation.

Table of Contents

Note 8 - Other Real Estate

The carrying value of ORE was $74.8 million and $85.5 million at March 31, 2015 and December 31, 2014, respectively. During the three months ended March 31, 2015 and 2014, $5.4 million and $12.9 million, respectively, of loans and other loans held for sale were foreclosed and transferred to other real estate at fair value less costs to sell. During the three months ended March 31, 2015 and 2014, Synovus recognized foreclosed real estate expense, net, of $9.5 million and $5.7 million, respectively. These expenses included write-downs for declines in fair value of ORE subsequent to the date of foreclosure and net realized losses resulting from sales transactions totaling $7.3 million and $4.8 million for the three months ended March 31, 2015 and 2014, respectively.

Table of Contents

Note 9 - Other Comprehensive Income (Loss)
The following table illustrates activity within the balances in accumulated other comprehensive income (loss) by component for the three months ended March 31, 2015 and 2014.
Changes in Accumulated Other Comprehensive Income (Loss) by Component (Net of Income Taxes)

(in thousands)	Net unrealized gains (losses) on cash flow hedges	Net unrealized gains (losses) on investment securities available for sale	Post-retirement unfunded health benefit	Total
Balance as of December 31, 2013	$(13,099)	(28,936)	777	(41,258)
Other comprehensive income before reclassifications	—	11,588	—	11,588
Amounts reclassified from accumulated other comprehensive income (loss)	69	(818)	(44)	(793)
Net current period other comprehensive income	69	10,770	(44)	10,795
Balance as of March 31, 2014	$(13,030)	(18,166)	733	(30,463)
Balance as of December 31, 2014	$(12,824)	(713)	932	(12,605)
Other comprehensive income before reclassifications	—	9,355	—	9,355
Amounts reclassified from accumulated other comprehensive income (loss)	69	(444)	(26)	(401)
Net current period other comprehensive income	69	8,911	(26)	8,954
Balance as of March 31, 2015	$(12,755)	8,198	906	(3,651)

In accordance with ASC 740-20-45-11(b), a deferred tax asset valuation allowance associated with unrealized gains and losses not recognized in income is charged directly to other comprehensive income (loss). During the years 2010 and 2011, Synovus recorded a deferred tax asset valuation allowance associated with unrealized gains and losses not recognized in income directly to other comprehensive income (loss) by applying the portfolio approach for allocation of the valuation allowance. Synovus has consistently applied the portfolio approach which treats derivative financial instruments, equity securities, and debt securities as a single portfolio. As of March 31, 2015, the balance in net unrealized gains (losses) on cash flow hedges and net unrealized gains (losses) on investment securities available for sale includes unrealized losses of $12.1 million and $13.3 million, respectively, related to the residual tax effects remaining in OCI due to a previously established deferred tax asset valuation allowance. Under the portfolio approach, these unrealized losses are realized at the time the entire portfolio is sold or disposed.

Table of Contents

The following table illustrates activity within the reclassifications out of accumulated other comprehensive income (loss), for the three months ended March 31, 2015 and 2014.
Reclassifications out of Accumulated Other Comprehensive Income (Loss)

Details About Accumulated Other Comprehensive Income (Loss) Components	Amount Reclassified from Accumulated Other Comprehensive Income (Loss) For the Three Months Ended March 31, 2015	2014	Affected Line Item in the Statement Where Net Income is Presented
Net unrealized gains (losses) on cash flow hedges:			
Amortization of deferred losses	$(112)	(112)	Interest expense
	43	43	Income tax (expense) benefit
	$(69)	(69)	Reclassifications, net of income taxes
Net unrealized gains (losses) on investment securities available for sale:			
Realized gain on sale of securities	$725	1,331	Investment securities gains, net
	(281)	(513)	Income tax (expense) benefit
	$444	818	Reclassifications, net of income taxes
Post-retirement unfunded health benefit:			
Amortization of actuarial gains	$42	72	Salaries and other personnel expense
	(16)	(28)	Income tax (expense) benefit
	$26	44	Reclassifications, net of income taxes

Table of Contents

Note 10 - Fair Value Accounting

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

Fair Value Hierarchy

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

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

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

Table of Contents

Assets and Liabilities Measured at Fair Value on a Recurring Basis

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

	March 31, 2015			
(in thousands)	Level 1	Level 2	Level 3	Total Assets and Liabilities at Fair Value
Assets				
Trading securities:				
Mortgage-backed securities issued by U.S. Government agencies	—	71	—	71
Collateralized mortgage obligations issued by U.S. Government sponsored enterprises	—	3,390	—	3,390
State and municipal securities	—	646	—	646
All other mortgage-backed securities	—	6,404	—	6,404
Other investments	179	9,312	—	9,491
Total trading securities	$179	19,823	—	20,002
Mortgage loans held for sale	—	89,245	—	89,245
Investment securities available for sale:				
U.S. Treasury securities	43,618	—	—	43,618
U.S. Government agency securities	—	25,495	—	25,495
Securities issued by U.S. Government sponsored enterprises	—	81,779	—	81,779
Mortgage-backed securities issued by U.S. Government agencies	—	171,865	—	171,865
Mortgage-backed securities issued by U.S. Government sponsored enterprises	—	2,207,669	—	2,207,669
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	—	568,571	—	568,571
State and municipal securities	—	5,108	—	5,108
Equity securities	7,173	—	—	7,173
Other investments[(1)]	2,073	15,036	1,654	18,763
Total investment securities available for sale	$52,864	3,075,523	1,654	3,130,041
Private equity investments	—	1,045	27,081	28,126
Mutual funds held in rabbi trusts	11,384	—	—	11,384
Derivative assets:				
Interest rate contracts	—	33,183	—	33,183
Mortgage derivatives[(2)]	—	2,311	—	2,311
Total derivative assets	$—	35,494	—	35,494
Liabilities				
Trading account liabilities	—	1,575	—	1,575
Derivative liabilities:				
Interest rate contracts		33,856	—	33,856
Mortgage derivatives[(2)]	—	749	—	749
Visa derivative	—	—	1,425	1,425
Total derivative liabilities	$—	34,605	1,425	36,030

Table of Contents

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

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

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

investors.

Table of Contents

Fair Value Option

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

Changes in Fair Value Included in Net Income

	For the Three Months Ended March 31,	
(in thousands)	2015	2014
Mortgage loans held for sale	410	725

Mortgage Loans Held for Sale

(in thousands)	As of March 31, 2015	As of December 31, 2014
Fair value	$89,245	63,328
Unpaid principal balance	86,995	61,488
Fair value less aggregate unpaid principal balance	$2,250	1,840

Table of Contents

Changes in Level 3 Fair Value Measurements

As noted above, Synovus uses significant unobservable inputs (Level 3) in determining the fair value of assets and liabilities classified as Level 3 in the fair value hierarchy. The table below includes a roll-forward of the amounts on the consolidated balance sheet for the three months ended March 31, 2015 and 2014 (including the change in fair value), for financial instruments of a material nature that are classified by Synovus within Level 3 of the fair value hierarchy and are measured at fair value on a recurring basis. Transfers between fair value levels are recognized at the end of the reporting period in which the associated changes in inputs occur. During the first three months of 2015 and 2014, Synovus did not have any transfers between levels in the fair value hierarchy.

	Three Months Ended March 31,					
	2015			2014		
(in thousands)	Investment Securities Available for Sale	Private Equity Investments	Visa Derivative	Investment Securities Available for Sale	Private Equity Investments	Visa Derivative
Beginning balance, January 1,	$1,645	27,367	(1,401)	2,350	27,745	(2,706)
Total gains (losses) realized/unrealized:						
Included in earnings	—	(286)	(375)	(88)	(250)	(396)
Unrealized gains (losses) included in other comprehensive income	9	—	—	137	—	—
Purchases	—	—	—	—	—	—
Sales	—	—	—	—	—	—
Issuances	—	—	—	—	—	—
Settlements	—	—	351	—	—	577
Amortization of discount/premium	—	—	—	—	—	—
Transfers in and/or out of Level 3	—	—	—	—	—	—
Ending balance, March 31,	$1,654	27,081	(1,425)	2,399	27,495	(2,525)
The amount of total net gains (losses) for the year included in earnings attributable to the change in unrealized gains (losses) relating to assets still held at March 31,	$—	(286)	(375)	(88)	(250)	(396)

Table of Contents

Assets Measured at Fair Value on a Non-recurring Basis

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

	March 31, 2015				December 31, 2014			
(in thousands)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Impaired loans*	$—	—	3,282	3,282	—	—	28,588	28,588
Other loans held for sale	—	—	—	—	—	—	3,411	3,411
Other real estate	—	—	69,331	69,331	—	—	32,046	32,046
Other assets held for sale	$—	—	—	—	—	—	3,718	3,718

The following table presents fair value adjustments recognized for the three months ended March 31, 2015 and 2014 for the assets measured at fair value on a non-recurring basis.

	Three Months Ended March 31,	
(in thousands)	2015	2014
Impaired loans*	$1,045	2,655
Other loans held for sale	—	303
Other real estate	6,681	2,637

* Impaired loans that are collateral-dependent.

Quantitative Information about Level 3 Fair Value Measurements

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

Table of Contents

March 31, 2015 (dollars in thousands)	Level 3 Fair Value	Valuation Technique	Significant Unobservable Input	Range (Weighted Average)[1]
Assets measured at fair value on a recurring basis				
Investment Securities Available for Sale:				
Other Investments:				
Trust preferred securities	1,654	Discounted cash flow analysis	Credit spread embedded in discount rate	485-585 bps (535 bps)
			Discount for lack of marketability[2]	0%-10% (0%)
Private equity investments	27,081	Individual analysis of each investee company	Multiple factors, including but not limited to, current operations, financial condition, cash flows, evaluation of business management and financial plans, and recently executed financing transactions related to the investee companies	N/A
Visa derivative liability	1,425	Internal valuation	Estimated future cumulative deposits to the litigation escrow for settlement of the Covered Litigation, and estimated future monthly fees payable to the derivative counterparty	N/A

March 31, 2015 (dollars in thousands)	Level 3 Fair Value	Valuation Technique	Significant Unobservable Input	Range (Weighted Average)[1]
Assets measured at fair value on a non-recurring basis				
Collateral dependent impaired loans	$3,282	Third party appraised value of collateral less estimated selling costs	Discount to appraised value [3] Estimated selling costs	0% - 83% (34%) 0% - 10% (7%)
Other real estate	69,331	Third party appraised value of collateral less estimated selling costs	Discount to appraised value [3] Estimated selling costs	0% - 42% (8%) 0% - 10% (7%)

(1) The range represents management's best estimate of the high and low of the value that would be assigned to a particular input. For assets measured at fair value on a non-recurring basis, the weighted average is the measure of central tendencies; it is not the value that management is using for the asset or liability.
(2) Represents management's estimate of discount that market participants would require based on the instrument's lack of liquidity.
(3) Synovus also makes adjustments to the values of the assets listed above for various reasons, including age of the appraisal, information known by management about the property, such as occupancy rates, changes to the physical conditions of the property, and other factors.

Table of Contents

December 31, 2014 (dollars in thousands)	Level 3 Fair Value	Valuation Technique	Significant Unobservable Input	Range (Weighted Average)[1]
Assets measured at fair value on a recurring basis				
Investment Securities Available for Sale:				
Other Investments:				
Trust preferred securities	1,645	Discounted cash flow analysis	Credit spread embedded in discount rate	600-675 bps (639 bps)
			Discount for lack of marketability[2]	0%-10% (0%)
Private equity investments	27,367	Individual analysis of each investee company	Multiple factors, including but not limited to, current operations, financial condition, cash flows, evaluation of business management and financial plans, and recently executed financing transactions related to the investee companies[2]	N/A
Visa derivative liability	1,401	Internal valuation	Estimated future cumulative deposits to the litigation escrow for settlement of the Covered Litigation, and estimated future monthly fees payable to the derivative counterparty	N/A

December 31, 2014 (dollars in thousands)	Level 3 Fair Value	Valuation Technique	Significant Unobservable Input	Range (Weighted Average)[1]
Assets measured at fair value on a non-recurring basis				
Collateral dependent impaired loans	$28,588	Third party appraised value of collateral less estimated selling costs	Discount to appraised value [2] Estimated selling costs	0%-100% (46%) 0%-10% (7%)
Other loans held for sale	3,411	Third party appraised value of collateral less	Discount to appraised value [2] Estimated selling costs	0%-11% (7%) 0%-10% (7%)

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

(1) The range represents management's best estimate of the high and low end of the value that would be assigned to a particular input. For assets measured at fair value on a non-recurring basis, the weighted average is the measure of central tendencies; it is not the value that management is using for the asset or liability.
(2) Represents management's estimate of discount that market participants would require based on the instrument's lack of liquidity.
(3) Synovus also makes adjustments to the values of the assets listed above for various reasons, including age of the appraisal, information known by management about the property, such as occupancy rates, changes to the physical conditions of the property, pending sales, and other factors.

32

Table of Contents

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

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

Investment Securities Available for Sale

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