SYNOVUS FINANCIAL CORP
Form 10-K
February 28, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

Annual report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2013
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 if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES x NO ¨
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. YES ¨ NO x
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES x NO ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES x NO ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x
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
As of June 30, 2013, the aggregate market value of the registrant's Common Stock held by non-affiliates of the registrant was approximately $2,483,319,017 based on the closing sale price of $2.92 reported on the New York Stock Exchange on June 28, 2013.
As of February 13, 2014, there were 972,411,548 shares of the registrant's Common Stock outstanding.
DOCUMENTS INCORPORATED BY REFERENCE

Incorporated Documents	Form 10-K Reference Locations
Portions of the Proxy Statement for the Annual Meeting of Shareholders to be held April 23, 2014 ("Proxy Statement")	Part III

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SYNOVUS FINANCIAL CORP.

INDEX OF DEFINED TERMS

2013 Notes – Synovus' outstanding 4.875% Senior Notes due February 15, 2013
2017 Notes - Synovus' outstanding 5.125% Senior Notes due February 15, 2017
2019 Senior Notes – Synovus' outstanding 7.875% Senior Notes due February 15, 2019
ALCO – Synovus' Asset Liability Management Committee
ALL – allowance for loan losses
ARRA – American Recovery and Reinvestment Act of 2009
ASC – Accounting Standards Codification
ASU – Accounting Standards Update
AUM – assets under management
Basel III – a global regulatory framework developed by the Basel Committee on Banking Supervision
BHC – bank holding company
BSA/AML – Bank Secrecy Act/Anti-Money Laundering
BOV – broker's opinion of value
bp – basis point (bps - basis points)
CCC – central clearing counterparty
C&D – residential construction and development loans
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.
CAMELS Rating System – A term defined by bank supervisory authorities, referring to Capital, Assets, Management, Earnings, Liquidity, and Sensitivity to Market Risk
CEO – Chief Executive Officer
CFO – Chief Financial Officer
CFPB – Consumer Finance Protection Bureau
CMO – Collateralized Mortgage Obligation
Code – Internal Revenue Code of 1986, as amended
Common Stock – Common Stock, par value $1.00 per share, of Synovus Financial Corp.
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
CPP – U.S. Department of the Treasury Capital Purchase Program
CRE – Commercial Real Estate
DIF – Deposit Insurance Fund
Dodd-Frank Act – The Dodd-Frank Wall Street Reform and Consumer Protection Act
DRR – Dual Risk Rating
DTA – deferred tax asset
EBITDA – earnings before interest, depreciation and amortization
EESA – Emergency Economic Stabilization Act of 2008

EL – expected loss
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.
FHLB – Federal Home Loan Bank
FICO – Fair Isaac Corporation
FIN – Financial Interpretation
FinCEN – The Treasury's financial crimes enforcement network
Financial Stability Plan – A plan established under the EESA which is intended to further stabilize financial institutions and stimulate lending across a broad range of economic sectors
FINRA – Financial Industry Regulatory Authority
FFIEC – Federal Financial Institutions Examination Council
GA DBF – Georgia Department of Banking and Finance
GAAP – Generally Accepted Accounting Principles in the United States of America
GDP – gross domestic product
Georgia Commissioner – Banking Commissioner of the State of Georgia
GSE – government sponsored enterprise
HAP – Home Affordability Program
HELOC – home equity lines of credit
IPO – Initial Public Offering
IRC – Internal Revenue Code of 1986, as amended
IRS – Internal Revenue Service
LGD – loss given default
LIBOR – London Interbank Offered Rate
LIHTC – Low Income Housing Tax Credit
LTV – loan-to-collateral value ratio
MBS – mortgage-backed securities
MOU – Memorandum of Understanding
nm – not meaningful
NOL – net operating loss
NPA – non-performing assets
NPL – non-performing loans
NSF – non-sufficient funds
NYSE – New York Stock Exchange

OCI – other comprehensive income
OFAC – Office of Foreign Assets Control
ORE – other real estate
ORM – Operational Risk Management
OTTI – other-than-temporary impairment
Parent Company – Synovus Financial Corp.
PD – probability of default
POS – point-of-sale
RCSA – Risk Control Self-Assessment
Rights Plan – Synovus' Shareholder Rights Plan dated April 26, 2010, as amended
SAB – SEC Staff Accounting Bulletin
SEC – U.S. Securities and Exchange Commission
Securities Act – Securities Act of 1933, as amended
Series A Preferred Stock – Synovus' Fixed Rate Cumulative Perpetual Preferred Stock, Series A, without par value
Series C Preferred Stock – Synovus' Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series C, $25 liquidation preference
Synovus – Synovus Financial Corp.
Synovus Bank – A Georgia state-chartered bank, formerly known as Columbus Bank and Trust Company, and wholly-owned subsidiary of Synovus, through which Synovus conducts its banking operations
Synovus' 2013 Form 10-K – Synovus' Annual Report on Form 10-K for the year ended December 31, 2013
Synovus Mortgage – Synovus Mortgage Corp., a wholly-owned subsidiary of Synovus Bank
Synovus Trust Company, N. A. – a wholly-owned subsidiary of Synovus Bank
TAGP – Transaction Account Guarantee Program
TARP – Troubled Assets Relief Program
TBA – to-be-announced securities with respect to mortgage-related securities to be delivered in the future (MBSs and CMOs)
TDR – troubled debt restructuring (as defined in ASC 310-40)
Tender Offer – Offer by Synovus to purchase, for cash, all of its outstanding 2013 Notes, which commenced on February 7, 2012 and expired on March 6, 2012
the Treasury – United States Department of the Treasury
tMEDS – tangible equity units, each composed of a prepaid common stock purchase contract and a junior subordinated amortizing note
USA PATRIOT Act – Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism
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
Visa IPO – The IPO of shares of Class A Common Stock by Visa, Inc. on March 25, 2008
Warrant – Issued to the Treasury by Synovus, a warrant to purchase up to 15,510,737 shares of Synovus Common Stock at an initial per share exercise price of $9.36

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Part I

In this Report, the words “Synovus,” “the Company,” “we,” “us,” and “our” refer to Synovus Financial Corp. together with Synovus Bank and Synovus' other wholly-owned subsidiaries, except where the context requires otherwise.

FORWARD-LOOKING STATEMENTS

Certain statements made or incorporated by reference in this Report which are not statements of historical fact, including those under “Management's Discussion and Analysis of Financial Condition and Results of Operations,” and elsewhere in this Report, constitute forward-looking statements within the meaning of, and subject to the protections of, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act. Forward-looking statements include statements with respect to Synovus' beliefs, plans, objectives, goals, targets, expectations, anticipations, assumptions, estimates, intentions and future performance and involve known and unknown risks, many of which are beyond Synovus' control and which may cause Synovus' actual results, performance or achievements or the commercial banking industry or economy generally, to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements.

All statements other than statements of historical fact are forward-looking statements. You can identify these forward-looking statements through Synovus' use of words such as “believes,” “anticipates,” “expects,” “may,” “will,” “assum “predicts,” “could,” “should,” “would,” “intends,” “targets,” “estimates,” “projects,” “plans,” “potential” and other similar wor expressions of the future or otherwise regarding the outlook for Synovus' future business and financial performance and/or the performance of the commercial banking industry and economy in general. Forward-looking statements are based on the current beliefs and expectations of Synovus' management and are subject to significant risks and uncertainties. Actual results may differ materially from those contemplated by such forward-looking statements. A number of factors could cause actual results to differ materially from those contemplated by the forward-looking statements in this document. Many of these factors are beyond Synovus' ability to control or predict. These factors include, but are not limited to:

(1) the risk that competition in the financial services industry may adversely affect our future earnings and growth;

(2) the risk that we may not realize the expected benefits from our efficiency and growth initiatives, which will negatively affect our future profitability;

(3) the risk that we may be required to make substantial expenditures to keep pace with the rapid technological changes in the financial services market;

(4) the risk that our enterprise risk management framework may not identify or address risks adequately, which may result in unexpected losses;

(5) the risk that our allowance for loan losses may prove to be inadequate or may be negatively affected by credit risk exposures;

(6) the risk that any future economic downturn could have a material adverse effect on our capital, financial condition, results of operations and future growth;

(7) the risk that we could realize additional losses if our levels of non-performing assets increase and/or if we determine to sell certain non-performing assets and the proceeds we receive are lower than the carrying value of such assets;

(8) changes in the interest rate environment and competition in our primary market area may result in increased funding costs or reduced earning assets yields, thus reducing margins and net interest income;

(9) the risk that if we pursue acquisitions in the future as part of our growth strategy, we may not be able to complete such acquisitions or successfully integrate bank or nonbank acquisitions into our existing operations;

(10) risks related to a failure in or breach of our operational or security systems of our infrastructure, or those of our third-party vendors and other service providers, including as a result of cyber attacks, which could disrupt our businesses, result in the disclosure or misuse of confidential or proprietary information, damage our reputation, increase our costs or cause losses;

(11) risks related to our reliance on third parties to provide key components of our business infrastructure, including the costs of services and products provided to us by third parties, and risks related to disruptions in service or financial difficulties of a third-party vendor;

(12) the impact on our financial results, reputation, and business if we are unable to comply with all applicable federal and state regulations, board resolutions adopted at the request of our regulators, or other supervisory actions or directives and any necessary capital initiatives;

(13) the impact of the Dodd-Frank Act and other recent and proposed changes in governmental policy, laws and regulations, including proposed and recently enacted changes in the regulation of banks and financial institutions, or the interpretation

or application thereof, including restrictions, increased capital requirements, limitations and/or penalties arising from banking, securities and insurance laws, enhanced regulations and examinations and restrictions on compensation;

(14) the risks that if economic conditions worsen or regulatory capital rules are modified, or the results of mandated "stress testing" do not satisfy certain criteria, we may be required to undertake additional strategic initiatives to improve our capital

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position;

(15) changes in the cost and availability of funding due to changes in the deposit market and credit market, or the way in which we are perceived in such markets, including a further reduction in our credit ratings;

(16) the impact on our borrowing costs, capital costs and our liquidity due to our status as a non-investment grade issuer;

(17) restrictions or limitations on access to funds from historical and alternative sources of liquidity could adversely affect our overall liquidity, which could restrict our ability to make payments on our obligations and our ability to support asset growth and sustain our operations and the operations of Synovus Bank;

(18) the risk that we may be unable to pay dividends on our Common Stock or Series C Preferred Stock;

(19) the risk that for our deferred tax assets, we may be required to increase the valuation allowance in future periods, or we may not be able to realize the deferred tax assets in the future.

(20) the risk that we could have an “ownership change” under Section 382 of the IRC, which could impair our ability to timely and fully utilize our net operating losses and built-in losses that may exist when such “ownership change” occurs;

(21) risks related to recent and proposed changes in the mortgage banking industry, including the risk that we may be required to repurchase mortgage loans sold to third parties and the impact of the “ability to pay” and “qualified mortgage” rules on our loan origination process and foreclosure proceedings;

(22) the costs and effects of litigation, investigations, inquiries or similar matters, or adverse facts and developments related thereto;

(23) risks related to the fluctuation in our stock price;

(24) the effects of any damages to Synovus' reputation resulting from developments related to any of the items identified above; and

(25) other factors and other information contained in this Report and in other reports and filings that we make with the SEC under the Exchange Act, including, without limitation, those found in "Part I - Item 1A.- Risk Factors" of this Report.

For a discussion of these and other risks that may cause actual results to differ from expectations, refer to “Part I - Item 1A. Risk Factors” and other information contained in this Report and our other periodic filings, including quarterly reports on Form 10-Q and current reports on Form 8-K, that we file from time to time with the SEC. All written or oral forward-looking statements that are made by or are attributable to Synovus are expressly qualified by this cautionary notice. You should not place undue reliance on any forward-looking statements since those statements speak only as of the date on which the statements are made. Synovus undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of new information or unanticipated events, except as may otherwise be required by law.

ITEM 1. BUSINESS

Overview

General

Synovus Financial Corp. is a financial services company and a registered bank holding company headquartered in Columbus, Georgia. We provide integrated financial services including commercial and retail banking, financial management, insurance and mortgage services to our customers through 28 locally-branded banking divisions of our wholly-owned subsidiary bank, Synovus Bank, and other offices in Georgia, Alabama, South Carolina, Florida and Tennessee.

Our relationship-driven community banking model is built on creating long-term relationships with our customers. This relationship banking approach allows our bankers to serve their customers' individual needs and demonstrates our commitment to the communities in which we operate. We believe that these factors position us to take advantage of future growth opportunities in our existing markets.

We were incorporated under the laws of the State of Georgia in 1972. Our principal executive offices are located at 1111 Bay Avenue, Suite 500, Columbus, Georgia 31901 and our telephone number at that address is (706) 649-2311.

Our Common Stock is traded on the New York Stock Exchange under the symbol "SNV."

2013 Business Highlights

During 2013, Synovus achieved significant accomplishments as we continued to recover from a challenging economy, the most significant of which was the redemption of our TARP obligations. Our key achievements during 2013 include the following:

- TARP redemption - We redeemed our obligations under TARP on July 26, 2013. Over two-thirds of the TARP redemption was funded by internally available funds, with the balance of the redemption funded by net proceeds of a $185 million Common Stock offering and $130 million Series C Preferred Stock offering.
- Continued profitability - We reported net income for the years ended December 31, 2013 and December 31, 2012 of $118.6 million and $771.5 million, respectively. Results for the year ended December 31, 2012 include an income tax

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benefit of $798.7 million which was primarily due to the reversal of the deferred tax asset valuation allowance.
Pre-tax earnings were $252.6 million for the year ended December 31, 2013 compared to pre-tax earnings of $31.5 million for the year ended December 31, 2012. Total credit costs declined significantly during 2013 and drove the pre-tax earnings improvement for the year.

- Loan growth - Reported loans grew by $516.1 million or 2.6% from a year ago. Excluding the impact of transfers to loans held for sale, charge-offs, and foreclosures, net loan growth was $862.3 million during 2013, compared to net loan growth of $588.8 million in 2012. See "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Financial Measures" of this Report for further information.
- Continued broad-based improvement in credit quality - We continued to improve our credit quality metrics. Non-performing assets declined $163.4 million, or 23.2%, from December 31, 2012. Our NPA ratio was 2.67% as of December 31, 2013 compared to 3.57% a year ago. Additionally, credit costs declined by 72.7% to $118.0 million and the net charge-off ratio declined to 0.69% compared to 2.45% in 2012.
- Continued focus on expense control - We continued to lower expenses. Total reported non-interest expenses for 2013 decreased $74.7 million, or 9.2% from 2012 non-interest expenses of $816.2 million. Adjusted non-interest expense declined $21.8 million, or 3.1% from 2012. This reduction follows a $25.1 million reduction in adjusted non-interest expense for 2012 and a $95.3 million reduction for 2011. See "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Financial Measures" in our 2013 Annual Report for further information.

In addition to these steps to improve operating and financial performance, Synovus continued its emphasis on improving the customer experience for retail and commercial customers. In January 2014, Synovus received 20 national Customer Service Excellence Awards from the 2013 Greenwich Associates Excellence in Middle Market and Small Business Banking program, including recognition in the categories of overall satisfaction, likelihood to recommend, relationship manager performance, personal banking branch satisfaction and customer service.
Management believes that these accomplishments provide momentum for long-term, sustained profitability and growth in 2014 and future periods.
Additional information relating to our business and our subsidiaries, including a detailed description of our operating results and financial condition for 2013, 2012 and 2011, our loan portfolio (by loan type and geography), our credit quality metrics and our deposits is contained below and under "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Report.

Banking Operations

Synovus conducts its banking operations through Synovus Bank. Synovus Bank is a Georgia state-chartered bank. Synovus Bank operates through 28 locally-branded bank divisions throughout Alabama, Florida, Georgia, South Carolina and Tennessee. Synovus Bank offers commercial banking services and retail banking services. Our commercial banking services include cash management, asset management, capital markets services, institutional trust services and commercial, financial and real estate loans. Our retail banking services include accepting customary types of demand and savings deposits accounts; mortgage, installment and other retail loans; investment and brokerage services; safe deposit services; automated banking services; automated fund transfers; Internet based banking services; and bank credit card services, including MasterCard and Visa services.

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As of December 31, 2013, Synovus Bank operated under the following 29 locally-branded bank divisions in the following states:

Table 1 – Bank Divisions	State(s)
CB&T Bank of East Alabama	Alabama
Community Bank & Trust of Southeast Alabama	Alabama
The Bank of Tuscaloosa	Alabama
Sterling Bank	Alabama
First Commercial Bank of Huntsville	Alabama
First Commercial Bank	Alabama
The First Bank of Jasper	Alabama
The Tallahassee State Bank	Florida
Coastal Bank and Trust of Florida	Florida
First Coast Community Bank	Florida
Synovus Bank	Florida
Synovus Bank of Jacksonville	Florida
Columbus Bank and Trust Company	Georgia
Commercial Bank	Georgia
Commercial Bank & Trust Company of Troup County	Georgia
SB&T Bank	Georgia
The Coastal Bank of Georgia	Georgia
First State Bank and Trust Company of Valdosta	Georgia
First Community Bank of Tifton	Georgia
CB&T Bank of Middle Georgia	Georgia
Sea Island Bank	Georgia
Citizens First Bank	Georgia
AFB&T	Georgia
Bank of North Georgia	Georgia
Georgia Bank & Trust	Georgia
NBSC	South Carolina
The Bank of Nashville	Tennessee
Trust One Bank	Tennessee
Cohutta Banking Company	Tennessee and Georgia

Effective January 17, 2014, we sold all four of our Trust One division branches, reducing our number of bank divisions to 28 and our number of branches to 277.

The following chart reflects the distribution of our branch locations as of December 31, 2013, in each of the states in which we conduct banking operations:

Table 2 – Bank Branch Locations	Branches
Georgia	129
Alabama	43
South Carolina	42
Florida	49
Tennessee	18
Total	281

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Major Non-bank Subsidiaries

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

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

Business Development

Synovus has traditionally focused on a strategy that includes expanding and diversifying its franchise in terms of revenues, profitability and asset size while maintaining a community banking, relationship-based approach to banking. This strategy has encompassed both organic growth and acquisitions of complementary banks and financial services businesses. During the 1990's and through 2006, Synovus' growth resulted largely from acquisitions of smaller community banks. As a result of the economic crisis that began in 2008, Synovus has refocused its efforts on initiatives to increase revenue through organic growth, lower its cost structure, reduce its concentration of CRE loans, strengthen its balance sheet and capital position and aggressively reduce non-performing assets.

Lending Activities

Overview

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

Synovus conducts the majority of its lending activities within the framework of its relationship-based approach to banking, built on creating long-term relationships with its customers. The following tables summarize Synovus' loan portfolio by type and by state at December 31, 2013 and 2012.

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Table 3 – Loans by Type	2013		2012	
(dollars in thousands)	Total Loans*	%	Total Loans*	%
Investment properties	$4,566,679	22.8 %	$4,416,481	22.6 %
1-4 family properties	1,163,253	5.8	1,286,042	6.6
Land acquisition	707,820	3.5	795,341	4.0
Total commercial real estate	6,437,752	32.1	6,497,864	33.2
Commercial, financial, and agricultural	5,498,739	27.4	5,291,078	27.1
Owner-occupied	3,814,720	19.0	3,762,024	19.2
Small business	687,216	3.4	516,349	2.6
Total commercial and industrial	10,000,675	49.8	9,569,451	48.9
Home equity lines	1,587,541	7.9	1,542,397	7.9
Consumer mortgages	1,519,068	7.5	1,411,561	7.2
Credit cards	256,846	1.3	263,561	1.4
Other retail loans	284,778	1.4	277,229	1.4
Total retail	3,648,233	18.1	3,494,748	17.9
Deferred fees and costs, net	(28,862)	nm	(20,373)	nm
Total loans, net of deferred fees and costs	$20,057,798	100.0 %	$19,541,690	100.0 %

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

Table 4 – Loans by State	2013		2012	
(dollars in thousands)	Total Loans*	As a % of Total Loan Portfolio	Total Loans*	As a % of Total Loan Portfolio
Georgia	$9,937,125	49.5 %	$10,027,153	51.3 %
Atlanta	3,655,809	18.2	3,443,572	17.6
Florida	2,878,704	14.4	2,716,149	13.9
South Carolina	2,816,932	14.0	2,660,020	13.6
Tennessee	996,758	5.0	1,026,065	5.3
Alabama	3,428,279	17.1	3,112,303	15.9
Consolidated	$20,057,798	100.0 %	$19,541,690	100.0 %

*Loan balance in each category is before net deferred fees and costs and is expressed as a percentage of total loans, net of deferred fees and costs.

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

Underwriting Approach

Recognizing that its loan portfolio is the primary source of revenue, Synovus' management believes that proper and consistent loan underwriting throughout Synovus' banking divisions is critical to Synovus' long-term financial success. Synovus' underwriting approach is designed to effectively govern the degree of assumed risk and ensure that its credit relationships conform to Synovus' overall risk philosophy. Synovus' underwriting standards address collateral requirements; guarantor requirements (including policies on financial statements, tax returns, and limited guarantees); requirements regarding appraisals and their review; loan approval hierarchy; standard consumer and small business credit scoring underwriting criteria (including credit score thresholds, maximum maturity and amortization, loan-to-value limits, global debt service coverage, and debt to income limits); commercial real estate and C&I

underwriting guidelines (including minimum debt service coverage ratio, maximum amortization, minimum equity requirements, maximum loan-to-value ratios); lending limits; and credit approval authorities. Additionally, Synovus utilizes an enhanced loan concentration policy to limit and manage its exposure to certain loan concentrations, including commercial real estate. The enhanced loan concentration policy provides a more detailed program for portfolio risk management and reporting including limits on commercial real estate loans as a percentage of risk-based capital (in the aggregate and by loan type), large

borrower concentration limits and monitoring, as well as portfolio mix monitoring. Synovus' underwriting process is structured to require oversight that is proportional to the size and complexity of the lending relationship.
Synovus utilizes a tiered credit approval process requiring all loans to be approved by concurring bank officers. Larger loans are approved by more senior bank officers as well as an independent senior credit officer, with the largest loans requiring approval of Synovus Bank's Credit Committee, which is comprised of the Chief Credit Officer, the Chief Banking Officer, the Chief Commercial Banking Officer, and other key executives of Synovus Bank. The centralized underwriting policy and philosophy also provides a structured, conservative approach to lending. For instance, loan-to-value limits on certain credits are lower than regulatory requirements, large borrower concentration limits are explicit, and bank division lending limits are lower than before the credit crisis. Furthermore, Synovus has established across all of its banking divisions more stringent underwriting requirements on certain types of commercial real estate lending, including loans for the purpose of financing shopping centers and hotels.

Commercial and Industrial (C&I) Loan Portfolio

The C&I loan portfolio represents the largest category of Synovus' total loan portfolio. Synovus' C&I loan portfolio is currently concentrated on small to middle market commercial and industrial lending disbursed throughout a diverse group of industries in the Southeast, including health care, finance and insurance, manufacturing, construction, real estate leasing and retail trade. The portfolio is relationship focused and, as a result, Synovus' lenders have in-depth knowledge of the borrowers, most of which have guaranty arrangements. C&I loans are primarily originated through Synovus' local market banking divisions and made to commercial customers primarily to finance capital expenditures, including real property, plant and equipment, or as a source of working capital. At December 31, 2013, 38.1% of Synovus' total C&I loans represented loans for the purpose of financing owner-occupied properties. The primary source of repayment on these C&I loans is revenue generated from products or services offered by the borrower's business. The secondary source of repayment on these C&I loans is the real estate securing such loans. In accordance with Synovus' uniform lending policy, each loan undergoes a detailed underwriting process, which incorporates the uniform underwriting approach, procedures and evaluations described above. Approximately 92% of Synovus' C&I loans are secured by real estate, business equipment, inventory, and other types of collateral. Total C&I loans at December 31, 2013 were $10.00 billion, or 49.8%, of the total loan portfolio.
C&I lending is a key component of Synovus' growth and diversification strategy. Synovus has actively invested in additional expertise, product offerings, and product quality to provide its commercial and industrial clients with increased and enhanced product offerings and customer service. Complementing this investment in C&I growth, Synovus' management continues to focus on streamlining and enhancing Synovus' existing product lines, especially for traditional retail, small business and professional services customers.
The Corporate Banking Group provides lending solutions to larger corporate clients and includes specialty units such as syndications, senior housing, and equipment finance. These units partner with Synovus' local bankers to build relationships across the five-state footprint, as well as the southeastern and southwestern United States. To date, loan syndications consist primarily of loans where Synovus is participating in the credit (versus being the lead bank). Senior housing loans are typically extended to borrowers in the assisted living or skilled nursing facilities sectors. The Corporate Banking Group also originates loans and participates in loans to well-capitalized public companies and larger private companies that operate in the five-state footprint as well as other states in the Southeast. The Equipment Financing Group was formed in 2013 and is expected to drive revenue growth with small, middle, and large commercial banking customers. The formation of this group further strengthens the equipment financing line of business and signals Synovus' continued commitment to offer a broad range of expertise, products, and services to commercial customers.

Commercial Real Estate Loan Portfolio

Synovus' commercial real estate loans consist of investment property loans, residential construction and development loans, land acquisition loans, and 1-4 family perm/mini-perm loans. As is the case with Synovus' C&I loans, the commercial real estate loans are primarily originated through Synovus Bank's local market banking divisions. Total commercial real estate loans as of December 31, 2013 were $6.44 billion, or 32.1%, of the total loan portfolio.

Investment Property Loans

Synovus' investment property loans are primarily made to finance multi-family properties, hotels, office buildings, shopping centers, warehouses and other commercial development properties. Synovus' investment property portfolio is well diversified with no concentration by property type, geography (other than the fact that most of these loans are in Synovus' primary market areas of Georgia, Alabama, Tennessee, South Carolina, and Florida) or tenants. These loans are generally recourse in nature with short-term maturities (3 years or less), allowing for restructuring opportunities which reduces Synovus' overall risk exposure. The investment property loans are primarily secured by the property being financed by the loans; however, they may also be secured by real estate or other assets beyond the property being financed. Investment property loans are subject to the same uniform lending policies and procedures described above, although such loans have historically been underwritten with stressed interest rates and

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vacancies. All investment property loans of $1 million or more are reviewed semi-annually to more closely monitor the performance of the portfolio. Total investment property loans as of December 31, 2013 were $4.57 billion, or 22.8%, of the total portfolio.

Residential Construction and Development and Land Acquisition Loans

The residential construction and development loans and land acquisition loans are almost always secured by the underlying property being financed by such loans. These properties are primarily located in the markets served by Synovus. These loans are generally subject to the same uniform lending policies and procedures described above. Land acquisition loans have a maximum loan-to-value limit which is aligned with regulatory requirements. Synovus has maintained the maximum loan-to-value limit for residential construction and development loans to levels more stringent than the current regulatory guidelines. At December 31, 2013, these loans were $1.03 billion, or 16.1%, of the total commercial real estate loan portfolio, compared to $1.22 billion or 18.7% of the total commercial real estate portfolio at December 31, 2012.

1-4 Family Perm/Mini-Perm Loans

1-4 family perm/mini-perm loans are almost always secured by the underlying property being financed by such loans. These properties are primarily located in the markets served by Synovus. These loans are subject to the same uniform lending policies and procedures described above. Additionally, underwriting standards for these types of loans include stricter approval requirements as well as more stringent underwriting standards than current regulatory guidelines. At December 31, 2013, these loans totaled $836.3 million, or 13.0% of the total commercial real estate portfolio.

Retail Loan Portfolio

Synovus' retail loan portfolio consists of a wide variety of loan products offered through its banking network, including residential mortgages, home equity lines, credit card loans, and other retail loans. These various types of secured and unsecured retail loans are marketed to qualifying existing clients and to other creditworthy candidates in Synovus' market area. The majority of Synovus' retail loans are consumer mortgages secured by first and second liens on residential real estate primarily located in the markets served by Synovus in Georgia, Florida, South Carolina, Alabama, and Tennessee. Total retail loans as of December 31, 2013 were $3.65 billion, or 18.1%, of the total loan portfolio.

In accordance with Synovus' lending policy, each loan undergoes a detailed underwriting process which incorporates uniform underwriting standards and oversight that is proportional to the size and complexity of the lending relationship. Retail loans are subject to the same uniform lending policies referenced above and consist primarily of loans with strong borrower credit scores (weighted average FICO scores within the retail residential real estate portfolio were 768 and 757 (HELOC), respectively, and 720 and 735 (Consumer Mortgages), respectively, at December 31, 2013 and 2012), conservative debt-to-income ratios (average HELOC debt-to-income ratio of 28.6% and 27.1%, respectively, at December 31, 2013 and 2012), utilization rates (total amount outstanding as a percentage of total available lines) of approximately 61.3% and 61.7%, respectively, at December 31, 2013 and 2012, and loan-to-value ratios based upon prudent guidelines to ensure consistency with Synovus' overall risk philosophy. Apart from credit card loans and unsecured loans, Synovus does not originate loans with LTV ratios greater than 100% at origination except for infrequent situations provided that certain underwriting requirements are met. Additionally, at origination, loan maturities are determined based on the borrower's ability to repay (cash flow or earning power of the borrower that represents the primary source of repayment) and the collateralization of the loan, including the economic life of the asset being pledged. Collateral securing these loans provides a secondary source of repayment in that the collateral may be liquidated. Synovus determines the need for collateral on a case-by-case basis. Factors considered include the purpose of the loan, current and prospective credit-worthiness of the customer, terms of the loan, and economic conditions.

Mortgage Banking

Synovus originated residential mortgage loans with originations totaling $1.15 billion in 2013. Synovus offers various types of fixed-rate and adjustable-rate loans for the purpose of purchasing, refinancing or constructing residential properties. The majority of the originated loans are conforming mortgage loans for owner-occupied properties. Conforming loans are loans that are underwritten in accordance with the underwriting standards set forth by government sponsored entities such as the Federal National Mortgage Association and the Federal Home Loan

Mortgage Corporation. These loans are generally collateralized by one-to-four-family residential real estate properties and are made to borrowers in good credit standing.

The majority of mortgage loans originated by Synovus are sold to third-party purchasers on a servicing released basis, without recourse, or continuing involvement. Each purchaser of our mortgage loans has specific guidelines and criteria for sellers of loans, and the risk of credit loss with regard to the principal amount of the loans sold is generally transferred to the purchasers upon sale. While the loans are sold without recourse, the purchase agreements require Synovus to make certain representations and warranties regarding the existence and sufficiency of file documentation and the absence of fraud by borrowers or other third parties such as appraisers in connection with obtaining the loan. If it is determined that the loans sold were in breach of these representations or warranties, Synovus has obligations to either repurchase the loan for the unpaid principal balance and related investor fees or make the purchaser whole for the economic benefits of the loan. To date, Synovus has experienced minimal repurchase activity in its

consumer mortgage lending operations. Additionally, foreclosure activity in the home equity and consumer mortgage loan portfolios has been low.

See “Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Mortgage Banking” and "Part I - Item 1A. Risk Factors - We may be required to repurchase mortgage loans or indemnify mortgage loan purchasers as a result of breaches of representations and warranties, borrower fraud, or certain borrower defaults, which could harm our liquidity, results of operations and financial condition." of this Report for a more detailed discussion of Synovus' obligations with respect to the mortgage loans it sells to third-party purchasers and Synovus' mortgage loan foreclosure practices and risks related to our mortgage loan operations.

Other Loans Held for Sale Portfolio

With the exception of certain first lien residential mortgage loans, Synovus originates loans with the intent to hold those loans for the foreseeable future. Loans or pools of distressed loans are transferred to the other loans held for sale portfolio when management makes the decision to sell specifically identified loans. The value of the loans or pools of loans is primarily determined by analyzing the underlying collateral of the loan and the anticipated market prices of similar assets less estimated costs to sell. At the time of transfer, if the fair value less selling costs is less than the carrying amount of the specific loans, with such difference generally being attributable to declines in credit quality, the shortfall is recorded as a charge-off against the allowance for loan losses. At December 31, 2013 the carrying value of other loans held for sale was $10.7 million.

Credit Quality

Synovus continuously monitors credit quality and maintains an allowance for loan losses that management believes is sufficient to absorb probable and estimable losses inherent in the loan portfolio. Synovus continues to address problem assets and reduce future exposures through its asset disposition strategy, which centers around the disposition of distressed assets, as a proactive measure in managing the loan portfolio and overall credit quality and concentrations. Net charge-offs recorded during the three years ended December 31, 2013 related to asset dispositions were approximately $475 million. For a more detailed discussion of Synovus' credit quality, see “Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Credit Quality” of this Report for further information.

Monitoring of Collateral

Synovus' loan portfolio and the collateral securing such loans is predominately located in a five state market consisting of Georgia, Florida, South Carolina, Alabama, and Tennessee. C&I loans represent 49.8% of the total loan portfolio at December 31, 2013. These loans are predominately secured by owner-occupied and other real estate. Other types of collateral securing these loans consist primarily of marketable equipment, marketable inventory, accounts receivable, equity and debt securities, and time deposits. Total commercial real estate loans represent 32.1% of the total loan portfolio at December 31, 2013. These loans are primarily secured by commercial real estate, including 1-4 family properties, land, and investment properties. The collateral generally consists of the property being financed by the loans; however, collateral may also include real estate or other assets beyond the property being financed. Retail loans at December 31, 2013 totaled $3.65 billion, or 18.1%, of the total loan portfolio. Of this amount, $3.11 billion consists of consumer mortgages secured by first and second liens on residential real estate. Credit card loans represent $256.8 million of this amount and these loans are generally unsecured. Other retail loans represent $284.8 million of this amount, and they are primarily secured by collateral consisting of marketable securities, automobiles, time deposits, and cash surrender value of life insurance.

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

It is the Company's policy to obtain, on a periodic basis, an updated appraisal from an independent, unaffiliated certified or licensed appraiser for loan relationships of $1 million and over when at least one of the loans in the relationship is on non-accrual status. For relationships under $1 million, while independent appraisals are not mandated by the Company's policies, management will obtain such appraisals when considered prudent. For credits that are not on impaired status, Synovus generally obtains an unaffiliated third-party appraisal of the value of the real estate collateral prior to each loan renewal. Additionally, if conditions warrant (e.g., loans that are not considered impaired but exhibit a higher or potentially higher risk), Synovus engages an unaffiliated appraiser to reappraise the value of the collateral on a more frequent basis. Examples of circumstances that could warrant a new appraisal on an existing performing credit include instances in which local market conditions where the real estate collateral is located have deteriorated, the collateral has experienced damage (fire, wind damage, etc.), the lease or sell-out of the collateral has not met the original projections, and the net operating income of the collateral has declined. In circumstances where the

collateral is no longer considered sufficient, Synovus seeks to obtain additional collateral. Examples of adjustments made quarterly to appraised values include broker's commission, unpaid real estate taxes, attorney's fees, other estimated costs to dispose of the property, known damage to the property, known declines in the net operating income of the property or rent rolls, as well as third-party market data.

Loan Guarantees

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

Synovus evaluates the financial ability of a guarantor through an evaluation of the guarantor’s current financial statements, income tax returns for the two most recent years, as well as financial information regarding a guarantor’s business or related interests. In addition, to validate the support that a guarantor provides relating to a commercial real estate loan, Synovus analyzes both substantial assets owned by the guarantor to ensure that the guarantor has the necessary ownership interest and control over these assets to convert to cash, and the global cash flow of the guarantor. For loans that are not considered impaired, the allowance for loan losses is determined based on the risk rating of each loan. The risk rating incorporates a number of factors, including guarantors. If a loan is impaired, with certain limited exceptions, a guarantee is not considered in determining the amount to be charged-off.

With certain limited exceptions, Synovus seeks performance under guarantees in the event of a borrower’s default. However, due to the recent economic conditions, and based on the fact that a majority of Synovus’ distressed credits are commercial real estate credits, Synovus’ success in recovering amounts due under guarantees has been limited.

Unsecured Loans

At December 31, 2013, Synovus had unsecured loans totaling $805.4 million, which represents approximately 5% of total loans. This segment of our portfolio includes $256.8 million in credit card loans and approximately $548 million in commercial loans to borrowers that are primarily in the manufacturing, insurance, financial services, utilities, and religious organization sectors.

Provision for Loan Losses and Allowance for Loan Losses

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

The allowance for loan losses is a significant estimate and is regularly evaluated by Synovus for accuracy and consistency between the changes in the allowance for loan losses with the credit trends and credit events in the loan portfolio. The allowance for loan losses is determined based on an analysis which assesses the inherent risk for probable losses within the loan portfolio. Significant judgments and estimates are necessary in the determination of the allowance for loan losses. Significant judgments include, among others, loan risk ratings and classifications, the determination and measurement of impaired loans, the timing of loan charge-offs, the probability of loan defaults, the net loss exposure in event of loan defaults, qualitative loss factors, management's plans, if any, for disposition of certain loans as well as other qualitative considerations.

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

Non-performing Assets and Past Due Loans

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

has aggressively disposed of non-performing assets over the last several years. While Synovus still has an elevated level of non-performing assets, Synovus' total non-performing assets of $539.6 million at December 31, 2013 declined $740.7 million or 57.9% since 2010.

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

Investment Activities

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

Our investment strategy focuses on the use of the investment securities portfolio to generate interest income and to assist in the management of interest rate risk. Synovus also utilizes a significant portion of its investment portfolio to secure certain deposits and other liabilities requiring collateralization. At December 31, 2013, $2.38 billion of these investment securities were pledged as required collateral for certain deposits, securities sold under repurchase agreements, and payment network arrangements. As such, the investment securities are primarily mortgage-backed securities issued by U.S. government agencies and U.S. GSEs, both of which have a high degree of liquidity and limited credit risk. A mortgage-backed security depends on the underlying pool of mortgage loans to provide a cash flow pass-through of principal and interest. At December 31, 2013, all of the collateralized mortgage obligations and mortgage-backed pass-through securities held by Synovus were issued or backed by federal agencies or GSEs.

Funding Activities

Liquidity represents the extent to which Synovus has readily available sources of funding to meet the needs of depositors, borrowers, and creditors, to support asset growth, and to otherwise sustain operations of Synovus and its subsidiary, Synovus Bank, at a reasonable cost, on a timely basis, and without adverse consequences. Deposits represent the largest source of funds for lending and investing activities. Scheduled payments, as well as prepayments, from our loan and investment portfolios also provide a stable source of funds. Additional funding sources which provide liquidity include FHLB advances, brokered deposits and other short-term borrowed funds, as well as through equity and debt issued through the capital markets, including our recent public offerings. Synovus' ALCO, operating under liquidity and funding policies approved by the Board of Directors, actively analyzes contractual and anticipated cash flows in order to properly manage Synovus' liquidity position. Following is a brief description of the various sources of funds used by Synovus. For further discussion relating to Synovus' funding sources, see “Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Deposits,” “Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity” and "Part II - Item 8. Financial Statements and Supplementary Data - Note 12 - Long-term Debt and Short-term Borrowings" of this Report.

Deposits

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

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

Borrowed Funds and Non-Deposit Liquidity

Synovus' ability to borrow funds from non-deposit sources provides additional flexibility in meeting the liquidity needs of Synovus. Synovus generates non-deposit liquidity through scheduled payments and prepayments of loans and investment securities and access to sources of funds other than deposits. Synovus Bank has the capacity to access

funding through its membership in the FHLB. At December 31, 2013, Synovus Bank had access to incremental funding, subject to available collateral and FHLB credit policies, through utilization of FHLB advances.

In addition to bank level liquidity management, Synovus must manage liquidity at the Parent Company level for various needs including potential capital infusions into subsidiaries, the servicing of debt, and the payment of dividends on our Common Stock and Series C Preferred Stock. The primary source of liquidity for Synovus has historically consisted of dividends from its subsidiaries, including Synovus Bank, which is governed by certain rules and regulations of the GA DBF and the FDIC.

Synovus received $680.0 million in dividends from Synovus Bank in 2013 but did not receive any dividends from Synovus Bank during 2012 and 2011. Synovus' ability to receive dividends from Synovus Bank in future periods will depend on a number

of factors, including, without limitation, Synovus Bank's future profits, asset quality, liquidity and overall condition. In addition, under a resolution adopted by its Board, Synovus Bank is currently prohibited from paying any cash dividends to the Parent Company without regulatory approval, and GA DBF rules and related statutes contain additional restrictions on payments of dividends by Synovus Bank. See "Part I - Item 1. Business - Supervision, Regulatory and Other Factors - Dividends" and "Part I - Item 1A. Risk Factors - We may be unable to pay dividends on our Common Stock and Preferred Stock" of this Report for further information.

Synovus has applied for regulatory approval to allow Synovus Bank to pay dividends during 2014. If Synovus does not receive dividends from Synovus Bank in 2014, its liquidity could be adversely affected. In addition to dividends from Synovus Bank, we have historically had access to a number of alternative sources of liquidity, including the capital markets, but there is no assurance that we will be able to obtain such liquidity on terms that are favorable to us, or at all. If our access to these traditional and alternative sources of liquidity is diminished or only available on unfavorable terms, then our overall liquidity and financial condition could be adversely affected. See “Part I - Item 1A. Risk Factors - “Changes in the cost and availability of funding due to changes in the deposit market and credit market, or the way in which we are perceived in such markets, may adversely affect our capital resources, liquidity and financial results.” and “Our status as a non-investment grade issuer could increase the cost of our funding from the capital markets and impact our liquidity.” and “Part II - Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Liquidity” of this Report for further information.

Enterprise Risk Management

As a financial services organization, Synovus accepts a certain degree of risk with each business decision it makes. Risk management does not eliminate risk, but seeks to achieve an appropriate balance between risk and return, which is critical to optimizing shareholder value. Understanding our risks and managing them appropriately can enhance our ability to make better decisions, deliver on objectives, and improve performance. A risk management framework has been established within Synovus, which begins with the Board of Directors, working primarily with the Risk Committee of the Board. The Risk Committee fulfills the overarching oversight role for the risk management process, including approval of risk tolerance levels and risk policies and limits, monitoring key and emerging risks and reviewing risk assessments. The Chief Risk Officer reports to the Chief Executive Officer and provides overall vision, direction and leadership regarding our enterprise risk management framework.

The risk management framework includes an Executive Risk Committee, chaired by the Chief Risk Officer, that consists of all Synovus' corporate executive officers and the Senior Director of Enterprise Risk. The committee meets regularly to monitor Synovus' key and emerging risks and ensures that these risks are effectively managed, assesses capital relative to the Company's risk appetite, and oversees new and modified products and services. Senior management risk committees oversee the various risk types within the Company as shown below and provide minutes of activities and decisions to the Board of Directors. These committees are responsible for ensuring effective risk measurement and management in their respective areas of authority. The Chief Risk Officer is an active member of each of these management risk committees.

- ALCO -Interest Rate/Market Risk and Liquidity Risk
- Credit Risk Committee - Credit Risk
- Regulatory Compliance Risk Committee - Compliance Risk
- Operational Risk Committee - Operational Risk
- Strategic Risk Committee - Reputational Risk, Litigation Risk, and Strategic Risk

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

customers, keep pace with technological changes, and develop new products and services.

ALCO

ALCO monitors Synovus' economic, competitive, and regulatory environment and is responsible for measuring, monitoring, and reporting on liquidity and funding risk, interest rate risk, and market risk and has the authority to create policies relative to these risks. ALCO, operating under liquidity and funding policies approved by the Board of Directors, actively analyzes contractual and anticipated cash flows in order to properly manage Synovus' liquidity position. Operating under interest rate risk policies approved by the Board of Directors, ALCO analyzes the interest rate sensitivity of Synovus and develops and implements strategies to improve balance sheet structure and interest rate risk positioning. See “Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity” and “Item 7A. Qualitative and Quantitative Disclosures about Market Risk” in this Report for further information.

Credit Risk

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

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

Synovus has established the ALL Oversight Council to review and approve the adequacy of the allowance and ALL methodology. The ALL Oversight Council includes the Chief Risk Officer, Chief Credit Officer, Chief Financial Officer, Chief Accounting Officer, the Senior Director of Enterprise Risk Management, and the Senior Director of Loan Review. The Council meets at least on a quarterly basis. The allowance adequacy and the ALL methodology are reviewed by the Audit Committee of the Board of Directors on at least a quarterly basis. The Model Risk Management department reviews the ALL methodology on an annual basis and prior to implementation of model changes.

Synovus maintains a centralized Retail Lending Center, reporting to the Chief Community Banking Officer where Consumer loans are centrally processed, scored, and analyzed. This structure enhances the control environment, drives efficiencies, and provides a more consistent overall customer experience.

Compliance Risk

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

The Regulatory Compliance Risk Committee was formed to assist the Board and management in overseeing the management of overall compliance risk, development and implementation of policy, and ensuring that compliance issues are resolved effectively and expeditiously. The Committee is made up of senior management from the business lines, risk management, legal, human resources, and compliance functions and specifically provides oversight for the Corporate Compliance Policy and Programs, including UDAAP, Fair Lending, and BSA/AML Policy and Programs and compliance examination exceptions throughout the Company. Written policies contain the principles to be followed by management and staff of the banking divisions, subsidiaries and business lines throughout the Company and explain and direct the processes by which risks are identified and managed. The individual policies guide the Company's compliance functions and provide for monitoring, training, and risk assessments.

Operational Risk

Synovus aims to minimize and mitigate unexpected loss through a proactive and structured approach to operational risk management. The Operational Risk Committee is responsible for providing oversight of the operational risk

function to ensure there are effective processes to assess, monitor and mitigate operational risk. Additionally, the Operational Risk Committee is the approval vehicle for the ORM Framework. Specific responsibilities include (1) providing a forum for addressing operational issues that require coordination and/or cooperation of multiple operational groups; (2) the identification and prioritization of operational risk initiatives; (3) the review of significant operational risk exposures and their conformance to Synovus' stated operational risk objectives; (4) assembling ad hoc committees to address key areas of operational risk identified by the committee and (5) annually reviewing the risk metrics for ongoing pertinence to the risk management framework.

Business Units and Support Functions are accountable for ensuring that the Operational Risk Management Policy is properly communicated and understood within their respective organizational units. Business Units are also responsible for identifying and

reporting operational risk trends that require resolution, participating in risk assessments, responding to changes in risk metrics and to implement corrective actions and new risk solutions (policies, technology, process change, personnel).

ORM has developed an array of program tools to assist business units in effectively managing operational risk. The program tools will ensure standardized implementation of the ORM Framework across the enterprise. ORM Program tools include Risk Control Self-Assessment (RCSA), Issue Tracking, Loss Data Management and Incident Response.

Strategic Risk

The Strategic Risk Committee is charged with identifying key strategic risks which might threaten the strategic direction and/or long-term viability of Synovus, bringing those risks to the attention of the appropriate Synovus decision-making body, and ensuring Synovus puts in place activities designed to address those risks. This committee is made up of all members of executive management, who look beyond their functional areas of responsibility and take a holistic view of the organization and the environment in which it operates.

Competition

The financial services industry is highly competitive and could become more competitive as a result of recent and ongoing legislative, regulatory and technological changes, and continued consolidation and economic turmoil within the financial services industry. The ability of nonbanking financial institutions to provide services previously limited to commercial banks also has intensified competition. Our bank subsidiary and wholly-owned non-bank subsidiaries compete actively with national and state banks, savings and loan associations and credit unions and other nonbank financial institutions, including securities brokers and dealers, investment advisory firms, mortgage companies, insurance companies, trust companies, finance companies, leasing companies, mortgage companies and certain governmental agencies, all of which actively engage in marketing various types of loans, deposit accounts and other financial services. These competitors have been successful in developing products that are in direct competition with or are alternatives to the banking services offered by traditional banking institutions. Our ability to deliver strong financial performance will depend in part on our ability to expand the scope of, and effectively deliver, products and services, which will allow us to meet the changing needs of our customers. However, we often compete with much larger national and regional banks that have more resources than we do to deliver new products and services and introduce new technology to enhance the customer experience. See "Part I - Item IA. Risk Factors -"Competition in the financial services industry may adversely affect our future earnings and growth."

As of December 31, 2013, we were the second largest bank holding company headquartered in Georgia, based on assets. Customers for financial services are generally influenced by convenience, quality of service, personal contacts, price of services and availability of products. Although our market share varies in different markets, we believe that our community-focused relationship banking approach enables us to compete effectively with other banks and thrifts in their relevant market areas.

Employees

As of December 31, 2013, Synovus had 4,696 employees compared to 4,963 employees at December 31, 2012.

Supervision, Regulation and Other Factors

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

General

Bank holding companies and financial holding companies are subject to supervision and regulation by the Board of Governors of the Federal Reserve System under the Bank Holding Company Act. In addition, the GA DBF regulates holding companies that own Georgia-charted banks under the bank holding company laws of the State of Georgia. Synovus Bank, which is not a member of the Federal Reserve System, is subject to primary regulation and examination by the Federal Deposit Insurance Corporation, which we refer to as the FDIC, and by its state banking

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

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In addition, the Dodd-Frank Act, which is discussed in greater detail below, established the CFPB, a new federal agency with broad authority to regulate the offering and provision of consumer financial products. Rulemaking authority for a range of consumer financial protection laws (such as the Truth in Lending Act, the Electronic Funds Transfer Act and the Real Estate Settlement Procedures Act) transferred from the prudential regulators to the CFPB on July 21, 2011. The CFPB has the authority to supervise and examine depository institutions with more than $10 billion in assets for compliance with these federal consumer laws. The authority to supervise and examine depository institutions with $10 billion or less in assets for compliance with federal consumer laws remained largely with those institutions' primary regulators. However, the CFPB may participate in examinations of these smaller institutions on a "sampling basis" and may refer potential enforcement actions against such institutions to their primary regulators. The CFPB also has regulatory and examination authority over certain nonbank institutions that offer consumer financial products. The Dodd-Frank Act identifies a number of covered nonbank financial institutions, and also authorizes the CFPB to identify additional institutions that will be subject to its jurisdiction.

Permitted Activities

Under the Bank Holding Company Act, a bank holding company is generally permitted to engage in, or acquire direct or indirect control of more than 5 percent of the voting shares of, any company engaged in the following activities:

- banking or managing or controlling banks;
- furnishing services to or performing services for our subsidiaries; and
- any activity that the Federal Reserve Board determines to be so closely related to banking as to be a proper incident to the business of banking, including:
- factoring accounts receivable;
- making, acquiring, brokering or servicing loans and usual related activities;
- leasing personal or real property;
- operating a non-bank depository institution, such as a savings association;
- performing trust company functions;
- providing financial and investment advisory activities;
- conducting discount securities brokerage activities;
- underwriting and dealing in government obligations and money market instruments;
- providing specified management consulting and counseling activities;
- performing selected data processing services and support services;
- acting as agent or broker in selling credit life insurance and other types of insurance in connection with credit transaction;
- performing selected insurance underwriting activities;
- providing certain community development activities (such as making investments in projects designed primarily to promote community welfare); and
- issuing and selling money orders and similar consumer-type payment instruments.

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

Under the Bank Holding Company Act, a bank holding company may file an election with the Federal Reserve Board to be treated as a financial holding company and engage in an expanded list of financial activities. The election must be accompanied by a certification that the company's insured depository institution subsidiary is "well capitalized" and "well managed." Additionally, the Community Reinvestment Act of 1977 rating of the bank holding company's subsidiary bank(s) must be satisfactory or better. We have made such an election and are treated as a financial holding company. As such, we may engage in activities that are financial in nature or incidental or complementary to financial activities, including insurance underwriting, securities underwriting and dealing, and making merchant banking investments in commercial and financial companies. If our banking subsidiary ceases to be "well capitalized" or "well managed" under applicable regulatory standards, the Federal Reserve Board may, among other things, place limitations on our ability to conduct these broader financial activities or, if the deficiencies persist, require us to divest the

banking subsidiary. In addition, if our banking subsidiary receives a rating of less than satisfactory under the Community Reinvestment Act, we would be prohibited from engaging in any additional activities other than those permissible for bank holding companies that are not financial holding companies. If, after becoming a financial holding company and undertaking activities not permissible for a bank holding company, the company fails to continue to meet any of the prerequisites

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for financial holding company status, including those described above, the company must enter into an agreement with the Federal Reserve Board to comply with all applicable capital and management requirements. If the company does not return to compliance within 180 days, the Federal Reserve may order the company to divest its subsidiary bank or the company may discontinue or divest investments in companies engaged in, activities permissible only for a bank holding company that has elected to be treated as a financial holding company.

Actions by Federal and State Regulators

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

In addition, as disclosed in 2009, we were previously subject to an MOU with the Federal Reserve Bank of Atlanta and the Georgia Commissioner, and Synovus Bank was also previously subject to an MOU with the Georgia Commissioner and the FDIC. These MOUs were put in place as a result of losses that we had incurred during the economic downturn and due to our high level of credit losses and non-performing assets incurred. Pursuant to these MOUs we agreed to implement plans that were intended to, among other things, minimize credit losses and reduce the amount of our distressed assets, limit and manage our concentrations in commercial loans, improve our credit risk management and related policies and procedures, address liquidity management and current and future capital requirements, strengthen enterprise risk management practices, and provide for succession planning for key corporate and regional management positions and our board of directors. Both MOUs were terminated in the second quarter of 2013 and replaced with resolutions adopted by our Board of Directors and Synovus Bank’s Board of Directors. These board resolutions relate to, among other things, continued emphasis on improving asset quality and maintaining strong levels of capital and liquidity.

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

Change in Control

Subject to certain exceptions, the Bank Holding Company Act and the Change in Bank Control Act, together with regulations promulgated there under, require Federal Reserve Board approval prior to any person or company acquiring “control” of a bank or bank holding company. Control is conclusively presumed to exist if an individual or company acquires 25 percent or more of any class of voting securities, and rebuttably presumed to exist if a person acquires 10 percent or more, but less than 25 percent, of any class of voting securities and either the company has registered securities under Section 12 of the Exchange Act or no other person owns a greater percentage of that class of voting securities immediately after the transaction. In certain cases, a company may also be presumed to have control under the Bank Holding Company Act if it acquires 5 percent or more of any class of voting securities. Our Common Stock is registered under Section 12 of the Exchange Act.

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

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Standards for Safety and Soundness

The Federal Deposit Insurance Act requires the federal bank regulatory agencies to prescribe, by regulation or guideline, operational and managerial standards for all insured depository institutions relating to: (1) internal controls; (2) information systems and audit systems; (3) loan documentation; (4) credit underwriting; (5) interest rate risk exposure; and (6) asset quality. The agencies also must prescribe standards for asset quality, earnings, and stock valuation, as well as standards for compensation, fees and benefits. The federal banking agencies have adopted regulations and Interagency Guidelines Prescribing Standards for Safety and Soundness to implement these required standards. These guidelines set forth the safety and soundness standards used to identify and address problems at insured depository institutions before capital becomes impaired. Under the regulations, if a regulator determines that a bank fails to meet any standards prescribed by the guidelines, the regulator may require the bank to submit an acceptable plan to achieve compliance, consistent with deadlines for the submission and review of such safety and soundness compliance plans.

Dividends

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

Under the Federal Reserve Board guidance reissued on February 24, 2009, the Federal Reserve may restrict our ability to pay dividends on any class of capital stock or any other Tier 1 capital instrument if we are not deemed to have a strong capital position. In addition, we may have to reduce or eliminate dividends if:

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

On November 17, 2010, the Federal Reserve Board issued further guidance noting, among other things, that bank holding companies should consult with the Federal Reserve before taking any actions that could result in a diminished capital bases, including increasing dividends.

As a result of the board resolutions that are described above and in “Item A. Risk Factors - We may become subject to supervisory actions and enhanced regulation that could have a material negative effect on our business, reputation, operating flexibility, financial condition and the value of our Common Stock and Preferred Stock.” in this Report, we are required to inform and consult with applicable regulatory agencies in advance of declaring or paying any future dividends on our capital stock, including our Common Stock and Series C Preferred Stock, with the understanding that those regulatory agencies could decide at any time that paying any dividends could be an unsafe or unsound banking practice. The Federal Reserve Board has indicated that bank holding companies should carefully review their dividend policy and has in some cases discouraged payment unless both asset quality and capital are very strong. In addition, pursuant to the terms of the Synovus Bank board resolutions that are described above, Synovus Bank cannot pay any cash dividends without the approval of the FDIC and the Georgia Commissioner. Additionally, we are subject to contractual restrictions that limit our ability to pay dividends if there is an event of default under such contract.

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

- the ratio of Tier 1 capital to adjusted total assets is less than 6 percent;

•the aggregate amount of dividends to be declared or anticipated to be declared during the current calendar year exceeds
50 percent of its net after-tax profits for the previous calendar year; or
•its total classified assets in its most recent regulatory examination exceeded 80 percent of its Tier 1 capital plus its allowance for loan losses, as reflected in the examination.

In addition, the Georgia Financial Institutions Code contains restrictions on the ability of a Georgia bank to pay dividends other than from retained earnings without the approval of the GA DBF.

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The Federal Deposit Insurance Corporation Improvement Act generally prohibits a depository institution from making any capital distribution, including payment of a dividend, or paying any management fee to its holding company if the institution would thereafter be undercapitalized. In addition, federal banking regulations applicable to us and our bank subsidiary, which were recently revised, require minimum levels of capital that limit the amounts available for payment of dividends. In addition, many regulators have a policy, but not a requirement, that a dividend payment should not exceed net income to date in the current year. Finally, new “stress testing requirements” established by the Dodd-Frank Act, which are described below in “Our Capital Requirements,” may impact the ability of some banks and bank holding companies to pay dividends.

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

Capital

We are required to comply with the capital adequacy standards established by the Federal Reserve Board and our bank subsidiary must comply with similar capital adequacy standards established by the FDIC. As a financial holding company, we and Synovus Bank are required to maintain capital levels required for a well capitalized institution, as defined in “Prompt Corrective Action” below. As a result of new regulations that banking regulators recently issued, we will be required to begin complying with higher minimum capital requirements as of January 1, 2015.

Our Capital Requirements

The Federal Reserve Board has issued guidelines pursuant to which it assesses the adequacy of capital in examining and supervising a bank holding company or financial holding company and in analyzing applications to it under the Bank Holding Company Act. These guidelines include quantitative measures that assign risk weightings to assets and off-balance sheet items and that define and set minimum regulatory capital requirements. However, this regulatory capital framework has recently changed in important respects as a result of new rules (“Basel III Capital Rules” or “Revised Rules”) implementing the Dodd-Frank Act and a separate, international regulatory capital initiative known as “Basel III”.

Among other things, the Basel III Capital Rules raise the minimum thresholds for required capital and revise certain aspects of the definitions and elements of the capital that can be used to satisfy these required minimum thresholds. While the rules became effective on January 1, 2014 for certain large banking organizations, most U.S. banking organizations, including Synovus and Synovus Bank, have until January 1, 2015 to begin complying with this new framework.

The current capital guidelines require all bank holding companies to maintain Tier 1 Capital of at least 4 percent of risk-weighted assets and off-balance sheet items, Total Capital (the sum of Tier 1 Capital and Tier 2 Capital) of at least 8 percent of risk-weighted assets and off-balance sheet items and Tier 1 Capital of at least 4 percent of adjusted quarterly average assets. Under this framework, Tier 1 Capital consists principally of shareholders' equity less any amounts of disallowed deferred tax assets, goodwill, other intangible assets, non-financial equity investments, and other items that are required to be deducted by the Federal Reserve Board. Tier 2 Capital consists principally of perpetual and trust preferred stock that is not eligible to be included as Tier 1 Capital, term subordinated debt, intermediate-term preferred stock and, subject to limitations, general allowances for loan and lease losses.

The Basel III Capital Rules make substantial changes to this existing framework. Among other things, the Revised Rules (1) introduce a new capital measure called “Common Equity Tier 1” (“CET1”), (2) specify that Tier 1 Capital consist of CET1 and “Additional Tier 1 Capital” instruments meeting certain requirements, (3) define CET1 narrowly by requiring that most deductions/adjustments to regulatory capital measures be made to CET1 and not to the other components of capital and (4) expand the scope of the deductions/adjustments from capital as compared to existing regulations that apply to Synovus and other banking organizations. Further, the Revised Rules set forth the following minimum capital ratios, which will be phased in for certain banking organizations, including Synovus, beginning January 1, 2015:

- 4.5 percent CET1 to risk-weighted assets.
- 6.0 percent Tier 1 Capital to risk-weighted assets.
- 8.0 percent Total Capital to risk-weighted assets.

- 4.0 percent Tier 1 leverage ratio to average consolidated assets.

The Revised Rules provide for a number of deductions from and adjustments to CET1, which include the requirement that mortgage servicing rights, deferred tax assets arising from temporary differences that could not be realized through net operating loss carrybacks and significant investments in non-consolidated financial entities be deducted from CET1 to the extent that any one such category exceeds 10% of CET1 or all such categories in the aggregate exceed 15% of CET1.

The Basel III Capital Rules also introduce a minimum “capital conservation buffer” equal to 2.5% of an organization’s total risk-weighted assets, which exists in addition to the required minimum CET1, Tier 1, and Total Capital ratios identified above.

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The “capital conservation buffer,” which must consist entirely of CET1, is designed to absorb losses during periods of economic stress. Thus, when the capital conservation buffer is fully phased in on January 1, 2019, the Revised Rules will require us to maintain: (1) a minimum ratio of CET1 to risk-weighted assets of at least 4.5%, plus the 2.5% capital conservation buffer, effectively resulting in a minimum ratio of CET1 to risk-weighted assets of at least 7%, (2) a minimum ratio of Tier 1 capital to risk-weighted assets of at least 6.0%, plus the capital conservation buffer, effectively resulting in a minimum Tier 1 capital ratio of 8.5%, (3) a minimum ratio of Total capital (that is, Tier 1 plus Tier 2) to risk-weighted assets of at least 8.0%, plus the capital conservation buffer, effectively resulting in a minimum total capital ratio of 10.5% and (4) a minimum leverage ratio of 4%, calculated as the ratio of Tier 1 capital to average assets.

Under the Revised Rules, for most banking organizations, including Synovus, the most common form of Additional Tier 1 capital will be non-cumulative perpetual preferred stock, such as our recently issued Series C Preferred Stock, and the most common form of Tier 2 capital will be subordinated notes and a portion of the allocation for loan losses, in each case, subject to certain specific requirements set forth in the regulation.

Under current capital standards, the effects of accumulated other comprehensive income items included in shareholders’ equity under U.S. GAAP are excluded for the purposes of determining regulatory capital ratios. Under the Revised Rules, the effects of certain accumulated other comprehensive items are not excluded. However, the Revised Rules permit most banking organizations, including us and Synovus Bank, to make a one-time permanent election to continue to exclude these items, which must be made when we and Synovus Bank file the first of certain periodic regulatory reports after January 1, 2015. Synovus and Synovus Bank plan to make the permanent election to exclude accumulated other comprehensive income from regulatory capital by selecting the "opt-out" election on the March 31, 2015 Call Report and FR Y-9C; thus, Synovus and Synovus Bank will retain the same accumulated other comprehensive income treatment as today.

Under the Revised Rules, certain hybrid securities, such as trust preferred securities, do not qualify as Tier 1 capital. However for bank holding companies that had assets of less than $15 billion as of December 31, 2009, trust preferred securities issued prior to May 19, 2010 can be treated as Tier 1 capital to the extent that they do not exceed 25% of Tier 1 capital after the application of capital deductions and adjustments.

Under existing rules, assets are adjusted under the risk-based guidelines to take into account different risk characteristics. Average assets for this purpose do not include disallowed deferred tax assets, goodwill and any other intangible assets and investments that the Federal Reserve Board determines should be deducted from Tier 1 Capital. The Revised Rules change risk weights for certain assets and off-balance sheet exposures that will result in higher risk weights for a variety of asset categories, including a 150% risk weight (instead of a 100% risk weight) for certain high volatility commercial real estate acquisition, development and construction loans.

Implementation of the deductions and other adjustments to CET1 will begin on January 1, 2015 and will be phased-in over a three-year period until fully phased-in on January 1, 2018. The implementation of the capital conservation buffer will begin on January 1, 2016 at the 0.625% level and be phased in over a three-year period until it reaches 2.5% on January 1, 2019.

As discussed below, the new rule also revises the Prompt Corrective Action framework to correspond to these new minimum capital thresholds.

As of December 31, 2013, our Tier 1 common equity is in excess of the minimum common equity and additional conservation buffer stipulated by these newly proposed requirements. As of December 31, 2013, our Tier 1 common equity ratio is 9.93% and based on management's interpretation of the regulation, Synovus' estimated Tier 1 common equity ratio under Basel III as of December 31, 2013 is 9.72%, which is in compliance with the capital requirements. See reconciliation of "Non-GAAP Financial Measures" in this Report.

Regardless, complying with these new capital requirements will likely affect our operations as we implement this new capital framework.

We are also subject to new “stress testing” requirements that are designed to require banking organizations to assess the potential impact of different scenarios on their earnings, losses, and capital over a set time period, with consideration given to certain relevant factors, including the organization's condition, risks, exposures, strategies, and activities. Specifically, on October 9, 2012, regulators issued final rules implementing provisions of the Dodd-Frank Act that

require banking organizations with total consolidated assets of more than $10 billion but less than $50 billion to conduct annual company-run stress tests, report the results to their primary federal regulator and the Federal Reserve Board, and publish a summary of the results. Among other things, these rules establish stress test methodologies, set forth the form of the report that must be submitted, and require publication of a summary of results. Under the rules, stress tests must be conducted using certain scenarios (baseline, adverse and severely adverse), which the Board will publish by November 15 of each year. These new rules require a banking organization with between $10 and $50 billion in assets to conduct its first stress test using financial statement data as of September 30, 2013 and, to report the results by March 31, 2014. In addition, the rules will require such organizations to begin publicly disclosing a summary of certain

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stress test results (i.e., results under the “severely adverse” scenario) in 2015 with respect to the stress test conducted in the fall of 2014.

In addition, on May 14, 2012, the banking agencies issued guidance on stress testing for banking organizations with more than $10 billion in total consolidated assets, which outlines four “high-level” principles for stress testing practices that should be a part of a banking organization's stress-testing framework. Regulators have stated that they expect banking organizations subject to the guidance to comply with these principles when conducting stress testing in accordance with the Dodd-Frank Act requirements, discussed above. The guidance calls for a banking organization’s stress testing framework to (1) include activities and exercises that are tailored to and sufficiently capture the banking organization's exposures, activities and risks; (2) employ multiple conceptually sound stress testing activities and approaches; (3) be forward-looking and flexible; and (4) be clear, actionable, well-supported, and used in the decision-making process.

See "Part I - Item 1A. Risk Factors - If economic conditions worsen or regulatory capital rules are modified, we may be required to undertake additional strategic initiatives to improve our capital position" of this Report.

Synovus Bank's Capital Requirements

To be well-capitalized under the existing Prompt Corrective Action rules, Synovus Bank must generally maintain a Total Capital (the sum of Tier 1 Capital and Tier 2 Capital) ratio of 10 percent or greater, a Tier 1 Capital ratio of 6 percent or greater, and a leverage ratio of 5 percent or greater. For the purposes of these tests, Tier 1 Capital consists principally of shareholder's equity less any amounts of disallowed deferred tax assets, goodwill and certain core deposit intangibles. Tier 2 Capital consists of non-qualifying preferred stock, certain types of debt and the eligible portion of the allowance for loan losses.

In measuring the adequacy of capital, assets are weighted for risk at rates that generally range from zero percent to 100 percent. Certain assets, such as most cash instruments and U.S. Treasury securities, have a zero risk weighting. Others, such as certain commercial and consumer loans, have a 100 percent risk weighting. Risk weightings are also assigned for off-balance sheet items such as unfunded loan commitments. The various items are multiplied by the appropriate risk-weighting to determine risk-adjusted assets for the capital calculations. For the leverage ratio mentioned above, assets are not risk-weighted.

Capital Ratios

Certain regulatory capital ratios for Synovus and Synovus Bank as of December 31, 2013 are shown in the following table.

Table 5 – Capital Ratios as of December 31, 2013

	Regulatory Minimums		Regulatory Minimums to be Well-Capitalized		Synovus		Synovus Bank	
Tier 1 capital ratio	4.0	%	6.0	%	10.54	%	12.61	%
Total risk-based capital ratio	8.0		10.0		13.00		13.86	
Leverage ratio	4.0		5.0		9.13		10.94	

See “Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Capital Resources” and "Part II - Item 8. Financial Statements and Supplementary Data - Note 14 - Regulatory Capital" of this Report for further information.

Prompt Corrective Action for Undercapitalization

The Federal Deposit Insurance Corporation Improvement Act established a system of prompt corrective action to resolve the problems of undercapitalized insured depository institutions. Under this system, the federal banking regulators are required to rate insured depository institutions on the basis of five capital categories as described below. The federal banking regulators are also required to take mandatory supervisory actions and are authorized to take other discretionary actions, with respect to insured depository institutions in the three undercapitalized categories, the severity of which will depend upon the capital category in which the insured depository institution is assigned. Generally, subject to a narrow exception, the Federal Deposit Insurance Corporation Improvement Act requires the banking regulator to appoint a receiver or conservator for an insured depository institution that is critically undercapitalized. The federal banking agencies have specified by regulation the relevant capital level for each

category. The thresholds for each of these categories were recently revised pursuant to the Basel III Capital Rules, which are discussed above in “Our Capital Requirements.” These revised categories will apply to Synovus Bank beginning on January 1, 2015. Both the existing and the revised standards are discussed below. Under the regulations, all insured depository institutions are assigned to one of the following capital categories:

- Well Capitalized - The insured depository institution exceeds the required minimum level for each relevant capital measure. A well capitalized insured depository institution is one (1) having a total risk-based capital ratio of 10 percent or greater, (2) having a Tier 1 risk-based capital ratio of 6 percent or greater, (3) having a leverage capital ratio of 5 percent or greater, and (4) that is not subject to any order or written directive to meet and maintain a specific capital level for any capital

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measure. Under the Revised Rules that will take effect on January 1, 2015, a well-capitalized insured depository institution is one (1) having a total risk-based capital ratio of 10 percent or greater, (2) having a Tier 1 risk-based capital ratio of 8 percent or greater, (3) having a CET1 capital ratio of 6.5 percent or greater, (4) having a leverage capital ratio of 5 percent or greater and (5) that is not subject to any order or written directive to meet and maintain a specific capital level for any capital measure.

- Adequately Capitalized - The insured depository institution meets the required minimum level for each relevant capital measure. An adequately capitalized insured depository institution is one (1) having a total risk-based capital ratio of 8 percent or greater, (2) having a Tier 1 risk-based capital ratio of 4 percent or greater, and (3) having a leverage capital ratio of 4 percent or greater, or a leverage capital ratio of 3 percent or greater if the institution is rated composite 1 under the CAMELS (Capital, Assets, Management, Earnings, Liquidity and Sensitivity to market risk) rating system; and (4) failing to meet the definition of a well capitalized bank. Under the Revised Rules, an adequately-capitalized depository institution is one having (1) a total risk based capital ratio of 8 percent or more, (2) a Tier 1 capital ratio of 6 percent or more, (3) a CET1 capital ratio of 4.5 percent or more, and (4) a leverage ratio of 4 percent or more.
- Undercapitalized - The insured depository institution fails to meet the required minimum level for any relevant capital measure. An undercapitalized insured depository institution is one (1) having a total risk-based capital ratio of less than 8 percent, (2) having a Tier 1 risk-based capital ratio of less than 4 percent, or (3) a leverage capital ratio of less than 4 percent, or if the institution is rated a composite 1 under the CAMELS rating system, a leverage capital ratio of less than 3 percent. Under the Revised Rules, an undercapitalized depository institution is one having (1) a total capital ratio of less than 8 percent, (2) a Tier 1 capital ratio of less than 6 percent, (3) a CET1 capital ratio of less than 4.5 percent, or (4) a leverage ratio of less than 4 percent.
- Significantly Undercapitalized - The insured depository institution is significantly below the required minimum level for any relevant capital measure. A significantly undercapitalized insured depository institution is one (1) having a total risk-based capital ratio of less than 6 percent, (2) a Tier 1 risk-based capital ratio of less than 3 percent, or (3) a leverage capital ratio of less than 3 percent. Under the Revised Rules, a significantly undercapitalized institution is one having (1) a total risk-based capital ratio of less than 6 percent (2) a Tier 1 capital ratio of less than 4 percent, (3) a CET1 ratio of less than 3 percent or (4) a leverage capital ratio of less than 3 percent.
- Critically Undercapitalized - The insured depository institution fails to meet a critical capital level set by the appropriate federal banking agency. A critically undercapitalized institution is one having a ratio of tangible equity to total assets that is equal to or less than 2 percent. The Revised Rules retain the 2 percent threshold but make certain changes to the framework for calculating an institution’s ratio of tangible equity to total assets.

The prompt corrective action regulations permit the appropriate federal banking regulator to downgrade an institution to the next lower category if the regulator determines after notice and opportunity for hearing or response that the institution (1) is in an unsafe or unsound condition or (2) has received and not corrected a less-than-satisfactory rating for any of the categories of asset quality, management, earnings or liquidity in its most recent examination.

Supervisory actions by the appropriate federal banking regulator depend upon an institution's classification within the five categories. Our management believes that we and our bank subsidiary have the requisite capital levels to qualify as well capitalized institutions under the Federal Deposit Insurance Corporation Improvement Act regulations. See “Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Capital Resources” and "Part II - Item 8. Financial Statements and Supplementary Data - Note 14 - Regulatory Capital" of this Report for further information.

If an institution fails to remain well-capitalized, it will be subject to a variety of enforcement remedies that increase as the capital condition worsens. For instance, the Federal Deposit Insurance Corporation Improvement Act generally prohibits a depository institution from making any capital distribution, including payment of a dividend, or paying any management fee to its holding company if the depository institution would thereafter be undercapitalized as a result. Undercapitalized depository institutions are subject to restrictions on borrowing from the Federal Reserve System. In addition, undercapitalized depository institutions may not accept brokered deposits absent a waiver from the FDIC, are subject to growth limitations and are required to submit capital restoration plans for regulatory approval. A depository institution's holding company must guarantee any required capital restoration plan, up to an amount equal

to the lesser of 5 percent of the depository institution's assets at the time it becomes undercapitalized or the amount of the capital deficiency when the institution fails to comply with the plan. Federal banking agencies may not accept a capital plan without determining, among other things, that the plan is based on realistic assumptions and is likely to succeed in restoring the depository institution's capital. If a depository institution fails to submit an acceptable plan, it is treated as if it is significantly undercapitalized.

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

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Deposit Insurance and Assessments

Deposits at our bank are insured by the DIF as administered by the FDIC, up to the applicable limits established by law. The Dodd-Frank Act amended the statutory regime governing the DIF. Among other things, the Dodd-Frank Act established a minimum designated reserve ratio of 1.35% of estimated insured deposits (which the FDIC has set at 2.0% each year since 2010), required that the fund reserve ratio reach 1.35% by September 30, 2020 and directed the FDIC to amend its regulations to redefine the assessment base used for calculating deposit insurance assessments. Specifically, the Dodd-Frank Act requires the assessment base to be an amount equal to the average consolidated total assets of the insured depository institution during the assessment period, minus the sum of the average tangible equity of the insured depository institution during the assessment period and an amount the FDIC determines is necessary to establish assessments consistent with the risk-based assessment system found in the Federal Deposit Insurance Act. Furthermore, on February 7, 2011, the FDIC issued a final rule changing its assessment system from one based on domestic deposits to one based on the average consolidated total assets of a bank minus its average tangible equity during each quarter. This rule modified two adjustments added to the risk-based pricing system in 2009 (an unsecured debt adjustment and a brokered deposit adjustment), discontinued a third adjustment added in 2009 (the secured liability adjustment), and added an adjustment for long-term debt held by an insured depository institution where the debt is issued by another insured depository institution. Under these revisions to the DIF rules, the total base assessment rates vary depending on the DIF reserve ratio. For example, for banks in the best risk category, the total base assessment rates will be between 2.5 and 9 basis points when the DIF reserve ratio is below 1.15%, between 1.5 and 7 basis points when the DIF reserve ratio is between 1.15% and 2.0%, between 1 and 6 basis points when the DIF reserve ratio is between 2.0% and 2.5% and between 0.5 and 5 basis points when the DIF reserve ratio is 2.5% or higher.

In addition, the FDIC collects FICO deposit assessments, which is calculated off of the new assessment base established by the Dodd-Frank Act. FICO assessments are set quarterly, and it was 0.640 (annual) basis points for all four quarters in 2013. Synovus Bank pays the deposit insurance assessment, less offset available by means of prepaid assessment credits, and pays the quarterly FICO assessments.

On November 12, 2009, the FDIC imposed a requirement on all financial institutions to prepay three years of FDIC insurance premiums. On December 30, 2009, Synovus prepaid $188.9 million of FDIC insurance premiums for the next three years. On May 29, 2013, the FDIC refunded the remaining prepaid balance of $26.4 million.

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

Dodd-Frank Act; Future Changes to Legal Framework

On July 21, 2010, President Obama signed into law the Dodd-Frank Act, which substantially changed, and will continue to change, the regulatory framework under which we operate. The Dodd-Frank Act brought about a significant overhaul of many aspects of the regulation of the financial-services industry, addressing, among other things, systemic risk, capital adequacy, deposit insurance assessments, consumer financial protection, interchange fees, derivatives, lending limits, mortgage lending practices, registration of investment advisors and changes among the bank regulatory agencies. Key provisions of the Dodd-Frank Act that have impacted or are likely to impact the operations of Synovus or Synovus Bank include:

- Creation of the CFPB with centralized authority, including examination and enforcement authority, for consumer protection in the banking industry.
- New limitations on federal preemption.
- New prohibitions and restrictions on the ability of a banking entity and nonbank financial company to engage in proprietary trading and have certain interests in, or relationships with, a hedge fund or private equity fund (known as the "Volcker Rule").
-

Application of new regulatory capital requirements, including changes to leverage and risk-based capital standards and changes to the components of permissible tiered capital.

- Requirement that the company and its subsidiary bank be well capitalized and well managed in order to engage in activities permitted for financial holding companies.
- Changes to the assessment base for deposit insurance premiums.
- Permanently raising the FDIC's standard maximum insurance amount to $250,000.
- Repeal of the prohibition on the payment of interest on demand deposits, effective July 21, 2011, thereby permitting depository institutions to pay interest on business transaction and other accounts.

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- Restrictions on compensation, including a prohibition on incentive-based compensation arrangements that encourage inappropriate risk by taking covered financial institutions and are deemed to be excessive, or that may lead to material losses.
- Requirement that sponsors of asset-backed securities retain a percentage of the credit risk underlying the securities.
- Requirement that banking regulators remove references to and requirements of reliance upon credit ratings from their regulations and replace them with appropriate alternatives for evaluating creditworthiness.

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

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

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

Consumer Protection Regulations

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

- the federal Truth-In-Lending Act and Regulation Z , governing disclosures of credit terms to consumer borrowers;
- the Home Mortgage Disclosure Act and Regulation C, requiring financial institutions to provide information to enable the public and public officials to determine whether a financial institution is fulfilling its obligation to help meet the housing needs of the community it serves;
- the Equal Credit Opportunity Act and Regulation B, prohibiting discrimination on the basis of race, creed or other prohibited factors in extending credit;
- the Fair Credit Reporting Act and Regulation V, governing the use and provision of information to consumer reporting agencies;
- the Fair Debt Collection Act, governing the manner in which consumer debts may be collected by collection agencies; and
- the guidance of the various federal agencies charged with the responsibility of implementing such federal laws.

Deposit operations also are subject to:

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

Rulemaking authority for these and other consumer financial protection laws transferred from the prudential regulators to the CFPB on July 21, 2011. It is anticipated that many of the foregoing consumer laws and regulations will change as a result of the Dodd-Frank Act and other developments.

Pursuant to its new authority, in January 2013, the CFPB adopted a rule that implements the ability-to-repay and qualified mortgage provisions of the Dodd-Frank Act (the "ATR/QM rule"). In May, July and October 2013 the CFPB issued rules amending

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certain provisions of the ATR/QM rule. The final ATR/QM rule, which takes effect on January 10, 2014, will likely impact our residential mortgage lending practices, and the residential mortgage market generally.

The ATR/QM rule requires lenders to consider, among other things, income, employment status, assets, payment amounts, and credit history before approving a mortgage, and provides a compliance “safe harbor” for lenders that issue certain “qualified mortgages.” The ATR/QM rule defines a “qualified mortgage” to have certain specified characteristics, and generally prohibit loans with negative amortization, interest-only payments, balloon payments, or terms exceeding 30 years from being qualified mortgages. The rule also establishes general underwriting criteria for qualified mortgages, including that monthly payments be calculated based on the highest payment that will apply in the first five years of the loan and that the borrower have a total debt-to-income ratio that is less than or equal to 43 percent. While “qualified mortgages” will generally be afforded safe harbor status, a rebuttable presumption of compliance with the ability-to-repay requirements will attach to “qualified mortgages” that are “higher priced mortgages” (which are generally subprime loans). As the definition of “qualified mortgage” provides either a safe harbor or a rebuttable presumption of compliance with the ability-to-repay requirements, the definition is expected to establish the parameters for the majority of consumer mortgage lending in the U.S.

Reflecting the CFPB's focus on the residential mortgage lending market, the CFPB has also issued rules to implement requirements of the Dodd-Frank Act pertaining to mortgage loan origination (including with respect to loan originator compensation and loan originator qualifications) and has proposed, but not finalized, integrated mortgage disclosure rules that will replace and combine certain existing requirements under the Truth in Lending Act and the Real Estate Settlement Procedures Act. The CFPB has indicated that it expects to issue additional mortgage-related rules in the future.

In addition, there are a number of significant consumer protection standards that apply to functional areas of operation (rather than applying only to loan or deposit products). For example, in June 2010, the Federal Reserve issued rules establishing standards for debit card interchange fees and prohibiting network exclusivity arrangements and routing restrictions. However, these rules are the subject of ongoing litigation and may change as result. The FDIC has also issued rules aimed at protecting consumer in connection with retail foreign exchange transactions.

In recent years, the Federal Reserve and CFPB have made a number of changes to Regulation E. Among these changes is the November 2009 amendment, which prohibits financial institutions, including Synovus Bank, from charging consumers fees for paying overdrafts on automated teller machine and one-time debit card transactions, unless a consumer consents, or opts in, to the overdraft service for those types of transactions. Regulation E amendments also require financial institutions to provide consumers with a notice that explains the financial institution's overdraft services, including the fees associated with the service and the consumer's choices. These amendments to Regulation E became effective on August 1, 2010. In November 2010, the FDIC supplemented the Regulation E amendments by requiring FDIC-supervised institutions, including Synovus Bank, to implement additional changes relating to automated overdraft payment programs by July 1, 2011. Among other things, these changes require financial institutions to monitor overdraft payment programs for “excessive or chronic” customer use and undertake “meaningful and effective” follow-up action with customers that overdraw their accounts more than six times during a rolling 12-month period. Furthermore, on June 11, 2013, the CFPB released a report regarding bank overdraft practices and the costs to consumers, and has subsequently indicated that it will issue new rules regarding these services.

The CFPB also amended Regulation E to establish rules for a new category of consumer-initiated electronic transfers known as “remittance transfers,” which took effect on October 28, 2013, and require financial institutions to provide consumers that transfer funds to overseas recipients with detailed disclosures and to meet other requirements.

It is anticipated that the CFPB will engage in numerous other rulemakings in the near term that may impact our business, as the CFPB has indicated that, in addition to specific statutory mandates, it is working on a wide range of initiatives to address issues in markets for consumer financial products and services, such as revisions to privacy notice requirements, new rules for deposit advance products and amendments to the funds availability requirements of Regulation CC. The CFPB has also undertaken an effort to “streamline” consumer regulations and has established a database to collect, track and make public consumer complaints, including complaints against individual financial institutions.

The CFPB also has broad authority to prohibit unfair, deceptive and abusive acts and practices (“UDAAP”) and to investigate and penalize financial institutions that violate this prohibition. While the statutory language of the Dodd-Frank Act sets forth the standards for acts and practices that violate this prohibition, certain aspects of these standards are untested, which has created some uncertainty regarding how the CFPB will exercise this authority. The CFPB has, however, begun to bring enforcement actions against certain financial institutions for UDAAP violations and issued some guidance on the topic, which provides insight into the agency’s expectations regarding these standards. Among other things, CFPB guidance and its UDAAP-related enforcement actions have emphasized that management of third-party service providers is essential to effective UDAAP compliance and that the CFPB is particularly focused on marketing and sales practices.

We cannot fully predict the effect that being regulated by a new, additional regulatory authority focused on consumer financial protection, or any new implementing regulations or revisions to existing regulations that may result from the establishment of this new authority, will have on Synovus' businesses. Additional regulations resulting from the Dodd-Frank Act may materially

adversely affect Synovus' business, financial condition or results of operations. See “Part 1 - Item 1A. Risk Factors - Regulation of the financial services industry continues to undergo major changes, and future legislation could increase our cost of doing business or harm our competitive position.” of this Report.

In addition, Synovus Bank may also be subject to certain state laws and regulations designed to protect consumers.

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

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

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

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

Bank regulators routinely examine institutions for compliance with these anti-money laundering obligations and recently have been active in imposing “cease and desist” and other regulatory orders and money penalty sanctions against institutions found to be in violation of these requirements. In addition, FinCEN is in the process of establishing new regulations that would require financial institutions to obtain beneficial ownership information for certain accounts; however, it has yet to issue final regulations on this topic.

Commitments to Synovus Bank

Under the Federal Reserve Board's policy, we are expected to serve as a source of financial strength to Synovus Bank and to commit resources to support Synovus Bank in circumstances when we might not do so absent such policy. Under the Bank Holding Company Act, the Federal Reserve Board may require a bank holding company to terminate any activity or relinquish control of a nonbank subsidiary, other than a nonbank subsidiary of a bank, upon the Federal Reserve Board's determination that such activity or control constitutes a serious risk to the financial soundness or stability of any depository institution subsidiary. Further, the Federal Reserve Board has discretion to require a bank holding company to divest itself of any bank or non-bank subsidiaries if the agency determines that any such divestiture may aid the depository institution's financial condition. In addition, any loans by us to Synovus Bank would be subordinate in right of payment to depositors and to certain other indebtedness of the bank. Notably, the Dodd-Frank Act codified the Federal Reserve's “source of strength” doctrine; this statutory change became effective

July 21, 2011. In addition to the foregoing requirements, the Dodd-Frank Act's new provisions authorize the Federal Reserve to require a company that directly or indirectly controls a bank to submit reports that are designed both to assess the ability of such company to comply with its “source of strength” obligations and to enforce the company's compliance with these obligations. As of the date of this Report, the Federal Reserve and other federal banking regulators have not yet issued rules implementing this requirement, though it is understood that regulators are engaged in a joint effort to produce these rules.

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

by the FDIC to, a commonly controlled insured depository institution. Synovus Bank is an FDIC-insured depository institution and thus subject to these requirements.

Transactions with Affiliates and Insiders

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

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

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

Regulatory Examinations

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

Community Reinvestment Act

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

Commercial Real Estate Lending

Lending operations that involve concentrations of commercial real estate loans are subject to enhanced scrutiny by federal banking regulators. The regulators have advised financial institutions of the risks posed by commercial real estate lending concentrations. Such loans generally include land development, construction loans and loans secured by multifamily property, and nonfarm, nonresidential real property where the primary source of repayment is derived

from rental income associated with the property. The guidance prescribes the following guidelines for examiners to help identify institutions that are potentially exposed to concentration risk and may warrant greater supervisory scrutiny:

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

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In October 2009, the federal banking agencies issued additional guidance on commercial real estate lending that emphasizes these considerations.

In addition, the Dodd-Frank Act contains provisions that may impact our business by reducing the amount of our commercial real estate lending and increasing the cost of borrowing, including rules relating to risk retention of securitized assets. Section 941 of the Dodd-Frank Act requires, among other things, a loan originator or a securitizer of asset-backed securities to retain a percentage of the credit risk of securitized assets. The banking agencies have jointly issued a proposed rule to implement these requirements, as well as a subsequent revision to this proposal, but have yet to issue final rules.

Branching

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

Anti-Tying Restrictions

In general, a bank may not extend credit, lease, sell property, or furnish any services or fix or vary the consideration for them on the condition that (1) the customer obtain or provide some additional credit, property, or services from or to the bank or bank holding company or their subsidiaries, or (2) the customer not obtain some other credit, property, or services from a competitor, except to the extent reasonable conditions are imposed to assure the soundness of the credit extended. A bank may, however, offer combined-balance products and may otherwise offer more favorable terms if a customer obtains two or more traditional bank products. Also, certain foreign transactions are exempt from the general rule.

Privacy and Credit Reporting

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

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

Enforcement Powers

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

reimbursement, indemnifications or guarantees against loss. A financial institution may also be ordered to restrict its growth, dispose of certain assets, rescind agreements or contracts, or take other actions determined to be appropriate by the ordering agency. The federal banking agencies also may remove a director or officer from an insured depository institution (or bar them from the industry) if a violation is willful or reckless.

As discussed above, we were previously subject to an MOU with the Federal Reserve Bank of Atlanta and the Georgia Commissioner and Synovus Bank was also previously subject to an MOU with the Georgia Commissioner and the FDIC. Both MOUs were terminated in the second quarter of 2013 and replaced with resolutions adopted by our Board of Directors and Synovus Bank's Board of Directors. These board resolutions relate to, among other things, continued emphasis on improving asset quality and maintaining strong levels of capital and liquidity. See "Part I - Item 1A. Risk Factors - We may become subject to supervisory

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actions and enhanced regulation that could have a material negative effect on our business, reputation, operating flexibility, financial condition and the value of our Common Stock and Preferred Stock." of this Report.

Monetary Policy and Economic Controls

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

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

Depositor Preference Statute

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

TARP Regulations

EESA and ARRA / Capital Purchase Program

On October 14, 2008, the U.S. Treasury, or Treasury, announced that, pursuant to the EESA, it was implementing a voluntary program known as the "Capital Purchase Program", or "CPP", pursuant to which eligible financial institutions could raise capital by selling preferred stock directly to the U.S. Government. The purpose of the Capital Purchase Program was to encourage U.S. financial institutions to build capital to, among other things, increase the flow of financing to U.S. businesses and consumers and support the U.S. economy, and was also intended to prevent additional failures of financial institutions. Synovus applied for the maximum investment available under the CPP (equal to 3% of risk-weighted assets), On December 19, 2008, Synovus consummated the CPP investment and issued to Treasury 967,870 shares of Synovus' Series A Preferred Stock having a liquidation amount per share equal to $1,000, for a total price of $967,870,000. In addition, as part of Treasury's purchase of the Series A Preferred Stock under the CPP, Synovus issued to the Treasury a Warrant to purchase up to 15,510,737 shares of our Common Stock at an initial per share exercise price of $9.36. The Warrant provides for the adjustment of the exercise price and the number of shares of our Common Stock issuable upon exercise pursuant to customary anti-dilution provisions, such as upon stock splits or distributions of securities or other assets to holders of our Common Stock, and upon certain issuances of our Common Stock at or below a specified price relative to the initial exercise price.

As a result of our participation in the CPP, we were subject to certain compensation and corporate governance restrictions and requirements under rules issued by the Treasury Department on June 10, 2009. However, on July 26, 2013, we redeemed all 967,870 shares of our Series A Preferred Stock issued to the U.S. Treasury under the CPP and exited the program. Thus, we are no longer subject to the compensation and corporate governance restrictions applicable to CPP participants. The U.S. Treasury continues to hold the Warrants, which expire on December 19, 2018. Synovus will continue to evaluate the potential repurchase of these Warrants directly from the U.S. Treasury or through participation in a subsequent auction process, which may or may not be successful.

Other Regulatory Matters

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

business.

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Available Information
Our website address is www.synovus.com. We file with or furnish to the SEC Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements and annual reports to shareholders, and, from time to time, amendments to these documents and other documents called for by the SEC. The reports and other documents filed with or furnished to the SEC are available to investors on or through the Investor Relations Section of our website under the heading "Financial Reports" and then under "SEC Filings." These reports are available on our website free of charge as soon as reasonably practicable after we electronically file them with the SEC.
In addition, the public may read and copy any of the materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NW, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet website that contains reports, proxy and information statements and other information regarding issuers, such as Synovus, that file electronically with the SEC. The address of that website is www.sec.gov.
We have adopted a Code of Business Conduct and Ethics for our directors, officers and employees and have also adopted Corporate Governance Guidelines. Our Code of Business Conduct and Ethics, Corporate Governance Guidelines and the charters of our board committees as well as information on how to contact our Board of Directors, are available in the Corporate Governance Section of our website at www.synovus.com/governance. We will post any waivers of our Code of Business Conduct and Ethics granted to our directors or executive officers on our website at www.synovus.com/governance.
We include our website addresses throughout this filing only as textual references. The information contained on our website is not incorporated in this document by reference.
ITEM 1A. RISK FACTORS
This section highlights the material risks that we currently face. Please be aware that these risks may change over time and other risks may prove to be important in the future. New risks may emerge at any time, and we cannot predict such risks or estimate the extent to which they may affect our business, financial condition or results of operations or the trading price of our securities.
Competition in the financial services industry may adversely affect our future earnings and growth.
We operate in a highly competitive environment and our profitability and our future growth depends on our ability to compete successfully. We face pricing competition for loans and deposits and also with respect to customer convenience, product lines, accessibility of service and service capabilities. Certain of our competitors are larger and have more resources than we do, enabling them to be more aggressive than us in competing for loans and deposits and investing in new products, technology and services. In addition, the ability of non-bank competitors to provide services previously limited to commercial banks has intensified the competition we face. These non-bank competitors are not subject to the same extensive regulations that govern us and, therefore, may be able to operate with greater flexibility and lower cost structures. This significant competition in attracting and retaining deposits and making loans as well as in providing other financial services may impact our future earnings and growth.
We may not realize the expected benefits from our efficiency and growth initiatives, which will negatively impact our future profitability.
In the current competitive banking environment, Synovus must continue to reduce operating costs and implement strategies to grow its loan portfolio and increase non-interest income in order to realize sustained future profitability and to remain competitive with the other banks in the markets we serve. Since 2010, we have implemented a series of strategic efficiency and growth initiatives to address the challenges facing Synovus and defined strategies for expense reduction, streamlining of processes and long-term growth initiatives. Through the execution of these initiatives, since 2010, Synovus has realized a $142.2 million reduction in adjusted non-interest expenses. See "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Financial Measures" of this Report for further information. Management has also identified new expense savings initiatives of approximately $30 million to be implemented during 2014. While expense management continues to be a major focus for Synovus, management also expects to continue to make strategic investments in talent, technology and marketing initiatives that are expected to improve our customer experience and support future growth. However, there can be no assurance that Synovus will ultimately realize the anticipated benefits of its expense reduction and growth strategies,

which may impair our earnings growth.
In addition, Synovus is subject to various risks inherent in its business. These risks may cause the anticipated results from our growth strategies and cost-reduction initiatives to result in implementation charges beyond those currently contemplated or could result in some other unanticipated adverse impact. Furthermore, if we do not realize the anticipated cost-savings from our efficiency initiatives, we may need to take additional actions including branch closures and headcount reductions to achieve the desired cost-savings. The implementation of these initiatives may also have unintended impacts on Synovus' ability to attract and

retain business and customers. Accordingly, we cannot guarantee that the anticipated long-term benefits from our efficiency and growth initiatives will be realized and if they are not we may not achieve our strategic and financial objectives.

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

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

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

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

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

We maintain an allowance for loan losses, which is a reserve established through a provision for loan losses charged to expenses, which represents management's best estimate of probable credit losses that have been incurred within the existing portfolio of loans, as described under Note 6 of Notes to Consolidated Financial Statements in this Report and under “Critical Accounting Policies - Allowance for Loan Losses” under “Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations” of this Report. The allowance, in the judgment of management, is established to reserve for estimated loan losses and risks inherent in the loan portfolio. The determination of the appropriate level of the allowance for loan losses inherently involves a high degree of subjectivity and requires us to make significant estimates of current credit risks using existing qualitative and quantitative information, all of which may undergo material changes. Changes in economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans, risk ratings, and other factors, both within and outside of our control, may require an increase in the allowance for loan losses.

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

In light of current market conditions, we regularly reassess the creditworthiness of our borrowers and the sufficiency of our allowance for loan losses. Our allowance for loan losses was $307.6 million or 1.53% of total loans at December 31, 2013, compared to $373.4 million, or 1.91% of total loans at December 31, 2012. We recorded a provision for loan losses for the year ended December 31, 2013 of $69.6 million compared to a $320.4 million provision for loan losses for the year ended December 31, 2012. We also charged-off approximately $135.4 million in loans, net of recoveries, during the year ended December 31, 2013, compared to $483.5 million in loans, net of recoveries, during the year ended December 31, 2012. While the provision for loan losses was significantly lower in 2013 and lower in 2012 than the provision for loan losses in 2011, 2010 and 2009, the provision for loan losses has been higher than historical levels.

Future additions to the allowance may be necessary based on changes in economic assumptions as well as changes in assumptions regarding a borrower's ability to pay and/or collateral values. In addition, various regulatory agencies, as an integral

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

Even though our credit trends showed significant improvement during 2012 and 2013 compared to the prior three years, our non-performing assets and credit costs remain elevated. While we expect that our levels of non-performing assets and credit costs will continue to decline during 2014 to a level approximating normal historical levels, these levels of non-performing assets may remain at elevated levels compared to historical levels as the economy continues to recover from weak economic conditions. Further, the value of the collateral underlying a given loan, and the realizable value of such collateral in a foreclosure sale, may continue to be negatively affected by weak economic conditions, and therefore may result in an inability to realize a full recovery in the event that a borrower defaults on a loan. Any additional non-performing assets, loan charge-offs, increases in the provision for loan losses or any inability by us to realize the full value of underlying collateral in the event of a loan default, could negatively affect our business, financial condition, and results of operations and the price of our securities.

We were adversely affected by the recent financial crisis, and any future economic downturn could have a material adverse effect on our capital, financial condition, results of operations, and future growth.

The recent financial crisis adversely affected our capital, financial condition and results of operations. In particular, due to the high concentration of loans in the residential construction and development and land acquisition portfolio at the onset of the financial crisis (23% of our total loan portfolio in 2007), our loan portfolio experienced a variety of difficulties as a result of falling real estate prices, increased numbers of foreclosures and higher levels of unemployment. These factors put pressure on our loan portfolio and contributed to elevated levels of NPLs and charge-offs. In 2007, before the financial crisis, our NPLs were $340.7 million, and then peaked at $1.56 billion in 2009. Net charge-offs were $117.1 million in 2007, but reached a peak of $1.46 billion in 2009. We have substantially reduced the percentage of our loans that are in the residential construction and development and land acquisition portfolio (5% of our total loan portfolio as of December 31, 2013), and our credit quality trends continued to show broad-based improvement in 2013. At December 31, 2013, NPLs were $416.3 million, and total net charge-offs for 2013 were $135.4 million.

Our management continually monitors market conditions and economic factors throughout our footprint. While recent economic data suggest that overall economic conditions have improved, as supported by our improved credit trends, we cannot make any assurance that these economic conditions - both nationally and in our principal markets - will not worsen in the future. If these conditions were to worsen, then we could see a sharp increase in our total net charge-offs and also be required to significantly increase our allowance for loan losses. Furthermore, the demand for loans and our other products and services could decline. Any future increase in our non-performing assets and related increases in our provision for loan losses, coupled with a potential decrease in the demand for loans and our other products and services, would negatively affect our business and could have a material adverse effect on our capital, financial condition, results of operations and future growth.

We could realize additional future losses if our levels of non-performing assets increase and/or if we determine to sell certain non-performing assets and the proceeds we receive are lower than the carrying value of such assets.

We could realize additional future losses if the proceeds we receive upon dispositions of non-performing assets are less than the recorded carrying value of such assets, which could adversely affect our results of operations in future periods. Accordingly, we could realize an increased level of credit costs, and possibly losses, in any period during which we determine to dispose of an increased level of distressed assets. Further, although market conditions have improved in the past year, if market conditions experience another downturn, this could negatively impact our ability to dispose of distressed assets, and may result in higher credit losses on sales of distressed assets.

Our net interest income could be negatively affected by the low level of short-term interest rates and a decrease in total loans.

Net interest income, which is the difference between the interest income that we earn on interest-earning assets and the interest expense that we pay on interest-bearing liabilities, is a major component of our income. Our net interest

income is our primary source of revenue from our operations. Interest rates during 2009 through 2013 have remained within the range of 0% to 0.25% as set by the Federal Reserve during 2008. A significant portion of our loans, including commercial real estate loans and commercial and industrial loans, bear interest at variable rates. In addition, in order to compete for deposits in our primary market areas, we may offer more attractive interest rates to depositors, or we may have to pursue other sources of liquidity, such as wholesale funds.

Our net interest income was $810.2 million for 2013, a decrease of 5.1% compared to net interest income of $854.1 million for 2012. Our total loans were $20.06 billion as of December 31, 2013 compared to $19.54 billion as of December 31, 2012. Any future decrease in loan yields or lower realized yields on investment securities could reduce our net interest income and could cause additional pressure on net interest income in future periods. This reduction in net interest income also may be exacerbated by the high level of competition that we face in our primary market area. Any significant reduction in our net interest income could negatively affect our business and could have a material adverse impact on our capital, financial condition and results of operations.

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If we pursue acquisitions in the future as part of our growth strategy, we may not be able to complete such acquisitions or successfully integrate bank or nonbank acquisitions into our existing operations.

While we have historically pursued acquisitions, we have not pursued any acquisitions since the economic downturn. As economic conditions have improved and we have returned to profitability, we may in the future pursue acquisitions of bank or nonbank operations as a growth strategy. We may not be successful in identifying suitable acquisition candidates and even if we identify such candidates we may not be successful in completing such acquisitions on favorable terms, if at all.

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

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

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

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

Our business involves storing and processing sensitive consumer and business customer data. If personal, non-public, confidential or proprietary information of customers in our possession were to be mishandled or misused, we could suffer significant regulatory consequences, reputational damage and financial loss. Such mishandling or misuse could include, for example, if such information were erroneously provided to parties who are not permitted to have the information, either by fault of our systems, employees, or counterparties, or where such information is intercepted or otherwise inappropriately taken by third parties. Furthermore, a cyber-security breach could result in theft of such data.

Because the nature of the financial services business involves a high volume of transactions, certain errors may be repeated or compounded before they are discovered and successfully rectified. Our necessary dependence upon automated systems to record and process transactions and our large transaction volume may further increase the risk that technical flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect. We also may be subject to disruptions of our operating systems arising from events that are wholly or partially beyond our control (for example, computer viruses or electrical or telecommunications outages, or natural disasters, disease pandemics or other damage to property or physical assets) which may give rise to disruption of service to customers and to financial loss or liability. We are further exposed to the risk that our external vendors may be unable

to fulfill their contractual obligations (or will be subject to the same risk of fraud or operational errors by their respective employees as we are) and to the risk that our (or our vendors') business continuity and data security systems prove to be inadequate. The occurrence of any of these risks could result in a diminished ability of us to operate our business (for example, by requiring us to expend significant resources to correct the defect), as well as potential liability to clients, reputational damage and regulatory intervention, which could adversely affect our business, financial condition or results of operations, perhaps materially.

Our information systems may experience an interruption or security breach, which could result in serious reputational harm to our business, disrupt our business and lead to significant costs and losses.

Failure in or breach of our operational or security systems or infrastructure, or those of our third-party vendors and other service providers, including as a result of cyber-attacks, could disrupt our businesses, result in the disclosure or misuse of confidential or proprietary information, damage our reputation, increase our costs and cause losses. As a large financial institution, we depend on our ability to process, record and monitor a large number of customer transactions on a continuous basis. As customer,

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public and regulatory expectations regarding operational and information security have increased, our operational systems and infrastructure must continue to be safeguarded and monitored for potential failures, disruptions and breakdowns. Our business, financial, accounting, data processing systems or other operating systems and facilities may stop operating properly or become disabled or damaged as a result of a number of factors including events that are wholly or partially beyond our control. For example, there could be sudden increases in customer transaction volume; electrical or telecommunications outages; natural disasters such as earthquakes, tornadoes, and hurricanes; disease pandemics; events arising from local or larger scale political or social matters, including terrorist acts; and, as described below, cyber-attacks. Although we have business continuity plans and other safeguards in place, our business operations may be adversely affected by significant and widespread disruption to our physical infrastructure or operating systems that support our businesses and customers.

Information security risks for large financial institutions such as Synovus have generally increased in recent years in part because of the proliferation of new technologies, the use of the Internet and telecommunications technologies to conduct financial transactions, and the increased sophistication and activities of organized crime, hackers, terrorists, activists, and other external parties. As noted above, our operations rely on the secure processing, transmission and storage of confidential information in our computer systems and networks. In addition, to access our products and services, our customers may use personal smartphones, tablet PC's, and other mobile devices that are beyond our control systems. Although we believe we have robust information security procedures and controls, our technologies, systems, networks, and our customers' devices may become the target of cyber-attacks or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of Synovus' or our customers' confidential, proprietary and other information, or otherwise disrupt Synovus' or our customers' or other third parties' business operations. As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities.

Synovus is under continuous threat of loss due to hacking and cyber-attacks especially as we continue to expand customer capabilities to utilize internet and other remote channels to transact business. Two of the most significant cyber-attack risks that we face are e-fraud and loss of sensitive customer data. Loss from e-fraud occurs when cybercriminals breach and extract funds directly from customer or our accounts. The attempts to breach sensitive customer data, such as account numbers and social security numbers, are less frequent but could present significant reputational, legal and/or regulatory costs to us if successful. Our risk and exposure to these matters remains heightened because of the evolving nature and complexity of these threats from cybercriminals and hackers, our plans to continue to provide internet banking and mobile banking channels, and our plans to develop additional remote connectivity solutions to serve our customers. While we have not experienced any material losses relating to cyber-attacks or other information security breaches to date, we have been the subject of attempted hacking and cyber-attacks and there can be no assurance that we will not suffer such losses in the future. The occurrence of any cyber-attack or information security breach could result in potential liability to clients, reputational damage and the disruption of our operations, all of which could adversely affect our business, financial condition or results of operations.

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

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

operations.

We may become subject to supervisory actions and enhanced regulation that could have a material negative effect on our business, reputation, operating flexibility, financial condition and the value of our Common Stock and Preferred Stock.

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

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As previously disclosed in 2009, Synovus was previously subject to the Synovus MOU with the Atlanta Fed and the GA DBF, and Synovus Bank was also previously subject to the Synovus Bank MOU. Both MOUs were terminated in the second quarter of 2013 and replaced with resolutions adopted by our Board and the Board of Synovus Bank. These board resolutions relate to, among other things, continued emphasis on improving asset quality and maintaining strong levels of capital and liquidity. In addition, Synovus is required to inform and consult with the applicable regulatory agencies in advance of declaring or paying any future dividends on its capital stock, including the Common Stock and the Series C Preferred Stock, with the understanding that those agencies could decide at any time that paying any dividends could be an unsafe or unsound banking practice.

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

We are subject to regulatory initiatives applicable to financial institutions that could adversely impact our ability to attract and retain key employees and pursue business opportunities and could put us at a competitive disadvantage compared to our competitors.

Our financial success depends upon our ability to attract and retain highly motivated, well-qualified personnel. We face significant competition in the recruitment of qualified employees from financial institutions and others. The Dodd-Frank Act provides for the implementation of a variety of corporate governance and compensation practices applicable to all public companies, including Synovus, which may impact certain of Synovus' executive officers and employees. These provisions include, but are not limited to, requiring companies to “claw back” incentive compensation under certain circumstances, provide shareholders the opportunity to cast a non-binding vote on executive compensation, to consider the independence of compensation advisors and new executive compensation disclosure requirements. The Dodd-Frank Act also requires banking regulators to issue regulations or guidelines to prohibit incentive-based compensation arrangements that encourage inappropriate risk taking by providing excessive compensation or that may lead to material loss at certain financial institutions with $1 billion or more in assets. Such provisions with respect to compensation, in addition to other competitive pressures, may have an adverse effect on the ability of Synovus to attract and retain skilled personnel. Further, in June 2010, the Federal Reserve, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and the FDIC jointly issued comprehensive final guidance designed to ensure that incentive compensation policies do not undermine the safety and soundness of banking organizations by encouraging employees to take imprudent risks. This regulation significantly restricts the amount, form, and context in which we pay incentive compensation. These restrictions may put us at a competitive disadvantage compared to non-financial institutions in terms of attracting and retaining senior level employees.

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

On July 21, 2010, President Obama signed into law the Dodd-Frank Act, which substantially changed, and will continue to change, the legal and regulatory framework under which we operate. The Dodd-Frank Act brought about a significant overhaul of many aspects of the regulation of the financial-services industry, addressing, among other things, systemic risk, capital adequacy, deposit insurance assessments, consumer financial protection, interchange fees, derivatives, lending limits, mortgage lending practices, registration of investment advisors and changes among the bank regulatory agencies. Key provisions of the Dodd-Frank Act that have impacted or are likely to impact the operations of Synovus Bank or Synovus include:

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- Creation of the CFPB with centralized authority, including examination and enforcement authority, for consumer protection in the banking industry.
- New limitations on federal preemption.
- New prohibitions and restrictions on the ability of a banking entity and nonbank financial company to engage in proprietary trading and have certain interests in, or relationships with, a hedge fund or private equity fund (the "Volcker Rule").
- Application of new regulatory capital requirements, including changes to leverage and risk-based capital standards and changes to the components of permissible tiered capital.
- Requirement that the company and its subsidiary bank be well capitalized and well managed in order to engage in activities permitted for financial holding companies.
- Changes to the assessment base for deposit insurance premiums.

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- Permanently raising the FDIC's standard maximum deposit insurance amount to $250,000 limit for federal deposit insurance.
- Repeal of the prohibition on the payment of interest on demand deposits, effective July 21, 2011, thereby permitting depository institutions to pay interest on business transaction and other accounts.
- Restrictions on compensation, including a prohibition on incentive-based compensation arrangements that encourage inappropriate risk taking by covered financial institutions and are deemed to be excessive, or that may lead to material losses.
- Requirement that sponsors of asset-backed securities retain a percentage of the credit risk of the assets underlying the securities.
- Requirement that banking regulators remove references to and requirements of reliance upon credit ratings from their regulations and replace them with appropriate alternatives for evaluating credit worthiness.

Some of these and other major changes could materially impact the profitability of our business, the value of assets we hold or the collateral available for our loans, require changes to business practices or force us to discontinue businesses and expose us to additional costs, taxes, liabilities, enforcement actions and reputational risk. Many of these provisions became effective upon enactment of the Dodd-Frank Act, while others were subject to further study, rulemaking, and the discretion of regulatory bodies and have only recently taken effect or will take effect in coming years. In light of these significant changes and the discretion afforded to federal regulators, we cannot fully predict the effect that compliance with the Dodd-Frank Act or any implementing regulations will have on Synovus' businesses or its ability to pursue future business opportunities. Additional regulations resulting from the Dodd-Frank Act may materially adversely affect Synovus' business, financial condition or results of operations.

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

If economic conditions worsen or regulatory capital rules are modified, we may be required to undertake additional strategic initiatives to improve our capital position.

During 2009 through 2013, Synovus executed a number of strategic capital initiatives to bolster our capital position against credit deterioration and to provide additional capital as Synovus pursued its aggressive asset disposition strategy. As of December 31, 2013, Synovus' Tier 1 capital ratio was 10.54%, its Tier 1 Common Equity Ratio was 9.93%, and Synovus and Synovus Bank were considered “well capitalized” under current regulatory standards. See “Part I - Item 1. Business - Supervision, Regulation and Other Factors - Prompt Corrective Action” of this Report for further information. This regulatory capital framework has recently changed in important respects as a result of the new rules implementing the Dodd-Frank Act and a separate, international regulatory capital initiative known as “Basel III” (collectively, the “Basel III Capital Rules”). Among other things, the Basel III Capital Rules raise the minimum thresholds for required capital and revise certain aspects of the definitions and elements of the capital that can be used to satisfy these required minimum thresholds. The Basel III Capital Rules also introduce a minimum “capital conservation buffer” equal to 2.5% of an organization’s total risk-weighted assets, which exists in addition to the required minimum CET1, Tier 1, and Total Capital ratios identified above. The “capital conservation buffer,” which must consist entirely of CET1, is designed to absorb losses during periods of economic stress. As of December 31, 2013, Synovus’ Tier 1 common equity ratio under Basel III is estimated to be 9.72%, which is in excess of the minimum common equity and additional conservation buffer stipulated by these newly proposed requirements. However, this estimate is based upon management’s interpretation of Basel III and could change based on future regulatory interpretations of Basel III.

While the rules became effective on January 1, 2014 for certain large banking organizations, most U.S. banking organizations, including Synovus and Synovus Bank, have until January 1, 2015 to begin complying with this new framework. Regardless, complying with these new capital requirements will likely affect our operations, and the extent to which we will be affected will be known with more certainty once additional clarity is provided on the

underlying details of these new requirements.

In addition, on May 14, 2012, the banking agencies issued guidance on stress testing for banking organizations with more than $10 billion in total consolidated assets, which outlines four “high-level” principles for stress testing practices that should be a part of a banking organization's stress-testing framework. Regulators have stated that they expect banking organizations subject to the guidance to comply with these principles when conducting stress testing in accordance with the Dodd-Frank Act requirements, discussed above. The guidance calls for a banking organization’s stress testing framework to (1) include activities and exercises that are tailored to and sufficiently capture the banking organization's exposures, activities and risks; (2) employ multiple conceptually sound stress testing activities and approaches; (3) be forward-looking and flexible; and (4) be clear, actionable, well-supported, and used in the decision-making process.

Under the new "stress testing" requirements, banking organizations with total consolidated assets of more than $10 billion but less than $50 billion are required to conduct annual company-run stress tests, report the results to their primary federal regulator and the Federal Reserve Board, and publish a summary of the results. Under the rules, stress tests must be conducted using certain scenarios that the Federal Reserve Board will publish by November 15 of each year. These new rules require a banking organization with between $10 and $50 billion in assets to conduct its first stress test using financial statement data as of September 30, 2013, and to report the results by March 31, 2014. In addition, the rules will require such organizations to begin publicly disclosing a summary of certain stress test results in 2015 with respect to the stress test conducted in the fall of 2014. This public disclosure of these stress tests could result in reputational harm if our results are worse than those of our competitors.

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

Synovus continues to actively monitor economic conditions, evolving industry capital standards, and changes in regulatory standards and requirements, and engages in regular discussions with its regulators regarding capital at both Synovus and Synovus Bank. As part of its ongoing management of capital, Synovus will continue to identify, consider, and pursue additional strategic initiatives to bolster its capital position as deemed necessary, including strategies that may be required to meet the requirements of Basel III and other regulatory initiatives regarding capital. The need to maintain more capital and greater liquidity than historically has been required could limit our business activities, including lending, and our ability to expand, either organically or through future acquisitions. It could also result in us taking steps to increase our capital that may be dilutive to shareholders or limit our ability to pay dividends or otherwise return capital to shareholders.

Changes in the cost and availability of funding due to changes in the deposit market and credit market, or the way in which we are perceived in such markets, may adversely affect our capital resources, liquidity and financial results.

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

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

For Synovus Bank, the primary source of liquidity is the growth and retention of deposits. In the current competitive environment, customer confidence is a critical element in growing and retaining deposits. In this regard, Synovus Bank's asset quality could play a larger role in the stability of the deposit base. In the event asset quality declines significantly from its current level or is perceived to be less than that of our competitors, Synovus Bank's ability to grow and retain deposits could be diminished.

In addition to bank level liquidity management, Synovus must manage liquidity at the Parent Company for various needs including potential capital infusions into subsidiaries, the servicing of debt, and the payment of dividends on our Common Stock and Preferred Stock.The primary source of liquidity for Synovus consists of dividends from Synovus Bank which is governed by certain rules and regulations of the GA DBF and FDIC. Synovus received $680.0 million in dividends from Synovus Bank in 2013 but did not receive any dividends from Synovus Bank during 2012 and 2011. Synovus' ability to receive dividends from Synovus Bank in future periods will depend on a number of factors, including, without limitation, Synovus Bank's future profits, asset quality and overall condition. See “Part I - Item 1A. Risk Factors - We may not be able to generate sufficient cash to service all

of our debt and repay maturing debt obligations." of this Report. In addition, under a resolution adopted by its Board, Synovus Bank is currently prohibited from paying any cash dividends to the Parent Company without regulatory approval, and other GA DBF rules and related statutes contain additional restrictions on payments of dividends by Synovus Bank. See "Part I - Item 1. Business - Supervision, Regulatory and Other Factors - Dividends" of this Report for further information. Synovus expects that it will receive dividends from Synovus Bank in 2014. If Synovus does not receive dividends from Synovus Bank in 2014, its liquidity could be adversely affected. In addition to dividends from Synovus Bank, we have historically had access to a number of alternative sources of liquidity, including the capital markets, but there is no assurance that we will be able to obtain such liquidity on terms that are favorable to us, or at all. If our access to these traditional and alternative sources of liquidity is diminished or only available on unfavorable terms, then our overall liquidity and financial condition will be adversely affected.

Our status as a non-investment grade issuer could increase the cost of our funding from the capital markets and impact our liquidity.

Our long-term debt is currently rated as below investment grade by Moody's Investors Service, Standard and Poor's Ratings Services and Fitch Ratings. The ratings agencies regularly evaluate us and Synovus Bank, and their ratings of our long-term debt are based on a number of factors, including our financial strength as well as factors not entirely within our control, including conditions affecting the financial services industry generally. We cannot predict whether existing customer relationships or opportunities for future relationships could be further affected by customers who choose to do business with a higher rated institution. See "Part I - Item 1A. Risk Factors - Changes in the cost and availability of funding due to changes in the deposit market and credit market, or the way in which we are perceived in such markets, may adversely affect our capital resources, liquidity and financial results." of this Report.

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

As of December 31, 2013, Synovus and its consolidated subsidiaries had $2.03 billion of long-term debt outstanding. Our ability to make scheduled payments of principal and interest or to satisfy our obligations in respect of our debt, to refinance our debt or to fund capital expenditures will depend on our future financial and operating performance and our ability to maintain adequate liquidity. Prevailing economic conditions (including interest rates), regulatory constraints, including, among other things, on distributions to us from our subsidiaries and required capital levels with respect to our subsidiary bank and financial subsidiaries, business and other factors, many of which are beyond our control, may also affect our ability to meet these needs. We may not be able to generate sufficient cash flows from operations, or obtain future borrowings in an amount sufficient to enable us to pay our debt, or to fund our other liquidity needs. We may need to refinance all or a portion of our debt on or before maturity, and we may not be able to refinance any of our debt when needed on commercially reasonable terms or at all. If our cash flow and capital resources are insufficient to fund our debt obligations, we may be forced to reduce or delay investments in our business, sell assets, seek to obtain additional equity or debt financing or restructure our debt on terms that may not be favorable to us.

We may be unable to pay dividends on our Common Stock and Preferred Stock.

Holders of our Common Stock and Preferred Stock are only entitled to receive such dividends as our Board may declare out of funds legally available for such payments. Although we have historically paid a quarterly cash dividend to the holders of our Common Stock and Preferred Stock we are not legally required to do so. Further, the Federal Reserve could decide at any time that paying any dividends on our Common Stock or Preferred Stock could be an unsafe or unsound banking practice. Finally, under a resolution adopted by our Board, we are required to, among other things, inform and consult with applicable regulatory agencies in advance of declaring or paying any future dividends, with the understanding that those regulatory agencies could decide at any time that paying any dividends could be an unsafe or unsound banking practice. The reduction or elimination of dividends paid on our Common Stock or Preferred Stock could adversely affect the market price of our Common Stock or Preferred Stock, as applicable. In addition, if we fail to pay dividends on our Series C Preferred Stock for six quarters, whether or not consecutive, the holders of the Series C Preferred Stock shall be entitled to certain rights to elect two directors to our board of directors.

For a discussion of current regulatory limits on our ability to pay dividends, see "Part I - Item 1. Business - Supervision, Regulation and Other Factors - Dividends," "Part I - Item 1A - Risk Factors - We may become subject to

supervisory actions and enhanced regulation that could have a material negative effect on our business, reputation, operating flexibility, financial condition and the value of our Common Stock and Preferred Stock." and "Part II - Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Repurchases of Equity Securities - Dividends" in this Report for further information.
We may not be able to realize our deferred tax assets in the future and they may be subject to additional valuation allowances, which could adversely affect our operating results and regulatory capital ratios.
As of December 31, 2013, Synovus had $744.6 million in net deferred tax assets, of which $618.5 million was disallowed when calculating regulatory capital. Management assesses the valuation allowance recorded against deferred tax assets at each reporting period. The determination of whether a valuation allowance for deferred tax assets is appropriate is subject to considerable judgment and requires an evaluation of all positive and negative evidence. In 2012, management concluded that substantially all

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of its deferred tax assets would be realized based upon future taxable income resulting in significant reduction in the valuation allowance. Synovus had a valuation allowance of $14.6 million at December 31, 2013, which is related to specific state income tax credits that have various expiration dates through the tax year 2018 and are expected to expire before they can be utilized.

The valuation allowance could fluctuate in future periods based on the assessment of the positive and negative evidence. If actual results differ significantly from the current estimates of future taxable income, even if caused by adverse macro-economic conditions, the valuation allowance may need to be increased for some or all of Synovus' deferred tax asset. Such an increase to the deferred tax asset valuation allowance could have a material adverse effect on our financial condition and results of operations. See “Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Income Tax Expense” and "Part II - Item 8. Financial Statements and Supplementary Data - Note 24 - Income Taxes" in this Report for further information.

Issuances or sales of Common Stock or other equity securities could result in an “ownership change” as defined for U.S. federal income tax purposes. In the event an “ownership change” were to occur, our ability to fully utilize a significant portion of our U.S. federal and state tax net operating losses and certain built-in losses that have not been recognized for tax purposes could be impaired as a result of the operation of Section 382 of the Code.

Our ability to use certain realized NOLs and unrealized built-in losses to offset future taxable income may be significantly limited if we experience an “ownership change” as defined by Section 382 of the Code. An ownership change under Section 382 generally occurs when a change in the aggregate percentage ownership of the stock of the corporation held by “five percent shareholders” increases by more than fifty percentage points over a rolling three year period. A corporation experiencing an ownership change generally is subject to an annual limitation on its utilization of pre-change losses and certain post-change recognized built-in losses equal to the value of the stock of the corporation immediately before the “ownership change,” multiplied by the long-term tax-exempt rate (subject to certain adjustments). The annual limitation is increased each year to the extent that there is an unused limitation in a prior year. Since U.S. federal net operating losses generally may be carried forward for up to 20 years, the annual limitation also effectively provides a cap on the cumulative amount of pre-change losses and certain post-change recognized built-in losses that may be utilized. Pre-change losses and certain post-change recognized built in losses in excess of the cap are effectively unable to be used to reduce future taxable income. In some circumstances, issuances or sales of our stock (including any Common Stock or other equity issuances or debt-for-equity exchanges and certain transactions involving our stock that are outside of our control) could result in an “ownership change” under Section 382.

In April 2010, we adopted a Rights Plan, which was approved by our shareholders in April 2011 at our 2011 annual meeting. In April 2013, our Board extended the Rights Plan to April 26, 2016. The Rights Plan provides an economic disincentive for any one person or group acting in concert to become an owner, for relevant tax purposes, of 5% or more of our stock and is intended to protect our NOLs from the potential negative consequence of an ownership change as defined under Section 382 of the Internal Revenue Code.

While adoption of the Rights Plan should reduce the likelihood that future transactions in our stock will result in an ownership change, there can be no assurance that the Rights Plan will be effective to deter a stockholder from increasing its ownership interests beyond the limits set by the Rights Plan or that an ownership change will not occur in the future, especially if the Rights Plan is not extended or a new Rights Plan is not adopted when the current Rights Plan terminates. Furthermore, our ability to enter into future transactions, including those requiring the issuance of additional ownership interests, may be impaired if such transactions result in an unanticipated “ownership change” under Section 382. If an “ownership change” under Section 382 were to occur, the value of our net operating losses and a portion of the net unrealized built-in losses will be impaired.

We may be required to repurchase mortgage loans or indemnify mortgage loan purchasers as a result of breaches of representations and warranties, borrower fraud, or certain borrower defaults, which could harm our liquidity, results of operations and financial condition.

Synovus Mortgage sells the majority of all the mortgage loans that it originates. While the loans are sold without recourse, the purchase agreements require Synovus Mortgage to make certain representations and warranties regarding the existence and sufficiency of file documentation and the absence of fraud by borrowers or other third parties such

as appraisers in connection with obtaining the loan. If it is determined that loans sold were in breach of these representations or warranties, Synovus Mortgage has obligations to either repurchase the loan at the unpaid principal balance and related investor fees or make the purchaser whole for any economic losses associated with the loan. In addition, the Dodd-Frank Act contains provisions designed to address perceived deficiencies in the residential mortgage loan origination and underwriting process, in part by creating new documentation requirements and underwriting criteria and increasing the potential liability of Synovus and Synovus Mortgage to their customers if Synovus and Synovus Mortgage fail to take steps to ensure and document that each borrower has the capacity and the ability to repay their loans.

To date, repurchase activity pursuant to the terms of these representations and warranties has been minimal and has primarily been associated with loans originated from 2005 through 2008. From January 1, 2005 through December 31, 2013, Synovus Mortgage originated and sold approximately $7.9 billion of first lien GSE eligible mortgage loans and approximately $3.4 billion

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of first and second lien non-GSE eligible mortgage loans. The total expense pertaining to losses from repurchases of mortgage loans previously sold, including amounts accrued in accordance with ASC 450, was $1.7 million, $6.7 million and $4.1 million, for the years ended December 31, 2013, 2012, and 2011, respectively. The total accrued liability related to mortgage repurchase claims was $4.1 million and $5.2 million at December 31, 2013 and 2012, respectively.

The Consumer Financial Protection Bureau, or CFPB, recently issued “ability-to-repay” and “qualified mortgage” rules that may have a negative impact on our loan origination process and foreclosure proceedings, which could adversely affect our business, operating results and financial condition.

Pursuant to its new authority, in January 2013, the CFPB adopted a rule that implements the ability-to-repay and qualified mortgage provisions of the Dodd-Frank Act (the “ATR/QM rule”). In May, July and October 2013 the CFPB issued rules amending certain provisions of the ATR/QM rule. The final ATR/QM rule, which took effect on January 10, 2014, will likely impact our residential mortgage lending practices, and the residential mortgage market generally. The ATR/QM rule requires lenders to consider, among other things, income, employment status, assets, payment amounts, and credit history before approving a mortgage, and provides a compliance “safe harbor” for lenders that issue certain “qualified mortgages.” The ATR/QM rule defines a “qualified mortgage” to have certain specified characteristics, and generally prohibit loans with negative amortization, interest-only payments, balloon payments, or terms exceeding 30 years from being qualified mortgages. The rule also establishes general underwriting criteria for qualified mortgages, including that monthly payments be calculated based on the highest payment that will apply in the first five years of the loan and that the borrower have a total debt-to-income ratio that is less than or equal to 43 percent. While “qualified mortgages” will generally be afforded safe harbor status, a rebuttable presumption of compliance with the ability-to-repay requirements will attach to “qualified mortgages” that are “higher priced mortgages” (which are generally subprime loans). As the definition of “qualified mortgage” provides either a safe harbor or a rebuttable presumption of compliance with the ability-to-repay requirements, the definition is expected to establish the parameters for the majority of consumer mortgage lending in the U.S.

Reflecting the CFPB's focus on the residential mortgage lending market, the CFPB has also issued rules to implement requirements of the Dodd-Frank Act pertaining to mortgage loan origination (including with respect to loan originator compensation and loan originator qualifications) and has proposed, but not finalized, integrated mortgage disclosure rules that will replace and combine certain existing requirements under the Truth in Lending Act and the Real Estate Settlement Procedures Act. The CFPB has indicated that it expects to issue additional mortgage-related rules in the future.

The new “qualified mortgage” rules may increase our compliance burden and reduce our lending flexibility and discretion, which could negatively impact our ability to originate new loans and the cost of originating new loans. Any loans that we make outside of the “qualified mortgage” criteria could expose us to an increased risk of liability and reduce or delay our ability to foreclose on the underlying property. Additionally, qualified “higher priced mortgages” only provide a rebuttable presumption of compliance and thus may be more susceptible to challenges from borrowers. It is difficult to predict how the CFPB's “qualified mortgage” rules will impact us when they take effect, but any decreases in loan origination volume or increases in compliance and foreclosure costs could negatively affect our business, operating results and financial condition.

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

We may be involved from time to time in a variety of litigation, investigations, inquiries or similar matters arising out of our business, including those described in “Part I - Item 3. Legal Proceedings” and "Part II - Item 8. Financial Statements and Supplementary Data - Note 21 - Legal Proceedings" of this Report. Synovus cannot predict the outcome of these or any other legal matters. We establish reserves for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. We may still incur legal costs for a matter even if we have not established a reserve. In addition, the actual cost of resolving a legal claim may be substantially higher than any amounts reserved for that matter. For those legal matters where the amounts associated with the claims are not probable and the costs cannot be reasonably estimated, Synovus estimates a range of reasonably possible losses.

As of December 31, 2013, Synovus' management currently estimates the aggregate range of reasonably possible losses resulting from our outstanding litigation, including, without imitation, the matters described in this Report is from zero to $25.0 million. This estimated aggregate range is based upon information currently available to Synovus, and the actual losses could prove to be higher (or lower). As there are further developments in these legal matters, Synovus will reassess these matters and the estimated range of reasonably possible losses may change as a result of this assessment. In addition, in the future, we may need to record additional litigation reserves with respect to these matters. Further, regardless of how these matters proceed, it could divert our management's attention and other resources away from our business.

Our insurance may not cover all claims that may be asserted against it and indemnification rights to which we are entitled may not be honored, and any claims asserted against us, regardless of merit or eventual outcome, may harm our reputation. Should the ultimate judgments or settlements in any litigation or investigation significantly exceed our insurance coverage, they could have a material adverse effect on our business, financial condition and results of operations. In addition, premiums for insurance

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covering the financial and banking sectors are rising. We may not be able to obtain appropriate types or levels of insurance in the future, nor may we be able to obtain adequate replacement policies with acceptable terms or at historic rates, if at all.

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

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

NONE.

ITEM 2. PROPERTIES

We and our subsidiaries own or lease all of the real property and/or buildings in which we operate business. All of such buildings are in a good state of repair and are appropriately designed for and are suitable for the purposes for which they are used.

As of December 31, 2013, we and our subsidiaries owned 270 facilities encompassing approximately 2,425,172 square feet and leased from third parties 70 facilities encompassing approximately 782,938 square feet. The owned and leased facilities are primarily comprised of office space from which we conduct our business. The following table provides additional information with respect to our leased facilities:

Table 6 - Properties

Square Footage	Number of Locations	Average Square Footage
Under 3,000	14	1,604
3,000 – 9,999	39	4,918
10,000 – 18,999	4	14,091
19,000 – 30,000	6	24,713
Over 30,000	7	52,005

See "Part II - Item 8. Financial Statements and Supplementary Data - Note 20 - Commitments and Contingencies' of this Report for further information.

ITEM 3. LEGAL PROCEEDINGS

Synovus and its subsidiaries are subject to various legal proceedings and claims that arise in the ordinary course of its business. Additionally, in the ordinary course of business, Synovus and its subsidiaries are subject to regulatory examinations, information gathering requests, inquiries and investigations. In the wake of the recent financial credit crisis, Synovus, like many other financial institutions, has become the target of numerous legal actions and other proceedings asserting claims for damages and related relief for losses resulting from the recent financial crisis. These actions include claims and counterclaims asserted by individual borrowers related to their loans and allegations of violations of state and federal laws and regulations relating to banking practices, including several purported putative class action matters. In addition to actual damages if Synovus does not prevail in any asserted legal action, credit-related litigation could result in additional write-downs or charge-offs of assets, which could adversely affect Synovus' results of operations during the period in which the write-down or charge-off occurred.

Based on our current knowledge and advice of counsel, management presently does not believe that the liabilities arising from these legal matters will have a material adverse effect on Synovus' consolidated financial condition, operating results or cash flows. However, it is possible that the ultimate resolution of these legal matters could have a material adverse effect on Synovus' results of operations and financial condition for any particular period. For additional information, see "Part II - Item 8. Financial Statements and Supplementary Data - Note 21 - Legal Proceedings" of this Report, which Note is incorporated in this Item 3 by this reference.

ITEM 4. MINE SAFETY DISCLOSURES

NOT APPLICABLE.

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Part II

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

Shares of our Common Stock are traded on the NYSE under the symbol "SNV." On February 27, 2014, the closing price per share of our Common Stock as quoted, at the end of regular trading, on the NYSE was $3.47.

Market and Stock Price Information

The table below sets forth the high and low sales prices of our Common Stock during the years ended December 31, 2013 and December 31, 2012 as reported on the NYSE.

Table 7 – Stock Price Information	High	Low
2013		
Quarter ended December 31, 2013	$3.61	3.17
Quarter ended September 30, 2013	3.52	2.90
Quarter ended June 30, 2013	2.92	2.46
Quarter ended March 31, 2013	$2.90	2.41
2012		
Quarter ended December 31, 2012	$2.60	2.07
Quarter ended September 30, 2012	2.51	1.81
Quarter ended June 30, 2012	2.17	1.67
Quarter ended March 31, 2012	$2.22	1.43

As of February 13, 2014, there were 972,411,548 shares of Synovus Common Stock issued and outstanding and 19,161 shareholders of record of Synovus Common Stock, some of which are holders in nominee name for the benefit of a number of different shareholders.

Dividends

The table below sets forth information regarding dividends declared on our Common Stock during the years ended December 31, 2013 and 2012.

Table 8 – Dividends	Date Paid	Per Share Amount
2013		
Quarter ended December 31, 2013	January 2, 2014	$0.01
Quarter ended September 30, 2013	October 1, 2013	0.01
Quarter ended June 30, 2013	July 1, 2013	0.01
Quarter ended March 31, 2013	April 1, 2013	$0.01
2012		
Quarter ended December 31, 2012	January 2, 2013	$0.01
Quarter ended September 30, 2012	October 1, 2012	0.01
Quarter ended June 30, 2012	July 2, 2012	0.01
Quarter ended March 31, 2012	April 2, 2012	$0.01

In addition to dividends paid on Synovus' Common Stock, Synovus paid dividends of $33.7 million and $48.4 million to the U.S. Treasury on its Series A Preferred Stock during 2013 and 2012, respectively. On July 26, 2013, Synovus redeemed all 967,870 shares of its Series A Preferred Stock. During 2013, Synovus also paid dividends of $2.7 million on its Series C Preferred Stock, which was issued in July 2013.

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

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

Synovus' ability to pay dividends is partially dependent upon dividends and distributions that it receives from Synovus Bank and its non-banking subsidiaries, which are restricted by various regulations administered by federal and state bank regulatory authorities. Synovus received $680.0 million in dividends from Synovus Bank in 2013 but did not receive any dividends from Synovus Bank during 2012 and 2011. Synovus' ability to receive dividends from Synovus Bank in future periods will depend on a number of factors, including, without limitation, Synovus Bank's future profits, asset quality, liquidity and overall financial condition. See "Part I - Item 1. Business - Supervision, Regulation and Other Factors - Dividends" of this Report for further information.

As a result of the board resolutions described in “Part I - Item 1. Business - Supervision, Regulation, and Other Factors" of this Report, we are required to inform and consult with applicable regulatory agencies in advance of declaring or paying any future dividends on our capital stock, including our Common Stock and Series C Preferred Stock, with the understanding that those regulatory agencies could decide at any time that paying any dividends could be an unsafe or unsound banking practice. In the current financial and economic environment, the Federal Reserve Board has indicated that bank holding companies should carefully review their dividend policy and has in some cases discouraged payment unless both asset quality and capital are very strong. In addition, pursuant to the terms of the Synovus Bank board resolution, Synovus Bank cannot pay any cash dividends without the approval of the FDIC and the Georgia Commissioner. Additionally, Synovus is subject to contractual restrictions that limit its ability to pay dividends if there is an event of default under such contract. Synovus in the future may become subject to additional supervisory actions and/or enhanced regulation that could have a material negative effect on business, operating flexibility, financial condition, and the value of our Common Stock and Preferred Stock.

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

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Stock Performance Graph

The following graph compares the yearly percentage change in cumulative shareholder return on Synovus stock with the cumulative total return of the Standard & Poor's 500 Index and the KBW Regional Bank Index for the last five fiscal years (assuming a $100 investment on December 31, 2008 and reinvestment of all dividends).

Table 9 - Stock Performance

	2008	2009	2010	2011	2012	2013
Synovus	$100	25.18	32.92	18.08	31.93	47.44
Standard & Poor's 500 Index	100	125.92	144.58	147.6	171.04	225.85
KBW Regional Bank Index	$100	77.69	93.37	88.49	100.17	146.56

Issuer Purchases of Equity Securities

Synovus did not repurchase any shares of Common Stock during 2012 or 2013.

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ITEM 6. SELECTED FINANCIAL DATA

Table 10 - Selected Financial Data	Years Ended December 31,				
(in thousands, except per share data)	2013	2012	2011	2010	2009
Income Statement					
Total revenues[(1)]	$1,060,818	1,128,941	1,188,021	1,292,951	1,406,913
Net interest income	810,192	854,117	924,154	986,333	1,010,310
Provision for loan losses	69,598	320,369	418,795	1,131,274	1,805,599
Non-interest income	253,571	313,966	338,874	305,347	410,670
Non-interest income excluding investment securities (gains)losses, net	250,627	274,824	263,827	306,618	396,603
Non-interest expense	741,537	816,237	903,765	1,009,576	1,221,289
Income (loss) from continuing operations, net of income taxes	159,383	830,209	(60,844)	(834,019)	(1,433,931)
Income from discontinued operations, net of income taxes[(2)]	—	—	—	43,162	4,590
Net income (loss)	159,383	830,209	(60,844)	(790,857)	(1,429,341)
Net income (loss) attributable to non-controlling interest	—	—	(220)	(179)	2,364
Net income (loss) available to controlling interest	159,383	830,209	(60,624)	(790,678)	(1,431,705)
Dividends and accretion of discount on preferred stock	40,830	58,703	58,088	57,510	56,966
Net income (loss) available to common shareholders	118,553	771,506	(118,712)	(848,188)	(1,488,671)
Per share data					
Basic net income (loss) per common share:					
Net income (loss) from continuing operations available to common shareholders	0.13	0.98	(0.15)	(1.30)	(4.00)
Net income (loss) available to common shareholders	0.13	0.98	(0.15)	(1.24)	(3.99)
Diluted net income (loss) per common share:					
Net income (loss) from continuing operations available to common shareholders	0.13	0.85	(0.15)	(1.30)	(4.00)
Net income (loss) available to common shareholders	0.13	0.85	(0.15)	(1.24)	(3.99)
Cash dividends declared on Common Stock	0.04	0.04	0.04	0.04	0.04
Balance Sheet					
Investment securities available for sale	3,199,358	2,981,112	3,690,125	3,440,268	3,188,735
Loans, net of deferred fees and costs	20,057,798	19,541,690	20,079,813	21,585,763	25,383,068
Deposits	20,876,790	21,057,044	22,411,752	24,500,304	27,433,533
Long-term debt	2,033,141	1,726,455	1,364,727	1,808,161	1,751,592
Total shareholders' equity	2,948,985	3,569,431	2,827,452	2,997,918	2,851,041
Average total shareholders' equity	3,295,497	2,859,127	2,907,339	3,134,335	3,285,014
Average total assets	$26,329,244	$26,369,321	$28,512,193	31,966,180	34,423,617

Performance ratios and other data								
Return on average assets	0.61	%	3.15		(0.21)		(2.47)	(4.16)
Return on average equity	4.84		29.04		(2.09)		(25.23)	(43.58)
Net interest margin	3.40		3.50		3.51		3.36	3.19
Dividend payout ratio(3)	30.77		4.71		nm		nm	nm
Average shareholders' equity to average assets	12.52		10.84		10.20		9.81	9.54
Tangible common equity to tangible assets ratio(4)	10.68		9.66		6.81		6.73	5.74
Earnings to fixed charges ratio	2.19	x	0.87	x	0.59	x	nm	nm
Average common shares outstanding, basic	892,462		786,466		785,272		685,186	372,943
Average common shares outstanding, diluted	939,580		910,102		785,272		685,186	372,943

(1) Consists of net interest income and non-interest income excluding investment securities (gains) losses, net.

(2) Discontinued operations for the years ended December 31, 2010 and 2009 include the revenues and expenses of Synovus' merchant services business, the sale of which was completed on March 31, 2010. Additionally, discontinued operations for the year ended December 31, 2010 include a $42.4 million gain, after tax, on the sale of the merchant services business.

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

(4) The tangible common equity to tangible assets ratio is a non-GAAP measure which is calculated as follows: (total shareholders' equity minus preferred stock minus goodwill minus other intangible assets) divided by (total assets minus goodwill minus other intangible assets). See "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Financial Measures" of this Report for further information.

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

Executive Summary

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

Economic Overview

The consensus opinion, heading into the final quarter of 2013, was for the Federal Reserve to defer the tapering of its Quantitative Easing program until 2014 (after September's announcement that no action would be taken, due in part to an imminent government shutdown and increased global risk). However, in December 2013 the Federal Reserve decided to implement a taper of $10 billion, an amount that would evenly reduce both Treasury securities and agency mortgage-backed securities purchases. This action was interpreted by the market as positive evidence of the Federal Reserve's belief that domestic economic recovery is on solid footing and indicates a healthier economic outlook than that offered at the beginning of 2013.

The unemployment rate declined to 6.7% at the close of 2013, compared to 2012's closing unemployment level of 7.8%; organic job growth and demographic shifts that fostered labor force declines combined to push the rate downward. Within the Synovus footprint (Georgia, Alabama, South Carolina, Tennessee and Florida), most Metropolitan Statistical Areas (MSAs) showed declining unemployment, some mainly due to organic job growth (e.g., Tampa-St. Petersburg-Clearwater, Florida MSA), and others due to labor force reductions (e.g., Birmingham-Hoover, Alabama MSA). Within the Synovus MSA footprint, the lowest unemployment rate for 2013 was 4.5% in the Crestview-Fort Walton Beach-Destin, Florida MSA, while the highest MSA unemployment rate was 9.5% in the Dalton, Georgia MSA (though this market exhibited a more than 300 bps improvement during the fourth quarter of 2013). Tennessee is the only Synovus footprint state that concluded the 2013 year with an unemployment rate higher than a year ago, with 8.1% at year-end 2013 compared to 7.7% at year-end 2012. Propelled by growth in large MSAs such as Tampa-St. Petersburg-Clearwater, Florida MSA, Pensacola-Ferry Pass-Brent, Florida MSA and Orlando-Kissimmee-Sanford, Florida MSA, the state of Florida led the Synovus footprint with a 220 bps improvement in the unemployment rate, ending 2013 at 6.4%.

The Conference Board Consumer Confidence Index ended the year at 77.5, down from an 81.8 peak in August. Consumer spending remained relatively healthy throughout the year; a shortened holiday retail season and poor weather negatively impacted brick and mortar sales yet boosted on-line purchases by year-end, causing some ambivalence in the interpretation of retail sales results. Automobile sales reached an annualized level of 16.4 million units in November, out-pacing estimates for the year. The National Federation of Independent Businesses Small Business Optimism Index rose from a year-end 2012 level of 88.9 to a 2013 year-end level of 92.5; the index peaked in May at 94.4.

Fixed, thirty year mortgage rates increased from 3.35% at year-end 2012, to 4.46% at year-end 2013, driven mainly by the commencement of Quantitative Easing tapering and solid economic growth. After an initial first and second quarter 2013 surge, the pace of permitting in residential construction (including multi-family) slowed over the second half of the year, as evidenced by reductions in permit volume in many MSAs within the Synovus footprint. During 2013, median home sale prices generally increased year-over-year, where Atlanta-Sandy Springs-Roswell, Georgia MSA, for example, led the Synovus MSAs with a 42% year-over-year increase, an improvement that is generally attributed to a declining number of foreclosure and distressed asset sales, as well as to improving market conditions. Nationally, median home prices rose 9.4% year-over-year during 2013.

Commercial real estate continued its recovery through 2013, as asset values pushed higher, particularly in the multi-family and industrial/warehouse sectors where capitalization rates are at or near historical lows and rents have generally exceeded pre-recession levels. The hospitality segment recovered through 2013, specifically in Atlanta, where gains were realized in occupancies, revenues, and bookings. Premium pricing for major metro market properties pushed investors seeking adequate yields towards secondary markets and major inland transportation hubs.

There is currently some general concern in the office sector, specifically the medical subsector, where the impact of the Affordable Care Act is unclear. There is risk that expense control by hospitals and the consolidation of independent physician practices could result in an oversupply of vacant medical office space.

The United States economy experienced improved GDP growth in 2013. The fourth quarter of 2013 reportedly saw 3.2% GDP growth, while the third quarter of 2013 posted 4.1% GDP growth, the most notable economic expansion since the fourth quarter of 2011. U.S. GDP growth was 2.2% in 2012.

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Although uncertainties continue to exist in global markets in 2013, some signs of improvement were observed. Latin American economies became stronger during 2013, particularly in Mexico and Brazil which set the pace in South America despite deteriorating circumstances in Argentina and Venezuela. The economy in Great Britain showed strong recovery in 2013 and should continue to recover, and Germany is expected to continue to set the standard for economic health in Europe. On the other hand, China exhibited GDP growth in excess of 7% in 2013; this is viewed negatively as it marks the worst growth rate in 14 years, due primarily to lower consumption of its exports. Tensions in the Middle East related to Egypt and Syria were a constant source of concern in 2013; improvement is expected, though chronic instability ensures some impact on the global economy in 2014. Domestically, lower energy prices, a new budget deal that tempers austerity measures, and increased consumption should power America's growth. At this time, Synovus does not have direct exposure to global markets, but it will continue to monitor the impact of international developments on domestic economic activity and will determine the most appropriate strategies to pursue.

Overview of 2013 Financial Results

Net income available to common shareholders was $118.6 million, or $0.13 per diluted common share for the year ended December 31, 2013, as compared to $771.5 million or $0.85 per diluted common share, respectively, for the year ended December 31, 2012.

The 2012 results reflect an income tax benefit of $798.7 million, which was primarily due to the $802.8 million income tax benefit recognized upon the reversal of the deferred tax asset valuation allowance during the three months ended December 31, 2012. The 2013 results reflect income tax expense at a blended rate of 36.9% following the reversal of the deferred tax asset valuation allowance in 2012.

Total credit costs declined significantly during 2013 and drove the earnings improvement for the year. Total credit costs (consisting primarily of provision for loan losses and foreclosed real estate expense) were $118.0 million in 2013, a $314.7 million or 72.7% decline from 2012. Credit costs for 2012 include approximately $157.0 million in distressed asset disposition charges recorded during the fourth quarter which primarily related to a bulk sale. In addition to the impact of lower distressed asset disposition costs, the decline in credit costs reflects the continued broad-based improvement in credit quality during 2013 including significant reductions in NPL inflows, net charge-offs, substandard, and special mention loans.

Non-performing assets ended the year at $539.6 million, down $163.5 million or 23.2% from December 31, 2012, while NPL inflows declined $402.0 million or 62.7% during the year to $239.4 million. Net charge-offs totaled $135.4 million, or 0.69% of average loans, in 2013 down from $483.5 million or 2.45% of average loans in 2012. Substandard accruing loans declined 19.4% during the year to $542.4 million, while loans rated special mention declined 38.2% to $850.6 million.

Pre-tax, pre-credit costs income (which excludes provision for loan losses, other credit costs, securities gains and losses, litigation loss contingency expense, and certain other items) was $390.3 million in 2013, down 10.6% or $46.4 million from 2012. The decrease in pre-tax, pre-credit costs income was driven by a $43.9 million or 5.1% decrease in net interest income resulting mainly from a 10 bps decrease in the net interest margin and a slight decrease in average loans, and a $24.2 million or 8.8% decrease in non-interest income excluding securities gains, partially offset by a $21.8 million or 3.1% decrease in adjusted non-interest expense. The decrease in adjusted non-interest expense reflects the impact of efficiency initiatives implemented during 2013 and 2012, which drove the 5.4% decline in headcount for the year. See "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Financial Measures" of this Report for further information.

Total loans ended the year at $20.06 billion, a $516.1 million or 2.6% increase from a year ago. The increase was driven by a $431.2 million or 4.5% growth in C&I loans and a $153.5 million or 4.4% increase in retail loans. Total commercial real estate loans declined $60.1 million or 0.9% during the year, reflecting a $150.2 million or 3.4% increase in investment property loans while 1-4 family properties and land acquisition loans declined $210.3 million or 10.1%.

Total deposits decreased by $180.3 million or 0.9% from a year ago. Excluding brokered deposits and time deposits, total deposits declined $96.4 million or 0.6% from a year ago. At December 31, 2013, brokered deposits represented 5.2% of total deposits, unchanged from December 31, 2012.

Total shareholders’ equity at December 31, 2013 was $2.95 billion, a $620.4 million decline from a year ago. The change in shareholders’ equity for the year reflects a $967.9 million reduction from the July 2013 TARP redemption, as well as an increase of $301.0 million from the Common Stock and Series C Preferred Stock offerings completed in July 2013 in connection with the TARP redemption. See "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Capital Resources" of this Report for further discussion regarding Synovus' Series A Preferred Stock and related redemption of TARP.

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Consolidated Financial Highlights

A summary of Synovus' financial performance for the years ended December 31, 2013 and 2012 is set forth in the table below.

Table 11 - Consolidated Financial Highlights

	Years Ended December 31,				
(dollars in thousands, except per share data)	2013		2012	Change	
Net interest income	$810,192		854,117	(5.1	)%
Provision for loan losses	69,598		320,369	(78.3	)
Non-interest income	253,571		313,966	(19.2	)
Adjusted non-interest income [1]	253,589		266,591	(4.9	)
Non-interest expense	741,537		816,237	(9.2	)
Adjusted non-interest expense [1]	670,503		692,271	(3.1	)
Income before income taxes	252,628		31,477	nm	
Pre-tax, pre-credit costs income [1]	390,315		436,670	(10.6	)
Net income	159,383		830,209	(80.8	)
Net income available to common shareholders	118,553		771,506	(84.6	)
Net income available to common shareholders, basic	0.13		0.98	(86.5	)
Net income available to common shareholders, diluted	0.13		0.85	(85.1	)
	December 31,				
	2013		2012	Change	
Loans, net of deferred fees and costs	$20,057,798		19,541,690	2.6	%
Total deposits	20,876,790		21,057,044	(0.9	)
Core deposits [1]	19,782,788		19,964,295	(0.9	)
Core deposits excluding time deposits [1]	16,284,588		16,380,991	(0.6	)
Net interest margin	3.40	%	3.50	(10	) bps
Non-performing assets ratio	2.67		3.57	(90	)
Past due loans over 90 days	0.02		0.03	(1	)
Net charge-off ratio	0.69		2.45	(176	)
Tier 1 capital	$2,351,493		2,832,244	(17.0	)%
Tier 1 common equity [1]	2,215,631		1,864,917	18.8	
Total risk-based capital	2,900,865		3,460,998	(16.2	)
Tier 1 capital ratio	10.54	%	13.24	(270	) bps
Tier 1 common equity ratio [1]	9.93		8.72	121	
Total risk-based capital ratio	13.00		16.18	(318	)
Total shareholders' equity to total assets ratio [1]	11.25		13.34	(209	)
Tangible common equity to tangible assets ratio [1]	10.68		9.66	102	

[1] See reconciliation of "Non-GAAP Financial Measures" in this Report.

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Critical Accounting Policies

The accounting and financial reporting policies of Synovus are in accordance with U.S. GAAP and conform to the accounting and reporting guidelines prescribed by bank regulatory authorities. Synovus has identified certain of its accounting policies as "critical accounting policies," consisting of those related to the accounting for the allowance for loan losses, contingent liabilities related to legal matters, deferred tax assets valuation allowance, other real estate, and determining the fair value of financial instruments. In determining which accounting policies are critical in nature, Synovus has identified the policies that require significant judgment or involve complex estimates. It is management's practice to discuss critical accounting policies with the Board of Directors' Audit Committee, including the development, selection, implementation and disclosure of the critical accounting policies. The application of these policies has a significant impact on Synovus' consolidated financial statements. Synovus' financial results could differ significantly if different judgments or estimates are applied in the application of these policies.

Allowance for Loan Losses

The allowance for loan losses is a significant accounting estimate that is determined through periodic and systematic detailed reviews of the Company's loan portfolio. These reviews are performed to assess the inherent risk for probable loss within the portfolio and to ensure consistency between fluctuations in the allowance and both credit events within the portfolio and prevailing credit trends. The economic and business climate in any given industry or market is difficult to gauge and can change rapidly, and the effects of those changes can vary by borrower. Significant judgments and estimates are necessary in the determination of the allowance for loan losses. Significant judgments include, among others, loan risk ratings and classifications, the determination and measurement of impaired loans, the timing of loan charge-offs, the probability of loan defaults, the net loss exposure in the event of loan defaults, qualitative loss factors, management's plans, if any, for disposition of certain loans, as well as other qualitative considerations. In determining an adequate allowance for loan losses, management makes numerous assumptions, estimates, and assessments, which are inherently subjective. The use of different estimates or assumptions could have a significant impact on the provision for loan losses, allowance for loan losses, non-performing loans, loan charge-offs, financial condition and results of operations.

During the third quarter of 2013, Synovus implemented a Dual Risk Rating allowance for loan losses methodology (DRR methodology) for certain components of the commercial and industrial loan portfolio. The DRR includes sixteen probabilities of default categories and nine categories for estimating losses given an event of default. The result is an expected loss rate established for each borrower. The DRR methodology is considered to be a more refined estimate of the inherent risk of loss. Management currently expects to implement the DRR methodology for additional components of the commercial loan portfolio over the next few years. The implementation is expected to be in multiple phases, with each component determined based primarily on loan type and size. The timing of future implementations will depend upon completion of applicable data analysis and model assessment. Once full implementation is completed, management estimates that the DRR methodology will be utilized to calculate the allowance for loan losses on commercial loans amounting to over 30% of the total loan portfolio.

Contingent Liabilities

Synovus estimates its contingent liabilities with respect to outstanding legal matters based on information currently available to management, management's estimates about the probability of outcomes of each case and the advice of legal counsel. In accordance with guidance in ASC 450-25-2, management accrues an estimated loss from a loss contingency when information available indicates that it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In addition, it must be probable that the loss will be confirmed by some future event. Significant judgment is required in making these estimates and management must make assumptions about matters that are highly uncertain. Accordingly, the actual loss may be more or less than the current estimate.

In many situations, Synovus may be unable to estimate reasonably possible losses due to the preliminary nature of the legal matters, as well as a variety of other factors and uncertainties. As there are further developments, Synovus will reassess these legal matters and the related potential liabilities and will revise, when needed, its estimate of contingent liabilities. See "Part II - Item 8. Financial Statements and Supplementary Data - Note 21 - Legal Proceedings" of this Report for further discussion.

Deferred Taxes and Valuation Allowance

ASC 740-30-25 provides accounting guidance for determining when an entity is required to record a valuation allowance on its deferred tax assets. A valuation allowance is required for deferred tax assets if, based on available evidence, it is more likely than not that all or some portion of the asset may not be realized due to the inability to generate sufficient taxable income in the period and/or of the character necessary to utilize the benefit of the deferred tax asset. In making this assessment, all sources of taxable income available to realize the deferred tax asset are considered, including taxable income in prior carryback years, future reversals of existing temporary differences, tax planning strategies, and future taxable income exclusive of reversing temporary

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differences and carryforwards. The predictability that future taxable income, exclusive of reversing temporary differences, will occur is the most subjective of these four sources. Changes in the valuation allowance are recorded through income tax expense.

Management assesses the valuation allowance recorded against deferred tax assets at each reporting period. The determination of whether a valuation allowance for deferred tax assets is appropriate is subject to considerable judgment and requires an evaluation of all positive and negative evidence.

The valuation allowance could fluctuate in future periods based on the assessment of the positive and negative evidence. Management's conclusion at December 31, 2013, that it is more likely than not that the net deferred tax assets of $744.6 million will be realized is based primarily upon management's estimate of future taxable income. Management's estimate of future taxable income is based on internal projections which consider historical performance, various internal estimates and assumptions, as well as certain external data, all of which management believes to be reasonable, although inherently subject to significant judgment. If actual results differ significantly from the current estimates of future taxable income, the valuation allowance may need to be increased. Such an increase to the deferred tax asset valuation allowance could have a material adverse effect on Synovus' consolidated financial condition or results of operations.

Other Real Estate

Other real estate consists of properties obtained through a foreclosure proceeding or through an in-substance foreclosure in satisfaction of loans. At foreclosure, ORE is reported at the lower of cost or fair value less estimated selling costs, which establishes a new cost basis. Subsequent to foreclosure, ORE is evaluated quarterly and reported at fair value less estimated selling costs, not to exceed the new cost basis, determined by review of current appraisals, as well as the review of comparable sales and other estimates of fair value obtained principally from independent sources, changes in absorption rates or market conditions from the time of the latest appraisal received or previous re-evaluation performed, and anticipated sales values considering management's plans for disposition, which could result in an adjustment to lower the fair value estimates indicated in the appraisals.

Significant judgments and complex estimates are required in estimating the fair value of ORE. In response to market conditions and other economic factors, management may utilize liquidation sales as part of Synovus' distressed asset disposition strategy. As a result of the significant judgment required in estimating fair value and the variables involved in different methods of disposition, the net proceeds realized from sales transactions could differ significantly from appraisals, comparable sales, and other estimates used to determine the estimated fair value of ORE. Management reviews the fair value of ORE each quarter and adjusts the values as appropriate.

Fair Value Measurements

Synovus reviews assets, liabilities and other financial instruments that are either required or elected to be carried, reported, or disclosed at fair value, and determines the valuation of these instruments in accordance with FASB ASC Topic 820, Fair Value Measurements, which defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Synovus assesses the fair value measurements of each instrument on a periodic basis, but no less than quarterly.

Synovus determines the fair value of its financial instruments based on the fair value hierarchy established under ASC 820, which provides a three-level framework for determining the appropriate fair value for a particular asset or liability. Fair value may be based on quoted market prices for identical assets or liabilities traded in active markets (Level 1 valuations). If market prices are not available, quoted prices for similar instruments 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 are used (Level 2 valuations). Where observable market data is not available, the valuation is generated using pricing models, discounted cash flow models and similar techniques, and may also include the use of market prices of financial instruments that are not directly comparable to the subject instrument. 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 financial instrument (Level 3 valuations). The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable

inputs (Level 3). A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the financial instrument's fair value measurement in its entirety.

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

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

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Assets, liabilities and other financial instruments classified as Level 3 in the fair value hierarchy are generally less liquid and estimating their value requires inputs that are unobservable and require the application of significant judgment on behalf of management in order to determine the appropriate fair value of each of these instruments. As of December 31, 2013, Synovus reported $30.1 million of assets (or 0.1% of total assets) classified as Level 3, of which $27.7 million consisted of private equity investments. Also, as of December 31, 2013, Synovus reported $2.7 million of liabilities (or 0.01% of total liabilities) classified as Level 3.

See "Part II - Item 8. Financial Statements and Supplementary Data - Note 16 - Fair Value Accounting" of this Report for further discussion of Synovus' use of the various fair value methodologies and the types of assets and liabilities in which fair value accounting is applied.

Discussion of Financial Condition and Results of Operations

Investment Securities Available for Sale

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

The investment strategy focuses on the use of the investment securities portfolio to generate interest income and to assist in the management of interest rate risk. Synovus moderately increased portfolio duration during 2013 while the average balance of the portfolio decreased from the prior year. The average duration of Synovus' investment securities portfolio was 3.5 years at December 31, 2013 compared to 3.0 years at December 31, 2012.

Synovus also utilizes a significant portion of its investment portfolio to secure certain deposits and other liabilities requiring collateralization. At December 31, 2013, approximately $2.38 billion of these investment securities were pledged as required collateral for certain deposits, securities sold under repurchase agreements and payment network arrangements, as required by law and contractual agreements. The investment securities are primarily mortgage-backed securities issued by U.S. government agencies and U.S. government sponsored enterprises, both of which have a high degree of liquidity and limited credit risk. A mortgage-backed security depends on the underlying pool of mortgage loans to provide a cash flow pass-through of principal and interest. At December 31, 2013, all of the collateralized mortgage obligations and mortgage-backed pass-through securities held by Synovus were issued or backed by federal agencies or government sponsored enterprises.

As of December 31, 2013 and 2012, the estimated fair value of investment securities available for sale as a percentage of their amortized cost was 99.2% and 101.7%, respectively. The investment securities available for sale portfolio had gross unrealized gains of $19.2 million and gross unrealized losses of $44.6 million, for a net unrealized loss of $25.4 million as of December 31, 2013. The investment securities available for sale portfolio had gross unrealized gains of $54.1 million and gross unrealized losses of $4.6 million, for a net unrealized gain of $49.5 million as of December 31, 2012. Shareholders' equity included net unrealized losses of $28.9 million and net unrealized gains of $17.1 million on the available for sale portfolio as of December 31, 2013 and 2012, respectively.

During 2013 and 2012, the average balance of investment securities available for sale decreased to $3.08 billion at December 31, 2013 from $3.44 billion at December 31, 2012. Synovus earned a taxable-equivalent rate of 1.71% and 1.97% for 2013 and 2012, respectively, on its investment securities available for sale portfolio. For the years ended December 31, 2013 and 2012, investment securities available for sale represented 12.89% and 14.04%, respectively, of interest earning assets.

Table 12 - Investment Securities Available for Sale	December 31,	
(in thousands)	2013	2012
U.S. Treasury securities	$17,791	356
U.S. Government agency securities	34,641	38,046
Securities issued by U.S. Government sponsored enterprises	113,745	293,310
Mortgage-backed securities issued by U.S. Government agencies	195,117	245,593
Mortgage-backed securities issued by U.S. Government sponsored enterprises	2,421,360	1,867,493
	398,540	514,489

Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises		
State and municipal securities	6,889	15,798
Equity securities	7,584	3,740
Other investments	3,691	2,287
Total fair value	$3,199,358	2,981,112

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

Table 13 - Maturities and Weighted Average Yields of Investment Securities Available for Sale as of December 31, 2013

(dollars in thousands)	Within One Year	1 to 5 Years	5 to 10 Years	More Than 10 Years	No Stated Maturity	Total
Fair Value						
U.S. Treasury securities	$17,791	—	—	—	—	17,791
U.S. Government agency securities	114	9,501	25,026	—	—	34,641
Securities issued by U.S. Government sponsored enterprises	30,642	83,103	—	—	—	113,745
Mortgage-backed securities issued by U.S. Government agencies	41	1	753	194,322	—	195,117
Mortgage-backed securities issued by U.S. Government sponsored enterprises	829	3,684	2,000,297	416,550	—	2,421,360
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	—	—	84	398,456	—	398,540
State and municipal securities	1,066	2,886	—	2,937	—	6,889
Other investments	—	—	—	1,722	1,969	3,691
Securities with no stated maturity (equity securities)	—	—	—	—	7,584	7,584
Total	$50,483	99,175	2,026,160	1,013,987	9,553	3,199,358
Weighted Average Yield						
U.S. Treasury securities	0.02 %	—	—	—	—	0.02
U.S. Government agency securities	6.40	5.45	5.68	—	—	5.62
Securities issued by U.S. Government sponsored enterprises	2.72	1.08	—	—	—	1.52
Mortgage-backed securities issued by U.S. Government agencies	6.31	9.00	3.71	2.49	—	2.49
Mortgage-backed securities issued by U.S. Government sponsored enterprises	4.24	5.20	1.46	2.88	—	1.71
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	—	—	4.01	2.43	—	2.43
State and municipal securities	6.97	7.00	—	5.56	—	6.38

Other investments	—	—	—	4.25	2.12	3.17
Securities with no stated maturity (equity securities)	—	—	—	—	3.68	3.68
Total	1.88 %	1.73	1.52	2.63	3.14	1.89

Mortgage Banking

Synovus originated residential mortgage loans with originations totaling $1.15 billion and $1.47 billion in 2013 and 2012, respectively. Synovus offers various types of fixed-rate and adjustable-rate loans for the purpose of purchasing, refinancing, or constructing residential properties. The majority of the originated loans are conforming mortgage loans for owner-occupied properties. Conforming loans are loans that are underwritten in accordance with the underwriting standards set forth by government sponsored entities such as the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. These loans are generally collateralized by 1-4 family residential real estate properties and are made to borrowers in good credit standing. These loans are primarily to borrowers in Synovus' geographic market footprint.

Repurchase Obligations for Mortgage Loans Originated for Sale and Foreclosure Practices

The majority of mortgage loans originated by Synovus are sold to third-party purchasers on a servicing released basis, without recourse, or continuing involvement. These sales are typically effected as non-recourse loan sales to GSEs and non-GSE purchasers. Each purchaser of Synovus' mortgage loans has specific guidelines and criteria for sellers of loans, and the risk of credit loss with

regard to the principal amount of the loans sold is generally transferred to the purchasers upon sale. While the loans are sold without recourse, the purchase agreements require Synovus to make certain representations and warranties regarding the existence and sufficiency of file documentation and the absence of fraud by borrowers or other third parties such as appraisers in connection with obtaining the loan. If it is determined that loans sold were in breach of these representations or warranties, Synovus has obligations to either repurchase the loan at the unpaid principal balance and related investor fees or make the purchaser whole for the economic benefits of the loan.

To date, repurchase activity pursuant to the terms of these representations and warranties has been minimal and has primarily been associated with loans originated from 2005 through 2008. From January 1, 2005 through December 31, 2013, Synovus originated and sold approximately $7.9 billion of first lien GSE eligible mortgage loans and approximately $3.4 billion of first and second lien non-GSE eligible mortgage loans. The total expense pertaining to losses from repurchases of mortgage loans previously sold, including amounts accrued in accordance with ASC 450, was $1.7 million, $6.7 million, and $4.1 million for the years ended December 31, 2013, 2012, and 2011, respectively. The total accrued liability related to mortgage repurchase claims was $4.1 million and $5.2 million, at December 31, 2013 and 2012, respectively.

Since 2010, financial institutions have experienced a dramatic increase in the number of mortgage loan repurchase demands they received, including from GSEs, mortgage insurers, and other purchasers of residential mortgage-backed securitizations, due to findings of mortgage fraud and underwriting deficiencies in the mortgage origination process, and misrepresentations in the packaging of mortgages by certain mortgage lenders. Also since 2010, foreclosure practices of financial institutions nationwide have come under scrutiny due to the discovery of fraudulent documentation and questionable residential foreclosure procedures of certain financial institutions. To date, Synovus has experienced minimal repurchase activity in its consumer mortgage lending operations.

At December 31, 2013 and December 31, 2012, Synovus had $3.11 billion and $2.95 billion, respectively, of home equity and consumer mortgage loans which are secured by first and second liens on residential properties. Of this amount, approximately $991.8 million and $922.4 million, respectively, consists of mortgages relating to properties in Florida and South Carolina which are states in which foreclosures proceed through the courts. To date, foreclosure activity in the home equity and consumer mortgage loan portfolio has been low. Any foreclosures on these loans are handled by designated Synovus personnel and external legal counsel, as appropriate, following established policies regarding legal and regulatory requirements. Based on information currently available, management believes that it does not have significant exposure to faulty foreclosure practices. See "Part I - Item 1A. Risk Factors - We may be required to repurchase mortgage loans or indemnify mortgage loan purchasers as a result of breaches of representations and warranties, borrower fraud, or certain borrower defaults, which could harm our liquidity, results of operations and financial condition."

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Loans

The following table shows loans by portfolio class and as a percentage of total loans, net of deferred fees and costs, as of December 31, 2013 and 2012.

Table 14 - Loans by Portfolio Class	December 31,				
	2013			2012	
(dollars in thousands)	Total Loans	%*		Total Loans	%*
Investment properties	$4,566,679	22.8	%	$4,416,481	22.6 %
1-4 family properties	1,163,253	5.8		1,286,042	6.6
Land acquisition	707,820	3.5		795,341	4.0
Total commercial real estate	6,437,752	32.1		6,497,864	33.2
Commercial, financial, and agricultural	5,498,739	27.4		5,291,078	27.1
Owner-occupied	3,814,720	19.0		3,762,024	19.2
Small business	687,216	3.4		516,349	2.6
Total commercial and industrial	10,000,675	49.8		9,569,451	48.9
Home equity lines	1,587,541	7.9		1,542,397	7.9
Consumer mortgages	1,519,068	7.5		1,411,561	7.2
Credit cards	256,846	1.3		263,561	1.4
Other retail loans	284,778	1.4		277,229	1.4
Total retail	3,648,233	18.1		3,494,748	17.9
Deferred fees and costs, net	(28,862)	nm		(20,373)	nm
Total loans, net of deferred fees and costs	$20,057,798	100.0	%	$19,541,690	100.0 %

*Loan balance in each category is before net deferred fees and costs and is expressed as a percentage of total loans, net of deferred fees and costs.

nm - not meaningful

Total loans ended the year at $20.06 billion, a $516.1 million or 2.6% increase from a year ago. The increase was driven by a $431.2 million or 4.5% growth in C&I loans and a $153.5 million or 4.4% increase in retail loans. Total commercial real estate loans declined $60.1 million or 0.9% during the year, reflecting a $150.2 million or 3.4% increase in investment property loans while 1-4 family properties and land acquisition loans declined $210.3 million or 10.1%.

Commercial Loans

The commercial loan portfolio consists of commercial and industrial loans and commercial real estate loans. Total commercial loans at December 31, 2013 were $16.44 billion or 81.9% of the total loan portfolio, an increase of $371.1 million or 2.3% from December 31, 2012, resulting primarily from growth in commercial and industrial loans which was offset by a decline in commercial real estate loans.

At December 31, 2013 and 2012, Synovus had 25 and 22 commercial loan relationships, respectively, with total commitments of $50 million or more (including amounts funded). The average funded balance of these relationships at December 31, 2013 and 2012 was approximately $65 million and $70 million, respectively.

Commercial and Industrial (C&I) Loans

Total commercial and industrial loans at December 31, 2013 were $10.00 billion, or 49.8% of the total loan portfolio, compared to $9.57 billion, or 48.9% of the total loan portfolio at December 31, 2012, an increase of $431.2 million, or 4.5%, from 2012. The commercial and industrial loan portfolio represents the largest category of Synovus' total loan portfolio and is currently concentrated on small to middle market commercial and industrial lending disbursed throughout a diverse group of industries in the Southeast including health care and social assistance, finance and insurance, manufacturing, construction, real estate lending, wholesale trade, and retail trade. Most portfolio components grew during 2013, with most of the growth reported in health care and social assistance, small business, and manufacturing. The component that reported the largest decline was real estate leasing, with a total decline of $116.2 million or 20.2%. For more detailed information on the C&I portfolio by industry at December 31, 2013 and 2012 see the table below, Commercial and Industrial Loans by Industry.

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Table 15 - Commercial and Industrial Loans by Industry

	December 31, 2013		December 31, 2012	
(dollars in thousands)	Amount	%*	Amount	%*
Health care and social assistance	$1,529,293	15.3 %	$1,344,841	14.1 %
Manufacturing	875,875	8.8	767,371	8.0
Real estate other	851,668	8.5	768,087	8.0
Retail trade	695,087	6.9	664,524	7.0
Small business	687,216	6.9	516,349	5.4
Wholesale trade	581,144	5.8	563,385	5.9
Finance and insurance	550,758	5.5	529,120	5.5
Real estate leasing	458,727	4.6	574,913	6.0
Professional, scientific, and technical services	425,596	4.3	418,756	4.4
Construction	416,660	4.2	485,936	5.1
Accommodation and food services	406,783	4.1	426,396	4.5
Agriculture, forestry, fishing, and hunting	291,382	2.9	290,762	3.0
Educational services	230,193	2.3	221,775	2.3
Mining	201,894	2.0	134,484	1.4
Transportation and warehousing	195,061	1.9	205,038	2.1
Arts, entertainment, and recreation	162,907	1.6	182,190	1.9
Other services	875,760	8.8	900,221	9.4
Other industries	564,671	5.6	575,303	6.0
Total commercial and industrial loans	$10,000,675	100.0 %	$9,569,451	100.0 %

* Loan balance in each category expressed as a percentage of total commercial and industrial loans.

C&I lending is a key component of Synovus' growth and diversification strategy. Synovus has actively invested in additional expertise, product offerings, and product quality to provide its C&I clients with increased and enhanced product offerings and customer service. Complementing this investment in C&I growth, management continues to focus on streamlining and enhancing Synovus' existing product lines, especially for traditional retail, small business, and professional services customers.

The Corporate Banking Group provides lending solutions to larger corporate clients and includes specialty units such as syndications, senior housing, and equipment finance. These units partner with Synovus' local bankers to build relationships across the five-state footprint, as well as the southeastern and southwestern United States. To date, loan syndications consist primarily of loans where Synovus is participating in the credit (versus being the lead bank). Senior housing loans are typically extended to borrowers in the assisted living or skilled nursing facilities sectors. The Corporate Banking Group also originates loans and participates in loans to well-capitalized public companies and larger private companies that operate in the five-state footprint as well as other states in the Southeast. The Equipment Financing Group was formed in 2013 and is expected to drive revenue growth with small, middle, and large commercial banking customers. The formation of this group further strengthens the equipment financing line of business and signals Synovus' continued commitment to offer a broad range of expertise, products, and services to commercial customers.

At December 31, 2013, $3.81 billion, or 38.1% of the total commercial and industrial loans represent loans for the purpose of financing owner-occupied properties compared to $3.76 billion or 39.3% of the total commercial and industrial loans at December 31, 2012. The primary source of repayment on these loans is revenue generated from products or services offered by the business or organization. The secondary source of repayment on these loans is the real estate. These loans are predominately secured by owner-occupied and other real estate. Other types of collateral securing these loans consist primarily of marketable equipment, marketable inventory, accounts receivable, equity and debt securities, and time deposits.

At December 31, 2013, $5.50 billion, or 55.0% of the total commercial and industrial loans represent loans for the purpose of financing commercial, financial, and agricultural business activities compared to $5.29 billion or 55.3% of

the total commercial and industrial loans at December 31, 2012 . The primary source of repayment on these loans is revenue generated from products or services offered by the business or organization. The secondary source of repayment is the collateral, which consists primarily of equipment, inventory, accounts receivable, time deposits, and other business assets.

Small business loans were previously reported as a component of retail loans but now are reported as a component of C&I loans. All prior periods have been reclassified to conform to the current presentation. Small business loans are scored using a small business credit scoring model and are generally classified as small business when the business purpose for the loan is less than or equal to $500,000. At December 31, 2013, $687.2 million, or 6.9% of the total commercial and industrial loans represent small business loans

compared to $516.3 million or 5.4% of the total commercial and industrial loans at December 31, 2012. The primary source of repayment on these loans is revenue generated from products or services offered by the business.

Commercial Real Estate Loans

Total commercial real estate loans, consisting of investment properties, 1-4 family properties, and land acquisition loans and representing 32.1% of the total loan portfolio at December 31, 2013, were $6.44 billion, a decline of $60.1 million, or 0.9%, from December 31, 2012. The decline was primarily the result of planned reductions in 1-4 family residential properties and land acquisition loans offset by growth in investment properties loans.

Investment Properties Loans

Total investment properties loans as of December 31, 2013 were $4.57 billion, or 70.9% of the total commercial real estate loan portfolio, and 22.8% of the total loan portfolio, compared to $4.42 billion, or 68.0% of the total commercial real estate loan portfolio, and 22.6% of the total loan portfolio at December 31, 2012, an increase of $150.2 million primarily due to initiatives to grow this portion of the loan portfolio. Investment properties loans consist of construction and mortgage loans for income producing properties and are primarily made to finance multi-family properties, hotels, office buildings, shopping centers, warehouses and other commercial development properties.

The following table shows the principal components of the investment properties portfolio at December 31, 2013 and 2012.

Table 16 - Investment Properties Loan Portfolio

	December 31,					
	2013			2012		
(dollars in thousands)	Amount	%*		Amount	%*	
Multi-family	$945,014	20.7	%	$796,110	18.0	%
Hotels	686,292	15.0		686,067	15.6	
Office buildings	859,954	18.9		773,881	17.5	
Shopping centers	846,965	18.5		896,869	20.3	
Warehouses	560,824	12.3		538,157	12.2	
Other investment property	512,253	11.2		498,884	11.3	
Commercial development	155,377	3.4		226,513	5.1	
Total investment properties loans	$4,566,679	100.0	%	$4,416,481	100.0	%

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

1-4 Family Properties Loans

At December 31, 2013, 1-4 family properties loans declined to $1.16 billion, or 18.1% of the total commercial real estate portfolio, and 5.8% of the total loan portfolio, compared to $1.29 billion, or 19.8% of the total commercial real estate portfolio, and 6.6% of the total loan portfolio at December 31, 2012 primarily due to sales of distressed loans and charge-offs. 1-4 family properties loans include construction loans to homebuilders, commercial mortgage loans to real estate investors, and residential development loans to developers and are almost always secured by the underlying property being financed by such loans. Construction and residential development loans are primarily interest-only loans and typically carry maturities of three years or less, and 1-4 family rental properties carry maturities of three to five years, with amortization periods of up to fifteen to twenty years. Although housing and real estate markets in the five southeastern states within Synovus' footprint have stabilized, Synovus has actively worked to reduce its exposure (including its exposure in historically high loss markets such as Atlanta) to these types of loans. Total residential construction and development loans (consisting of 1-4 family construction loans and residential development loans) were $327.0 million at December 31, 2013, a decline of $93.3 million or 22.2% from December 31, 2012. The decline was primarily driven by charge-offs and sales of distressed loans. Additionally, Synovus is not actively seeking to originate these types of loans.

Land Acquisition Loans

Total land acquisition loans were $707.8 million at December 31, 2013, or 3.5% of the total loan portfolio, a decline of 11.0% from December 31, 2012, primarily due to charge-offs and sales of distressed loans. Land acquisition loans

are secured by land held for future development, typically in excess of one year. They have short-term maturities and are typically unamortized. These properties are substantially within the Synovus footprint and generally carry personal guarantees from the principals. They are underwritten based on the loan to value of the collateral and the capacity of the guarantor(s). This portfolio increased during the recession as land loans

originally planned for development moved back into inventory for future development but has decreased over recent years as the exposure in this portfolio has been closely monitored and reduced primarily through asset dispositions and charge-offs.

Retail Loans

Total retail loans as of December 31, 2013 were $3.65 billion, or 18.1% of the total loan portfolio compared to $3.49 billion, or 17.9% of the total loan portfolio at December 31, 2012. Total retail loans increased by $153.5 million, or 4.4%, from December 31, 2012 due primarily to initiatives to grow this portion of the loan portfolio. The retail loan portfolio consists of a wide variety of loan products offered through Synovus' banking network, including first and second residential mortgages, HELOC, credit card loans, automobile loans, and other retail loans. These various types of secured and unsecured retail loans are marketed to qualifying existing clients and to other creditworthy candidates in Synovus' market area. The majority of Synovus' retail loans are consumer mortgages and home equity lines secured by first and second liens on residential real estate primarily located in the markets served by Synovus in Georgia, Florida, South Carolina, Alabama, and Tennessee. Credit card loans totaled $256.8 million at December 31, 2013 and $263.6 million at December 31, 2012, including $55.3 million and $58.3 million of commercial credit card loans, respectively. These commercial credit card loans relate to Synovus' commercial customers who utilize corporate credit cards for various business activities.

The following table shows the retail loan portfolio by state at December 31, 2013 and 2012.

Table 17- Retail Loans by State*	December 31,	
(in thousands)	2013	2012
Georgia	$ 1,809,143	1,699,214
Florida	547,104	486,708
Alabama	548,114	566,099
Tennessee	232,458	243,531
South Carolina	511,414	499,196
Total retail loans	$ 3,648,233	3,494,748

* Loans are grouped by state based on where the loans were originated.

Risk levels 1-6 (descending) for retail loans are assigned based upon risk scores and are considered “pass” ratings. The retail loan portfolio is sent to a consumer credit reporting agency for a refresh of customers' credit scores at least annually to determine ongoing consistency or negative migration in the quality of the portfolio. As part of the refresh most recently updated as of December 31, 2013, revolving lines of credit were reviewed for a material change in financial circumstances and subsequently suspended for further advances when warranted. FICO scores within the retail residential real estate portfolio have generally remained stable since 2007.

Higher-risk consumer loans as defined by the FDIC are consumer loans (excluding consumer loans defined as nontraditional mortgage loans) where, as of the origination date or, if the loan has been refinanced, as of the refinance date, the probability of default within two years is greater than 20%, as determined using a defined historical stress period. These loans are not a part of Synovus' retail lending strategy, and Synovus does not currently develop or offer specific sub-prime, alt-A, no documentation or stated income retail residential real estate loan products. Synovus estimates that, as of December 31, 2013, it has $151.1 million of higher-risk consumer loans (4.1% of said portfolio and 0.8% of the total loan portfolio). Included in this amount is $21.0 million of accruing TDRs. Synovus makes retail lending decisions based upon a number of key credit risk determinants including FICO scores as well as bankruptcy predictor scores, loan-to-value, and debt-to-income ratios. Through its mortgage subsidiary, Synovus previously originated Fannie Mae alt-A loans with the intent to sell these loans into the secondary market. Synovus no longer originates such loans and as of December 31, 2013, the balance of such loans remaining on the balance sheet is not material.

Prior to July 2009, Synovus’ loan policy did not specifically prohibit the origination of no documentation or stated income loans as long as such loans were supported by other risk mitigating criteria including, but not limited to, established banking relationship history, significant cash on deposit, and/or compensating loan-to-value or debt-to-income ratios. Since July 2009, as Synovus has continued to tighten its retail residential real estate origination

policy, no documentation or stated income loans are permitted to be made only on an exception basis and only if supplemented by the mitigating criteria previously noted. While Synovus does not currently offer specific no documentation or stated income retail residential real estate loan products, loans with these characteristics could have been issued under the previous loan policy or as an exception under the current loan policy, primarily to individuals with existing banking relationships. Synovus does not believe it has originated a significant dollar amount of such loans and does not believe that extending such loans has had a significant negative impact on the credit quality of the portfolio.

At December 31, 2013 and December 31, 2012, weighted average FICO scores within the retail residential real estate portfolio were 768 and 757 (HELOC), respectively, and 720 and 735 (Consumer Mortgages), respectively. Total past dues within the retail residential real estate portfolio as of December 31, 2013 were 0.32% (HELOC) and 1.26% (Consumer Mortgages) compared to 0.67% (HELOC) and 1.69% (Consumer Mortgages) at December 31, 2012. The net charge-off ratios for the year ended December 31, 2013

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were 0.51% (HELOC) and 0.72% (Consumer Mortgages) compared to 1.19% (HELOC) and 1.30% (Consumer Mortgages) for the year ended December 31, 2012.
See "Part I - Item 1.Business - Monitoring of Collateral and Loan Guarantees" of this Report for information on monitoring of collateral and loan guarantees.
The following table shows the composition of the loan portfolio at December 31, 2013, 2012, 2011, 2010, and 2009.
Table 18 - Five Year Composition of Loan Portfolio

	December 31, 2013		2012		2011		2010		2009
(dollars in thousands)	Amount	%*	Amount	%*	Amount	%*	Amount	%*	Amount
Commercial									
Commercial, financial, and agricultural	$5,498,739	27.4 %	$5,291,078	27.1 %	$5,076,618	25.3 %	$5,267,861	24.4 %	$6,003,735
Owner-occupied	3,814,720	19.0	3,762,024	19.2	3,852,854	19.2	3,996,950	18.5	4,443,611
Small business	687,216	3.4	516,349	2.6	300,333	1.5	229,227	1.1	189,438
Real estate — construction	1,754,736	8.8	1,748,774	8.9	2,381,728	11.9	3,112,919	14.4	5,171,398
Real estate — mortgage	4,683,016	23.3	4,749,090	24.3	4,900,692	24.3	5,267,661	24.4	5,571,442
Total commercial	16,438,427	81.9	16,067,315	82.1	16,512,225	82.2	17,874,618	82.8	21,379,624
Retail									
Real estate — mortgage	3,106,609	15.4	2,953,958	15.1	3,031,334	15.1	3,123,300	14.5	3,352,972
Retail loans — credit cards	256,846	1.3	263,561	1.4	273,098	1.3	284,970	1.3	294,126
Retail loans — other	284,778	1.4	277,229	1.4	275,142	1.4	313,311	1.4	375,694
Total retail	3,648,233	18.1	3,494,748	17.9	3,579,574	17.8	3,721,581	17.2	4,022,792
Total loans	20,086,660		19,562,063		20,091,799		21,596,199		25,402,416
Deferred fees and costs, net	(28,862)	nm	(20,373)	nm	(11,986)	nm	(10,436)	nm	(19,348)
Total loans, net of deferred fees and costs	$20,057,798	100.0%	$19,541,690	100.0%	$20,079,813	100.0%	$21,585,763	100.0%	$25,383,068

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

Other Real Estate

The carrying value of ORE was $112.6 million and $150.3 million at December 31, 2013 and 2012, respectively. During the years ended December 31, 2013, 2012 and 2011, $88.7 million, $155.8 million, and $226.9 million, respectively, of loans and other loans held for sale were foreclosed and transferred to other real estate at fair value. During the years ended December 31, 2013, 2012, and 2011, Synovus recognized foreclosed real estate expense, net, of $33.9 million, $90.7 million, and $133.6 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 $25.5 million, $73.9 million, and $113.4 million for the years ended December 31, 2013, 2012, and 2011, respectively.

At foreclosure, ORE is recorded at the lower of cost or fair value less the estimated cost to sell, which establishes a new cost basis. Subsequent to foreclosure, ORE is evaluated quarterly and reported at fair value less estimated costs to sell, not to exceed the new cost basis, by review of current appraisals, as well as the review of comparable sales and other estimates of fair value obtained principally from independent sources, changes in absorption rates or market conditions from the time of the latest appraisal received or previous re-evaluation performed, and anticipated sales values considering management's plans for disposition. Additionally, as of December 31, 2013, the ORE carrying value of $112.6 million reflects cumulative write-downs totaling approximately $88 million, or 44% of the related loans' unpaid principal balance.

It is Synovus' objective to dispose of ORE properties in a timely manner and to maximize net sale proceeds. Synovus has a centralized managed assets division with the specialized skill set to facilitate this objective. While there is not a defined timeline for their sale, ORE properties are actively marketed through unaffiliated third parties including real estate brokers and real estate auctioneers. Sales are made on an opportunistic basis as acceptable buyers and terms are identified. In addition, Synovus has previously sold ORE properties in bulk asset sales to unaffiliated third parties. In some cases, Synovus is approached by potential buyers of ORE properties, or Synovus may contact independent third parties who we believe might have an interest in an ORE property.

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Deposits

Deposits provide the most significant funding source for interest earning assets. The following table shows the relative composition of deposits for 2013 and 2012. See Table 22 for information on average deposits including average rates paid in 2013 and 2012.

Table 19 - Composition of Deposits

(dollars in thousands)	2013	%[1]		2012	%[1]	
Non-interest bearing demand deposits	$5,642,751	27.0	%	$5,665,527	26.9	%
Interest bearing demand deposits	3,969,634	19.0		4,016,209	19.1	
Money market accounts, excluding brokered deposits	6,069,548	29.1		6,136,538	29.1	
Savings deposits	602,655	2.9		562,717	2.7	
Time deposits, excluding brokered deposits	3,498,200	16.8		3,583,304	17.0	
Brokered deposits	1,094,002	5.2		1,092,749	5.2	
Total deposits	20,876,790	100.0		21,057,044	100.0	
Core deposits[2]	19,782,788	94.8		19,964,295	94.8	
Core deposits excluding time deposits[2]	$16,284,588	78.0	%	$16,380,991	77.8	%

[1] Deposits balance in each category expressed as percentage of total deposits.

[2] See "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Financial Measures" of this Report for further information.

Total deposits at December 31, 2013 decreased $180.3 million, or 0.9% from December 31, 2012. Total core deposits excluding time deposits at December 31, 2013 declined $96.4 million, or 0.6% from December 31, 2012 and non-interest bearing demand deposits as a percentage of total deposits were 27.0% at December 31, 2013 compared to 26.9% at December 31, 2012. See "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Financial Measures" of this Report for further information.

Time deposits of $100,000 and greater at December 31, 2013 and 2012 were $2.91 billion and $2.86 billion, respectively, and included brokered time deposits of $880.8 million and $892.3 million, respectively. See Table 20 for the maturity distribution of time deposits of $100,000 or more. These larger deposits represented 13.9% and 13.6% of total deposits at December 31, 2013 and 2012, respectively, and included brokered time deposits which represented 4.2% of total deposits at both December 31, 2013 and 2012.

At December 31, 2013 and 2012, total brokered deposits represented 5.2% of Synovus' total deposits.

The following table shows maturities of time deposits of $100,000 or more at December 31, 2013.

Table 20 - Maturity Distribution of Time Deposits of $100,000 or More

(in thousands)	December 31, 2013
3 months or less	$900,865
Over 3 months through 6 months	479,969
Over 6 months through 12 months	767,098
Over 12 months	764,037
Total outstanding	$2,911,969

Visa Shares and Related Agreement

Synovus is a member of the Visa USA network and received shares of Visa Class B common stock in exchange for its membership interest in Visa USA in conjunction with the Visa IPO in 2009. Visa members have indemnification obligations with respect to the Covered Litigation. Additionally, Visa Class B shares are subject to certain restrictions until the settlement of the Covered Litigation. As of December 31, 2013, the Covered Litigation had not been settled. Visa has established a litigation escrow to fund settlement of the Covered Litigation. The litigation escrow is funded by proceeds from Visa's conversion of Class B shares to Class A shares.

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Synovus has recorded a contingent liability representing the estimate of the Company's exposure to the settlement of the Covered Litigation, via the Visa Derivative liability. A relatively high degree of subjectivity is used in estimating the fair value of the derivative liability. Management believes that the estimate of the fair value of the Visa Derivative liability is reasonable based on current information; however, future developments in the litigation could require potentially significant changes to the estimate.

See "Part II - Item 8. Financial Statements and Supplementary Data - Note 19 - Visa Shares and Related Agreements" of this Report for further information.

Net Interest Income

The following table summarizes the components of net interest income for the years ended December 31, 2013, 2012 and 2011, including the tax-equivalent adjustment that is required in making yields on tax-exempt loans and investment securities comparable to taxable loans and investment securities. The taxable-equivalent adjustment is based on a 35% federal income tax rate.

Table 21- Net Interest Income

	Years Ended December 31,		
(in thousands)	2013	2012	2011
Interest income	$929,014	1,004,140	1,141,756
Taxable-equivalent adjustment	2,184	3,106	3,580
Interest income, taxable-equivalent	931,198	1,007,246	1,145,336
Interest expense	118,822	150,023	217,602
Net interest income, taxable-equivalent	$812,376	857,223	927,734

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

Net interest income is presented in this discussion on a tax-equivalent basis so that the income from assets exempt from federal income taxes is adjusted based on a statutory marginal federal tax rate of 35% in all years (see Table 21 above). The net interest margin is defined as taxable-equivalent net interest income divided by average total interest earning assets and provides an indication of the efficiency of the earnings from balance sheet activities. The net interest margin is affected by changes in the spread between interest earning asset yields and interest bearing liability costs (spread rate), and by the percentage of interest earning assets funded by non-interest bearing funding sources.

Net interest income for 2013 was $810.2 million, down $43.9 million, or 5.1%, from 2012. On a taxable-equivalent basis, net interest income decreased $44.8 million, or 5.2%, from 2012. During 2013, average earning assets decreased $596.0 million, or 2.4%, primarily as a result of a decrease in investment securities balances and balances due from the Federal Reserve Bank.

Net interest income for 2012 was $854.1 million, down $70.0 million, or 7.6%, from 2011. On a taxable-equivalent basis, net interest income decreased $70.5 million, or 7.6%, from 2011. During 2012, average earning assets decreased $1.96 billion, or 7.4%, primarily as a result of a decrease in net loans and balances due from the Federal Reserve Bank.

Net Interest Margin

The net interest margin was 3.40% for 2013, a decrease of 10 basis points from 2012. The yield on earning assets decreased 22 basis points to 3.89% and the effective cost of funds decreased 12 basis points to 0.49%. The effective cost of funds includes non-interest bearing funding sources primarily consisting of demand deposits.

The primary components of the yield on interest earning assets are loan yields, yields on investment securities, and the yield on balances held with the Federal Reserve Bank. During 2013, loan yields decreased 29 basis points to 4.51%. The decrease in loan yields was due to the continued low level of market interest rates and the downward repricing of maturing loans, partially offset by an improvement in the negative impact of non-performing loans. Yields on investment securities decreased by 26 basis points due to the impact of the continued low interest rate environment. This environment results in lower yields as older, higher yielding securities mature and are replaced at the current

lower yield levels. The lower level of interest rates also generates a higher level of mortgage-backed security prepayment activity, resulting in a higher level of purchased premium amortization. This higher level of premium amortization did begin to moderate in the second half of 2013. The average balance of funds held at the Federal Reserve Bank decreased $116.2 million to a balance of $1.26 billion in 2013. Reducing these low yielding balances positively

impacts realized earning asset yields. Synovus expects to further modestly reduce the average balances held at the Federal Reserve Bank during 2014.

The primary factors contributing to the 12 basis point decrease in the effective cost of funds during 2013 were a 68 basis point decrease in the cost of long-term debt, a 43 basis point decrease in the cost of time deposits and a 6 basis point decrease in the cost of money market accounts. The decline in the cost of time deposits was primarily due to a 102 basis point decrease in the cost of brokered time deposits. This decrease was driven by the maturity of older, higher cost deposits which were replaced at current lower cost levels.

The net interest margin was 3.50% for 2012, a decrease of 1 basis point from 2011. The yield on earning assets decreased 22 basis points to 4.11% and the effective cost of funds decreased 21 basis points to 0.61%. The effective cost of funds includes non-interest bearing funding sources primarily consisting of demand deposits.

During 2012, loan yields decreased 29 basis points to 4.80%. The decrease in loan yields was due to a continued decline in market interest rates and the downward repricing of maturing fixed rate loans, partially offset by an improvement in the negative impact of non-performing loans. Yields on investment securities decreased by 127 basis points due to continued declines in bond market yields and a significant increase in prepayment activity, which resulted in a higher level of purchased premium amortization. The 2012 yield on investment securities was also negatively impacted by a repositioning of the portfolio completed during the third quarter of 2011. A key component of this repositioning was the sale of higher coupon, more payment sensitive MBS, and the purchase of lower coupon MBS. This action was deemed to be prudent in light of continued declines in rates and the expectation of a higher level of prepayment activity. While increasing the stability of cash flows, the short-term impact of selling higher coupon MBS is negative to the overall portfolio yield. The yield on balances held at the Federal Reserve Bank remained unchanged at 0.25% while the average balance decreased by $1.27 billion to a balance of $1.37 billion in 2012. Reducing these low yielding balances positively impacts realized earning asset yields.

The primary factors contributing to the 21 basis point decrease in the effective cost of funds during 2012 were a 38 basis point decrease in the cost of time deposits and a 30 basis point decrease in the cost of money market accounts. In addition to these factors, reduced utilization of brokered deposits and a continued deposit mix shift toward lower cost transaction accounts favorably impacted the effective cost of funds. Average non-interest bearing demand deposits, which increased by $425.7 million, or 8.4%, for 2012, funded 27.5% of average total interest earning assets in 2012 as compared to 19.2% during 2011.

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Table 22 - Average Balances, Interest, and Yields

(dollars in thousands)	2013 Average Balance	Interest	Yield/ Rate	2012 Average Balance	Interest	Yield/ Rate	2011 Average Balance	Interest	Yield/ Rate
Assets									
Interest earning assets:									
Taxable loans, net(1)(2)	$19,494,216	862,833	4.43 %	$19,645,210	919,945	4.68 %	$20,563,724	1,014,144	4.93 %
Tax-exempt loans, net(1)(2)(3)	112,030	5,564	4.97	145,767	7,576	5.20	153,181	8,110	5.29
Less Allowance for loan losses	341,658	—	—	469,714	—	—	649,024	—	—
Loans, net	19,264,588	868,397	4.51	19,321,263	927,521	4.80	20,067,881	1,022,254	5.09
Investment securities available for sale:									
Taxable investment securities	3,070,019	52,118	1.70	3,419,556	66,416	1.94	3,309,981	106,010	3.20
Tax-exempt investment securities(3)	10,827	686	6.34	20,451	1,319	6.45	32,177	2,167	6.73
Total investment securities	3,080,846	52,804	1.71	3,440,007	67,735	1.97	3,342,158	108,177	3.24
Trading account assets	10,090	548	5.43	12,632	963	7.62	17,706	925	5.22
Interest earning deposits with banks	21,598	22	0.10	20,700	76	0.37	23,712	114	0.48
Due from Federal Reserve Bank	1,258,473	3,222	0.26	1,374,634	3,451	0.25	2,639,885	6,660	0.25
Federal funds sold and securities purchased under resale agreements	95,838	85	0.09	123,732	140	0.11	149,893	118	0.08
FHLB and Federal Reserve Bank stock	67,998	1,679	2.47	65,379	1,159	1.77	99,028	893	0.90
Mortgage loans held for sale	109,761	4,441	4.05	146,892	6,201	4.22	121,244	6,195	5.11
Total interest earning assets	23,909,192	931,198	3.89 %	24,505,239	1,007,246	4.11 %	26,461,507	1,145,336	4.33 %
Cash and due from banks	431,003			450,965			437,648		
Premises and equipment, net	477,688			479,878			502,390		
Other real estate	142,570			198,295			261,369		
Other assets(4)	1,368,791			734,944			849,279		
Total assets	26,329,244			26,369,321			28,512,193		

Liabilities and Equity									
Interest bearing liabilities:									
Interest bearing demand deposits	$3,943,616	7,773	0.20 %	$3,540,734	7,467	0.21 %	$3,416,021	10,296	0.30 %
Money market accounts	6,334,248	20,817	0.33	6,834,271	26,794	0.39	6,884,462	47,489	0.69
Savings deposits	601,036	632	0.11	551,803	598	0.11	513,123	679	0.13
Time deposits	4,579,979	35,170	0.77	5,062,826	60,890	1.20	7,320,737	115,420	1.58
Federal funds purchased and securities sold under repurchase agreements	208,267	324	0.16	320,338	614	0.19	389,582	1,064	0.27
Long-term debt	1,806,351	54,106	3.00	1,457,020	53,660	3.68	1,731,218	42,654	2.46
Total interest bearing liabilities	17,473,497	118,822	0.68 %	17,766,992	150,023	0.84 %	20,255,143	217,602	1.07 %
Non-interest bearing demand deposits	5,353,819			5,507,895			5,082,164		
Other liabilities	206,431			235,307			263,184		
Equity	3,295,497			2,859,127			2,911,702		
Total liabilities and equity	$26,329,244			$26,369,321			$28,512,193		
Net interest income/margin		812,376	3.40 %		857,223	3.50 %		927,734	3.51 %
Less Taxable-equivalent adjustment		2,184			3,106			3,580	
Net interest income, actual		810,192			854,117			924,154	

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

(2) Interest income includes loan fees as follows: 2013 — $25.6 million, 2012 — $19.8 million, and 2011 — $17.3 million.

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

(4) Includes average net unrealized gains on investment securities available for sale of $12.0 million, $66.3 million, and $98.6 million for the years ended December 31, 2013, 2012, and 2011, respectively.

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Table 23 - Rate/Volume Analysis	2013 Compared to 2012 Change Due to[1]			2012 Compared to 2011 Change Due to[1]		
(in thousands)	Volume	Yield/Rate	Net Change	Volume	Yield/Rate	Net Change
Interest earned on:						
Taxable loans, net	$(7,067)	(50,045)	(57,112)	$(45,283)	(48,916)	(94,199)
Tax-exempt loans, net[2]	(1,754)	(258)	(2,012)	(392)	(142)	(534)
Taxable investment securities	(6,781)	(7,517)	(14,298)	3,506	(43,100)	(39,594)
Tax-exempt investment securities[2]	(621)	(12)	(633)	(789)	(59)	(848)
Trading account assets	(194)	(221)	(415)	(265)	303	38
Interest earning deposits with banks	3	(57)	(54)	(14)	(24)	(38)
Due from Federal Reserve Bank	(290)	61	(229)	(3,163)	(46)	(3,209)
Federal funds sold and securities purchased under resale agreements	(31)	(24)	(55)	(21)	43	22
FHLB and Federal Reserve Bank stock	46	474	520	(303)	569	266
Mortgage loans held for sale	(1,567)	(193)	(1,760)	1,311	(1,305)	6
Total interest income	(18,256)	(57,792)	(76,048)	(45,413)	(92,677)	(138,090)
Interest paid on:						
Interest bearing demand deposits	846	(540)	306	374	(3,203)	(2,829)
Money market accounts	(1,950)	(4,027)	(5,977)	(346)	(20,349)	(20,695)
Savings deposits	54	(20)	34	50	(131)	(81)
Time deposits	(5,794)	(19,926)	(25,720)	(35,675)	(18,855)	(54,530)
Federal funds purchased and securities sold under repurchase agreements	(213)	(77)	(290)	(187)	(263)	(450)
Other borrowed funds	12,855	(12,409)	446	(6,745)	17,751	11,006
Total interest expense	5,798	(36,999)	(31,201)	(42,529)	(25,050)	(67,579)
Net interest income	$(24,054)	(20,793)	(44,847)	$(2,884)	(67,627)	(70,511)

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

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

Non-interest Income

Total reported non-interest income was $253.6 million in 2013, down $60.4 million or 19.2% compared to 2012. The decline was primarily due to higher levels of investment securities gains and private equity investment gains recorded during 2012, and a current year decrease in mortgage banking income. Adjusted non-interest income, which excludes net investment securities gains and private equity investment gains/(losses), decreased $13.0 million or 4.9% compared to 2012. See "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Financial Measures" of this Report for applicable reconciliation.

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

Table 24 - Non-interest Income

	Years Ended December 31,		
(in thousands)	2013	2012	2011
Service charges on deposit accounts	$77,789	78,203	78,770
Fiduciary and asset management fees	43,450	42,503	45,809

Brokerage revenue	27,538	26,913	26,006
Mortgage banking income	22,482	32,272	20,316
Bankcard fees	30,641	34,075	41,493
Investment securities gains, net	2,945	39,142	75,007
Other fee income	22,567	21,138	19,953
(Decrease) increase in fair value of private equity investments, net	(2,963)	8,233	(1,118)
Other non-interest income	29,122	31,487	32,638
Total non-interest income	$253,571	313,966	338,874

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Principal Components of Non-interest Income

Service charges on deposit accounts were $77.8 million in 2013, a slight decrease of 0.5% from the previous year, and $78.2 million in 2012, a decrease of 0.7% from 2011. Service charges on deposit accounts consist of NSF fees, account analysis fees, and all other service charges. NSF fees were $34.0 million in 2013, a decrease of $3.3 million, or 8.8% from 2012, due to lower opt-in rates under Regulation E (Regulation E limits the ability of a financial institution to assess an overdraft fee for paying automated teller machine and debit card transactions that overdraw a customer's account unless the customer affirmatively consents, or opts-in, to the institution's payment of overdrafts for these transactions) and from a decline in the number of accounts following product changes implemented in June of 2012. Account analysis fees were $22.2 million in 2013, up $1.7 million, or 8.5%, compared to 2012 due to service charge increases implemented on January 1, 2013, reductions in discounted/waived fees, and reductions in earnings credit rates. All other service charges on deposit accounts, which consist primarily of monthly fees on retail demand deposit and saving accounts, were $21.5 million for 2013, an increase of $1.1 million, or 5.5%, compared to 2012. The year-over year increase in all other service charges is primarily due to product changes implemented in June of 2012.

Fiduciary and asset management fees are derived from providing estate administration, employee benefit plan administration, personal trust, corporate trust, corporate bond, investment management and financial planning services. Fiduciary and asset management fees were $43.5 million in 2013, an increase of 2.2% from 2012, primarily due to an increase in fees from trust services. Fiduciary and asset management fees decreased 7.2% in 2012 compared to 2011.

At December 31, 2013, the market value of assets under management was approximately $9.8 billion, an increase of 11.9% from 2012, and $8.8 billion at December 31, 2012, an increase of 2.8% from 2011. Reported assets under management include approximately $289 million and $276 million at December 31, 2013 and 2012, respectively, of assets managed for certain Synovus employee retirement plans. AUM consist of all assets where Synovus has investment authority. Assets under advisement were approximately $2.6 billion and $2.5 billion at December 31, 2013 and 2012, respectively. Assets under advisement consist of non-managed assets as well as non-custody assets where Synovus earns a consulting fee. Assets under advisement at December 31, 2013 increased 5.8% from 2012. Total assets under management and advisement were approximately $12.4 billion at December 31, 2013 compared to $11.3 billion at December 31, 2012. Many of the fiduciary and asset management fee charges are based on asset values, and changes in these values throughout the year directly impact fees earned.

Brokerage revenue was $27.5 million in 2013, a 2.3% increase from 2012, and $26.9 million in 2012, a 3.5% increase from 2011. Brokerage revenue consists primarily of brokerage commissions. Brokerage assets were $4.67 billion and $3.93 billion as of December 31, 2013 and 2012, respectively.

Mortgage banking income decreased $9.8 million or 30.3% for the year ended December 31, 2013 compared to 2012. The decline was primarily due to a decrease in mortgage production with refinance volume down significantly as well as lower revenue per loan due to new purchase market competitive pressures. Mortgage banking income increased $12.0 million or 58.9% for the year ended December 31, 2012 compared to 2011 due to a high level of refinance activity during 2012.

Bankcard fees decreased $3.4 million, or 10.1%, for the year ended December 31, 2013 compared to 2012, primarily due to a $2.9 million benefit recorded during 2012 from a change in the debit card rewards program. Bankcard fees consist primarily of credit card interchange fees and debit card interchange fees. Debit card interchange fees were $12.9 million, up 8.2% for the year ended December 31, 2013, compared to 2012. Credit card interchange fees were $21.2 million, up $466 thousand, or 2.2%, for the year ended December 31, 2013 compared to 2012. Bankcard fees decreased $7.4 million, or 17.9%, for the year ended December 31, 2012 compared to 2011 primarily as a result of regulations that became effective on October 1, 2011 that restricted interchange fees on debit card transactions.

Other fee income includes fees for letters of credit, safe deposit box fees, access fees for automatic teller machine use, customer swap dealer fees, and other service charges. Other fee income increased $1.4 million, or 6.8%, for the year ended December 31, 2013 compared to 2012. The increase in other fee income for the year ended December 31, 2013 compared to 2012 was largely due to an increase in customer swap dealer fees.

Private equity investments consist primarily of earnings on equity method investments in venture capital funds, and the net loss in 2013 consisted mostly of unrealized losses on various investments within the fund; the net gain in 2012 consisted mostly of unrealized gains on various investments within the fund.

The main components of other non-interest income are income from company-owned life insurance policies, insurance commissions, card sponsorship fees and other miscellaneous items. Other non-interest income decreased $2.4 million or 7.5% for the year ended December 31, 2013 compared to 2012. Other non-interest income for the year ended December 31, 2012 included higher levels of miscellaneous income items as well as higher levels of insurance commissions.

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Non-interest Expense

Non-interest expense for 2013 was $741.5 million, down $74.7 million, or 9.2%, from 2012, following a decrease of $87.5 million or 9.7% in 2012 compared to 2011. Adjusted non-interest expense, which excludes Visa indemnification charges, restructuring charges, other credit costs, and litigation loss contingency expense, was $670.5 million in 2013, a decline of $21.8 million, or 3.1%, from 2012, and declined $25.1 million or 3.5% in 2012 from 2011. The decline in adjusted non-interest expense during 2013 was due primarily to implementation of the $30 million expense reduction initiative announced in January 2013. See "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Financial Measures" of this Report for applicable reconciliation. Synovus continues to focus on increasing efficiencies while investing in key talent, new technologies, and marketing. The following table summarizes this data for the years ended December 31, 2013, 2012 and 2011.

Table 25 - Non-interest Expense

	Years Ended December 31,		
(in thousands)	2013	2012	2011
Salaries and other personnel expense	$368,152	375,872	371,546
Net occupancy and equipment expense	103,339	105,575	114,037
FDIC insurance and other regulatory fees	32,758	45,408	59,063
Foreclosed real estate expense, net	33,864	90,655	133,570
Losses (gains) on other loans held for sale, net	329	4,681	(2,737)
Professional fees	38,776	41,307	40,585
Third-party services	40,135	38,006	40,028
Visa indemnification charges	1,600	6,304	6,038
Restructuring charges	11,064	5,412	30,665
Other operating expenses	111,520	103,017	110,970
Total non-interest expense	$741,537	816,237	903,765

2013 vs. 2012

Total employees were 4,696 at December 31, 2013, down 267 or 5.4% from 4,963 employees at December 31, 2012. Salaries and other personnel expenses decreased $7.7 million, or 2.1% from 2012, primarily due to the decrease in headcount, but partially offset by increases in employee insurance costs.

Net occupancy and equipment expense declined $2.2 million or 2.1% during 2013, reflecting savings realized from ongoing efficiency initiatives.

FDIC insurance costs and other regulatory fees decreased $12.6 million, or 27.9% in 2013 compared to 2012 primarily due to a decline in the assessment rate for Synovus Bank.

Foreclosed real estate expense decreased $56.8 million, or 62.6%, down from $90.7 million during 2012. The decline was largely a result of lower levels of write-downs due to declines in fair value of ORE, as well as lower inventory due to a reduction in the level of foreclosures. For further discussion of foreclosed real estate, see "Part II - Item 8. Financial Statements and Supplementary Data - Note 9 - Other Real Estate" of this Report.

Restructuring charges of $11.1 million in 2013 are comprised of $8.0 million in severance charges, $1.9 million in net asset impairment charges, $1.1 million in lease termination charges, and $63 thousand in professional fees. For further explanation of restructuring charges, see "Part II - Item 8. Financial Statements and Supplementary Data - Note 3 - Restructuring Charges" of this Report.

Other operating expenses for 2013 include a $10.0 million litigation loss contingency accrual recorded during the three months ended December 31, 2013. Please refer to "Part II - Item 8. Financial Statements and Supplementary Data - Note 21 - Legal Proceedings" of this Report for a more detailed discussion of legal proceedings and expenses related thereto.

Again in 2013, Synovus has achieved substantial progress in reducing operating expenses. New expense savings initiatives of approximately $30 million are expected to be implemented during 2014 while continuing to increase investments in talent, technology, and marketing.

2012 vs. 2011

Total salaries and other personnel expense was $375.9 million in 2012, up $4.3 million, or 1.2% from 2011. Headcount decreased to 4,963 at December 31, 2012, down 261, or 5.0% from 5,224 employees at December 31, 2011. The expense savings realized from the decrease in headcount and decrease in employee insurance expense were offset by higher commission expense on mortgage banking and brokerage revenue, higher incentive compensation, and annual merit increases.

Net occupancy and equipment expense declined $8.5 million, or 7.4%, during 2012 primarily due to savings realized from ongoing efficiency initiatives, including the closing of 41 branches during the two years ended December 31, 2012.

FDIC insurance costs and other regulatory fees decreased $13.7 million, or 23.1% in 2012 compared to 2011 due to the favorable impact of continuing improved performance at Synovus Bank on the assessment rate and a decline in the assessment base.

Foreclosed real estate costs decreased $42.9 million, or 32.1% in 2012. This decline was largely a result of lower ORE inventory due to a reduction in the level of foreclosures as well as lower charges due to declines in fair value.

During 2012, Synovus recognized Visa indemnification charges of $6.3 million compared to $6.0 million in 2011. These charges are related to Synovus' obligations as a member of the Visa USA network. See "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Visa Shares and Related Agreement" of this Report for further discussion of Visa indemnification charges.

Restructuring charges of $5.4 million in 2012 are comprised of $3.8 million in severance charges, $1.3 million in asset impairment charges, and $306 thousand in professional fees. For further explanation of restructuring charges, see "Part II - Item 8. Financial Statements and Supplementary Data - Note 3 - Restructuring Charges" of this Report.

Other operating expenses decreased $8.0 million, or 7.2%, during 2012 compared to 2011 with declines in most expense categories.

Income Tax Expense

Income tax expense was $93.2 million for the year ended December 31, 2013 compared to an income tax benefit of $798.7 million for the year ended December 31, 2012. The 2012 income tax benefit was primarily due to the $802.8 million income tax benefit recognized during the three months ended December 31, 2012 upon the reversal of substantially all of the deferred tax asset valuation allowance. Income tax expense in 2011 was minimal because the Company recognized reductions to the deferred tax asset valuation allowance which offset current tax expense. The effective tax rate for the year ended December 31, 2013 was approximately 37%, and management currently expects a similar effective tax rate for the year ending December 31, 2014. The effective income tax rate in future periods could be affected by items that are infrequent in nature such as new legislation and changes in the deferred tax asset valuation allowance. See" Part II Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies", as well as "Part II - Item 8. Financial Statements and Supplementary Data - Note 1 - Summary of Significant Accounting Policies and Note 24 - Income Taxes" of this Report for additional discussion regarding deferred income taxes.

At December 31, 2013, total deferred tax assets, net of valuation allowance, were $744.6 million compared to $806.4 million at December 31, 2012. The decline is mainly due to the utilization of NOL carryforwards. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts and their respective tax bases including operating losses and tax credit carryforwards. Net deferred tax assets (deferred tax assets net of deferred tax liabilities and valuation allowance) are reported on the consolidated balance sheet as a component of total assets.

Management assesses the valuation allowance recorded against deferred tax assets at each reporting period. The determination of whether a valuation allowance for deferred tax assets is appropriate is subject to considerable judgment and requires an evaluation of all positive and negative evidence. At December 31, 2013, the Company is no longer in a three-year cumulative loss position; accordingly, it no longer has this negative evidence to consider when evaluating the realization of its deferred tax assets. Based on the weight of all the positive and negative evidence at December 31, 2013, management has concluded that it is more likely than not that $744.6 million of the net deferred tax assets will be realized based upon future taxable income. The valuation allowance of $14.6 million at December

31, 2013 is related to specific state income tax credits that have various expiration dates through the tax year 2023 and are expected to expire before they can be utilized.

The positive evidence at December 31, 2013 includes an increase in taxable income in 2013 vs. 2012, continued improvement in credit quality, an additional year under the enhanced credit risk policy which reduces exposure to credit risk through concentration limits by loan type, exposure limits to single borrowers, among others, record of long-term positive earnings prior to the most recent economic downturn, the Company’s strong capital position, as well as sufficient amounts of projected future taxable income, of the appropriate character, to support the realization of $744.6 million of the Company’s net deferred tax asset at December 31, 2013. Management's confidence in the realization of projected future taxable income is based on an analysis of the Company's

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risk profile and recent trends in financial performance, including credit quality trends. In determining whether management's projections of future taxable income are reliable, management considered objective evidence supporting the forecast assumptions as well as recent experience which demonstrates the Company's ability to reasonably project future results of operations. See "Part I - Item 1A. Risk Factors - We may not be able to realize our deferred tax assets in the future and they may be subject to additional valuation allowances, which could adversely affect our operating results and regulatory capital ratios."

Synovus expects to realize the $744.6 million in net deferred tax assets well in advance of the statutory carryforward period. At December 31, 2013, $203.0 million of existing deferred tax assets are not related to net operating losses or credits and therefore, have no expiration date. $445.7 million of the remaining deferred tax assets relate to federal net operating losses which will expire in installments annually beginning in 2028 through 2032. Additionally, $64.7 million of the deferred tax assets relate to state net operating losses which expire in installments through the tax year 2033. Tax credit carryforwards at December 31, 2013 include federal alternative minimum tax credits totaling $21.3 million which have an unlimited carryforward period. Other federal and state tax credits at December 31, 2013 total $24.5 million and have expiration dates through the tax year 2033.

Several legislative proposals have each called for lowering the current 35% federal corporate income tax rate. If the corporate income tax rate is lowered, it would reduce the value of the deferred tax assets which would result in additional income tax expense in the period that such lower rate is enacted. Changes in future enacted income tax rates could be significant to the Company's financial position, results of operations, or cash flows.

The Tax Reform Act of 1986 contains provisions that limit the utilization of NOL carryovers if there has been an "ownership change" as defined in Section 382 of the IRC. In general, this would occur if ownership of common stock held by one or more 5% shareholders increased by more than 50 percentage points over their lowest pre-change ownership within a three year period. If Synovus experiences such an ownership change, the utilization of pre-change NOLs to reduce future federal income tax obligations could be limited. To reduce the likelihood of such an ownership change, Synovus adopted a Rights Plan in 2010 that was ratified by Synovus shareholders in 2011. The Rights Plan was extended on April 24, 2013 to expire on April 28, 2016. See "Part I - Item 1A. Risk Factors - Issuances or sales of Common Stock or other equity securities could result in an "ownership change" as defined for U.S. federal income tax purposes. In the event an "ownership change" were to occur, our ability to fully utilize a significant portion of our U.S. federal and state tax net operating losses and certain built-in losses that have not been recognized for tax purposes could be impaired as a result of the operation of Section 382 of the Code."

Credit Quality

During 2013, credit quality continued to improve, with all key credit quality measures improving significantly from 2012 levels.

Total credit costs

Total credit costs (provision for loan losses plus other credit costs which consist primarily of foreclosed real estate expense, net, provision for losses on unfunded commitments, and charges related to other loans held for sale) for the years ended December 31, 2013 and 2012 were $118.0 million and $432.6 million, respectively, including provision for loan losses of $69.6 million and $320.4 million, respectively, and net expenses related to foreclosed real estate of $33.9 million and $90.7 million, respectively. Total credit costs for 2013 declined $314.6 million or 72.7% from 2012, driven primarily by a $250.8 million decrease in provision for loan losses and lower net foreclosed real estate expenses. 2012 credit costs included approximately $157 million from the sale of distressed assets completed during the fourth quarter of 2012. Synovus expects credit costs in the first half of 2014 to remain near the second half of 2013 levels of $44.7 million and then begin to trend downward in the second half of 2014.

Non-performing Assets

Total NPAs were $539.6 million at December 31, 2013, a $163.5 million or 23.2% decrease from $703.1 million at December 31, 2012. The decline in non-performing assets was primarily due to lower NPL inflows, asset dispositions, and charge-offs. Total non-performing assets as a percentage of total loans, other loans held for sale, and other real estate declined to 2.67% at December 31, 2013 compared to 3.57% at December 31, 2012. NPAs are expected to continue to decline at a steady pace in 2014.

Non-performing loans were $416.3 million at December 31, 2013, a $127.0 million or 23.4% decrease from $543.3 million at December 31, 2012. The decline was driven by a $402.0 million or 62.7% decrease in NPL inflows and distressed loan sales (which includes some performing loans) of $141.2 million. CRE NPLs decreased by $101.6 million or 28.5% from 2012 and accounted for 79.9% of the total 2013 decrease in NPLs. Total non-performing loans as a percentage of total loans were 2.08% at December 31, 2013 compared to 2.78% at December 31, 2012. Interest income recorded on non-accrual loans for the years ended December 31, 2013 and 2012 was $5.8 million and $7.7 million, respectively.

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ORE was $112.6 million at December 31, 2013, down $37.7 million or 25.0% from $150.3 million at December 31, 2012. The decline from 2012 was driven by sales, fewer properties being transferred into other real estate, and to a lesser extent, write-downs for declines in fair value subsequent to foreclosure. ORE sales for 2013 were $110.4 million compared to $184.5 million in 2012. Residential construction and development and land acquisition ORE of $62.3 million represents 55.3% of ORE at December 31, 2013 and decreased by $21.9 million or 26.0% from $84.2 million at December 31, 2012.

The following table shows the components of NPAs by portfolio class at December 31, 2013 and 2012.

Table 27 - NPAs by Portfolio Class

	December 31, 2013				2012			
(in thousands)	NPLs[1]	Impaired Loans Held for Sale	ORE	Total NPAs[2]	NPLs[1]	Impaired Loans Held for Sale	ORE	Total NPAs[2]
Investment properties	$66,454	190	8,199	74,843	$91,868	74	10,011	101,953
1-4 family properties	33,819	3,191	28,208	65,218	72,578	3,774	54,070	130,422
Land acquisition	154,095	1,475	38,450	194,020	191,475	3,571	41,094	236,140
Total commercial real estate	254,368	4,856	74,857	334,081	355,921	7,419	105,175	468,515
Commercial, financial, and agricultural	59,628	430	13,530	73,588	79,575	20	21,525	101,120
Owner-occupied	36,980	5,381	12,175	54,536	43,386	2,016	12,442	57,844
Small business	5,608	18	1,084	6,710	5,549	—	705	6,254
Total commercial and industrial	102,216	5,829	26,789	134,834	128,510	2,036	34,672	165,218
Retail	59,716	—	10,983	70,699	58,902	—	10,424	69,326
Total	$416,300	10,685	112,629	539,614	$543,333	9,455	150,271	703,059

(1) NPL ratio is 2.08% and 2.78% at December 31, 2013 and 2012, respectively.
(2) NPA ratio is 2.67% and 3.57% at December 31, 2013 and 2012, respectively.

NPL inflows declined $402.0 million or 62.7% from $641.4 million for 2012 to $239.4 million for 2013, with declines in all portfolio components. For more detailed information on NPL inflows for 2013 and 2012, refer to the table below, NPL Inflows by Portfolio Class.

The following table shows NPL inflows by portfolio class for the years ended December 31, 2013 and 2012.

Table 28- NPL Inflows by Portfolio Class	Years Ended December 31,	
(in thousands)	2013	2012
Investment properties	$36,385	$164,441
1-4 family properties	46,008	84,174
Land acquisition	22,193	196,337
Total commercial real estate	104,586	444,952
Commercial, financial, and agricultural	41,727	71,026
Owner-occupied	30,016	48,550
Small business	6,248	6,686
Total commercial and industrial	77,991	126,262
Retail	56,805	70,192
Total NPL inflows	$239,382	$641,406

Asset Dispositions

During 2013, 2012, and 2011, Synovus continued to decrease its level of distressed assets through dispositions. In the fourth quarter of 2012, Synovus completed distressed asset sales with a carrying value of $545.5 million, which primarily consisted of a bulk sale, and resulted in pre-tax charges of approximately $157 million. During 2013, 2012 and 2011, Synovus completed sales of distressed assets with total carrying values of $251.6 million, $918.8 million, and $702.5 million, respectively.

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Troubled Debt Restructurings

When borrowers are experiencing financial difficulties, the Company may, in order to assist the borrowers in repaying the principal and interest owed to the Company, make certain modifications to the borrower's loan. All loan modifications, renewals, and refinances are evaluated for troubled debt restructuring (TDR) classification. In accordance with ASU 2011-02, A Creditor's Determination of Whether a Restructuring is a Troubled Debt Restructuring, issued in April 2011, a TDR is defined as a modification with a borrower that is experiencing financial difficulties, and the company has granted a financial concession that it would not normally make. The market interest rate concept in ASU 2011-02 states that if a borrower does not otherwise have access to funds at a market interest rates for debt with characteristics similar to those of the restructured debt, the restructuring would be considered to be at a below-market rate, which indicates that the lender may have granted a concession. Since Synovus often decreases or maintains the interest rate upon renewal of a commercial loan, including renewals of loans involving borrowers experiencing financial difficulties, the market rate concept has become a significant factor in determining if a loan is classified as a TDR. All TDR's are considered to be impaired loans, and the amount of impairment, if any, is determined in accordance with ASC 310-10-35, Accounting By Creditors for Impairment of a Loan-an amendment of FASB Statements No. 5, ASC 450-20, and No. 15, ASC 310-40.

Concessions provided by Synovus in a TDR are generally made in order to assist borrowers so that debt service is not interrupted and to mitigate the potential for loan losses. A number of factors are reviewed when a loan is renewed, refinanced, or modified, including cash flows, collateral values, guarantees, and loan structures. Concessions are primarily in the form of providing a below market interest rate given the borrower's credit risk to assist the borrower in managing cash flows, an extension of the maturity of the loan generally for less than one year, or a period of time generally less than one year with a reduction of required principal and/or interest payments (e.g., interest only for a period of time). These types of concessions may be made during the term of a loan or upon the maturity of a loan, as a loan renewal. Renewals of loans made to borrowers experiencing financial difficulties are evaluated for TDR designation by determining if concessions are being granted, including consideration of whether the renewed loan has an interest rate that is at market, given the credit risk related to the loan. Insignificant periods of reduction of principal and/or interest payments, or one time deferrals of three months or less, are generally not considered to be financial concessions. Further, it is generally Synovus' practice not to defer principal and/or interest for more than twelve months.

Since 2009, for consumer real estate borrowers experiencing financial difficulties that evidence that current monthly payments are unsustainable, Synovus has been providing through its consumer real estate home affordability program (HAP), a below market interest rate given the borrower's credit risk and/or an extension of the maturity and amortization period beyond loan policy limits for renewed loans. All consumer loans restructured or modified under HAP are TDRs. In December 2013, the home affordability program ended, and any of the loans in this program that are renewed, refinanced, or modified will no longer be able to utilize this program. As of December 31, 2013 and 2012, there were $27.3 million and $26.4 million, respectively, in accruing TDRs that were part of the HAP program.

Non-accruing TDRs may generally be returned to accrual status if there has been a period of performance, consisting usually of at least a six month sustained period of repayment performance in accordance with the terms of the agreement. Consistent with regulatory guidance, a TDR will generally no longer be reported as a TDR after a period of performance which is generally a minimum of six months and after the loan has been reported as a TDR at a year-end reporting date, and if at the time of the modification, the interest rate was at market, considering the credit risk associated with the borrower.

At December 31, 2013, troubled debt restructurings (accruing and non-accruing) were $769.8 million, an increase of $2.0 million compared to December 31, 2012. Non-accruing TDRs of $213.4 million at December 31, 2013 increased $119.0 million from December 31, 2012 primarily due to the restructuring of one larger credit relationship, which was previously reported as an impaired non-accruing relationship. Accruing TDRs were $556.4 million at December 31, 2013 compared to $673.4 million at December 31, 2012, a decrease of $117.0 million or 17.4%. At December 31, 2013, the allowance for loan losses allocated to these accruing TDRs was $27.7 million compared to $41.4 million at December 31, 2012. The allowance for loan losses allocated to accruing TDRs has declined primarily due to the decreased level of accruing TDRs. Accruing TDRs are considered performing because they are performing in

accordance with the restructured terms. At both December 31, 2013 and 2012, approximately 99% of accruing TDRs were current. The table below shows accruing TDRs by grade at December 31, 2013 and 2012.

Table 29 - Accruing TDRs by Risk Grade	December 31,					
	2013			2012		
(dollars in thousands)	Amount	%		Amount	%	
Pass	$114,930	20.7	%	$145,435	21.6	%
Special mention	153,547	27.6		248,661	36.9	
Substandard accruing	287,933	51.7		279,287	41.5	
Total accruing TDRs	$556,410	100.0	%	$673,383	100.0	%

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The following table shows accruing TDRs and the allowance for loan losses on accruing TDRs by portfolio class and the aging of accruing TDRs by portfolio class at December 31, 2013 and 2012.

Table 30 - Accruing TDRs Aging and Allowance for Loan Losses by Portfolio Class

	December 31, 2013				
(in thousands)	Current	30-89 Days Past Due	90+ Days Past Due	Total	Allowance for Loan Losses
Investment properties	$140,383	1,657	—	142,040	4,370
1-4 family properties	104,478	1,618	43	106,139	7,233
Land acquisition	69,976	—	—	69,976	5,090
Total commercial real estate	314,837	3,275	43	318,155	16,693
Commercial, financial and agricultural	91,145	268	59	91,472	5,199
Owner-occupied	85,171	2,095	66	87,332	4,250
Small business	5,162	507	—	5,669	336
Total commercial and industrial	181,478	2,870	125	184,473	9,785
Home equity lines	2,475	275	—	2,750	116
Consumer mortgages	42,383	1,371	265	44,019	967
Credit cards	—	—	—	—	—
Other retail loans	6,951	62	—	7,013	109
Total retail	51,809	1,708	265	53,782	1,192
Total accruing TDRs	$548,124	7,853	433	556,410	27,670

	December 31, 2012				
(dollars in thousands)	Current	30-89 Days Past Due	90+ Days Past Due	Total	Allowance for Loan Losses
Investment properties	$179,832	1,230	—	181,062	10,721
1-4 family properties	107,813	336	—	108,149	10,329
Land acquisition	82,234	1,557	—	83,791	5,949
Total commercial real estate	369,879	3,123	—	373,002	26,999
Commercial, financial and agricultural	135,557	2,006		137,563	7,382
Owner-occupied	96,151	1,073		97,224	5,636
Small business	2,647	686	—	3,333	184
Total commercial and industrial	234,355	3,765	—	238,120	13,202
Home equity lines	8,696	—	—	8,696	195
Consumer mortgages	47,422	1,570	—	48,992	880
Credit cards	—	—	—	—	—
Other retail loans	4,064	509	—	4,573	74
Total retail	60,182	2,079	—	62,261	1,149
Total accruing TDRs	$664,416	8,967	—	673,383	41,350

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The following table shows non-accruing TDRs by portfolio class at December 31, 2013 and 2012.

Table 31- Non-accruing TDRs by Portfolio Class	December 31,	
(in thousands)	2013	2012
Investment properties	$53,130	11,812
1-4 family properties	8,368	26,084
Land acquisition	124,324	31,573
Total commercial real estate	185,822	69,469
Commercial, financial and agricultural	13,351	16,453
Owner-occupied	8,165	2,600
Small business	269	1,062
Total commercial and industrial	21,785	20,115
Home equity lines	1,060	992
Consumer mortgages	4,727	3,352
Other retail loans	13	467
Total retail	5,800	4,811
Total non-accruing TDRs	$213,407	94,395

See "Part II - Item 8. Financial Statements and Supplementary Data - Note 6 - Loans and Allowance for Loan Losses" of this Report for further information.

Past Due Loans

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

Past due loans have remained at historically low levels for the past two years. As a percentage of total loans outstanding, loans 90 days past due and still accruing interest were 0.02% and 0.03% at December 31, 2013 and 2012, respectively. These loans are in the process of collection, and management believes that sufficient collateral value securing these loans exists to cover contractual interest and principal payments. As a percentage of total loans outstanding, loans 30 or more days past due and still accruing interest were 0.36% and 0.54% at December 31, 2013 and 2012, respectively, with improvements in every category.

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The following table shows the aging of past due loans by portfolio class at December 31, 2013 and 2012.

Table 32 - Loans Past Due by Portfolio Class

	December 31, 2013				2012			
(dollars in thousands)	30-89 Days Past Due		90+ Days Past Due		30-89 Days Past Due		90+ Days Past Due	
	Amount	%	Amount	%	Amount	%	Amount	%
Investment properties	$3,552	0.08 %	$40	— %	$5,436	0.12 %	$798	0.02 %
1-4 family properties	6,267	0.54	527	0.05	13,053	1.01	41	—
Land acquisition	1,100	0.16	300	0.04	3,422	0.43	298	0.04
Total commercial real estate	10,919	0.17	867	0.01	21,911	0.34	1,137	0.02
Commercial, financial and agricultural	16,251	0.30	721	0.01	15,742	0.30	845	0.02
Owner-occupied	9,341	0.24	66	—	17,784	0.47	61	—
Small business	4,506	0.66	155	0.02	4,935	0.96	338	0.07
Total commercial and industrial	30,098	0.30	942	0.01	38,461	0.40	1,244	0.01
Home equity lines	4,919	0.31	136	0.01	9,555	0.62	705	0.05
Consumer mortgages	18,068	1.19	1,011	0.07	22,502	1.59	1,288	0.09
Credit cards	1,917	0.75	1,507	0.59	2,450	0.93	2,413	0.92
Other retail loans	2,190	0.77	26	0.01	3,135	1.13	24	0.01
Total retail	27,094	0.74	2,680	0.07	37,642	1.08	4,430	0.13
Total loans past due	$68,111	0.34 %	$4,489	0.02 %	$98,014	0.50 %	$6,811	0.03 %

Substandard Accruing and Special Mention Loans

Substandard accruing loans 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 Synovus will sustain some loss if the deficiencies are not corrected. At December 31, 2013, substandard accruing loans totaled $542.4 million compared to $672.6 million at December 31, 2012, a decrease of $130.2 million or 19.4% primarily due to principal reductions and upgrades.

The following table shows substandard accruing loans by portfolio class at December 31, 2013 and 2012.

Table 33 - Substandard Accruing Loans by Portfolio Class	December 31,	
(in thousands)	2013	2012
Investment properties	$99,545	$161,616
1-4 family properties	104,310	106,166
Land acquisition	34,965	42,247
Total commercial real estate	238,820	310,029
Commercial, financial and agricultural	152,158	180,611
Owner-occupied	127,236	156,302
Small business	7,409	6,308
Total commercial and industrial	286,803	343,221
Home equity lines	10,360	13,927
Consumer mortgages	3,370	636
Credit cards	1,507	472
Other retail loans	1,561	4,312
Total retail	16,798	19,347
Total substandard accruing loans	$542,421	$672,597

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Special mention loans have potential weaknesses that deserve management's close attention but are not adversely classified and do not expose Synovus to sufficient risk to warrant an adverse classification. Special mention loans steadily declined throughout 2013 primarily due to upgrades and principal reductions. At December 31, 2013, special mention loans totaled $850.6 million ($470.9 million of commercial real estate loans and $379.7 million of commercial and industrial loans) compared to $1.38 billion ($804.4 million of commercial real estate loans and $572.6 million of commercial and industrial loans) at December 31, 2012, a decrease of $526.3 million, or 38.2% from 2012. Special mention and substandard accruing loans in the residential C&D and land acquisition category declined $118.2 million, or 33.8% from $303.2 million in 2012 to $200.6 million in 2013.

The following table shows special mention loans by portfolio class at December 31, 2013 and 2012.

Table 34 - Special Mention Loans by Portfolio Class	December 31,	
(in thousands)	2013	2012
Investment properties	$249,890	$463,532
1-4 family properties	126,715	197,148
Land acquisition	94,316	143,685
Total commercial real estate	470,921	804,365
Commercial, financial and agricultural	224,620	311,475
Owner-occupied	155,097	261,116
Small business	—	—
Total commercial and industrial	379,717	572,591
Home equity lines	—	—
Consumer mortgages	—	—
Credit cards	—	—
Other retail loans	—	—
Total retail	—	—
Total special mention loans	$850,638	$1,376,956

Potential Problem Loans

Management continuously monitors non-performing and past due loans to mitigate further deterioration regarding the condition of these loans. Potential problem loans are defined by management as certain performing loans with a well-defined weakness where there is information about possible credit problems of borrowers which causes management to have doubts as to the ability of such borrowers to comply with the present repayment terms of such loans. Potential problem commercial loans consist of substandard accruing loans but exclude both loans 90 days past due and still accruing interest and substandard accruing troubled debt restructurings, which are reported separately. Management’s decision to include performing loans in the category of potential problem loans indicates that management has recognized a higher degree of risk associated with these loans. In addition to accruing loans 90 days past due and accruing restructured loans, Synovus had $239.3 million of potential problem commercial loans at December 31, 2013 compared to $369.5 million at December 31, 2012. Management’s current expectation of probable losses from potential problem loans is included in the allowance for loan losses, and management cannot predict at this time whether these potential problem loans ultimately will become non-performing loans or result in losses.

Net Charge-offs

Total net charge-offs were $135.4 million, or 0.69% of average loans for 2013, a decrease of $348.0 million or 72.0%, compared to $483.5 million or 2.45% of average loans for 2012. Net charge-offs declined from 2012 levels primarily as a result of lower mark-to-market charge, decreased costs related to NPL inflows, and lower charges on sales of distressed loans. Net charge-offs in 2012 include the impact of $163.9 million in net charge-offs from distressed loan sales with a carrying value of approximately $474.4 million which were completed during the fourth quarter of 2012 and consisted primarily of distressed loans sold in a bulk sale. The residential construction and development (component of the 1-4 family category) and land acquisition portfolio represented $35.9 million, or 26.5% of total net charge-offs for 2013. Net charge-offs in this portfolio also decreased by $128.4 million, or 78.1%, from 2012 levels.

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The following table shows net charge-offs by portfolio class for the years ended December 31, 2013 and 2012.

Table 35 - Net Charge-offs by Portfolio Class	Years Ended December 31,					
	2013			2012		
(dollars in thousands)	Amount	%[1]		Amount	%[1]	
Investment properties	$30,300	0.69	%	$83,242	1.87	%
1-4 family properties	17,622	1.37		80,327	5.42	
Land for future development	22,000	2.76		116,554	11.92	
Total commercial real estate	69,922	1.08		280,123	4.06	
Commercial, financial and agricultural	18,499	0.35		90,639	1.78	
Owner-occupied	16,612	0.44		63,065	1.64	
Small business	3,948	0.75		3,362	0.86	
Total commercial and industrial	39,059	0.41		157,066	1.68	
Home equity lines	7,798	0.51		18,884	1.19	
Consumer mortgages	10,117	0.72		18,156	1.30	
Credit cards	5,892	2.27		7,480	2.84	
Other retail loans	2,655	0.96		1,749	0.62	
Total retail	26,462	0.76		46,269	1.31	
Total net charge-offs	$135,443	0.69	%	$483,458	2.45	%

[1] Net charge-off ratio as a percentage of average loans.

Provision for Loan Losses and Allowance for Loan Losses

See "Part II - Item 8. Financial Statements and Supplementary Data - Note 6 - Loans and Allowance for Loan Losses" and "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies" of this Report for further information.

The provision for loan losses for the year ended December 31, 2013 was $69.6 million, a decrease of $250.8 million or 78.3% compared to the prior year. The decrease in the provision for loan losses from 2012 to 2013 is primarily due to continued improvement in credit quality trends during 2013, including decreased NPL inflows and NPLs, lower net charge-offs, and reduced levels of loans rated special mention and accruing substandard as well as pre-tax charges of approximately $157 million related to the bulk sale of distressed assets completed during the fourth quarter of 2012.

The allowance for loan losses at December 31, 2013 was $307.6 million or 1.53% of total loans, compared to $373.4 million or 1.91% of total loans at December 31, 2012. The decrease in the allowance for loan losses during 2013 was due to the continued improvement in credit quality trends during 2013. The improvements in credit quality included reduced NPL inflows and NPLs, as well as decreased net charge-offs and lower levels of loans rated substandard accruing and special mention.

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A summary by loan category of loans charged off, recoveries of loans previously charged off, and additions to the allowance through provision for loan losses is presented in the following table:

Table 36 - Allowance for Loan Losses – Summary of Activity by Loan Category

	Years Ended December 31,					
(dollars in thousands)	2013		2012	2011	2010	2009
Allowance for loan losses at beginning of year	$373,405		536,494	703,547	943,725	598,301
Loans charged off						
Commercial:						
Commercial, financial, and agricultural	35,438		115,245	123,314	228,570	242,843
Owner-occupied	18,956		65,854	52,820	58,691	67,347
Small business	4,583		3,712	3,583	5,702	5,369
Real estate — construction	51,630		208,130	223,026	719,032	913,032
Real estate — mortgage	35,360		108,569	161,271	294,494	153,741
Total commercial	145,967		501,510	564,014	1,306,489	1,382,332
Retail:						
Real estate — mortgage	22,662		43,364	56,839	86,069	79,016
Retail loans — credit cards	7,811		9,110	13,598	18,937	20,854
Retail loans — other	3,513		2,791	5,263	6,428	10,404
Total retail	33,986		55,265	75,700	111,434	110,274
Total loans charged off	179,953		556,775	639,714	1,417,923	1,492,606
Recoveries of loans previously charged off						
Commercial:						
Commercial, financial, and agricultural	16,939		24,607	16,398	13,527	12,321
Owner-occupied	2,344		2,788	2,806	2,285	1,817
Small business	635		350	564	810	113
Real estate — construction	11,348		23,721	17,880	16,056	10,140
Real estate — mortgage	5,720		12,855	7,724	6,012	3,632
Total commercial	36,986		64,321	45,372	38,690	28,023
Retail:						
Real estate — mortgage	4,748		6,324	5,082	3,385	1,846
Retail loans — credit cards	1,918		1,630	1,893	2,095	1,161
Retail loans — other	858		1,042	1,519	2,301	1,401
Total retail	7,524		8,996	8,494	7,781	4,408
Recoveries of loans previously charged off	44,510		73,317	53,866	46,471	32,431
Net loans charged off	135,443		483,458	585,848	1,371,452	1,460,175
Provision for loan losses	69,598		320,369	418,795	1,131,274	1,805,599
Allowance for loan losses at end of year	$307,560		373,405	536,494	703,547	943,725
Ratios:						
Allowance for loan losses to loans, net of deferred fees and costs	1.53	%	1.91	2.67	3.26	3.72
Net charge-offs as a percentage of average loans net of deferred fees and costs	0.69	%	2.45	2.84	5.82	5.37
Allowance to non-performing loans excluding collateral-dependent impaired loans with no related allowance	95.43	%	93.49	124.04	192.60	124.70

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The following table shows the allocation of the allowance for loan losses by loan category at December 31, 2013, 2012, 2011, 2010, and 2009.

Table 37 - Allocation of Allowance for Loan Losses

	December 31,									
	2013		2012		2011		2010		2009	
(dollars in thousands)	Amount	%[1]	Amount	%[1]	Amount	%[1]	Amount	%[1]	Amount	%[1]
Commercial										
Commercial, financial, and agricultural	$69,567	27.4 %	$83,366	27.1 %	$117,450	25.3 %	$154,115	24.4 %	$137,031	23.7 %
Owner-occupied	33,283	19.0	43,481	19.2	67,438	19.2	67,943	18.5	72,002	17.5
Small business	13,218	3.4	11,648	2.6	2,521	1.5	1,923	1.1	2,246	0.7
Real estate — construction	53,431	8.8	90,156	8.9	145,421	11.9	197,337	14.4	379,618	20.4
Real estate — mortgage	73,582	23.3	77,770	24.3	103,673	24.3	156,586	24.4	216,840	21.9
Total commercial	243,081	81.9	306,421	82.1	436,503	82.2	577,904	82.8	807,737	84.2
Retail										
Real estate — mortgage	29,607	15.4	24,577	15.1	36,813	15.1	25,937	14.5	34,860	13.3
Retail loans — credit cards	10,030	1.3	12,278	1.4	12,870	1.3	12,990	1.3	15,751	1.2
Retail loans — other	1,842	1.4	2,129	1.4	2,310	1.4	2,628	1.4	4,455	1.4
Total retail	41,479	18.1	38,984	17.9	51,993	17.8	41,555	17.2 %	55,066	15.9
Deferred fees and costs, net	—	nm	—	nm	—	nm	—	nm	—	(0.1)%
Unallocated	23,000	—	28,000	—	47,998	—	84,088	—	80,922	—
Total allowance for loan losses	$307,560	100.0 %	$373,405	100.0 %	$536,494	100.0 %	$703,547	100.0 %	$943,725	100.0 %

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

nm - not meaningful

Table 38 - Selected Credit Quality Metrics

	December 31,				
(dollars in thousands)	2013	2012	2011	2010	2009
Non-performing loans	$416,300	543,333	883,021	891,622	1,555,776
Impaired loans held for sale	10,685	9,455	30,156	127,365	36,816
Other real estate	112,629	150,271	204,232	261,305	238,807
Non-performing assets	$539,614	703,059	1,117,409	1,280,292	1,831,399
Loans 90 days past due and still accruing	$4,489	6,811	14,520	16,222	19,938
As a % of loans	0.02 %	0.03	0.07	0.08	0.08
Total past due loans and still accruing	$72,600	104,825	149,442	176,756	262,446
As a % of loans	0.36 %	0.54	0.74	0.82	1.03
Accruing TDRs	$556,410	673,383	668,472	464,123	213,552
	2.08 %	2.78	4.40	4.13	6.13

Non-performing loans as a % of total loans						
Non-performing assets as a % of total loans, other loans held for sale, and ORE	2.67	%	3.57	5.50	5.83	7.14

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Capital Resources

Synovus is required to comply with the capital adequacy standards established by the Federal Reserve Board and our subsidiary bank, Synovus Bank, must comply with similar capital adequacy standards established by the FDIC. Synovus has always placed great emphasis on maintaining a solid capital base and continues to satisfy applicable regulatory capital requirements.

The following table presents certain ratios used to measure Synovus and Synovus Bank's capitalization.

Table 40 – Capital Ratios

(dollars in thousands)	December 31, 2013		December 31, 2012
Tier 1 capital			
Synovus Financial Corp.	$2,351,493		2,832,244
Synovus Bank	2,806,197		3,173,530
Tier 1 common equity [1]			
Synovus Financial Corp.	2,215,631		1,864,917
Total risk-based capital			
Synovus Financial Corp.	2,900,865		3,460,998
Synovus Bank	3,084,756		3,441,364
Tier 1 capital ratio			
Synovus Financial Corp.	10.54	%	13.24
Synovus Bank	12.61		14.88
Tier 1 common equity ratio [1]			
Synovus Financial Corp.	9.93		8.72
Total risk-based capital to risk-weighted assets ratio			
Synovus Financial Corp.	13.00		16.18
Synovus Bank	13.86		16.14
Leverage ratio			
Synovus Financial Corp.	9.13		11.00
Synovus Bank	10.94		12.41
Tangible common equity to tangible assets ratio [1]			
Synovus Financial Corp.	10.68		9.66

[1] See reconciliation of "Non-GAAP Financial Measures" in this Report.

As a financial holding company, Synovus and its subsidiary bank, Synovus Bank, are required to maintain capital levels required for a well-capitalized institution as defined by federal banking regulations. The capital measures used by the federal banking regulators include the total risk-based capital ratio, the Tier 1 risk-based capital ratio, and the leverage ratio. Synovus Bank is a state-chartered bank under the regulations of the GA DBF. Under applicable regulations, Synovus Bank is well-capitalized if it has a total risk-based capital ratio of 10% or greater, a Tier 1 capital ratio of 6% or greater, a leverage ratio of 5% or greater, and is not subject to any written agreement, order, capital directive, or prompt corrective action directive from a federal and/or state banking regulatory agency to meet and maintain a specific capital level for any capital measure. However, even if Synovus Bank satisfies all applicable quantitative criteria to be considered well-capitalized, the regulations also establish procedures for "downgrading" an institution to a lower capital category based on supervisory factors other than capital. Synovus Bank had the required capital levels to qualify as well capitalized as of December 31, 2013. Management is not currently aware of the existence of any conditions or events occurring subsequent to December 31, 2013 which would affect the well-capitalized classification.

On July 26, 2013, Synovus redeemed all 967,870 shares of its Series A Preferred Stock issued to the U.S. Treasury under the CPP established under TARP. Over two-thirds of the TARP redemption was funded by internally available funds from an upstream dividend of $680.0 million from Synovus Bank. The balance of the redemption was funded by net proceeds from equity offerings completed in July 2013, described below.

On July 24, 2013, Synovus completed a public offering of 59,870,550 shares of its Common Stock at $3.09 per share. The offering generated net proceeds of $175.2 million.
On July 25, 2013, Synovus completed a public offering of $130 million of Series C Preferred Stock. The offering generated net proceeds of $125.9 million. From the date of issuance to, but excluding, August 1, 2018, the rate for declared dividends is

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7.875% per annum. From and including August 1, 2018, the dividend rate will change to a floating rate equal to the three-month LIBOR plus a spread of 6.39% per annum.
As previously disclosed, in 2009, Synovus entered into the Synovus MOU with the Atlanta Fed and the GA DBF. The Atlanta Fed and the GA DBF terminated the Synovus MOU effective as of April 22, 2013, and replaced it with a resolution adopted by Synovus' Board of Directors relating to, among other things, continued emphasis on improving asset quality and maintaining strong levels of capital and liquidity. As previously disclosed, in 2010, Synovus Bank entered into the Synovus Bank MOU. The FDIC and the GA DBF terminated the Synovus Bank MOU effective as of May 29, 2013, and replaced it with a resolution adopted by Synovus Bank’s Board of Directors relating to, among other things, continued emphasis on improving asset quality and maintaining strong levels of capital and liquidity. See Part I Item IA - Risk factors - "Changes in the cost and availability of funding due to changes in the deposit market and credit market, or the way in which we are perceived in such markets, may adversely affect our capital resources, liquidity and financial results."
During 2013, the Federal Reserve released final United States Basel III regulatory capital rules implementing the global regulatory capital reforms of Basel III and certain changes required by the Dodd-Frank Wall Street Reform and Consumer Protection Act. The FDIC and OCC also approved the final rule during 2013. The rule applies to all banking organizations that are currently subject to regulatory capital requirements as well as certain savings and loan holding companies. The rule strengthens the definition of regulatory capital, increases risk-based capital requirements, and makes selected changes to the calculation of risk-weighted assets. The rule becomes effective January 1, 2015, for Synovus and most banking organizations, subject to a transition period for several aspects of the rule, including the new minimum capital ratio requirements, the capital conservation buffer, and the regulatory capital adjustments and deductions. Based on management's interpretation of the regulation, Synovus' estimated Tier 1 common equity ratio under Basel III as of December 31, 2013 is 9.72%, which is in compliance with the capital requirements. See reconciliation of "Non-GAAP Financial Measures" in this Report.
There are limitations on the inclusion of deferred tax assets for regulatory capital based on Tier 1 capital levels and projected future earnings (Basel III revises limitation criteria effective January 1, 2015). As of December 31, 2013, total disallowed deferred tax assets were $618.5 million or 2.77% of risk weighted assets, compared to $710.5 million or 3.32% of risk weighted assets at December 31, 2012. The DTA limitation will continue to decrease over time, thus creating additional regulatory capital in future periods.
Management currently believes, based on internal capital analyses and earnings projections, that Synovus' capital position is adequate to meet current and future regulatory minimum capital requirements.
Liquidity
Liquidity represents the extent to which Synovus has readily available sources of funding needed to meet the needs of depositors, borrowers and creditors, to support asset growth, and to otherwise sustain operations of Synovus and its subsidiaries, at a reasonable cost, on a timely basis, and without adverse consequences. ALCO monitors Synovus' economic, competitive, and regulatory environment and is responsible for measuring, monitoring, and reporting on liquidity and funding risk, interest rate risk, and market risk and has the authority to establish policies relative to these risks. ALCO, operating under liquidity and funding policies approved by the Board of Directors, actively analyzes contractual and anticipated cash flows in order to properly manage Synovus’ liquidity position.
Contractual and anticipated cash flows are analyzed under normal and stressed conditions to determine forward looking liquidity needs and sources. Synovus analyzes liquidity needs under various scenarios of market conditions and operating performance. This analysis includes stress testing and measures expected sources and uses of funds under each scenario. Emphasis is placed on maintaining numerous sources of current and potential liquidity to allow Synovus to meet its obligations to depositors, borrowers, and creditors on a timely basis.
Liquidity is generated primarily through maturities and repayments of loans by customers, maturities and sales of investment securities, deposit growth, and access to sources of funds other than deposits. Unencumbered investment securities can also be utilized as collateral to enhance liquidity, if necessary. Management continuously monitors and maintains appropriate levels of liquidity so as to provide adequate funding sources to meet estimated customer deposit withdrawals and future loan requests. Liquidity is also enhanced by the acquisition of new deposits. Each of the banking divisions monitors deposit flows and evaluates local market conditions in an effort to retain and grow

deposits.

Synovus Bank also generates liquidity through the national deposit markets. Synovus Bank issues longer-term certificates of deposit across a broad geographic base to diversify its sources of funding and liquidity. Synovus Bank has the capacity to access funding through its membership in the FHLB System. At December 31, 2013, Synovus Bank had access to incremental funding, subject to available collateral and FHLB credit policies, through utilization of FHLB advances.

In addition to bank level liquidity management, Synovus must manage liquidity at the Parent Company for various needs including potential capital infusions into subsidiaries, the servicing of debt, and the payment of dividends on our Common Stock

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and Preferred Stock. The primary source of liquidity for Synovus consists of dividends from Synovus Bank. During 2012 and 2011, Synovus Bank did not pay dividends to the Parent Company. On July 19, 2013, the Parent Company received a $680.0 million dividend from Synovus Bank, which Synovus utilized along with the net proceeds from its July Common Stock and Series C Preferred Stock offerings to redeem its $967.9 million of Series A Preferred Stock on July 26, 2013. Synovus' ability to receive dividends from Synovus Bank in future periods will depend on a number of factors, including, without limitation, Synovus Bank's future profits, asset quality, liquidity and overall condition. In addition, under a resolution adopted by its Board, Synovus Bank is currently prohibited from paying any cash dividends to the Parent Company without regulatory approval, and GA DBF rules and related statutes contain additional restrictions on payments of dividends by Synovus Bank. See “Part I - Item 1A. Risk Factors - Changes in the cost and availability of funding due to changes in the deposit market and credit market, or the way in which we are perceived in such markets, may adversely affect our capital resources, liquidity and financial results.” of Synovus' 2013 Form 10-K.

As previously disclosed, in 2009, Synovus entered into the Synovus MOU with the Atlanta Fed and the GA DBF. The Atlanta Fed and the GA DBF terminated the Synovus MOU effective as of April 22, 2013, and replaced it with a resolution adopted by Synovus' Board of Directors relating to, among other things, continued emphasis on improving asset quality and maintaining strong levels of capital and liquidity. As previously disclosed, in 2010, Synovus Bank entered into the Synovus Bank MOU. The FDIC and the GA DBF terminated the Synovus Bank MOU effective as of May 29, 2013, and replaced it with a resolution adopted by Synovus Bank’s Board of Directors relating to, among other things, continued emphasis on improving asset quality and maintaining strong levels of capital and liquidity.

On February 13, 2012, Synovus issued $300 million aggregate principal amount of the 2019 Senior Notes in a public offering for aggregate proceeds of $292.6 million, net of discount and debt issuance costs. Concurrent with this offering, Synovus announced a Tender Offer for any and all of its 2013 Notes, with a total principal amount outstanding of $206.8 million. An aggregate principal amount of $146.1 million of the 2013 Notes, representing 71% of the outstanding principal amount, were tendered in the Tender Offer. Synovus paid total consideration of $146.1 million for these notes, which was funded from a portion of the net proceeds of the 2019 Senior Notes. On February 15, 2013, Synovus paid the remaining balance on its 2013 Notes of $60.6 million.

Synovus has historically enjoyed a solid reputation in the capital markets and in the past few years has accessed the capital markets to provide needed liquidity resources. Despite the success of these public offerings, there can be no assurance that Synovus will be able to obtain additional new borrowings or issue additional equity on favorable terms, if at all. See "Part I – Item 1A. Risk Factors - Our status as a non-investment grade issuer could increase the cost of our funding from the capital markets and impact our liquidity.” of Synovus' 2013 Form 10-K.

Synovus presently believes that the sources of liquidity discussed above, including existing liquid funds on hand, are sufficient to meet its anticipated funding needs through the near future. However, if economic conditions were to significantly deteriorate, regulatory capital requirements for Synovus or Synovus Bank increase as the result of regulatory directives or otherwise, or Synovus believes it is prudent to enhance current liquidity levels, then Synovus may seek additional liquidity from external sources. See "Part I – Item 1A. Risk Factors - Changes in the cost and availability of funding due to changes in the deposit market and credit market, or the way in which we are perceived in such markets, may adversely affect our capital resources, liquidity and financial results." of Synovus' 2013 Form 10-K.

The following table summarizes Synovus’ contractual cash obligations at December 31, 2013.

Table 41 - Contractual Cash Obligations

	Payments Due After December 31, 2013				
(in thousands)	1 Year or Less	Over 1 - 3 Years	4 - 5 Years	After 5 Years	Total
Long-term debt	$104,894	1,166,566	660,177	325,163	2,256,800
Capital lease obligations	102	207	226	1,620	2,155
Purchase commitments	21,828	22,104	10,116	—	54,048
Operating leases	23,776	44,207	38,623	191,657	298,263
Total contractual cash obligations	$150,600	1,233,084	709,142	518,440	2,611,266

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Short-term Borrowings

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

Table 42 - Short-term Borrowings

(dollars in thousands)	2013	2012	2011
Balance at December 31,	$148,132	201,243	313,757
Weighted average interest rate at December 31,	0.13 %	0.16	0.24
Maximum month end balance during the year	$244,048	398,853	452,903
Average amount outstanding during the year	208,267	320,338	389,582
Weighted average interest rate during the year	0.16 %	0.19	0.27

Earning Assets and Sources of Funds

Average total assets for 2013 decreased $40.1 million, or 0.2%, to $26.33 billion as compared to average total assets for 2012. Average earning assets decreased $596.0 million, or 2.4%, in 2013 as compared to the prior year. Average earning assets represented 90.8% and 92.9% of average total assets for 2013 and 2012, respectively. The reduction in average earning assets resulted primarily from a $359.2 million decrease in total investment securities and a $116.2 million reduction in average interest bearing funds held at the Federal Reserve Bank. The decrease in funding sources utilized to support earning assets was driven by a $684.8 million decrease in average deposits and a $112.1 million decrease in Federal funds purchased and securities sold under repurchase agreements. These decreases in funding sources were partially offset by a $349.3 million increase in average long-term debt.

Average total assets for 2012 decreased $2.14 billion, or 7.5%, to $26.37 billion as compared to average total assets for 2011. Average earning assets decreased $1.96 billion, or 7.4%, in 2012 as compared to the prior year. Average earning assets represented 92.9% and 92.8% of average total assets for 2012 and 2011, respectively. The reduction in average earning assets resulted primarily from a $746.6 million decrease in average net loans and a $1.27 billion reduction in average interest bearing funds held at the Federal Reserve Bank. These reductions in earning assets were partially offset by a $97.8 million increase in the average investment securities available for sale portfolio. The decrease in funding sources utilized to support earning assets was driven by decreases in average deposits of $1.72 billion and average long-term debt of $274.2 million.

For more detailed information on the average balance sheets for the years ended December 31, 2013, 2012, and 2011, refer to Table 22 - Average Balances, Interest, and Yields.

The table below shows the maturity of selected loan categories as of December 31, 2013. Also provided are the amounts due after one year classified according to the sensitivity in interest rates. Actual repayments of loans may differ from the contractual maturities reflected therein because borrowers have the right to prepay obligations with and without prepayment penalties. Additionally, the refinancing of such loans or the potential delinquency of such loans could create differences between the contractual maturities and the actual repayment of such loans.

Table 43 - Loan Maturity and Interest Rate Sensitivity

	December 31, 2013			
(in thousands)	One Year Or Less	Over One Year Through Five Years	Over Five Years	Total
Selected loan categories:				
Commercial, financial, and agricultural	$1,582,854	3,280,242	635,643	5,498,739
Real estate-construction	746,262	956,855	53,360	1,756,477
Total	2,329,116	4,237,097	689,003	7,255,216
Loans due after one year:				
Having predetermined interest rates				1,721,280
Having floating or adjustable interest rates				3,204,820
Total				4,926,100

Recently Issued Accounting Standards

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

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Non-GAAP Financial Measures

The measures entitled pre-tax, pre-credit costs income, adjusted non-interest income, adjusted non-interest expense, net loan growth (decline), core deposits, core deposits excluding time deposits, Tier 1 common equity, Tier 1 common equity ratio, the estimated Tier 1 common equity ratio under Basel III rules, and tangible common equity to tangible assets ratio are not measures recognized under U.S. generally accepted accounting principles (GAAP) and therefore are considered non-GAAP financial measures. The most comparable GAAP measures are income (loss) before income taxes, total non-interest income, total non-interest expense, total loan growth (decline), total deposits, total shareholders' equity, and the ratio of total shareholders' equity to total assets, respectively.

Synovus believes that these non-GAAP financial measures provide meaningful additional information about Synovus to assist management and investors in evaluating Synovus' capital strength and the performance of its core business. These non-GAAP financial measures should not be considered as substitutes for income (loss) before income taxes, total non-interest income, total non-interest expense, total loan growth (decline), total deposits, total shareholders' equity, or the ratio of total shareholders' equity to total assets determined in accordance with GAAP and may not be comparable to other similarly titled measures at other companies.

The computations of pre-tax, pre-credit costs income, adjusted non-interest income, adjusted non-interest expense, net loan growth (decline), core deposits, core deposits excluding time deposits, Tier 1 common equity, Tier 1 common equity ratio, the estimated Tier 1 common equity ratio under Basel III rules, tangible common equity to tangible assets ratio, and the reconciliation of these measures to income (loss) before income taxes, total non-interest income, total non-interest expense, total deposits, total shareholders' equity and the ratio of total shareholders' equity to total assets are set forth in the tables below.

Table 44 - Reconciliation of Non-GAAP Financial Measures

	December 31,				
(dollars in thousands)	2013	2012	2011	2010	2009
Pre-tax, Pre-credit Costs Income					
Income (loss) before income taxes	$252,628	31,477	(59,532)	(849,170)	(1,605,908)
Provision for loan losses	69,598	320,369	418,795	1,131,274	1,805,599
Other credit costs [1]	48,370	112,250	149,293	198,426	380,984
Total credit costs	117,968	432,619	568,088	1,329,700	2,186,583
Litigation loss contingency expense [2]	10,000	—	—	—	—
Restructuring charges	11,064	5,412	30,665	5,538	5,995
Visa indemnification charges	1,600	6,304	6,038	—	4,059
Investment securities (gains) losses, net	(2,945)	(39,142)	(75,007)	1,271	(14,067)
Goodwill impairment	—	—	—	—	15,090
Loss (gain) on curtailment of post-retirement benefit	—	—	398	(7,092)	—
Gain on sale/redemption of Visa shares	—	—	—	—	(51,900)
Pre-tax, pre-credit costs income	$390,315	436,670	470,650	480,247	539,852
Adjusted Non-interest Income					
Total non-interest income	$253,571	313,966	338,874	305,347	410,670
Investment securities (gains) losses, net	(2,945)	(39,142)	(75,007)	1,271	(14,067)
Decrease (increase) in fair value of private equity investments, net	2,963	(8,233)	1,118	(7,203)	(1,379)
Adjusted non-interest income	$253,589	266,591	264,985	299,415	395,224
Adjusted Non-interest Expense					
Total non-interest expense	$741,537	816,237	903,765	1,009,576	1,221,289
Other credit costs[1]	(48,370)	(112,250)	(149,293)	(198,426)	(380,984)
Litigation loss contingency expense[2]	(10,000)	—	—	—	—

Restructuring charges	(11,064)	(5,412)	(30,665)	(5,538)	(5,995)
Visa indemnification charges	(1,600)	(6,304)	(6,038)	—	(4,059)
Goodwill impairment	—	—	—	—	(15,090)
(Loss) gain on curtailment of post-retirement benefit	—	—	(398)	7,092	—
Adjusted non-interest expense	$670,503	692,271	717,371	812,704	815,161

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(amounts in thousands)	December 31, 2013	2012	2011	2010	2009
Net Loan Growth (Decline)					
Growth (decline) in total loans	$516,108	$(538,122)	(1,505,950)	(3,798,177)	(3)
Transfers to other loans held for sale	165,249	756,268	519,308	1,091,131	(3)
Foreclosures	85,422	154,747	224,786	378,172	(3)
Charge-offs excluding transfers to other loans held for sale and loan sales	95,563	215,913	390,924	967,111	(3)
Net loan growth (decline)	$862,342	588,806	(370,932)	(1,361,763)	(3)
Core Deposits and Core Deposits Excluding Time Deposits					
Total deposits	$20,876,790	21,057,044	22,411,752	24,500,304	27,433,533
Brokered deposits	(1,094,002)	(1,092,749)	(1,783,174)	(3,152,349)	(5,039,328)
Core deposits	19,782,788	19,964,295	20,628,578	21,347,955	22,394,205
Time deposits	(3,498,200)	(3,583,304)	(4,591,164)	(5,911,150)	(7,597,738)
Core deposits excluding time deposits	$16,284,588	16,380,991	16,037,414	15,436,805	14,796,467
Tier 1 Common Equity and Tier 1 Common Equity Ratio					
Total shareholders' equity	$2,948,985	3,569,431	2,827,452	2,997,918	2,851,041
Accumulated other comprehensive loss (income)	41,258	(4,101)	(21,093)	(57,158)	(84,806)
Goodwill	(24,431)	(24,431)	(24,431)	(24,431)	(24,431)
Other intangible assets, net	(3,415)	(5,149)	(8,525)	(12,434)	(16,649)
Disallowed deferred tax asset	(618,516)	(710,488)	—	(1,827)	(11,945)
Other items	7,612	6,982	7,371	7,844	8,077
Tier 1 capital	2,351,493	2,832,244	2,780,774	2,909,912	2,721,287
Qualifying trust preferred securities	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Series C Preferred Stock	(125,862)	—	—	—	—
Series A Preferred Stock	—	(957,327)	(947,017)	(937,323)	(928,207)
Tier 1 common equity	2,215,631	1,864,917	1,823,757	1,962,589	1,783,080
Total risk-weighted assets	22,316,093	21,387,935	21,486,822	22,748,532	26,781,973
Tier 1 common equity ratio	9.93 %	8.72	8.49	8.63	6.66
Estimated Tier 1 Common Equity Ratio under Basel III Rules[4]					
Tier 1 common equity	2,215,631				
Adjustment related to capital components	50,000				
Estimated Tier 1 common equity under Basel III rules	2,265,631				
Estimated total risk-weighted assets under Basel III rules	23,301,000				
Estimated Tier 1 common equity ratio under Basel III rules	9.72 %				
Tangible Common Equity Ratio					
Total assets	$26,201,604	26,760,012	27,162,845	30,093,148	32,831,418
Goodwill	(24,431)	(24,431)	(24,431)	(24,431)	(24,431)
Other intangible assets, net	(3,415)	(5,149)	(8,525)	(12,434)	(16,649)
Tangible assets	$26,173,758	26,730,432	27,129,889	30,056,283	32,790,338

Total shareholders’ equity	$2,948,985	3,569,431	2,827,452	2,997,918	2,851,041
Goodwill	(24,431)	(24,431)	(24,431)	(24,431)	(24,431)
Other intangible assets, net	(3,415)	(5,149)	(8,525)	(12,434)	(16,649)
Series C Preferred Stock	(125,862)	—	—	—	—
Series A Preferred Stock	—	(957,327)	(947,017)	(937,323)	(928,207)
Tangible common equity	$2,795,277	2,582,524	1,847,479	2,023,730	1,881,754
Tangible equity units	—	(260,084)	(260,084)	(260,122)	—
Tangible common equity excluding tangible equity units	$2,795,277	2,322,440	1,587,395	1,763,608	1,881,754
Common shares outstanding	972,351	786,579	785,295	785,263	489,828
Total shareholders’ equity to total assets ratio	11.25%	13.34	10.41	9.96	8.68
Tangible common equity to tangible assets ratio	10.68	9.66	6.81	6.73	5.74

(1) Other credit costs consist primarily of foreclosed real estate expense, net.

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(2) Consists of loss contingency accruals with respect to outstanding legal matters. Amounts for periods prior to the three months ended December 31, 2013 are not disclosed separately as amounts are not material.
(3) The non-GAAP measure was not reported by Synovus until 2010.
(4) This ratio is not applicable to years prior to 2013.

Inflation

A financial institution's assets and liabilities are primarily monetary in nature; therefore, inflation can have an important impact on the growth of total assets in the banking industry and may create a need to increase equity capital at higher than normal rates in order to maintain appropriate capital ratios. Interest rate levels are also significantly influenced by changes in the rate of inflation although they do not necessarily change at the same time or magnitude as the inflation rate. These changes could adversely impact Synovus' financial position and profitability. Synovus attempts to mitigate the effects of inflation and changing interest rates by managing its interest rate sensitivity position through its asset/liability management practices and by periodically adjusting its pricing of services and banking products in an effort to take into consideration such costs. See "Part II - Item 7A. Market Risk and Interest Rate Sensitivity" of this Report for further information.

Deflation

An extended period of deflation could negatively impact the banking industry and may be associated with lower growth and a general deterioration of the economy. Such a scenario could impair bank earnings and profitability in a variety of ways including, but not limited to, decreases in the value of collateral for loans, a diminished ability of borrowers to service their debts, increases in the value of certain bank liabilities, and lessened demand for loans. While these effects cannot be fully accounted for, Synovus attempts to mitigate such risks through prudent underwriting of loans and through the management of its interest rate sensitivity position.

Parent Company

The Parent Company's net assets consist primarily of its investment in Synovus Bank. The Parent Company's primary uses of cash are for the servicing of debt and payment of dividends to shareholders. The Parent Company also provides the necessary funds to strengthen the capital of its subsidiaries if needed. These uses of cash are primarily funded by dividends from Synovus Bank, borrowings from external sources, and equity offerings. On July 19, 2013, Synovus received an upstream dividend of $680.0 million from Synovus Bank, which Synovus utilized to redeem its $967.9 million of Series A Preferred Stock on July 26, 2013. The balance of the redemption was funded by net proceeds from equity offerings completed in July 2013, described below. Synovus did not receive any dividends from Synovus Bank during 2012 or 2011. Synovus has applied for regulatory approval to allow Synovus Bank to pay dividends during 2014. Synovus' ability to receive dividends from Synovus Bank in future periods will depend on a number of factors, including, without limitation, Synovus Bank's future profits, asset quality, liquidity and overall financial condition. In addition, under a resolution adopted by its Board, Synovus Bank is currently prohibited from paying any cash dividends to the Parent Company without regulatory approval, and GA DBF rules and related statutes contain additional restrictions on payments of dividends by Synovus Bank. See "Part I - Item 1 - Business - Supervision, Regulation and Other Factors - Dividends" of this report for further information.

On July 24, 2013, Synovus completed a public offering of 59,870,550 shares of its Common Stock at $3.09 per share. The offering generated net proceeds of $175.2 million. On July 25, 2013, Synovus completed a public offering of $130 million of Series C Preferred Stock (5.2 million shares, no par value, non-cumulative, with a liquidation preference of $25 per share). The offering generated net proceeds of $125.9 million. From the date of issuance to, but excluding, August 1, 2018, the rate for declared dividends on the Series C Preferred Stock is 7.875% per annum. From and including August 1, 2018, the dividend rate will change to a floating rate equal to the three-month LIBOR plus a spread of 6.39% per annum.

On February 13, 2012, Synovus issued $300 million aggregate principal amount of the 2019 Senior Notes in a public offering for aggregate proceeds of $292.6 million, net of discount and debt issuance costs. Concurrent with this offering, Synovus announced a Tender Offer for any and all of its 2013 Notes, with a total principal amount outstanding of $206.8 million. An aggregate principal amount of $146.1 million of the 2013 notes, representing 71% of the outstanding principal amount, were tendered in the Tender Offer. Synovus paid total consideration of $146.1

million for these notes, which was funded from a portion of the net proceeds of the 2019 Senior Notes. On February 15, 2013, Synovus paid the remaining balance on its 2013 Notes of $60.6 million.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk and Interest Rate Sensitivity

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

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

Synovus measures the sensitivity of net interest income to changes in market interest rates through the utilization of simulation modeling. On at least a quarterly basis, the following twenty-four month time period is simulated to determine a baseline net interest income forecast and the sensitivity of this forecast to changes in interest rates. The baseline forecast assumes an unchanged or flat interest rate environment. These simulations include all of Synovus' earning assets, liabilities, and derivative financial instruments. Forecasted balance sheet changes, primarily reflecting loan and deposit growth and mix forecasts, are included in the periods modeled. Projected rates for loans and deposits are based on management's outlook and local market conditions.

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

Synovus' rate sensitivity position is indicated by selected results of net interest income simulations. In these simulations, Synovus has modeled the impact of a gradual increase in short-term interest rates of 100 and 200 basis points to determine the sensitivity of net interest income for the next year. Due to short-term interest rates being at or near 0% at this time, only rising rate scenarios have been modeled. As illustrated in the table below, the net interest income sensitivity model indicates that, compared with a net interest income forecast assuming stable rates, net interest income is projected to increase by 3.2% and increase by 5.0% if interest rates increased by 100 and 200 basis points, respectively. These changes were within Synovus' policy limit of a maximum 5% negative change.

Table 45 - Twelve Month Net Interest Income Sensitivity

Change in Short-term Interest Rates (in basis points)	Estimated Change in Net Interest Income As of December 31,	
	2013	2012
+200	5.0%	2.1%
+100	3.2%	1.6%
Flat	—%	—%

The measured interest rate sensitivity indicates an asset sensitive position over the next year, which could serve to improve net interest income in a rising interest rate environment. The actual realized change in net interest income would depend on several factors, some of which could serve to diminish or eliminate the asset sensitivity noted above. These factors include a higher than projected level of deposit customer migration to higher cost deposits, such as certificates of deposit, which would increase total interest expense and serve to reduce the realized level of asset sensitivity. Another factor which could impact the realized interest rate sensitivity is the repricing behavior of interest bearing non-maturity deposits. Assumptions for repricing are expressed as a beta relative to the change in the prime

rate. For instance, a 50% beta would correspond to a deposit rate that would increase 0.5% for every 1% increase in the prime rate. Projected betas for interest bearing non-maturity deposit repricing are a key component of determining the Company's interest rate risk positioning. Should realized betas be higher than projected betas, the expected benefit from higher interest rates would be diminished. The following table presents an example of the potential impact of an increase in repricing betas on Synovus' realized interest rate sensitivity position.

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Table 46 - Core Deposit Beta Sensitivity	As of December 31, 2013	
Change in Short-term Interest Rates (in basis points)	Base Scenario	15% Increase in Average Repricing Beta
+200	5.0%	3.9%
+100	3.2%	2.6%

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

The net interest income simulation model is the primary tool utilized to evaluate potential interest rate risks over a shorter term time horizon. Synovus also evaluates potential longer term interest rate risk through modeling and evaluation of economic value of equity. Simulation modeling is utilized to measure the economic value of equity and its sensitivity to immediate changes in interest rates. These simulations value only the current balance sheet and do not incorporate growth assumptions used in net interest income simulation. The economic value of equity is the net fair value of assets, liabilities, and off-balance sheet financial instruments derived from the present value of future cash flows discounted at current market interest rates. From this baseline valuation, Synovus evaluates changes in the value of each of these items in various interest rate scenarios to determine the net impact on the economic value of equity. As of December 31, 2013, the projected changes for economic value of equity were well within Synovus' interest rate risk policy limits.

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

Derivative Instruments for Interest Rate Risk Management

As part of its overall interest rate risk management activities, Synovus utilizes derivative instruments to manage its exposure to various types of interest rate risks. These derivative instruments generally consist of interest rate swaps, interest rate lock commitments made to prospective mortgage loan customers, and commitments to sell fixed-rate mortgage loans. Interest rate lock commitments represent derivative instruments when it is intended that such loans will be sold.

From time to time, Synovus utilizes interest rate swaps to manage interest rate risks primarily arising from its core banking activities. These interest rate swap transactions generally involve the exchange of fixed and floating interest rate payment obligations without the exchange of underlying principal amounts. Swaps may be designated as either cash flow hedges or fair value hedges. As of December 31, 2013 and December 31, 2012, Synovus had no outstanding interest rate swap contracts utilized to manage interest rate risk.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
The Board of Directors and Shareholders
Synovus Financial Corp.:
We have audited the accompanying consolidated balance sheets of Synovus Financial Corp. and subsidiaries as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income (loss), changes in sharehholders' equity, and cash flows for each of the years in the three year period ended December 31, 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.
We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Synovus Financial Corp. and subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the years in the three year period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles.
We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Synovus Financial Corp.'s internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 28, 2014 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.
/s/ KPMG LLP

Atlanta, Georgia
February 28, 2014

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Synovus Financial Corp.:

We have audited Synovus Financial Corp.'s internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Synovus Financial Corp.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, Synovus Financial Corp. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Synovus Financial Corp. and subsidiaries as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income (loss), changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2013, and our report dated February 28, 2014 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Atlanta, Georgia
February 28, 2014

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Synovus Financial Corp.
Consolidated Balance Sheets

	December 31,	
(in thousands, except share and per share data)	2013	2012
ASSETS		
Cash and cash equivalents	$469,630	614,630
Interest bearing funds with Federal Reserve Bank	644,528	1,498,390
Interest earning deposits with banks	24,325	23,442
Federal funds sold and securities purchased under resale agreements	80,975	113,517
Trading account assets, at fair value	6,113	11,102
Mortgage loans held for sale, at fair value	45,384	212,663
Other loans held for sale	10,685	10,690
Investment securities available for sale, at fair value	3,199,358	2,981,112
Loans, net of deferred fees and costs	20,057,798	19,541,690
Allowance for loan losses	(307,560)	(373,405)
Loans, net	19,750,238	19,168,285
Premises and equipment, net	468,871	479,546
Goodwill	24,431	24,431
Other intangible assets, net	3,415	5,149
Other real estate	112,629	150,271
Deferred tax asset, net	744,646	806,406
Other assets	616,376	660,378
Total assets	$26,201,604	26,760,012
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Deposits:		
Non-interest bearing deposits	$5,642,751	5,665,527
Interest bearing deposits, excluding brokered deposits	14,140,037	14,298,768
Brokered deposits	1,094,002	1,092,749
Total deposits	20,876,790	21,057,044
Federal funds purchased and securities sold under repurchase agreements	148,132	201,243
Long-term debt	2,033,141	1,726,455
Other liabilities	194,556	205,839
Total liabilities	23,252,619	23,190,581
Shareholders' Equity		
Series A Preferred Stock – no par value. Authorized 100,000,000 shares; 967,870 issued and outstanding at December 31, 2012	—	957,327
Series C Preferred Stock – no par value. 5,200,000 shares outstanding at December 31, 2013	125,862	—
Common stock - $1.00 par value. Authorized 1,200,000,000 shares; issued 978,044,909 at December 31, 2013 and 792,272,692 at December 31, 2012; outstanding 972,351,457 at December 31, 2013 and 786,579,240 at December 31, 2012	978,045	792,273
Additional paid-in capital	2,138,024	2,189,874
Treasury stock, at cost – 5,693,452 shares at December 31, 2013 and December 31, 2012	(114,176)	(114,176)
Accumulated other comprehensive (loss) income	(41,258)	4,101
Accumulated deficit	(137,512)	(259,968)
Total shareholders’ equity	2,948,985	3,569,431

Total liabilities and shareholders' equity	$26,201,604	26,760,012

See accompanying notes to the audited consolidated financial statements.

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Synovus Financial Corp.
Consolidated Statements of Income

	Years Ended December 31,		
(in thousands, except per share data)	2013	2012	2011
Interest income:			
Loans, including fees	$866,358	924,639	1,019,036
Investment securities available for sale	52,567	67,281	107,435
Trading account assets	548	963	925
Mortgage loans held for sale	4,441	6,201	6,195
Federal Reserve Bank balances	3,222	3,451	6,660
Other earning assets	1,878	1,605	1,505
Total interest income	929,014	1,004,140	1,141,756
Interest expense:			
Deposits	64,392	95,749	173,885
Federal funds purchased and securities sold under repurchase agreements	324	614	1,063
Long-term debt	54,106	53,660	42,654
Total interest expense	118,822	150,023	217,602
Net interest income	810,192	854,117	924,154
Provision for loan losses	69,598	320,369	418,795
Net interest income after provision for loan losses	740,594	533,748	505,359
Non-interest income:			
Service charges on deposit accounts	77,789	78,203	78,770
Fiduciary and asset management fees	43,450	42,503	45,809
Brokerage revenue	27,538	26,913	26,006
Mortgage banking income	22,482	32,272	20,316
Bankcard fees	30,641	34,075	41,493
Investment securities gains, net	2,945	39,142	75,007
Other fee income	22,567	21,138	19,953
(Decrease) increase in fair value of private equity investments, net	(2,963)	8,233	(1,118)
Other non-interest income	29,122	31,487	32,638
Total non-interest income	253,571	313,966	338,874
Non-interest expense:			
Salaries and other personnel expense	368,152	375,872	371,546
Net occupancy and equipment expense	103,339	105,575	114,037
FDIC insurance and other regulatory fees	32,758	45,408	59,063
Foreclosed real estate expense, net	33,864	90,655	133,570
Losses (gains) on other loans held for sale, net	329	4,681	(2,737)
Professional fees	38,776	41,307	40,585
Third-party services	40,135	38,006	40,028
Visa indemnification charges	1,600	6,304	6,038
Restructuring charges	11,064	5,412	30,665
Other operating expenses	111,520	103,017	110,970
Total non-interest expense	741,537	816,237	903,765
Income (loss) before income taxes	252,628	31,477	(59,532)
Income tax expense (benefit)	93,245	(798,732)	1,312
Net income (loss)	159,383	830,209	(60,844)
Net loss attributable to non-controlling interest	—	—	(220)
Net income (loss) available to controlling interest	159,383	830,209	(60,624)

Dividends and accretion of discount on preferred stock	40,830	58,703	58,088
Net income (loss) available to common shareholders	$118,553	771,506	(118,712)
Net income (loss) per common share, basic	0.13	0.98	(0.15)
Net income (loss) per common share, diluted	0.13	0.85	(0.15)
Weighted average common shares outstanding, basic	892,462	786,466	785,272
Weighted average common shares outstanding, diluted	939,580	910,102	785,272

See accompanying notes to the audited consolidated financial statements.

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Synovus Financial Corp.
Consolidated Statements of Comprehensive Income (Loss)

(in thousands)	December 31, 2013			December 31, 2012			December 31, 2011		
	Before-tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before-tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before-tax Amount	Tax (Expense) Benefit	Net of Tax Amount
Net income (loss)	$252,628	(93,245)	159,383	31,477	798,732	830,209	(59,532)	(1,312)	(60,844)
Net change related to cash flow hedges:									
Reclassification adjustment for losses (gains) realized in net income	447	(173)	274	(1,381)	532	(849)	(11,316)	4,279	(7,037)
Valuation allowance for the change in deferred taxes arising from unrealized gains/losses*	—	—	—	—	—	—	—	(4,279)	(4,279)
Net change	$447	(173)	274	(1,381)	532	(849)	(11,316)	—	(11,316)
Net unrealized (losses) gains on investment securities available for sale:									
Reclassification adjustment for gains realized in net income	$(2,945)	1,134	(1,811)	(39,142)	15,070	(24,072)	(75,007)	29,271	(45,736)
Net unrealized (losses) gains arising during the period	(71,929)	27,693	(44,236)	12,296	(4,730)	7,566	50,258	(19,349)	30,909
Valuation allowance for the change in deferred taxes arising from unrealized gains/losses*	—	—	—	—	—	—	—	(9,922)	(9,922)
Net unrealized losses	$(74,874)	28,827	(46,047)	(26,846)	10,340	(16,506)	(24,749)	—	(24,749)
Post-retirement unfunded health benefit:									
Reclassification adjustment for gains realized in net income	$(170)	65	(105)	(52)	20	(32)	—	—	—
Actuarial gains arising during the period	830	(311)	519	642	(247)	395	—	—	—
Net unrealized gains	$660	(246)	414	590	(227)	363	—	—	—
Other comprehensive loss	(73,767)	28,408	(45,359)	(27,637)	10,645	(16,992)	(36,065)	—	(36,065)
Less: comprehensive loss attributable to	—	—	—	—	—	—	(220)	—	(220)

non-controlling interest			
Comprehensive income (loss)	$114,024	813,217	(96,689)

*In accordance with ASC 740-20-45-11(b), the deferred tax asset valuation allowance associated with unrealized gains and losses not recognized in income is charged directly to other comprehensive income (loss).
See accompanying notes to the audited consolidated financial statements.

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Synovus Financial Corp.
Consolidated Statements of Changes in Shareholders' Equity

(in thousands, except per share data)	Series A Preferred Stock	Series C Preferred Stock	Common Stock	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Non-Controlling Interest	Total
Balance at December 31, 2010	$937,323	—	790,956	2,293,263	(114,176)	57,158	(966,606)	26,629	3,024,547
Net loss	—	—	—	—	—	—	(60,624)	(220)	(60,844)
Other comprehensive loss, net of income taxes	—	—	—	—	—	(36,065)	—	—	(36,065)
Cash dividends declared on common stock - $0.04 per share	—	—	—	—	—	—	(31,412)	—	(31,412)
Cash dividends paid on Series A Preferred Stock	—	—	—	(48,394)	—	—	—	—	(48,394)
Accretion of discount on Series A Preferred Stock	9,694	—	—	(9,694)	—	—	—	—	—
Restricted share unit activity	—	—	19	(19)	—	—	—	—	—
Share-based compensation expense	—	—	—	6,029	—	—	—	—	6,029
Issuance (forfeitures) of non-vested stock, net	—	—	(1)	1	—	—	—	—	—
Settlement of prepaid common stock purchase contracts	—	—	15	(15)	—	—	—	—	—
Change in ownership at majority-owned subsidiary	—	—	—	—	—	—	—	(26,409)	(26,409)
Balance at December 31, 2011	$947,017	$—	790,989	2,241,171	(114,176)	21,093	(1,058,642)	—	2,827,452
Net income	—	—	—	—	—	—	830,209	—	830,209
Other comprehensive	—	—	—	—	—	(16,992)	—	—	(16,992)

loss, net of income taxes									
Cash dividends declared on common stock - $0.04 per share	—	—	—	—	—	—	(31,462)	—	(31,462)
Cash dividends paid on Series A Preferred Stock	—	—	—	(48,394)	—	—	—	—	(48,394)
Accretion of discount on Series A Preferred Stock	10,310	—	—	(10,310)	—	—	—	—	—
Restricted share unit activity	—	—	1,284	(1,211)	—	—	(73)	—	—
Share-based compensation expense	—	—	—	9,333	—	—	—	—	9,333
Share-based compensation tax deficiency	$—	—	—	(715)	—	—	—	—	(715)
Balance at December 31, 2012	$957,327	—	792,273	2,189,874	(114,176)	4,101	(259,968)	—	3,569,431
Net income							159,383		159,383