April 7, 2022

City of Hollywood

RFP #4718-22-SS
Banking Services

Andy LaFear
VP - Government Relationship Mgr.

904-997-7646
AndyLaFear@synovus.com

Submitted by:

SYNOVUS®

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April 7, 2022

City of Hollywood, Florida
2600 Hollywood Blvd.
Hollywood, Florida
RE: RFP # 4718-22-SS

RE: City of Hollywood - Banking Services

Synovus Bank would like to thank the City of Hollywood, Florida ("City") for the opportunity to submit the following response to the current Request for Proposal ("RFP"). Synovus has read and certifies their understanding of the request. Further, we understand how important it is to choose the right partner for banking services and that partner being fully prepared to *exceed your expectations* as outlined in this request.

With over $57 billion in assets, Synovus Bank is ranked among the top 50 banks by the Federal Reserve Board. Synovus is a publicly traded company (Synovus Financial Corp. NYSE: SNV), and member of the Federal Reserve System with a diverse and deep leadership team. Our humble beginnings date back to 1888. 133 years later, we have grown to 277 branches in five states; yet we continue our culture of being a "Community Bank". Synovus Bank has the capabilities of Wall Street but the mindset of "Main Street". Banking is relationships with our clients and communities in which we serve; this is what sets Synovus Bank apart from our competition. Our success has led to accolades such as being honored as one of the Best Banks in America, by Forbes.

We do not take our customer obligations lightly. We have a history of providing excellent customer service to our clients. We have a team of dedicated professionals ready to assist with implementation, planning and training sessions. These individuals will be there for you through the entire process and will continue to be your partners long after your initial move.

Synovus Bank is committed to serving our Government Banking clients and is pleased to offer the City of Hollywood, Florida, the following proposed banking solutions that will allow for a smooth transition, cost savings and interest income:

- Dedicated Government Solutions Team and Treasury Management Consultant.
- 18 -month waiver of all charges to allow for smooth transition.
- Earnings Credit Rate (ECR) of .35%, after Fee Waiver Period. ECR will follow future Federal Funds adjustments. For every .25% movement with Federal Funds Rates; the ECR will move in correlation at 20%. There will be a ceiling at 1%.
- Additional balances above the compensating balance will earn an initial rate of .20% (rate will increase by .05% for every .25% movement with the Federal Funds Rate). There will be a ceiling at 1%.
- Proposed line-item pricing guaranteed for the six (6) year contract.
- $500 Annual Supply Credit (to be used for deposit slips, tamper-evident bags, etc.).
- Complimentary remote deposit scanner.
- Waiver of implementation fees for existing services outside of Lockbox Programming costs.
- Customized conversion and implementation plan with tailored training on Synovus Bank's services.

- All online services are provided through a single sign-on encrypted log-in process.

Synovus Bank appreciates the opportunity to submit this proposal and looks forward to your favorable response. If you should have any questions or need additional information, please do not hesitate to contact us.

Respectfully,

Brandi Keefer, Government Solutions
Senior Treasury Management Sales Consultant
1221 Main Street, 12th Floor
Columbia, SC 29201
Phone: 803-422-7904
brandikeefer@synovus.com

Andy LaFear, Government Solutions
Relationship Manager
7768 Ozark Drive, Suite 100
Jacksonville, FL 32256
Phone: 904-347-7068
andylafear@synovus.com

FORM 1

SUBMITTAL CHECKLIST FORM

The items below are required components of your solicitation response in order for your bid/proposal/submittal to be consider responsive and responsible. Please complete and submit this submittal checklist form as the cover page of your submittal with all of the items below in the order listed.

Please indicated Yes or No in the “Submitted (Yes/No)” column below to indicated which required components were provided with your submittal.

Submitted (Yes/No)	Required Bid Components
Yes	This completed Submittal Checklist Form as the cover page of your submittal.
Yes	A Table of Contents that clearly identifies each section and page number of your submittal.
Yes	Information and/or documentation that addresses and/or meets the requirements outlined in Section III – Scope of Work/Services, including any procedural or technical enhancements/innovations which do not materially deviate from the objectives or required content of the Scope of Work/Services. Include the following sections: Section 1 - Bank Qualifications Section 2 - Management and Staff Qualifications and Experience Section 3 - Quality and Adequacy of Products and Services Offered Section 4 - Implementation Process and Costs
Yes	<u>Completed Forms</u> Form Submittal Checklist Form Form 2 Acknowledgement and Signature Page Form 4 Vendor Reference Form Form 5 Hold Harmless and Indemnity Clause Form 11 W-9 Form 12 Cost Worksheet Form 13 Earnings Credit Rate, Excess Earnings Balance Rate, and Other Compensating Credits Form 14 Independence Affidavit
Yes	Certificate(s) of insurance that meet the requirements of Section 2.17
Yes	Proof of State of Florida Sunbiz Registration

This checklist is only a guide, please read the entire solicitation to ensure that your submission includes all required information and documentation.

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Section 1 - Bank Qualifications

This section of the proposal should establish the ability of the respondent to satisfactorily perform the required work by reasons of experience in performing work of a similar nature; demonstrated competence in the services to be provided; strength and stability of the firm; staffing capability; work load; record of meeting schedules on similar projects; and supportive client references.

a) *Provide an overview of the respondent's organization, including size, qualifications, and years in business, number of branches in Broward County, Florida, the number of branches within five (5) miles of City of Hollywood City Hall, and other matters that the respondent feels would assist the City in the evaluation process.*

About Synovus

Synovus is the largest mid-cap bank in the Southeast, providing a wide range of financial services to corporations, governments, institutions, and individuals. Founded in 1888, Synovus is headquartered in Columbus, Georgia with $57 billion in assets, 4988 employees and 277 locations throughout the Southeast U.S., and has been named one of America's Best Banks by Forbes. Our commercial banking services include treasury 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 consumer loans; investment and brokerage services; safe deposit services; automated banking services; automated fund transfers; Internet-based banking services; and bank credit card services, including Visa and MasterCard services.

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, 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, headquartered in Columbus, Georgia, which provides trust services.
- Synovus Mortgage, headquartered in Birmingham, Alabama, which offers mortgage services.
- Creative Financial Group, headquartered in Atlanta, Georgia, which provides planning and investment advisory services.
- GLOBALT, headquartered in Atlanta, Georgia, a registered institutional investment adviser.
- and Atlanta-based Global One, a life insurance premium finance lender.

From helping businesses across three different centuries to financing modern corporate expansions to cheering for the hometown football team every Friday night, we've always been proud to be a part of our community. It's the smile when we see our customers in any of our locations across the Southeast – from major cities to the main-street hometowns. This is where we belong.

Our humble beginnings date back to a Georgia textile mill and a simple act of kindness. One day, a worker's hard-earned savings spilled from the hem of her dress after it became entangled in factory machinery. Taking notice, an executive offered to secure her money in the company vault and pay her interest – a service soon extended to all workers at the mill in 1888. Their deposits marked the beginning of the company that would become Synovus.

Synovus closed out a strong 2021 as fourth quarter results showed sustained momentum headlined by broad-based loan growth during the quarter, and earnings per share of $1.31, which is up 37% from the fourth quarter 2020. 2021 was another challenging year, but our teams were able to navigate the uncertain environment to support our clients, contribute to our communities and deliver for our shareholders. Driven by record levels of loan production, continued growth in our fee income business and disciplined expense management, we generated 6% growth in adjusted pre-provision net revenue in 2021. Momentum as we enter 2022 is strong; coupled with the strategic investments we are making in talent and technology; we are extremely well-positioned to deliver outsized growth this year and years to come.

Synovus Location	Hours
Hallandale Branch 1709 E Hallandale Beach Blvd Hallandale, FL 33009 **2.44 Miles from City Office**	**Lobby Hours** Mon - Thu: 9:00 AM to 4:00PM Fri: 9:00AM to 6:00 PM Sat and Sun: Closed **Drive-up Hours** Mon – Thu: 8:30 AM to 4:30 PM Fri: 8:30 AM to 6:00 PM Sat and Sun: Closed
Davie Branch 5599 S. University Drive Davie, FL 33328	**Lobby Hours** Mon - Thu: 9:00 AM to 4:00PM Fri: 9:00AM to 6:00 PM Sat and Sun: Closed **Drive-up Hours** Mon – Thu: 8:30 AM to 4:30 PM Fri: 8:30 AM to 6:00 PM Sat and Sun: Closed
Rio Vista Branch 632 S Federal Highway Fort Lauderdale, FL 33301	**Lobby Hours** Mon - Thu: 9:00 AM to 4:00PM Fri: 9:00AM to 6:00 PM Sat and Sun: Closed **Drive-up Hours** Mon – Thu: 8:30 AM to 4:30 PM Fri: 8:30 AM to 6:00 PM Sat and Sun: Closed
Weston Country Isles 1142 Weston Road Weston, FL 33326	**Lobby Hours** Mon - Thu: 9:00 AM to 4:00 PM Fri: 9:00AM to 6:00 PM Sat and Sun: Closed
Commercial Boulevard 1790 E Commercial Blvd Fort Lauderdale, FL 33334	**Lobby Hours** Mon - Thu: 9:00 AM to 4:00PM Fri: 9:00AM to 6:00 PM Sat and Sun: Closed **Drive-up Hours** Mon – Thu: 9:00 AM to 5:00 PM Fri: 9:00 AM to 6:00 PM Sat and Sun: Closed

Margate Branch 5375 W Atlantic Blvd Margate, FL 33063	Lobby Hours Mon - Thu: 9:00 AM to 4:00PM Fri: 9:00AM to 6:00 PM Sat and Sun: Closed Drive-up Hours Mon – Thu: 8:30 AM to 4:30 PM Fri: 8:30 AM to 6:00 PM Sat and Sun: Closed

Government Solutions Group:
Integral partner. This group only deals with Government relationships for the Bank. Therefore, they present in-depth understanding of approval process, investment policies and elected official situations that may present immediate help from your bank.

- **Andy LaFear – Government Relationship Manager** – Primary Government Solutions Contact. Works directly with internal partners to garner resolution.
- **LeeAnn Kirwin** – Director – Back up contact for relationship.
- **Amanda DeBoer** – Relationship Associate – signature card creation; general account maintenance – back up for relationship manager.

Treasury Management Sales- Government:
Integral partner. This group will create the account structure and facilitate products necessary to establish an efficient depository relationship. They are responsible for the implementation and training for all new Government customers. They, too, only deal with Government customers thus understanding their nuances. Continual involvement will be present throughout the contract as relationship reviews will be performed alongside the primary relationship manager on an ongoing basis.

- **Brandi Keefer** – Primary Treasury Management Contact - Senior Treasury Management Consultant for Government — Responsible for origination, implementation, and coordination of Treasury Management Solutions.
- **Jessica Bishop** – Sr. Treasury Management Associate – Treasury assistant to Brandi Keefer.
- **Geri Henry** – Treasury and Payment Solutions – Senior Onboarding Representative – Primary contact for implementation needs, training, and questions during the initial onboarding.

Local Office
The City will have the local team of Martha Villabona, supported by the Hallandale Office, located in Broward County. The Hallandale Office will support the City with any deposit centric items and can assist with check cashing, emergency coin/cash needs and are available to provide free employee checking to the City employees.

Additional Branch Deposit Services available at the Hallandale Office
Night Depository Services provide depositors with a way to protect cash and checks during non-banking hours by allowing them to place disposable deposit bank bags and envelope deposits into the night depository.

Commercial ATM provides depositors with a way to protect cash and checks during non-banking hours by allowing them to make deposits through the ATM.

b) *Respondent will include a statement confirming that they meet the requirements as specified in section 3.2 Minimum Criteria.*

Yes, Synovus Bank can meet the requirements as specified in section 3.2 Minimum Criteria.

c) *Provide two (2) years of audited financial statements, including notes to financial statements.*

Synovus Bank's two years of audited financial statements have been provided as **"Exhibit E".**

d) *Describe the bank's experience in providing services within the public sector, with particular attention to municipalities or complex commercial businesses with similar requirements.*

Florida Experience

Synovus Bank currently has over 95 Florida based government customers, with 25% of those customers having annual budgets above $25 million. As you can expect we take pride in having these relationships, having worked very hard over the years to obtain and retain these customers.

Throughout this RFP, Synovus demonstrates its extensive experience with Government customers across our footprint. Our Government Solutions Group is tried and tested and rank among the top three QPD's in the State of Florida.

Synovus' Government Solutions Group has expert understanding of the Florida Statutes' Chapter 280 (Qualified Public Deposits) that are required to provide the services to the City as outlined in this RFP.

In order to stay abreast of issues and upcoming changes that may impact government banking and our clients, Synovus has memberships and actively participates in various Florida government associations, sponsorships and memberships such as:

- Florida Government Finance Officers Association (FGFOA)
- Florida Association of Special Districts (FASD)
- Florida League of Cities
- Florida Tax Collector Forum
- South Florida Chapter of the FGFOA

e) *Provide a minimum of three (3) references for the services cited as related experience using Form 4, Vendor Reference Form. The Vendor Reference Form must be completed by each of your three (3) references and included in your submittal response to this solicitation. Respondent may also supply references from other work not cited in this section as related experience. Please do not include the City of Hollywood or City of Hollywood employees as references.*

Synovus has provided three references and provided them on Form 4, Vendor Reference Form.

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Section 2 - Management and Staff Qualifications and Experience

This section of the proposal should establish the method which will be used by the respondent to manage the Scope of Work as well as identify key personnel assigned to the Scope of Work.

a) *Describe the experience of management and staff expected to be assigned to this contract for purposes of customer service operations and cash management. Include the name, title, location, email address, phone number, and hours of availability for each person. Briefly detail the credential and experience of each person named for the relation team.*

RELATIONSHIP MANAGEMENT TEAM

We do not take our customer obligation lightly. We have a history of providing excellent customer service to our clients. We have a team of dedicated professionals ready to assist with implementation planning and training sessions. These individuals will be there for you through the entire process and will continue to be your partners long after your initial move. The following pages provide the information of the City of Hollywood's relationship management, treasury management, government solutions and local management teams.

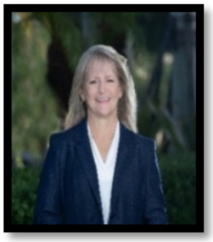
Government Solutions Team

Synovus understands how important it is to the City of Hollywood that its banking partner has experience with government entities. With our diverse customer base and deep staff knowledge of government needs, the City can be rest assured that Synovus' **Government Solutions Group** will be the right fit.

Andy LaFear – Primary Relationship Manager
Government Solutions – Relationship Manager
Office: 904-997-7646
AndyLaFear@Synovus.com

Andy LaFear joined Synovus Bank during the summer of 2021 as the Vice President, Relationship Manager of Government Solutions for the State of Florida. Andy has more than 27 years of banking experience, most of which has been dedicated to government, higher education, and not-for-profit clients. He began his career in the Corporate Trust Industry as a Trust Officer and later a New Business Development Officer in the Corporate Trust arena. Andy opened up the Regions Bank Corporate Trust Jacksonville, Florida, office in 2006. Since 2007, Andy has been developing new business, in Florida, with governments, higher education institutions and not for profits. Andy also had a 4-year period as a Senior Vice President – Commercial Banker at Ameris Bank.

Andy earned his bachelor's degree, in Finance, from Florida State University. Andy also earned his MBA at the University of North Florida. He has been active with the TaxSlayer Gator Bowl as a scout for the past 6 years. Andy has also been on his local YMCA's Advisory Board the past 7 years. Currently, Andy is serving as Chairman of the Advisory Board. Andy has also been a Board Member of the Multiple Sclerosis N. Florida Chapter. He has also served on the Investment Committee for the Duval County Public School District.



LeeAnn Kirwin
Government Solutions Group Director
Office: 239-552-1879
Cell: 239-287-5263
LeeannKirwin@Synovus.com

LeeAnn Kirwin joined Synovus in April of 2012 and is currently serving as the Bank's Vice President, Director of Government Solutions. Prior to this, she was a Commercial Relationship Manager with Synovus, handling very large comprehensive loan and depository customers. LeeAnn has had specific experience with local branch management including cash vault processing, treasury management implementation and training, credit underwriting, loan review, internal audit and customer service center management.

She holds a Bachelor of Arts from Florida Southern College and is a graduate of the University of Florida – FBA Florida School of Banking. LeeAnn has coordinated many of the governmental client conversions such as Hillsborough Area Rapid Transit (HART), Collier County Tax Collector, Clarke County School District (GA) and City of Apopka to name a few.

Amanda DeBoer
Wholesale Relationship Associate
Office: 239-368-4022
AmandaDeboer@Synovus.com

Amanda DeBoer began her banking career at Synovus in March of 2006 and is currently serving as the Government Solutions' Wholesale Relationship Associate. Prior to her current role, Amanda fulfilled various positions within Synovus while completing her Bachelor of Arts in Psychology with a minor in Business Management, at Florida Gulf Coast University. Amanda will assist in servicing the City in a secondary capacity should Andy need assistance or is not available.

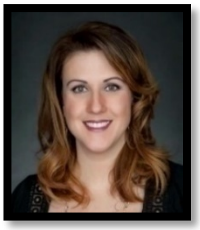
Treasury Solutions Team

Brandi Keefer
Senior Treasury Management Consultant – Government Solutions
Office: 803-929-2073
BrandiKeefer@Synovus.com

Brandi Keefer joined Synovus in February 2020 as the Senior Treasury Management Consultant for Government Banking Solutions. Brandi is responsible for the delivery of Treasury Management solutions to new and existing customers across the Synovus footprint.

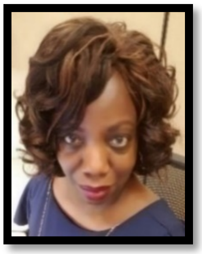
Brandi has more than 14 years of banking experience and most recently served customers in North and

South Carolina as the Senior Government Banking Relationship Manager for TD Bank. Brandi earned her bachelor's degree from the University of South Carolina in Journalism and Mass Communications (Public Relations). Brandi is involved in the United Way through Women in Philanthropy, Young Leader's Society, and volunteers with Winston's Wish Foundation. Brandi is a graduate of the South Carolina Banker's School.



Jessica Bishop
Senior Treasury Management Consultant Associate
Office: 615-271-2026
JessicaBishop2@Synovus.com

Jessica has been with Synovus since 2020, with over 20 years of financial industry experience. She began her career as a Lead Teller, promoted to Business Banking and then was provided the opportunity to work in Treasury Management in 2016. Jessica earned her bachelor's degree from Troy University in Psychology and her master's degree in Criminal Justice. Her professional passion is building partnerships and helping clients become more efficient by understanding their treasury needs and streamlining business processes.



Geri Henry
Treasury Payment & Solutions – Onboarding Representative Sr.
Office: 706-257-4476
GeraldineHenry@Synovus.com

Geri is a results-driven professional with 23 years of Treasury Services Implementation and Support. She has both large and small bank experience and has implemented and supported Treasury Services for Large Corporate, Middle Market and Small Business clients. Geri's goal is to always go above and beyond exceeding client expectations. She will be the primary contact for implementation needs, training, and questions during the initial onboarding.

Premier Service Specialist

In addition to your designated Relationship Associate, you will be provided a Premier Service Specialist for your Treasury services. You will be given their direct contact information in addition to having access to a Premier Service group by calling 1-800-748-4698 or emailing PremierTPS@Synovus.com.

The Premier Service group is a small knowledgeable group with years of treasury experience to quickly assist and facilitate your treasury requests.

Customer Service Hours

Your local primary Relationship Manager, Government Solutions Team, and Treasury Team office hours are typically from 8:30 AM to 5:00 PM ET Monday through Friday; however, the City is always welcome to call any of our team members on their cell phones should an issue arise that needs our attention. We are your partners; when you work, we work!

b) Identify key personnel proposed to perform the work in the specified tasks and include major areas of subcontract work. Provide education, experience, and applicable professional credentials of project staff so identified.

Please refer to Section 2. a. in reference to this item's response.

Section 3 - Quality and Adequacy of Products and Services Offered

Respondent shall provide a narrative which addresses the Scope of Work and shows respondent's understanding of City of Hollywood's needs andrequirements.

a) *Confirm that the respondent is able to provide the products and services detailed in the Scope of Work and included by service type and volume in Form 12 Cost Worksheet.*

Synovus Bank confirms our ability to provide quality solutions and services that address each item in the Scope of Work. Please refer to the below Scope of Work/Services Section 3.1 – 3.3 for our detailed responses.

SECTION III - SCOPE OF WORK/SERVICES

3.1 Project Description

The City is seeking responses from qualified and experienced banking institutions to provide Banking Services. The term of the banking services agreement awarded under this solicitation shall be for an initial period of six (6) years, with three (3) two-year renewal periods if mutually agreed to by the parties. All fees shall remain the same throughout the initial and any renewal periods of the agreement. The City reserves the right to cancel the agreement for convenience at any time upon thirty (30) days advance notice.

Acknowledgement

Synovus understands the above statement. Our primary goal will be to provide existing services while delivering innovations for future efficiencies.

3.2 Minimum Criteria

Respondents who fail to meet the following minimum criteria will not be ranked orconsidered:

a) *Designated as a "Qualified Public Depository" by the Florida Department of Financial Services pursuant to the requirements of the Florida Security for Public Deposits Act (Chapter 280 of the Florida Statutes).*

The safety of public funds deposited with banks and other depository institutions has been and will always be one of the foremost concerns of government finance officers. Synovus shares those concerns as well. Therefore, Synovus is certified as a "Qualified Public Depository" under the Florida Security for Public Deposits Act, as defined in Chapter 280 of the Florida Statues. We comply with and have met all collateralization pledge requirements as prescribed by the State of Florida QPD program.

b) *Have total assets exceeding $20 billion.*

Synovus Bank has $57 billion in total assets.

c) *Maintain a full-service bank branch office within Broward County, preferably within the City of Hollywood, Florida.*

Local Office

The City will have the local team of Martha Villabona, supported by the Hallandale Office, located in Broward County, FL. The Hallandale Office will support the City with any deposit centric items and can assist with check cashing, emergency coin/cash needs and are available to provide free employee checking to the City employees.

Additional Branch Deposit Services available at the Cool Springs Office
Night Depository Services provide depositors with a way to protect cash and checks during non-banking hours by allowing them to place disposable deposit bank bags and envelope deposits into the night depository.

Commercial ATM that provides depositors with a way to protect cash and checks during non-banking hours by allowing them to make deposits through the ATM.

Synovus Location	Hours	Manager
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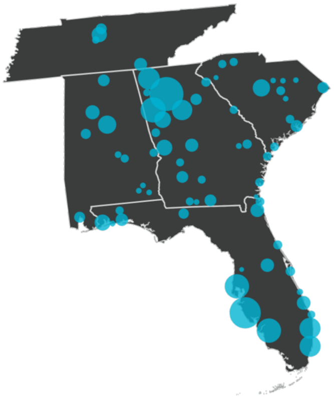
d) *Have adequate organization, facilities, equipment and personnel to insure prompt and efficient services to the City. The City reserves the right before recommending any award to inspect the facilities, organization and financial condition or to take any other action necessary to determine ability to perform in accordance with specifications, terms and conditions.*

About Synovus
Synovus is the largest mid-cap bank in the Southeast, providing a wide range of financial services to corporations, governments, institutions, and individuals. Founded in 1888, Synovus is headquartered in Columbus, Georgia with $57 billion in assets and 279 locations throughout the Southeast U.S. and has been named one of America's Best Banks by Forbes.

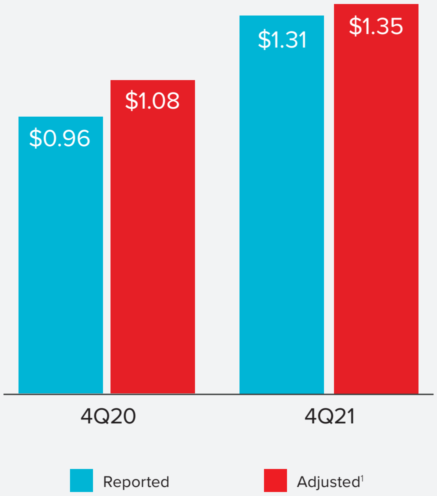
Synovus closed out a strong 2021 as fourth quarter results showed sustained momentum headlined by broad-based loan growth during the quarter, and earnings per share of $1.31, which is up 37% from the fourth quarter 2020. 2021 was another challenging year, but our teams were able to navigate the uncertain environment to support our clients, contribute to our communities and deliver for our shareholders. Driven by record levels of loan production, continued growth in our fee income business and disciplined expense management, we generated 6% growth in adjusted pre-provision net revenue in 2021. Momentum as we enter 2022 is strong; coupled with the strategic investments we are making in talent and technology; we are extremely well-positioned to deliver outsized growth this year and years to come.

Company Profile



Synovus Financial Corp. (**NYSE: SNV**) is a financial services company based in Columbus, Georgia, with approximately $57 billion in assets. Through its wholly-owned subsidiary, Synovus Bank, the company provides commercial and retail banking services, including private banking, mortgage services, treasury management, wealth management, premium finance, asset-based lending, structured lending, and international banking. Synovus also provides financial planning and investment advisory services through its wholly-owned subsidiaries, Synovus Trust, and Synovus Securities, as well as its Global One, GLOBALT, and Creative Financial Group divisions. Synovus' range of products and services, along with its industry-leading reputation and focus on local communities, make the company a compelling choice for clients in some of the best markets in the southeast.

Diluted Earnings Per Share



4Q 2021 Highlights

- Net income available to common shareholders was $192.1 million or $1.31 per diluted share as compared to $178.5 million or $1.21 in the prior quarter.
  - Adjusted earnings per diluted share of $1.35, up 12% quarter-over-quarter and 25% year-over-year.
- Period-end loan growth of $1.4 billion or 4% quarter over quarter, excluding the reduction in PPP loans.
  - PPP loans declined $382.6 million quarter over quarter.
- Period-end deposit growth of $1.7 billion or 4% from the third quarter.
  - Core transaction deposits increased $1.3 billion or 4% quarter over quarter.
- Net interest income of $392.3 million, an increase of 2% quarter over quarter.
  - Growth in core loans and securities portfolio offset reduction in PPP fee accretion of $8.6 million quarter over quarter.
- Non-interest revenue of 117.1 million, an increase of 2% from third quarter.
  - Continued growth in wealth revenue and a one time $8 million BOLI benefit in the fourth quarter were offset by a reduction in net mortgage revenue.
- Non-interest expense of $295.2 million, an increase of $28.2 million from the third quarter.
  - Adjusted non-interest expense of $285.6 million increased $18.5 million quarter over quarter due to recurring expense increases such as investments in Synovus Forward initiatives as well as other expense increases not expected to recur including a seed gift into a newly established donor advised fund and environment-driven health care costs.
- Credit quality metrics experienced broad based improvement.
  - Key metrics include a quarter-end non-performing loan ratio of 0.33%, non-performing asset ratio of 0.40% and a quarterly net charge-off ratio of 0.11%.

Key Figures

Assets
$57bn

Deposits
$49bn

Loans
$39bn

Branches
279
across five states[(2)]

Ratings Summary

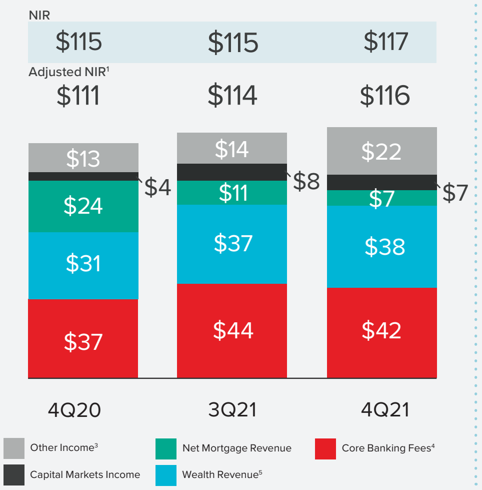
Synovus Financial	S&P	Fitch
Rating Date	5/24/21	5/18/21
Long-Term Issuer	BBB-	BBB
Rating Outlook	Stable	Stable

Synovus Bank	S&P	Fitch
Rating Date	5/24/21	5/18/21
Long-Term Issuer	BBB	BBB
Certificate of Deposit	-	BBB+

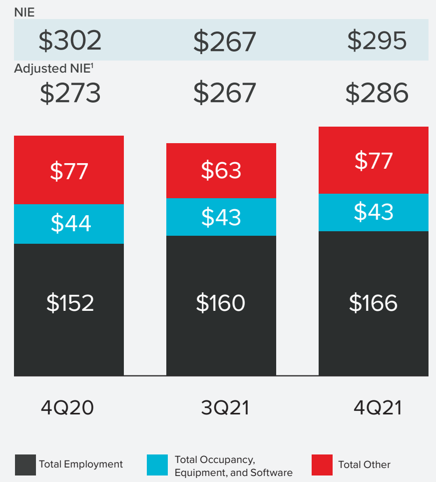
Amounts may not total due to rounding
(1) Non-GAAP financial measures as defined in the appendix of the 4Q 2021 Earnings Call Presentation, which can be found within the Events and Presentation section of investor.synovus.com; (2) As of January 20, 2022

Financial Highlights

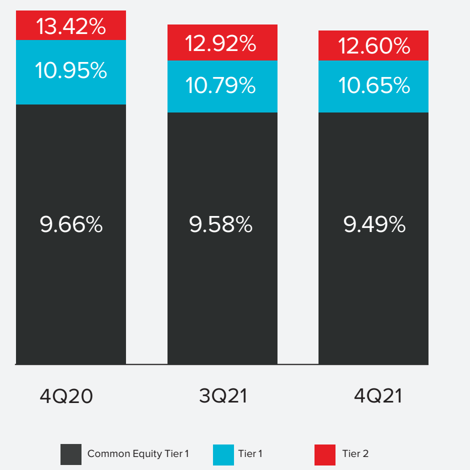
Non-Interest Revenue (in millions)



Non-Interest Expense (in millions)



Capital Ratios[6]



(3) Includes one time BOLI increase of $8 million; (4) Include service charges on deposit accounts, card fees, letter of credit fees, ATM fees income, line of credit non-usage fees, gains from sales of government guaranteed loans, and miscellaneous other service charges; (5) Wealth revenue consist of fiduciary/asset management, brokerage, and insurance revenues; (6) 4Q21 capital ratios are preliminary

Paycheck Protection Program

(as of December 31, 2021)	Applications		Loan Balances			
(in millions, except count data)	Approximate Count	Balance	Fundings	4Q21 Forgiveness	Total Life-to-Date Forgiveness	End of Period, Net of Unearned Fees and Costs (7)
Phase 1 - 2020 Originations	19,000	$2,958	$2,886	$45	$2,724	$47
Phase 2 - 2021 Originations	11,000	1,135	1,047	340	681	353
Total	**30,000**	**$4,093**	**$3,933**	**$385**	**$3,405**	**$400**

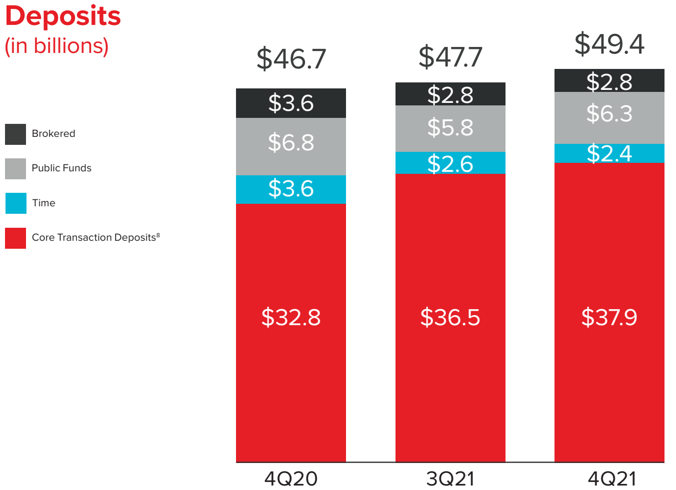
Note: Average balance, net of unearned, of $579 million 4Q21 vs. $1.19 billion 3Q21

(dollars in millions)	Total Net Fees	Percent of Fundings	4Q21 Recognized Net Fees	Total Recognized Net Fees	Total Unrecognized or Remaining Net Fees	Contractual Maturity
Phase 1 - 2020 Originations	$94.9	3.3%	$0.3	$94.6	$0.3	2 years
Phase 2 - 2021 Originations	43.6	4.2%	12.4	30.6	13.0	5 years
Total	**$138.5**	**3.5%**	**$12.7**	**$125.2**	**$13.3**	

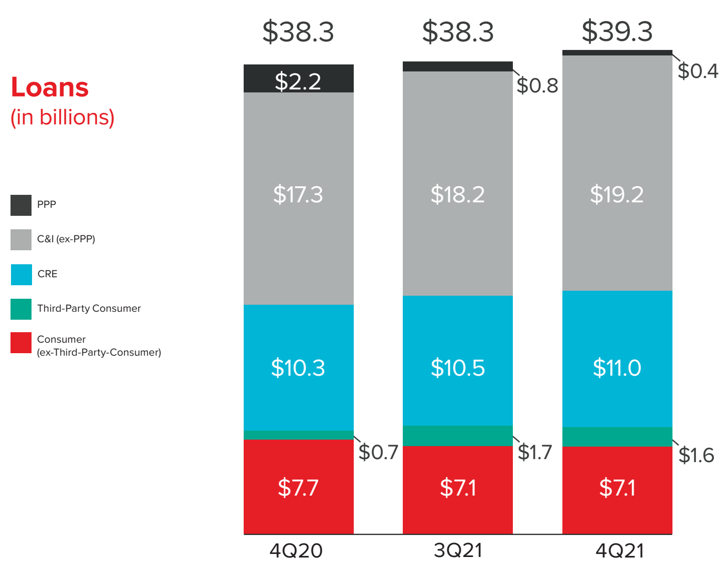
(7) Equals funding less forgiven, pay-downs/pay-offs, and unearned net fees

Portfolio Composition

Deposits (in billions)



Loans (in billions)



Amounts may not total due to rounding
(8) Core transaction deposits consist of non-interest bearing, NOW/savings, and money market deposits excluding public funds and brokered

SYNOVUS®

e) *Have a minimum of three years of successful experience in providing banking services to local governmental entities and/or businesses of a similar complex structure and volume within the State of Florida.*

<u>Government Experience</u>

Synovus' Government Solutions Group offers the City of Hollywood specialized, industry-leading capabilities allowing the City to benefit from our in-depth understanding of governmental challenges with day-to-day and long-term needs. Synovus provides a unique understanding of government banking that is unmatched by all our competitors.

Synovus is well known as an experienced provider of banking services technology. For decades, Synovus has been offering governments like the City of Hollywood a full suite of Treasury Services, including online banking, remote deposit capture, fraud protection, ACH services, wire transfer and much more.

Some of our most recent enhanced technological offerings are customized reporting to integrate into any ERP, Deposit Sub Accounts, ACH Prefunding and our Hybrid Advantage Analysis Account featuring ECR and interest. Synovus believes that our constant enhancement of capabilities to serve our clients now, and in the future, is why we're one of the top QPDs in the State of Florida.

Throughout this RFP, Synovus demonstrates its comprehensive experience with municipal customers across our footprint. Synovus Bank currently manages all types of government customers over our five-state footprint, with total outstanding deposits of over $5.8 Billion. With this depth of clientele, Synovus understands the unique needs of the City of Hollywood.

With decades of experience in government transactions and funds management, our Government Solutions team is prepared to support the City with all of your transactional needs, enhancing risk management and increasing efficiencies.

f) *Assign a dedicated client service adviser and/or team.*

<u>Dedicated Relationship Manager and Team</u>

To better focus on the City's needs we will assign a dedicated relationship manager who will serve as your primary contact. In addition, we will also provide you with back-up contacts, as well as a local banking center contact. The City's dedicated account representative will be Andy LaFear. If Andy is unavailable, Amanda DeBoer will be your backup point of contact. Please see Section 2.a. for entire service team details.

Andy LaFear – City of Hollywood's Dedicated Relationship Manager
Government Solutions – Relationship Manager
Office: 904-997-7646
AndyLaFear@Synovus.com

g) *Provide an online portal for banking services.*

Synovus Gateway – Online Banking
Synovus Gateway is designed to simplify treasury management and keep the City in control of its finances. Synovus Gateway offers digital solutions and tools to save time, reduce risk, and drive efficiencies, conveniently and securely.

Synovus Gateway offers a customizable dashboard that provides personalization, management, and centralized control for viewing of accounts(s) and frequently accessed information. Users also can organize and group accounts as desired and use quick action widgets as shortcuts to perform a variety of common tasks quickly.

What Synovus Gateway Does:
- Accounts and Transactions (i.e., balance, check inquiries, ACH and wire inquiries)
- Previous day reporting and disbursement reporting
- Check Images (standard 18-month archive)
- Perform ACH, Online wires, Internal Transfers, Stop Payments
- Synovus Gateway Remote Deposit
- Synovus Gateway Mobile Deposit
- Synovus Gateway Bill Pay
- Financial Management Tools
- Statements (standard 24-month archive)
- Robust Alerts
- Quicken and QuickBooks Integration

Mobile Banking
Synovus offers a secure and powerful mobile solution. With the Synovus Gateway mobile app available for iOS and Android, the City can perform daily treasury management tasks (stop payments, balance inquiries, paid check status inquiries, controlled disbursement authorization, interim account statements, wires and ACH) from wherever you choose; plus, whether Synovus Gateway is accessed using a computer, tablet, or mobile phone, the screen size and menu design will adjust automatically.

Synovus Gateway - Online Banking Security
Synovus Gateway uses a 128-bit Secure Socket Layer (SSL) firewall protection, which gives you the control and security you need to feel confident about banking online. Below are Synovus' security procedures that protect access to customer data:

Synovus Gateway Administration
- Synovus Gateway provides robust policy management, user roles and security features that address the need for strong controls. This includes the ability to define user access rights and dual control.
- Advanced Roofing will designate an administrator for Synovus Gateway at the time of the initial implementation.
- The administrator will create/assign additional users to User Roles. User Roles allow you to define rights and then permit multiple users to a role.
- The administrator can manage each User Role's Transaction Type details by managing limits

and other settings. For each transaction type, you can limit the number and dollar amount that a user can approve.

- Login authentication requires the same login/password. Face ID is also available for authentication with our mobile app.
- MFA prompting secure access code when the user is accessing from a device not recognized.
- **Dual control** is required for all transactions when money is being originated (i.e., ACH, Wires). One user will initiate the Wire/ACH, and a second individual must approve. **Symantec Soft Tokens** are also required for ACH and Wire originators. Soft tokens provide you with a one-time use number to initiate transactions securely. Authorization in Synovus Gateway is implemented through services, roles, and entitlements. Only users with access to a service with specific roles are permitted to use a feature on the accounts they are entitled to.
- **Customize user limits and templates.** Access can be customized by the user to include entering and editing wires, release wires or approval only. Templates can be used to further customize user workflows by entering and prefilling only the information required for their transaction type.
- Alerts are customized by users.

Audit Reporting

Real-time reporting and data. Up to the minute actionable business insights are provided through comprehensive reporting with balance and transaction reporting detail as well as intraday reporting. Standard reports include Company Entitlements, Company Transactions, and a User Activity Report.

Trusteer Rapport

Our complimentary service "Rapport" blocks illegitimate communication with your browser, reducing the likelihood of unauthorized access to your information.

- Rapport can protect against Internet theft due to Malware, Session Hijacking, and other common attacks.
- Rapport is compatible with all major Internet browsers.

h) *Include the following technology requirements: daily reconciliation, payee positive pay, ACH Positive Pay, and Lockbox services*.

Synovus can offer the City **Full Account Reconciliation** that provides a complete report of all check/debit and deposit/credit transactions entered against your account during a specified period. Below are details of our Full Reconciliation Product:

Statements can be presented online or delivered using File Transfer Protocol (FTP). Delivery options are HTML, Text, CSV, and PDF.

Account Balance Summary – Provides the working balance as of the current cycle cutoff. The component starts with the working balance from the previous cycle cutoff and calculates the net activity (total credits less total debits) for the current cycle. Also included is the number and dollar amount of outstanding issue items.

Exception Items – Provides all paid items that created exceptions. The exceptions are grouped into the following types:

- Duplicate Item – two or more checks paid with the same serial number.
- Amount Mismatch – the paid check amount and the issued amount are not the same.
- Future Dated – the check was paid on a date earlier than when it was issued.
- Posted Against Void – a paid check matched a voided issue.
- No Issue Found – a paid check had no matching issue.
- Serial Error – paid check is missing a serial number. For example, the serial number may not have been correctly read during processing.

Statement of Activity – Provides all activity of credits, debits (both check debits and non-check debits), and matched issues (all items that matched successfully without any exceptions) posted to Account Recon Advantage for the current cycle. A subtotal of the number of items and the dollar amount is provided for each item type.

Outstanding Issue Items – Provides a record of checks that have been issued but not yet paid. The component is divided into outstanding issues, future dated issues, voids, stale issues, and active stops. The outstanding issues subsection includes all items that are not future dated, voided, stale or stopped.

Previously Cycled Issues – Provides items that were paid in a previous cycle without an issue but now have the issue entered in the current cycle.

Synovus also offers **Partial Account Reconciliation** that lists all checks that have cleared the account for a specific period and includes all other debits and credits posted to the account for that period. Below are details of the Partial Account Reconciliation product:

Statements can be presented online or delivered using File Transfer Protocol (FTP). Delivery options are HTML, Text, CSV, and PDF.

Account Balance Summary – Provides the working balance as of the current cycle cutoff. The component starts with the working balance from the previous cycle cutoff and calculated the net activity (total credits less total debits) for the current cycle.

Statement of Activity – Provides all checks posted to Account Recon for the current cycle. A subtotal of the number of items and the dollar amount is provided for each item.

Positive Pay Fraud Protection

Synovus offers a robust Positive Pay service through our Synovus Gateway platform. Listed below are the solutions we offer:

- **Positive Pay** allows you to stop any unauthorized payments before checks are paid. Before releasing checks to payees, you send us an issue file of those checks. We then compare checks received to this issue file daily. You will be alerted on any unmatched items are presented for their review and a “pay/no pay” decision.
- **Payee Positive Pay** gives an even higher level of fraud protection by requiring the payee’s name to be included in the issue file. If we receive any checks that are not in the issue file or do not match data in the file, we present them to you for “pay/no pay” decisions. This

service extends to the teller line, preventing checks from being cashed in Synovus banking centers.

- **Reverse Positive Pay** allows you to review all prior day checks that were presented for payment. It eliminates the requirement of a check issue file. If any of these presented checks do not match your issued checks, you can investigate further by viewing an image of the check. You can then elect to pay or return the check.
- **ACH Positive Pay** compares electronic transactions against previously authorized payments (payment rules). ACH transactions the City authorizes in advance are processed normally. Transactions the City did not authorize will be blocked and displayed through Synovus Gateway, Positive Pay. Through Synovus Gateway, the City will decide to pay/no pay the items.

Positive Pay file options are:

- Manual Entry – The City manually enters one check at a time through the online banking portal.
- File Import – The City creates a file from their ERP, saves it to their desktop, and uploads it into the online banking portal.
- FTP (File Transfer Protocol) – The City uses a secure file transfer process to automatically upload check issue file information to Synovus.

We accept issue files 24 hours a day, 7 days a week. Items must be uploaded to Synovus by 9:00 AM ET each business day to be included in the Positive Pay match for that day.

Positive Pay Process and Time Windows

For Check and ACH Positive Pay, if there is a discrepancy with a presented item (posts to account), an exception will be identified. Exceptions are delivered to the City via Synovus Gateway by 10:00 AM ET each business day. Each "User" who is authorized to make pay/no pay decisions can set up alerts that will notify them when there are exceptions to be decisioned. The City's pay/no pay decisions must be completed by 2:00 PM ET each day. Synovus Gateway can be accessed using a computer, tablet, or mobile phone to complete positive pay decisions. If a decision is not made on an exception during the decision window, then the default decision of no-pay is applied. Exception items are "next day" decisions.

ACH Block will help protect the City's account(s) against unauthorized electronic debits. With ACH Block, all ACH debits are blocked and will not be posted to the account(s) entitled with this service. If any ACH transactions are present on the account(s) they will be returned automatically. There is no reporting on automatically rejected ACH items.

Check Block offers accounts with no check activity to be designated as "Post no Checks" as an additional layer of fraud protection. Any checks that are presented on the account(s) will be returned automatically.

Accelerate AR Lockbox and AR Console

Synovus offers flexible, end-to-end remittance processing services that the City can rely on for processing its wholesale and retail lockboxes. Our services can be scaled to the City's needs.

Experience the City can Trust

Synovus has processed lockbox payments for more than 20 years using Deluxe technology. We recently expanded our partnership with Deluxe to offer Synovus Accelerate AR suite of products to enhance our Retail and Wholesale Lockbox capabilities. Corporations have relied on Deluxe lockbox services for more than 26 years, and Synovus is proud to partner with a leader in this industry.

The key to an integrated accounts receivable process

Lockbox is the foundation of a fully integrated AR process that handles today's faster payments quickly and efficiently.

A single, standard process for resolving exception items, expediting the posting of receivables, and improving cash flow.

Through the Synovus Accelerate AR Console decisioning module the City can quickly identify, track and resolve lockbox exception items, reducing the number of unprocessable payments. Exceptions items, such as checks received without invoices, will be available for the City to review.

The City will gain visibility into receivables with dashboard analytics

The City can take advantage of an enterprise-level view of all incoming cash flows—regardless of payment type with Accelerate AR Console. AR Console turns receivables information into a source of valuable business insights via dashboard views configured for everyone from the CFO to operations supervisor. Accelerate AR clients may also view team productivity metrics such as volumes processed, straight-through processing, and exceptions rates and deposit amounts for bank reconciliation. Plus, payment trends are visualized across any time period.

AR Console accelerates cash application and research

- The feature rich Accelerate AR Console will enable the City to view, search, and extract information for all payments, images, and data for better and timelier data for cash and credit management.
- Improves efficiency with a single view of payments across lines of business and banking relationships.
- The City can perform research to resolve payment questions and reduce negative customer impact.
- The City can achieve earlier visibility into payments to make earlier investment decisions.
- Better yet, the City can get to collections faster and reduce DSO.
- A daily Accelerate AR receivables posting file can be provided to import into an ERP or other receivables system.

AR Console improves customer service

Synovus Accelerate AR Console improves customer service satisfaction with robust research tools. The City can easily manage change of address requests, look up payment status (paid, unpaid, rejected) along with associated information and documentation including customer correspondence. This online tool empowers customer service agents to look up payments directly from billing systems and resolve inquiries in one call.

If the City struggles with research today because of limited search capabilities and data fields, the

City will find with AR Console, every field is searchable, and every user can create their own custom searches to save for reuse.

3.3 Banking Services
Specific services of the selected bank will include, but not be limited to, the following:

3.3.1 Account Information
The City uses a combination of concentration, zero-balance, and disbursement accounts as well as separate bank accounts. The City reserves the right to open additional accounts during the contract period at the price proposed.

Deposits to the concentration account will be retained in that account until the funds become available at which time, they will be considered collected balances. Any balances remaining in the concentration account at close of business, including wire transfers received before the Federal Reserve cutoff may be automatically invested in an overnight investment instrument by the Bank.

Zero-balance accounts will be reimbursed from or swept by the concentration account at the close of the business day. Transfers between the accounts will be charged to the City as internal transfers and not as external wire transfers. All zero-balance account transfers will take place automatically without initiation by the City. An earnings credit will be granted on the available balance in the concentration account at 6:00 PM EST (including any EFT transfers received after 6:00 PM EST). The balance at 6:00 PM EST is interpreted to include any EFT transfers received during the day, less any outgoing EFT's. The daily earnings credit rate ("ECR") specified for the available funds on deposit will be based on the Target Federal Funds Rate plus or minus a set spread.

In the event that the concentration account is a negative balance, then interest charged on any overdrawn balances will be calculated using the same formula as the earnings credit allowance. There will not be hard penalties assessed, such as overdraft fees, on any negative balance.

All per item charges will remain fixed over the life of any resulting contracts. An adjustment in per item charges may be necessary based on price changes by the Federal Reserve System. Adjustments in per item charges will only be allowed under the following conditions:

a) The per-item charge (or portion thereof) will change only for corresponding adjustments in the Federal Reserve System's fee schedules, on or after the effective date of the adjustments;
b) Changes in the Federal Reserve fee schedules must be final, and not proposed;
c) Bank will provide the City a copy of the Federal Reserve System's notification supporting the adjustment.

The daily ECR specified for the available funds on deposit will be based on the Target Federal Funds Rate (Intended Federal Funds Rate) plus or minus a set spread.

Please provide a breakdown of how the ECR will be calculated and applied in Form 13 (Earnings Credit Rate, Excess Earnings Balance Rate, and Other Compensating Credits). Include any FDIC or Reserve Requirement fees if applicable.

Synovus fully understands the account structure as depicted above and can replicate the City's existing structure of accounts. Our primary goal will be to provide existing services while delivering innovations for future efficiencies.

Our recommendation for your account structure with Synovus would be to utilize our Advantage Analysis Account. As defined below, this structure will allow you to maximize each dollar to offset fees while earning interest.

Advantage Analysis Account

Our "Advantage Analysis Account", an exclusive account that lets you manage all your funds in one convenient place. There's no need to maintain a separate money market or schedule multiple transfers. The service automatically analyzes your monthly account activity, determines the balances needed to offset analysis fees, then pays interest on remaining account balances.

The Synovus Advantage Analysis Account maximizes your investments, ensuring every dollar is put to good use. With sufficient balances, you'll pay no fees and receive interest on average collected balances. There's no guesswork. No manual transfers or additional bookkeeping. We do all the work for you.

This account is fully collateralized in accordance with State Statutes of Public Funds.

Zero Balance Account

Synovus offers a **Zero Balance Account** that provides efficient, centralized use of available funds for investment or debt reduction purposes by maintaining accounts at either a zero balance or other predetermined minimum balance.

Subsidiary accounts are linked to a master account, which automatically transfers funds at the end of each business day to offset the net activity in the zero balance accounts, resulting in a daily ending balance of zero. An unlimited number of subsidiary zero balance accounts can be linked to the master account. Each subsidiary account can be used for a different purpose and structured to best suit your needs.

Overdraft fees will be applied to the City's analysis statement.

Requested information is provided on Form 13.

3.3.2 Compensating and Excess Balances

All activities for the City will be paid for through compensating balances. Compensating balances required to fund the banking costs will be funded using the following guidelines:

a) In the event the City's balances do not fund the compensating balance requirements in their entirety the City will be billed by direct invoice and a debit to the main account may be issued;

Synovus has included our Proforma which shows an aggregated snapshot of the relationship on a monthly basis as provided during the RFP process. Synovus is recommending the use of the Advantage Analysis Account, which automatically analyzes your monthly account activity, determines the balances needed to offset analysis fees and pays interest on excess account balances.

The Synovus Advantage Analysis Account maximizes your investments, ensuring every dollar is put to good use. With sufficient balances, you'll pay no fees and receive interest on remaining collected balances. There's no guesswork. No manual transfers or additional bookkeeping. We do all the work for you.

Synovus can accommodate a hard dollar compensation arrangement with the City of Hollywood should the City choose that structure.

Synovus can provide the City with both individual and consolidated monthly Account Analysis statements for all accounts. We offer three delivery options for your Analysis statements: Paper Statement, Online Statement available through Synovus Gateway, or by Electronic File via an FTP through Synovus file transfer. Online account analysis statements via Synovus Gateway are available for a rolling 24 months. Delivery of analysis statements are internally reviewed and available via online or physical statement around the middle of the following month. In the event of the City's balances do not fund the compensating balance requirements the City will be debited the hard fees the following month.

b) *Positive compensating balances as reflected by the group level account analysis will be settled monthly. The method to be used will be the direct payment method to the extent that the cost of services exceeds the earnings credit amount generated by account balances. The City will have any excess balances after the service charges are paid invested using the same Target Federal Funds Rate plus or minus a set spread. However, this may be a different spread than what was used in the ECR calculation. The interest income generated from these excess balances will then be deposited into the City's concentration account no later than the 10th business day of the following month;*

Synovus can provide the City with both individual and consolidated monthly Account Analysis statements for all accounts. We offer three delivery options for your Analysis statements: Paper Statement, Online Statement available through Synovus Gateway, or by Electronic File via an FTP through Synovus file transfer. Online account analysis statements via Synovus Gateway are available for a rolling 24 months. Delivery of analysis statements are internally reviewed and available via online or physical statement around the middle of the following month.

c) *Should the City desire to add services not contemplated in the RFP, those charges could be covered by compensating balances or by direct invoice, as directed by the City.*

Should the City add additional services not documented in the RFP, charges can be covered by compensating balances or by direct invoice.

3.3.3 Online Portal and Reporting Services

Online portal services should include, but are not limited to, daily detailed and summary balance reporting of the previous banking day with the following minimum information:

a) *Ledger balance*
b) *Available (or collected) balance*
c) *Detail and summary of debit and credit postings, including checks paid and wire transfers*
d) *Daily detail of account transactions including investment transactions*

e) Detail information for all ACH transactions
f) Next day download of deposits, credits, debits, transfers and adjustments to accounts
g) All addenda records available for incoming EFT and ACH deposits
h) Stop payments and positive pay activity
i) Returned items images
j) Controlled disbursement notification
k) ACH preload verification, ACH Positive Pay
l) Account reconciliation services
m) Daily BAI2 data feeds for automatic import or manual upload to ERP system
n) Images of all deposit tickets and checks deposited

Synovus Gateway – Online Banking

Synovus Gateway is designed to simplify treasury management and keep the City in control of its finances. Synovus Gateway offers digital solutions and tools to save time, reduce risk, and drive efficiencies, conveniently and securely.

Synovus Gateway offers a customizable dashboard that provides personalization, management, and centralized control for viewing of accounts(s) and frequently accessed information. Users also can organize and group accounts as desired and use quick action widgets as shortcuts to perform a variety of common tasks quickly.

What Synovus Gateway Does:

- Accounts and Transactions (i.e., balance, check inquiries, ACH and wire inquiries)
- Previous day reporting and disbursement reporting
- Check Images (standard 18-month archive)
- Perform ACH, Online wires, Internal Transfers, Stop Payments
- Synovus Gateway Remote Deposit
- Synovus Gateway Mobile Deposit
- Synovus Gateway Bill Pay
- Financial Management Tools
- Statements (standard 24-month archive)
- Robust Alerts
- Quicken and QuickBooks Integration

Stop Payments

The City can initiate **Stop Payments** online through Synovus Gateway. When a stop payment is completed through Synovus Gateway, confirmation of the stop payment request will be provided. Stop Payments are good for 6 months. Stop payment requests can be made for single checks or for multiple checks at one time.

Synovus recommends that the City initiate **Stop Payments** through our Positive Pay solution. With Positive Pay, checks marked as “void” within your issue file will be returned and will not have an expiration date and will also provide a cost savings.

Synovus Gateway Online Banking Reporting

Synovus Gateway offers a customizable dashboard that provides personalization, management, and centralized control for viewing of accounts(s) and frequently accessed information. Updated account information is available by 6:30 AM ET. Users also can organize and group accounts as desired and use quick action widgets as shortcuts to perform a variety of common tasks quickly. Synovus Gateway includes print capability. The chart below details the reports available, information provided and their formats.

Gateway Reporting Details:

Report Name	Type	Information	Formats
Balance & Activity	Current Day/Previous Day(s)	Account Balance and Transaction Detail	PDF, CSV, BAI2
Cash Position	Previous Day(s)	Detailed Account Balance and Float Position	PDF, CSV, BAI2
ACH Activity	Current Day/ Previous Day(s)	ACH Transaction Detail	PDF, CSV
Wire Activity	Current Day/Previous Day(s)	Interim Wire Transaction Detail of Current Business Day	PDF, CSV
Checks Paid	Current Day/ Previous Day(s)	Paid Check Transaction Detail	PDF, CSV
ZBA Activity	Previous Day(s)	ZBA Transaction Detail	PDF, CSV
User Defined	Current Day/Previous Day(s)	Transaction detail for user selected transaction types	PDF, CSV
ACH Online Originations	Online Banking Activity	All originated online banking ACH transactions	PDF, CSV
Wire Online Originations	Online Banking Activity	All originated online banking Wire Transactions	PDF, CSV
Company Transaction	Online Banking Activity	All originated online banking transactions except ACH and Wire transactions, which are reported separately.	PDF, CSV
User Activity Report	Online Banking Activity	Online Banking Activity of all Company Users	PDF

Premium Reporting

We can offer the enhancement of Premium Reporting which is a single, consolidated report to accommodate checks and deposits of all accounts including subsidiary accounts linked to a master checking account.

- Simplify account reconciliation. Consolidate balance and transaction information from all accounts into one electronic file for easy download.
- Simplify cash management. Make payments, reduce debit, and invest excess cash more effectively by viewing all account balances and activity in one electronic file.
- Tailor the service to meet your needs. Customize real-time reporting by company,

division, and individual location. Special file formatting including fixed field, text or CSV is available.

- Process: Receive a daily balance reporting file with transaction detail through a secure FTP site for your selected accounts.
- Customization: Receive reports based on your selected criteria, organized by the company divisions. Choose a single consolidated report for multiple zero balance accounts.

Enhanced Imaging

Synovus' **Enhanced Imaging Services (7-year archive)** provides an electronic delivery service to receive images through Synovus Gateway the day after a transaction is posted, rather than waiting until the close of the business cycle. Sort and search images of paper items, including checks paid, deposit slips, items deposited and returned items, are available with enhanced image visibility. Images are available for up to 7 years. Imaged checks are available, online, the day following the date it posts to your account.

BAI (Bank Administration Institute)

The Bank Administration Institute (BAI) is a National standard file format used by banks to transfer bank account data. This service allows Synovus to deliver financial information to customers automatically via FTP. The BAI format establishes a common file layout and allows customers the ability to import their file into their account management application, if compatible. The daily file provides extensive information about the business account: account status (ledger, available balances, and float position), activity summary (total credits, total debits) and transaction credit and debit details.

Features and Benefits:

- Saves time by reducing data entry errors and increases productivity by eliminating data re-keying.
- Allows you to receive detailed financial data early in the business day.
- Eliminate paper reports and manual reconciliation.
- Leverage your excess funds to increase investment opportunities or reduce borrowing.

ACH Origination

ACH Origination including deposit of payroll, vendor payments, federal taxes and state taxes is offered through our internet banking platform, Synovus Gateway, or through an FTP (File Transfer Protocol) to allow the City to transmit funds between banks through the Automated Clearing House (ACH) Network. ACH Origination through Synovus Gateway offers PPD, CCD and CTX payment types. With each of these payment types, the City will have the ability to use templates to import or originate.

Electronic Data Interchange Service (EDI) – Synovus provides electronic incoming ACH information which will assist in accelerating the posting of collections and helps track funds for more efficient cash forecasting. ACH addenda records can be used to add valuable remittance detail, such as invoice numbers, reference numbers, discounts, and more.

A file containing EDI information on received ACH transactions can be delivered in two formats and is available the next day, after posting.

- Via business internet banking in PDF format
- Electronic file can be delivered via FTP in a NACHA format

Returned Items
Checks returned that have been previously deposited into an account, can be redeposited one additional time. Through the Synovus implementation process, we will work with the City to establish email notifications for returned deposited items that can be sent to any user that has appropriate credentials. Those users will receive an email with a copy of the notice of charge back to account and an imaged copy of the check being returned the following morning that the return has hit the account.

ACH Positive Pay compares electronic transactions against previously authorized payments (payment rules). ACH transactions the City authorizes in advance are processed normally. Transactions the City did not authorize will be blocked and displayed through Synovus Gateway, Positive Pay. Through Synovus Gateway, the City will decide to pay/no pay the items.

Controlled Disbursement – Notification and Process
- The City receives a daily report of presented checks by 11:00 AM ET each business day.
- The City can review the serial number and dollar amount of each item
- Any checks received after this presentment will be held until the next day
- The City funds the controlled disbursement account by 5:00 PM ET

3.3.4 Reconciliation Services

The ability to download payment and deposit data by the next business day is required through the online portal. Respondent must have the capability to effectively reconcile accounts between the respondent and the City by direct transmissions.

A deposit reconciliation service is required to establish unique numbers for each depositing location. This unique number would be located on the deposit ticket and each check deposited would be tracked by the particular deposit ticket. Cancelled checks must be received in a format compatible with the Oracle Cash Management Module for interface into our financial system. Individual transactions must be posted for each non-sufficient fund item presented.

Respondent must have the capability to provide full reconciliation services with positive-pay protection services. Images of all paid items should be provided through the online portal. Respondent must make available canceled check images through the online portal (front and back of canceled checks), sorted by check number on a monthly basis. The online portal must produce archival quality documents.

Respondent must have the capability to provide reports and images through the online portal in pdf or Excel format.

Synovus can offer the City **Full Account Reconciliation** that provides a complete report of all check/debit and deposit/credit transactions entered against your account during a specified period. Below are details of our Full Reconciliation Product:

Statements can be presented online or delivered using File Transfer Protocol (FTP). Delivery options are HTML, Text, CSV, and PDF.

Account Balance Summary – Provides the working balance as of the current cycle cutoff. The component starts with the working balance from the previous cycle cutoff and calculates the net activity (total credits less total debits) for the current cycle. Also included is the number and dollar amount of outstanding issue items.

Exception Items – Provides all paid items that created exceptions. The exceptions are grouped by the following types:

- Duplicate Item – two or more checks paid with the same serial number.
- Amount Mismatch – the paid check amount and the issued amount are not the same.
- Future Dated – the check was paid on a date earlier than when it was issued.
- Posted Against Void – a paid check matched a voided issue.
- No Issue Found – a paid check had no matching issue.
- Serial Error – paid check is missing a serial number. For example, the serial number may not have been correctly read during processing.

Statement of Activity – Provides all activity of credits, debits (both check debits and non-check debits), and matched issues (all items that matched successfully without any exceptions) posted to Account Recon Advantage for the current cycle. A subtotal of the number of items and the dollar amount is provided for each item type.

Outstanding Issue Items – Provides a record of checks that have been issued but not yet paid. The component is divided into outstanding issues, future dated issues, voids, stale issues and active stops. The outstanding issues subsection includes all items that are not future dated, voided, stale or stopped.

Previously Cycled Issues – Provides items that were paid in a previous cycle without an issue but now have the issue entered in the current cycle.

<u>Deposit Reconciliation</u>

Synovus' Deposit Reconciliation will provide the City with multiple departments/locations to deposit funds into your Master account. Each deposit made to the Master account bears a unique serial number that identifies the depositing location/department.

Deposited items returned have their own BAI codes and will post them separately for reconciliation.

We accept issue files 24 hours a day, 7 days a week. Items must be uploaded to Synovus by 9:00 AM ET each business day to be included in the APR for that day.

<u>File Format Requirements</u>

Account Protection & Reconcilement File Format Requirements has been provided as **"Exhibit B".**

<u>Intra-day Reporting</u>

Intra-day reporting is provided through Synovus Gateway, please refer to the table provided in Section 3.3.3.

Enhanced Imaging Services

Synovus also offers **Enhanced Imaging Services (7-year archive)** provides an electronic delivery service to receive images through Synovus Gateway the day after a transaction is posted, rather than waiting until the close of the business cycle. Sort and search images of paper items, including checks paid, deposit slips, items deposited and returned items (front and back), are available with enhanced image visibility. Images are available for up to 7 years. Imaged checks are available, online, the day following the date it posts to your account.

- **Facilitate research** - Images of specific items can be copies and pasted into documents.
- **Archive images securely -** Eliminates the need for physical storage of bank statements/checks; images are available for up to 7 years from the date posted to your account.
- **Locate particular items quickly** – The City can locate a specific archived check by account number, check number, amount paid, date, or sequence number, or search a range of amounts to review checks for signature compliance.
- **View and print high-quality images -** Digital images are sharper than scanned or faxed images. Zoom-in, zoom-out, and rotation capabilities allow you to view the even more clearly. The City can print the front and back of any item along with index information.

3.3.5 Positive Pay, ACH Payments and ACH Debit Blocking

Respondent must provide positive pay, ACH payments and ACH blocking services.

Respondent should have a real time update of positive pay upon receipt of a "checks issued file" for all checks presented for payment, including being available to tellers for in person transactions by payees. If a real time update is not available, please specify the timing on batch updates. Respondent shall also have the ability to provide ACH blocking and filtering services for ACH debits.

The City will transmit files for interface out of the Oracle Payables Module for both check and ACH payments. Files containing all check issued information will be automatically sent to the respondent through system processes for positive pay services which will contain check serial number, payee and dollar amount, at a minimum. There must be compatibility to receive both positive pay check and ACH files in the format generated by the Oracle Payables Module. Checks presented on City's accounts for payment will be handled per the payment instructions provided to the respondent by the City.

Respondent shall report discrepancies electronically through its online portal. respondent must provide the City with the ability to authorize or reject both check and ACH payments. The City must be able to manually enter checks issued via the online portal.

The City currently does not use EPay, but is interested in this program if available by the respondent and compatible with the City's Oracle Payables Module.

Positive Pay Fraud Protection

Synovus offers a robust Positive Pay service through our Synovus Gateway platform. Listed below are the solutions we offer:

- **Positive Pay** allows you to stop any unauthorized payments before checks are paid. Before releasing checks to payees, you send us an issue file of those checks. We then compare checks received to this issue file daily. You will be alerted on any unmatched items are presented for their review and a “pay/no pay” decision.
- **Payee Positive Pay** gives an even higher level of fraud protection by requiring the payee’s name to be included in the issue file. If we receive any checks that are not in the issue file or do not match data in the file, we present them to you for “pay/no pay” decisions. This service extends to the teller line, preventing checks from being cashed in Synovus banking centers.
- **Reverse Positive Pay** allows you to review all prior day checks that were presented for payment. It eliminates the requirement of a check issue file. If any of these presented checks do not match your issued checks, you can investigate further by viewing an image of the check. You can then elect to pay or return the check.
- **ACH Positive Pay** compares electronic transactions against previously authorized payments (payment rules). ACH transactions the City authorizes in advance are processed normally. Transactions the City did not authorize will be blocked and displayed through Synovus Gateway, Positive Pay. Through Synovus Gateway, the City will decide to pay/no pay the items.

Positive Pay file options are:

- Manual Entry – The City manually enters one check at a time through the online banking portal.
- File Import – The City creates a file from their ERP, saves to their desktop, and uploads into the online banking portal.
- FTP (File Transfer Protocol) – The City uses a secure file transfer process to automatically upload check issue file information to Synovus.

We accept issue files 24 hours a day, 7 days a week. Items must be uploaded to Synovus by 9:00 AM ET each business day to be included in the Positive Pay match for that day.

Positive Pay Process and Time Windows

For Check and ACH Positive Pay, if there is a discrepancy with a presented item (posts to account), an exception will be identified. Exceptions are delivered to the City via Synovus Gateway by 10:00 AM ET each business day. Each “User” who is authorized to make pay/no pay decisions can set up alerts that will notify them when there are exceptions to be decisioned. The City’s pay/no pay decisions must be completed by 2:00 PM ET each day. Synovus Gateway can be accessed using a computer, tablet, or mobile phone to complete positive pay decisions. If a decision is not made on an exception during the decision window, then the default decision of no-pay is applied. Exception items are “next day” decisions.

ACH Block will help protect the City’s account(s) against unauthorized electronic debits. With ACH Block, all ACH debits are blocked and will not post to the account(s) entitled with this service. If any ACH transactions are present on the account(s) they will be returned automatically. There is no reporting on automatically rejected ACH items.

Check Block offers accounts with no check activity to be designated as “Post no Checks” as an additional layer of fraud protection. Any check’s that are presented on the account(s) will be returned automatically.

Integrated Payables – Future Solution

Synovus will be rolling out a robust Integrated Payables solution offering later in 2022. The solution will include automation options to simplify and optimize Accounts Payable as well as integration to streamline all payment types.

AP Solutions/Purchasing Card

The commercial card industry is a dynamic and evolving business. Synovus continues to embrace digital and other emerging payment technologies. The prevalence of mobile/online payments and program functionality is an increasing trend. Our portfolio of customers continues to help drive our strategies to implement new products, services, and technology to support the growing demands of expense management. The feedback from our customers helps us make crucial decisions on our services to remain competitive. We make collective learning happen to support staying competitive in the marketplace.

To help our clients maximize cost savings and streamline costs allocation, Synovus provides our APSolutions technology to integrate and allocate card accounting data into various accounting systems. The integration of card transaction data into the general ledger is an important part of any expense management program. Synovus can provide a process that gives organizations the ability to allocate charges to specific departments and accounts and allows the City to monitor and report on spending activity. Our goal is for this to happen in a streamlined process with minimal manual intervention.

The critical component of the Synovus Commercial Card program is our program controls. The controls allow an organization to predetermine spending and transactions limits for groups of cards or each individual card, elimination the need for pre-approvals for purchases, whiling enhancing security. These controls can mirror the City's existing signing authority, thereby creating an electronic pre-approval for a purchase versus a manual sign-off process. The APSolutions card management site allows for temporary controls and limits to be set, with a start and end date.

Controls and restrictions can be established such as:

- Cardholder level restrictions
- Department level restrictions
- Merchant Category Code (MCC) restrictions
- Monthly spending limit
- Dollar transaction limit
- Account spending limit
- Velocity transaction limit
- Temporary control limits for designated timeframe

Limits represent the authorized, unbilled, and billed amounts at any given time in the cycle that a cardholder may have on their account, prior to a payment being registered to clear their account balance.

As a full-service financial institution, Synovus provides a wide variety of banking and commercial card solutions. Our commercial card program has evolved to meet the changing needs of our clients within the larger context of their overall spend and payment strategies. It is the inspiration of our customers that drive the customization and enhancements to our program. When reviewing the areas of customization, we first review the types of purchases to customize a program. This could include:

- Sundry Purchases – Sundry or petty cash purchases are those random, convenience purchases typically made at retail merchant establishments. Representing 10% of the average organizations purchasing transactions, sundry purchases are low in both frequency and cost.
- Staple Purchases – These purchases include general and administrative purchases.
- Strategic Purchases – This category includes Cost of Goods Sold, supplier negotiated pricing, repetitive transaction suppliers.
- Specialty Purchases – This category includes capital, equipment, and construction materials (high-cost purchases).
- Business Travel Expenses – Travel and Entertainment expenses.

Depending on the types of expenses used on the program could derive the program customization for card issuance. Different controls with limits and restrictions can be customized on each card. The possible types of Card issuance could include:

- Individual Card
- One-time usage/Virtual Card
- Buyer Card
- Department Card
- Accounts Payable Card
- Project Card
- Declining Balance Card
- Fleet Card
- Travel Card

Synovus can customize the card program to meet the specified needs of the City. The technology of APSolutions can be customized to program user defining roles and privileges with multiple levels of control. Reports and transaction information can be customized and made available to individual cardholders or designated groups.

Synovus Purchasing Cards are issued with the City having liability for the payment of all charges made by your employees to Purchasing Cards issued under your program. There is no liability for fraudulent use due to lost or stolen card for your cardholders. Through program controls such as specific supplier blocking, electronic oversight and management information reporting, excellent control can be maintained to minimize any liability exposure to employee abuse.

Supplier Enrollment and Enablement is another area that Synovus will work closely with the City to design an effective communication strategy to successfully onboard designated suppliers to participate using the commercial card platform as a payment method for the City.

Based on our multi-year campaign execution experience, average conversion rates range from 8% to 28% of selected, targeted suppliers spend. The variability in conversion rates is primarily driven by industry type, overall file size, and spend concentration.

To help our clients maximize cost savings and streamline costs allocation, Synovus provides our APSolutions technology to integrate and allocate card accounting data into various accounting systems. The integration of card transaction data into the general ledger is an important part of any expense management program. Synovus can provide a process that gives organizations the ability to allocate charges to specific departments and accounts and allows the City to monitor and report on spending activity. Our goal is for this to happen in a streamlined process with minimal manual intervention.

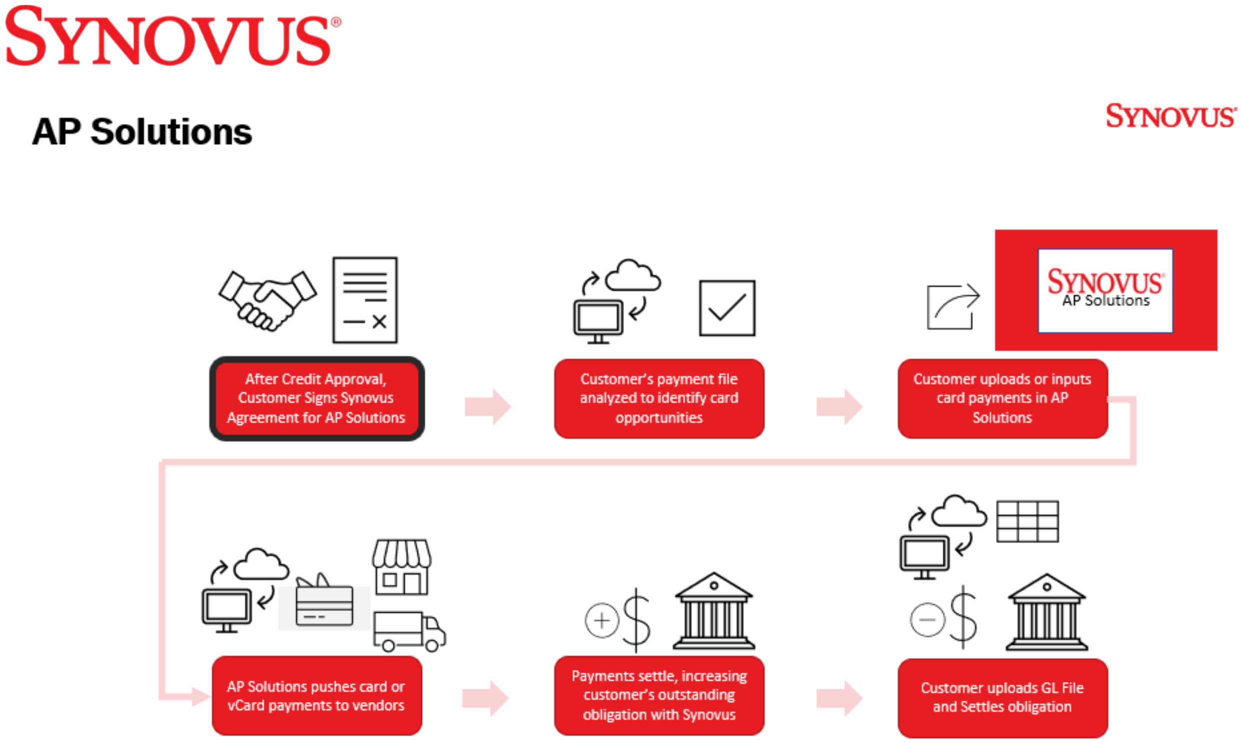
Under the Synovus Commercial Card program, the transaction data we collect can be delivered to help streamline and automate the general ledger mapping. Card transaction information is loaded daily into the APSolutions technology tool and can be accessed quickly to efficiently track and process expenses. Daily unbilled information can be reconciled before a billing cycle close. The City's chart of accounts can be loaded into our technology to validate information that is inputted.

Front End Data Capture – Synovus has the capability to capture hard coded accounting information embedded in the profile of the card number.

Automated Allocation – Synovus' data mapping technology can be employed to translate per transaction information captured to map the transactions to the appropriate chart of accounts. The technology can allow:

- End users to split transactions to multiple departments/accounts
- Assign specific expense accounts by supplier/merchant/commodity
- Build tables to automatically assign cost allocation (table matches)
- Establish default allocation rules
- Allow for the overriding of cost allocation
- Build card types to derive the cost allocation methodology
- Identify exceptions/establish a suspense process
- Verify data using "rules"

To pay its individual suppliers and vendors electronically, Synovus would provide the City of Hollywood, Florida with a Virtual Card/One-time usage Card Program. This enables Synovus to securely generate Virtual Card numbers/One-time usage cards on behalf of the City for purchase requests to pay City suppliers' invoice(s) one-time with a single-use card number. This process requires the City to upload an Excel flat file such as a .csv formatted file to the Synovus APSolutions portal for virtual card clients. Files, also referred to as an AP File or Payments' files, would contain the following four data points at a minimum – Vendor ID number in your financial accounting system, Invoice number(s), Date, Dollar Amount. These data elements allow Synovus to create both the 16-digit virtual card number and the remittance advice for processing by your supplier or vendor.



3.3.6 Remote Deposit Services

Although the City does not extensively use remote capture to scan customer check payments and electronically send the images to the bank for credit to our account, the City is interested in such a program that would create a flat file of check payments captured by the existing cashiering program and send the file to the bank at the end of each business day for deposit. The City is interested in exploring remote deposit services or similar solutions offered that would accomplish this task. Indicate costs, equipment requirements, timing of transmissions and availability of funds.

Remote Deposit Capture – Check Image Deposit

Check Image Deposit (CID) allows the City to leverage your existing imaging infrastructure to capture images of consumer and business checks received, create an electronic image cash letter, and securely transmit to the bank. Deposits are received utilizing standard x9.37 image formatted file.

- Streamline deposit preparation
- Expedited funds availability
- Reduce the costs, time and risks involved with transporting paper checks to the bank
- Allow flexible and convenient deposits after hours.
- Allows the City to make deposits from multiple sites and still maintain a single banking relationship.

Synovus Gateway Remote Deposit

Synovus offers flexibility to deposit paper checks electronically directly into the City's Synovus account(s). An easy way to deposit paper checks electronically with a desktop scanner, or anywhere business finds you using your mobile devise and the Synovus Gateway Mobile app. This will help to save both time and money, as well as allow for an extended deposit deadline of 6:00 PM ET each business day, for same day ledger credit.

Authorized employees will scan checks for deposit by using a bank approved scanner. Next, you will confirm the check amounts and verify that the deposit balances. You will then submit the deposit to Synovus with confirmation of transmission.

Highlights

- One consolidated view of activity from multiple locations into multiple accounts
- Virtual endorsements
- Same-day account credit available
- Email deposit notifications

What it Does:

- Eliminates frequent bank trips, travel expense, and employee risk.
- Enables error corrections before deposit submission.
- Simplifies recordkeeping with online archive of scanned images, deposit info, and reports.
- Reduces paperwork.
- Speeds funds availability.
- Increases working capital and improves cash flow.

Synovus will provide the City one TS240-50 scanner free of charge

Synovus Gateway System Requirements (no software required)

Windows:

- Google Chrome (Current and previous two versions) – Recommended
- Mozilla Firefox (Current and previous two versions)
- Microsoft Edge (Current and previous two versions)

Mac OS:

- Google Chrome (Current and previous two versions) – Recommended
- Apple Safari (Current and previous two versions)

Please refer to the Proforma for all pricing, provided as **"Exhibit A".**

3.3.7 Negative Balance

In the unlikely event that the City were to overdraw a standalone account, creating a negative balance in the City's accounts collectively, all checks and/or ACHs presented for payment shall be paid. The Submitter agrees to promptly notify the City of the overdraft condition at which time the City will remediate immediately.

Interest on any overdrawn balances will be calculated using the same formula that the City receives interest on the Automatic Overnight Investment or ECR. Using this formula, the City will not receive any interest on overdrawn balances, nor will the City be required to pay any interest beyond this rate. No other additional fees will be charged.

In the normal course of business, the City's Treasurer or designee shall confirm wires or ACH transfers that will result in a daylight overdraft in a zero balance account. No service fee shall be charged to the City for daylight overdrafts that are resolved through automated zero balance sweeps.

Your primary relationship manager, Andy LaFear will contact the City the morning of the overdraft to allow for a quick resolution, so that the City may clear the overdraft. Synovus does require transfer of funds, proof of wire, or check deposit for all checks to be paid.

A daylight overdraft is a temporary overdraft in an individual account resulting from payments made during business hours before incoming funds are received. Daylight overdrafts must be cleared by the close of business on the same day**.**

The City's daily review of accounts will allow you to see if your account is in a daylight overdraft position. Contacting Andy LaFear or any member of the Government Solutions Group will allow for quick resolution.

Synovus does not charge interest on overdrawn balances.

3.3.8 Automatic Overnight Investments

The respondent agrees to automatically invest the remaining collected balance, above the floor established to offset banking service fees. Please provide details of alternative account structures or programs that would be of a similar benefit to the City, if any. Provide the details of the current programs available.

Our recommendation for your account structure with Synovus would be to utilize our Advantage Analysis Account. As defined below, this structure will allow you to maximize each dollar to offset fees while earning interest.

Advantage Analysis Account

Our "Advantage Analysis Account", an exclusive account that lets you manage all your funds in one convenient place. There's no need to maintain a separate money market or schedule multiple transfers. The service automatically analyzes your monthly account activity, determines the balances needed to offset analysis fees, then pays interest on remaining account balances.

The Synovus Advantage Analysis Account maximizes your investments, ensuring every dollar is put to good use. With sufficient balances, you'll pay no fees and receive interest on average collected balances. There's no guesswork. No manual transfers or additional bookkeeping. We do all the work for you.

This account is fully collateralized in accordance with State Statutes of Public Funds.

3.3.9 Stop Payments

The City primarily uses positive pay cancel issue updates to manage their stop payment activity. However, on those few low volume accounts where positive pay is not practical the following stop payment protocol shall apply.

All stop payment orders are to be made electronically. On rare occasions it may be necessary to initiate stop payments by telephone. Upon receipt of the stop payment order, the respondent will immediately inform City electronically if the check has been cashed and provide an image of the cashed item. If not cashed, the respondent will provide an electronic confirmation of the stop payment. Cancellation of a stop payment order will be processed in the same manner as the stop payment order. All checks paid by the respondent after the above procedure has been *adhered to will be the responsibility of the respondent.*

The respondent will provide on-line access to information on cleared and stop payment checks. Stop payments will be transmitted to the respondent with inquiry capability against various accounts. Periodically, it will be necessary to place a stop payment on a block of checks. Whenever this block stop payment procedure is initiated, it will be considered one stop payment, regardless of the number of checks involved.

All stop payments will take effect on the date transmitted to the respondent and will be processed before any check presentments for that date. In addition, the stop payments will remain in effect for five (5) years.

Stop Payments

The City can initiate **Stop Payments** online through Synovus Gateway. When a stop payment is completed through Synovus Gateway, confirmation of the stop payment request will be provided. Stop Payments are good for 6 months. Stop payment requests can be made for single checks or for multiple checks at one time.

Synovus recommends that the City initiate **Stop Payments** through our Positive Pay solution. With Positive Pay, checks marked as "void" within your issue file will be returned and will not have an expiration date and will also provide a cost savings.

3.3.10 Lockbox Services

The City currently uses both retail and wholesale lockbox services. The City may elect to maintain its wholesale lockbox provider in addition to retail lockbox services. Please confirm that your bank is compatible with Deluxe (fka Remitco).

Synovus Bank is compatible with Deluxe (fka Remitco).

At a minimum, the respondent must perform the following:

a) Pick up all items in any lockbox at least once every business day;

Synovus guarantees the City's lockbox items are retrieved from the Post Office at least once every business day.

b) All checks and bills that are to be accepted and processed should be entered into the Submitter's computer system by customer account number and amount on the same day they are picked up;

Synovus guarantees all acceptable remittance items will be processed on the same-day basis. Standard processing deadline is 2:00 PM EST daily for same day deposit. If the City requires an alternate time, we will work with you to accommodate.

As an enhancement to the City's lockbox service, Synovus recommends the City utilize Synovus Accelerate AR Match, a straight-through processing service that automatically matches incoming electronic and paper payments to open invoice remittance details from your AR processing system using machine learning and sophisticated algorithms for faster access to cash.

c) *Provide an electronic file of the lockbox information and/or contents specific to the City's requirements;*

Synovus will work with the City to obtain your file requirements and file layout to create a customer AR file to be sent to the City daily via SFTP or retrieved from our Accelerate AR Console.

d) *Provide the City with all correspondence received with the check and/or stub with account number identified;*

Correspondence included in the remittance envelope is sorted and returned to the City per your instructions. If you prefer, we can capture an image of the correspondence with the payment transaction. Then, we will post this image on our web-based image archive system where you can view it.

e) *Test the scanability of the payment coupon (remittance advice) before any documents are actually processed. Documents that are subsequently rejected by the processing equipment, and later found to be scannable will not be charged to the City. Only documents that fail the scanning process twice will be rejected and billed to the City.*

Prior to go live, Synovus will request live coupons from the City to be fully tested on our lockbox processing equipment. We will test the scan line, change of address or notification fields, document dimensions, and data placement on the remittance samples. We will also test envelopes with the USPS to ensure optimal delivery times between payer mailing and lockbox receipt. The Synovus goal is to be able to process 100% of items that are received. Synovus will not bill the City for rejected items that could have been scanned.

3.3.11 Ebox Services

The City currently uses ebox services to facilitate the electronic deposit of funds from other banking institutions and third party providers' bill payer services.

Synovus offers Accelerate AR Aggregator to simplify external digital payment reconciliation from bank and third-party bill pay solutions. Accelerate AR Aggregator is a cloud-based system that captures and centralizes external customer payments in one location – increasing efficiency, reducing costs, and streamlining reconciliation.

Provide an electronic file of the ebox information and/or contents specific to the City's requirements.

Synovus recommends the City utilize a single AR extract file to post and reconcile all receivable transactions. We will work with the City to define requirements to include both your Lockbox and Accelerate AR Aggregator payments.

3.3.12 ACH Credit Services

The City currently uses ACH credits/electronic funds transfer ("EFT") as a payment option offered to our customers. Our currently utility billing software, Munis, creates the batch EFT file which is manually uploaded through the online bank portal for processing. The volume of these services are captured on Form 12 – Cost Worksheet (AFP Code 25 0102 ACH Future Dated Item).

ACH Origination Services – Receivables Management

Synovus offers ACH Origination Services that the City can control cash flow from individuals and organizations and automate receipt of recurring payments through direct electronic collection. A powerful tool that allows the City to receive electronic funds transfers through Automated Clearing House (ACH) network for direct collection – all managed through Synovus Gateway.

The City can transmit funds through Synovus Gateway or through an FTP (File Transfer Protocol). ACH Origination through Synovus Gateway offers PPD, CCD and CTX payment types. With each of these payment types, the City will have the ability to use Database (templates) to import or originate.

Synovus follows the rules for posting ACH transactions received and originated from both NACHA and the Federal Reserve. ACH transactions are posted based on the effective date of the item or batch, and when the item was received or originated from the Federal Reserve for posting.

What It Does

- Speeds funds availability.
- Improves cash flow and working capital.
- Mitigates risk through electronic transfer.
- Lowers potential for fraud, theft, or loss associated with check or cash transactions.
- Reduces processing costs.

Highlights

- Next-day and same-day transactions.
- Direct payment through collection from checking or savings.
- Collection of one-time payments.
- Automatic collection of recurring payments.
- Reduced days sales outstanding.
- Electronic collection of inter-company funds and information.
- Choice of level of information provided: simple originating account number to detailed payment descriptions.
- Concentrate funds from non-Synovus accounts.

ACH Cut-off times	
ACH Origination via Gateway (Future Dated)	1:30 PM, 3:30PM & 5:30 PM ET
ACH Origination via Gateway (Same Day)	10:30 AM & 1:45 PM ET
ACH Origination via Direct Transmission (Future Dated)	Up to 10:30 PM ET
ACH Origination via Direct Transmission (Same Day)	1:45 PM ET

3.3.13 Custodial Services

The City may choose at its discretion to use a different bank or trust company regardless of the Banking Services contract and proposals for custodial services.

Custodial services are limited to only handling the settlement of trades and will not involve any investment management functions. City investment securities, must settle delivery versus payment for delivery through the Federal Reserve Bank and Depository Trust Company (DTC) in book entry form, will credit to the Bank's Federal Reserve Account and DTC Account for further credit to the City's concentration account. The services requested will be for the various securities that are purchased from other dealers and banks. These securities will be purchased and then transferred to a custodial account. These securities will be held until they are traded, or mature. The Federal Reserve/DTC receipt and safekeeping receipt must identify the "CUSIP" number and the City as beneficial owner.

Additionally, the following requirements must be met:

a) The respondent will maintain one or more custody accounts directly or through a third party for securities;
b) All securities held by the custodian shall be segregated from the assets of others and shall remain the sole property of the City;
c) The custodian will collect all periodic income on securities held and process any instructions receive by authorized City personnel. All sales, maturities, calls, purchases, principal pay downs and income on securities must post to the City's depository account on the settlement date of the transaction;
d) The custodian shall monitor and record the collection of funds in the City's accounts;
e) The custodian will be required to provide monthly reports describing all activities within the account including market pricing;
f) Custodian will create, maintain and retain all records relating to securities held in custody to meet the requirements and obligations under generally accepted accounting principles.

Synovus Trust Company, N.A. ("Synovus Trust") is a Nationally Chartered Trust Company providing custody, fiduciary, and investment management services to clients across the Southeast. As of March 31, 2022, Synovus Trust serves as named custodian for over $18 billion in client assets.

Service Model: The City will have direct access to a core Custody Team comprised of a primary, Relationship Manager, a secondary Relationship Manager, and dedicated Trust Specialists. Each team member will be familiar with your specific needs and will be fully prepared to ensure responsiveness and proactive client service.

System: For over 20 years, Synovus Trust has enjoyed a strategic partnership with FIS Wealth Outsourcing Services ("FIS WOS"). We decided long ago that partnering with FIS WOS allowed us to manage certain components of our operations more effectively and efficiently. FIS WOS presently serves as our sub-custodian and handles many of the tasks associated with that function at the direction of Synovus Trust. Quality control processes are in place to assure that FIS WOS is adhering to the service level agreements agreed to by both parties. The team managing those controls is a fully staffed operations division at Synovus Trust that includes experts in asset movement, trading, and settlement.

<u>On-line Access</u>: As custodian, Synovus Trust offers clients and third parties secure daily internet access to account data via *Portfolio Online* which includes:

1. Holistic view of total portfolio or individual accounts:
   a. Customization of how account information is viewed
   b. Real-Time account activity
      § year-to-date summary
      § options to drill down to more detail
      § portfolio positions with Real-Time quotes
      § statement viewing
      § enhanced analytical tools to value and analyze
2. Features:
   a. Trading
      § execute trades
      § pending trades
   b. Real-Time stock watchlist
   c. Cash forecasting
   d. Date extraction
      § direct feed
      § data extraction creation feature
3. Activity viewing:
   a. View a year-to-date summary of account activity
   b. View an individual account
   c. View accounts in aggregate
   d. Option to drill down into more details
4. Document sharing:
   a. Offers convenient, online access to statements
5. Market research:
   a. Provides links to resources, including Real-Time quotes
   b. Market values are updated daily
   c. Data may be viewed by clients the next day

At the onset of the relationship and for the convenience of our clients, we offer training and guidance in person or via WebEx. The <u>Portfolio Online Getting Started Guide</u> (attached) is also given to first time users to use as a "reference handbook" to aide in the initial enrollment and navigate the product. In addition, each page within *Portfolio Online* provides a "help feature" with information and instructions for the features on that page.

<u>Depository Relationships:</u> We utilizes Depository Trust Company (DTC) & Federal Reserve Bank Securities (FED) for all non-physical domestic securities. FIS is a direct participant of DTC and FED. All FED eligible securities are settled at the FED. For Global Securities and Physicals FIS utilizes Bank of New York Mellon as their sub-custodian.

We have the following interfaces for clients who are on the FIS TrustDesk Platform; Trade, Free Receipt, and Asset Distribution are real time.

Free Receipts - The client pends the expected assets on the system. All securities received free via Bank of New York, FED and DTC are posted on the same day of receipt. The free receipts can be viewed at any time. On a monthly basis a report of all pended items is emailed to the point of contact. (Real Time)

Free Deliveries - The client enters the asset distribution in TrustDesk, and it flows through the trust accounting system. (Real Time)

Cut-Off Times:
Equities - Execute by 3:00 PM ET for T+2
Treasuries - Execute by 3:00 PM for T+1
Commercial Paper - Execute by 9:00 AM for SDFS (call if trade is executed after 8:30 AM for SDFS)
Certificates of Deposit - Execute by 9:00 AM for SDFS

Failed Trades: Our system settles on a contractual basis for purchases and sales and gives clients the benefit of sale and purchase float. We will advance the money in the event of a sale and charge in the event of a purchase, regardless if the trade fails. As a result of our policy of contractual settlement, failed transactions do not impact an account's cash balance. For reporting purposes, failed transactions are not specifically identified on the client statements. Rather they appear as settled positions. Communication between the client and FIS takes place on a daily basis to resolve trade discrepancies. If instruction or confirms are not received to match a trade the client would be contacted prior to settlement. In the event a position is not available to settle a sell, the trade will not post to the client's account.

If Synovus Trust is at fault for any trade error, we will make up any loss incurred by you.

Additionally, electronic broker confirms are used within our system. All interested parties can see electronic confirms through their trading platforms. If the trade is processed through *Portfolio Online*, pending trade information is available, but the user will not receive a confirm.

Pricing: Our flat fee of 3 basis points based on the market value of assets under custody with a minimum annual compensation of $7,500 is guaranteed for 3 years from the inception date of the executed contract agreement. A copy of our Custodial Agreement is attached.

b) *Respondent may also propose procedural or technical enhancements/innovations to the Scope of Work which do not materially deviate from the objectives or required content of the Scope of Work.*

Business Process Review
As an added benefit, Synovus Bank conducts a Business Process Review (BPR) where our Treasury Management Team will observe and examine the City's Accounts Receivables process, Accounts Payables process, and Financial Accounting to ensure what was communicated throughout the procurement process is, in fact, how the City truly interacts and utilizes their bank.

The goal for the Synovus Team is to document workflows and procedures to help clients understand where efficiencies may be implemented while noting parts of processes that may be too labor intensive and easily supplanted with automation.

Following the site visit, the Synovus Team formulates its learnings and findings with the City's team. This often becomes the beginning of a strategic and/or tactical roadmap for clients to consider as they transform their financial operations.

Once the BPR is completed, final implementation will begin. After the City is fully onboard with Synovus, relationship reviews can be set quarterly, annually or at the request of the City.

Same Day ACH is the ideal solution for the City to manage payroll, bonuses, and emergency payments in a timelier manner. Same Day ACH Origination currently allows you to create domestic ACH transactions of $1,000,000 or less for same-day processing (1:45 PM ET cutoff), rather than the usual two-day processing time. Receiving banks are required to post eligible ACH transactions received by 5:00 PM local time on the same day. The City will experience additional benefits including expedited payments, improved liquidity, and flexibility to make unexpected payments.

Commercial Card Overview

Synovus has provided cards to customers for over 50 years. We have been a market leader in addressing customer's unique card program requirements and continuously focus on implementing best practices, technologies, process improvements and achievement of customer business objectives.

To help our clients maximize cost savings and streamline costs allocation, Synovus provides our APSolutions technology to integrate and allocate card accounting data into various accounting and expense management systems. Under the Synovus Commercial Card program and APSolutions, the transaction data we collect can be delivered to help streamline and automate the general ledger mapping. Card transaction information is loaded daily into the APSolutions technology tool and can be accessed quickly to efficiently track and process expenses. The City's chart of accounts can be loaded into our technology to validate information that is inputted.

The APSolutions technology tool is also used for the reporting of data. The technology provides instant information on purchasing patterns, allowing staff to target suppliers and goods for special attention and support negotiations of volume discount. Each reporting object is interactive and dynamic, with drill-down capabilities, allowing the City to analyze, review and monitor all aspects of the card program.

Cards can be issued to the City in either individual names and/or department names. Synovus will work with the City to secure a line of credit to meet your financing needs for the Commercial Card Program. Controls and restrictions can be established to support this line which includes:

- Cardholder level restrictions
- Merchant Category Code (MCC) restrictions
- Monthly spending limit
- Dollar transaction limit
- Velocity transaction limit
- Temporary control limits for designated timeframe

Cardholders have 24/7/365 access to call Synovus Customer Services Group at 888- SYNOVUS. Our Customer Services Group will answer cardholder questions concerning balances, transaction amounts, and disputes, as well as take lost and stolen card reports and arrange for card replacements.

An effective Commercial Card program delivers greater control and visibility, as well as the flexibility to manage payments and associated risks. Below outlines areas of strength when partnering with Synovus.

- ***Real-time account servicing technology*** –the City will have the opportunity to utilize technology to access information real-time to quickly report, audit and manage the Commercial Card Program.
- ***Automated integration*** into the City's business technology applications – accounting systems, expense reporting, and human resources to streamline manual data entry.
- ***Security Controls –*** Synovus consistently monitors and mitigates information security risks that includes comprehensive policies and standards on information security and privacy, frequent reporting to our executives, external regulators, internal and external auditors, and strong authentication mechanisms for all authorizations and effective security incident management processes.

<u>Merchant Services Overview</u>

Optimize your customer experience, solve business problems, and gain a competitive advantage with Synovus Merchant Services.

- eCommerce payment solutions
- Card-no-present (CNP) solutions
- Integrated processing

Experience the Synovus Merchant Services advantage

- Next-day funding speeds payments.
- Customized pricing meets individual business needs.
- Fraud protection and data security tools improve security.
- 24/7 live customer support offers ease and convenience.

Highlights of our product offering to Boca Raton Airport Authority:

- Multiple lines of business operating from one gateway solution – cost and time savings.
- Competitive merchant services pricing.
- Synovus Merchant Services uses TSYS/Global Payments for processing needs.
- We have over **100 payment gateway solutions** to offer including Pay Flow Pro and CenPOS.

<u>Enhanced Return Check Option</u>

<u>checXchange</u> is an additional check recovery service at **<u>no cost</u>**. Our check recovery service offers a full collection of returned paper checks, including electronic re-presentment. This benefit is provided by Money Transfer Systems, Inc., through is **checXchange™** service.

Increase Collections Without Spending Time or Money

- Recover 100% of the face value of returned checks. All checks successfully collected through **checXchange** will be reimbursed to the City at 100% of their face value, with no fee or commission.
- Collect funds faster – Using the Automated Clearing House (ACH), re-presented check entries (RCK) clear three to four days sooner than paper items.
- Access images of original deposited items and returned items.

How it Works

- Checks not exceeding $2,500 that are returned for NSF or uncollected funds qualify for electronic collection. These checks are automatically converted into electronic entries (RCK) and are routed through the ACH network for collection. They are electronically re-presented up to two times.
- Items over $2,500 or business-to-business checks cannot be collected through the electronic process. They are converted into a one-time paper draft to be re-presented.
- Transactions are timed for re-presentment when the check writer is most likely to have funds (e.g., on the first of the month).
- Collected funds are automatically deposited into your account on a weekly basis.
- The State Allowable Returned Check Collection Fee is debited from the check writer's account
- Access to an electronic return report for all items that are collected with checXchange services.

Free Employee Benefits

Employee Check Cashing

City of Hollywood payroll checks drawn on Synovus Bank may be cashed by the payee at any Synovus Bank location, throughout the Southeast. There is no charge to cash checks. Payees must provide valid identification and be present to cash checks.

Employee Free Checking

- No monthly service fee – City employees can save money. No matter how much their account balance fluctuates, there's no monthly service fee.
- Direct Deposit – Speed of funds availability.
- Easy and convenient – With our digital banking capabilities, your employees can make deposits, check balances, transfer funds and pay bills anytime and anywhere.
- Make in-store and online shopping fast and simple – They can enjoy a Visa check card with no annual fee and no monthly usage fee.
- Deposits insured by the FDIC up to $250,000.
- My Synovus digital banking account access, with free, unlimited Bill Pay to simplify monthly and recurring bill payments.

  Important Disclosure Information - When you apply for a credit card or other credit product, we will base the approval on a review of your personal credit report and score. The standard insurance amount is $250,000 per depositor. Visit www.fdic.gov for more information Use of the My Synovus mobile app requires your mobile service provider's data and /or text plan. Message and data rates may apply. Online Bill Pay service is free. Fees apply to same-day and overnight Bill Pay requests.

Raise the Banner

Synovus' new financial literacy program. Leveraging our financial expertise and our passion for community service, we will "Raise the Banner" for financial education in the communities we serve. It will also complement our existing market driven outreach and established Community Reinvestment Act efforts.

Our 2022 Raise the Banner Goals are to teach at least 500 financial literacy classes, empower more than 7,500 individuals, log 2,000 financial literacy volunteer hours and to partner with 250 organizations, nonprofits, and schools. Synovus Bank team members can partner with the City in providing a range of financial literacy centered around investing, economics, finance, and banking.

We currently use the following curriculum and learning tools to provide financial education to various organizations:

- FDIC's Money Smart education suite – a financial education programs that educates people of all ages and small business to enhance their financial management skills.
- Synovus' Personal Resource Center, via Synovus.com, that provides information on managing your finances, investing, homeownership, and financial security.
- Synovus' "Mortgage Basics" eBook for prospective first-time homebuyers. Our eBook provides answers to questions related to buying a home (down payments, closing costs, mortgage loans, etc.) and provides tips on getting prequalified for a mortgage before starting to shop for a home.
- ABA's Teach Children to Save - sponsored by the ABA Foundation, this provides guidance to bankers' who wish to educate young people on how to develop a good saving money habit.

SYNOVUS®

Section 4 - Implementation Process and Costs

a) *Provide an implementation schedule and note key project milestones and timelines for deliverables. Identify any assumptions used in developing the schedule. Include a statement indicating the ability to begin work with minimum notice.*

Synovus has provided a sample Implementation Schedule as **"Exhibit C".**

Synovus is focused on providing a superior level of service and will ensure we partner with you to add or modify your treasury. Provided as **"Exhibit D"** is our Service Level Agreement that outlines our lead times to implement solutions. We will work with the City to accommodate any exceptions that may arise to ensure we provide the best results for your experience.

b) *Describe the approach to completing the tasks specified in the Scope of Work.*

Synovus Approach

The City of Hollywood, Florida is dedicated to providing municipal services for a diverse community in an atmosphere of cooperation, courtesy and respect. Ensuring all who live, work, and play in the City of Hollywood enjoy a high quality of life. As your financial partner, Synovus understands your challenges and will be your consultative banking advisor, recommending proven solutions that solve for your daily financial distractions. We are here to truly know you and will collaborate with you to help optimize your operations by providing high-quality and efficient banking solutions at competitive prices.

GOALS/OBJECTIVES	
Strategic banking partner	• Synovus' Government Solutions Group offers specialized, industry leading capabilities with a diverse customer base and deep staff knowledge of government needs. • Provide a dedicated Government Relationship Banker with intense client focus, use of specialized dedicated teams with a relationship focused philosophy. • Business Process Review
Banking Solutions and Technology	• Financial and operating resources with decades of proven experience • ACH and Wire Solutions • Advantage Analysis Account • Robust Positive Pay Solution • Optimal Lockbox Solutions • Synovus Gateway – Customizable and secure online banking solution • Premium Reporting Options
Implementation Partnership	• Develop an immediate partnership with the City and establish responsibilities • Thorough communication and check points • Review of the City's processes and procedures • Providing recommendations on process improvement • Dedicated onboarder for implementation and training
Community Involvement	• Raise the Banner – Synovus' Financial Literacy Initiative. • Inclusion and Diversity

Synovus' Government Solutions Group offers specialized, industry leading capabilities allowing the City to benefit from our in depth understanding of municipal day-to-day and long-term needs. Our experience will create value across your entire organization. The Government Solutions Group has decades of governmental banking experience and, along with our partners in treasury management, Synovus provides a unique understanding of municipal banking that is unmatched by our competitors.

Implementation Partnership

Our government solutions and treasury team will develop an immediate partnership with the City to create a customized roadmap outlining services, training, and identifying any obstacles or impediments that may affect the implementation timeline. To accomplish this, we establish a clear communication channel with weekly check-in calls to monitor progress, accountabilities and to identify and address any issues needing to be resolved. We recognize that communication is the cornerstone of a smooth transition process. Synovus will coordinate and cooperate with the City's existing provider and will ensure a smooth and orderly transition with uninterrupted services. Below is an overview of our implementation and conversion process.

Synovus has a proven strategy through excellent implementation and project management, that is tailored for every customer. It all begins with the assignment of a dedicated conversion team to handle the transition. This team will meet with the City's designated team to set a "Go Live" date and proceed in the following manner:

1) Established responsibilities
2) Review current City processes and procedures
3) Set a timeline "checkpoint" for each portion of the process
4) Product build – set up of online user profiles and limitations, templates, reports, etc.
5) Completion of documentation and contracts
6) Weekly status update meetings
7) Testing and training
8) Final testing and troubleshooting

Our project management standards allow the City to set the pace, remaining comfortable that its needs are being met, while not overtaxing the available resources. It also allows us to provide recommendations on how processes can be improved.

When we set objectives with you during our consultative meetings, many things rise to the surface that quite honestly may not have been thought of during the procurement phase. An example of this kind of discovery would be an unexpected need for a dual location for processing check deposits. Through these consultative meetings we can identify special or unplanned needs, quickly recommend a solution so not to impede the overall timing of the implementation.

Once "Go Live" has been achieved, our conversion team will continue to provide the City with support on both a scheduled and "as needed" basis.

Business Process Review

As an added benefit, Synovus Bank conducts a Business Process Review (BPR) where our Treasury Management Team will observe and examine the City's Accounts Receivables process, Accounts Payables process, and Financial Accounting to ensure what was communicated throughout the procurement process is, in fact, how the City truly interacts and utilizes their bank.

The goal for the Synovus Team is to document workflows and procedures to help clients understand where efficiencies may be implemented while noting parts of processes that may be too labor intensive and easily supplanted with automation.

Following the site visit, the Synovus Team formulates its learnings and findings with the City's team. This often becomes the beginning of a strategic and/or tactical roadmap for clients to consider as they transform their financial operations.

Once the BPR is completed, final implementation will begin. After the City is fully onboard with Synovus, relationship reviews can be set quarterly, annually or at the request of the City.

c) *Specify set up or programming cost for implementing existing services that the City would incur, if any.*

Transition Incentive

Synovus is committed to the City's relationship and will be providing a transition waiver that will be a savings of $112,050 based off information provided during the RFP process. This credit includes waiver of analysis charges for the first 18 months, testing, set up and training fees (excluding Lockbox Development Fees).

d) *All costs for services, both one-time and recurring cost for services, should be included in Form 12 (Cost Worksheet). Provide all costs related to enhancements/innovations to the Scope of Work.*

Please refer to Form 12 and Synovus' Proforma provided as **"Exhibit A"** for pricing details.

e) *A separate Excel worksheet must be submitted using the format provided in Form 12 (Cost Worksheet). The City has made best efforts to provide 2021 annual and average monthly volumes as a reference to current services.*

Please refer to the Proforma provided as **"Exhibit A"** for pricing details.

f) *List additional product or service expense not included by the City in Form 12 (Cost Worksheet) that the City would be expected to pay as a result of the normal course of operations, if any, and specify the basis of that expense. Specifically, has the City missed listing a product or service that the bank feels should be a part of the proposal in which the City should anticipate paying or being charged a fee.*

Please refer to the Proforma provided as **"Exhibit A"** for pricing details.

FORM 2

ACKNOWLEDGMENT AND SIGNATURE PAGE

This form must be completed and submitted by the date and the time of bid opening.

Legal Company Name (include d/b/a if applicable): Synovus Bank

If Corporation - Date Incorporated/Organized: 12/24/1888 Federal Tax Identification Number: 58-0201800

State Incorporated/Organized: Georgia

Company Operating Address: 7768 Ozark Drive, Suite 100

City: Jacksonville State: FL Zip Code: 32256

Remittance Address (if different from ordering address):

City: Jacksonville State: FL Zip Code: 32256

Company Contact Person: Andy LaFear Email Address: AndyLaFear@Synovus.com

Phone Number (include area code): 904-997-7646 Fax Number (include area code): 239-552-1811

Company's Internet Web Address: Synovus.com

IT IS HEREBY CERTIFIED AND AFFIRMED THAT THE BIDDER/PROPOSER CERTIFIES ACCEPTANCE OF THE TERMS, CONDITIONS, SPECIFICATIONS, ATTACHMENTS AND ANY ADDENDA. THE BIDDER/PROPOSER SHALL ACCEPT ANY AWARDS MADE AS A RESULT OF THIS SOLICITATION. BIDDER/PROPOSER FURTHER AGREES THAT PRICES QUOTED WILL REMAIN FIXED FOR THE PERIOD OF TIME STATED IN THE SOLICITATION.

Bidder/Proposer's Authorized Representative's Signature: Andy LaFear Date: 04/07/2022

Type or Print Name: Andy LaFear

THE EXECUTION OF THIS FORM CONSTITUTES THE UNEQUIVOCAL OFFER OF BIDDER/PROPOSER TO BE BOUND BY THE TERMS OF ITS PROPOSAL. FAILURE TO SIGN THIS SOLICITATION WHERE INDICATED BY AN AUTHORIZED REPRESENTATIVE SHALL RENDER THE BID/PROPOSAL NON-RESPONSIVE. THE CITY MAY, HOWEVER, IN ITS SOLE DISCRETION, ACCEPT ANY BID/PROPOSAL THAT INCLUDES AN EXECUTED DOCUMENT WHICH UNEQUIVOCALLY BINDS THE BIDDER/PROPOSER TO THE TERMS OF ITS OFFER.

SUBMISSION

How to submit bids/proposals: Vendor's solicitation response may be submitted electronically through BidSync, the City's designated electronic bidding system, or by mail or hand delivery to the address noted above. It is the Vendor's sole responsibility to assure its response is submitted and received by the date and time specified in the solicitation.

FORM 4

VENDOR REFERENCE FORM

City of Hollywood Solicitation #: RFP 4718-22-SS

Reference for: Synovus Bank

Organization/Firm Name providing reference: Town of Longboat Key

Organization/Firm Contact Name: Susan Smith **Title:** Finance Director

Email: ssmith@longboatkey.org **Phone:** 941-316-6882

Name of Referenced Project: **Contract No:**

Date Services were provided: **Project Amount:**

Referenced Vendor's role in Project: X Prime Vendor ☐ Subcontractor/ Subconsultant

Would you use the Vendor again? X Yes ☐ **No.** Please specify in additional comments

Description of services provided by Vendor (provide additional sheet if necessary):
Commercial Banking Servcies, Lockbox

Please rate your experience with the Vendor	Need Improvement	Satisfactory	Excellent	Not Applicable
Vendor's Quality of Service				
a. Responsive	☐	☐	X	☐
b. Accuracy	☐	☐	X	☐
c. Deliverables	☐	☐	X	☐
Vendor's Organization:				
a. Staff expertise	☐	☐	X	☐
b. Professionalism	☐	☐	X	☐
c. Staff turnover	☐	☐	☐	X
Timeliness/Cost Control of:				
a. Project	☐	X	☐	☐
b. Deliverables	☐	X	☐	☐

Additional Comments (provide additional sheet if necessary):
Very satisfied with Synovus Team. Very responsive and helpful. Also did a good job with transition from Florida Communicty Bank to Synovus. Susan Smith 3/28/22

****THIS SECTION FOR CITY USE ONLY****						
Verified via:	**Email:**	☐	**Verbal:**	☐	**Mail:**	☐
Verified by:	**Name:**				**Title:**	

	Department:		Date:	

FORM 4

VENDOR REFERENCE FORM

City of Hollywood Solicitation #: RFP 4718-22-SS
Reference for: Synovus Bank

Organization/Firm Name providing reference:			Tampa Hillsborough Expressway Authority (THEA)
Organization/Firm Contact Name:	Jeffrey Seward	**Title:**	Director of Finance
Email:	jeff.seward@tampa-xway.com	**Phone:**	813-564-5201
Name of Referenced Project:	Synovus banking support	**Contract No:**	
Date Services were provided:	2017 to present	**Project Amount:**	Fee based
Referenced Vendor's role in Project:	☑ **Prime Vendor**		☐ **Subcontractor/ Subconsultant**
Would you use the Vendor again?	☐ **Yes**		☐ **No.** Please specify in additional comments

Description of services provided by Vendor (provide additional sheet if necessary):
Primary banking services, account management, ACH/Wire maintenance, corporate credit cards

Please rate your experience with the Vendor	Need Improvement	Satisfactory	Excellent	Not Applicable
Vendor's Quality of Service				
a. Responsive	☐	☐	☑	☐
b. Accuracy	☐	☐	☑	☐
c. Deliverables	☐	☐	☑	☐
Vendor's Organization:				
a. Staff expertise	☐	☐	☑	☐
b. Professionalism	☐	☐	☑	☐
c. Staff turnover	☐	☐	☐	☑
Timeliness/Cost Control of:				
a. Project	☐	☐	☑	☐
b. Deliverables	☐	☐	☑	☐

Additional Comments (provide additional sheet if necessary):

****THIS SECTION FOR CITY USE ONLY****						
Verified via:	**Email:**	☐	**Verbal:**	☐	**Mail:**	☐
Verified by:	**Name:**				**Title:**	

	Department:	Date:

FORM 4

VENDOR REFERENCE FORM

City of Hollywood Solicitation #: RFP 4718-22-SS

Reference for: Synovus Bank

Organization/Firm Name providing reference: Nassau County Tax Collector

Organization/Firm Contact Name: Chad Miller **Title:** Finance Director

Email: cmiller@nassautaxes.com **Phone:** 904 491 7410

Name of Referenced Project: Operating checking accounts **Contract No:**

Date Services were provided: More than 20 years **Project Amount:** Variable up to $100M

Referenced Vendor's role in Project: ☒ Prime Vendor ☐ Subcontractor/ Subconsultant

Would you use the Vendor again? ☒ Yes ☐ No. Please specify in additional comments

Description of services provided by Vendor (provide additional sheet if necessary):

Synovus has been our banking services provider for more than 20 years. We have used several versions of their investment products throughout our relationship.

Please rate your experience with the Vendor	Need Improvement	Satisfactory	Excellent	Not Applicable
Vendor's Quality of Service				
a. Responsive	☐	☐	☒	☐
b. Accuracy	☐	☐	☒	☐
c. Deliverables	☐	☐	☒	☐
Vendor's Organization:				
a. Staff expertise	☐	☐	☒	☐
b. Professionalism	☐	☐	☒	☐
c. Staff turnover	☐	☒	☐	☐
Timeliness/Cost Control of:				
a. Project	☐	☐	☒	☐
b. Deliverables	☐	☐	☒	☐

Additional Comments (provide additional sheet if necessary):

****THIS SECTION FOR CITY USE ONLY****					
Verified via:	Email:	☐	Verbal: ☐	Mail:	☐
Verified by:	Name:			Title:	

	Department:		Date:	

FORM 5

HOLD HARMLESS AND INDEMNITY CLAUSE

Synovus Bank, Andy LaFear **(Company Name and Authorized Signature, Print Name)**, the contractor, shall indemnify, defend and hold harmless the City of Hollywood, its elected and appointed officials, employees and agents for any and all suits, actions, legal or administrative proceedings, claims, damage, liabilities, interest, attorney's fees, costs of any kind whether arising prior to the start of activities or following the completion or acceptance and in any manner directly or indirectly caused, occasioned or contributed to in whole or in part by reason of any act, error or omission, fault or negligence whether active or passive by the contractor, or anyone acting under its direction, control, or on its behalf in connection with or incident to its performance of the contract.

Signature Printed Name

Name of Company Title

SYNOVUS RESPONSE:
Due to policies set forth by Synovus's legal department we are not able to entertain full legal review and execution of documents such as the above during the RFP process. It is our policy to engage full legal review upon award of contract in order to keep costs and use of resources to a minimum. Due to this, the above form will be reviewed and executed upon award.

Form **W-9**
(Rev. October 2018)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

▶ Go to *www.irs.gov/FormW9* for instructions and the latest information.

Give Form to the requester. Do not send to the IRS.

Print or type.
See Specific Instructions on page 3.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.
Synovus Bank

2 Business name/disregarded entity name, if different from above

3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only **one** of the following seven boxes.

☐ Individual/sole proprietor or single-member LLC ☑ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ ________

Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is **not** disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.

☐ Other (see instructions) ▶

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):

Exempt payee code (if any) ________

Exemption from FATCA reporting code (if any) ________

(Applies to accounts maintained outside the U.S.)

5 Address (number, street, and apt. or suite no.) See instructions.
1111 Bay Ave STE 200

6 City, state, and ZIP code
Columbus, Ga 31901

Requester's name and address (optional)

7 List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN,* later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number
[ ][ ][ ] – [ ][ ] – [ ][ ][ ][ ]

or

Employer identification number
5 8 – 0 2 0 1 8 0 0

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here Signature of U.S. person ▶ Keith Morgan Dir Reg Acct Date ▶ 2-25-2020

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to *www.irs.gov/FormW9.*

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, *later.*

FORM 13

EARNINGS CREDIT RATE, EXCESS EARNINGS BALANCE RATE, AND OTHER COMPENSATING CREDITS

1. **Earnings Credit Rate** *Please specify the earnings credit rate (ECR) offered and explain in detail the application of the proposed ECR as applied to both compensating balances. If there is more than one option, please include that as well and specify the flexibility to switch between the two options over the term of the agreement. Provide an example of the calculation.*

   Synovus Bank proposes an ECR of .35% after the 18-month waiver of all line item charges. During the waiver, Synovus will pay interest on all deposited dollars (starting at $1).

   When the ECR is implemented, Synovus will honor Fed Funds movements by positioning the ECR by 20% of future increases / decreases (.05% for each 0.25% increase / decrease). ECR will have a CAP of 1.00%.

   Should the City change methodology and opt for a fee-based partnership, Synovus can accommodate that request. The Relationship Team is always here to strategize around the best structure and return for the City.

PRO FORMA ANALYSIS PREPARED FOR
City of Hollywood, FL

Balance Summary

AVERAGE LEDGER BALANCE		+	$51,624,000.00
LESS FLOAT		-	$0.00
PLUS NEGATIVE AVERAGE COLLECTED BALANCES		+	$0.00
AVERAGE COLLECTED BALANCE		=	**$51,624,000.00**
LESS FEDERAL RESERVE REQUIREMENT	0%	-	$0.00
AVERAGE INVESTABLE BALANCE		=	**$51,624,000.00**
EARNINGS CREDIT (Based on 365 Day Year)	0.35%	+	$15,345.76
ALL ANALYZED FEES (EXCLUDE IMPLE FEES)			
ANALYZED FEES		-	$9,060.81
NET SERVICE CHARGE		=	**$0.00**
EXCESS COLLECTED BALANCES			**$21,142,932.25**
ADDITIONAL COLLECTED BALANCES TO OFFSET ANALYZED FEES			**$0.00**
IMPLEMENTATION FEES			
ONE TIME SET UP CHARGES			**$9,337.50**
INTEREST ON EXCESS BALANCE	0.20%		**$3,591.40**

2. **<u>Excess Balance Earnings Rate</u>** *Please specify the excess balance earnings rate offered and explain its' application. If there is more than one option, please include that as well and specify the flexibility to switch between the two options over the term of the agreement and to which ECR each option is tied. Provide an example of the calculation.*

   Synovus Bank proposes an "Excess Balance Earnings Rate" of .20% and the rate to increase by .05% for every .25% Federal Reserve increase – up to a CAP of 1%.

3. **<u>Other Compensating Credits</u>** *Please specify any other compensating credits towards product and service costs, transition expense, and any future product or service implementation, if any.*

   Synovus Bank will waive implementation fees for existing depository services.

   Implementation fees for Lockbox Services are documented on the proforma located in **"Exhibit A".** The programming fees can be paid for by compensating balances.

   Synovus will waive eighteen (18) months of line-item service charges to allow for a successful conversion and introductory period from the City's current financial institution. This waiver is valued at $163,094.58. This includes a customized conversion and implementation plan with tailored training on Synovus Bank's services. Synovus would like an opportunity to complete a business process review to ensure the City has all needed services and reporting solutions.

FORM 14

INDEPENDENCE AFFIDAVIT

The undersigned individual, being duly sworn, deposes and says that:

I am ANDY LAFEAR of SYNOVUS BANK, the bidder/proposer that has submitted the attached bid/proposal;

I hereby certify to the best of my knowledge that neither I nor any of those persons residing in my household have or have had during the past five years, any relationships (professional, financial, familial or otherwise) with the City (or any of its districts), its elected or appointed officials, its employees or agents, or any member or alternate member of City Staff.

A "relationship" for the purpose of this affidavit shall include but not be limited to employer/employee, consultant, contractor, subcontractor, associate, officer, partnership, joint venture, ownership greater than one percent, landlord/tenant, or creditor/debtor, gift donor/recipient (in excess of $100.00), past or on-going personal relationships, or joint involvement with charitable/voluntary activities. **Relationship includes having a prior or current contract with the City.**

Except as set forth below, I hereby certify to the best of my knowledge that neither I nor any of those persons residing in my household have received any promise of compensation, remuneration, gift, discount, or other gratuity in exchange for my bid/proposal.

I understand and agree that I shall give the City written notice of any other relationships (as defined above) that I enter into with the City (or any of its districts), its elected or appointed officials, its employees or agents, or any member or alternate member of the City Staff during the period of the Agreement.

I set forth below any exceptions to the aforementioned (if none, write "None"):

NONE

FORM 14

INDEPENDENCE AFFIDAVIT

(CONTINUED)

Andy Lafear
Signature

ANDY LAFEAR
Print Name

VP
Title

APRIL 7, 2022
Date

ACORD®

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 03/31/2022

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
McGriff Insurance Services, Inc.
3400 Overton Park Drive SE
Suite 300
Atlanta, GA 30339

CONTACT NAME:
PHONE (A/C, No, Ext): 404 497-7500 **FAX (A/C, No):**
E-MAIL ADDRESS:

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : XL Specialty Insurance Co.	
INSURER B :	
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED
Synovus Financial Corp.
P. O. Box 120
Columbus, GA 31902

COVERAGES **CERTIFICATE NUMBER:** WC26B7VU **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY CLAIMS-MADE / OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY / PRO-JECT / LOC OTHER:						EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$ $ $ $ $ $ $
	AUTOMOBILE LIABILITY ANY AUTO OWNED AUTOS ONLY / SCHEDULED AUTOS HIRED AUTOS ONLY / NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ $ $ $ $
	UMBRELLA LIAB / OCCUR **EXCESS LIAB** / CLAIMS-MADE DED / RETENTION $						EACH OCCURRENCE AGGREGATE	$ $ $
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y / N ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? **(Mandatory in NH)** If yes, describe under DESCRIPTION OF OPERATIONS below	N / A					PER STATUTE / OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	 $ $ $
A	Executive Risk Package (includes Professional Liability/Errors & Omissions/Fidelity Bond Executive Risk Package)			ELU178116-21 14-MGU-21-A52788	09/30/2021	09/30/2022	Per A Claim Per A Claim	$ 15,000,000 $ 5,000,000 $ $ $

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

City of Hollywood
2600 Hollywood Boulevard
Hollywood, FL 33020

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Division of Corporations
an official State of Florida website

Detail by Entity Name

Foreign Profit Corporation
SYNOVUS BANK

Filing Information

Document Number	F10000002215
FEI/EIN Number	58-0201800
Date Filed	05/05/2010
State	GA
Status	ACTIVE
Last Event	CORPORATE MERGER
Event Date Filed	06/01/2010
Event Effective Date	NONE

Principal Address

1111 Bay Avenue, Suite 500
COLUMBUS, GA 31901

Changed: 03/04/2015

Mailing Address

1111 Bay Avenue, Suite 501
COLUMBUS, GA 31901

Changed: 03/21/2017

Registered Agent Name & Address

CORPORATION SERVICE COMPANY
1201 HAYS STREET
TALLAHASSEE, FL 32301-2525

Officer/Director Detail

Name & Address

Title President

BLAIR, KEVIN S.
1111 Bay Avenue
Suite 500
COLUMBUS, GA 31901

Title CFO

Gregory, Andrew J.

1111 Bay Avenue
Suite 500
COLUMBUS, GA 31901

Title Corporate Secretary

Young, Mary Maurice
1111 Bay Avenue
Suite 501
Columbus, GA 31901

Annual Reports

Report Year	Filed Date
2019	03/26/2019
2020	03/19/2020
2021	04/16/2021

Document Images

04/16/2021 -- ANNUAL REPORT	View image in PDF format
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03/04/2015 -- ANNUAL REPORT	View image in PDF format
03/18/2014 -- ANNUAL REPORT	View image in PDF format
01/24/2013 -- ANNUAL REPORT	View image in PDF format
01/03/2012 -- ANNUAL REPORT	View image in PDF format
03/24/2011 -- ANNUAL REPORT	View image in PDF format
09/23/2010 -- Amendment	View image in PDF format
09/16/2010 -- Name Change	View image in PDF format
06/01/2010 -- Merger	View image in PDF format
06/01/2010 -- Merger	View image in PDF format
06/01/2010 -- Merger	View image in PDF format
06/01/2010 -- Merger	View image in PDF format
06/01/2010 -- Merger	View image in PDF format
05/06/2010 -- Foreign Profit	View image in PDF format

EXHIBIT A

SYNOVUS

PRO FORMA ANALYSIS PREPARED FOR
City of Hollywood, FL

Balance Summary

AVERAGE LEDGER BALANCE		+	$51,624,000.00
LESS FLOAT		-	$0.00
PLUS NEGATIVE AVERAGE COLLECTED BALANCES		+	$0.00
AVERAGE COLLECTED BALANCE		=	$51,624,000.00
LESS FEDERAL RESERVE REQUIREMENT	0%	-	$0.00
AVERAGE INVESTABLE BALANCE		=	$51,624,000.00
EARNINGS CREDIT (Based on 365 Day Year)	0.35%	+	$15,345.76
ALL ANALYZED FEES (EXCLUDE IMPLE FEES)			
ANALYZED FEES		-	$10,919.47
NET SERVICE CHARGE		=	$0.00
EXCESS COLLECTED BALANCES			$14,890,307.32
ADDITIONAL COLLECTED BALANCES TO OFFSET ANALYZED FEES			$0.00
IMPLEMENTATION FEES			
ONE TIME SET UP CHARGES			$9,337.50
INTEREST ON EXCESS BALANCE	0.20%		$2,529.31

Service Detail

The fees listed below are based on information provided during RFP 4718-22-SS.

SERVICES	VOLUME	PROPOSED FEE	TOTAL PROPOSED FEE	BALANCES REQUIRED
DEPOSITORY SERVICES				
Deposit Administration Fee	516,240	$0.0000	$0.00	$0
Monthly Maintenance Fee	10	$10.0000	$100.00	$336,406
NSF/Overdraft Fee	0	$36.0000	$0.00	$0
Negative Collected Balance Fee	0	P+4.0%	$0.00	$0
Deposits	22	$0.2500	$5.50	$18,502
Items Deposited Total	1,772	$0.1000	$177.20	$596,111
Return Deposited Item	12	$6.0000	$72.00	$242,212
Redeposited Return Item	5	$6.0000	$30.00	$100,922
Deposit Corrections	0	$2.0000	$0.00	$0
Checks Paid	996	$0.1000	$99.60	$335,060
Other Debits	243	$0.1000	$24.30	$81,747
Preauthorized Debits	0	$0.1000	$0.00	$0
Other Credits	42	$0.1000	$4.20	$14,129
Preauthorized Credits	2,650	$0.1000	$265.00	$891,475
Analysis Statement Print	3	$10.0000	$30.00	$100,922
Analysis E-Statement	0	$0.0000	$0.00	$0
Stop Payment	0	$36.0000	$0.00	$0
Total Depository Services	521,995		$807.80	$2,717,484
HARD TOKEN	0	$75.0000	$0.00	$0

SERVICES	VOLUME	PROPOSED FEE	TOTAL PROPOSED FEE	BALANCES REQUIRED
Total Tokens	0		$0.00	$0
WIRE TRANSFER - DOMESTIC & INTERNATIONAL				
Wire Module Monthly Fee (per account)	8	$15.0000	$120.00	$403,687
Domestic Wire Transfer Incoming	7	$12.0000	$84.00	$282,581
Domestic Wire Transfer Outgoing Branch	0	$30.0000	$0.00	$0
Domestic Wire Transfer Out Online	24	$12.0000	$288.00	$968,848
Domestic Wire Transfer Outgoing - Phone/Fax	12	$100.0000	$1,200.00	
FX Online Implementation Fee	0	$100.0000	$0.00	$0
International Wire Transfer Incoming	0	$25.0000	$0.00	$0
International Wire Transfer Outgoing Branch - US	0	$47.0000	$0.00	$0
International Wire Transfer Out Online - US	0	$40.0000	$0.00	$0
International Wire Transfer Out - Phone/Fax	0	$100.0000	$0.00	
International Wire Transfer Out Commercial Branch FX	0	$40.0000	$0.00	$0
International Wire Transfer Out Commercial Online FX	0	$30.0000	$0.00	$0
International USD Wire Out Our	0	$20.0000	$0.00	$0
International FX Wire Out Our	0	$30.0000	$0.00	$0
FX Online Dormant Fee	0	$9.9500	$0.00	$0
Total Domestic & International Wires	51		$1,692.00	$1,655,115
CASH PROCESSING				
Cash Deposited	26,777	$0.0010	$26.78	$90,079
Coin Purchased - Roll	1	$0.1000	$0.10	$336
Currency Purchased - Strap	105	$0.2500	$26.25	$88,306
Nightdrop Locked Bags Processed	0	$5.0000	$0.00	$0
Nightdrop Disposable Bags Purchased, per 100	0	$50.0000	$0.00	$0
Nightdrop Plastic Bags Processed	0	$5.0000	$0.00	$0
Total Cash Processing	26,883		$53.13	$178,722
INFORMATION REPORTING OPTIONS				
Gateway Corporate Portal Reporting Options				
Gateway Core Reporting				
1st Account	0	$60.0000	$0.00	$0
Each Additional Account	0	$25.0000	$0.00	$0
Gateway Premium Reporting (incl Core Reporting)				
1st Account	1	$80.0000	$80.00	$269,124
Each Additional Account	9	$35.0000	$315.00	$1,059,677
ACH Reporting (1 fee for portal access)				
ACH Online Origination Reporting	1	$45.0000	$45.00	$151,382
Total Information Reporting Fees	11		$440.00	$1,480,184
ACH ORIGINATION				
ACH Payments - Gateway				
Gateway ACH Monthly Fee (per account)	3	$65.0000	$195.00	$655,991
ACH Orig Per Item Fee (CCD,CTX,TEL,Web,PPD)	5,240	$0.0500	$262.00	$881,382
ACH Implementation Fee (per account)	3	$0.0000	$0.00	$0
ACH Payments - Transmission				
ACH Direct Send Monthly Fee	1	$100.0000	$100.00	$336,406
ACH Orig Per Item Fee (ARC,CCD,CTX,TEL,Web,PPD)	0	$0.1400	$0.00	$0
ACH Implementation Fee (Direct)	1	$0.0000	$0.00	$0
ACH Payments - Same Day ACH				
Same Day ACH Monthly (per account)	3	$10.0000	$30.00	$100,922
Same Day ACH Per Item	8	$0.8500	$6.80	$22,876
Same Day ACH Unauthorized Batch Fee	0	$10.0000	$0.00	$0
Same Day ACH Implementation Fee (per account)	3	$0.0000	$0.00	$0
ACH Payments - Other				
ACH Per Batch Fee	0	$9.0000	$0.00	$0
ACH Change/Delete/Reversal Fee	0	$35.0000	$0.00	$0
ACH Orig Per Item IAT Fee	0	$1.0000	$0.00	$0
ACH Notification Of Change Fee	0	$3.0000	$0.00	$0

SERVICES	VOLUME	PROPOSED FEE	TOTAL PROPOSED FEE	BALANCES REQUIRED
ACH Return Item Fee	164	$3.0000	$492.00	$1,655,115
ACH Unauth Entry Fee	0	$6.0000	$0.00	$0
Total ACH Origination	5,426		$1,085.80	$3,652,691
DATA EXCHANGE (BALANCE REPORTING)				
Data Exch/BAI OB Implementation Fee	0	$100.0000	$0.00	$0
Data Exch/BAI OB Monthly Fee	1	$125.0000	$125.00	$420,507
Data Exch/BAI OB Additional Account Fee	10	$32.0000	$320.00	$1,076,498
Data Exch/BAI MO Transmission Fee	1	$35.0000	$35.00	$117,742
FTP Implementation Fee (Data Exchange)	1	$0.0000	$0.00	$0
Total Data Exchange (Bal Reporting)	13		$480.00	$1,614,747
EDI				
EDI Implementation (per account)	2	$0.0000	$0.00	$0
EDI Monthly Transmission Fee	1	$35.0000	$35.00	$117,742
FTP Implementation Fee	0	$100.0000	$0.00	$0
EDI Direct Transmission	0	$150.0000	$0.00	$0
EDI Reporting (per account, per month)	2	$30.0000	$60.00	$201,843
Total EDI	5		$95.00	$319,585
IMAGING				
Enhanced Imaging Services Monthly Fee (unlimited accts)	1	$125.0000	$125.00	$420,507
Enhanced Imaging Services Implementation Fee	1	$0.0000	$0.00	$0
Total Imaging Services	2		$125.00	$420,507
RECONCILIATION & POSITIVE PAY				
FTP Implementation Fee	0	$100.0000	$0.00	$0
Positive Pay/Payee Positive Pay				
Positive Pay Monthly Fee (per account)	3	$15.0000	$45.00	$151,382
Positive Pay - per item	951	$0.0500	$47.55	$159,961
Positive Exception Per item	10	$3.0000	$30.00	$100,922
Monthly Transmission Fee	1	$35.0000	$35.00	$117,742
PP Implementation Fee (PP, Payee) (per account)	3	$0.0000	$0.00	$0
Payee Positive Pay Per Item	856	$0.0300	$25.68	$86,389
ACH Positive Pay (PP)				
ACH CO ID Pymt Rule Added	0	$5.0000	$0.00	$0
ACH Positive Pay Mo per Acct - 1st Account	1	$15.0000	$15.00	$50,461
ACH Positive Pay Mo per Acct - Add'l account	7	$15.0000	$105.00	$353,226
ACH Positive Pay Exception - Per item	2	$3.0000	$6.00	$20,184
ACH Positive Pay Implementation (per account)	8	$0.0000	$0.00	$0
ACH & Check Block				
Check Block Monthly Fee (per account)	3	$10.0000	$30.00	$100,922
ACH Block Monthly Fee (per account)	2	$10.0000	$20.00	$67,281
Account Reconciliation				
Full Account Reconciliation Monthly Fee (per account)	5	$15.0000	$75.00	$252,304
Total Reconciliation & Positive Pay	1,852		$434.23	$1,460,774
ZERO BALANCE ACCOUNTS				
ZBA Main Acct	2	$20.0000	$40.00	$134,562
ZBA Sub Acct	6	$10.0000	$60.00	$201,843
ZBA Main Acct Implementation Fee	8	$0.0000	$0.00	$0
Total ZBA Services	16		$100.00	$336,406
Remote Deposit Capture (RDC)				
Remote Deposit Capture				
RDC Monthly Fee (includes 1 account)	1	$80.0000	$80.00	$269,124
RDC Additional Account Fees (2-10)	0	$12.0000	$0.00	$0
RDC Additional Account Fees (11-35)	0	$7.0000	$0.00	$0
RDC Additional Account Fees (36+)	0	$5.0000	$0.00	$0
RDC Implementation Fee (per account)	1	$0.0000	$0.00	$0
Total Remote Deposit Capture	2		$80.00	$269,124

SERVICES	VOLUME	PROPOSED FEE	TOTAL PROPOSED FEE	BALANCES REQUIRED
CASH SERVICES (Loomis charges for other related services)				
Cash Services Implementation Fee	1	$0.0000	$0.00	$0
Remote Vault Deposit Implementation Fee	0	$250.0000	$0.00	$0
Loomis				
Coin Wrapping	0	$0.0700	$0.00	$0
Nonstandard Change Order	0	$10.2500	$0.00	$0
Standard Change Order	0	$9.0000	$0.00	$0
RVD Deposit	117	$1.3000	$152.10	$511,673
Loomis Cash Deposited	192,866	$0.0014	$270.01	$908,337
Dual Verify	30	$3.0000	$90.00	$302,765
RVD Insurance (Based on fee charged)	$ -	4.00%	$0.00	$0
Nonstandard Coin Verify	41	$3.5200	$144.32	$485,500
Standard Coin Verify	10	$0.6700	$6.70	$22,539
RVD Location	12	$50.0000	$600.00	$2,018,433
Total Cash Services	193,077		$1,263.13	$4,249,247
TOTAL PROPOSED FEES			$20,256.97	
TOTAL PROPOSED FEES Plus Equipment Charges			$20,256.97	
IMPLEMENTATION & PROGRAMMING CHARGES			$9,337.50	
TOTAL PROPOSED FEES Without Implementation & Programming Charges			$10,919.47	
AVG COLLECTED BALANCE REQUIRED TO OFFSET TOTAL PROPOSED FEES				$68,145,559.04
AVG COLL BAL REQ TO OFFSET TOTAL PROPOSED FEES Without Implementation Chges				$36,733,692.68

Comments

Synovus will waive eighteen (18) months of line-item service charges to allow for a successful conversion and introductory period from the City's current financial institution. Synovus would like an opportunity to complete a business process review to ensure the City has all needed services and reporting solutions. All additional price points will be negotiated and agreed upon with the City. Fee waiver, implementation waiver and line-item pricing are based on balances and information provided during the RFP process. ***Synovus did put the cash vault information under "Loomis," as we can not tell if IBI Internation logistics is dropping the cash off at Loomis or Brinks. However, Synovus has vaults with both providers in the area.***

Custom File Format Requirements

The following table defines the field requirements and formats for delimited and fixed file definitions.

<table>
<tr><th>Field</th><th>Required?</th><th colspan="4">Supported Formats/Characters</th></tr>
<tr><td>Amount</td><td>Yes</td><td colspan="4">Dollar amounts with or without a decimal (.) or dollar sign ($). If the decimal is not included, the customer needs to select an applied decimal format, Whole Dollar (123 =123.00) or Implied (123 =1.23).</td></tr>
<tr><td>Issue Date</td><td>Yes</td><td>MMDDYY
MMDDYYYY
MM/DD/YY</td><td>YYMMDD
YYYYMMDD
YY/MM/DD</td><td>MM/DD/YYYY
MM-DD-YY
MM-DD-YYYY</td><td>YYYY/MM/DD
YY-MM-DD
YYYY-MM-DD</td></tr>
<tr><td>ABA/TRC</td><td>*No, if default is value defined.</td><td colspan="4">Numbers 0 – 9. Must match the routing number (ABA/TRC) set up with your bank.</td></tr>
<tr><td>Account</td><td>*No, if default is value defined.</td><td colspan="4">Numbers 0 – 9. Must match the account number setup with your bank.</td></tr>
<tr><td>Check Number</td><td>Yes</td><td colspan="4">Numbers 0 – 9. Up to 10 characters allowed.</td></tr>
<tr><td>Issue Type</td><td>*No, if default is value defined.</td><td colspan="4">I for issue or V for void (not case sensitive). If this field is undefined or has characters other than I or V, it defaults to I for issue.</td></tr>
<tr><td>Debit/Credit</td><td>No</td><td colspan="4">Not a required field and not required in file or mapped in field definition.</td></tr>
<tr><td>Issue Action</td><td>No, if default is value defined.</td><td colspan="4">A for add or D for delete. If this field is left blank or has characters other than A or D, it defaults to A for add. This field must be mapped; however, you do not need to contain it within the actual file.</td></tr>
<tr><td>Payee Name</td><td>Only required for Payee Positive Pay.</td><td colspan="4">Letters A – Z and numbers 0 – 9. Up to 96 characters allowed for non-payee positive pay accounts. Up to 80 characters allowed for payee positive pay accounts.</td></tr>
</table>

Note: An asterisk (*) denotes fields for which a default value can be defined during the file import definition creation so that the fields are not required in the actual file.

MICASH File Format Requirements

MICASH is a standard fixed file format used by Account Recon and Positive Pay.

MICASH Format

Record size = 143.
Block size = 800.
EBCDIC for tape or mainframe transmission.
ASCII for PC transmissions.
Record Format = FB.
No label.
For numeric fields, right justify and zero fill.

Field #	***Positions***	***Length***	***Characteristics***	***Description***
Detail Record				
001	001 – 001	1	Alpha/Numeric Pic X	Constant Value = C
002	002 – 004	3	Numeric Pic 9(3)	Bank Number
003	005 – 006	2	Numeric Pic 9(2)	Filler - Zeros
004	007 – 016	10	Numeric Pic 9(10)	Account Number
005	017 – 017	1	AlphaNumeric Pic X	Filler-Blanks/Spaces
006	018 – 018	1	Alpha/Numeric Pic X(3)	Issue Type R = Register V = Void
007	019 – 019	1	Alpha/Numeric Pic X(3)	Import Action A = Add D = Delete
008	020 – 020	1	AlphaNumeric Pic X	Filler-Blanks/Spaces
009	021 – 030	10	Numeric Pic 9(10)	Check Serial Number
010	031 – 040	10	Numeric Pic 9(8)V99	Check Amount
011	041 – 046	6	Numeric Pic 9(6)	Issue Date (MMDDYY)
012	047 – 142	96	Alpha/Numeric Pic X(20)	Payee Name-Left Justified

EXHIBIT C

SAMPLE MPLEMENTATION PLAN   CUSTOMER: City of Hollywood FL

Timeframe	Action Item	Ownership		Additional Notes
		Synovus	City	
Week One	**In Person implementation consultation**			(allow for 1 to 2 hours for initial meeting)
	Team introductions - define roles - exchange contact information	✓	✓	
	Review final RFP products and services	✓		
	Define signatories, obtain ID's, resolution info necessary to start bank docs	✓	✓	
	Discuss user limits, authorities, account set-up, Administrator hierarchy	✓	✓	
	Review final timeline - establish final go live date	✓	✓	
	Agree to weekly/bi-weekly conference call check-in meeting schedule	✓	✓	Synovus to send calendar invites
	Provide meeting notes, accoutabilities and deliverables for next meeting	✓		
Week Two	**Deliver documentation and Account opening**			
	Complete Treasury Management and Online Banking Enrollment Forms	✓		
	Produce and deliver all Account related documentation for sigining	✓		
	Return executed Account related documentation		✓	
	Open Accounts in System - begin building customer in TM system	✓		
	Produce and deliver all Treasury Management related documentation for signing	✓		
	Return executed Treasury Management related documents/agreements		✓	
	Provide ABA numbers, account numbers and check spec sheet to customer	✓		
	Order any supplies needed: deposit slips, checks, bags, etc.	✓	✓	
	Order security tokens and establish online credentials (soft tokens 6 business days, hard tokens 10 business days)	✓		
	Order remote deposit scanner equipment (if needed)	✓		
	Provide any ACH or wire templates that need to be built		✓	
	Weekly / bi-weekly conference call check-in meeting	✓	✓	Agenda to include armored car if applicable
	Provide meeting notes, accountabilities and deliverables for next meeting	✓		
	Produce and deliver Card (P-Card E Payables) applications for signing (If Applicable)	✓		
	Return executed Card related applications/agreements (If Applicable)		✓	
	Provide electronic list of cardholders for P-Card (If Applicable)		✓	
Weeks Three/Four	**Initial Testing/Training**			
	Confirm token delivery - log in credentials received	✓	✓	
	Initial training for users to test log in and learn online banking site familiarization	✓	✓	Estimated time for training 45 min
	Administrator training/setting up user hierarchy	✓	✓	
	ACH testing - submit vendor test file, ACH mapping, sample payroll file	✓	✓	
	Positive Pay testing: submit test file	✓	✓	
	Submit any additional required testing files required by TM profile	✓	✓	
	Coordinate any needed communications between customer IT/software vendor for ACH/PP/Lockbox	✓		Estimated time for training 1 hour
	Second initial training - end user targeted - ACH, Wire, PP, transfers	✓	✓	
	Weekly / bi-weekly conference call check-in meeting	✓	✓	
	Provide meeting notes, accountabilities and deliverables for next meeting	✓		
	Provide vendor list for E-Payables enrollment (If Applicable)		✓	
	E-Payables payment file validation testing (If Applicalbe)	✓	✓	
	Initial card training and setup for card administrators and managers	✓	✓	Estimate 1 hour for training
Week Five	**Final testing, training and transition**			
	Install scanner, test and begin utlizing the remote deposit scanner for deposits	✓	✓	
	Remaining final testing for ACH/Payroll, PP, lockbox, any remaining services	✓	✓	
	Final training for any remaining areas, missing employees	✓	✓	
	Final review of prior meeting notes, address anything outstanding	✓		
	work with customer to wire final funds from current Bank	✓		
	"Go Live" - Bank staff can be available on site if needed	✓	✓	
	Continued daily/weekly follow up for troubleshooting needs	✓		
	Rollout P-Card program to pilot group (If Applicable)	✓	✓	
	Second training for P-Card administrators and managers (If Applicable)	✓	✓	Estimated 1 hour for training
	Kick off call for E-Payables enrollment and implementation (If Applicable)	✓	✓	Estimate 1 hour for call

Specialty Services Timeframes				
	FTP			
	FTP Account Reconciliation 8-9 weeks	✓	✓	
	ACH Origination via Direct Send (FTP) 8-9 weeks	✓	✓	
	EDI Reporting via FTP 8-9 weeks	✓	✓	
	Custom Reports			
	Information Reporting (Custom File) 8 weeks	✓	✓	
	Check Image Deposit			
	Remote Deposit Capture Check Image Deposit (x9.37 Check Image File) 4-8 weeks	✓	✓	
	Remote Vault			
	Remote Vault Deposit 6-8 weeks	✓	✓	
	Lockbox			
	Lockbox Wholesale Standard (Capture Only Non-Data Entry) 2 - 3 weeks	✓	✓	
	Wholesale w/Data Entry 45 business days	✓	✓	
	Wholesale - Data Entry Complex 45+ business days	✓	✓	
	Lockbox/Retail Standard 60 business days	✓	✓	
	Lockbox/Retail Complex 90 business days	✓	✓	

EXHIBIT D

TREASURY SERVICES IMPLEMENTATION SERVICE LEVEL AGREEMENTS (SLAs)	
Please note, the Onboarder has 48 hours to start the implementation request from the time the request is submitted. This includes receipt of a **fully and accurately completed, signed enrollment form**; timing is also dependent upon the customer providing **all necessary and required information**.	
[1] **Approval from TPS Risk Required before implementation begins.**	
TREASURY SERVICE	**SLA**
Enrollment Form Preparation	1 to 2 business days
Non-FTP Account Reconciliation (Deposit, Full or Partial)	5 business days
[1] FTP Account Reconciliation (Deposit, Full or Partial) [FIS]	8 to 9 weeks
[1] ACH Block or Check Block	2 business days
[1] ACH Origination (Gateway)	6 business days (soft token); 10 business days (hard token)
[1] ACH IAT (International) via ACH Pass thru upload	6 business days (soft token); 10 business days (hard token)
[1] Third Party Processor	6 business days (soft token); 10 business days (hard token)
[1] ACH Origination via Direct Send (FTP)	8 to 9 weeks
Check Positive Pay	5 business days
Payee Check Positive Pay	6 business days
ACH Positive Pay	5 business days
Balance Reporting - BAI Files via FTP	4 to 6 weeks
Gateway (View Only Accounts added) - **No TM Services**	2 business days
Statements & Documents	2 business days
Wire Origination Only (Gateway)	5 business days (soft token); 10 business days (hard token)
Hard Tokens, additional requests	5 business days
Cash Concentration (Manual upload)	7 business days
Controlled Disbursement	10 business days
Core or Premium Reporting	2 business days
CD-ROM	5 business days
DACA (Deposit Account Control Agreement)	6 business days
DESA (Deposit Escrow Sub Accounting)	3 business days
Enhanced Imaging	7 business days
EDI (Electronic Data Input) Reporting (FIS)	3 to 5 business days
EDI reporting via FTP (FIS)	8 to 9 weeks
Electronic Analysis Statement – 822 Format	3 to 4 weeks
Information Reporting (Custom File)	8 weeks

FX Online	8 to 10 business days
Swift Reporting	6 weeks
Pricing: Exceptions, Expiration	3 business days
Remote Deposit Capture Check Image Deposit (x9.37 Check Image File)	4 to 8 weeks
Remote Deposit Capture	6 business days
Remote Vault Deposit	6 to 8 weeks
Cash Services	2 weeks

Sweep: Line of Credit	1 business day
Sweep: Premium Yield	1 business day
Sweep: Repurchase Agreement	1 business day
Sweep: Master Repurchase Agreement	3 business days
Sweep: ZBA	1 business day
Synovus One (FIS)	4 to 8 weeks
Accelerated AR Services	
Lockbox Wholesale Standard (Capture Only NonData Entry)	2 to 3 weeks
Wholesale w/ Data Entry	45 business days
Wholesale - Data Entry Complex	45+ business days
Lockbox/ Retail Standard	60 business days
Lockbox Retail - Complex	90 business days
Deluxe Bill Pay - QuickPay Biller	15 to 30 business days
Deluxe Bill Pay - Lite Biller	30 to 45 business days
Deluxe Bill Pay - Premium Biller	30 to 90 business days
PRIM - Standard Biller	45 to 60 business days
Additional Lockbox Services	
Account Look Ups /Name & Address	20 to 25 business days
Stop File or Positive File	20 to 25 business days
Client Decision Module (CDM)	20 to 25 business days
Client Decision Module - Multi Day (CDM)	20 to 25 business days
Cross Reference File (Simple)	20 to 25 business days
MICR Match - Add	15 to 20 business days
Reports - Customized Report	Quote Required w/ Product
Transmission File - Add (additional consolidation)	10 to 15 business days
Transmission File – Complex/ File merge	20 to 25 business days
Transmission File - Add Image Transmission	Quote required w/ product
Transmission File - Add Null File	15 to 20 business days
Transmission File - Merge File	20 to 25 business days

Accelerate AR Maintenance	
Coupon Testing	7 to 10 business days
Payee Update - Retail	7 to 10 business days
Payee Update - Wholesale	7 to 10 business days
Table Update (Bin/Other)	10 to 12 business days
Update Lockbox Specifications (Package Changes, Contact Information)	5 to 7 business days
Delete/Close Lockbox	5 to 7 business days

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
Synovus Financial Corp.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Synovus Financial Corp. and subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2020, 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) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 1, 2021 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company has changed its method of accounting for the recognition and measurement of credit losses as of January 1, 2020 due to the adoption of ASC 326, *Financial Instruments – Credit Losses.*

Basis for Opinion

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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Assessment of the allowance for loan losses for loans held for investment evaluated on a collective basis

As discussed in Note 1 to the consolidated financial statements, the Company adopted ASU No. 2016-13, *Financial Instruments – Credit Losses* (ASC 326), as of January 1, 2020. As discussed in Notes 1 and 5 to the consolidated financial statements, the Company's allowance for loan losses was $364.4 million as of January 1, 2020 and $605.7 million as of December 31, 2020, a substantial portion of which relates to loans held for investment evaluated on a collective basis (the collective allowance). The Company estimated the January 1, 2020 collective allowance and December 31, 2020 collective allowance (together, the 2020 collective allowance) on a collective (pool) basis for loans grouped with similar risk characteristics based upon the nature of the loan type and individual loan risk ratings. The Company estimated the 2020 collective allowance using a discounted cash flow model for each loan group over the contractual term of the loan, adjusted for expected prepayments and curtailments where appropriate. Such model applies the forecasted PD, which is the probability that a borrower will default, adjusted for relevant macroeconomic factors, comprising multiple weighted scenarios representing different plausible outcomes, and LGD, which is the estimate of the amount of net loss in the event of default to the estimated cash flows. To the extent the estimated lives of the loans in the portfolio extend beyond the reasonable and supportable forecast of two years, the Company reverts on a straight-line basis back to the historical loss rates over a one-year period. A portion of the 2020 collective allowance is comprised of qualitative adjustments to ensure modeled results remain consistent with the expected loss requirement. This includes factoring in enacted stimulus as well as the expected impact on future defaults.

We identified the assessment of the January 1, 2020 collective allowance and December 31, 2020 collective allowance as a critical audit matter. A high degree of audit effort, including specialized skills and knowledge, and subjective and complex auditor judgment was involved in the assessment.

Specifically, the assessment encompassed the evaluation of the 2020 collective allowance methodology, including the methods and models used to estimate the inputs to the discounted cash flow model including the forecasted PD and LGD, portfolio segmentation, the selection of the macroeconomic forecasts and the weighting of each, the selection of macroeconomic factors, the reasonable and supportable forecast period, reversion methodology, the historical observation period, and loan risk ratings for commercial loans. The assessment also included an evaluation of the qualitative factors and the significant assumptions that historical default observations are not reflective of charge-offs over the life of the portfolio. The assessment also included an evaluation of the conceptual soundness and performance monitoring of the forecasted PD and LGD models and macroeconomic forecasts. In addition, auditor judgment was required to evaluate the sufficiency of audit evidence obtained.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the measurement of the 2020 collective allowance estimates, including controls over the:

- development of the 2020 collective allowance methodology
- development of the forecasted PD and LGD models
- identification and determination of the significant assumptions used in the forecasted PD and LGD models, portfolio segmentation, the selection of the macroeconomic forecasts and the weighting of each, the selection of the macroeconomic factors, the reasonable and supportable forecast period, reversion methodology, and the historical observation period
- development of loan risk ratings for commercial loans
- development of the qualitative factors and the significant assumptions that historical default observations are not reflective of charge-offs over the life of the portfolio
- conceptual soundness and performance monitoring of the forecasted PD and LGD models and macroeconomic forecasts
- analysis of 2020 collective allowance results, trends, and ratios.

We evaluated the Company's process to develop the 2020 collective allowance estimates by testing certain sources of data, variables, and assumptions that the Company used, and considered the relevance and reliability of such data, variables, and assumptions. We also involved credit risk professionals with specialized skills and knowledge who assisted in:

- evaluating the Company's 2020 collective allowance on loans methodology for compliance with U.S. generally accepted accounting principles
- evaluating assumptions made by the Company relative to the macroeconomic forecasts, including the appropriateness of their weightings and selection of macroeconomic factors, and forecasted PD and LGD used in the discounted cash flow models by comparing them to relevant Company-specific metrics and trends and the applicable industry and regulatory practices
- testing the historical observation period and reasonable and supportable forecast and reversion methodology to evaluate the length of each period by comparing to specific portfolio risk characteristics and trends
- determining whether the loan portfolio is segmented by similar risk characteristics by comparing to the Company's business environment and relevant industry practices
- assessing the conceptual soundness and performance monitoring of the macroeconomic forecast, forecasted PD and LGD models by inspecting the model documentation to determine whether the models are suitable for their intended use
- testing individual internal commercial loan risk ratings for a selection of loans by evaluating the financial performance of the borrower, sources of repayment, and any relevant guarantees or underlying collateral
- evaluating the methodology used to develop the qualitative factors and the effect of the factors on the 2020 collective allowance compared with relevant credit risk factors and consistent with credit trends and the identified limitations in the underlying quantitative model.

We also assessed the sufficiency of the audit evidence obtained related to the January 1, 2020 collective allowance and December 31, 2020 collective allowance by evaluating the:

- cumulative results of the audit procedures
- qualitative aspects of the Company's accounting practices
- potential bias in the accounting estimates.

Evaluation of goodwill impairment assessment

As discussed in Notes 1 and 7 to the consolidated financial statements, the goodwill balance as of December 31, 2020 was $452.4 million, of which $256.4 million related to the Community Banking reporting unit, $171.6 million related to the Wholesale Banking reporting unit, and $24.4 million related to the Wealth Management reporting unit. The Company performs its annual evaluation of goodwill impairment during the fourth quarter of each year and as events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The Company performed quantitative assessments as of March 31, 2020, June 30, 2020, September 30, 2020, and November 30, 2020 which indicated the fair value of the Community Banking, Wholesale Banking and Wealth Management reporting units exceeded their carrying amounts. The quantitative assessment performed at September 30, 2020 indicated the fair value of the Consumer Mortgage reporting unit was less than its carrying amount resulting in a $44.9 million goodwill impairment charge representing all goodwill allocated to the reporting unit. The quantitative assessment of goodwill impairment included determining the estimated fair value of each reporting unit, utilizing a combination of discounted cash flow and market-based approaches, and comparing that fair value to each reporting unit's carrying amount. If the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. The discounted cash flow method was weighted 60% and the market-based approach was weighted 40% for all assessments during 2020. The discounted cash flow method included internal forecasts, long-term profitability targets, growth rates and discount rates. The market approach was based on a comparison of certain financial metrics of the Company's reporting units to guideline public company peers.

We identified the evaluation of the goodwill impairment assessment for the Community Banking, Wholesale Banking and Consumer Mortgage reporting units as a critical audit matter. The estimated fair values of the Community Banking, and Wholesale Banking reporting units for the March 31, 2020, June 30, 2020, September, 30 and November 30, 2020 assessments and the Consumer Mortgage reporting unit for the March 31, 2020 and June 30, 2020 assessments, approximated their carrying values indicating a higher risk that the goodwill may be impaired and, therefore, involved a higher degree of complex auditor judgment. Specifically, complex auditor judgment was required to assess the internal forecasts, long-term profitability targets, growth rates, and the discount rate assumptions within the discounted cash flow method; the guideline public company peer information within the market approach; and the weighting of the discounted cash flow and market approaches.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's assessment of goodwill impairment, including controls over the:

- development of the internal forecasts, long-term profitability targets, growth rates, and discount rates for the Community Banking, Wholesale Banking, and Consumer Mortgage reporting units
- development of the guideline public company peer information for the Community Banking, Wholesale Banking, and Consumer Mortgage reporting units
- development of the weighting between the discounted cash flow and market approaches.

We evaluated the reasonableness of the Company's internal forecasts, long-term profitability targets, and growth rate assumptions by comparing the assumptions to historic projections and internal and external information. In addition, we involved valuation professionals with specialized skills and knowledge, who assisted in:

- developing a calculated range of the Community Banking, Wholesale Banking and Consumer Mortgage reporting units' fair value using management's reporting unit cash flow forecasts and an independently developed discount rate
- developing a calculated range of the Community Banking, Wholesale Banking and Consumer Mortgage reporting units' fair value by independently evaluating and selecting peer multiples and observed control premiums utilizing publicly available data for comparable entities
- developing a calculated range of fair values by independently weighting the fair value results of the discounted cash flow and market approaches and comparing the results to the carrying value of the reporting units.

We have served as the Company's auditor since 1975.

/s/ KPMG LLP
Atlanta, Georgia
March 1, 2021

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Synovus Financial Corp.:

Opinion on Internal Control Over Financial Reporting

We have audited Synovus Financial Corp.'s (the Company) internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company and subsidiaries as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements), and our report dated March 1, 2021 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company'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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. 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 of internal control over financial reporting 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.

Definition and Limitations of Internal Control Over Financial Reporting

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.

/s/ KPMG LLP
Atlanta, Georgia
March 1, 2021

Synovus Financial Corp.
Consolidated Balance Sheets

	December 31,	
(in thousands, except share and per share data)	**2020**	**2019**
ASSETS		
Cash and due from banks	$ 531,625	$ 535,846
Interest-bearing funds with Federal Reserve Bank	3,586,565	553,390
Interest earning deposits with banks	20,944	20,635
Federal funds sold and securities purchased under resale agreements	113,783	77,047
Total cash, cash equivalents, and restricted cash	4,252,917	1,186,918
Investment securities available for sale, at fair value	7,962,438	6,778,670
Loans held for sale (includes $216,647 and $115,173, measured at fair value, respectively)	760,123	115,173
Loans, net of deferred fees and costs	38,252,984	37,162,450
Allowance for loan losses	(605,736)	(281,402)
Loans, net	37,647,248	36,881,048
Cash surrender value of bank-owned life insurance	1,049,373	775,665
Premises, equipment and software, net	463,959	493,940
Goodwill	452,390	497,267
Other intangible assets, net	45,112	55,671
Other assets	1,760,599	1,418,930
Total assets	**$ 54,394,159**	**$ 48,203,282**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Deposits:		
Non-interest-bearing deposits	$ 13,477,854	$ 9,439,485
Interest-bearing deposits	33,213,717	28,966,019
Total deposits	46,691,571	38,405,504
Securities sold under repurchase agreements	227,922	165,690
Other short-term borrowings	7,717	1,753,560
Long-term debt	1,202,494	2,153,897
Other liabilities	1,103,121	782,941
Total liabilities	49,232,825	43,261,592
Shareholders' Equity		
Preferred stock - no par value; authorized 100,000,000 shares; issued 22,000,000	537,145	537,145
Common stock - $1.00 par value; authorized 342,857,143 shares; issued 168,132,522 and 166,800,623; outstanding 148,039,495 and 147,157,596	168,133	166,801
Additional paid-in capital	3,851,208	3,819,336
Treasury stock, at cost; 20,093,027 and 19,643,027 shares	(731,806)	(715,560)
Accumulated other comprehensive income, net	158,635	65,641
Retained earnings	1,178,019	1,068,327
Total shareholders' equity	5,161,334	4,941,690
Total liabilities and shareholders' equity	**$ 54,394,159**	**$ 48,203,282**

See accompanying notes to the audited consolidated financial statements.

Synovus Financial Corp.
Consolidated Statements of Income

	Years Ended December 31,		
(in thousands, except per share data)	**2020**	**2019**	**2018**
Interest income:			
Loans, including fees	$ 1,600,462	$ 1,817,285	$ 1,226,648
Investment securities available for sale	178,575	208,826	96,928
Loans held for sale	15,078	3,254	1,983
Federal Reserve Bank balances	2,839	10,384	10,156
Other earning assets	7,541	10,889	8,590
Total interest income	1,804,495	2,050,638	1,344,305
Interest expense:			
Deposits	217,777	356,949	143,871
Federal funds purchased, securities sold under repurchase agreements, and other short-term borrowings	7,917	26,185	3,553
Long-term debt	66,053	71,701	48,468
Total interest expense	291,747	454,835	195,892
Net interest income	1,512,748	1,595,803	1,148,413
Provision for credit losses(1)	355,022	87,720	51,697
Net interest income after provision for credit losses	1,157,726	1,508,083	1,096,716
Non-interest revenue:			
Service charges on deposit accounts	73,132	88,190	80,840
Fiduciary and asset management fees	63,251	58,388	54,685
Card fees	42,702	45,659	42,503
Brokerage revenue	44,781	41,608	35,366
Mortgage banking income	91,413	32,599	18,958
Capital markets income	27,336	30,529	5,803
Income from bank-owned life insurance	31,297	21,226	15,403
Investment securities gains (losses), net	78,931	(7,659)	(1,296)
Other non-interest revenue	53,670	45,360	27,831
Total non-interest revenue	506,513	355,900	280,093
Non-interest expense:			
Salaries and other personnel expense	618,214	570,036	453,420
Net occupancy, equipment, and software expense	169,658	161,906	130,482
Third-party processing and other services	83,034	75,696	58,625
Professional fees	56,899	35,300	26,737
FDIC insurance and other regulatory fees	25,210	31,696	24,494
Advertising expense	14,387	21,371	20,881
Goodwill impairment	44,877	—	—
Restructuring charges	26,991	1,230	(51)
Merger-related expense	—	56,580	10,065
Other operating expenses	140,304	145,153	104,802
Total non-interest expense	1,179,574	1,098,968	829,455
Income before income taxes	484,665	765,015	547,354
Income tax expense	110,970	201,235	118,878
Net income	373,695	563,780	428,476
Less: Preferred stock dividends	33,163	22,881	17,998
Net income available to common shareholders	**$ 340,532**	**$ 540,899**	**$ 410,478**
Net income per common share, basic	$ 2.31	$ 3.50	$ 3.49
Net income per common share, diluted	2.30	3.47	3.47
Weighted average common shares outstanding, basic	147,415	154,331	117,644
Weighted average common shares outstanding, diluted	148,210	156,058	118,378

(1) Beginning January 1, 2020, provision calculation is based on current expected credit loss methodology. Prior to January 1, 2020, calculation was based on incurred loss methodology.

See accompanying notes to the audited consolidated financial statements.

Synovus Financial Corp.
Consolidated Statements of Comprehensive Income

	Years Ended December 31,								
	2020			2019			2018		
(in thousands)	**Before-tax Amount**	**Income Tax**	**Net of Tax Amount**	**Before-tax Amount**	**Income Tax**	**Net of Tax Amount**	**Before-tax Amount**	**Income Tax**	**Net of Tax Amount**
Net income	$ 484,665	$ (110,970)	$ 373,695	$ 765,015	$ (201,235)	$ 563,780	$ 547,354	$ (118,878)	$ 428,476
Unrealized gains (losses) on investment securities available for sale:									
Net unrealized gains (losses) arising during the period	108,626	(28,135)	80,491	217,501	(56,331)	161,170	(44,565)	11,542	(33,023)
Reclassification adjustment for realized (gains) losses included in net income	(78,931)	20,443	(58,488)	7,659	(1,984)	5,675	1,296	(336)	960
Net change	29,695	(7,692)	22,003	225,160	(58,315)	166,845	(43,269)	11,206	(32,063)
Unrealized gains (losses) on derivative instruments designated as cash flow hedges:									
Net unrealized gains (losses) arising during the period	99,193	(25,691)	73,502	(8,570)	2,220	(6,350)	—	—	—
Reclassification adjustment for realized (gains) losses included in net income	(2,765)	716	(2,049)	—	—	—	—	—	—
Net change	96,428	(24,975)	71,453	(8,570)	2,220	(6,350)	—	—	—
Post-retirement unfunded health benefit:									
Actuarial gains (losses) arising during the period	—	—	—	(510)	132	(378)	(46)	12	(34)
Reclassification adjustment for realized (gains) losses included in net income	(618)	156	(462)	(70)	14	(56)	(132)	34	(98)
Net change	(618)	156	(462)	(580)	146	(434)	(178)	46	(132)
Total other comprehensive income (loss)	$ 125,505	$ (32,511)	$ 92,994	$ 216,010	$ (55,949)	$ 160,061	$ (43,447)	$ 11,252	$ (32,195)
Comprehensive income			**$ 466,689**			**$ 723,841**			**$ 396,281**

See accompanying notes to the audited consolidated financial statements.

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

(in thousands, except per share data)	Preferred Stock	Common Stock	Additional Paid-in Capital	Treasury Stock	AOCI	Retained Earnings	Total
Balance at December 31, 2017	$ 125,980	$ 142,678	$ 3,043,129	$ (839,674)	$ (54,754)	$ 544,207	$ 2,961,566
Cumulative-effect adjustment from adoption of ASU 2014-09, Revenue from Contracts with Customers, net of tax	—	—	—	—	—	(685)	(685)
Reclassification from adoption of ASU 2018-02	—	—	—	—	(7,588)	7,588	—
Cumulative effect adjustment from adoption of ASU 2016-01	—	—	—	—	117	(117)	—
Net income	—	—	—	—	—	428,476	428,476
Other comprehensive (loss), net of income taxes	—	—	—	—	(32,195)	—	(32,195)
Cash dividends declared on common stock - $1.00 per share	—	—	—	—	—	(117,355)	(117,355)
Cash dividends declared on preferred stock(1)	—	—	—	—	—	(13,978)	(13,978)
Redemption of Series C Preferred Stock	(125,980)	—	—	—	—	(4,020)	(130,000)
Issuance of Series D Preferred Stock, net of issuance costs	195,140	—	—	—	—	—	195,140
Repurchases of common stock including costs to repurchase	—	—	—	(175,072)	—	—	(175,072)
Issuance of common stock for earnout payment	—	199	7,228	—	—	—	7,427
Restricted share unit vesting and taxes paid related to net share settlement	—	297	(8,452)	—	—	(349)	(8,504)
Stock options exercised	—	126	2,013	—	—	—	2,139
Share-based compensation expense	—	—	16,643	—	—	—	16,643
Balance at December 31, 2018	$ 195,140	$ 143,300	$ 3,060,561	$(1,014,746)	$ (94,420)	$ 843,767	$ 3,133,602
Cumulative-effect of change in accounting principle for leases (ASU 2016-02), net of tax	—	—	—	—	—	4,270	4,270
Net income	—	—	—	—	—	563,780	563,780
Other comprehensive income, net of income taxes	—	—	—	—	160,061	—	160,061
FCB acquisition:							
Issuance of common stock, net of issuance costs	—	22,043	682,103	—	—	—	704,146
Common stock reissued	—	—	—	1,014,746	—	(137,176)	877,570
Fair value of exchanged equity awards and warrants attributed to purchase price	—	—	43,972	—	—	—	43,972
Cash dividends declared on common stock - $1.20 per share	—	—	—	—	—	(183,091)	(183,091)
Cash dividends declared on preferred stock(1)	—	—	—	—	—	(22,881)	(22,881)
Issuance of Series E Preferred Stock, net of issuance costs	342,005	—	—	—	—	—	342,005
Repurchases of common stock including costs to repurchase	—	—	—	(725,398)	—	—	(725,398)
Issuance of common stock for earnout payment	—	344	11,502	—	—	—	11,846
Restricted share unit vesting and taxes paid related to net share settlement	—	302	(8,831)	—	—	(326)	(8,855)
Stock options/warrants exercised, net	—	812	15,364	—	—	—	16,176
Warrants exercised with net settlement and common stock reissued	—	—	(9,822)	9,838	—	(16)	—
Share-based compensation expense	—	—	24,487	—	—	—	24,487
Balance at December 31, 2019	$ 537,145	$ 166,801	$ 3,819,336	$ (715,560)	$ 65,641	$ 1,068,327	$ 4,941,690
Cumulative-effect of change in accounting principle for credit losses (ASU 2016-13), net of tax(2)	—	—	—	—	—	(35,721)	(35,721)
Net income	—	—	—	—	—	373,695	373,695
Other comprehensive income, net of income taxes	—	—	—	—	92,994	—	92,994
Cash dividends declared on common stock - $1.32 per share	—	—	—	—	—	(194,658)	(194,658)
Cash dividends declared on preferred stock(1)	—	—	—	—	—	(33,163)	(33,163)
Repurchases of common stock including costs to repurchase	—	—	—	(16,246)	—	—	(16,246)
Issuance of common stock for earnout payment	—	379	8,316	—	—	—	8,695
Restricted share unit vesting and taxes paid related to net share settlement	—	389	(7,503)	—	—	(461)	(7,575)
Stock options exercised, net	—	564	12,418	—	—	—	12,982
Share-based compensation expense	—	—	18,641	—	—	—	18,641
Balance at December 31, 2020	**$ 537,145**	**$ 168,133**	**$ 3,851,208**	**$ (731,806)**	**$ 158,635**	**$ 1,178,019**	**$ 5,161,334**

(1) For the year ended December 31, 2020, dividends per share were $1.58 and $1.47 for Series D and Series E Preferred Stock, respectively. For the year ended December 31, 2019, dividends per share were $1.58 and $0.73 for Series D and Series E Preferred Stock, respectively. For the year ended December 31, 2018, dividends per share were $1.48 and $0.79 for Series C and D Preferred Stock, respectively.

(2) For additional information, see "Part II - Item 8. Financial Statements and Supplementary Data - Note 1 - Summary of Significant Accounting Policies.

See accompanying notes to the audited consolidated financial statements.

Synovus Financial Corp.
Consolidated Statements of Cash Flows

	Years Ended December 31,		
(in thousands)	**2020**	**2019**	**2018**
Operating Activities			
Net income	$ 373,695	$ 563,780	$ 428,476
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for credit losses	355,022	87,720	51,697
Depreciation, amortization, and accretion, net	106,107	8,079	55,172
Deferred income tax (benefit) expense	(86,192)	86,633	36,215
Originations of loans held for sale	(3,466,170)	(872,105)	(543,073)
Proceeds from sales of loans held for sale	2,936,398	816,223	565,672
Gain on sales of loans held for sale, net	(67,115)	(21,448)	(12,291)
Increase in other assets	(411,632)	(127,636)	(83,957)
Increase in other liabilities	281,866	43,066	22,202
Investment securities (gains) losses, net	(78,931)	7,659	1,296
Share-based compensation expense	18,641	24,487	16,643
Other	55,343	4,592	—
Net cash provided by operating activities	17,032	621,050	538,052
Investing Activities			
Net cash received in business combination, net of cash paid	—	201,100	—
Proceeds from maturities and principal collections of investment securities available for sale	2,291,536	1,102,651	603,099
Proceeds from sales of investment securities available for sale	4,054,670	2,923,787	35,066
Purchases of investment securities available for sale	(7,441,163)	(4,300,021)	(700,194)
Proceeds from sales of loans	1,426,954	74,123	22,915
Purchases of loans	(126,152)	(667,954)	(265,934)
Net increase in loans	(2,461,302)	(1,361,693)	(969,326)
Net purchases of Federal Reserve Bank stock	(658)	(55,335)	(25,500)
Net redemptions (purchases) of Federal Home Loan Bank stock	129,710	(45,856)	(282)
Net (purchases) proceeds from settlement of bank-owned life insurance policies	(242,300)	16,637	2,412
Net increase in premises, equipment and software	(30,102)	(61,208)	(53,159)
Other	45,834	19,907	12,854
Net cash used in investing activities	(2,352,973)	(2,153,862)	(1,338,049)
Financing Activities			
Net increase in deposits	8,284,519	797,612	571,897
Net increase (decrease) in federal funds purchased and securities sold under repurchase agreements	62,232	(101,142)	76,502
Net (decrease) increase in other short-term borrowings	(1,745,843)	1,103,560	550,000
Repayments and redemption of long-term debt	(2,408,939)	(157,226)	(2,230,052)
Proceeds from issuance of long-term debt, net	1,445,492	497,045	2,280,000
Dividends paid to common shareholders	(189,967)	(167,923)	(106,224)
Dividends paid to preferred shareholders	(33,163)	(17,741)	(13,978)
Proceeds from issuance (redemption) of preferred stock, net	—	342,005	65,140
Issuances, net of taxes paid, under equity compensation plans	5,407	7,321	(6,365)
Repurchase of common stock	(16,246)	(725,398)	(175,072)
Other	(1,552)	(1,947)	(1,220)
Net cash provided by financing activities	5,401,940	1,576,166	1,010,628
Increase in cash and cash equivalents including restricted cash	3,065,999	43,354	210,631
Cash, cash equivalents, and restricted cash at beginning of year	1,186,918	1,143,564	932,933
Cash, cash equivalents, and restricted cash at end of year	**$ 4,252,917**	**$ 1,186,918**	**$ 1,143,564**

	Years Ended December 31,		
(in thousands)	2020	2019	2018
Supplemental Disclosures:			
Income taxes paid	$ 110,828	$ 101,781	$ 41,008
Interest paid	319,282	464,712	180,241
Non-cash Activities:			
Common stock issued, treasury stock reissued, equity awards/warrants exchanged to acquire FCB	—	1,625,688	—
Loans foreclosed and transferred to other real estate	2,163	19,423	13,168
Loans transferred to loans held for sale at fair value	49,821	72,707	12,568
Dividends declared on common stock during the year but paid after year-end	48,834	44,143	28,966
Dividends declared on preferred stock during the year but paid after year-end	5,141	5,141	—

See accompanying notes to the audited consolidated financial statements.

Note 1 - Summary of Significant Accounting Policies

Business Operations

Synovus provides commercial and retail banking in addition to a full suite of specialized products and services including treasury management, mortgage services, premium finance and international banking to its customers through its wholly-owned subsidiary bank, Synovus Bank, in offices located throughout Alabama, Florida, Georgia, South Carolina and Tennessee.

In addition to our banking operations, we also provide various other financial services to our customers through direct and indirect wholly-owned non-bank subsidiaries, including: Synovus Securities, headquartered in Columbus, Georgia, which specializes in professional portfolio management for fixed-income securities, investment banking, the execution of securities transactions as a broker/dealer, and the provision of individual investment advice on equity and other securities; and Synovus Trust, headquartered in Columbus, Georgia, which provides trust, asset management, and financial planning services.

Principles of Consolidation and Basis of Presentation

The consolidated financial statements of Synovus include the accounts of the Parent Company and its consolidated subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. The accounting and financial reporting policies of Synovus are in accordance with GAAP and conform to the accounting and reporting guidelines prescribed by bank regulatory authorities. Prior periods' consolidated financial statements are reclassified whenever necessary to conform to the current periods' presentation. No reclassifications of prior period balances were material to the consolidated financial statements unless specifically disclosed.

The Company's consolidated financial statements include all entities in which the Company has a controlling financial interest. A VIE for which Synovus or a subsidiary has been determined to be the primary beneficiary is also consolidated. The determination of whether a controlling financial interest exists is based on whether a single party has both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and the obligation to absorb the losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. Investments in VIEs, where Synovus is not the primary beneficiary, are accounted for using either the proportional amortization method or equity method of accounting. The Company uses the hypothetical liquidation at book value (HLBV) method for equity investments when the liquidation rights and priorities as defined by an equity investment agreement differ from what is reflected by the underlying percentage ownership interests.

Investments in VIEs are included in other assets in the consolidated balance sheets, and the Company's proportionate share of income or loss is included as either a component of income tax expense (proportional amortization method) or non-interest income (equity method). The maximum potential exposure to losses relative to investments in VIEs is generally limited to the sum of the outstanding balance, future funding commitments and any related loans to the entity. The assessment of whether or not the Company has a controlling interest (i.e., the primary beneficiary) in a VIE is performed on an on-going basis. Refer to “Part II - Item 8. Financial Statements and Supplementary Data - Note 16 - Commitments and Contingencies” of this Report for additional details regarding Synovus' involvement with VIEs.

Use of Estimates

In preparing the consolidated financial statements in accordance with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the respective consolidated balance sheets and the reported amounts of revenues and expenses for the periods presented. Actual results could differ significantly from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the ACL; estimates of fair value, including goodwill impairment assessment; income taxes; and contingent liabilities.

Business Combinations

Assets and liabilities acquired in business combinations are recorded at their acquisition date fair values, except as provided for by the applicable accounting guidance, with any excess recorded as goodwill. The results of operations of the acquired company are combined with Synovus' results from the acquisition date forward. In accordance with ASC Topic 805, *Business Combinations*, the Company generally records provisional amounts at the time of acquisition based on the information available to the Company. The provisional estimates of fair values may be adjusted for a period of up to one year (“measurement period”) from the date of acquisition if new information is obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date. Subsequent to the acquisition date, adjustments recorded during the measurement period are recognized in the current reporting period. Acquisition costs are expensed when incurred. Additional information regarding acquisitions is provided in “Part II - Item 8. Financial Statements and Supplementary Data - Note 2 - Acquisitions” of this Report.

Cash, Cash Equivalents, and Restricted Cash

Cash and cash equivalents consist of cash and due from banks as well as interest-bearing funds with Federal Reserve Bank, interest earning deposits with banks, and federal funds sold and securities purchased under resale agreements, which are inclusive of any restricted cash and restricted cash equivalents. On March 15, 2020, the Federal Reserve Board announced that, effective March 26, 2020, it would reduce reserve requirement ratios to zero percent for all depository institutions. At December 31, 2019, required deposits with the Federal Reserve Bank amounted to $111.5 million. Cash and cash equivalents included $158.7 million at December 31, 2020 and $87.8 million at December 31, 2019, which were pledged to collateralize certain derivative instruments and letters of credit.

Investment Securities Available for Sale

Investment securities available for sale are carried at fair value with unrealized gains and losses, net of the related tax effect, excluded from earnings and reported as a separate component of shareholders' equity within accumulated other comprehensive income (loss) until realized.

For investment securities available for sale in an unrealized loss position, if Synovus has an intention to sell the security, or it is more likely than not that the security will be required to be sold prior to recovery, the security is written down to its fair value. The write down is charged against the ACL with any additional impairment recorded in earnings. If the aforementioned criteria is not met, Synovus performs a quarterly assessment of its available for sale debt securities to determine if the decline in fair value of a security below its amortized cost is related to credit losses or other factors. Management considers the extent to which fair value is less than amortized cost, the issuer of the security, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. In assessing whether credit-related impairment exists, the present value of cash flows expected to be collected from the security is compared to the security's amortized cost. If the present value of cash flows expected to be collected is less than the security's amortized cost basis, the difference is attributable to credit losses. For such differences, Synovus records an ACL with an offset to provision for credit losses. Synovus limits the ACL recorded to the amount the security's fair value is less than the amortized cost basis. Impairment losses related to other factors are recognized in other comprehensive income (loss).

Interest income on securities available for sale is recorded on the accrual basis. Accrued interest on available for sale debt securities is excluded from the ACL determination and is recognized within other assets on the consolidated balance sheets. Available for sale debt securities are placed on non-accrual status when we no longer expect to receive all contractual amounts due, which is generally at 90 days past due. Accrued interest receivable is reversed against interest income when a security is placed on non-accrual status. Accordingly, we do not recognize an allowance for credit loss against accrued interest receivable.

Premiums and discounts are amortized or accreted over the life of the related security as an adjustment to yield using the effective interest method unless the premium is related to callable debt securities. For these securities, the amortization period is shortened to the earliest call date.

Realized gains and losses for securities are included in investment securities gains (losses), net, on the consolidated statements of income and are derived using the specific identification method, on a trade date basis.

Mortgage Loans Held for Sale and Mortgage Banking Income

Mortgage Loans Held for Sale

Mortgage loans held for sale are initially measured at fair value under the fair value option election with subsequent changes in fair value recognized in mortgage banking income on the consolidated statements of income.

Mortgage Banking Income

Mortgage banking income consists primarily of origination and ancillary fees on mortgage loans originated for sale, and gains and losses from the sale of those loans. Mortgage loans are sold servicing released, without recourse or continuing involvement, and meet ASC Topic 860, *Transfers and Servicing* criteria for sale accounting.

Other Loans Held for Sale

Other loans held for sale are carried at the lower of cost or estimated fair value.

Loans Held for Investment and Interest Income

Loans the Company has the intent and ability to hold for the foreseeable future are reported at principal amounts outstanding less amounts charged off, net of deferred fees and costs, and purchase premium/discount. Interest income is recognized on a level yield basis.

Non-accrual Loans

Loans on which the accrual of interest has been discontinued are designated as non-accrual loans. Accrual of interest is discontinued on loans when reasonable doubt exists as to the full collection of interest or principal, or when loans become contractually past due for 90 days or more as to either interest or principal, in accordance with the terms of the loan agreement, unless they are both well-secured and in the process of collection. When a loan is placed on non-accrual status, previously accrued and uncollected interest is reversed as an adjustment to interest income on loans. Interest payments received on non-accrual loans are generally recorded as a reduction of principal. As payments are received on non-accruing loans, interest income can be recognized on a cash basis; however, there must be an expectation of full repayment of the remaining recorded principal balance. The remaining portion of this payment is recorded as a reduction to principal. Loans are generally returned to accruing status when they are brought fully current with respect to interest and principal and when, in the judgment of management, the loans are estimated to be fully collectible as to both principal and interest, and the borrower has sustained repayment performance under the terms of the loan agreement for a reasonable period of time (generally six months).

Troubled Debt Restructurings

When borrowers are experiencing financial difficulties, Synovus may, in order to assist the borrowers in repaying the principal and interest owed to Synovus, make certain modifications to the borrower's loan. All loan modifications, renewals, and refinances are evaluated for TDR classification. The ALL on a TDR is measured using the same method as all other loans held for investment, except that the original interest rate, and not the rate specified with the restructuring, is used to discount the expected cash flows. 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). Insignificant periods of reduction of principal and/or interest payments, or short-term deferrals, 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.

Non-accruing TDRs may generally be returned to accrual status if there has been a period of performance, usually at least a six-month sustained period of repayment performance in accordance with the agreement. In the fiscal year subsequent to a loan's initial reporting as a TDR, a TDR for a borrower who is no longer experiencing financial difficulty (as evidenced by a period of performance), which yields a market rate of interest at the time of a renewal, and for which no principal was forgiven, is no longer considered a TDR.

On March 27, 2020, the CARES Act was signed into law. The CARES Act provided financial institutions the option to temporarily suspend certain requirements under GAAP related to TDRs for a limited period of time to account for the effects of COVID-19. Regulatory agencies have encouraged financial institutions to work prudently with borrowers who are or may be unable to meet their contractual payment obligations because of COVID-19. In the Interagency Statement on Loan Modifications and Reporting for Financial Institutions Working with Customers Affected by the Coronavirus (initially issued on March 22, 2020 and revised on April 7, 2020), the regulatory agencies expressed their view of loan modification programs as positive actions that may mitigate adverse effects on borrowers due to COVID-19 and their unwillingness to criticize institutions for working with borrowers in a safe and sound manner. Moreover, the Interagency Statement provided that eligible loan modifications related to COVID-19 may be accounted for under Section 4013 of the CARES Act or in accordance with ASC 310-40. Section 4013 of the CARES Act allows banks to elect to not consider loan modifications related to COVID-19 that are made between March 1, 2020 and the earlier of December 31, 2020, or 60 days after the national emergency ends to borrowers that are current (i.e., less than 30 days past due as of December 31, 2019) as TDRs. The regulatory agencies further stated that performing loans granted payment deferrals due to COVID-19 are not considered past due or non-accrual. The FASB confirmed the foregoing regulatory agencies' view, that such short-term modifications (e.g., six months) made on a good-faith basis in response to COVID-19 for borrowers who are current are not TDRs.

As such, beginning in late March 2020, Synovus provided relief programs consisting primarily of 90-day payment deferral relief of P&I to borrowers negatively impacted by COVID-19 and primarily accounted for these loan modifications in accordance with ASC 310-40. During the third and fourth quarters of 2020, upon evaluation of facts and circumstances, the CARES Act was elected for certain loan modifications that met the criteria of section 4013 of the CARES Act. The deferred payments along with interest accrued during the deferral period are generally due and payable on the maturity date of the existing loan. Based on the terms of the deferral relief program which did not provide for forgiveness of interest, Synovus recognized interest income on loans during the deferral period. The Consolidated Appropriations Act, 2021, which was signed into law on December 27, 2020, extended relief from TDRs under Section 4013 of the CARES Act to the earlier of January 1, 2022 or 60 days after the national emergency ends.

Concentrations of Credit Risk

A substantial portion of the loan portfolio is secured by real estate in markets located throughout Alabama, Florida, Georgia, South Carolina and Tennessee. Accordingly, the ultimate collectability of a substantial portion of the loan portfolio is susceptible to changes in market conditions in these areas.

Loan Origination Fees and Costs

Substantially all loan origination fees and costs are deferred and amortized to net interest income over the life of the related loan or over the commitment period as a yield adjustment. Net deferred income on originated loans, including unearned income and unamortized costs, fees, premiums and discounts, totaled $77.7 million and $25.4 million at December 31, 2020 and 2019, respectively. Net deferred income at December 31, 2020 included $48.9 million of net fees from PPP loans.

Allowance for Credit Losses (ACL)

On January 1, 2020, Synovus adopted ASU 2016-13 (and all subsequent ASUs on this topic, collectively, ASC 326), which replaced the existing incurred loss impairment guidance with an expected credit loss methodology (referred to as CECL). CECL requires management's estimate of credit losses over the full remaining expected life of loans and other financial instruments and for Synovus, applies to loans, unfunded loan commitments, accrued interest receivable, and available for sale debt securities. Upon adoption, Synovus applied the modified retrospective approach and recorded an after-tax cumulative-effect adjustment to beginning retained earnings for non-PCD assets (formerly non-PCI assets) and unfunded commitments of $35.7 million. Additionally, an initial estimate of expected credit losses on PCD assets (formerly PCI or ASC 310-30) was recognized with an offset to the cost basis of the related loans of $62.2 million. As permitted by transition guidance, Synovus did not reassess whether PCI assets met the criteria of PCD assets as of the adoption date. The remaining non-credit discount (based on the adjusted amortized cost basis) will be accreted into interest income. Results for reporting periods after adoption are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP.

The following table illustrates the impact of ASC 326 adoption:

	As of January 1, 2020		
in thousands	**Pre-ASC 326 Adoption**	**Impact of ASC 326 Adoption**	**As Reported under ASC 326**
Assets			
Allowance for loan losses:			
Commercial and industrial	$ 145,782	$ (2,310)	$ 143,472
Commercial real estate	67,430	(651)	66,779
Consumer	68,190	85,955	154,145
Total allowance for loan losses	$ 281,402	$ 82,994	$ 364,396
Liabilities			
Reserve for unfunded commitments	$ 1,375	$ 27,440	$ 28,815
Allowance for credit losses	**$ 282,777**	**$ 110,434**	**$ 393,211**

The following table illustrates the distribution of the ASC 326 adoption impact to loans and equity:

	As of January 1, 2020		
in thousands	**Pre-ASC 326 Adoption**	**Impact of ASC 326 Adoption**	**As Reported under ASC 326**
Loans, net	$ 36,881,048	$ (20,767)	$ 36,860,281
Retained earnings	1,068,327	(35,721)	1,032,606

Allowance for Loan Losses (ALL)

The ALL on loans held for investment represents management's estimate of credit losses expected over the life of the loans included in Synovus' existing loans held for investment portfolio. Changes to the allowance are recorded through a provision for credit losses and reduced by loans charged-off, net of recoveries. Determining the appropriateness of the allowance is complex and requires judgment by management about the effect of matters that are inherently uncertain.

Accrued but uncollected interest is recorded in other assets on the consolidated balance sheets. In general, the Company does not record an ACL for accrued interest receivables as allowable per ASC 326-20-30-5A as Synovus' non-accrual policies result in the timely write-off of accrued but uncollected interest.

Credit loss measurement

Synovus' loan loss estimation process includes procedures to appropriately consider the unique characteristics of its loan portfolio segments (C&I, CRE and consumer). These segments are further disaggregated into loan classes, the level at which credit quality is assessed and monitored (as described in the subsequent sections).

The ALL is measured on a collective (pool) basis when similar risk characteristics exist. Loans are grouped based upon the nature of the loan type and are further segregated based upon the individual loan risk ratings. Credit loss assumptions are primarily estimated using a DCF model applied to the aforementioned loan groupings. This model calculates an expected life-of-loan loss percentage for each loan category by considering the forecasted PD, which is the probability that a borrower will default, adjusted for relevant forecasted macroeconomic factors comprising multiple weighted scenarios representing different plausible outcomes, and LGD, which is the estimate of the amount of net loss in the event of default.

Expected credit losses are estimated over the contractual term of the loan, adjusted for expected prepayments and curtailments when appropriate. Management's determination of the contract term excludes expected extensions, renewals, and modifications unless either of the following applies: there is a reasonable expectation at the reporting date that a TDR will be executed with an individual borrower, or an extension or renewal option is included in the contract at the reporting date that is not unconditionally cancellable by Synovus.

To the extent the lives of the loans in the portfolio extend beyond the period for which a reasonable and supportable forecast can be made (which is two years for Synovus), the Company reverts, on a straight-line basis back to the historical rates over a one year period.

Life-of-loan loss percentages may also be adjusted, as necessary, for certain quantitative and qualitative factors that in management's judgment are necessary to reflect losses expected in the portfolio. These adjustments address inherent limitations in the quantitative model including uncertainty and limitations, among others.

The above reflects the ALL estimation process for most commercial and consumer sub-pools. In some cases, Synovus may apply other acceptable loss rate models to smaller subpools.

Loans that do not share risk characteristics are individually evaluated on a loan by loan basis with specific reserves, if any, recorded as appropriate. Specific reserves are determined based on two methods: discounted cash flow based upon the loan's contractual effective interest rate or at the fair value of the collateral, less costs to sell if the loan is collateral-dependent.

For individually evaluated loans, under the DCF method, resulting expected credit losses are recorded as a specific reserve with a charge-off for any portion of the expected credit loss that is determined not to be recoverable. The reserve is reassessed each quarter and adjusted as appropriate based on changes in estimated cash flows. Additionally, where guarantors are determined to be a source of repayment, an assessment of the guarantee is required. This guarantee assessment would include, but not be limited to, factors such as type and feature of the guarantee, consideration for the guarantor's financial strength and capacity to service the loan in combination with the guarantor's other financial obligations as well as the guarantor's willingness to assist in servicing the loan.

For individually evaluated loans, if the loan is collateral-dependent, then the fair value of the loan's collateral, less estimated selling costs, is compared to the loan's carrying amount to determine impairment. Fair value is estimated using appraisals performed by a certified or licensed appraiser. Management also considers other factors or recent developments, such as changes in absorption rates or market conditions at the time of valuation, selling costs and anticipated sales values, taking into account management's plans for disposition, which could result in adjustments to the fair value estimates indicated in the appraisals. The assumptions used in determining the amount of the impairment are subject to significant judgment. Use of different assumptions, for example, changes in the fair value of the collateral or management's plans for disposition could have a significant impact on the amount of impairment.

Purchased Loans with Credit Deterioration

Purchased loans are evaluated upon acquisition in order to determine if the loan, or pool of loans, has experienced more-than-insignificant deterioration in credit quality since origination or issuance. In the performance of this evaluation, Synovus considers migration of the credit quality of the loans at origination in comparison to the credit quality at acquisition.

Purchased loans classified as PCD are recognized in accordance with ASC 326-20-30, whereby the amortized cost basis of the PCD asset is 'grossed-up' by the initial estimate of credit losses with an offset to the ALL. This acquisition date allowance has no income statement effect. Post-acquisition, any changes in estimates of expected credit losses are recorded through the provision for credit losses. Non-credit discounts or premiums are accreted or amortized, respectively into interest income using the interest method.

Loans formerly accounted for as purchased credit-impaired in accordance with ASC 310-30 were automatically transitioned to PCD classification. The Company did not maintain ASC 310-30 pools. PCD loans were integrated into existing pool structures based upon the nature of the loan type and are further segregated based upon the individual loan risk ratings as noted above.

The accounting treatment for purchased loans classified as non-PCD is the same as loans held for investment as detailed in the above section.

Allowance for Credit Losses on Off-balance-sheet Credit Exposures

Synovus maintains a separate ACL for off-balance-sheet credit exposures, including unfunded loan commitments, unless the associated obligation is unconditionally cancellable by the Company. This allowance is included in other liabilities on the consolidated balance sheets with offsetting expense recognized as a component of the provision for credit losses on the consolidated statements of income. The reserve for off-balance-sheet credit exposures considers the likelihood that funding will occur and estimates the expected credit losses on resulting commitments expected to be funded over its estimated life using the estimated loss rates on loans held for investment.

Commercial Loans - Risk Ratings

Synovus utilizes two primary methods for risk assessment of the commercial loan portfolio: SRR Assessment and DRR Assessment. DRR is a statistical model approach to risk rating that includes a PD and a LGD. The SRR model is an expert judgment based model that results in a blended (i.e. single) rating. The single and dual risk ratings are based on the borrowers' credit risk profile, considering factors such as debt service history, current and estimated prospective cash flow information, collateral supporting the credit, source of repayment as well as other variables, as appropriate.

Each loan is assigned a risk rating during its initial approval process. For SRR loans, this process begins with a loan rating recommendation from the loan officer responsible for originating the loan. Commercial SRR loans are graded on a 10-point scale and include classifications of special mention, substandard, doubtful, and loss consistent with bank regulatory classifications. The primary determinants of the risk ratings for commercial SRR loans are the reliability of the primary source of repayment and the borrower's expected performance (i.e., the likelihood that the borrower will be able to service its obligations in accordance with the terms). Expected performance is based upon a full analysis of the borrower's historical financial results, current financial strength and future prospects, which includes any external drivers.

The DRR methodology is used for larger relationships within the C&I loan portfolio as well as certain IPRE loans. At December 31, 2020 and 2019, approximately 40% and 45% of total commercial loans were rated using the DRR methodology, respectively. The DRR includes sixteen PD categories.

The loan rating (for both SRR and DRR loans) is subject to approvals from other members of management, regional credit and/or loan committees depending on the size of the loan and credit attributes. Loan ratings are regularly re-evaluated based upon annual scheduled credit reviews or on a more frequent basis if determined prudent by management. Additionally, an independent loan review function evaluates Synovus' risk rating processes on a continuous basis.

Consumer Loans – Risk Ratings

Consumer loans are subject to uniform lending policies and consist primarily of loans with strong borrower credit scores. Synovus makes consumer lending decisions based upon a number of key credit risk determinants including FICO scores as well as loan-to-value and debt-to-income ratios. Consumer loans are generally assigned a risk rating on a 9-point scale based on credit bureau scores, with a loan grade of 1 assigned as the lowest level of risk and a loan grade of 6 as the highest level of risk. No loans graded higher than a 6 at origination are approved for funding. At 90-119 days past due, a loan grade of 7-substandard non-accrual is applied and at 120 days past due, the loan is generally downgraded to grade 9-loss or is charged-off. The consumer loan portfolio is sent on a quarterly basis to a consumer credit reporting agency for a refresh of customers' credit scores so that management can evaluate ongoing consistency or negative migration in the quality of the portfolio. Revolving lines of credit are reviewed for a material change in financial circumstances, and when appropriate, the line of credit may be suspended for further advances. FICO scores within the residential real estate portfolio have generally remained stable over the last several years.

The Allowance for Loan Losses, for periods before 2020, was established as follows:

a. Impaired loans were generally evaluated on a loan by loan basis with specific reserves, if any, recorded as appropriate. Specific reserves were determined based on ASC 310-10-35, which provided for measurement of a loan's impairment based on one of three methods: i) discounted cash flow based upon the loan's contractual effective interest rate, ii) at the loan's observable market price, or iii) at the fair value of the collateral, less costs to sell if the loan was collateral-dependent.

b. For loans that were not considered impaired, the allocated allowance for loan losses was calculated consistent with ASC 450, and determined based upon EL factors, which were applied to groupings of specific loan types by loan risk ratings. Allocated EL factors were also adjusted, as necessary, for certain qualitative factors that in management's judgment were necessary to reflect losses incurred in the portfolio.

Transfers of Financial Assets

Transfers of financial assets in which Synovus has surrendered control over the transferred assets are accounted for as sales. Control over transferred assets is considered to be surrendered when 1) the assets have been legally isolated from Synovus or any consolidated affiliates, even in bankruptcy or other receivership, 2) the transferee has the right to pledge or exchange the assets with no conditions that constrain the transferee and provide more than a trivial benefit to Synovus, and 3) Synovus does not maintain effective control over the transferred assets. If the transfer is accounted for as a sale, the transferred assets are derecognized from the balance sheet and a gain or loss on sale is recognized in the consolidated statements of income. If the sale criteria are not met, the transfer is accounted for as a secured borrowing and the transferred assets remain on Synovus' consolidated balance sheets and the proceeds from the transaction are recognized as a liability.

Cash Surrender Value of Bank-Owned Life Insurance

Investments in bank-owned life insurance policies on certain current and former officers and employees of Synovus are recorded at the net realizable value of the policies. Net realizable value is the cash surrender value of the policies less any applicable surrender charges and any policy loans. Synovus has not borrowed against the cash surrender value of these policies. Changes in the cash surrender value of the policies as well as proceeds from insurance benefits are recorded in income from bank-owned life insurance in the consolidated statements of income.

Premises, Equipment and Software

Premises, equipment and software including bank owned branch locations and leasehold improvements are reported at cost, less accumulated depreciation and amortization, which are computed using the straight-line method over the estimated useful lives of the related assets. Buildings and improvements are depreciated over an average of 10 to 40 years, while furniture, equipment, and software are depreciated and amortized over a range of 3 to 10 years. Synovus capitalizes certain costs associated with the acquisition or development of internal-use software. Once the software is ready for its intended use, these costs are amortized on a straight-line basis over the software's expected useful life over a range of the lesser of contract terms or 3 to 7 years. Leasehold improvements are depreciated over the shorter of the estimated useful life or the remainder of the lease term. Synovus reviews long-lived assets, such as premises and equipment, for impairment whenever events and circumstances indicate that the carrying amount of an asset may not be recoverable. Maintenance and repairs are charged to non-interest expense and improvements that extend the useful life of the asset are capitalized to the asset's carrying value and depreciated.

Goodwill and Other Intangible Assets

Goodwill represents the excess purchase price over the fair value of identifiable net assets of acquired businesses. Goodwill is tested for impairment at the reporting unit level, equivalent to a business segment or one level below. Synovus performs its annual evaluation of goodwill impairment during the fourth quarter of each year and as events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. During 2020, due to triggering events brought on by COVID-19, Synovus performed quantitative assessments as of March 31, 2020, June 30, 2020, September 30, 2020, and November 30, 2020. The quantitative assessment of goodwill impairment included determining the estimated fair value of each reporting unit, utilizing a combination of discounted cash flow and market-based approaches, and comparing that fair value to each reporting unit's carrying amount. If the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. The discounted cash flow method was weighted 60% and the market-based approach was weighted 40%. The discounted cash flow method included internal forecasts, long-term profitability targets, growth rates and discount rates. The market approach was based on a comparison of certain financial metrics of the Company's reporting units to guideline public company peers. Refer to "Part II - Item 8. Financial Statements and Supplementary Data - Note 7 - Goodwill and Other Intangible Assets" of this Report for additional details.

Prior to 2020, Synovus applied the qualitative assessment guidance to determine if the following factors indicated that goodwill was more likely than not impaired: macroeconomic conditions, industry and market considerations, cost factors, overall financial performance, other relevant entity-specific events, events affecting the reporting unit, and common stock share price. ASC Topic 350-20-35-3A, *Goodwill Subsequent Measurement - Qualitative Assessment,* provides the option to perform a qualitative assessment to determine whether the quantitative portion of the goodwill impairment test is necessary.

Other intangible assets relate primarily to a core deposit intangible and borrower relationships resulting from business acquisitions. The core deposit intangible is amortized over its estimated useful life of approximately ten years utilizing an accelerated method. The remaining intangible assets are amortized using straight line methods based on the remaining lives of the assets with amortization periods ranging from eight to ten years. Amortization periods for intangible assets are monitored to determine if events and circumstances require such periods to be reduced.

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of the intangible assets is measured by a comparison of the asset's carrying amount to future undiscounted cash flows expected to be generated by the asset. Any resulting impairment is measured by the amount by which the carrying value exceeds the fair value of the asset (based on the undiscounted cash flows expected to be generated by the asset).

Segment Disclosures

ASC Topic 280, *Segment Reporting*, requires information be reported about a company's operating segments using a "management approach." Reportable segments are identified as those revenue-producing components for which discrete financial information is produced internally and which are subject to evaluation by the chief operating decision makers in making resource allocation decisions. Based on this guidance, Synovus identified three major reportable business segments: Community Banking, Wholesale Banking, and Financial Management Services (FMS), with functional activities such as treasury, technology, operations, marketing, finance, enterprise risk, legal, human resources, corporate communications, executive management, among others, included in Treasury and Corporate Other. Prior to the fourth quarter of 2019, Synovus identified its overall banking operations as its only reportable segment. Refer to "Part II - Item 8. Financial Statements and Supplementary Data - Note 19 - Segment Reporting" of this Report for additional details. The application and development of management reporting methodologies is a dynamic process and is subject to periodic enhancements. As these enhancements are made, financial results presented by each reportable segment may be periodically revised.

Other Assets

Other assets include ROU assets, FRB and FHLB stock, derivative asset positions, accrued interest receivable and investments in LIHTC and solar energy tax credits and other balances as shown in "Part II - Item 8. Financial Statements and Supplementary Data - Note 8 - Other Assets" of this Report.

As a member of the Federal Reserve System, Synovus is currently required to purchase and hold shares of capital stock in the Federal Reserve Bank (recorded at amortized cost, which approximates fair value, of $142.5 million and $141.7 million at December 31, 2020 and 2019, respectively) in an amount equal to the greater of 6% of its capital and surplus or 0.6% of deposits. As a member of the FHLB, Synovus is also required to purchase and hold shares or capital stock in the FHLB (recorded at amortized cost, which approximates fair value, of $15.0 million and $144.7 million at December 31, 2020 and 2019, respectively) in an amount equal to its membership base investment plus an activity-based investment determined according to the level of outstanding FHLB advances.

Derivative Instruments

Synovus' risk management policies emphasize the management of interest rate risk within acceptable guidelines. Synovus' objective in maintaining these policies is to limit volatility in net interest income arising from changes in interest rates. Risks to be managed include both fair value and cash flow risks. Utilization of derivative financial instruments provides a valuable tool to assist in the management of these risks.

All derivative instruments are recorded on the consolidated balance sheets at their respective fair values, net of variation margin payments, as components of other assets and other liabilities. The accounting for changes in fair value (i.e., unrealized gains or losses) of a derivative instrument depends on whether it qualifies and has been designated as part of a hedging relationship in accordance with ASC Topic 815, *Derivatives and Hedging*. Synovus formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivative instruments that are used are highly effective in offsetting changes in fair values or cash flows of the hedged items.

Fair value hedges - If the hedged exposure is a fair value exposure, the unrealized gain or loss on the derivative instrument is recognized in earnings in the period of change, in the same income statement line as the offsetting unrealized loss or gain on the hedged item attributable to the risk being hedged. When a fair value hedge is discontinued, the remaining cumulative adjustments to the hedged item and accumulated amounts in OCI are accounted for in the same manner as other components of the carrying amount of the asset or liability. If the hedged item is derecognized, the accumulated amounts in OCI are immediately reclassified to net income.

Cash flow hedges - If the hedged exposure is a cash flow exposure, the effective portion of the gain or loss on the derivative instrument is reported initially as a component of accumulated other comprehensive income (loss), net of the tax impact, and subsequently reclassified into earnings when the hedged transaction affects earnings with the impacts recorded in the same income statement line item used to present the earnings effect of the hedged item. When a cash flow hedge is discontinued but the hedged cash flows or forecasted transactions are still expected to occur, gains or losses that were accumulated in other comprehensive income are amortized into earnings over the same periods which the hedged transactions would have affected earnings. If, however, it is probable the forecasted transactions will no longer occur, the accumulated amounts in OCI at the de-designation date are immediately recognized in earnings.

If the derivative instrument is not designated as a hedge, the gain or loss on the derivative instrument is recognized in earnings as a component of other non-interest revenue on the consolidated statements of income in the period of change.

Synovus also holds derivative instruments, which consist of interest rate lock agreements related to expected funding of fixed-rate mortgage loans to customers (interest rate lock commitments) and forward commitments to sell mortgage-backed securities and individual fixed-rate mortgage loans. Synovus' objective in obtaining the forward commitments is to mitigate the interest rate risk associated with the interest rate lock commitments and the mortgage loans that are held for sale. Both the interest rate lock commitments and the forward commitments are reported at fair value, with adjustments recorded in current period earnings in mortgage banking income.

Synovus also enters into interest rate swap agreements to facilitate the risk management strategies of certain commercial banking customers. Synovus mitigates this risk by entering into equal and offsetting interest rate swap agreements with highly rated third-party financial institutions. The interest rate swap agreements are free-standing derivatives and are recorded at fair value with any unrealized gain or loss recorded in current period earnings in other non-interest revenue. These instruments, and their offsetting positions, are recorded in other assets and other liabilities on the consolidated balance sheets.

Non-interest Revenue

Synovus' contracts with customers generally do not contain terms that require significant judgment to determine the amount of revenue to recognize. Synovus' policies for recognizing non-interest revenue within the scope of ASC Topic 606, *Revenue from Contracts with Customers*, including the nature and timing of such revenue streams, are included below.

Service Charges on Deposit Accounts: Revenue from service charges on deposit accounts is earned through cash management, wire transfer, and other deposit-related services, as well as overdraft, NSF, account management and other deposit-related fees. Revenue is recognized for these services either over time, corresponding with deposit accounts' monthly cycle, or at a point in time for transaction-related services and fees. Payment for service charges on deposit accounts is primarily received immediately or in the following month through a direct charge to customers' accounts.

Fiduciary and Asset Management Fees: Fiduciary and asset management fees are primarily comprised of fees earned from the management and administration of trusts and other customer assets. Synovus' performance obligation is generally satisfied over time and the resulting fees are recognized monthly, based upon the month-end market value of the assets under management and the applicable fee rate. Payment is generally received a few days after month-end through a direct charge to customers' accounts. Synovus does not earn performance-based incentives.

Card Fees: Card fees consist primarily of interchange fees from consumer credit and debit cards processed by card association networks, as well as merchant discounts, and other card-related services. Interchange rates are generally set by the credit card associations and based on purchase volumes and other factors. Interchange fees and merchant discounts are recognized concurrently with the delivery of service on a daily basis as transactions occur. Payment is typically received immediately or in the following month. Card fees are reported net of certain associated expense items including loyalty program expenses and network expenses.

Brokerage Revenue: Brokerage revenue consists primarily of commissions. Additionally, brokerage revenue includes advisory fees earned from the management of customer assets. Transactional revenues are based on the size and number of transactions executed at the client's direction and are generally recognized on the trade date with payment received on the settlement date. Advisory fees for brokerage services are recognized and collected monthly and are based upon the month-end market value of the assets under management at a rate predetermined in the contract.

Capital Markets Income (within the scope of ASC Topic 606): Investment banking income, a component of capital markets income, is comprised primarily of securities underwriting fees and remarketing fees. Synovus assists corporate clients in raising capital by offering equity or debt securities to potential investors. The transaction fees are based on a percentage of the total transaction amount. The underwriting and remarketing fees are recognized on the trade date when the securities are sold to third-party investors with payment received on the settlement date.

Insurance Revenue (included in other non-interest revenue on the consolidated statements of income): Insurance revenue primarily consists of commissions received on annuity and life product sales. The commissions are recognized as revenue when the customer executes an insurance policy with the insurance carrier. In some cases, Synovus receives payment of trailing commissions each year when the customer pays its annual premium.

Other Fees (included in other non-interest revenue on the consolidated statements of income): Other fees within the scope of ASC Topic 606 primarily consist of revenues generated from safe deposit box rental fees and lockbox services. Fees are recognized over time, on a monthly basis, as Synovus' performance obligation for services is satisfied. Payment is received upfront for safe deposit box rentals and in the following month for lockbox services.

Advertising Expense

Advertising costs are expensed as incurred and recorded as a component of non-interest expense.

Income Taxes

Synovus is a domestic corporation that files a consolidated federal income tax return with its wholly-owned subsidiaries and files state income tax returns on a consolidated or separate entity basis with the various taxing jurisdictions based on its taxable presence. The current income tax payable or receivable is an estimate of the amounts currently owed to or due from taxing authorities in which Synovus conducts business. It also includes increases and decreases in the amount of taxes payable for uncertain tax positions reported in tax returns for the current and/or prior years.

Synovus uses the asset and liability method to account for future income taxes expected to be paid or received (i.e., deferred income taxes). Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement (GAAP) carrying amounts of existing assets and liabilities and their respective tax bases, including operating losses and tax credit carryforwards. The deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in income tax rates is recognized in income in the period that includes the enactment date.

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 will not be realized. 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 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.

Significant estimates used in accounting for income taxes relate to the valuation allowance for deferred tax assets, estimates of the realizability of income tax credits, utilization of NOLs, the determination of taxable income, and the determination of temporary differences between book and tax bases.

Synovus accrues tax liabilities for uncertain income tax positions based on current assumptions regarding the expected outcome by weighing the facts and circumstances available at the reporting date. If related tax benefits of a transaction are not more likely than not of being sustained upon examination, Synovus will accrue a tax liability or reduce a deferred tax asset for the expected tax impact associated with the transaction. Events and circumstances may alter the estimates and assumptions used in the analysis of its income tax positions and, accordingly, Synovus' effective tax rate may fluctuate in the future. Synovus recognizes accrued interest and penalties related to unrecognized income tax benefits as a component of income tax expense.

Share-based Compensation

Synovus has a long-term incentive plan under which the Compensation Committee of the Board of Directors has the authority to grant share-based awards to Synovus employees. Synovus' share-based compensation costs associated with employee grants are recorded as a component of salaries and other personnel expense on the consolidated statements of income. Share-based compensation costs associated with grants made to non-employee directors of Synovus are recorded as a component of other operating expenses. Vesting for grants of share-based awards granted to Synovus employees accelerates upon retirement for plan participants who have reached age 65 and who also have no less than ten years of service at the date of their election to retire. Share-based compensation expense for service-based awards that contain a graded vesting schedule is recognized net of estimated forfeitures for plan participants on a straight-line basis over the shorter of the requisite service period for the entire award or the period until reaching retirement eligibility. The non-employee director restricted share units become fully vested and transferable upon the earlier to occur of the completion of three years of service or the date the holder reaches the mandatory retirement age, as set forth in the Company's Corporate Governance Guidelines. Thus, share-based compensation expense for non-employee awards is recognized over the shorter of three years or mandatory retirement. Synovus records all tax effects associated with share-based compensation through the income statement.

Earnings per Share

Basic net income per common share is computed by dividing net income available to common shareholders by the average common shares outstanding for the period. Diluted net income per common share reflects the dilution that could occur if securities or other contracts to issue common stock were exercised or converted. The dilutive effect of outstanding options and restricted share units is reflected in diluted net income per common share, unless the impact is anti-dilutive, by application of the treasury stock method.

Share Repurchases

Common stock repurchases are recorded at cost. At the date of repurchase, shareholders' equity is reduced by the repurchase price and includes commissions and other transaction expenses that arise from the repurchases. The Company has not historically retired shares repurchased, but Synovus' policy is to record retirement of shares in accordance with ASC 505-30-30. If treasury shares are subsequently reissued, treasury stock is reduced by the cost of such stock with differences between cost and the re-issuance date fair value recorded in additional paid-in capital or retained earnings, as applicable.

Fair Value Measurements and Disclosures

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

Fair Value Hierarchy

Synovus determines the fair value of its financial instruments based on the fair value hierarchy established under ASC 820-10-35, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument’s categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the financial instrument's fair value measurement in its entirety. There are three levels of inputs that may be used to measure fair value. The three levels of inputs of the valuation hierarchy are defined below:

Level 1	Quoted prices (unadjusted) in active markets for identical assets and liabilities for the instrument or security to be valued.
Level 2	Observable inputs other than Level 1 quoted prices, such as quoted prices for similar assets and liabilities in active markets, quoted prices in markets that are not active or model-based valuation techniques for which all significant assumptions are derived principally from or corroborated by observable market data.
Level 3	Unobservable inputs that are supported by little, if any, market activity for the asset or liability.

Valuation Methodology by Instrument - Recurring Basis

The following is a description of the valuation methodologies used for the major categories of financial assets and liabilities measured at fair value on a recurring basis.

Investment Securities Available for Sale and Trading Account Assets/Liabilities

The fair values of investment securities available for sale and trading securities are primarily based on actively traded markets where prices are based on either quoted market prices or observed transactions. Management employs independent third-party pricing services to provide fair value estimates for Synovus' investment securities available for sale and trading securities. Fair values for fixed income investment securities are typically determined based upon quoted market prices, and/or inputs that are observable in the market, either directly or indirectly, for substantially similar securities. Level 1 securities are typically exchange quoted prices and include financial instruments such as U.S. Treasury securities and marketable equity securities. Level 2 securities are typically matrix priced by the third-party pricing service to calculate the fair value. Such fair value measurements consider observable data such as market spreads, cash flows, yield curves, live trading levels, trade execution data, market consensus prepayments speeds, credit information, and the respective terms and conditions for debt instruments. The types of securities classified as Level 2 within the valuation hierarchy primarily consist of collateralized mortgage obligations, mortgage-backed securities, debt securities of GSEs and agencies, corporate debt, asset-backed securities, and state and municipal securities.

Management uses various validation procedures to confirm the prices received from pricing services are reasonable. Such validation procedures include reference to market quotes and a review of valuations and trade activity of comparable securities. Consideration is given to the nature of the quotes (e.g., indicative or firm) and the relationship of recently evidenced market activity to the prices provided by the third-party pricing service. Further, management also employs the services of an additional independent pricing firm as a means to verify and confirm the fair values of the primary independent pricing firms.

When there is limited activity or less transparency around inputs to valuation, Synovus develops valuations based on assumptions that are not readily observable in the marketplace; these securities are classified as Level 3 within the valuation hierarchy. The Level 3 investment securities available for sale consists of a trust preferred security issued by a financial institutions. Management determines the fair value of this holding by calculating the net present value of projected cash flows based on the debt terms using a discount rate that includes a credit spread.

Mortgage Loans Held for Sale

Synovus elected to apply the fair value option for mortgage loans originated with the intent to sell to investors in the secondary market. When loans are not committed to an investor at a set price, fair value is derived from a hypothetical bulk sale model using current market pricing indicators. A best execution valuation model is used for loan pricing for similar assets based upon forward settlements of a pool of loans of similar coupon, maturity, product, and credit attributes. The inputs to the model are continuously updated with available market and historical data. As the loans are sold in the secondary market and primarily used as collateral for securitizations, the valuation model methodology attempts to reflect the pricing execution available to Synovus' principal market. Mortgage loans held for sale are classified within Level 2 of the valuation hierarchy.

Private equity instruments

The private equity investments in which Synovus holds a limited partner interest consist of i) funds that invest in privately held companies and ii) funds previously invested in privately held companies which become publicly traded securities. Funds invested in privately held companies are classified as Level 3 and the estimated fair value of the company is the estimated fair value as an exit price the fund would receive if it were to sell the company in the marketplace. The fair value of the fund's underlying investments is estimated through the use of valuation models, such as option pricing or a discounted cash flow model. Synovus typically sells shares in any investment after initial public offering (IPO) lock-up periods have ended.

Mutual Funds

Mutual funds (including those held in rabbi trusts) primarily invest in equity and fixed income securities. Shares of mutual funds are valued based on quoted market prices and are therefore classified within Level 1 of the fair value hierarchy.

Derivative Assets and Liabilities

Fair values of interest rate lock commitments and forward commitments are estimated based on an internally developed model that uses readily observable market data such as interest rates, prices and indices to generate continuous yield or pricing curves, volatility factors, and customer credit-related adjustments, subject to the anticipated loan funding probability (pull-through rate). These fair value estimates are classified as Level 2 within the valuation hierarchy.

Fair values of interest rate swaps are provided by the clearing house, or centralized counter party (CCP). An independent third-party valuation is used to verify and confirm these values.

Valuation Methodology by Instrument - Non-recurring Basis

The following is a description of the valuation methodologies used for the major categories of financial assets and liabilities measured at fair value on a non-recurring basis.

Other Loans Held for Sale

Loans are transferred to other loans held for sale at amortized cost when Synovus makes the determination to sell specifically identified loans. If the amortized cost exceeds fair value a valuation allowance is established for the difference. The fair value of the loans is primarily determined by analyzing the anticipated market prices of similar assets less estimated costs to sell. At the time of transfer, any credit losses are determined in accordance with Synovus' policy and recorded as a charge-off against the allowance for loan losses. Subsequent changes in the valuation allowance due to changes in the fair value subsequent to the transfer, as well as gains/losses realized from the sale of these assets, are recorded as gains/losses on other loans held for sale, net, as a component of non-interest expense on the consolidated statements of income (Level 3).

Other Real Estate

Other Real Estate (ORE) consists of properties obtained through a foreclosure proceeding or through an in-substance foreclosure in satisfaction of loans. A loan is classified as an in-substance foreclosure when Synovus has taken possession of the collateral regardless of whether formal foreclosure proceedings have taken place.

At foreclosure, ORE is recorded at 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, adjusted for estimated selling costs (Level 3). Any adjustments are recorded as a component of foreclosed real estate expense, net within our consolidated statements of income.

Other Assets Held for Sale

Other assets held for sale consist of certain premises and equipment held for sale. The fair value of these assets is determined primarily on the basis of appraisals or BOV, as circumstances warrant, adjusted for estimated selling costs. Both techniques engage licensed or certified professionals that use inputs such as absorption rates, capitalization rates, and market comparables (Level 3).

Fair Value of Financial Instruments

Cash and Cash Equivalents

Cash and cash equivalents, interest bearing funds with the Federal Reserve Bank, interest earning deposits with banks, and federal funds sold and securities purchased under resale agreements are repriced on a short-term basis; as such, the carrying value closely approximates fair value. Since these amounts relate to highly liquid assets, these are considered a Level 1 measurement.

Loans, net of Deferred Fees and Costs

Synovus estimates the fair value of loans based on the present value of the future cash flows using the interest rate that would be charged for a similar loan to a borrower with similar risk, adjusted for a discount based on the estimated time period to complete a sale transaction with a market participant. Loans are considered a Level 3 fair value measurement.

Deposits

The fair value of deposits with no stated maturity, such as non-interest-bearing demand accounts, interest bearing demand deposits, money market accounts, and savings accounts, is estimated to be equal to the amount payable on demand as of that respective date. The fair value of time deposits is based on the discounted value of contractual cash flows. The discount rate is estimated using the rates currently offered for deposits of similar remaining maturities. Synovus has determined that the appropriate classification for deposits is Level 2 due to the ability to reasonably measure all inputs to valuation based on observable market variables.

Short-term and Long-term Debt

Short-term and long-term debt is considered a Level 2 valuation, as management relies on market prices for bonds or debt that is similar, but not necessarily identical, to the debt being valued. Short-term debt that matures within ten days is assumed to be at fair value and is considered a Level 1 measurement.

Long-term Debt

Long-term debt balances are presented net of discounts and premiums as well as debt issuance costs that arise from the issuance of long-term debt. Discounts, premiums and debt issuance costs are amortized using the effective interest rate method or straight-line method (when the financial statement impacts of this method are not materially different from the former method).

Contingent Liabilities and Legal Costs

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. Management accrues an estimated loss from a loss contingency when information available indicates that it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. In addition, it must be probable that one or more future events will occur confirming the fact of the loss. 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.

Legal costs, including attorney fees, incurred in connection with pending litigation and other loss contingencies are expensed as incurred.

Recently Adopted Accounting Standards

ASU 2020-04, *Reference Rate Reform: Facilitation of the Effects of Reference Rate Reform on Financial Reporting (ASC 848)*. Synovus adopted ASU 2020-04 effective October 1, 2020. This ASU provides temporary, optional guidance to ease the potential burden in accounting for, or recognizing the effects of, the transition away from the LIBOR or other interbank offered rate on financial reporting. To help with the transition to new reference rates, the ASU provides optional expedients and exceptions for applying GAAP to affected contract modifications and hedge accounting relationships. The main provisions include:

- A change in a contract's reference interest rate would be accounted for as a continuation of that contract rather than as the creation of a new one for contracts, including loans, debt, leases, and other arrangements, that meet specific criteria.
- When updating its hedging strategies in response to reference rate reform, an entity would be allowed to preserve its hedge accounting.

The guidance is applicable only to contracts or hedge accounting relationships that reference LIBOR or another reference rate expected to be discontinued. Because the guidance is meant to help entities through the transition period, it will be in effect for a limited time and will not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, except for hedging relationships existing as of December 31, 2022, for which an entity has elected certain optional expedients that are retained through the end of the hedging relationship. The amendments in this ASU are effective March 12, 2020 through December 31, 2022. Synovus will apply the relief provided by ASU 2020-04 to eligible contract modifications with no material impact expected impact at this time.

Recently Issued Accounting Standards Not Yet Adopted

ASU 2020-08, *Codification Improvements to Subtopic 310-20, Receivables – Nonrefundable Fees and Other Costs*. The guidance in this ASU pertains to the shortened amortization period for certain purchased callable debt securities held at a premium, which premium is amortized to the earliest call date in accordance with ASC 310-20-25-33, and clarifies that an entity should reevaluate whether a callable debt security is within the scope of paragraph 310-20-25-33 for each reporting period. The amendments in this ASU are effective for fiscal years beginning after December 15, 2020. Early adoption is not permitted. We do not expect a material impact upon adoption.

ASU 2019-12, *Income Taxes (Topic 740) - Simplifying the Accounting for Income Taxes*. This update provides, among other things, simplifications for accounting for income taxes by removing certain exceptions. The amendments in this ASU are effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years, with early adoption permitted. We will adopt this ASU upon the effective date and do not expect it to have a material impact upon adoption..

Note 2 - Acquisitions

Acquisition of FCB Financial Holdings, Inc.

Effective January 1, 2019, Synovus completed its acquisition of all of the outstanding stock of FCB, a bank holding company based in Weston, Florida, for total consideration of $1.63 billion. Effective January 1, 2019, FCB's wholly-owned banking subsidiary, Florida Community Bank, National Association, merged into Synovus Bank. The acquisition of FCB expanded Synovus' presence in Florida and the Southeast, adding $9.29 billion in loans and $10.93 billion in deposits on the Acquisition Date.

Under the terms of the Merger Agreement, each outstanding share of FCB common stock was converted into the right to receive 1.055 Synovus common shares and cash in lieu of fractional shares. The aggregate purchase price of $1.63 billion included $173 thousand in cash, $1.58 billion, or 49.5 million shares, of Synovus common stock and $44.0 million of exchanged equity awards and warrants, based on Synovus' closing stock price of $31.99 per share on December 31, 2018, as well as valuation pricing models for the exchanged stock options and warrants.

The acquisition of FCB constituted a business combination and was accounted for under the acquisition method of accounting in accordance with ASC Topic 805, *Business Combinations,* with the valuation finalized as of December 31, 2019. The results of FCB's operations are included in Synovus' consolidated financial statements since the Acquisition Date.

Note 3 - Restructuring

For the years ended December 31, 2020, 2019, and 2018, total restructuring charges consist of the following components:

	Years Ended December 31,		
(in thousands)	**2020**	**2019**	**2018**
Severance charges	$ 15,645	$ 1,097	$ (273)
Lease termination charges	7,117	—	136
Asset impairment charges	3,374	—	86
Other charges	855	133	—
Total restructuring charges	**$ 26,991**	**$ 1,230**	**$ (51)**

In January 2020, Synovus announced efficiency initiatives as part of its Synovus Forward plan and recorded restructuring charges of $27.0 million, consisting largely of severance charges of $15.6 million, during the year ended December 31, 2020. Severance charges included $13.7 million in one-time termination benefits associated with a voluntary early retirement program offered to employees in the latter part of 2020. During 2020, Synovus also recorded $10.5 million in lease termination charges and asset impairment charges related to branch closures and restructuring of corporate real estate.

The following table presents aggregate activity associated with accruals that resulted from the restructuring charges recorded during the year ended December 31, 2020.

(in thousands)	**Severance Charges**	**Lease Termination Charges**	**Total**
Balance at December 31, 2019	$ 1,085	$ 940	$ 2,025
Accruals for voluntary and involuntary termination benefits	15,645	—	15,645
Accruals for lease terminations	—	7,117	7,117
Payments	(7,511)	(2,065)	(9,576)
Balance at December 31, 2020	**$ 9,219**	**$ 5,992**	**$ 15,211**

Other charges were paid in the years that they were incurred. No other restructuring charges resulted in payment accruals.

Note 4 - Investment Securities Available for Sale

The amortized cost, gross unrealized gains and losses, and estimated fair values of investment securities available for sale at December 31, 2020 and 2019 are summarized below.

	December 31, 2020			
(in thousands)	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
U.S. Treasury securities	$ 20,257	$ —	$ —	$ 20,257
U.S. Government agency securities	79,638	2,682	—	82,320
Mortgage-backed securities issued by U.S. Government agencies	1,216,012	7,930	(5,925)	1,218,017
Mortgage-backed securities issued by U.S. Government sponsored enterprises	4,865,858	134,188	—	5,000,046
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	1,245,644	15,309	(10,576)	1,250,377
Commercial mortgage-backed securities issued by U.S. Government agencies or sponsored enterprises	354,244	16,677	—	370,921
Corporate debt securities and other debt securities	20,211	457	(168)	20,500
Total investment securities available for sale	**$ 7,801,864**	**$ 177,243**	**$ (16,669)**	**$ 7,962,438**

	December 31, 2019			
(in thousands)	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
U.S. Treasury securities	$ 19,855	$ —	$ —	$ 19,855
U.S. Government agency securities	35,499	1,042	—	36,541
Mortgage-backed securities issued by U.S. Government agencies	56,328	560	(72)	56,816
Mortgage-backed securities issued by U.S. Government sponsored enterprises	5,079,396	103,495	(2,076)	5,180,815
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	629,706	7,349	(204)	636,851
Commercial mortgage-backed securities issued by U.S. Government agencies or sponsored enterprises	357,291	14,301	—	371,592
State and municipal securities	2,069	6	—	2,075
Asset-backed securities	323,237	4,315	(152)	327,400
Corporate debt securities and other debt securities	144,410	2,317	(2)	146,725
Total investment securities available for sale	**$ 6,647,791**	**$ 133,385**	**$ (2,506)**	**$ 6,778,670**

At December 31, 2020 and 2019, investment securities with a carrying value of $3.84 billion and $1.71 billion, respectively, were pledged to secure certain deposits and other liabilities, as required by law or contractual agreements.

Gross unrealized losses on investment securities and the fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2020 and December 31, 2019 are presented below.

	December 31, 2020					
	Less than 12 Months		12 Months or Longer		Total	
(in thousands)	**Fair Value**	**Gross Unrealized Losses**	**Fair Value**	**Gross Unrealized Losses**	**Fair Value**	**Gross Unrealized Losses**
Mortgage-backed securities issued by U.S. Government agencies	$ 566,896	$ (5,925)	$ —	$ —	$ 566,896	$ (5,925)
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	803,429	(10,576)	—	—	803,429	(10,576)
Corporate debt securities and other debt securities	9,337	(168)	—	—	9,337	(168)
Total	**$ 1,379,662**	**$ (16,669)**	**$ —**	**$ —**	**$ 1,379,662**	**$ (16,669)**

	December 31, 2019					
	Less than 12 Months		12 Months or Longer		Total	
(in thousands)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Mortgage-backed securities issued by U.S. Government agencies	$ 19,543	$ (70)	$ 355	$ (2)	$ 19,898	$ (72)
Mortgage-backed securities issued by U.S. Government sponsored enterprises	768,040	(2,076)	—	—	768,040	(2,076)
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	57,670	(204)	—	—	57,670	(204)
Asset-backed securities	37,156	(116)	4,954	(36)	42,110	(152)
Corporate debt securities and other debt securities	9,505	(2)	—	—	9,505	(2)
Total	**$ 891,914**	**$ (2,468)**	**$ 5,309**	**$ (38)**	**$ 897,223**	**$ (2,506)**

As of December 31, 2020, Synovus had 22 investment securities in a loss position for less than twelve months and no investment securities in a loss position for twelve months or longer. Synovus does not intend to sell investment securities in an unrealized loss position prior to the recovery of the unrealized loss, which may not be until maturity, and has the ability and intent to hold those securities for that period of time. Additionally, Synovus is not currently aware of any circumstances which will require it to sell any of the securities that are in an unrealized loss position prior to the respective securities' recovery of all such unrealized losses. As such, no write-downs to the amortized cost basis of the portfolio were recorded at December 31, 2020. During 2020, as part of an overall strategic repositioning of the investment securities portfolio, Synovus realized net gains of $78.9 million from sales of investment securities, including losses of $6.4 million primarily related to the sale of Synovus' remaining portfolio of asset-backed securities.

At December 31, 2020, no ACL was established for investment securities. Substantially all of the unrealized losses on the securities portfolio were the result of changes in market interest rates compared to the date the securities were acquired rather than the credit quality of the issuers or underlying loans.

The amortized cost and fair value by contractual maturity of investment securities available for sale at December 31, 2020 are shown below. The expected life of MBSs or CMOs may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties. For purposes of the maturity table, MBSs and CMOs, which are not due at a single maturity date, have been classified based on the final contractual maturity date.

	Distribution of Maturities at December 31, 2020				
(in thousands)	Within One Year	1 to 5 Years	5 to 10 Years	More Than 10 Years	Total
Amortized Cost					
U.S. Treasury securities	$ 20,257	$ —	$ —	$ —	$ 20,257
U.S. Government agency securities	430	2,085	77,123	—	79,638
Mortgage-backed securities issued by U.S. Government agencies	—	1,390	232	1,214,390	1,216,012
Mortgage-backed securities issued by U.S. Government sponsored enterprises	—	231	83,163	4,782,464	4,865,858
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	—	—	225	1,245,419	1,245,644
Commercial mortgage-backed securities issued by U.S. Government agencies or sponsored enterprises	4,160	105,549	136,656	107,879	354,244
Corporate debt securities and other debt securities	—	9,505	8,706	2,000	20,211
Total amortized cost	**$ 24,847**	**$ 118,760**	**$ 306,105**	**$ 7,352,152**	**$ 7,801,864**
Fair Value					
U.S. Treasury securities	$ 20,257	$ —	$ —	$ —	$ 20,257
U.S. Government agency securities	432	2,112	79,776	—	82,320
Mortgage-backed securities issued by U.S. Government agencies	—	1,442	242	1,216,333	1,218,017
Mortgage-backed securities issued by U.S. Government sponsored enterprises	—	236	86,192	4,913,618	5,000,046
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	—	—	235	1,250,142	1,250,377
Commercial mortgage-backed securities issued by U.S. Government agencies or sponsored enterprises	4,181	109,813	142,952	113,975	370,921
Corporate debt securities and other debt securities	—	9,337	9,142	2,021	20,500
Total fair value	**$ 24,870**	**$ 122,940**	**$ 318,539**	**$ 7,496,089**	**$ 7,962,438**

Proceeds from sales, gross gains, and gross losses on sales of securities available for sale for the years ended December 31, 2020, 2019, and 2018 are presented below. The specific identification method is used to reclassify gains and losses out of other comprehensive income at the time of sale.

(in thousands)	2020	2019	2018
Proceeds from sales of investment securities available for sale	$ 4,054,670	$ 2,923,787	$ 35,066
Gross realized gains on sales	$ 85,375	$ 10,370	$ —
Gross realized losses on sales	(6,444)	(18,029)	(1,296)
Investment securities gains (losses), net	**$ 78,931**	**$ (7,659)**	**$ (1,296)**

Note 5 - Loans and Allowance for Loan Losses

Aging and Non-Accrual Analysis

The following tables provide a summary of current, accruing past due, and non-accrual loans by portfolio class as of December 31, 2020 and December 31, 2019.

	December 31, 2020						
(in thousands)	Current	Accruing 30-89 Days Past Due	Accruing 90 Days or Greater Past Due	Total Accruing Past Due	Non-accrual with an ALL	Non-accrual without an ALL	Total
Commercial, financial, and agricultural	$ 12,486,261	$ 10,256	$ 996	$ 11,252	$ 55,527	$ 21,859	$ 12,574,899
Owner-occupied	6,776,756	1,913	92	2,005	20,019	—	6,798,780
Total commercial and industrial	19,263,017	12,169	1,088	13,257	75,546	21,859	19,373,679
Investment properties	9,318,994	2,751	154	2,905	24,631	—	9,346,530
1-4 family properties	621,965	3,548	36	3,584	2,383	1,236	629,168
Land and development	592,151	422	—	422	1,899	264	594,736
Total commercial real estate	10,533,110	6,721	190	6,911	28,913	1,500	10,570,434
Consumer mortgages	5,489,624	8,851	485	9,336	8,740	—	5,507,700
Home equity lines	1,507,685	4,006	—	4,006	12,145	—	1,523,836
Credit cards	276,778	2,363	1,877	4,240	—	—	281,018
Other consumer loans	1,062,014	9,122	477	9,599	2,376	—	1,073,989
Total consumer	8,336,101	24,342	2,839	27,181	23,261	—	8,386,543
Total loans	**$ 38,132,228**	**$ 43,232**	**$ 4,117**	**$ 47,349**	**$ 127,720**	**$ 23,359**	**$ 38,330,656**(1)

	December 31, 2019						
(in thousands)	Current	Accruing 30-89 Days Past Due	Accruing 90 Days or Greater Past Due	Total Accruing Past Due	Non-accrual	ASC 310-30 Loans(2)	Total
Commercial, financial, and agricultural	$ 9,124,285	$ 38,916	$ 1,206	$ 40,122	$ 56,017	$ 1,019,135	$ 10,239,559
Owner-occupied	5,691,095	5,164	576	5,740	9,780	823,196	6,529,811
Total commercial and industrial	14,815,380	44,080	1,782	45,862	65,797	1,842,331	16,769,370
Investment properties	7,264,794	1,344	—	1,344	1,581	1,736,608	9,004,327
1-4 family properties	733,984	2,073	304	2,377	2,253	41,401	780,015
Land and development	629,363	808	—	808	1,110	78,161	709,442
Total commercial real estate	8,628,141	4,225	304	4,529	4,944	1,856,170	10,493,784
Consumer mortgages	3,681,553	4,223	730	4,953	11,369	1,848,493	5,546,368
Home equity lines	1,691,759	7,038	171	7,209	12,034	2,155	1,713,157
Credit cards	263,065	3,076	2,700	5,776	—	—	268,841
Other consumer loans	2,363,101	18,688	616	19,304	5,704	8,185	2,396,294
Total consumer	7,999,478	33,025	4,217	37,242	29,107	1,858,833	9,924,660
Total loans	**$ 31,442,999**	**$ 81,330**	**$ 6,303**	**$ 87,633**	**$ 99,848**	**$ 5,557,334**	**$ 37,187,814**(3)

(1) Total before net deferred fees and costs of $77.7 million, of which $48.9 million relates to PPP loans.

(2) Represents loans (at fair value) acquired from FCB accounted for under ASC 310-30, net of discount of $90.3 million and payments since Acquisition Date and also include $1.8 million in non-accruing loans, $9.6 million in accruing 90 days or greater past due loans, and $26.5 million in accruing 30-89 days past due loans.

(3) Total before net deferred fees and costs of $25.4 million.

Interest income on non-accrual loans outstanding that would have been recorded if the loans had been current and performing in accordance with their original terms was $12.6 million and $6.1 million during the years ended December 31, 2020 and 2019, respectively. Of the interest income recognized during the years ended December 31, 2020 and 2019, cash-basis interest income was $3.9 million and $3.3 million, respectively.

Pledged Loans

Loans with carrying values of $15.05 billion and $12.11 billion, respectively, were pledged as collateral for borrowings and capacity at December 31, 2020 and 2019 respectively, to the FHLB and Federal Reserve Bank.

Portfolio Segment Risk Factors

The risk characteristics and collateral information of each portfolio segment are as follows:

Commercial and Industrial Loans - The C&I loan portfolio is comprised of general middle market and commercial banking clients across a diverse set of industries. In accordance with Synovus' lending policy, each loan undergoes a detailed underwriting process which incorporates uniform underwriting standards and oversight in proportion to the size and complexity of the lending relationship. These loans are secured by collateral such as business equipment, inventory, and real estate. Whether for real estate or non-real estate purpose, credit decisions on loans in the C&I portfolio are based on cash flow from the operations of the business as the primary source of repayment of the debt, with underlying real estate or other collateral being the secondary source of repayment. PPP loans, which are categorized as C&I loans, were $2.19 billion net of unearned fees at December 31, 2020 and are guaranteed by the SBA.

Commercial Real Estate Loans - CRE loans primarily consist of income-producing investment properties loans. Additionally, CRE loans include 1-4 family properties loans as well as land and development loans. 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. 1-4 family properties loans include construction loans to homebuilders and commercial mortgage loans related to 1-4 family rental properties and are almost always secured by the underlying property being financed by such loans. These properties are primarily located in the markets served by Synovus. Land and development loans include commercial and residential development as well as land acquisition loans and are secured by land held for future development, typically in excess of one year. Properties securing these loans are substantially within markets served by Synovus, and loan terms generally include personal guarantees from the principals. Loans in this portfolio are underwritten based on the LTV of the collateral and the capacity of the guarantor(s).

Consumer Loans - The consumer loan portfolio consists of a wide variety of loan products offered through Synovus' banking network including first and second residential mortgages, HELOCs, and credit card loans, as well as home improvement loans and personal loans from third-party lending partnerships. The majority of Synovus' consumer loans are consumer mortgages and HELOCs secured by first and second liens on residential real estate primarily located in the markets served by Synovus. The primary source of repayment for all consumer loans is generally the personal income of the borrower(s).

Credit Quality Indicators

The credit quality of the loan portfolio is monitored on an ongoing basis and updated as warranted using the standard asset classification system utilized by the federal banking agencies. These classifications are divided into three groups – Not Classified (Pass), Special Mention, and Classified or Adverse rating (Substandard, Doubtful, and Loss) and are defined as follows:

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

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

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

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

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

In the following tables, consumer loans are generally assigned a risk grade similar to the classifications described above; however, upon reaching 90 days and 120 days past due, they are generally downgraded to Substandard and Loss, respectively, in accordance with the FFIEC Retail Credit Classification Policy. Additionally, in accordance with Interagency Supervisory Guidance, the risk grade classifications of consumer loans (consumer mortgages and HELOCs) secured by junior liens on 1-4 family residential properties also consider available information on the payment status of the associated senior liens with other financial institutions.

The following table summarizes each loan portfolio class by regulatory risk grade and origination year as of December 31, 2020 as required by CECL.

	December 31, 2020								
	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans		
(in thousands)	**2020**	**2019**	**2018**	**2017**	**2016**	**Prior**	**Amortized Cost Basis**	**Converted to Term Loans**	**Total**
Commercial, financial and agricultural									
Pass	$ 3,862,940	$ 1,334,892	$ 847,647	$ 582,854	$ 552,666	$ 685,326	$ 4,168,795	$ 49,827	$ 12,084,947
Special Mention	63,307	40,618	12,723	22,070	1,665	5,545	60,741	489	207,158
Substandard(1)	28,698	36,618	24,867	36,072	12,808	35,172	84,498	514	259,247
Doubtful(2)	—	3,721	19,778	—	—	—	48	—	23,547
Total commercial, financial and agricultural	3,954,945	1,415,849	905,015	640,996	567,139	726,043	4,314,082	50,830	12,574,899
Owner-occupied									
Pass	1,326,170	1,134,402	1,061,206	983,684	555,346	1,246,775	294,103	—	6,601,686
Special Mention	6,170	9,995	10,682	14,138	1,582	13,768	—	—	56,335
Substandard(1)	2,570	22,793	42,615	26,033	7,316	29,794	—	—	131,121
Doubtful(2)	—	—	9,638	—	—	—	—	—	9,638
Total owner-occupied	1,334,910	1,167,190	1,124,141	1,023,855	564,244	1,290,337	294,103	—	6,798,780
Total commercial and industrial	5,289,855	2,583,039	2,029,156	1,664,851	1,131,383	2,016,380	4,608,185	50,830	19,373,679
Investment properties									
Pass	1,066,755	2,278,012	2,074,887	1,092,635	484,223	1,302,097	231,786	—	8,530,395
Special Mention	1,482	66,160	176,794	136,004	138,362	129,401	55,440	—	703,643
Substandard(1)	1,007	4,770	24,476	19,820	21,875	40,509	35	—	112,492
Total investment properties	1,069,244	2,348,942	2,276,157	1,248,459	644,460	1,472,007	287,261	—	9,346,530
1-4 family properties									
Pass	197,442	95,210	70,314	88,507	38,742	97,379	27,825	—	615,419
Special Mention	402	—	508	109	786	118	—	—	1,923
Substandard(1)	1,527	653	4,312	1,141	554	2,299	1,340	—	11,826
Total 1-4 family properties	199,371	95,863	75,134	89,757	40,082	99,796	29,165	—	629,168
Land and development									
Pass	85,335	173,735	83,784	92,979	12,261	76,430	53,390	—	577,914
Special Mention	857	1,995	2,866	282	—	1,332	636	—	7,968
Substandard(1)	1,229	425	4,664	915	136	1,485	—	—	8,854
Total land and development	87,421	176,155	91,314	94,176	12,397	79,247	54,026	—	594,736
Total commercial real estate	1,356,036	2,620,960	2,442,605	1,432,392	696,939	1,651,050	370,452	—	10,570,434

	December 31, 2020								
	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans		
(in thousands)	**2020**	**2019**	**2018**	**2017**	**2016**	**Prior**	**Amortized Cost Basis**	**Converted to Term Loans**	**Total**
Consumer mortgages									
Pass	$ 1,865,670	$ 874,795	$ 425,721	$ 678,265	$ 685,814	$ 965,383	$ 1,040	$ —	$ 5,496,688
Substandard(1)	33	961	748	889	866	7,224	—	—	10,721
Loss(3)	—	—	—	—	—	291	—	—	291
Total consumer mortgages	1,865,703	875,756	426,469	679,154	686,680	972,898	1,040	—	5,507,700
Home equity lines									
Pass	—	—	—	—	—	—	1,416,272	90,425	1,506,697
Substandard(1)	—	—	—	—	—	—	9,698	5,996	15,694
Doubtful(2)	—	—	—	—	—	—	—	19	19
Loss(3)	—	—	—	—	—	—	1,283	143	1,426
Total home equity lines	—	—	—	—	—	—	1,427,253	96,583	1,523,836
Credit cards									
Pass	—	—	—	—	—	—	279,142	—	279,142
Substandard(1)	—	—	—	—	—	—	595	—	595
Loss(4)	—	—	—	—	—	—	1,281	—	1,281
Total credit cards	—	—	—	—	—	—	281,018	—	281,018
Other consumer loans	—								
Pass	252,158	190,837	89,193	100,457	80,364	61,029	296,745	—	1,070,783
Substandard(1)	19	762	262	1,195	121	585	227	—	3,171
Loss	—	—	—	—	—	35	—	—	35
Total other consumer loans	252,177	191,599	89,455	101,652	80,485	61,649	296,972	—	1,073,989
Total consumer	2,117,880	1,067,355	515,924	780,806	767,165	1,034,547	2,006,283	96,583	8,386,543
Total loans(5)	**$ 8,763,771**	**$ 6,271,354**	**$ 4,987,685**	**$ 3,878,049**	**$ 2,595,487**	**$ 4,701,977**	**$ 6,984,920**	**$ 147,413**	**$ 38,330,656**

(1) The majority of loans within Substandard risk grade are accruing loans at December 31, 2020.

(2) Loans within Doubtful risk grade are on non-accrual status and generally have an ALL equal to 50% of the loan amount.

(3) Loans within Loss risk grade are on non-accrual status and have an ALL equal to the full loan amount.

(4) Represent amounts that were 120 days past due. These credits are downgraded to the Loss category with an ALL equal to the full loan amount and are generally charged off upon reaching 181 days past due in accordance with the FFIEC Retail Credit Classification Policy.

(5) Total before net deferred fees and costs of $77.7 million, of which $48.9 million relates to PPP loans..

The following table summarizes each loan portfolio class by regulatory risk grade as of December 31, 2019.

	December 31, 2019					
(in thousands)	**Pass**	**Special Mention**	**Substandard(1)**	**Doubtful(2)**	**Loss(3)**	**Total**
Commercial, financial, and agricultural	$ 9,927,059	$ 128,506	$ 182,831	$ 1,163	$ —	$ 10,239,559
Owner-occupied	6,386,055	58,330	85,426	—	—	6,529,811
Total commercial and industrial	16,313,114	186,836	268,257	1,163	—	16,769,370
Investment properties	8,930,360	16,490	57,477	—	—	9,004,327
1-4 family properties	766,529	3,249	10,237	—	—	780,015
Land and development	681,003	18,643	9,796	—	—	709,442
Total commercial real estate	10,377,892	38,382	77,510	—	—	10,493,784
Consumer mortgages	5,527,746	—	18,376	97	149	5,546,368
Home equity lines	1,697,086	—	14,806	21	1,244	1,713,157
Credit cards	266,146	—	818	—	1,877(4)	268,841
Other consumer loans	2,390,199	—	6,095	—	—	2,396,294
Total consumer	9,881,177	—	40,095	118	3,270	9,924,660
Total loans	$ 36,572,183	$ 225,218	$ 385,862	$ 1,281	$ 3,270	$ 37,187,814(5)

(1) The majority of loans within Substandard risk grade are accruing loans at December 31, 2019.

(2) Loans within Doubtful risk grade are on non-accrual status and generally have an ALL equal to 50% of the loan amount.

(3) Loans within Loss risk grade are on non-accrual status and have an ALL equal to the full loan amount.

(4) *Represent amounts that were 120 days past due. These credits are downgraded to the Loss category with an ALL equal to the full loan amount and are generally charged off upon reaching 181 days past due in accordance with the FFIEC Retail Credit Classification Policy.*

(5) *Total before net deferred fees and costs of $25.4 million.*

Collateral-Dependent Loans

We classify a loan as collateral-dependent when our borrower is experiencing financial difficulty, and we expect repayment to be provided substantially through the operation or sale of collateral. Our commercial loans have collateral that is comprised of real estate and business assets. Our consumer loans have collateral that is substantially comprised of residential real estate.

There were no significant changes in the extent to which collateral secures our collateral-dependent loans during the year ended December 31, 2020.

Rollforward of Allowance for Loan Losses

The following tables detail the changes in the ALL by loan segment for the years ended December 31, 2020, 2019, and 2018. On January 1, 2020, Synovus adopted ASC 326, which replaced the existing incurred loss methodology with an expected credit loss methodology (referred to as CECL). Under the incurred loss methodology, reserves for credit losses were recognized only when the losses were probable or had been incurred; under CECL, companies are required to recognize the full amount of expected credit losses for the lifetime of the financial assets, based on historical experience, current conditions and reasonable and supportable forecasts. See "Part II - Item 8. Financial Statements and Supplementary Data - Note 1 - Summary of Significant Accounting Policies" of this Report for more information on Synovus' adoption of CECL.

For the year ended December 31, 2020, Synovus reversed a net amount of $18.3 million, in previously established reserves for credit losses associated with net transfers to held for sale of $1.43 billion, in performing loans primarily related to third-party single-service consumer loans and non-relationship consumer mortgages. For the year ended December 31, 2019, Synovus had no significant transfers to loans held for sale.

	As Of and For The Year Ended December 31, 2020			
(in thousands)	**Commercial & Industrial**	**Commercial Real Estate**	**Consumer**	**Total**
Allowance for loan losses:				
Beginning balance, prior to adoption of ASC 326	$ 145,782	$ 67,430	$ 68,190	$ 281,402
Impact from adoption of ASC 326	(2,310)	(651)	85,955	82,994
Beginning balance, after adoption of ASC 326	$ 143,472	$ 66,779	$ 154,145	$ 364,396
Charge-offs	(76,260)	(13,213)	(29,789)	(119,262)
Recoveries	13,544	2,857	8,149	24,550
Provision for loan losses	148,799	74,319	112,934	336,052
Ending balance	**$ 229,555**	**$ 130,742**	**$ 245,439**	**$ 605,736**

	As Of and For The Year Ended December 31, 2019			
(in thousands)	**Commercial & Industrial**	**Commercial Real Estate**	**Consumer**	**Total**
Allowance for loan losses:				
Beginning balance	$ 133,123	$ 68,796	$ 48,636	$ 250,555
Charge-offs	(49,572)	(5,540)	(24,023)	(79,135)
Recoveries	7,827	8,618	5,078	21,523
Provision for loan losses	53,665	(4,444)	38,499	87,720
Transfer of unfunded commitment reserve	739	—	—	739
Ending balance	**$ 145,782**	**$ 67,430**	**$ 68,190**	**$ 281,402**

	As Of and For The Year Ended December 31, 2018			
(in thousands)	**Commercial & Industrial**	**Commercial Real Estate**	**Consumer**	**Total**
Allowance for loan losses:				
Beginning balance	$ 126,803	$ 74,998	$ 47,467	$ 249,268
Charge-offs	(48,775)	(4,408)	(20,871)	(74,054)
Recoveries	7,165	10,188	6,291	23,644
Provision for loan losses	47,930	(11,982)	15,749	51,697
Ending balance	**$ 133,123**	**$ 68,796**	**$ 48,636**	**$ 250,555**

The ALL of $605.7 million and the reserve for unfunded commitments of $47.8 million, which is recorded in other liabilities, comprise the total ACL of $653.5 million at December 31, 2020. Since the adoption of CECL on January 1, 2020, the ACL has increased $260.3 million. Provision for credit losses (which includes the provision for loan losses and unfunded commitments) of $355.0 million for the year ended December 31, 2020 resulted in the building of the ACL required under CECL, primarily as a result of deterioration in the economic environment due to the impact of COVID-19. The economic forecast used to determine the ACL as of December 31, 2020 was approved late in the fourth quarter of 2020 pursuant to Synovus' economic forecasting governance processes. The modeling assumptions for the fourth quarter of 2020 utilized a two-year reasonable and supportable period and comprised a multi-scenario framework including a base economic outlook which incorporated the most recently enacted stimulus with modest economic growth and improvement in the unemployment rate throughout 2021 and 2022. The forecast as of December 31, 2020, still represented a deteriorated economic scenario compared to January 1, 2020 when CECL was adopted. This, along with credit migration and other loan portfolio activity, resulted in an ACL to loans coverage ratio of 1.71%, or 1.81% excluding PPP loans, at December 31, 2020.

In the fourth quarter, Synovus began using a third-party provider's economic projections as the starting point for our economic outlook. Changing to a third-party provider did not have a material impact on the resulting allowance.

Our modeling process incorporates qualitative considerations in addition to the quantitative inputs to the CECL estimate. The CARES Act programs that supported business and consumers through PPP loans, unemployment benefits, and other stimulus had a positive impact on borrowers during 2020. Qualitative adjustments are used to ensure modeled results remain consistent with the expected loss requirement. This includes factoring in enacted stimulus as well as the expected impact on future defaults.

While certain financial and economic metrics suggest improving economic conditions, uncertainty remains regarding the trajectory of the economic recovery, the impact of government stimulus, and the success of the COVID-19 vaccine, which will impact subsequent period CECL reserves.

Information about Synovus' TDRs is presented in the following tables. Synovus began entering into loan modifications with borrowers in response to the COVID-19 pandemic, some of which have not been classified as TDRs, and therefore are not included in the discussion below. See "Part II - Item 8. Financial Statements and Supplementary Data - Note 1 - Summary of Significant Accounting Policies" of this Report for more information on Synovus' loan modifications due to COVID-19. The following tables represent, by concession type, the post-modification balance for loans modified or renewed during the years ended December 31, 2020, 2019, and 2018 that were reported as accruing or non-accruing TDRs.

TDRs by Concession Type

	Year Ended December 31, 2020			
(in thousands, except contract data)	**Number of Contracts**	**Below Market Interest Rate**	**Other Concessions(1)**	**Total**
Commercial, financial, and agricultural	152	$ 10,939	$ 11,912	$ 22,851
Owner-occupied	22	4,536	1,530	6,066
Total commercial and industrial	174	15,475	13,442	28,917
Investment properties	9	29,679	1,420	31,099
1-4 family properties	22	1,769	1,105	2,874
Land and development	4	606	—	606
Total commercial real estate	35	32,054	2,525	34,579
Consumer mortgages	23	1,866	2,789	4,655
Home equity lines	63	1,970	2,530	4,500
Other consumer loans	57	1,185	2,779	3,964
Total consumer	143	5,021	8,098	13,119
Total loans	**352**	**$ 52,550**	**$ 24,065**	**$ 76,615(2)**

	Year Ended December 31, 2019			
(in thousands, except contract data)	**Number of Contracts**	**Below Market Interest Rate**	**Other Concessions(1)**	**Total**
Commercial, financial, and agricultural	127	$ 9,042	$ 9,873	$ 18,915
Owner-occupied	22	9,017	861	9,878
Total commercial and industrial	149	18,059	10,734	28,793
Investment properties	8	1,548	—	1,548
1-4 family properties	18	2,182	643	2,825
Land and development	8	1,187	30	1,217
Total commercial real estate	34	4,917	673	5,590
Consumer mortgages	18	1,587	1,361	2,948
Home equity lines	70	3,024	2,522	5,546
Other consumer loans	109	1,712	5,270	6,982
Total consumer	197	6,323	9,153	15,476
Total loans	**380**	**$ 29,299**	**$ 20,560**	**$ 49,859(3)**

TDRs by Concession Type (continued)

	Year Ended December 31, 2018			
(in thousands, except contract data)	Number of Contracts	Below Market Interest Rate	Other Concessions[1]	Total
Commercial, financial, and agricultural	46	$ 3,807	$ 3,957	$ 7,764
Owner-occupied	16	7,589	5,705	13,294
Total commercial and industrial	62	11,396	9,662	21,058
Investment properties	10	8,070	2,215	10,285
1-4 family properties	25	2,481	2,014	4,495
Land and development	5	122	1,856	1,978
Total commercial real estate	40	10,673	6,085	16,758
Consumer mortgages	19	5,590	93	5,683
Home equity lines	4	172	339	511
Other consumer loans	92	1,834	3,983	5,817
Total consumer	115	7,596	4,415	12,011
Total loans	**217**	**$ 29,665**	**$ 20,162**	**$ 49,827[4]**

(1) Other concessions generally include term extensions, interest only payments for a period of time, or principal forgiveness, but there was no principal forgiveness for the years ended December 31, 2020, 2019, and 2018.

(2) No charge-offs were recorded during the year ended December 31, 2020 upon restructuring of these loans.

(3) No charge-offs were recorded during the year ended December 31, 2019 upon restructuring of these loans

(4) Net charge-offs of $403 thousand were recorded during the year ended December 31, 2018 upon restructuring of these loans.

For the years ended December 31, 2020, 2019 and 2018, there were seven defaults with a recorded investment of $21.7 million, four defaults with a recorded investment of $326 thousand, and eight defaults with a recorded investment of $10.5 million, respectively, on accruing TDRs restructured during the previous twelve months (defaults are defined as the earlier of the TDR being placed on non-accrual status or reaching 90 days past due with respect to principal and/or interest payments). As of December 31, 2020, there were no commitments to lend a material amount of additional funds to any customers whose loans were classified as TDRs.

Note 6 - Premises, Equipment and Software

Premises, equipment and software at December 31, 2020 and 2019 consist of the following:

(in thousands)	2020	2019
Land	$ 113,828	$ 118,866
Buildings and improvements	407,735	418,915
Leasehold improvements	53,174	49,088
Furniture, equipment and software	481,560	474,397
Construction in progress	13,052	11,905
Total premises, equipment and software	1,069,349	1,073,171
Less: Accumulated depreciation and amortization	(605,390)	(579,231)
Net premises, equipment and software	**$ 463,959**	**$ 493,940**

Net premises, equipment, and software included $3.4 million and $4.6 million related to net finance leases at December 31, 2020 and 2019, respectively. Depreciation and amortization expense for the years ended December 31, 2020, 2019, and 2018 totaled $51.6 million, $49.2 million, and $42.6 million, respectively.

During the years ended December 31, 2020 and 2019, Synovus transferred premises with a net book value of $7.0 million and $6.1 million, respectively, to other properties held for sale, a component of other assets.

Note 7 - Goodwill and Other Intangible Assets

Business segments are based on segment leadership structure, which reflects how segment performance is monitored and assessed. Synovus has three major reportable business segments: Community Banking, Wholesale Banking, and Financial Management Services (FMS). These reportable segments were established in connection with the reorganization of Synovus' management structure during the fourth quarter of 2019, with goodwill allocated to the new reporting units based on a relative fair value approach.

Goodwill allocated to each reporting unit at December 31, 2020 and December 31, 2019 is presented as follows (the FMS reportable segment includes two reporting units of Consumer Mortgage and Wealth Management):

(in thousands)	**Community Banking Reporting Unit**	**Wholesale Banking Reporting Unit**	**Consumer Mortgage Reporting Unit**	**Wealth Management Reporting Unit**	**Total**
Balance as of December 31, 2018	$ 17,825	$ 11,936	$ 3,123	$ 24,431	$ 57,315
Goodwill acquired	238,498	159,700	41,754	—	439,952
Balance as of December 31, 2019	$ 256,323	$ 171,636	$ 44,877	$ 24,431	$ 497,267
Goodwill impairment	—	—	(44,877)	—	(44,877)
Balance as of December 31, 2020	**$ 256,323**	**$ 171,636**	**$ —**	**$ 24,431**	**$ 452,390**

Effective January 1, 2019, Synovus acquired FCB. In connection with the acquisition, Synovus recorded $440.0 million of goodwill and $57.4 million of core deposit intangible assets.

Goodwill is not amortized but is evaluated for impairment on an annual basis or whenever an event occurs or circumstances change to indicate that it is more likely than not that an impairment loss has been incurred (i.e., a triggering event). During 2020, Synovus performed interim goodwill impairment tests as of November 30, 2020, September 30, 2020, June 30, 2020 and March 31, 2020 based on quarterly assessments of triggering events that included Synovus' stock price trading below book value during certain periods following the COVID-19 outbreak, an extremely low interest rate environment, as well as general recessionary economic conditions caused by the COVID-19 pandemic. Quantitative assessments of goodwill impairment include determining the estimated fair value of each reporting unit, utilizing a combination of discounted cash flow and market-based approaches, and comparing that fair value to each reporting unit's carrying amount. The discounted cash flow method included updated internal forecasts, long-term profitability targets, growth rates and discount rates. The market approach was based on a comparison of certain financial metrics of Synovus' reporting units to guideline public company peers. The income-based discounted cash flow approach was more heavily weighted (60%) than the market-based approach (40%) due to significant volatility in the market since the pandemic was declared a national emergency.

Based on the assessment performed at September 30, 2020, Synovus recognized a $44.9 million goodwill impairment charge representing all goodwill allocated to the Consumer Mortgage reporting unit. The projected cash flows of the Consumer Mortgage reporting unit were negatively impacted by significant mortgage refinance activity at record-low mortgage rates and the FOMC's updated guidance in the third quarter of 2020 regarding inflation targeting and their expectations for interest rates to remain low for an extended period of time. The primarily fixed rate, longer duration nature of Synovus' mortgage portfolio especially impacted the Consumer Mortgage reporting unit.

During the fourth quarter of 2020, Synovus performed an additional quantitative assessment of goodwill impairment for each reporting unit with a remaining goodwill balance, Community Banking, Wholesale Banking and Wealth Management, using the test date of November 30, 2020. Based on the results of the quantitative assessment, the fair value of each of these reporting units exceeded its respective carrying value. Additional qualitative analysis through year-end demonstrated that goodwill is not impaired as of December 31, 2020.

The following table shows the gross carrying amount and accumulated amortization of other intangible assets as of December 31, 2020 and 2019, which primarily consist of core deposit intangible assets acquired in the FCB acquisition. Core deposit intangible assets were $37.6 million at December 31, 2020. The CDI is being amortized over its estimated useful life of approximately ten years utilizing an accelerated method. A recoverability test was performed during the fourth quarter due to the extremely low interest rate environment, resulting in a conclusion that CDI is not impaired as of December 31, 2020. Aggregate other intangible assets amortization expense for the years ended December 31, 2020, 2019, and 2018 was $10.6 million, $11.6 million, and $1.2 million, respectively.

(in thousands)	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Value**
December 31, 2020			
CDI	$ 57,400	$ (19,829)	$ 37,571
Other	12,500	(4,959)	7,541
Total other intangible assets	**$ 69,900**	**$ (24,788)**	**$ 45,112**
December 31, 2019			
CDI	57,400	(10,436)	$ 46,964
Other	12,500	(3,793)	8,707
Total other intangible assets	**$ 69,900**	**$ (14,229)**	**$ 55,671**

The estimated amortization expense of other intangible assets for the next five years is as follows:

(in thousands)	**Amortization Expense**
2021	$ 9,516
2022	8,472
2023	7,429
2024	6,366
2025	5,266

Note 8 - Other Assets

Significant balances included in other assets at December 31, 2020 and 2019 are presented below.

(in thousands)	**2020**	**2019**
Derivative asset positions	$ 401,295	$ 140,016
ROU assets	380,380	374,716
Investments in low income housing, solar energy tax credits, and other CRA partnerships	262,855	146,612
Accrued interest receivable	177,865	127,641
Federal Reserve Bank and FHLB Stock	157,520	286,447
Deferred tax asset, net	130,848	65,102
Accounts receivable	88,286	77,193
Prepaid expenses	45,088	42,285
Mutual funds and mutual funds held in rabbi trusts	37,650	32,348
MPS receivable[(1)]	15,575	21,437
Trading account assets, at fair value	10,880	7,212
Other real estate	1,819	14,373
Private equity investments	1,021	19,389
Taxes receivable	—	8,648
Miscellaneous other assets	49,517	55,511
Total other assets	**$ 1,760,599**	**$ 1,418,930**

(1) See “Part II - Item 8. Financial Statements and Supplementary Data - Note 16 - Commitments and Contingencies” in this Report for more information on this receivable which is classified as a NPA.

Note 9 - Deposits

A summary of interest-bearing deposits at December 31, 2020 and 2019 is presented below.

(in thousands)	**2020**	**2019**
Interest-bearing demand deposits[(1)]	$ 8,838,710	$ 6,470,570
Money market accounts[(1)]	15,277,829	11,227,134
Savings accounts	1,168,672	918,109
Time deposits[(1)]	4,358,100	6,920,213
Brokered deposits	3,570,406	3,429,993
Total interest-bearing deposits	**$ 33,213,717**	**$ 28,966,019**

(1) Excluding brokered deposits

The aggregate amount of time deposits of $250,000 or more was $1.82 billion at December 31, 2020 and $2.63 billion at December 31, 2019.

The following table presents contractual maturities of all time deposits at December 31, 2020.

(in thousands)	
Maturing within one year	$ 4,016,764
Between 1 - 2 years	1,303,259
2 - 3 years	505,709
3 - 4 years	33,768
4 - 5 years	80,242
Thereafter	8,454
Total	**$ 5,948,196**

Note 10 - Long-term Debt and Short-term Borrowings

Short-term Borrowings

Short-term borrowings at December 31, 2020 and 2019 consisted of the following:

(dollars in thousands)	2020	2019
Securities sold under repurchase agreements	$ 227,922	$ 165,690
Trading liability for short positions	7,717	1,560
FHLB advances with original maturities of one year or less	—	1,752,000
Total short-term borrowings	**$ 235,639**	**$ 1,919,250**

The following table sets forth additional information on Synovus' short-term borrowings for the years indicated.

(dollars in thousands)	2020	2019	2018
Total balance at December 31,	$ 235,639	$ 1,919,250	$ 887,692
Weighted average interest rate at December 31,	0.11%	1.60%	1.93%
Maximum month-end balance during the year	$ 1,973,523	$ 2,431,012	$ 887,692
Average amount outstanding during the year	685,664	1,360,214	371,933
Weighted average interest rate during the year	1.15%	1.93%	0.96%

Long-term Debt

Long-term debt at December 31, 2020 and 2019 is presented in the following table:

(dollars in thousands)	2020	2019
Parent Company:		
3.125% senior notes, due November 1, 2022, $300.0 million par value with semi-annual interest payments and principal to be paid at maturity	$ 298,853	$ 298,228
5.90% Fixed-to-Fixed Rate Subordinated Notes issued February 7, 2019, due February 7, 2029, $300.0 million par value with semi-annual interest payments at 5.90% for the first five years and semi-annual payments thereafter at a fixed rate of 3.379% above the 5-Year Mid-Swap Rate as of the reset date	297,553	297,250
LIBOR + 1.80% debentures, due April 19, 2035, $10.0 million par value with quarterly interest payments and principal to be paid at maturity (rate of 2.02% at December 31, 2020 and 3.69% at December 31, 2019)	10,000	10,000
5.75% subordinated notes, due December 15, 2025, $250.0 million par value	—	248,419
Total long-term debt — Parent Company	606,406	853,897
Synovus Bank:		
2.289% Fixed-to-Floating Rate Senior Bank Notes issued February 12, 2020, due February 12, 2023, $400.0 million par value with semi-annual interest payments at 2.289% for the first two years and quarterly payments thereafter at an adjustable rate equal to the then-current SOFR + 94.5 basis points	$ 398,594	$ —
4.00% Fixed-to-Fixed Rate Subordinated Bank Notes issued October 29, 2020, due October 29, 2030, $200.0 million par value with semi-annual interest payments at 4.00% for the first five years and semi-annual payments thereafter at a fixed rate of 3.625% above the 5-Year U.S. Treasury Rate	197,349	—
FRB PPP Lending Facility	145	—
FHLB advances with weighted average interest rate of 1.76% at December 31, 2019	—	1,300,000
Total long-term debt — Synovus Bank	596,088	1,300,000
Total long-term debt	**$ 1,202,494**	**$ 2,153,897**

On February 12, 2020, Synovus Bank issued $400.0 million aggregate principal amount of 2.289% Fixed-to-Floating Rate Senior Bank Notes due February 12, 2023. The notes bear interest at a fixed rate of 2.289% per annum for the first two years. Subject to redemption on February 10, 2022, the interest rate on the notes thereafter will be computed quarterly using an interest rate based on the SOFR with a daily index maturity plus a spread of 94.5 bps per annum.

On October 29, 2020, Synovus Bank issued $200.0 million aggregate principal amount of 4.000% Fixed-to-Fixed Rate Subordinated Bank Notes due October 29, 2030. Subject to any redemption prior to the maturity date, the notes will bear interest at a fixed rate of 4.000% per annum for the first five years and thereafter the notes will bear interest at a fixed rate of 3.625% above the 5-Year U.S. Treasury Rate.

On December 11, 2020, Synovus redeemed all $250.0 million aggregate principal amount of its 5.75% subordinated notes due 2025 and incurred a $1.3 million loss on early extinguishment of these notes. During the year ended December 31, 2020, Synovus terminated $1.13 billion in long-term FHLB obligations and incurred $9.2 million in losses on early extinguishment of these obligations.

On February 7, 2019, Synovus completed a public offering of $300.0 million aggregate principal amount of 5.900% Fixed-to-Fixed Rate Subordinated Notes due in 2029. Subject to redemption prior to February 7, 2029, the notes will bear interest at the rate of 5.900% per annum for the first five years and, thereafter, at a fixed rate which will be 3.379% above the 5-Year Mid-Swap Rate as of the reset date. Interest on the notes will be payable semi-annually in arrears. The notes will mature on February 7, 2029.

The provisions of the indentures governing Synovus' long-term debt contain certain restrictions within specified limits on mergers, sales of all or substantially all of Synovus' assets and limitations on sales and issuances of voting stock of subsidiaries and Synovus' ability to pay dividends on its capital stock if there is an event of default under the applicable indenture. As of December 31, 2020 and 2019, Synovus and its subsidiaries were in compliance with the covenants in these agreements. There were no FHLB advances outstanding at December 31, 2020 and FHLB advances outstanding at December 31, 2019 were secured by certain loans with a recorded balance of $6.19 billion.

Contractual annual principal payments on long-term debt for the next five years and thereafter are shown in the following table. These maturities are based upon the par value of the long-term debt.

(in thousands)	Parent Company	Synovus Bank	Total
2021	$ —	$ —	$ —
2022	300,000	145	300,145
2023	—	400,000	400,000
2024	—	—	—
2025	—	—	—
Thereafter	310,000	200,000	510,000
Total	**$ 610,000**	**$ 600,145**	**$ 1,210,145**

Note 11 - Shareholders' Equity and Other Comprehensive Income

The following table shows the changes in shares of preferred and common stock issued and common stock held as treasury shares for the years ended December 31, 2020, 2019, and 2018.

(shares in thousands)	Series C Preferred Stock Issued (Redeemed)	Series D Preferred Stock Issued	Series E Preferred Stock Issued	Total Preferred Stock Issued (Redeemed)	Common Stock Issued	Treasury Stock Held	Common Stock Outstanding
Balance at December 31, 2017	5,200	—	—	5,200	142,678	23,781	118,897
Issuance of preferred stock	—	8,000	—	8,000	—	—	—
Redemption of preferred stock	(5,200)	—	—	(5,200)	—	—	—
Issuance of common stock for earnout payment	—	—	—	—	199	—	199
Restricted share unit activity	—	—	—	—	297	—	297
Stock options exercised	—	—	—	—	126	—	126
Repurchase of common stock	—	—	—	—	—	3,653	(3,653)
Balance at December 31, 2018	—	8,000	—	8,000	143,300	27,434	115,866
FCB acquisition:							
Issuance of common stock for acquisition	—	—	—	—	22,043	—	22,043
Common stock reissued	—	—	—	—	—	(27,434)	27,434
Warrants exercised and common stock reissued	—	—	—	—	—	(260)	260
Issuance of preferred stock	—	—	14,000	14,000	—	—	—
Issuance of common stock for earnout payment	—	—	—	—	344	—	344
Restricted share unit activity	—	—	—	—	302	—	302
Stock options exercised	—	—	—	—	812	—	812
Repurchase of common stock	—	—	—	—	—	19,903	(19,903)
Balance at December 31, 2019	—	8,000	14,000	22,000	166,801	19,643	147,158
Issuance of common stock for earnout payment	—	—	—	—	379	—	379
Restricted share unit activity	—	—	—	—	389	—	389
Stock options exercised	—	—	—	—	564	—	564
Repurchase of common stock	—	—	—	—	—	450	(450)
Balance at December 31, 2020	**—**	**8,000**	**14,000**	**22,000**	**168,133**	**20,093**	**148,040**

Preferred Stock

Issuance of Series E Preferred Stock

On July 1, 2019, Synovus completed a $350.0 million public offering of Series E Preferred Stock. The offering generated net proceeds of $342.0 million. Dividends on the shares are non-cumulative and, if declared, will accrue and be payable, in arrears, quarterly at a rate per annum equal to 5.875% for each dividend period from the original issue date to, but excluding, July 1, 2024. From and including July 1, 2024, the dividend rate will change and reset every five years on July 1 at a rate equal to the five-year U.S. Treasury Rate plus 4.127% per annum. The Series E Preferred Stock is redeemable at Synovus' option in whole or in part, from time to time, on July 1, 2024 or any subsequent reset date, or in whole but not in part, at any time within 90 days following a regulatory capital treatment event, in each case, at a redemption price equal to $25 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends. The Series E Preferred Stock has no preemptive or conversion rights. Except in limited circumstances, the Series E Preferred Stock does not have any voting rights.

Issuance of Series D Preferred Stock

On June 21, 2018, Synovus completed a $200.0 million public offering of Series D Preferred Stock, $25 per share liquidation preference. The offering generated net proceeds of $195.1 million. Dividends on the shares are non-cumulative and, if declared, will accrue and be payable, in arrears, quarterly at a rate per annum equal to 6.300% for each dividend period from the original issue date to, but excluding, June 21, 2023. From and including June 21, 2023, the dividend rate will change to a floating rate equal to the three-month LIBOR plus a spread of 3.352% per annum. The Series D Preferred Stock is redeemable at Synovus' option in whole or in part, from time to time, on any dividend payment date on or after June 21, 2023, or in whole, but not in part, at any time within 90 days following a regulatory capital treatment event at a redemption price equal to $25 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends. The Series D Preferred Stock has no preemptive or conversion rights. Except in limited circumstances, the Series D Preferred Stock does not have any voting rights.

Redemption of Series C Preferred Stock

On August 1, 2018, Synovus redeemed all 5,200,000 outstanding shares of Series C Preferred Stock for a cash price of $25 per share, without interest, for an aggregate redemption price of $130.0 million and paid a dividend of $2.6 million on the Series C Preferred Stock. Concurrent with the redemption, Synovus recognized a one-time, non-cash redemption charge of $4.0 million.

Common Stock

Stock issued for acquisition of FCB

On January 1, 2019, as part of the FCB acquisition, Synovus issued 22.0 million shares of common stock and reissued 27.4 million shares of treasury stock. The total value of the acquisition consideration transferred by Synovus, including exchanged equity awards and warrants, was $1.63 billion. See “Part II - Item 8. Financial Statements and Supplementary Data - Note 2 - Acquisitions” in this Report for more information on the FCB acquisition.

Stock issued related to acquisition of Global One

On October 1, 2016, Synovus completed its acquisition of all of the outstanding stock of Global One. Under the terms of the merger agreement, the purchase price included additional annual payments to Global One's former shareholders over a period not to extend beyond June 30, 2021, with amounts based on a percentage of Global One earnings as defined in the merger agreement. The earnout payments consist of shares of Synovus common stock as well as a smaller cash consideration component. Annual earnout payments made during 2018, 2019, and 2020, included 199 thousand, 344 thousand, and 379 thousand shares, respectively, of Synovus common stock valued at $7.4 million, $11.8 million, and $8.7 million, respectively.

Repurchases of Common Stock

During the first quarter of 2020, Synovus repurchased $16.2 million, or 450 thousand shares, of common stock through open market transactions under the share repurchase program announced on January 24, 2020.

During 2019, Synovus repurchased $725.0 million, or 19.9 million shares, of common stock through open market transactions under the $725.0 million share repurchase program, with $400.0 million authorized during the fourth quarter of 2018 for execution in 2019 and $325.0 million authorized in 2019.

During 2018, Synovus repurchased $175.0 million, or 3.7 million shares, of common stock through open market transactions under the $150.0 million and $25.0 million share repurchase programs authorized during the fourth quarter of 2017 and the fourth quarter of 2018, respectively, for execution during 2018.

Warrants

In connection with the acquisition of FCB on January 1, 2019, outstanding FCB warrants were converted into 913 thousand warrants to purchase shares of Synovus common stock. At December 31, 2019, all warrants had been exercised, converting into 263 thousand shares of Synovus common.

Accumulated Other Comprehensive Income (Loss)

The following table illustrates activity within the balances in AOCI by component, and is shown for the years ended December 31, 2020, 2019, and 2018.

Changes in Accumulated Other Comprehensive Income (Loss) by Component (Net of Income Taxes)

(in thousands)	Net Unrealized Gains (Losses) on Investment Securities Available for Sale(1)	Net Unrealized Gains (Losses) on Cash Flow Hedges(1)	Post-Retirement Unfunded Health Benefit	Total
Balance at December 31, 2017	$ (43,470)	$ (12,137)	$ 853	$ (54,754)
Other comprehensive loss before reclassifications	(33,023)	—	(34)	(33,057)
Amounts reclassified from accumulated other comprehensive income (loss)	960	—	(98)	862
Net current period other comprehensive income (loss)	(32,063)	—	(132)	(32,195)
Reclassification from adoption of ASU 2018-02	(7,763)	—	175	(7,588)
Cumulative-effect adjustment from adoption of ASU 2016-01	117	—	—	117
Balance at December 31, 2018	$ (83,179)	$ (12,137)	$ 896	$ (94,420)
Other comprehensive income (loss) before reclassifications	161,170	(6,350)	(378)	154,442
Amounts reclassified from accumulated other comprehensive income (loss)	5,675	—	(56)	5,619
Net current period other comprehensive income (loss)	166,845	(6,350)	(434)	160,061
Balance at December 31, 2019	$ 83,666	$ (18,487)	$ 462	$ 65,641
Other comprehensive income (loss) before reclassifications	80,491	73,502	—	153,993
Amounts reclassified from accumulated other comprehensive income (loss)	(58,488)	(2,049)	(462)	(60,999)
Net current period other comprehensive income (loss)	22,003	71,453	(462)	92,994
Balance at December 31, 2020	**$ 105,669**	**$ 52,966**	**$ —**	**$ 158,635**

(1) For all periods presented, the ending balance in net unrealized gains (losses) on investment securities available for sale and cash flow hedges includes unrealized losses of $13.3 million and $12.1 million, respectively, related to residual tax effects remaining in OCI due to previously established deferred tax asset valuation allowances in 2010 and 2011. In accordance with ASC 740-20-45-11(b), under the portfolio approach, these unrealized losses are realized at the time the entire portfolio is sold or disposed.

Note 12 - Regulatory Capital

Synovus and Synovus Bank are subject to regulatory capital requirements administered by the federal and state banking agencies under Basel III. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the consolidated financial statements. Under capital adequacy standards and the regulatory framework for prompt corrective action, Synovus and Synovus Bank must meet specific capital levels that involve quantitative measures of both on- and off-balance sheet items as calculated under regulatory capital guidelines. Capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

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. Under the capital rules, Synovus and Synovus Bank are well-capitalized if each has a CET1 ratio of 6.5% or greater, a Tier 1 risk-based capital ratio of 8% or greater, a total risk-based capital ratio of 10% or greater, a leverage ratio of 5% or greater, and are 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. Additionally, regulatory capital rules include a capital conservation buffer of 2.5% that is added on top of each of the minimum risk-based capital ratios in order to avoid restrictions on capital distributions and discretionary bonuses.

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 inclusive of the capital conservation buffer.

The following table summarizes regulatory capital information at December 31, 2020 and 2019 for Synovus and Synovus Bank.

	Actual Capital		Minimum Requirement For Capital Adequacy(1)		To Be Well-Capitalized Under Prompt Corrective Action Provisions(2)	
(dollars in thousands)	2020	2019	2020	2019	2020	2019
Synovus Financial Corp.						
CET1 capital	$ 4,034,865	$ 3,743,459	$ 1,879,551	$ 1,882,424	N/A	N/A
Tier 1 risk-based capital	4,572,010	4,280,604	2,506,068	2,509,899	N/A	N/A
Total risk-based capital	5,604,230	5,123,381	3,341,425	3,346,531	N/A	N/A
CET1 capital ratio	9.66%	8.95%	4.50%	4.50%	N/A	N/A
Tier 1 risk-based capital ratio	10.95	10.23	6.00	6.00	N/A	N/A
Total risk-based capital ratio	13.42	12.25	8.00	8.00	N/A	N/A
Leverage ratio	8.50	9.16	4.00	4.00	N/A	N/A

(dollars in thousands)	Actual Capital 2020	Actual Capital 2019	Minimum Requirement For Capital Adequacy[(1)] 2020	Minimum Requirement For Capital Adequacy[(1)] 2019	To Be Well-Capitalized Under Prompt Corrective Action Provisions[(2)] 2020	To Be Well-Capitalized Under Prompt Corrective Action Provisions[(2)] 2019
Synovus Bank						
CET1 capital	$ 4,641,711	$ 4,640,501	$ 1,880,757	$ 1,881,199	$ 2,716,650	$ 2,717,287
Tier 1 risk-based capital	4,641,711	4,640,501	2,507,677	2,508,265	3,343,569	3,344,354
Total risk-based capital	5,361,611	4,923,279	3,343,569	3,344,354	4,179,461	4,180,442
CET1 capital ratio	11.11%	11.10%	4.50%	4.50%	6.50%	6.50%
Tier 1 risk-based capital ratio	11.11	11.10	6.00	6.00	8.00	8.00
Total risk-based capital ratio	12.83	11.78	8.00	8.00	10.00	10.00
Leverage ratio	8.73	9.94	4.00	4.00	5.00	5.00

(1) The additional capital conservation buffer in effect is 2.5%.

(2) The prompt corrective action provisions are applicable at the bank level only.

Note 13 - Net Income Per Common Share

The following table displays a reconciliation of the information used in calculating basic and diluted net income per common share for the years ended December 31, 2020, 2019, and 2018. Diluted net income per common share incorporates the potential impact of contingently issuable shares, including awards which require future service as a condition of delivery of the underlying common stock.

(in thousands, except per share data)	Years Ended December 31, 2020	2019	2018
Net income	$ 373,695	$ 563,780	$ 428,476
Preferred stock dividends	33,163	22,881	17,998
Net income available to common shareholders	$ 340,532	$ 540,899	$ 410,478
Weighted average common shares outstanding	147,415	154,331	117,644
Potentially dilutive shares from outstanding equity-based awards, warrants, and earnout payments	795	1,727	734
Weighted average diluted common shares	148,210	156,058	118,378
Net income per common share, basic	$ 2.31	$ 3.50	$ 3.49
Net income per common share, diluted	$ 2.30	$ 3.47	$ 3.47

As of December 31, 2020, 2019, and 2018, there were 515 thousand, 40 thousand, and zero, respectively, potentially dilutive shares related to stock options to purchase shares of common stock that were outstanding but were not included in the computation of diluted net income per common share because the effect would have been anti-dilutive.

Note 14 - Fair Value Accounting

Fair value accounting guidance defines fair value as the exchange price that would be received to sell an asset or paid to transfer a liability (an "exit price") in the principal or most advantageous market available to the entity in an orderly transaction between market participants, on the measurement date. See "Part II - Item 8. Financial Statements and Supplementary Data - Note 1 - Summary of Significant Accounting Policies" of this Report for a description of how fair value measurements are determined.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table presents all financial instruments measured at fair value on a recurring basis as of December 31, 2020 and 2019.

(in thousands)	December 31, 2020 Level 1	Level 2	Level 3	Total Assets and Liabilities at Fair Value
Assets				
Trading securities:				
Mortgage-backed securities issued by U.S. Government agencies	$ —	$ 10,185	$ —	$ 10,185
Collateralized mortgage obligations issued by U.S. Government sponsored enterprises	—	158	—	158
Other mortgage-backed securities	—	178	—	178
State and municipal securities	—	176	—	176
Asset-backed securities	—	183	—	183
Total trading securities	$ —	$ 10,880	$ —	$ 10,880

	December 31, 2020			
(in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total Assets and Liabilities at Fair Value**
Investment securities available for sale:				
U.S. Treasury securities	$ 20,257	$ —	$ —	$ 20,257
U.S. Government agency securities	—	82,320	—	82,320
Mortgage-backed securities issued by U.S. Government agencies	—	1,218,017	—	1,218,017
Mortgage-backed securities issued by U.S. Government sponsored enterprises	—	5,000,046	—	5,000,046
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	—	1,250,377	—	1,250,377
Commercial mortgage-backed securities issued by U.S. Government agencies or sponsored enterprises	—	370,921	—	370,921
Corporate debt securities and other debt securities	—	18,479	2,021	20,500
Total investment securities available for sale	$ 20,257	$7,940,160	$ 2,021	$ 7,962,438
Mortgage loans held for sale	—	216,647	—	216,647
Private equity investments	—	—	1,021	1,021
Mutual funds and mutual funds held in rabbi trusts	37,650	—	—	37,650
GGL/SBA loans servicing asset	—	—	3,258	3,258
Derivative assets	—	401,295	—	401,295
Liabilities				
Trading liability for short positions	$ —	$ 7,717	$ —	$ 7,717
Earnout liability	—	—	5,677	5,677
Derivative liabilities	—	155,119	2,048	157,167

	December 31, 2019			
(in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total Assets and Liabilities at Fair Value**
Assets				
Trading securities:				
Collateralized mortgage obligations issued by U.S. Government sponsored enterprises	$ —	$ 2,486	$ —	$ 2,486
Other mortgage-backed securities	—	1,284	—	1,284
State and municipal securities	—	65	—	65
Asset-backed securities	—	3,227	—	3,227
Other investments	—	150	—	150
Total trading securities	$ —	$ 7,212	$ —	$ 7,212
Investment securities available for sale:				
U.S. Treasury securities	$ 19,855	$ —	$ —	$ 19,855
U.S. Government agency securities	—	36,541	—	36,541
Mortgage-backed securities issued by U.S. Government agencies	—	56,816	—	56,816
Mortgage-backed securities issued by U.S. Government sponsored enterprises	—	5,180,815	—	5,180,815
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	—	636,851	—	636,851
Commercial mortgage-backed securities issued by U.S. Government agencies or sponsored enterprises	—	371,592	—	371,592
State and municipal securities	—	2,075	—	2,075
Asset-backed securities	—	327,400	—	327,400
Corporate debt securities and other debt securities	—	144,620	2,105	146,725
Total investment securities available for sale	$ 19,855	$ 6,756,710	$ 2,105	$ 6,778,670
Mortgage loans held for sale	—	115,173	—	115,173
Private equity investments	15,502	—	3,887	19,389
Mutual funds and mutual funds held in rabbi trusts	32,348	—	—	32,348
GGL/SBA loans servicing asset	—	—	3,040	3,040
Derivative assets	—	140,016	—	140,016

	December 31, 2019			
(in thousands)	Level 1	Level 2	Level 3	Total Assets and Liabilities at Fair Value
Liabilities				
Trading liability for short positions	$ 1,560	$ —	$ —	$ 1,560
Earnout liability	—	—	11,016	11,016
Derivative liabilities	—	34,732	2,339	37,071

Fair Value Option

Synovus has elected the fair value option for mortgage loans held for sale primarily to ease the operational burden required to maintain hedge accounting for these loans. Synovus is still able to achieve effective economic hedges on mortgage loans held for sale without the time and expense needed to manage a hedge accounting program.

The following table summarizes the difference between the fair value and the UPB of mortgage loans held for sale and the changes in fair value of these loans. An immaterial portion of these changes in fair value was attributable to instrument-specific credit risk.

	Years Ended December 31,		
(in thousands)	2020	2019	2018
Changes in fair value included in net income:			
Mortgage loans held for sale	$ 3,400	$ 1,675	$ 95
Mortgage loans held for sale:			
Fair value	216,647	115,173	37,129
Unpaid principal balance	210,292	112,218	35,848
Fair value less aggregate unpaid principal balance	$ 6,355	$ 2,955	$ 1,281

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

During 2020, Synovus did not have any transfers in or out of Level 3 in the fair value hierarchy. During 2019, Synovus had transfers out of Level 3 into Level 1 in the fair value hierarchy as certain funds within private equity investments became public with traded securities. These transfers were accounted for as if they occurred at the beginning of the reporting period.

	2020				
(in thousands)	Investment Securities Available for Sale	Private Equity Investments	GGL/SBA Loans Servicing Asset	Earnout Liability	Visa Derivative Liability
Beginning balance, January 1, 2020	$ 2,105	$ 3,887	$ 3,040	$ (11,016)	$ (2,339)
Total (losses) gains realized/unrealized:					
Included in earnings	—	(2,866)	(1,000)	(4,908)	(890)
Unrealized gains (losses) included in other comprehensive income	(84)	—	—	—	—
Additions	—	—	1,218	—	—
Settlements	—	—	—	10,247	1,181
Ending balance, December 31, 2020	**$ 2,021**	**$ 1,021**	**$ 3,258**	**$ (5,677)**	**$ (2,048)**
Total net gains (losses) for the year included in earnings attributable to the change in unrealized gains (losses) relating to assets and liabilities still held at December 31, 2020	$ —	$ (2,866)	$ —	$ (4,908)	$ (890)

(in thousands)	2019 Investment Securities Available for Sale	Private Equity Investments	GGL/SBA Loans Servicing Asset	Earnout Liability	Visa Derivative Liability
Beginning balance, January 1, 2019	$ 1,785	$ 11,028	$ 3,729	$ (14,353)	$ (1,673)
Total (losses) gains realized/unrealized:					
Included in earnings	—	230	(1,631)	(10,457)	(3,611)
Unrealized (losses) gains included in other comprehensive income	320	—	—	—	—
Additions	—	—	942	—	—
Sales	—	(1,437)	—	—	—
Settlements	—	—	—	13,794	2,945
Transfers out of Level 3	—	(5,934)	—	—	—
Ending balance, December 31, 2019	**$ 2,105**	**$ 3,887**	**$ 3,040**	**$ (11,016)**	**$ (2,339)**
Total net gains (losses) for the year included in earnings attributable to the change in unrealized gains (losses) relating to assets and liabilities still held at December 31, 2019	$ —	$ 230	$ —	$ (10,457)	$ (666)

The table below provides an overview of the valuation techniques and significant unobservable inputs used in those techniques to measure financial instruments that are classified within Level 3 of the valuation hierarchy and are measured at fair value on a recurring basis. The range of sensitivities that management utilized in its fair value calculations is deemed acceptable in the industry with respect to the identified financial instruments.

(dollars in thousands)	Valuation Technique	Significant Unobservable Input	December 31, 2020 Level 3 Fair Value	December 31, 2020 Rate/Range
Assets measured at fair value on a recurring basis				
Investment Securities Available for Sale - Corporate debt and other debt securities - trust preferred security	Discounted cash flow analysis	Discount rate Forecasted average Prime reset rate	$ 2,021	4.96% 4.06%
Private equity investments	Individual analysis of each investee company	Multiple factors, including but not limited to, current operations, financial condition, cash flows, evaluation of business management and financial plans, and recently executed financing transactions related to the investee companies	$ 1,021	N/A
GGL/SBA loans servicing asset	Discounted cash flow analysis	Discount rate Prepayment speeds	$ 3,258	10.79% 18.81%
Earnout liability	Option pricing methods and Monte Carlo simulation	Financial projections of Global One through June 30, 2021	$ 5,677	N/A
Visa derivative liability	Discounted cash flow analysis	Estimated timing of resolution of Covered Litigation and future cumulative deposits to the litigation escrow for settlement of the Covered Litigation	$ 2,048	0-1.8 years (3Q 2022)

Assets Measured at Fair Value on a Non-recurring Basis

Certain assets are required to be measured at fair value on a non-recurring basis subsequent to their initial recognition. These assets and liabilities are not measured at fair value on an ongoing basis; however, they are subject to fair value adjustments in certain circumstances, such as when there is evidence of impairment. The following table presents assets measured at fair value on a non-recurring basis as of the dates indicated for which there was a fair value adjustment.

(in thousands)	December 31, 2020 Level 1	December 31, 2020 Level 2	December 31, 2020 Level 3	Fair Value Adjustments for the Year Ended December 31, 2020	Location in Consolidated Statements of Income
Loans[(1)]	$ —	$ —	$ 23,625	$ 6,076	Provision for credit losses
Other real estate	—	—	860	200	Other operating expenses
MPS Receivable	—	—	15,575	2,663	Other operating expenses
Other assets held for sale	—	—	2,354	2,292	Other operating expenses

	December 31, 2019			Fair Value Adjustments for the Year Ended December 31, 2019	Location in Consolidated Statements of Income
	Level 1	Level 2	Level 3		
Loans(1)	$ —	$ —	$ 1,461	$ 683	Provision for credit losses
Other real estate	—	—	8,023	1,342	Other operating expenses
MPS receivable	—	—	21,437	—	Other operating expenses
Other assets held for sale	—	—	1,238	513	Other operating expenses

(1) Collateral-dependent loans that are written down to fair value of collateral.

The table below provides an overview of the valuation techniques and significant unobservable inputs used in those techniques to measure financial instruments that are classified within Level 3 of the valuation hierarchy and are measured at fair value on a non-recurring basis.

	Valuation Technique	Significant Unobservable Input	December 31, 2020 Range (Weighted Average)(1)
Assets measured at fair value on a non-recurring basis			
Loans	Third-party appraised value of collateral less estimated selling costs	Discount to appraised value Estimated selling costs	0%-14% (14%) 0%-7% (7%)
Loans held for sale	Analysis of anticipated market prices for similar assets less estimated selling costs	Market price analysis for similar assets Estimated selling costs	N/A
Other real estate	Third-party appraised value of real estate less estimated selling costs	Discount to appraised value Estimated selling costs	0%-23% (12%) 0%-10% (7%)
MPS receivable(2)	Third-party appraised value of business less estimated selling costs	Discount to appraised value Estimated selling costs	N/A
Other assets held for sale	Third-party appraised value less estimated selling costs or BOV	Discount to appraised value Estimated selling costs	0%-66% (45%) 0%-10% (7%)

(1) The weighted average is the measure of central tendencies; it is not the value that management is using for the asset or liability.

(2) See "Part II - Item 8. Financial Statements and Supplementary Data - Note 16 - Commitments and Contingencies" of this Report for more information on this receivable which was classified as a NPA at December 31, 2020 and 2019.

Fair Value of Financial Instruments

The following table presents the carrying and estimated fair values of financial instruments at December 31, 2020 and 2019. The fair values represent management's best estimates based on a range of methodologies and assumptions. See "Part II - Item 8. Financial Statements and Supplementary Data - Note 1 - Summary of Significant Accounting Policies" of this Report for a description of how fair value measurements are determined.

	December 31, 2020				
(in thousands)	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Financial assets					
Total cash, cash equivalents, and restricted cash	$ 4,252,917	$ 4,252,917	$ 4,252,917	$ —	$ —
Trading securities	10,880	10,880	—	10,880	—
Investment securities available for sale	7,962,438	7,962,438	20,257	7,940,160	2,021
Loans held for sale	760,123	760,939	—	216,647	544,292
Private equity investments	1,021	1,021	—	—	1,021
Mutual funds and mutual funds held in rabbi trusts	37,650	37,650	37,650	—	—
Loans, net	37,647,248	37,605,881	—	—	37,605,881
GGL/SBA loans servicing asset	3,258	3,258	—	—	3,258
Derivative assets	401,295	401,295	—	401,295	—

(in thousands)	December 31, 2020 Carrying Value	Fair Value	Level 1	Level 2	Level 3
Financial Liabilities					
Non-interest-bearing deposits	$ 13,477,854	$ 13,477,854	$ —	$ 13,477,854	$ —
Non-time interest-bearing deposits	27,265,521	27,265,521	—	27,265,521	—
Time deposits	5,948,196	5,970,146	—	5,970,146	—
Total deposits	$ 46,691,571	$ 46,713,521	$ —	$ 46,713,521	$ —
Securities sold under repurchase agreements	227,922	227,922	227,922	—	—
Trading liability for short positions	7,717	7,717	—	7,717	—
Long-term debt	1,202,494	1,266,825	—	1,266,825	—
Earnout liability	5,677	5,677	—	—	5,677
Derivative liabilities	157,167	157,167	—	155,119	2,048

(in thousands)	December 31, 2019 Carrying Value	Fair Value	Level 1	Level 2	Level 3
Financial assets					
Total cash, cash equivalents and restricted cash	$ 1,186,918	$ 1,186,918	$ 1,186,918	$ —	$ —
Trading securities	7,212	7,212	—	7,212	—
Investment securities available for sale	6,778,670	6,778,670	19,855	6,756,710	2,105
Loans held for sale	115,173	115,173	—	115,173	—
Private equity investments	19,389	19,389	15,502	—	3,887
Mutual funds and mutual funds held in rabbi trusts	32,348	32,348	32,348	—	—
Loans, net	36,881,048	36,931,256	—	—	36,931,256
GGL/SBA loans servicing asset	3,040	3,040	—	—	3,040
Derivative assets	140,016	140,016	—	140,016	—
Financial Liabilities					
Non-interest-bearing deposits	$ 9,439,485	$ 9,439,485	$ —	$ 9,439,485	$ —
Non-time interest-bearing deposits	19,891,711	19,891,711	—	19,891,711	—
Time deposits	9,074,308	9,112,459	—	9,112,459	—
Total deposits	$ 38,405,504	$ 38,443,655	$ —	$ 38,443,655	$ —
Securities sold under repurchase agreements	165,690	165,690	165,690	—	—
Trading liability for short positions	1,560	1,560	1,560	—	—
Other short-term borrowings	1,752,000	1,752,000	—	1,752,000	—
Long-term debt	2,153,897	2,185,717	—	2,185,717	—
Earnout liability	11,016	11,016	—	—	11,016
Derivative liabilities	37,071	37,071	—	34,732	2,339

Note 15 - Derivative Instruments

Synovus utilizes derivative instruments to manage its exposure to various types of interest rate risk, exposures related to liquidity and credit risk, and to facilitate customer transactions. The primary types of derivative instruments utilized by Synovus consist of interest rate swaps, interest rate lock commitments made to prospective mortgage loan customers, commitments to sell fixed-rate mortgage loans, and foreign currency exchange forwards. Interest rate lock commitments represent derivative instruments since it is intended that such loans will be sold. Synovus is party to master netting arrangements with its dealer counterparties; however, Synovus does not offset assets and liabilities under these arrangements for financial statement presentation purposes. See "Part II - Item 8. Financial Statements and Supplementary Data - Note 1 - Summary of Significant Accounting Policies" of this Report for additional information regarding accounting policies for derivatives.

Hedging Derivatives

Cash flow hedge relationships mitigate exposure to the variability of future cash flows or other forecasted transactions. Synovus has entered into interest rate swap contracts to manage overall cash flow changes related to interest rate risk exposure on index-based variable rate commercial loans. The contracts effectively modify Synovus' exposure to interest rate risk by utilizing receive fixed/pay index-based variable rate interest rate swaps.

For cash flow hedges, the effective portion of the gain or loss related to the derivative instrument is initially reported as a component of other comprehensive income and subsequently reclassified into earnings when the forecasted transaction affects earnings or when the hedge is terminated and included in the same income statement line item as the earnings effect of the hedged item.

Synovus recorded an unrealized gain of $9.8 million, or $7.3 million after-tax, in OCI, during the first quarter of 2020, related to terminated cash flow hedges, which is being recognized into earnings consistent with the effective terms of the original swaps through the third quarter of 2025. Synovus recognized pre-tax income of $2.8 million during the year ended December 31, 2020 related to the amortization of terminated cash flow hedges.

As of December 31, 2020, Synovus expects to reclassify approximately $40 million of pre-tax gains from AOCI into interest income on cash flow hedges over the next twelve months. Included in this amount is approximately $5 million in pre-tax gains related to the terminated cash flow hedges. As of December 31, 2020, the maximum length of time over which Synovus is hedging its exposure to the variability in future cash flows is through the first quarter of 2024.

For derivative instruments that are not designated as hedging instruments, changes in the fair value of the derivatives are recognized in earnings immediately.

Customer Related Derivative Positions

Synovus enters into interest rate swap agreements to facilitate the risk management strategies of certain commercial banking customers. Synovus mitigates this risk by entering into equal and offsetting interest rate swap agreements with highly rated counterparties. The interest rate swap agreements are free-standing derivatives and are recorded at fair value on Synovus' consolidated balance sheets. The credit risk to these customers is evaluated and included in the calculation of fair value. Fair value changes including credit-related adjustments are recorded as a component of capital markets income.

Counterparty Credit Risk and Collateral

Entering into derivative contracts potentially exposes Synovus to the risk of counterparties' failure to fulfill their legal obligations, including, but not limited to, potential amounts due or payable under each derivative contract. Notional principal amounts are often used to express the volume of these transactions, but the amounts potentially subject to credit risk are much smaller. Synovus assesses the credit risk of its dealer counterparties by regularly monitoring publicly available credit rating information, evaluating other market indicators, and periodically reviewing detailed financials. Dealer collateral requirements are determined via risk-based policies and procedures and in accordance with existing agreements. Synovus seeks to minimize dealer credit risk by dealing with highly rated counterparties and by obtaining collateral for exposures above certain predetermined limits. Management closely monitors credit conditions within the customer swap portfolio, which management deems to be of higher risk than dealer counterparties. Collateral is secured at origination and credit related fair value adjustments are recorded against the asset value of the derivative as deemed necessary based upon an analysis, which includes consideration of the current asset value of the swap, customer risk rating, collateral value, and customer standing with regards to its swap contractual obligations and other related matters. Such asset values fluctuate based upon changes in interest rates regardless of changes in notional amounts and changes in customer specific risk.

Mortgage Derivatives

Synovus originates first lien residential mortgage loans for sale into the secondary market. Mortgage loans are sold either individually or in a bulk sale by Synovus on a whole loan servicing-released basis to third-party servicing aggregators for potential conversion into mortgage-backed securities which can be traded in the secondary market or retained on their respective balance sheet.

Synovus enters into interest rate lock commitments for residential mortgage loans which commits it to lend funds to a potential borrower at a specific interest rate and within a specified period of time. Interest rate lock commitments that relate to the origination of mortgage loans that, if originated, will be held for sale, are considered derivative financial instruments under applicable accounting guidance. Outstanding interest rate lock commitments expose Synovus to the risk that the price of the mortgage loans underlying the commitments may decline due to increases in mortgage interest rates from inception of the rate lock to the funding of the loan and the eventual commitment for sale into the secondary market.

Forward commitments to sell primarily fixed-rate mortgage loans are entered into to reduce the exposure to market risk arising from potential changes in interest rates, which could affect the fair value of mortgage loans held for sale and outstanding interest rate lock commitments, which guarantee a certain interest rate if the loan is ultimately funded or granted by Synovus as a mortgage loan held for sale. The commitments to sell mortgage loans are at fixed prices and are scheduled to settle at specified dates that generally do not exceed 90 days.

Visa Derivative

In conjunction with the sale of Class B shares of common stock issued by Visa to Synovus as a Visa USA member, Synovus entered into a derivative contract with the purchaser, which provides for settlements between the parties based upon a change in the ratio for conversion of Visa Class B shares to Visa Class A shares. The conversion ratio changes when Visa deposits funds to a litigation escrow established by Visa to pay settlements for certain litigation, for which Visa is indemnified by Visa USA members. The litigation escrow is funded by proceeds from Visa's conversion of Class B shares. The fair value of the derivative contract is determined based on management's estimate of the timing and amount of the Covered Litigation settlement, and the resulting payments due to the counterparty under the terms of the contract. Fair value changes are recorded as a component of other non-interest expense. Management believes that the estimate of Synovus' exposure to the Visa indemnification including fees associated with the Visa derivative is adequate based on current information, including Visa's recent announcements and disclosures. However, future developments in the litigation could require changes to Synovus' estimate.

Collateral Requirements

Pursuant to the Dodd-Frank Act, certain derivative transactions have collateral requirements, both at the inception of the trade, and as the value of each derivative position changes. As of December 31, 2020 and 2019, collateral totaling $155.4 million and $84.6 million, respectively, was pledged to the derivative counterparties to comply with collateral requirements in the normal course of business. For derivatives cleared through central clearing houses, the variation margin payments made are legally characterized as settlements of the derivatives. As a result, these variation margin payments are netted against the fair value of the respective derivative contracts in the consolidated balance sheets and related disclosures. At December 31, 2020 and 2019, Synovus had a variation margin of $162.7 million and $113.7 million, respectively, reducing the derivative liability.

The following table reflects the notional amount and fair value of derivative instruments included on the consolidated balance sheets. Beginning on October 19, 2020, CME Group Inc. transitioned price alignment and discounting for swap futures from the daily EFFR to the SOFR. This change did not have a material impact on Synovus' financial statements.

	December 31, 2020			December 31, 2019		
		Fair Value			Fair Value	
(in thousands)	Notional Amount	Derivative Assets[(1)]	Derivative Liabilities[(2)]	Notional Amount	Derivative Assets[(1)]	Derivative Liabilities[(2)]
Derivatives in cash flow hedging relationships:						
Interest rate contracts	$ 3,000,000	$ 80,802	$ —	$ 2,000,000	$ 54	$ 8,624
Total derivatives designated as hedging instruments		$ 80,802	$ —		$ 54	$ 8,624
Derivatives not designated: as hedging instruments						
Interest rate contracts[(3)]	$ 8,784,141	$ 314,234	$ 153,204	$ 7,258,159	$ 138,672	$ 25,849
Mortgage derivatives - interest rate lock commitments	306,138	6,259	—	70,481	1,290	—
Mortgage derivatives - forward commitments to sell fixed-rate mortgage loans	230,500	—	1,611	107,000	—	168
Other contracts[(4)]	234,884	—	304	145,764	—	91
Visa derivative	—	—	2,048	—	—	2,339
Total derivatives not designated as hedging instruments		**$ 320,493**	**$ 157,167**		**$ 139,962**	**$ 28,447**

(1) Derivative assets are recorded in other assets on the consolidated balance sheets.

(2) Derivative liabilities are recorded in other liabilities on the consolidated balance sheets.

(3) Includes interest rate contracts for customer swaps and offsetting positions, net of variation margin payments.

(4) Includes risk participation agreements sold. Additionally, the notional amount of risk participation agreements purchased was $2.6 million and $3.0 million at December 31, 2020 and 2019, respectively.

Synovus also provides foreign currency exchange services, primarily forward contracts, with counterparties to allow commercial customers to mitigate exchange rate risk. Synovus covers its risk by entering into an offsetting foreign currency exchange forward contract. The notional amount of foreign currency exchange forwards was $24.1 million and $32.9 million at December 31, 2020 and 2019, respectively. The fair value of foreign currency exchange forwards was negligible at December 31, 2020 and 2019 due to the very short duration of these contracts.

The following table presents the effect of hedging derivative instruments on the consolidated statements of income and the total amounts for the respective line item affected for the years ended December 31, 2020, 2019, and 2018.

(in thousands)	2020	2019	2018
Total amounts presented in the consolidated statements of income in interest income on loans	$ 22,215	$ —	$ —
Gain/loss on cash flow hedging relationships:[(1)]			
Interest rate swaps:			
Realized gains (losses) reclassified from AOCI, pre-tax, to interest income on loans	2,765	—	—
Pre-tax income recognized on cash flow hedges	$ 2,765	$ —	$ —

(1) See "Part II - Item 8. Financial Statements and Supplementary Data - Note 11 - Shareholders' Equity and Other Comprehensive Income" in this Report for additional information.

The pre-tax effect of changes in fair value from derivative instruments not designated as hedging instruments on the consolidated statements of income for the years ended December 31, 2020, 2019 and 2018 is presented below.

		Gain (Loss) Recognized in Consolidated Statements of Income		
		For The Years Ended December 31,		
(in thousands)	Location in Consolidated Statements of Income	2020	2019	2018
Derivatives not designated as hedging instruments:				
Interest rate contracts[(1)]	Capital markets income	$ (777)	$ (338)	$ (29)
Other contracts[(2)]	Capital markets income	(213)	(91)	—
Mortgage derivatives - interest rate lock commitments	Mortgage banking income	4,969	346	8
Mortgage derivatives - forward commitments to sell fixed-rate mortgage loans	Mortgage banking income	(1,443)	651	(691)
Visa derivative	Other non-interest expense	(890)	(3,611)	(2,328)
Total derivatives not designated as hedging instruments		**$ 1,646**	**$ (3,043)**	**$ (3,040)**

(1) Additionally, losses related to termination of customer swaps of $2.5 million were recorded in other non-interest expense during 2020. Gain (loss) represents net fair value adjustments (including credit related adjustments) for customer swaps and offsetting positions.

(2) Includes risk participation agreements sold.

Note 16 - Commitments and Contingencies

In the normal course of business, Synovus enters into commitments to extend credit such as loan commitments and letters of credit to meet the financing needs of its customers. Synovus uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Synovus also has commitments to fund certain low-income housing, solar energy, and CRA investments.

The contractual amount of these financial instruments represents Synovus' maximum credit risk should the counterparty draw upon the commitment, and should the counterparty subsequently fail to perform according to the terms of the contract. Since many of the commitments are expected to expire without being drawn upon, total commitment amounts do not necessarily represent future cash requirements. Additionally, certain commitments (primarily consumer) can generally be canceled by providing notice to the borrower.

The ACL associated with unfunded commitments and letters of credit is recorded within other liabilities on the consolidated balance sheets. Upon adoption of CECL on January 1, 2020, Synovus recorded $27.4 million in unfunded commitment reserves due to the consideration under CECL of expected utilization over the life of such commitments. At December 31, 2020, the ACL for unfunded commitments was $47.8 million, including the impact of CECL and COVID-19, compared to a reserve of $1.4 million at December 31, 2019. Additionally, an immaterial amount of unearned fees relating to letters of credit are recorded within other liabilities on the consolidated balance sheets. See “Part II - Item 8. Financial Statements and Supplementary Data - Note 1 - Summary of Significant Accounting Policies” in this Report for more information on Synovus' adoption of CECL.

Synovus invests in certain LIHTC partnerships which are engaged in the development and operation of affordable multi-family housing pursuant to Section 42 of the Code. Additionally, Synovus invests in certain solar energy tax credit partnerships pursuant to Section 48 of the Code. Synovus typically acts as a limited partner in these investments and does not exert control over the operating or financial policies of the partnerships and as such, is not considered the primary beneficiary of the partnership. For certain of its LIHTC investments, Synovus provides financing during the construction and development of the properties and is at risk for the funded amount of its equity investment plus the outstanding amount of any construction loans in excess of the fair value of the collateral for the loan, but has no obligation to fund the operations or working capital of the partnerships and is not exposed to losses beyond Synovus’ investment. Synovus receives tax credits related to these investments which are subject to recapture by taxing authorities based on compliance provisions required to be met at the project level.

Synovus also invests in certain other CRA partnerships including SBIC programs. The SBIC is a program initiated by the SBA in 1958 to assist in the funding of small business loans.

	December 31,	
(in thousands)	**2020**	**2019**
Letters of credit *	$ 190,562	$ 202,614
Commitments to fund commercial and industrial loans	8,200,608	7,018,152
Commitments to fund commercial real estate, construction, and land development loans	3,290,041	3,032,252
Commitments under home equity lines of credit	1,602,831	1,501,452
Unused credit card lines	1,012,313	877,929
Other loan commitments	472,233	485,371
Total letters of credit and unfunded lending commitments	**$ 14,768,588**	**$ 13,117,770**
LIHTC, solar energy tax credit, and other CRA partnerships:		
Carrying amount included in other assets	$ 262,855	$ 146,612
Amount of future funding commitments included in carrying amount	133,946	78,266
Permanent and short-term construction loans and letter of credit commitments	84,552	2,124
Funded portion of permanent and short-term loans and letters of credit	9,762	3,196

* *Represent the contractual amount net of risk participations purchased of approximately $30 million and $33 million at December 31, 2020 and December 31, 2019, respectively.*

Merchant Services

In accordance with credit and debit card association rules, Synovus provides merchant processing services for customers. Prior to the second quarter of 2020, these services were provided through a referral relationship which was replaced during the second quarter of 2020 with a new contractual arrangement under which certain sales and processing support are provided through an outside merchant services provider with Synovus owning the merchant contract relationship. In addition, Synovus sponsors various third-party MPS businesses that process credit and debit card transactions on behalf of merchants. In connection with these services, a liability may arise in the event of a billing dispute between the merchant and a cardholder that is ultimately resolved in the cardholder's favor. If the merchant defaults on its obligations, the cardholder, through its issuing bank, generally has until six months after the date of the transaction to present a chargeback to the MPS, which is primarily liable for any losses on covered transactions. However, if a sponsored MPS fails to meet its obligations, then Synovus, as the sponsor, could be held liable for the disputed amount. Synovus seeks to mitigate this risk through its contractual arrangements with the MPS and the merchants by withholding future settlements, retaining cash reserve accounts and/or obtaining other security. For the years ended December 31, 2020 and 2019, Synovus and the sponsored entities processed and settled $77.97 billion and $74.20 billion of transactions, respectively.

Synovus covered chargebacks related to a particular sponsored MPS during 2019 and 2018 where the MPS's cash reserve account was unavailable to support the chargebacks. During 2020, Synovus recorded a $2.7 million reserve in other operating expenses associated with the chargebacks, reflecting the amount that Synovus does not expect to collect. As of December 31, 2020, the remaining amount, net of reserves, included in other assets and classified in NPAs, is $15.6 million, compared to $21.4 million at December 31, 2019. While Synovus has contractual protections to mitigate against loss, repayment of the amounts owed to Synovus will depend in large part upon the continued financial viability and/or valuation of the MPS.

Legal Proceedings

Synovus and its subsidiaries are subject to various legal proceedings, claims and disputes that arise in the ordinary course of its business. Additionally, in the ordinary course of business, Synovus and its subsidiaries are subject to regulatory and governmental examinations, information gathering requests, inquiries and investigations. Synovus, like many other financial institutions, has been the target of legal actions and other proceedings asserting claims for damages and related relief for losses. These actions include mortgage loan and other loan put-back claims, claims and counterclaims asserted by individual borrowers related to their loans, allegations of violations of state and federal laws and regulations relating to banking practices, and allegations related to Synovus' participation in government stimulus programs, including putative class action matters. In addition to actual damages, if Synovus does not prevail in such asserted legal actions, 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 were to occur.

Synovus carefully examines and considers each legal matter, and, in those situations where Synovus determines that a particular legal matter presents loss contingencies that are both probable and reasonably estimable, Synovus establishes an appropriate reserve. An event is considered to be probable if the future event is likely to occur. While the final outcome of any legal proceeding is inherently uncertain, based on the information currently available, advice of counsel and available insurance coverage, management believes that the amounts accrued with respect to legal matters as of December 31, 2020 are adequate. The actual costs of resolving legal claims may be higher or lower than the amounts accrued.

In addition, where Synovus determines that there is a reasonable possibility of a loss in respect of legal matters, Synovus considers whether it is able to estimate the total reasonably possible loss or range of loss. An event is “reasonably possible” if “the chance of the future event or events occurring is more than remote but less than likely.” An event is “remote” if “the chance of the future event or events occurring is more than slight but less than reasonably possible.” 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. For those legal matters where Synovus is able to estimate a range of reasonably possible losses, management currently estimates the aggregate range from our outstanding litigation is from zero to $5 million in excess of the amounts accrued, if any, related to those matters. This estimated aggregate range is based upon information currently available to Synovus, and the actual losses could prove to be lower or higher. 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. Based on Synovus' 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, results of operations 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 or financial condition for any particular period.

Synovus intends to vigorously pursue all available defenses to these legal matters, but will also consider other alternatives, including settlement, in situations where there is an opportunity to resolve such legal matters on terms that Synovus considers to be favorable, including in light of the continued expense and distraction of defending such legal matters. Synovus maintains insurance coverage, which may be available to cover legal fees, or potential losses that might be incurred in connection with such legal matters. The above-noted estimated range of reasonably possible losses does not take into consideration insurance coverage which may or may not be available for the respective legal matters.

Note 17 - Share-based Compensation and Other Employment Benefit Plans

General Description of Share-based Plans

Synovus has a long-term incentive plan under which the Compensation Committee of the Board of Directors has the authority to grant share-based awards to Synovus employees. The 2013 Omnibus Plan authorizes 8.6 million common share equivalents available for grant, where grants of options count as one share equivalent and grants of full value awards (e.g., restricted share units, market restricted share units, and performance share units) count as two share equivalents. Any restricted share units that are forfeited and options that expire unexercised will again become available for issuance under the Plan. At December 31, 2020, Synovus had a total of 1.5 million common share equivalents of its authorized but unissued common stock reserved for future grants under the 2013 Omnibus Plan. The Plan permits grants of share-based compensation including stock options, restricted share units, market restricted share units, and performance share units. The grants generally include vesting periods of three years. The restricted share units and the market restricted share units contain a service-based vesting period of three years with most awards vesting pro-rata over three years. As further discussed below, market restricted share units and performance share units are granted at a defined target level and are compared annually to required market and performance metrics to determine actual units vested and for performance share units, compensation expense. Synovus has historically issued new shares to satisfy share option exercises and share unit conversions. Dividend equivalents are paid on outstanding restricted share units, market restricted share units, and performance share units in the form of additional restricted share units that vest over the same vesting period or the vesting period left on the original restricted share unit grant.

Share-based Compensation Expense

Total share-based compensation expense recognized for 2020, 2019, and 2018 is presented in the following table by its classification within total non-interest expense.

	Years Ended December 31,		
(in thousands)	**2020**	**2019**	**2018**
Salaries and other personnel expense	$ 17,827	$ 19,618	$ 15,712
Merger-related expense	—	4,219	—
Other operating expenses	814	650	931
Total share-based compensation expense included in non-interest expense	**$ 18,641**	**$ 24,487**	**$ 16,643**

The total income tax benefit recognized in the consolidated statements of income related to share-based compensation expense was approximately $4.8 million, $6.3 million, and $4.3 million for 2020, 2019, and 2018, respectively. No share-based compensation costs have been capitalized for the years ended December 31, 2020, 2019, and 2018. As of December 31, 2020, total unrecognized compensation cost related to the unvested portion of share-based compensation arrangements involving shares of Synovus stock was $26.1 million consisting of unrecognized compensation cost related to restricted share units of $22.1 million, market restricted share units of $1.4 million, and performance share units of $2.6 million. This cost is expected to be recognized over a weighted average remaining period of 1.47 years.

Stock Options

There were no stock option grants in 2020, 2019, or 2018; however, Synovus assumed 3.2 million outstanding employee and director stock options in the Merger on January 1, 2019. The estimated fair value of the converted stock options was determined using a Hull-White model in a binomial lattice option pricing framework with the following weighted average assumptions:

	2019
Stock price (Synovus' closing stock price on December 31, 2018)	$ 31.99
Weighted average fair value of converted stock options	11.50
Risk-free interest rate	2.51%
Expected stock price volatility	26.4%
Dividend yield	3.13%
Term to expiration	5.1 years

A summary of stock option activity and changes during the years ended December 31, 2020, 2019, and 2018 is presented below.

Stock Options

	2020		2019		2018	
(in thousands, except per share data)	**Quantity**	**Weighted-Average Exercise Price**	**Quantity**	**Weighted-Average Exercise Price**	**Quantity**	**Weighted-Average Exercise Price**
Outstanding at beginning of year	3,037	$ 22.74	640	$ 16.93	775	$ 17.85
Assumed in acquisition	—	—	3,230	23.22	—	—
Options exercised	(572)	22.67	(820)	19.91	(126)	16.92
Options forfeited/expired/canceled	(64)	33.50	(13)	34.23	(9)	92.26
Options outstanding at end of year	**2,401**	**$ 22.47**	**3,037**	**$ 22.74**	**640**	**$ 16.93**
Options exercisable at end of year	**2,401**	**$ 22.47**	**2,399**	**$ 19.52**	**640**	**$ 16.93**

The aggregate intrinsic value for both outstanding and exercisable stock options at December 31, 2020 was $25.1 million with a weighted average remaining contractual life of 3.27 years. The grant date fair value of stock options vested during the year ended December 31, 2020 was $5.3 million, with vesting occurring on January 1, 2020. The intrinsic value of stock options exercised during the years ended December 31, 2020, 2019, and 2018 was $5.3 million, $13.6 million, and $4.4 million, respectively.

Restricted Share Units, Market Restricted Share Units, and Performance Share Units

Compensation expense is measured based on the grant date fair value of restricted share units, market restricted share units, and performance share units. The fair value of restricted share units and performance share units that do not contain market conditions is equal to the market price of common stock on the grant date. The fair value of market restricted share units granted was estimated on the date of grant using a Monte Carlo simulation model with the following weighted average assumptions:

	2020	2019	2018
Risk-free interest rate	1.42%	2.40%	2.32%
Expected stock price volatility	25.4	24.4	22.5
Dividend yield	3.6	2.9	1.3
Simulation period	3.0 years	3.0 years	3.0 years

The stock price expected volatility was based on Synovus' historical volatility for grants in 2020 and 2019 and Synovus' historical and implied volatility for the 2018 grants. The Monte Carlo model estimates fair value based on 100,000 simulations of future share price using a theoretical model of stock price behavior.

Synovus granted performance share units, which included a market condition with respect to 50% of the award, to senior management during the year ended December 31, 2020. The performance share units have a three-year service-based vesting component, a 50% weighted performance condition based on adjusted ROATCE, and a 50% weighted market condition based on Synovus' relative TSR. The number of performance share units that will ultimately vest ranges from 0% to 150% of a defined target based on Synovus' relative TSR and three-year weighted average ROATCE (as defined).

During the years ended December 31, 2019 and 2018, Synovus granted market restricted share units and performance share units to senior management. The market restricted share units have a three-year service-based vesting component as well as a total shareholder return multiplier and the performance share units vest upon meeting certain service and performance conditions. The number of market restricted share units that will ultimately vest ranges from 75% to 125% of a defined target based on Synovus' TSR. Adjusted return on average assets (ROAA), and adjusted return on average tangible common equity (ROATCE), performance is evaluated each year over a three-year performance period, with share distribution determined at the end of the three years. The number of performance share units that will ultimately vest ranges from 0% to 150% of defined targets based on Synovus' three-year weighted average ROAA and ROATCE (as defined).

A summary of restricted share units, market restricted share units, and performance share units outstanding and changes during the years ended December 31, 2020, 2019, and 2018 is presented below.

	Restricted Share Units		Market Restricted Share Units		Performance Share Units	
(in thousands, except per share data)	**Quantity**	**Weighted-Average Grant Date Fair Value**	**Quantity**	**Weighted-Average Grant Date Fair Value**	**Quantity**	**Weighted-Average Grant Date Fair Value**
Outstanding at December 31, 2017	566	$ 33.25	171	$ 35.24	245	$ 31.54
Granted	249	47.34	58	48.46	86	47.23
Dividend equivalents granted	7	44.10	3	41.91	4	28.06
Quantity change by TSR factor	—	—	18	33.21	—	—
Vested	(280)	30.86	(105)	33.21	(84)	28.06
Adjustment for performance vs. target	—	—	—	—	(1)	28.06
Forfeited	(16)	38.60	(1)	38.32	(2)	33.52
Outstanding at December 31, 2018	526	41.18	144	41.91	248	38.29
Granted	550	36.27	163	37.20	140	37.34
Assumed in acquisition	136	31.99	—	—	—	—
Dividend equivalents granted	23	36.27	6	37.20	9	37.34
Quantity change by TSR factor	—	—	(19)	37.99	—	—
Vested	(304)	37.04	(59)	37.99	(93)	26.35
Adjustment for performance vs. target	—	—	—	—	6	37.34
Forfeited	(114)	37.04	(19)	37.99	(31)	40.34
Outstanding at December 31, 2019	817	38.32	216	39.99	279	41.52
Granted	763	32.42	—	—	131	35.75
Dividend equivalents granted	59	32.42	9	39.99	23	41.52
Quantity change by TSR factor	—	—	7	41.00	—	—
Vested	(384)	38.04	(104)	41.00	(110)	41.61
Adjustment for performance vs. target	—	—	—	—	34	41.61
Forfeited	(34)	35.97	(37)	38.42	(9)	41.52
Outstanding at December 31, 2020	**1,221**	**$ 34.50**	**91**	**$ 39.54**	**348**	**$ 39.33**

The total fair value of restricted share units vested during 2020, 2019, and 2018 was $13.4 million, $11.2 million, and $13.6 million, respectively. The total fair value of market restricted share units vested during 2020, 2019, and 2018 was $3.9 million, $2.2 million, and $5.1 million, respectively, and the total fair value of performance share units vested during 2020, 2019, and 2018 was $4.0 million, $3.5 million, and $4.3 million, respectively.

The following table provides aggregate information regarding grants under all Synovus equity compensation plans at December 31, 2020.

Plan Category(1)	(a) Number of Securities to be Issued Upon Vesting of Restricted Share Units, Market Restricted Share Units, and Performance Share Units(2)	(b) Number of Securities to be Issued Upon Exercise of Outstanding Options	(c) Weighted-Average Exercise Price of Outstanding Options in Column (b)	(d) Number of Shares Remaining Available for Issuance Excluding Shares Reflected in Columns (a) and (b)
Shareholder approved equity compensation plans for shares of Synovus stock	1,660	2,401	$22.47	1,522

(1) Does not include information for equity compensation plans assumed by Synovus in mergers. A total of 2.0 million shares of common stock was issuable upon exercise of options granted under plans assumed in mergers and outstanding at December 31, 2020. The weighted average exercise price of all options granted under plans assumed in mergers and outstanding at December 31, 2020 was $23.67. Synovus cannot grant additional awards under these assumed plans.

(2) Market restricted and performance share units included at defined target levels. Actual shares issued upon vesting may differ based on actual TSR and ROAA and ROATCE (as defined) over the measurement period.

Other Employment Benefit Plans

For the years ended December 31, 2020, 2019, and 2018, Synovus provided a 100% matching contribution on the first 5% of eligible employee 401(k) contributions for a total annual contribution of $21.3 million, $18.8 million, and $15.7 million, respectively.

For the years ended December 31, 2020, 2019, and 2018, Synovus sponsored a stock purchase plan for directors and employees whereby Synovus made contributions equal to 15% of employee and director voluntary contributions, subject to certain maximum contribution limitations. The funds are used to purchase outstanding shares of Synovus common stock. Synovus recorded as expense $1.1 million, $1.1 million, and $942 thousand for contributions to these plans in 2020, 2019, and 2018, respectively.

Note 18 - Income Taxes

The components of income tax expense (benefit) included in the consolidated statements of income for the years ended December 31, 2020, 2019, and 2018 are presented below:

(in thousands)	2020	2019	2018
Current			
Federal	$ 187,741	$ 112,517	$ 75,582
State	9,421	2,085	7,081
Total current income tax expense	197,162	114,602	82,663
Deferred			
Federal	(90,777)	46,182	24,894
State	4,585	40,451	11,321
Total deferred income tax (benefit) expense	(86,192)	86,633	36,215
Total income tax expense	**$ 110,970**	**$ 201,235**	**$ 118,878**

Income tax expense does not reflect the tax effects of net unrealized gains (losses) on investment securities available for sale and net unrealized gains (losses) on derivative instruments designated as cash flow hedges. These effects are presented in the consolidated statements of comprehensive income.

Income tax expense as shown in the consolidated statements of income differed from the amounts computed by applying the U.S. federal income tax rate of 21 percent to income before income taxes for the years ended December 31, 2020, 2019, and 2018. A reconciliation of the differences is presented below:

(dollars in thousands)	Years Ended December 31, 2020	2019	2018
Income tax expense at statutory federal income tax rate	$ 101,779	$ 160,653	$ 114,944
Increase (decrease) resulting from:			
State income tax expense, net of federal income tax benefit	11,168	33,764	17,270
Low income housing tax credits and other tax benefits	(13,858)	(8,454)	(6,421)
Low income housing tax credit amortization	11,247	6,871	5,316
Goodwill impairment	9,424	—	—
Income not subject to tax	(9,207)	(6,564)	(3,599)
FDIC premiums	4,744	5,802	2,529
Adjustment related to reduction in U.S. federal statutory income tax rate	—	—	(9,865)
Executive compensation	1,501	6,385	443
General business tax credits	(657)	(678)	(1,163)
Excess tax benefit from share-based compensation	311	(1,337)	(2,801)
Change in valuation allowance	—	—	(3,431)
Other, net	(5,482)	4,793	5,656
Total income tax expense	**$ 110,970**	**$ 201,235**	**$ 118,878**
Effective tax rate	22.9%	26.3%	21.7%

Details for significant portions of the deferred tax assets and liabilities at December 31, 2020 and 2019 are presented below:

(in thousands)	2020	2019
Deferred tax assets		
Allowance for loan losses	$ 165,691	$ 73,929
Lease liability	98,340	99,053
Net operating loss carryforwards	29,684	38,972
Employee benefits and deferred compensation	27,917	28,874
Deferred revenue	24,751	8,237
Non-performing loan interest	12,472	5,232
Fair value of investment securities and loans	10,093	—
Tax credit carryforwards	8,605	21,076
Other	9,819	15,101
Total gross deferred tax assets	387,372	290,474
Less valuation allowance	(19,191)	(18,445)
Total deferred tax assets	368,181	272,029
Deferred tax liabilities		
Right-of-use asset	(98,681)	(97,400)
Net unrealized gains (losses) on investment securities available for sale and cash flow hedges	(64,344)	(31,678)
Excess tax over financial statement depreciation	(40,452)	(41,097)
Purchase accounting intangibles	(14,458)	(15,184)
Prepaid expenses	(5,955)	(5,664)
Fair value of investment securities and loans	—	(8,602)
Other	(13,443)	(7,302)
Total gross deferred tax liabilities	(237,333)	(206,927)
Net deferred tax assets	**$ 130,848**	**$ 65,102**

The increase in the valuation allowance for the year ended December 31, 2020 was $746 thousand and relates to state NOLs expected to expire before they can be utilized.

Management assesses the realizability of 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 the positive and negative evidence. At December 31, 2020, the Company is not in a three-year cumulative loss position; accordingly, it does not have significant negative evidence to consider when evaluating the realization of its deferred tax assets. Positive evidence supporting the realization of the Company's deferred tax assets at December 31, 2020 includes generation of taxable income in 2020, 2019, and 2018, stable credit quality, strong capital position, as well as sufficient amounts of projected future taxable income, of the appropriate character, to support the realization of the $130.8 million net deferred tax asset at December 31, 2020. Synovus expects to realize its net deferred tax asset of $130.8 million through the reversal of existing taxable temporary differences and projected future taxable income. Based on the assessment of all the positive and negative evidence at December 31, 2020, management has concluded that it is more likely than not that the results of future operations will generate sufficient taxable income to realize the deferred tax assets.

Synovus expects to realize substantially all of the $130.8 million in net deferred tax assets well in advance of the statutory carryforward period. At December 31, 2020, $111.8 million of existing net deferred tax assets are not related to NOLs or credits and therefore, have no expiration dates. $29.7 million of the deferred tax assets relate to federal and state NOLs which will expire in installments annually through the tax year 2034. State tax credits at December 31, 2020 total $8.6 million and have expiration dates through the tax year 2030.

State NOLs and tax credit carryforwards as of December 31, 2020 are summarized in the following table.

Tax Carryforwards

	As of December 31, 2020				
(in thousands)	**Expiration Dates**	**Deferred Tax Asset Balance, Gross**	**Valuation Allowance**	**Net Deferred Tax Asset Balance**	**Pre-Tax Earnings Necessary to Realize**(1)
Net operating losses - federal	2029-2032	$ 19,903	$ (15,852)	$ 4,051	$ 19,292
Net operating losses - states	2023-2034	15,783	(3,339)	12,444	1,346,109
Other credits - states	2023-2030	12,733	—	12,733	N/A

(1) N/A indicates credits are not measured on a pre-tax earnings basis.

Synovus is subject to income taxation in the United States and various state jurisdictions. Synovus' federal income tax return is filed on a consolidated basis, while state income tax returns are filed on both a consolidated and separate entity basis. Currently, there are no years for which Synovus filed a federal income tax return that are under examination by the IRS. Additionally, Synovus is no longer subject to income tax examinations by the IRS for years before 2017, and excluding certain limited exceptions, Synovus is no longer subject to income tax examinations by state and local income tax authorities for years before 2016. However, amounts reported as NOLs and tax credit carryovers from closed tax periods remain subject to review by most tax authorities. Although Synovus is unable to determine the ultimate outcome of current and future examinations, Synovus believes that the liability recorded for uncertain tax positions is adequate.

A reconciliation of the beginning and ending amount of unrecognized income tax benefits is as follows (unrecognized state income tax benefits are not adjusted for the federal income tax impact).

	Years Ended December 31,		
(in thousands)	**2020**	**2019**	**2018**
Balance at January 1,	$ 20,994	$ 18,586	$ 15,117
Additions based on income tax positions related to current year	461	550	1,165
Additions for income tax positions of prior years(1)	147	—	2,321
Additions from acquisition	—	3,464	—
Reductions for income tax positions of prior years	(327)	(1,589)	—
Statute of limitation expirations	(820)	(17)	(17)
Settlements	(205)	—	—
Balance at December 31,	**$ 20,250**	**$ 20,994**	**$ 18,586**

(1) Includes deferred tax benefits that could reduce future tax liabilities.

Accrued interest and penalties related to unrecognized income tax benefits are included as a component of income tax expense. Accrued interest and penalties on unrecognized income tax benefits totaled $2.7 million, $3.3 million, and $227 thousand as of December 31, 2020, 2019 and 2018, respectively. Unrecognized income tax benefits as of December 31, 2020, 2019 and 2018 that, if recognized, would affect the effective income tax rate totaled $19.1 million, $20.4 million and $15.2 million (net of the federal benefit on state income tax issues). Accruals and releases of penalties and interest resulted in a benefit of $366 thousand in 2020 and expense of $1.4 million and $193 thousand in 2019 and 2018, respectively. Synovus expects that $83 thousand of uncertain income tax positions will be either settled or resolved during the next twelve months.

Note 19 - Segment Reporting

Synovus' business segments are based on the products and services provided or the customers served and reflect the manner in which financial information is evaluated by the chief operating decision makers. Prior to the fourth quarter of 2019, Synovus identified its overall banking operations as its only reportable segment. During the fourth quarter of 2019, Synovus announced changes in its organizational structure and segmented its business into three major reportable business segments: Community Banking, Wholesale Banking, and Financial Management Services (FMS), with functional activities such as treasury, technology, operations, marketing, finance, enterprise risk, legal, human resources, corporate communications, executive management, among others, included in Treasury and Corporate Other.

Business segment results are determined based upon Synovus' management reporting system, which assigns balance sheet and income statement items to each of the business segments. Certain assets, liabilities, revenues, and expenses not allocated or attributable to a particular business segment are included in Treasury and Corporate Other. Synovus' third-party lending partnership consumer loans and held for sale loans as well as PPP loans are included in Treasury and Corporate Other. The management accounting policies and processes utilized in compiling segment financial information are highly subjective and, unlike financial accounting, are not based on authoritative guidance similar to GAAP. As a result, reported segment results are not necessarily comparable with similar information reported by other financial institutions.

The Community Banking business segment serves customers using a relationship-based approach through its branch, ATM, commercial, and private wealth network in addition to mobile, Internet, and telephone banking. This segment primarily provides individual, small business, and corporate customers with an array of comprehensive banking products and services including commercial, home equity, and other consumer loans, credit and debit cards, and deposit accounts.

The Wholesale Banking business segment serves primarily larger corporate customers by providing commercial lending and deposit services through specialty teams including middle market, CRE, senior housing, national accounts, premium finance, structured lending, healthcare, asset-based lending, and community investment capital.

The Financial Management Services (FMS) business segment serves its customers by providing mortgage and trust services and also specializing in professional portfolio management for fixed-income securities, investment banking, the execution of securities transactions as a broker/dealer, asset management, financial planning, and family office services, as well as the provision of individual investment advice on equity and other securities.

Synovus uses a centralized FTP methodology to attribute appropriate net interest income to the business segments. The intent of the FTP methodology is to transfer interest rate risk from the business segments by providing matched duration funding of assets and liabilities. The result is to centralize the financial impact, management, and reporting of interest rate risk in the Treasury and Corporate Other function where it can be centrally monitored and managed. Treasury and Corporate Other includes certain assets and/or liabilities managed within that function. Additionally, Treasury and Corporate Other also charges (credits) an internal cost of funds for assets held in (or pays for funding provided by) each business segment. The process for determining FTP is based on a number of factors and assumptions, including prevailing market interest rates, the expected lives of various assets and liabilities, and the Company's broader funding profile.

The following tables present certain financial information for each reportable business segment as of and for the years ended December 31, 2020 and 2019. The fourth quarter of 2019 was the first financial period in which the new segment reporting became effective; thus, to provide comparable prior year information, Synovus has included proforma business segment financial information for the full year 2019 utilizing various allocation methodologies based on balance sheet and income statement items assigned to each business segment. Management concluded information for 2018 presented in this format would not include the results of operations from our FCB acquisition in 2019 and therefore, would not be comparable. The application and development of management reporting methodologies is a dynamic process and is subject to periodic enhancements. As these enhancements are made, financial results presented by each reportable business segment may be periodically revised.

During the year ended December 31, 2020, Synovus strategically repositioned the investment securities portfolio, which resulted in net gains of $78.9 million in the Treasury and Corporate Other segment. Additionally, during the year ended December 31, 2020, Synovus recognized a $44.9 million non-cash goodwill impairment charge representing all of the goodwill allocated to the Consumer Mortgage reporting unit (which is included in the FMS reportable segment) driven by significant mortgage refinance activity at record-low mortgage rates and the FOMC's updated guidance in the third quarter of 2020 regarding inflation targeting and their expectations for interest rates to remain low for an extended period of time.

	Year Ended December 31, 2020				
(in thousands)	**Community Banking**	**Wholesale Banking**	**Financial Management Services**	**Treasury and Corporate Other**	**Synovus Consolidated**
Net interest income	$ 857,574	$ 548,152	$ 76,794	$ 30,228	$ 1,512,748
Non-interest revenue	122,455	26,379	224,496	133,183	506,513
Non-interest expense	288,407	84,142	231,792	575,233	1,179,574
Pre-provision net revenue	**$ 691,622**	**$ 490,389**	**$ 69,498**	**$ (411,822)**	**$ 839,687**

	Year Ended December 31, 2019 (Proforma)				
(in thousands)	**Community Banking**	**Wholesale Banking**	**Financial Management Services**	**Treasury and Corporate Other**	**Synovus Consolidated**
Net interest income	$ 825,219	$ 518,033	$ 112,431	$ 140,120	$ 1,595,803
Non-interest revenue	136,657	28,948	154,166	36,129	355,900
Non-interest expense	302,327	71,393	152,115	573,133	1,098,968
Pre-provision net revenue	**$ 659,549**	**$ 475,588**	**$ 114,482**	**$ (396,884)**	**$ 852,735**

	December 31, 2020				
(dollars in thousands)	Community Banking	Wholesale Banking	Financial Management Services	Treasury and Corporate Other	Synovus Consolidated
Total loans net of deferred fees and costs	$ 11,346,219	$ 18,810,729	$ 5,252,604	$ 2,843,432	$ 38,252,984
Total deposits	$ 29,344,653	$ 11,958,105	$ 535,876	$ 4,852,937	$ 46,691,571
Total full-time equivalent employees	**2,199**	**285**	**832**	**1,818**	**5,134**

	December 31, 2019				
(dollars in thousands)	Community Banking	Wholesale Banking	Financial Management Services	Treasury and Corporate Other	Synovus Consolidated
Total loans net of deferred fees and costs	$ 12,170,914	$ 17,643,509	$ 5,285,455	$ 2,062,572	$ 37,162,450
Total deposits	$ 25,610,777	$ 8,314,184	$ 284,716	$ 4,195,827	$ 38,405,504
Total full-time equivalent employees	**2,301**	**213**	**839**	**1,911**	**5,264**

Note 20 - Condensed Financial Information of Synovus Financial Corp. (Parent Company only)

Condensed Balance Sheets

	December 31,	
(in thousands)	2020	2019
Assets		
Cash due from bank subsidiary	$ 439,352	$ 365,111
Funds due from other depository institutions	9,277	9,277
Total cash, cash equivalents, and restricted cash	448,629	374,388
Investment in consolidated bank subsidiary, at equity	5,239,849	5,303,005
Investment in consolidated nonbank subsidiaries, at equity	46,271	43,370
Note receivable from bank subsidiary	100,000	100,000
Other assets	16,975	54,142
Total assets	**$ 5,851,724**	**$ 5,874,905**
Liabilities and Shareholders' Equity		
Liabilities:		
Long-term debt	$ 606,406	$ 853,897
Other liabilities	83,984	79,318
Total liabilities	690,390	933,215
Shareholders' equity:		
Preferred stock	537,145	537,145
Common stock	168,133	166,801
Additional paid-in capital	3,851,208	3,819,336
Treasury stock	(731,806)	(715,560)
Accumulated other comprehensive income, net	158,635	65,641
Retained earnings	1,178,019	1,068,327
Total shareholders' equity	5,161,334	4,941,690
Total liabilities and shareholders' equity	**$ 5,851,724**	**$ 5,874,905**

(in thousands)	Years Ended December 31, 2020	2019	2018
Income			
Cash dividends received from subsidiaries	$ 547,500	$ 400,000	$ 250,000
Cash distribution received from non-bank subsidiary	—	—	10,000
Interest income	3,341	5,920	1,703
Other income (loss)	4,966	11,590	(3,904)
Total income	555,807	417,510	257,799
Expenses			
Interest expense	42,911	41,328	25,287
Other expenses	10,584	13,528	21,455
Total expenses	53,495	54,856	46,742
Income before income taxes and equity in undistributed income of subsidiaries	502,312	362,654	211,057
Allocated income tax benefit	(12,202)	(9,753)	(13,690)
Income before equity in undistributed income of subsidiaries	514,514	372,407	224,747
Equity in undistributed income (loss) of subsidiaries	(140,819)	191,373	203,729
Net income	373,695	563,780	428,476
Dividends on preferred stock	33,163	22,881	17,998
Net income available to common shareholders	**$ 340,532**	**$ 540,899**	**$ 410,478**

Condensed Statements of Comprehensive Income

	December 31, 2020			December 31, 2019			December 31, 2018		
(in thousands)	Before-tax Amount	Income Tax	Net of Tax Amount	Before-tax Amount	Income Tax	Net of Tax Amount	Before-tax Amount	Income Tax	Net of Tax Amount
Net income	$ 484,665	$ (110,970)	$ 373,695	$ 765,015	$ (201,235)	$ 563,780	$ 547,354	$ (118,878)	$ 428,476
Reclassification adjustment for realized (gains) losses included in net income on investment securities available for sale	—	—	—	(22)	6	(16)	—	—	—
Other comprehensive gain (loss) of bank subsidiary	125,505	(32,511)	92,994	216,032	(55,955)	160,077	(43,447)	11,252	(32,195)
Other comprehensive income (loss)	$ 125,505	$ (32,511)	$ 92,994	$ 216,010	$ (55,949)	$ 160,061	$ (43,447)	$ 11,252	$ (32,195)
Comprehensive income			**$ 466,689**			**$ 723,841**			**$ 396,281**

Condensed Statements of Cash Flows

(in thousands)	Years Ended December 31, 2020	2019	2018
Operating Activities			
Net income	$ 373,695	$ 563,780	$ 428,476
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in undistributed (income) loss of subsidiaries	140,819	(191,373)	(203,729)
Deferred income tax expense	3,962	1,775	1,055
Net increase in other liabilities	11,243	43,617	9,551
Net decrease in other assets	17,441	3,367	6,723
Other, net	(5,132)	1,037	1,115
Net cash provided by operating activities	542,028	422,203	243,191

	Years Ended December 31,		
(in thousands)	2020	2019	2018
Investing Activities			
Proceeds from sales of investment securities available for sale	—	97,389	—
Advance of long-term note receivable due from bank subsidiary	—	(100,000)	—
Return of investment non-bank subsidiary	—	790	—
Proceeds from sales of equity securities	23,141	—	—
Net cash received in business combination, net of cash paid	—	4,813	—
Net cash provided by investing activities	23,141	2,992	—
Financing Activities			
Dividends paid to common and preferred shareholders	(223,130)	(185,664)	(120,202)
Repurchases of common stock	(16,246)	(725,398)	(175,072)
Redemption of long-term debt	(250,000)	—	—
Proceeds from issuance of long-term debt	—	297,174	—
Proceeds from issuance (redemption) of preferred stock, net	—	342,005	65,140
Other	(1,552)	(1,947)	(1,220)
Net cash used in financing activities	(490,928)	(273,830)	(231,354)
Increase in cash, cash equivalents, and restricted cash	74,241	151,365	11,837
Cash, cash equivalents, and restricted cash at beginning of year	374,388	223,023	211,186
Cash, cash equivalents, and restricted cash at end of year	**$ 448,629**	**$ 374,388**	**$ 223,023**

See accompanying notes to the audited consolidated financial statements.

For the years ended December 31, 2020, 2019, and 2018, the Parent Company paid income taxes of $119.1 million, $101.6 million, and $41.7 million, respectively. For the years ended December 31, 2020, 2019, and 2018, the Parent Company paid interest of $42.0 million, $33.1 million, and $24.2 million, respectively.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
Synovus Financial Corp.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Synovus Financial Corp. and subsidiaries (the Company) as of December 31, 2021 and 2020, the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2021, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2021, 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) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 25, 2022 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company has changed its method of accounting for the recognition and measurement of credit losses as of January 1, 2020 due to the adoption of ASC 326, *Financial Instruments - Credit Losses.*

Basis for Opinion

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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Assessment of the allowance for loan losses for loans held for investment evaluated on a collective basis

As discussed in Notes 1 and 3 to the consolidated financial statements, the Company's allowance for loan losses was $427.6 million as of December 31, 2021, a substantial portion of which relates to loans held for investment evaluated on a collective basis (the collective allowance). The Company estimated the December 31, 2021 collective allowance on a collective (pool) basis for loans grouped with similar risk characteristics based upon the nature of the loan type. The Company estimated the 2021 collective allowance using a discounted cash flow model for each loan group over the contractual term of the loan, adjusted for expected prepayments and curtailments where appropriate. Such model applies the forecasted PD, which is the probability that a borrower will default, adjusted for relevant macroeconomic factors, comprising multiple weighted scenarios representing different plausible outcomes, and LGD, which is the estimate of the amount of net loss in the event of default to the estimated cash flows. To the extent the estimated lives of the loans in the portfolio extend beyond the reasonable and supportable forecast of two years, the Company reverts on a straight-line basis back to the historical loss rates over a one-year period. The resulting life-of-loan loss estimate may be adjusted for certain quantitative and qualitative factors to address uncertainty and limitations in the quantitative model such as the enacted government stimulus and changes in the unemployment rate.

We identified the assessment of the December 31, 2021 collective allowance as a critical audit matter. A high degree of audit effort, including specialized skills and knowledge, and subjective and complex auditor judgment was involved in the assessment. Specifically, the assessment encompassed the evaluation of the 2021 collective allowance methodology, including the methods and models used to estimate the inputs to the discounted cash flow model including the forecasted PD and LGD, portfolio segmentation, the selection of the macroeconomic forecasts and the weighting of each, the selection of macroeconomic factors, the reasonable and supportable forecast period, reversion methodology, and the historical observation period. The assessment also included an evaluation of the significant assumption that quantitative adjustments to historical default observations and changes in the unemployment rate are necessary to address uncertainty and limitations in the quantitative model. The assessment also included an evaluation of the conceptual soundness and performance monitoring of the forecasted PD and LGD models. In addition, auditor judgment was required to evaluate the sufficiency of audit evidence obtained.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the measurement of the 2021 collective allowance estimates, including controls over the:

- development of the 2021 collective allowance methodology
- continued use and appropriateness of changes to the forecasted PD and LGD models
- identification and determination of the significant assumptions used in the forecasted PD and LGD models, portfolio segmentation, the selection of the macroeconomic forecasts and the weighting of each, the selection of the macroeconomic factors, the reasonable and supportable forecast period, reversion methodology, and the historical observation period
- development of the quantitative adjustment, including the significant assumptions that adjustments to historical default observations and changes in unemployment are necessary to address uncertainty and limitations in the quantitative model
- conceptual soundness and performance monitoring of the forecasted PD and LGD models
- analysis of 2021 collective allowance results, trends, and ratios.

We evaluated the Company's process to develop the 2021 collective allowance estimate by testing certain sources of data, variables, and assumptions that the Company used, and considered the relevance and reliability of such data, variables, and assumptions. We also involved credit risk professionals with specialized skills and knowledge who assisted in:

- evaluating the Company's 2021 collective allowance on loans methodology for compliance with U.S. generally accepted accounting principles
- evaluating assumptions made by the Company relative to the macroeconomic forecasts, including the appropriateness of their weightings and selection of macroeconomic factors, and forecasted PD and LGD used in the discounted cash flow models by comparing them to relevant Company-specific metrics and trends and the applicable industry and regulatory practices
- testing the historical observation period and reasonable and supportable forecast and reversion methodology to evaluate the length of each period by comparing to specific portfolio risk characteristics and trends
- determining whether the loan portfolio is segmented by similar risk characteristics by comparing to the Company's business environment and relevant industry practices
- assessing the conceptual soundness and performance monitoring of the forecasted PD and LGD models by inspecting the model documentation to determine whether the models are suitable for their intended use
- evaluating the significant assumption that quantitative adjustments to historical default observations and changes in the unemployment rate are necessary to address uncertainty and limitations in the quantitative model and the effect of the quantitative adjustments on the 2021 collective allowance compared with relevant credit risk factors, and credit trends.

We also assessed the sufficiency of the audit evidence obtained related to the collective allowance by evaluating the:

- cumulative results of the audit procedures
- qualitative aspects of the Company's accounting practices
- potential bias in the accounting estimates.

/s/ KPMG LLP

We have served as the Company's auditor since 1975.
Atlanta, Georgia
February 25, 2022

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
Synovus Financial Corp.:

Opinion on Internal Control Over Financial Reporting

We have audited Synovus Financial Corp. and subsidiaries (the Company) internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2021 and 2020, the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2021, and the related notes (collectively, the consolidated financial statements), and our report dated February 25, 2022 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company'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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. 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 of internal control over financial reporting 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.

Definition and Limitations of Internal Control Over Financial Reporting

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.

/s/ KPMG LLP

Atlanta, Georgia
February 25, 2022

Synovus Financial Corp.
Consolidated Balance Sheets

(in thousands, except share and per share data)	December 31, 2021	2020
ASSETS		
Cash and due from banks	$ 432,925	$ 531,579
Interest-bearing funds with Federal Reserve Bank	2,479,006	3,586,565
Interest earning deposits with banks	25,535	20,944
Federal funds sold and securities purchased under resale agreements	72,387	113,829
Total cash, cash equivalents, and restricted cash	3,009,853	4,252,917
Investment securities available for sale, at fair value	10,918,329	7,962,438
Loans held for sale (includes $108,198 and $216,647, measured at fair value, respectively)	750,642	760,123
Loans, net of deferred fees and costs	39,311,958	38,252,984
Allowance for loan losses	(427,597)	(605,736)
Loans, net	38,884,361	37,647,248
Cash surrender value of bank-owned life insurance	1,068,616	1,049,373
Premises, equipment and software, net	407,241	463,959
Goodwill	452,390	452,390
Other intangible assets, net	35,596	45,112
Other assets	1,790,198	1,760,599
Total assets	**$ 57,317,226**	**$ 54,394,159**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Deposits:		
Non-interest-bearing deposits	$ 16,392,653	$ 13,477,854
Interest-bearing deposits	33,034,623	33,213,717
Total deposits	49,427,276	46,691,571
Securities sold under repurchase agreements	264,133	227,922
Long-term debt	1,204,229	1,202,494
Other liabilities	1,124,788	1,110,838
Total liabilities	52,020,426	49,232,825
Shareholders' Equity		
Preferred stock - no par value; authorized 100,000,000 shares; issued 22,000,000	537,145	537,145
Common stock - $1.00 par value; authorized 342,857,143 shares; issued 169,383,758 and 168,132,522; outstanding 145,010,086 and 148,039,495	169,384	168,133
Additional paid-in capital	3,894,109	3,851,208
Treasury stock, at cost; 24,373,672 and 20,093,027 shares	(931,497)	(731,806)
Accumulated other comprehensive income (loss), net	(82,321)	158,635
Retained earnings	1,709,980	1,178,019
Total shareholders' equity	5,296,800	5,161,334
Total liabilities and shareholders' equity	**$ 57,317,226**	**$ 54,394,159**

See accompanying notes to the audited consolidated financial statements.

Synovus Financial Corp.
Consolidated Statements of Income

	Years Ended December 31,		
(in thousands, except per share data)	**2021**	**2020**	**2019**
Interest income:			
Loans, including fees	$ 1,482,567	$ 1,600,462	$ 1,817,285
Investment securities available for sale	140,077	178,575	208,826
Loans held for sale	23,809	15,078	3,254
Federal Reserve Bank balances	3,777	2,839	10,384
Other earning assets	3,113	7,541	10,889
Total interest income	1,653,343	1,804,495	2,050,638
Interest expense:			
Deposits	74,919	217,777	356,949
Federal funds purchased, securities sold under repurchase agreements, and other liabilities	128	7,917	26,185
Long-term debt	45,349	66,053	71,701
Total interest expense	120,396	291,747	454,835
Net interest income	1,532,947	1,512,748	1,595,803
Provision for (reversal of) credit losses[(1)]	(106,251)	355,022	87,720
Net interest income after provision for credit losses	1,639,198	1,157,726	1,508,083
Non-interest revenue:			
Service charges on deposit accounts	86,310	73,132	88,190
Fiduciary and asset management fees	77,147	63,251	58,388
Card fees	51,399	42,702	45,659
Brokerage revenue	56,439	44,781	41,608
Mortgage banking income	54,371	91,413	32,599
Capital markets income	26,118	27,336	30,529
Income from bank-owned life insurance	38,019	31,297	21,226
Investment securities gains (losses), net	(799)	78,931	(7,659)
Other non-interest revenue	61,062	53,670	45,360
Total non-interest revenue	450,066	506,513	355,900
Non-interest expense:			
Salaries and other personnel expense	649,426	618,214	570,036
Net occupancy, equipment, and software expense	169,222	169,658	161,906
Third-party processing and other services	86,688	87,992	79,225
Professional fees	32,785	56,899	35,300
FDIC insurance and other regulatory fees	22,355	25,210	31,696
Goodwill impairment	—	44,877	—
Restructuring charges	7,223	26,991	1,230
Merger-related expense	—	—	56,580
Other operating expense	132,205	149,733	162,995
Total non-interest expense	1,099,904	1,179,574	1,098,968
Income before income taxes	989,360	484,665	765,015
Income tax expense	228,893	110,970	201,235
Net income	760,467	373,695	563,780
Less: Preferred stock dividends	33,163	33,163	22,881
Net income available to common shareholders	**$ 727,304**	**$ 340,532**	**$ 540,899**
Net income per common share, basic	$ 4.95	$ 2.31	$ 3.50
Net income per common share, diluted	4.90	2.30	3.47
Weighted average common shares outstanding, basic	147,041	147,415	154,331
Weighted average common shares outstanding, diluted	148,495	148,210	156,058

(1) Beginning January 1, 2020, provision calculation is based on current expected credit loss methodology. Prior to January 1, 2020, calculation was based on incurred loss methodology.

See accompanying notes to the audited consolidated financial statements.

Synovus Financial Corp.
Consolidated Statements of Comprehensive Income

	Years Ended December 31,								
	2021			2020			2019		
(in thousands)	**Before-tax Amount**	**Income Tax**	**Net of Tax Amount**	**Before-tax Amount**	**Income Tax**	**Net of Tax Amount**	**Before-tax Amount**	**Income Tax**	**Net of Tax Amount**
Net income	$ 989,360	$ (228,893)	$ 760,467	$ 484,665	$ (110,970)	$ 373,695	$ 765,015	$ (201,235)	$ 563,780
Unrealized gains (losses) on investment securities available for sale:									
Net unrealized gains (losses) arising during the period	(234,550)	60,304	(174,246)	108,626	(28,135)	80,491	217,501	(56,331)	161,170
Reclassification adjustment for realized (gains) losses included in net income	799	(202)	597	(78,931)	20,443	(58,488)	7,659	(1,984)	5,675
Net change	(233,751)	60,102	(173,649)	29,695	(7,692)	22,003	225,160	(58,315)	166,845
Unrealized gains (losses) on derivative instruments designated as cash flow hedges:									
Net unrealized gains (losses) arising during the period	(77,948)	20,243	(57,705)	99,193	(25,691)	73,502	(8,570)	2,220	(6,350)
Reclassification adjustment for realized (gains) losses included in net income	(12,862)	3,260	(9,602)	(2,765)	716	(2,049)	—	—	—
Net change	(90,810)	23,503	(67,307)	96,428	(24,975)	71,453	(8,570)	2,220	(6,350)
Post-retirement unfunded health benefit:									
Actuarial losses arising during the period	—	—	—	—	—	—	(510)	132	(378)
Reclassification adjustment for realized gains included in net income	—	—	—	(618)	156	(462)	(70)	14	(56)
Net change	—	—	—	(618)	156	(462)	(580)	146	(434)
Total other comprehensive income (loss)	$ (324,561)	$ 83,605	$ (240,956)	$ 125,505	$ (32,511)	$ 92,994	$ 216,010	$ (55,949)	$ 160,061
Comprehensive income			**$ 519,511**			**$ 466,689**			**$ 723,841**

See accompanying notes to the audited consolidated financial statements.

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

(in thousands, except per share data)	Preferred Stock	Common Stock	Additional Paid-in Capital	Treasury Stock	AOCI	Retained Earnings	Total
Balance at December 31, 2018	$ 195,140	$ 143,300	$ 3,060,561	$ (1,014,746)	$ (94,420)	$ 843,767	$ 3,133,602
Cumulative-effect of change in accounting principle for leases (ASU 2016-02), net of tax	—	—	—	—	—	4,270	4,270
Net income	—	—	—	—	—	563,780	563,780
Other comprehensive income (loss), net of income taxes	—	—	—	—	160,061	—	160,061
FCB acquisition:							
Issuance of common stock, net of issuance costs	—	22,043	682,103	—	—	—	704,146
Common stock reissued	—	—	—	1,014,746	—	(137,176)	877,570
Fair value of exchanged equity awards and warrants attributed to purchase price	—	—	43,972	—	—	—	43,972
Cash dividends declared on common stock - $1.20 per share	—	—	—	—	—	(183,091)	(183,091)
Cash dividends declared on preferred stock(1)	—	—	—	—	—	(22,881)	(22,881)
Issuance of Series E Preferred Stock, net of issuance costs	342,005	—	—	—	—	—	342,005
Repurchases of common stock including costs to repurchase	—	—	—	(725,398)	—	—	(725,398)
Issuance of common stock for earnout payment	—	344	11,502	—	—	—	11,846
Restricted share unit vesting and taxes paid related to net share settlement	—	302	(8,831)	—	—	(326)	(8,855)
Stock options/warrants exercised, net	—	812	15,364	—	—	—	16,176
Warrants exercised with net settlement and common stock reissued	—	—	(9,822)	9,838	—	(16)	—
Share-based compensation expense	—	—	24,487	—	—	—	24,487
Balance at December 31, 2019	$ 537,145	$ 166,801	$ 3,819,336	$ (715,560)	$ 65,641	$ 1,068,327	$ 4,941,690
Cumulative-effect of change in accounting principle for credit losses (ASU 2016-13), net of tax(2)	—	—	—	—	—	(35,721)	(35,721)
Net income	—	—	—	—	—	373,695	373,695
Other comprehensive income (loss), net of income taxes	—	—	—	—	92,994	—	92,994
Cash dividends declared on common stock - $1.32 per share	—	—	—	—	—	(194,658)	(194,658)
Cash dividends declared on preferred stock(1)	—	—	—	—	—	(33,163)	(33,163)
Repurchases of common stock including costs to repurchase	—	—	—	(16,246)	—	—	(16,246)
Issuance of common stock for earnout payment	—	379	8,316	—	—	—	8,695
Restricted share unit vesting and taxes paid related to net share settlement	—	389	(7,503)	—	—	(461)	(7,575)
Stock options exercised, net	—	564	12,418	—	—	—	12,982
Share-based compensation expense	—	—	18,641	—	—	—	18,641
Balance at December 31, 2020	$ 537,145	$ 168,133	$ 3,851,208	$ (731,806)	$ 158,635	$ 1,178,019	$ 5,161,334
Net income	—	—	—	—	—	760,467	760,467
Other comprehensive income (loss), net of income taxes	—	—	—	—	(240,956)	—	(240,956)
Cash dividends declared on common stock - $1.32 per share	—	—	—	—	—	(193,695)	(193,695)
Cash dividends declared on preferred stock(1)	—	—	—	—	—	(33,163)	(33,163)
Repurchases of common stock including costs to repurchase	—	—	—	(199,932)	—	—	(199,932)
Issuance of common stock for earnout payment	—	—	4,955	125	—	—	5,080
Restricted share unit vesting and taxes paid related to net share settlement	—	355	(6,254)	—	—	(1,645)	(7,544)
Stock options exercised, net	—	896	18,214	—	—	—	19,110
Warrants exercised with net settlement and common stock reissued	—	—	(113)	116	—	(3)	—
Share-based compensation expense	—	—	26,099	—	—	—	26,099
Balance at December 31, 2021	**$ 537,145**	**$ 169,384**	**$ 3,894,109**	**$ (931,497)**	**$ (82,321)**	**$ 1,709,980**	**$ 5,296,800**

(1) For the years ended December 31, 2021 and 2020, dividends per share were $1.58 and $1.47 for Series D and Series E Preferred Stock, respectively. For the year ended December 31, 2019, dividends per share were $1.58 and $0.73 for Series D and E Preferred Stock. respectively.

(2) For additional information, see "Part II - Item 8. Financial Statements and Supplementary Data - Note 1 - Summary of Significant Accounting Policies.

See accompanying notes to the audited consolidated financial statements.

Synovus Financial Corp.
Consolidated Statements of Cash Flows

	Years Ended December 31,		
(in thousands)	**2021**	**2020**	**2019**
Operating Activities			
Net income	$ 760,467	$ 373,695	$ 563,780
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for (reversal of) credit losses	(106,251)	355,022	87,720
Depreciation, amortization, and accretion, net	157,987	106,107	8,079
Deferred income tax expense (benefit)	45,000	(86,192)	86,633
Originations of loans held for sale	(3,698,368)	(3,466,170)	(872,105)
Proceeds from sales of loans held for sale	3,749,502	2,936,398	816,223
Gain on sales of loans held for sale, net	(42,513)	(67,115)	(21,448)
Increase in other assets	(78,728)	(411,632)	(127,636)
Increase (decrease) in other liabilities	(21,674)	281,866	43,066
Investment securities (gains) losses, net	799	(78,931)	7,659
Share-based compensation expense	27,795	18,641	24,487
Other	—	55,343	4,592
Net cash provided by operating activities	794,016	17,032	621,050
Investing Activities			
Net cash received in business combination, net of cash paid	—	—	201,100
Proceeds from maturities and principal collections of investment securities available for sale	3,051,158	2,291,536	1,102,651
Proceeds from sales of investment securities available for sale	565,400	2,649,686	2,923,787
Purchases of investment securities available for sale	(6,877,712)	(6,036,179)	(4,300,021)
Proceeds from sales of loans	111,168	1,426,954	74,123
Purchases of loans	(1,624,182)	(126,152)	(667,954)
Net (increase) decrease in loans	373,964	(2,461,302)	(1,361,693)
Net purchases of Federal Reserve Bank stock	(1,220)	(658)	(55,335)
Net (purchases) redemptions of Federal Home Loan Bank stock	(1,200)	129,710	(45,856)
Net (purchases) proceeds from settlement of bank-owned life insurance policies	19,045	(242,300)	16,637
Net increase in premises, equipment and software	(25,954)	(30,102)	(61,208)
Other	25,367	45,834	19,907
Net cash used in investing activities	(4,384,166)	(2,352,973)	(2,153,862)
Financing Activities			
Net increase in deposits	2,735,705	8,284,519	797,612
Net increase (decrease) in federal funds purchased and securities sold under repurchase agreements	36,211	62,232	(101,142)
Net increase (decrease) in other short-term borrowings	—	(1,745,843)	1,103,560
Repayments and redemption of long-term debt	—	(2,408,939)	(157,226)
Proceeds from issuance of long-term debt, net	—	1,445,492	497,045
Dividends paid to common shareholders	(194,677)	(189,967)	(167,923)
Dividends paid to preferred shareholders	(33,163)	(33,163)	(17,741)
Proceeds from issuance of preferred stock, net	—	—	342,005
Issuances, net of taxes paid, under equity compensation plans	11,566	5,407	7,321
Repurchase of common stock	(199,932)	(16,246)	(725,398)
Other	(8,624)	(1,552)	(1,947)
Net cash provided by financing activities	2,347,086	5,401,940	1,576,166
Increase (decrease) in cash and cash equivalents including restricted cash	(1,243,064)	3,065,999	43,354
Cash, cash equivalents, and restricted cash at beginning of year	4,252,917	1,186,918	1,143,564
Cash, cash equivalents, and restricted cash at end of year	**$ 3,009,853**	**$ 4,252,917**	**$ 1,186,918**

	Years Ended December 31,		
(in thousands)	**2021**	**2020**	**2019**
Supplemental Disclosures:			
Income taxes paid	$ 204,214	$ 110,828	$ 101,781
Interest paid	132,923	319,282	464,712
Non-cash Activities:			
Common stock issued, treasury stock reissued, equity awards/warrants exchanged to acquire FCB	—	—	1,625,688
Loans foreclosed and transferred to other real estate	12,408	2,163	19,423
Loans transferred to (from) loans held for sale at fair value	(859)	49,821	72,707

See accompanying notes to the audited consolidated financial statements.

Note 1 - Summary of Significant Accounting Policies

Business Operations

Synovus provides commercial and consumer banking in addition to a full suite of specialized products and services including private banking, treasury management, wealth management, mortgage services, premium finance, asset-based lending, structured lending, and international banking to its clients through its wholly-owned subsidiary bank, Synovus Bank, primarily in offices located throughout Alabama, Florida, Georgia, South Carolina and Tennessee.

In addition to our banking operations, we also provide various other financial planning and investment advisory services to our clients through direct and indirect wholly-owned non-bank subsidiaries, including: Synovus Securities, headquartered in Columbus, Georgia, which specializes in professional portfolio management for fixed-income securities, investment banking, the execution of securities transactions as a broker/dealer, and the provision of individual investment advice on equity and other securities; and Synovus Trust, headquartered in Columbus, Georgia, which provides trust, asset management, and financial planning services.

Principles of Consolidation and Basis of Presentation

The consolidated financial statements of Synovus include the accounts of the Parent Company and its consolidated subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. The accounting and financial reporting policies of Synovus are in accordance with GAAP and conform to the accounting and reporting guidelines prescribed by bank regulatory authorities. Prior period consolidated financial statements are reclassified whenever necessary to conform to the current period presentation. No reclassifications of prior period balances were material to the consolidated financial statements unless specifically disclosed.

The Company's consolidated financial statements include all entities in which the Company has a controlling financial interest. A VIE for which Synovus or a subsidiary has been determined to be the primary beneficiary is also consolidated. The determination of whether a controlling financial interest exists is based on whether a single party has both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and the obligation to absorb the losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. Investments in VIEs where Synovus is not the primary beneficiary are accounted for using either the proportional amortization method or equity method of accounting. The Company uses the hypothetical liquidation at book value (HLBV) method for equity investments when the liquidation rights and priorities as defined by an equity investment agreement differ from what is reflected by the underlying percentage ownership interests.

Investments in VIEs are included in other assets on the consolidated balance sheets, and the Company's proportionate share of income or loss is included as either a component of income tax expense (proportional amortization method) or non-interest income (equity method). The maximum potential exposure to losses relative to investments in VIEs is generally limited to the sum of the outstanding balance, future funding commitments and any related loans to the entity. The assessment of whether or not the Company has a controlling interest (i.e., the primary beneficiary) in a VIE is performed on an on-going basis. Refer to "Part II - Item 8. Financial Statements and Supplementary Data - Note 14 - Commitments and Contingencies" of this Report for additional details regarding Synovus' involvement with VIEs.

Immaterial Correction of Prior Period Financial Statements

During the third quarter of 2021, the Company made corrections to proceeds and purchases of investment securities available for sale by adjusting for the impact of timing differences associated with unsettled trades that crossed certain reporting periods. The Company concluded that the corrections were not material to any prior or current periods from a combined qualitative and quantitative perspective.

A summary of corrections is presented below.

Corrected Consolidated Statement of Cash Flows

(unaudited)

	Year Ended December 31, 2020		
(in thousands)	**As Reported**	**Adjustment**	**As Corrected**
Investing Activities			
Proceeds from sales of investment securities available for sale	$ 4,054,670	$ (1,404,984)	$ 2,649,686
Purchases of investment securities available for sale	(7,441,163)	1,404,984	(6,036,179)
Net cash used in investing activities	**$ 2,352,973**	**$ —**	**$ 2,352,973**

Use of Estimates

In preparing the consolidated financial statements in accordance with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the respective consolidated balance sheets and the reported amounts of revenue and expense for the periods presented. Actual results could differ significantly from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the ACL, estimates of fair value, income taxes, and contingent liabilities.

Business Combinations

Assets and liabilities acquired in business combinations are recorded at their acquisition date fair values, except as provided for by the applicable accounting guidance, with any excess recorded as goodwill. The results of operations of the acquired company are combined with Synovus' results from the acquisition date forward. In accordance with ASC Topic 805, *Business Combinations*, the Company generally records provisional amounts at the time of acquisition based on the information available to the Company. The provisional estimates of fair values may be adjusted for a period of up to one year ("measurement period") from the date of acquisition if new information is obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date. Subsequent to the acquisition date, adjustments recorded during the measurement period are recognized in the current reporting period. Acquisition costs are expensed when incurred.

Cash, Cash Equivalents, and Restricted Cash

Cash and cash equivalents consist of cash and due from banks as well as interest-bearing funds with Federal Reserve Bank, interest earning deposits with banks, and federal funds sold and securities purchased under resale agreements, which are inclusive of any restricted cash and restricted cash equivalents. On March 15, 2020, the Federal Reserve Board announced that, effective March 26, 2020, it would reduce reserve requirement ratios to zero percent for all depository institutions. Cash and cash equivalents included $65.1 million at December 31, 2021 and $158.7 million at December 31, 2020, which were pledged to collateralize certain derivative instruments and letters of credit.

Investment Securities Available for Sale

Investment securities available for sale are carried at fair value with unrealized gains and losses, net of the related tax effect, excluded from earnings and reported as a separate component of shareholders' equity within accumulated other comprehensive income (loss) until realized.

For investment securities available for sale in an unrealized loss position, if Synovus has an intention to sell the security, or it is more likely than not that the security will be required to be sold prior to recovery, the security is written down to its fair value. The write down is charged against the ACL with any additional impairment recorded in earnings. If the aforementioned criteria are not met, Synovus performs a quarterly assessment of its available for sale debt securities to determine if the decline in fair value of a security below its amortized cost is related to credit losses or other factors. Management considers the extent to which fair value is less than amortized cost, the issuer of the security, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. In assessing whether credit-related impairment exists, the present value of cash flows expected to be collected from the security is compared to the security's amortized cost. If the present value of cash flows expected to be collected is less than the security's amortized cost basis, the difference is attributable to credit losses. For such differences, Synovus records an ACL with an offset to provision for credit losses. Synovus limits the ACL recorded to the amount the security's fair value is less than the amortized cost basis. Impairment losses related to other factors are recognized in other comprehensive income (loss).

Interest income on securities available for sale is recorded on the accrual basis. Accrued interest on available for sale debt securities is excluded from the ACL determination and is recognized within other assets on the consolidated balance sheets. Available for sale debt securities are placed on non-accrual status when we no longer expect to receive all contractual amounts due, which is generally at 90 days past due. Accrued interest receivable is reversed against interest income when a security is placed on non-accrual status. Accordingly, we do not recognize an allowance for credit loss against accrued interest receivable.

Premiums and discounts are amortized or accreted over the life of the related security as an adjustment to yield using the effective interest method unless the premium is related to callable debt securities. For these securities, the amortization period is shortened to the earliest call date.

Realized gains and losses for securities are included in investment securities gains (losses), net, on the consolidated statements of income and are derived using the specific identification method, on a trade date basis.

Mortgage Loans Held for Sale and Mortgage Banking Income

Mortgage Loans Held for Sale

Mortgage loans held for sale are initially measured at fair value under the fair value option election with subsequent changes in fair value recognized in mortgage banking income on the consolidated statements of income.

Mortgage Banking Income

Mortgage banking income consists primarily of origination and ancillary fees on mortgage loans originated for sale, and gains and losses from the sale of those loans. Mortgage loans are sold servicing released, without recourse or continuing involvement, and meet ASC Topic 860, *Transfers and Servicing* criteria for sale accounting.

Other Loans Held for Sale

Other loans held for sale are carried at the lower of cost or estimated fair value.

Loans Held for Investment and Interest Income

Loans the Company has the intent and ability to hold for the foreseeable future are reported at principal amounts outstanding less amounts charged off, net of deferred fees and costs, and purchase premium/discount. Interest income is recognized on a level yield basis.

Non-accrual Loans

Loans on which the accrual of interest has been discontinued are designated as non-accrual loans. Accrual of interest is discontinued on loans when reasonable doubt exists as to the full collection of interest or principal, or when loans become contractually past due for 90 days or more as to either interest or principal, in accordance with the terms of the loan agreement, unless they are both well-secured and in the process of collection. When a loan is placed on non-accrual status, previously accrued and uncollected interest is reversed as an adjustment to interest income on loans. Interest payments received on non-accrual loans are generally recorded as a reduction of principal. As payments are received on non-accruing loans, interest income can be recognized on a cash basis; however, there must be an expectation of full repayment of the remaining recorded principal balance. The remaining portion of this payment is recorded as a reduction to principal. Loans are generally returned to accruing status when they are brought fully current with respect to interest and principal and when, in the judgment of management, the loans are estimated to be fully collectible as to both principal and interest, and the borrower has sustained repayment performance under the terms of the loan agreement for a reasonable period of time (generally six months).

Troubled Debt Restructurings

When borrowers are experiencing financial difficulties, Synovus may, in order to assist the borrowers in repaying the principal and interest owed to Synovus, make certain modifications to the borrower's loan. All loan modifications, renewals, and refinances are evaluated for TDR classification. The ALL on a TDR is measured using the same method as all other loans held for investment, except that the original interest rate, and not the rate specified with the restructuring, is used to discount the expected cash flows. 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). Insignificant periods of reduction of principal and/or interest payments, or short-term deferrals, 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.

Non-accruing TDRs may generally be returned to accrual status if there has been a period of performance, usually at least a six-month sustained period of repayment performance in accordance with the agreement. In the fiscal year subsequent to a loan's initial reporting as a TDR, a TDR for a borrower who is no longer experiencing financial difficulty (as evidenced by a period of performance), which yields a market rate of interest at the time of a renewal, and for which no principal was forgiven, is no longer considered a TDR.

Concentrations of Credit Risk

A substantial portion of the loan portfolio is secured by real estate in markets located throughout Alabama, Florida, Georgia, South Carolina and Tennessee. Accordingly, the ultimate collectability of a substantial portion of the loan portfolio is susceptible to changes in market conditions in these areas.

Loan Origination Fees and Costs

Loan origination fees and direct loan origination costs are deferred and amortized to net interest income over the life of the related loan or over the commitment period as a yield adjustment.

Allowance for Credit Losses (ACL)

On January 1, 2020, Synovus adopted ASU 2016-13 (and all subsequent ASUs on this topic, collectively, ASC 326), which replaced the existing incurred loss impairment guidance with an expected credit loss methodology (referred to as CECL). CECL requires management's estimate of credit losses over the full remaining expected life of loans and other financial instruments and for Synovus, applies to loans, unfunded loan commitments, accrued interest receivable, and available for sale debt securities. Upon adoption, Synovus applied the modified retrospective approach and recorded an after-tax cumulative-effect adjustment to beginning retained earnings for non-PCD assets (formerly non-PCI assets) and unfunded commitments of $35.7 million. Additionally, an initial estimate of expected credit losses on PCD assets (formerly PCI or ASC 310-30) was recognized with an offset to the cost basis of the related loans of $62.2 million. As permitted by transition guidance, Synovus did not reassess whether PCI assets met the criteria of PCD assets as of the adoption date. The remaining non-credit discount (based on the adjusted amortized cost basis) will be accreted into interest income. Results for reporting periods after adoption are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP.

The following table illustrates the impact of ASC 326 adoption:

	As of January 1, 2020		
in thousands	**Pre-ASC 326 Adoption**	**Impact of ASC 326 Adoption**	**As Reported under ASC 326**
Assets			
Allowance for loan losses:			
Commercial and industrial	$ 145,782	$ (2,310)	$ 143,472
Commercial real estate	67,430	(651)	66,779
Consumer	68,190	85,955	154,145
Total allowance for loan losses	$ 281,402	$ 82,994	$ 364,396
Liabilities			
Reserve for unfunded commitments	$ 1,375	$ 27,440	$ 28,815
Allowance for credit losses	**$ 282,777**	**$ 110,434**	**$ 393,211**

The following table illustrates the distribution of the ASC 326 adoption impact to loans and equity:

	As of January 1, 2020		
in thousands	**Pre-ASC 326 Adoption**	**Impact of ASC 326 Adoption**	**As Reported under ASC 326**
Loans, net	$ 36,881,048	$ (20,767)	$ 36,860,281
Retained earnings	1,068,327	(35,721)	1,032,606

Allowance for Loan Losses (ALL)

The ALL on loans held for investment represents management's estimate of credit losses expected over the life of the loans included in Synovus' existing loans held for investment portfolio. Changes to the allowance are recorded through a provision for credit losses and reduced by loans charged-off, net of recoveries. Determining the appropriateness of the allowance is complex and requires judgment by management about the effect of matters that are inherently uncertain.

Accrued but uncollected interest is recorded in other assets on the consolidated balance sheets. In general, the Company does not record an ACL for accrued interest receivables as allowable per ASC 326-20-30-5A as Synovus' non-accrual policies result in the timely write-off of accrued but uncollected interest.

Credit loss measurement

Synovus' loan loss estimation process includes procedures to appropriately consider the unique characteristics of its loan portfolio segments (C&I, CRE and consumer). These segments are further disaggregated into loan classes, the level at which credit quality is assessed and monitored (as described in the subsequent sections).

The ALL is measured on a collective (pool) basis when similar risk characteristics exist. Loans are grouped based upon the nature of the loan type and are further segregated based upon the methods for risk assessment. Credit loss assumptions are primarily estimated using a DCF model applied to the aforementioned loan groupings. This model calculates an expected life-of-loan loss percentage for each loan category by considering the forecasted PD, which is the probability that a borrower will default, adjusted for relevant forecasted macroeconomic factors comprising multiple weighted scenarios representing different plausible outcomes, and LGD, which is the estimate of the amount of net loss in the event of default.

Expected credit losses are estimated over the contractual term of the loan, adjusted for expected prepayments and curtailments when appropriate. Management's determination of the contract term excludes expected extensions, renewals, and modifications unless either of the following applies: there is a reasonable expectation at the reporting date that a TDR will be executed with an individual borrower, or an extension or renewal option is included in the contract at the reporting date that is not unconditionally cancellable by Synovus.

To the extent the lives of the loans in the portfolio extend beyond the period for which a reasonable and supportable forecast can be made (which is two years for Synovus), the Company reverts, on a straight-line basis back to the historical rates over a one year period.

Life-of-loan loss percentages may also be adjusted, as necessary, for certain quantitative and qualitative factors that in management's judgment are necessary to reflect losses expected in the portfolio. These adjustments address inherent limitations in the quantitative model including uncertainty and limitations, among others.

The above reflects the ALL estimation process for most commercial and consumer sub-pools. In some cases, Synovus may apply other acceptable loss rate models to smaller sub-pools.

Loans that do not share risk characteristics are individually evaluated on a loan by loan basis with specific reserves, if any, recorded as appropriate. Specific reserves are determined based on two methods: discounted cash flow based upon the loan's contractual effective interest rate or at the fair value of the collateral, less costs to sell if the loan is collateral-dependent.

For individually evaluated loans, under the DCF method, resulting expected credit losses are recorded as a specific reserve with a charge-off for any portion of the expected credit loss that is determined not to be recoverable. The reserve is reassessed each quarter and adjusted as appropriate based on changes in estimated cash flows. Additionally, where guarantors are determined to be a source of repayment, an assessment of the guarantee is required. This guarantee assessment would include, but not be limited to, factors such as type and feature of the guarantee, consideration for the guarantor's financial strength and capacity to service the loan in combination with the guarantor's other financial obligations as well as the guarantor's willingness to assist in servicing the loan.

For individually evaluated loans, if the loan is collateral-dependent, then the fair value of the loan's collateral, less estimated selling costs, is compared to the loan's carrying amount to determine impairment. Fair value is estimated using appraisals performed by a certified or licensed appraiser. Management also considers other factors or recent developments, such as changes in absorption rates or market conditions at the time of valuation, selling costs and anticipated sales values, taking into account management's plans for disposition, which could result in adjustments to the fair value estimates indicated in the appraisals. The assumptions used in determining the amount of the impairment are subject to significant judgment. Use of different assumptions, for example, changes in the fair value of the collateral or management's plans for disposition could have a significant impact on the amount of impairment.

Purchased Loans with Credit Deterioration

Purchased loans are evaluated upon acquisition in order to determine if the loan, or pool of loans, has experienced more-than-insignificant deterioration in credit quality since origination or issuance. In the performance of this evaluation, Synovus considers migration of the credit quality of the loans at origination in comparison to the credit quality at acquisition.

Purchased loans classified as PCD are recognized in accordance with ASC 326-20-30, whereby the amortized cost basis of the PCD asset is "grossed-up" by the initial estimate of credit losses with an offset to the ALL. This acquisition date allowance has no income statement effect. Post-acquisition, any changes in estimates of expected credit losses are recorded through the provision for credit losses. Non-credit discounts or premiums are accreted or amortized, respectively into interest income using the interest method.

Loans formerly accounted for as purchased credit-impaired in accordance with ASC 310-30 were automatically transitioned to PCD classification. The Company did not maintain ASC 310-30 pools. PCD loans were integrated into existing pool structures based upon the nature of the loan type and are further segregated based upon the individual loan risk ratings as noted above.

The accounting treatment for purchased loans classified as non-PCD is the same as loans held for investment as detailed in the above section.

Allowance for Credit Losses on Off-balance-sheet Credit Exposures

Synovus maintains a separate ACL for off-balance-sheet credit exposures, including unfunded loan commitments, unless the associated obligation is unconditionally cancellable by the Company. This allowance is included in other liabilities on the consolidated balance sheets with associated expense recognized as a component of the provision for credit losses on the consolidated statements of income. The reserve for off-balance-sheet credit exposures considers the likelihood that funding will occur and estimates the expected credit losses on resulting commitments expected to be funded over their estimated life using the estimated loss rates on loans held for investment.

Commercial Loans - Risk Ratings

Synovus utilizes two primary methods for risk assessment of the commercial loan portfolio: SRR Assessment and DRR Assessment. DRR is a statistical model approach to risk rating that includes a PD and a LGD. The SRR model is an expert judgment based model that results in a blended (i.e. single) rating. The single and dual risk ratings are based on the borrowers' credit risk profile, considering factors such as debt service history, current and estimated prospective cash flow information, collateral supporting the credit, source of repayment as well as other variables, as appropriate.

Each loan is assigned a risk rating during its initial approval process. For SRR loans, this process begins with a loan rating recommendation from the loan officer responsible for originating the loan. Commercial SRR loans are graded on a 10-point scale and include classifications of special mention, substandard, doubtful, and loss consistent with bank regulatory classifications. The primary determinants of the risk ratings for commercial SRR loans are the reliability of the primary source of repayment and the borrower's expected performance (i.e., the likelihood that the borrower will be able to service its obligations in accordance with the terms). Expected performance is based upon a full analysis of the borrower's historical financial results, current financial strength and future prospects, which includes any external drivers.

The DRR methodology is used for larger relationships within the C&I loan portfolio as well as certain IPRE loans. At December 31, 2021 and 2020, approximately 41% and 40% of total commercial loans were rated using the DRR methodology, respectively. The DRR includes sixteen PD categories.

The loan rating (for both SRR and DRR loans) is subject to approvals from other members of management, regional credit and/or loan committees depending on the size of the loan and credit attributes. Loan ratings are regularly re-evaluated based upon annual scheduled credit reviews or on a more frequent basis if determined prudent by management. Additionally, an independent loan review function evaluates Synovus' risk rating processes on a continuous basis.

Consumer Loans – Risk Ratings

Consumer loans are subject to uniform lending policies and consist primarily of loans with strong borrower credit scores. Synovus makes consumer lending decisions based upon a number of key credit risk determinants including FICO scores as well as loan-to-value and debt-to-income ratios. Consumer loans are generally assigned a risk rating on a 9-point scale based on credit bureau scores, with a loan grade of 1 assigned as the lowest level of risk and a loan grade of 6 as the highest level of risk. No loans graded higher than 6 at origination are approved for funding. At 90-119 days past due, a loan grade of 7-substandard non-accrual is applied and at 120 days past due, the loan is generally downgraded to grade 9-loss or is charged-off. The consumer loan portfolio is sent on a quarterly basis to a consumer credit reporting agency for a refresh of clients' credit scores so that management can evaluate ongoing consistency or negative migration in the quality of the portfolio. Revolving lines of credit are reviewed for a material change in financial circumstances and, when appropriate, the line of credit may be suspended for further advances. FICO scores within the residential real estate portfolio have generally remained stable over the last several years.

The Allowance for Loan Losses, for periods before 2020, was established as follows:

a. Impaired loans were generally evaluated on a loan by loan basis with specific reserves, if any, recorded as appropriate. Specific reserves were determined based on ASC 310-10-35, which provided for measurement of a loan's impairment based on one of three methods: i) discounted cash flow based upon the loan's contractual effective interest rate, ii) at the loan's observable market price, or iii) at the fair value of the collateral, less costs to sell if the loan was collateral-dependent.

b. For loans that were not considered impaired, the allocated allowance for loan losses was calculated consistent with ASC 450, and determined based upon EL factors, which were applied to groupings of specific loan types by loan risk ratings. Allocated EL factors were also adjusted, as necessary, for certain qualitative factors that in management's judgment were necessary to reflect losses incurred in the portfolio.

Transfers of Financial Assets

Transfers of financial assets in which Synovus has surrendered control over the transferred assets are accounted for as sales. Control over transferred assets is considered to be surrendered when 1) the assets have been legally isolated from Synovus or any consolidated affiliates, even in bankruptcy or other receivership, 2) the transferee has the right to pledge or exchange the assets with no conditions that constrain the transferee and provide more than a trivial benefit to Synovus, and 3) Synovus does not maintain effective control over the transferred assets. If the transfer is accounted for as a sale, the transferred assets are derecognized from the balance sheet and a gain or loss on sale is recognized on the consolidated statements of income. If the sale criteria are not met, the transfer is accounted for as a secured borrowing and the transferred assets remain on Synovus' consolidated balance sheets and the proceeds from the transaction are recognized as a liability.

Cash Surrender Value of Bank-Owned Life Insurance

Investments in bank-owned life insurance policies on certain current and former officers and employees of Synovus are recorded at the net realizable value of the policies. Net realizable value is the cash surrender value of the policies less any applicable surrender charges and any policy loans. Synovus has not borrowed against the cash surrender value of these policies. Changes in the cash surrender value of the policies as well as proceeds from insurance benefits are recorded in income from bank-owned life insurance on the consolidated statements of income.

Premises, Equipment and Software

Premises, equipment and software including bank owned branch locations and leasehold improvements are reported at cost, less accumulated depreciation and amortization, which are computed using the straight-line method over the estimated useful lives of the related assets. Buildings and improvements are depreciated over an average of 10 to 40 years, while furniture, equipment, and software are depreciated and amortized over a range of 3 to 10 years. Synovus capitalizes certain costs associated with the acquisition or development of internal-use software. Once the software is ready for its intended use, these costs are amortized on a straight-line basis over the software's expected useful life over a range of the lesser of contract terms or 3 to 7 years. Leasehold improvements are depreciated over the shorter of the estimated useful life or the remainder of the lease term. Synovus reviews long-lived assets, such as premises and equipment, for impairment whenever events and circumstances indicate that the carrying amount of an asset may not be recoverable. Maintenance and repairs are charged to non-interest expense and improvements that extend the useful life of the asset are capitalized to the asset's carrying value and depreciated.

Goodwill and Other Intangible Assets

Goodwill represents the excess purchase price over the fair value of identifiable net assets of acquired businesses. Goodwill is tested for impairment at the reporting unit level, equivalent to a business segment or one level below. Synovus performs its annual evaluation of goodwill impairment during the fourth quarter of each year and as events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Refer to "Part II - Item 8. Financial Statements and Supplementary Data - Note 5 - Goodwill and Other Intangible Assets" of this Report for details of the evaluation.

Other intangible assets relate primarily to a core deposit intangible and borrower relationships resulting from business acquisitions. The core deposit intangible is amortized over its estimated useful life of approximately ten years utilizing an accelerated method. The remaining intangible assets are amortized using straight line methods based on the remaining lives of the assets with amortization periods ranging from eight to ten years. Amortization periods for intangible assets are monitored to determine if events and circumstances require such periods to be reduced.

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of the intangible assets is measured by a comparison of the asset's carrying amount to future undiscounted cash flows expected to be generated by the asset. Any resulting impairment is measured by the amount by which the carrying value exceeds the fair value of the asset (based on the undiscounted cash flows expected to be generated by the asset).

Segment Disclosures

ASC Topic 280, *Segment Reporting*, requires information be reported about a company's operating segments using a "management approach." Reportable segments are identified as those revenue-producing components for which discrete financial information is produced internally and which are subject to evaluation by the chief operating decision maker in making resource allocation decisions. Based on this guidance, Synovus identified three major reportable business segments: Community Banking, Wholesale Banking, and Financial Management Services (FMS), with functional activities such as treasury, technology, operations, marketing, finance, enterprise risk, legal, human resources, corporate communications, executive management, among others, included in Treasury and Corporate Other. Refer to "Part II - Item 8. Financial Statements and Supplementary Data - Note 17 - Segment Reporting" of this Report for additional details. The application and development of management reporting methodologies is a dynamic process and is subject to periodic enhancements. As these enhancements are made, financial results presented by each reportable segment may be periodically revised.

Other Assets

Other assets include ROU assets, FRB and FHLB stock, derivative asset positions, net deferred tax assets, accrued interest receivable and investments in tax credits, other investments, and other balances as shown in "Part II - Item 8. Financial Statements and Supplementary Data - Note 6 - Other Assets" of this Report.

As a member of the Federal Reserve System, Synovus is currently required to purchase and hold shares of capital stock in the Federal Reserve Bank of Atlanta (recorded at amortized cost, which approximates fair value, of $143.7 million and $142.5 million at December 31, 2021 and 2020, respectively) in an amount equal to the greater of 6% of its capital and surplus or 0.6% of deposits. As a member of the FHLB, Synovus is also required to purchase and hold shares or capital stock in the FHLB (recorded at amortized cost, which approximates fair value, of $16.2 million and $15.0 million at December 31, 2021 and 2020, respectively) in an amount equal to its membership base investment plus an activity-based investment determined according to the level of outstanding FHLB advances.

Derivative Instruments

Synovus' risk management policies emphasize the management of interest rate risk within acceptable guidelines. Synovus' objective in maintaining these policies is to limit volatility in net interest income arising from changes in interest rates. Risks to be managed include both fair value and cash flow risks. Utilization of derivative financial instruments provides a valuable tool to assist in the management of these risks.

All derivative instruments are recorded on the consolidated balance sheets at their respective fair values, net of variation margin payments, as components of other assets and other liabilities. The accounting for changes in fair value (i.e., unrealized gains or losses) of a derivative instrument depends on whether it qualifies and has been designated as part of a hedging relationship in accordance with ASC Topic 815, *Derivatives and Hedging*. Synovus formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivative instruments that are used are highly effective in offsetting changes in fair values or cash flows of the hedged items.

Fair value hedges - If the hedged exposure is a fair value exposure, the unrealized gain or loss on the derivative instrument is recognized in earnings in the period of change, in the same income statement line as the offsetting unrealized loss or gain on the hedged item attributable to the risk being hedged. When a fair value hedge is discontinued, the remaining cumulative adjustments to the hedged item and accumulated amounts in OCI are accounted for in the same manner as other components of the carrying amount of the asset or liability. If the hedged item is derecognized, the accumulated amounts in OCI are immediately reclassified to net income.

Cash flow hedges - If the hedged exposure is a cash flow exposure, the effective portion of the gain or loss on the derivative instrument is reported initially as a component of accumulated other comprehensive income (loss), net of the tax impact, and subsequently reclassified into earnings when the hedged transaction affects earnings with the impacts recorded in the same income statement line item used to present the earnings effect of the hedged item. When a cash flow hedge is discontinued but the hedged cash flows or forecasted transactions are still expected to occur, gains or losses that were accumulated in other comprehensive income are amortized into earnings over the same periods which the hedged transactions are still expected to affect earnings. If, however, it is probable the forecasted transactions will no longer occur, the accumulated amounts in OCI at the de-designation date are immediately recognized in earnings.

If the derivative instrument is not designated as a hedge, the gain or loss on the derivative instrument is recognized in earnings as a component of other non-interest revenue on the consolidated statements of income in the period of change.

Synovus also holds derivative instruments, which consist of interest rate lock agreements related to expected funding of fixed-rate mortgage loans to clients (interest rate lock commitments) and forward commitments to sell mortgage-backed securities and individual fixed-rate mortgage loans. Synovus' objective in obtaining the forward commitments is to mitigate the interest rate risk associated with the interest rate lock commitments and the mortgage loans that are held for sale. Both the interest rate lock commitments and the forward commitments are reported at fair value, with adjustments recorded in current period earnings in mortgage banking income.

Synovus also enters into interest rate swap agreements to facilitate the risk management strategies of certain commercial banking clients. Synovus mitigates this risk by entering into equal and offsetting interest rate swap agreements with highly rated third-party financial institutions. The interest rate swap agreements are free-standing derivatives and are recorded at fair value with any unrealized gain or loss recorded in current period earnings in other non-interest revenue. These instruments, and their offsetting positions, are recorded in other assets and other liabilities on the consolidated balance sheets.

Non-interest Revenue

Synovus' contracts with clients generally do not contain terms that require significant judgment to determine the amount of revenue to recognize. Synovus' policies for recognizing non-interest revenue within the scope of ASC Topic 606, *Revenue from Contracts with Customers*, including the nature and timing of such revenue streams, are included below.

Service Charges on Deposit Accounts: Revenue from service charges on deposit accounts is earned through cash management, wire transfer, and other deposit-related services, as well as overdraft, NSF, account management and other deposit-related fees. Revenue is recognized for these services either over time, corresponding with deposit accounts' monthly cycle, or at a point in time for transaction-related services and fees. Payment for service charges on deposit accounts is primarily received immediately or in the following month through a direct charge to clients' accounts.

Fiduciary and Asset Management Fees: Fiduciary and asset management fees are primarily comprised of fees earned from the management and administration of trusts and other client assets. Synovus' performance obligation is generally satisfied over time and the resulting fees are recognized monthly, based upon the month-end market value of the assets under management and the applicable fee rate. Payment is generally received a few days after month-end through a direct charge to clients' accounts. Synovus does not earn performance-based incentives.

Card Fees: Card fees consist primarily of interchange fees from consumer credit and debit cards processed by card association networks, as well as merchant discounts, and other card-related services. Interchange rates are generally set by the credit card associations and based on purchase volumes and other factors. Interchange fees and merchant discounts are recognized concurrently with the delivery of service on a daily basis as transactions occur. Payment is typically received immediately or in the following month. Card fees are reported net of certain associated expense items including loyalty program expense and network expense.

Brokerage Revenue: Brokerage revenue consists primarily of commissions. Additionally, brokerage revenue includes advisory fees earned from the management of client assets. Transactional revenues are based on the size and number of transactions executed at the client's direction and are generally recognized on the trade date with payment received on the settlement date. Advisory fees for brokerage services are recognized and collected monthly and are based upon the month-end market value of the assets under management at a rate predetermined in the contract.

Capital Markets Income (within the scope of ASC Topic 606): Investment banking income, a component of capital markets income, is comprised primarily of securities underwriting fees and remarketing fees. Synovus assists corporate clients in raising capital by offering equity or debt securities to potential investors. The transaction fees are based on a percentage of the total transaction amount. The underwriting and remarketing fees are recognized on the trade date when the securities are sold to third-party investors with payment received on the settlement date.

Insurance Revenue (included in other non-interest revenue on the consolidated statements of income): Insurance revenue primarily consists of commissions received on annuity and life product sales. The commissions are recognized as revenue when the client executes an insurance policy with the insurance carrier. In some cases, Synovus receives payment of trailing commissions each year when the client pays its annual premium.

Other Fees (included in other non-interest revenue on the consolidated statements of income): Other fees within the scope of ASC Topic 606 primarily consist of revenue generated from safe deposit box rental fees and lockbox services. Fees are recognized over time, on a monthly basis, as Synovus' performance obligation for services is satisfied. Payment is received upfront for safe deposit box rentals and in the following month for lockbox services.

Income Taxes

Synovus is a domestic corporation that files a consolidated federal income tax return with its wholly-owned subsidiaries and files state income tax returns on a consolidated or separate entity basis with the various taxing jurisdictions based on its taxable presence. The current income tax payable or receivable is an estimate of the amounts currently owed to or due from taxing authorities in which Synovus conducts business. It also includes increases and decreases in the amount of taxes payable for uncertain tax positions reported in tax returns for the current and/or prior years.

Synovus uses the asset and liability method to account for future income taxes expected to be paid or received (i.e., deferred income taxes). Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement (GAAP) carrying amounts of existing assets and liabilities and their respective tax bases, including operating losses and tax credit carryforwards. The deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in income tax rates is recognized in income in the period that includes the enactment date.

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 will not be realized. 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 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.

Significant estimates used in accounting for income taxes relate to the valuation allowance for deferred tax assets, estimates of the realizability of income tax credits, utilization of NOLs, the determination of taxable income, and the determination of temporary differences between book and tax bases.

Synovus accrues tax liabilities for uncertain income tax positions based on current assumptions regarding the expected outcome by weighing the facts and circumstances available at the reporting date. If related tax benefits of a transaction are not more likely than not of being sustained upon examination, Synovus will accrue a tax liability or reduce a deferred tax asset for the expected tax impact associated with the transaction. Events and circumstances may alter the estimates and assumptions used in the analysis of its income tax positions and, accordingly, Synovus' effective tax rate may fluctuate in the future. Synovus recognizes accrued interest and penalties related to uncertain tax positions as a component of income tax expense.

Share-based Compensation

Synovus has a long-term incentive plan under which the Compensation and Human Capital Committee of the Board of Directors has the authority to grant share-based awards to Synovus employees. Synovus' share-based compensation costs associated with employee grants are recorded as a component of salaries and other personnel expense on the consolidated statements of income. Share-based compensation costs associated with grants made to non-employee directors of Synovus are recorded as a component of other operating expense. Vesting for grants of share-based awards granted to Synovus employees accelerates upon retirement for plan participants who have reached age 65 and who also have no less than ten years of service at the date of their election to retire. Share-based compensation expense for service-based awards that contain a graded vesting schedule is recognized net of estimated forfeitures for plan participants on a straight-line basis over the shorter of the requisite service period for the entire award or the period until reaching retirement eligibility. The non-employee director restricted share units become fully vested and transferable upon the earlier to occur of the completion of three years of service or the date the holder reaches the mandatory retirement age, as set forth in the Company's Corporate Governance Guidelines. Thus, share-based compensation expense for non-employee awards is recognized over the shorter of three years or mandatory retirement. Synovus records all tax effects associated with share-based compensation through the income statement.

Earnings per Share

Basic net income per common share is computed by dividing net income available to common shareholders by the average common shares outstanding for the period. Diluted net income per common share reflects the dilution that could occur if securities or other contracts to issue common stock were exercised or converted. The dilutive effect of outstanding options and restricted share units is reflected in diluted net income per common share, unless the impact is anti-dilutive, by application of the treasury stock method.

Share Repurchases

Common stock repurchases are recorded at cost. At the date of repurchase, shareholders' equity is reduced by the repurchase price and includes commissions and other transaction expenses that arise from the repurchases. The Company has not historically retired shares repurchased, but Synovus' policy is to record retirement of shares in accordance with ASC 505-30-30. If treasury shares are subsequently reissued, treasury stock is reduced by the cost of such stock with differences between cost and the re-issuance date fair value recorded in additional paid-in capital or retained earnings, as applicable.

Fair Value Measurements and Disclosures

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

Fair Value Hierarchy

Synovus determines the fair value of its financial instruments based on the fair value hierarchy established under ASC 820-10-35, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the financial instrument's fair value measurement in its entirety. There are three levels of inputs that may be used to measure fair value. The three levels of inputs of the valuation hierarchy are defined below:

Level 1	Quoted prices (unadjusted) in active markets for identical assets and liabilities for the instrument or security to be valued.
Level 2	Observable inputs other than Level 1 quoted prices, such as quoted prices for similar assets and liabilities in active markets, quoted prices in markets that are not active or model-based valuation techniques for which all significant assumptions are derived principally from or corroborated by observable market data.
Level 3	Unobservable inputs that are supported by little, if any, market activity for the asset or liability.

Valuation Methodology by Instrument - Recurring Basis

The following is a description of the valuation methodologies used for the major categories of financial assets and liabilities measured at fair value on a recurring basis.

Investment Securities Available for Sale and Trading Account Assets/Liabilities

The fair values of investment securities available for sale and trading securities are primarily based on actively traded markets where prices are based on either quoted market prices or observed transactions. Management employs independent third-party pricing services to provide fair value estimates for Synovus' investment securities available for sale and trading securities. Fair values for fixed income investment securities are typically determined based upon quoted market prices, and/or inputs that are observable in the market, either directly or indirectly, for substantially similar securities. Level 1 securities are typically exchange quoted prices and include financial instruments such as U.S. Treasury securities and marketable equity securities. Level 2 securities are typically matrix priced by the third-party pricing service to calculate the fair value. Such fair value measurements consider observable data such as market spreads, cash flows, yield curves, live trading levels, trade execution data, market consensus prepayments speeds, credit information, and the respective terms and conditions for debt instruments. The types of securities classified as Level 2 within the valuation hierarchy primarily consist of collateralized mortgage obligations, mortgage-backed securities, debt securities of GSEs and agencies, corporate debt, asset-backed securities, and state and municipal securities.

Management uses various validation procedures to confirm the prices received from pricing services are reasonable. Such validation procedures include reference to market quotes and a review of valuations and trade activity of comparable securities. Consideration is given to the nature of the quotes (e.g., indicative or firm) and the relationship of recently evidenced market activity to the prices provided by the third-party pricing service. Further, management also employs the services of an additional independent pricing firm as a means to verify and confirm the fair values of the primary independent pricing firms.

When there is limited activity or less transparency around inputs to valuation, Synovus develops valuations based on assumptions that are not readily observable in the marketplace; these securities are classified as Level 3 within the valuation hierarchy.

Mortgage Loans Held for Sale

Synovus elected to apply the fair value option for mortgage loans originated with the intent to sell to investors in the secondary market. When loans are not committed to an investor at a set price, fair value is derived from a hypothetical bulk sale model using current market pricing indicators. A best execution valuation model is used for loan pricing for similar assets based upon forward settlements of a pool of loans of similar coupon, maturity, product, and credit attributes. The inputs to the model are continuously updated with available market and historical data. As the loans are sold in the secondary market and primarily used as collateral for securitizations, the valuation model methodology attempts to reflect the pricing execution available to Synovus' principal market. Mortgage loans held for sale are classified within Level 2 of the valuation hierarchy.

Other investments

The other investments in which Synovus holds a limited partner interest consist of i) funds that invest in privately held companies and ii) funds previously invested in privately held companies which become publicly traded securities. Funds invested in privately held companies are classified as Level 3 and the estimated fair value of the company is the estimated fair value as an exit price the fund would receive if it were to sell the company in the marketplace. The fair value of the fund's underlying investments is estimated through the use of valuation models, such as option pricing or a discounted cash flow model. Synovus typically sells shares in any investment after initial public offering (IPO) lock-up periods have ended.

Mutual Funds

Mutual funds (including those held in rabbi trusts) primarily invest in equity and fixed income securities. Shares of mutual funds are valued based on quoted market prices and are therefore classified within Level 1 of the fair value hierarchy.

Derivative Assets and Liabilities

Fair values of interest rate lock commitments and forward commitments are estimated based on an internally developed model that uses readily observable market data such as interest rates, prices and indices to generate continuous yield or pricing curves, volatility factors, and client credit-related adjustments, subject to the anticipated loan funding probability (pull-through rate). These fair value estimates are classified as Level 2 within the valuation hierarchy.

Fair values of interest rate swaps are determined using a discounted cash flow analysis on the expected cash flows of each derivative which also includes a credit value adjustment for client swaps or provided by the clearing house, or centralized counter party (CCP), for swaps within our hedging program. An independent third-party valuation is used to verify and confirm these values, which are classified as Level 2 within the fair value hierarchy.

Valuation Methodology by Instrument - Non-recurring Basis

The following is a description of the valuation methodologies used for the major categories of financial assets and liabilities measured at fair value on a non-recurring basis.

Loans

Loans measured at fair value on a non-recurring basis consist of loans that do not share similar risk characteristics. These loans are typically collateral dependent loans that are valued using third-party appraised value of collateral less estimated selling price (Level 3).

Other Loans Held for Sale

Loans are transferred to other loans held for sale at amortized cost when Synovus makes the determination to sell specifically identified loans. If the amortized cost exceeds fair value a valuation allowance is established for the difference. The fair value of the loans is primarily determined by analyzing the anticipated market prices of similar assets less estimated costs to sell. At the time of transfer, any credit losses are determined in accordance with Synovus' policy and recorded as a charge-off against the allowance for loan losses. Subsequent changes in the valuation allowance due to changes in the fair value subsequent to the transfer, as well as gains/losses realized from the sale of these assets, are recorded as gains/losses on other loans held for sale, net, as a component of non-interest expense on the consolidated statements of income (Level 3).

Other Real Estate

Other Real Estate (ORE) consists of properties obtained through a foreclosure proceeding or through an in-substance foreclosure in satisfaction of loans. A loan is classified as an in-substance foreclosure when Synovus has taken possession of the collateral regardless of whether formal foreclosure proceedings have taken place.

At foreclosure, ORE is recorded at 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, adjusted for estimated selling costs (Level 3). Any adjustments are recorded as a component of foreclosed real estate expense, net on the consolidated statements of income.

Other Assets Held for Sale

Other assets held for sale consist of certain premises and equipment held for sale. The fair value of these assets is determined primarily on the basis of appraisals or BOV, as circumstances warrant, adjusted for estimated selling costs. Both techniques engage licensed or certified professionals that use inputs such as absorption rates, capitalization rates, and market comparables (Level 3).

Fair Value of Financial Instruments

Cash, Cash Equivalents, and Restricted Cash

Cash and cash equivalents, interest bearing funds with the Federal Reserve Bank, interest earning deposits with banks, and federal funds sold and securities purchased under resale agreements are repriced on a short-term basis; as such, the carrying value closely approximates fair value. Since these amounts relate to highly liquid assets, these are considered a Level 1 measurement.

Loans, net of Deferred Fees and Costs

Synovus estimates the fair value of loans based on the present value of the future cash flows using the interest rate that would be charged for a similar loan to a borrower with similar risk, adjusted for a discount based on the estimated time period to complete a sale transaction with a market participant. Loans are considered a Level 3 fair value measurement.

Deposits

The fair value of deposits with no stated maturity, such as non-interest-bearing demand accounts, interest bearing demand deposits, money market accounts, and savings accounts, is estimated to be equal to the amount payable on demand as of that respective date. The fair value of time deposits is based on the discounted value of contractual cash flows. The discount rate is estimated using the rates currently offered for deposits of similar remaining maturities. Synovus has determined that the appropriate classification for deposits is Level 2 due to the ability to reasonably measure all inputs to valuation based on observable market variables.

Short-term and Long-term Debt

Short-term and long-term debt is considered a Level 2 valuation, as management relies on market prices for bonds or debt that is similar, but not necessarily identical, to the debt being valued. Short-term debt that matures within ten days is assumed to be at fair value and is considered a Level 1 measurement.

Long-term Debt

Long-term debt balances are presented net of discounts and premiums as well as debt issuance costs that arise from the issuance of long-term debt. Discounts, premiums and debt issuance costs are amortized using the effective interest rate method or straight-line method (when the financial statement impacts of this method are not materially different from the former method).

Contingent Liabilities and Legal Costs

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. Management accrues an estimated loss from a loss contingency when information available indicates that it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. 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.

Legal costs, including attorney fees, incurred in connection with pending litigation and other loss contingencies are expensed as incurred.

Recently Adopted Accounting Standards

ASU 2020-08, *Codification Improvements to Subtopic 310-20, Receivables – Nonrefundable Fees and Other Costs.* The guidance in this ASU pertains to the shortened amortization period for certain purchased callable debt securities held at a premium, which premium is amortized to the next call date, and clarifies that each reporting period an entity should reevaluate the effective yield if there is no remaining premium or no further call dates remaining. The amendments in this ASU are effective for fiscal years beginning after December 15, 2020. Synovus adopted ASU 2020-08 effective January 1, 2021 with no material impact to the consolidated financial statements.

ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. In December 2019, the FASB issued ASU 2019-12 to simplify and reduce complexities when accounting for income taxes by removing certain exceptions. Among the provisions of this guidance is the requirement that an entity reflect the effect of an enacted change in tax laws or rates in the annual effective tax rate computation in the interim period that includes the enactment date. ASU 2019-12 is effective for public entities for fiscal years beginning after December 15, 2020. Synovus adopted ASU 2019-12 effective January 1, 2021 with no material impact to the consolidated financial statements unless there are changes in tax law that require recognition as set forth in this guidance.

ASU 2021-06, *Presentation of Financial Statements (Topic 205), Financial Services - Depository and Lending (Topic 942), and Financial Services-Investment Companies (Topic 946).* In August 2021, the FASB issued ASU 2021-06 which amends SEC paragraphs in the codification pursuant to SEC Final Rule Releases No. 33-10786 and No. 33-10835. These rule releases amend disclosure requirements applicable to acquisitions and dispositions of businesses and also amend statistical disclosures that banks and bank holding companies provide to investors. ASU 2021-06 eliminates disclosures that overlap with SEC rules or US GAAP. The amendments in this ASU were effective upon its addition to the FASB codification with no material effect to the consolidated financial statements

Recently Issued Accounting Standards Not Yet Adopted

2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers. In October 2021, the FASB issued ASU 2021-08 to address diversity in practice related to the accounting for revenue contracts with customers acquired in a business combination. Generally, this new guidance will result in the acquirer recognizing contract assets and contract liabilities at the same amounts recorded by the acquiree (in accordance with ASC 606). The guidance in ASU 2021-08 should be applied prospectively to acquisitions occurring on or after the effective date. For Synovus, the amendments in this Update are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption of the amendments is permitted, including adoption in an interim period.

ASU 2021-01, Reference Rate Reform (Topic 848). In January 2021, the FASB issued ASU 2021-01 which provides optional expedients and exceptions in Topic 848 for derivative instruments and hedge accounting modifications resulting from the discounting transition of reference rate reform. The expedients and exceptions provided by ASU 2021-01 will not be available after December 31, 2022, other than for existing hedging relationships entered into by December 31, 2022. The ASU may be applied as of the beginning of an interim period that includes or is subsequent to March 12, 2020, until the sunset date of December 31, 2022. Synovus adopted ASU 2020-04 *Reference Rate Reform: Facilitation of the Effects of Reference Rate Reform on Financial Reporting* on October 1, 2020. While Synovus has not yet finalized the election of optional expedients for ASU 2021-01, we do not currently expect there to be a material financial impact to the Company regardless of which optional expedients the Company selects to replace LIBOR.

Note 2 - Investment Securities Available for Sale

The amortized cost, gross unrealized gains and losses, and estimated fair values of investment securities available for sale at December 31, 2021 and 2020 are summarized below.

	December 31, 2021			
(in thousands)	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
U.S. Treasury securities	$ 120,465	$ —	$ (2,627)	$ 117,838
U.S. Government agency securities	53,214	1,374	(387)	54,201
Mortgage-backed securities issued by U.S. Government agencies	790,329	768	(11,464)	779,633
Mortgage-backed securities issued by U.S. Government sponsored enterprises	8,063,890	50,491	(102,080)	8,012,301
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	951,691	4,658	(16,726)	939,623
Commercial mortgage-backed securities issued by U.S. Government agencies or sponsored enterprises	479,420	8,644	(6,320)	481,744
Asset-backed securities	514,188	—	—	514,188
Corporate debt securities and other debt securities	18,309	492	—	18,801
Total investment securities available for sale	**$ 10,991,506**	**$ 66,427**	**$ (139,604)**	**$ 10,918,329**

	December 31, 2020			
(in thousands)	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
U.S. Treasury securities	$ 20,257	$ —	$ —	$ 20,257
U.S. Government agency securities	79,638	2,682	—	82,320
Mortgage-backed securities issued by U.S. Government agencies	1,216,012	7,930	(5,925)	1,218,017
Mortgage-backed securities issued by U.S. Government sponsored enterprises	4,865,858	134,188	—	5,000,046
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	1,245,644	15,309	(10,576)	1,250,377
Commercial mortgage-backed securities issued by U.S. Government agencies or sponsored enterprises	354,244	16,677	—	370,921
Corporate debt securities and other debt securities	20,211	457	(168)	20,500
Total investment securities available for sale	**$ 7,801,864**	**$ 177,243**	**$ (16,669)**	**$ 7,962,438**

At December 31, 2021 and 2020, investment securities with a carrying value of $4.03 billion and $3.84 billion, respectively, were pledged to secure certain deposits and other liabilities, as required by law or contractual agreements.

Gross unrealized losses on investment securities and the fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2021 and December 31, 2020 are presented below.

	December 31, 2021					
	Less than 12 Months		**12 Months or Longer**		**Total**	
(in thousands)	**Fair Value**	**Gross Unrealized Losses**	**Fair Value**	**Gross Unrealized Losses**	**Fair Value**	**Gross Unrealized Losses**
U.S. Treasury securities	$ 49,648	$ (379)	$ 47,590	$ (2,248)	$ 97,238	$ (2,627)
U.S. Government agency securities	21,760	(387)	—	—	21,760	(387)
Mortgage-backed securities issued by U.S. Government agencies	461,078	(5,858)	244,264	(5,606)	705,342	(11,464)
Mortgage-backed securities issued by U.S. Government sponsored enterprises	5,729,476	(82,671)	643,758	(19,409)	6,373,234	(102,080)
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	187,431	(3,981)	504,238	(12,745)	691,669	(16,726)
Commercial mortgage-backed securities issued by U.S. Government agencies or sponsored enterprises	146,672	(2,951)	83,533	(3,369)	230,205	(6,320)
Total	**$ 6,596,065**	**$ (96,227)**	**$ 1,523,383**	**$ (43,377)**	**$ 8,119,448**	**$ (139,604)**

	December 31, 2020					
	Less than 12 Months		12 Months or Longer		Total	
(in thousands)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Mortgage-backed securities issued by U.S. Government agencies	$ 566,896	$ (5,925)	$ —	$ —	$ 566,896	$ (5,925)
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	803,429	(10,576)	—	—	803,429	(10,576)
Corporate debt securities and other debt securities	9,337	(168)	—	—	9,337	(168)
Total	**$ 1,379,662**	**$ (16,669)**	**$ —**	**$ —**	**$ 1,379,662**	**$ (16,669)**

As of December 31, 2021, Synovus had 143 investment securities in a loss position for less than twelve months and 37 investment securities in a loss position for twelve months or longer. Synovus does not intend to sell investment securities in an unrealized loss position prior to the recovery of the unrealized loss, which may not be until maturity, and has the ability and intent to hold those securities for that period of time. Additionally, Synovus is not currently aware of any circumstances which will require it to sell any of the securities that are in an unrealized loss position prior to the respective securities' recovery of all such unrealized losses. As such, no write-downs to the amortized cost basis of the portfolio were recorded at December 31, 2021.

At December 31, 2021, no ACL was established for investment securities. Substantially all of the unrealized losses on the securities portfolio were the result of changes in market interest rates compared to the date the securities were acquired rather than the credit quality of the issuers or underlying loans. U.S. Treasury and agency securities and agency mortgage-backed securities are issued, guaranteed or otherwise supported by the United States government, an agency of the United States government, or a government sponsored enterprise.

The amortized cost and fair value by contractual maturity of investment securities available for sale at December 31, 2021 are shown below. The expected life of MBSs or CMOs may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties. For purposes of the maturity table, MBSs and CMOs, which are not due at a single maturity date, have been classified based on the final contractual maturity date.

	Distribution of Maturities at December 31, 2021				
(in thousands)	Within One Year	1 to 5 Years	5 to 10 Years	More Than 10 Years	Total
Amortized Cost					
U.S. Treasury securities	$ 20,600	$ —	$ 99,865	$ —	$ 120,465
U.S. Government agency securities	756	321	52,137	—	53,214
Mortgage-backed securities issued by U.S. Government agencies	—	842	131	789,356	790,329
Mortgage-backed securities issued by U.S. Government sponsored enterprises	28	—	80,539	7,983,323	8,063,890
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	—	—	146	951,545	951,691
Commercial mortgage-backed securities issued by U.S. Government agencies or sponsored enterprises	—	181,144	211,328	86,948	479,420
Asset-backed securities	514,188	—	—	—	514,188
Corporate debt securities and other debt securities	9,502	—	8,807	—	18,309
Total amortized cost	**$ 545,074**	**$ 182,307**	**$ 452,953**	**$ 9,811,172**	**$ 10,991,506**
Fair Value					
U.S. Treasury securities	$ 20,600	$ —	$ 97,238	$ —	$ 117,838
U.S. Government agency securities	760	322	53,119	—	54,201
Mortgage-backed securities issued by U.S. Government agencies	—	870	136	778,627	779,633
Mortgage-backed securities issued by U.S. Government sponsored enterprises	28	—	83,271	7,929,002	8,012,301
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	—	—	150	939,473	939,623
Commercial mortgage-backed securities issued by U.S. Government agencies or sponsored enterprises	—	182,821	209,311	89,612	481,744
Asset-backed securities	514,188	—	—	—	514,188
Corporate debt securities and other debt securities	9,730	—	9,071	—	18,801
Total fair value	**$ 545,306**	**$ 184,013**	**$ 452,296**	**$ 9,736,714**	**$ 10,918,329**

Gross gains and gross losses on sales of securities available for sale for the years ended December 31, 2021, 2020, and 2019 are presented below. The specific identification method is used to reclassify gains and losses out of other comprehensive income at the time of sale.

(in thousands)	2021	2020	2019
Gross realized gains on sales	$ 1,191	$ 85,375	$ 10,370
Gross realized losses on sales	(1,990)	(6,444)	(18,029)
Investment securities gains (losses), net	**$ (799)**	**$ 78,931**	**$ (7,659)**

Note 3 - Loans and Allowance for Loan Losses

Aging and Non-Accrual Analysis

The following tables provide a summary of current, accruing past due, and non-accrual loans by portfolio class as of December 31, 2021 and December 31, 2020.

	December 31, 2021						
(in thousands)	Current	Accruing 30-89 Days Past Due	Accruing 90 Days or Greater Past Due	Total Accruing Past Due	Non-accrual with an ALL	Non-accrual without an ALL	Total
Commercial, financial, and agricultural	$ 11,973,974	$ 13,028	$ 3,686	$ 16,714	$ 37,918	$ 23,869	$ 12,052,475
Owner-occupied	7,493,804	3,627	59	3,686	7,146	4,050	7,508,686
Total commercial and industrial	19,467,778	16,655	3,745	20,400	45,064	27,919	19,561,161
Investment properties	9,861,303	1,285	717	2,002	3,273	2,577	9,869,155
1-4 family properties	639,631	1,182	93	1,275	4,535	28	645,469
Land and development	463,949	845	154	999	1,918	—	466,866
Total commercial real estate	10,964,883	3,312	964	4,276	9,726	2,605	10,981,490
Consumer mortgages	5,033,579	6,256	126	6,382	29,078	—	5,069,039
Home equity lines	1,269,610	2,619	—	2,619	9,760	—	1,281,989
Credit cards	296,695	1,584	1,277	2,861	—	—	299,556
Other consumer loans	2,090,806	20,369	658	21,027	6,890	—	2,118,723
Total consumer	8,690,690	30,828	2,061	32,889	45,728	—	8,769,307
Loans, net of deferred fees and costs	**$ 39,123,351**	**$ 50,795**	**$ 6,770**	**$ 57,565**	**$ 100,518**	**$ 30,524**	**$ 39,311,958**

	December 31, 2020						
(in thousands)	Current	Accruing 30-89 Days Past Due	Accruing 90 Days or Greater Past Due	Total Accruing Past Due	Non-accrual with an ALL	Non-accrual without an ALL	Total
Commercial, financial, and agricultural	$ 12,321,514	$ 10,256	$ 996	$ 11,252	$ 55,527	$ 21,859	$ 12,410,152
Owner-occupied	7,087,992	1,913	92	2,005	20,019	—	7,110,016
Total commercial and industrial	19,409,506	12,169	1,088	13,257	75,546	21,859	19,520,168
Investment properties	9,075,843	2,751	154	2,905	24,631	—	9,103,379
1-4 family properties	621,492	3,548	36	3,584	2,383	1,236	628,695
Land and development	591,048	422	—	422	1,899	264	593,633
Total commercial real estate	10,288,383	6,721	190	6,911	28,913	1,500	10,325,707
Consumer mortgages	5,495,415	8,851	485	9,336	8,740	—	5,513,491
Home equity lines	1,521,575	4,006	—	4,006	12,145	—	1,537,726
Credit cards	276,778	2,363	1,877	4,240	—	—	281,018
Other consumer loans	1,062,899	9,122	477	9,599	2,376	—	1,074,874
Total consumer	8,356,667	24,342	2,839	27,181	23,261	—	8,407,109
Loans, net of deferred fees and costs	**$ 38,054,556**	**$ 43,232**	**$ 4,117**	**$ 47,349**	**$ 127,720**	**$ 23,359**	**$ 38,252,984**

Interest income on non-accrual loans outstanding that would have been recorded if the loans had been current and performing in accordance with their original terms was $11.1 million and $12.6 million during the years ended December 31, 2021 and 2020, respectively. Of the interest income recognized during the years ended December 31, 2021 and 2020, cash-basis interest income was $1.8 million and $3.9 million, respectively.

Pledged Loans

Loans with carrying values of $14.19 billion and $15.05 billion, respectively, were pledged as collateral for borrowings and capacity at December 31, 2021 and 2020 respectively, to the FHLB and Federal Reserve Bank.

Portfolio Segment Risk Factors

The risk characteristics and collateral information of each portfolio segment are as follows:

Commercial and Industrial Loans - The C&I loan portfolio is comprised of general middle market and commercial banking clients across a diverse set of industries. In accordance with Synovus' lending policy, each loan undergoes a detailed underwriting process which incorporates uniform underwriting standards and oversight in proportion to the size and complexity of the lending relationship. These loans are secured by collateral such as business equipment, inventory, and real estate. Credit decisions on loans in the C&I portfolio are based on cash flow from the operations of the business as the primary source of repayment of the debt, with underlying real estate or other collateral being the secondary source of repayment. PPP loans, which are categorized as C&I loans and guaranteed by the SBA, were $399.6 million and $2.19 billion net of unearned fees at December 31, 2021 and 2020, respectively.

Commercial Real Estate Loans - CRE loans primarily consist of income-producing investment properties loans. Additionally, CRE loans include 1-4 family properties loans as well as land and development loans. 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. 1-4 family properties loans include construction loans to homebuilders and commercial mortgage loans related to 1-4 family rental properties and are almost always secured by the underlying property being financed by such loans. These properties are primarily located in the markets served by Synovus. Land and development loans include commercial and residential development as well as land acquisition loans and are secured by land held for future development, typically in excess of one year. Properties securing these loans are substantially within markets served by Synovus, and loan terms generally include personal guarantees from the principals. Loans in this portfolio are underwritten based on the LTV of the collateral and the capacity of the guarantor(s).

Consumer Loans - The consumer loan portfolio consists of a wide variety of loan products offered through Synovus' banking network including first and second residential mortgages, HELOCs, and credit card loans, as well as home improvement loans, student, personal, and auto loans from third-party lending ("other consumer loans"). Together, consumer mortgages and HELOCs comprise the majority of Synovus' consumer loans and are secured by first and second liens on residential real estate primarily located in the markets served by Synovus. The primary source of repayment for all consumer loans is generally the personal income of the borrower(s).

Credit Quality Indicators

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

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

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

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

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

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

In the following tables, consumer loans are generally assigned a risk grade similar to the classifications described above; however, upon reaching 90 days and 120 days past due, they are generally downgraded to Substandard and Loss, respectively, in accordance with the FFIEC Retail Credit Classification Policy. Additionally, in accordance with Interagency Supervisory Guidance, the risk grade classifications of consumer loans (consumer mortgages and HELOCs) secured by junior liens on 1-4 family residential properties also consider available information on the payment status of the associated senior liens with other financial institutions.

The following table summarizes each loan portfolio class by regulatory risk grade and origination year as of December 31, 2021 as required by CECL.

	December 31, 2021								
	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans		
(in thousands)	**2021**	**2020**	**2019**	**2018**	**2017**	**Prior**	**Amortized Cost Basis**	**Converted to Term Loans**	**Total**
Commercial, financial and agricultural									
Pass	$ 2,397,405	$ 1,332,549	$ 922,396	$ 607,918	$ 433,045	$ 903,995	$ 5,056,168	$ 42,809	$ 11,696,285
Special Mention	2,731	15,166	17,571	10,433	2,242	2,489	71,996	—	122,628
Substandard(1)	16,105	50,979	40,125	10,383	16,473	37,565	51,269	33	222,932
Doubtful(2)	469	—	1,601	8,512	—	—	48	—	10,630
Total commercial, financial and agricultural	2,416,710	1,398,694	981,693	637,246	451,760	944,049	5,179,481	42,842	12,052,475
Owner-occupied									
Pass	1,776,086	1,276,797	1,117,825	858,721	708,942	1,150,386	437,724	—	7,326,481
Special Mention	702	19,950	4,724	10,202	18,109	36,481	—	—	90,168
Substandard(1)	7,312	1,294	8,386	43,276	6,169	25,329	—	—	91,766
Doubtful(2)	—	—	—	—	—	—	—	—	—
Loss	271	—	—	—	—	—	—	—	271
Total owner-occupied	1,784,371	1,298,041	1,130,935	912,199	733,220	1,212,196	437,724	—	7,508,686
Total commercial and industrial	4,201,081	2,696,735	2,112,628	1,549,445	1,184,980	2,156,245	5,617,205	42,842	19,561,161
Investment properties									
Pass	2,823,978	1,463,503	1,905,534	1,019,765	738,036	1,284,013	278,697	—	9,513,526
Special Mention	6,163	—	32,290	63,900	59,194	44,532	33,659	—	239,738
Substandard(1)	1,465	326	8,550	57,127	3,564	23,505	21,354	—	115,891
Total investment properties	2,831,606	1,463,829	1,946,374	1,140,792	800,794	1,352,050	333,710	—	9,869,155
1-4 family properties									
Pass	295,082	82,976	51,939	43,025	49,057	57,025	55,588	—	634,692
Special Mention	192	207	641	—	—	239	—	—	1,279
Substandard(1)	1,999	—	566	4,222	489	2,177	45	—	9,498
Total 1-4 family properties	297,273	83,183	53,146	47,247	49,546	59,441	55,633	—	645,469
Land and development									
Pass	141,614	42,201	77,868	34,058	37,167	44,989	44,730	—	422,627
Special Mention	—	800	1,900	31,458	—	1,179	—	—	35,337
Substandard(1)	824	1,149	46	3,021	807	3,055	—	—	8,902
Total land and development	142,438	44,150	79,814	68,537	37,974	49,223	44,730	—	466,866
Total commercial real estate	3,271,317	1,591,162	2,079,334	1,256,576	888,314	1,460,714	434,073	—	10,981,490

	December 31, 2021								
	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans		
(in thousands)	**2021**	**2020**	**2019**	**2018**	**2017**	**Prior**	**Amortized Cost Basis**	**Converted to Term Loans**	**Total**
Consumer mortgages									
Pass	$ 1,293,106	$ 1,551,510	$ 570,344	$ 216,277	$ 392,422	$ 991,080	$ 296	$ —	$ 5,015,035
Substandard(1)	1,031	3,680	5,943	12,387	5,717	25,025	—	—	53,783
Loss(3)	—	—	5	—	—	216	—	—	221
Total consumer mortgages	1,294,137	1,555,190	576,292	228,664	398,139	1,016,321	296	—	5,069,039
Home equity lines									
Pass	—	—	—	—	—	—	1,199,635	67,139	1,266,774
Substandard(1)	—	—	—	—	—	—	9,058	5,359	14,417
Doubtful(2)	—	—	—	—	—	—	—	—	—
Loss(3)	—	—	—	—	—	—	658	140	798
Total home equity lines	—	—	—	—	—	—	1,209,351	72,638	1,281,989
Credit cards									
Pass	—	—	—	—	—	—	298,287	—	298,287
Substandard(1)	—	—	—	—	—	—	521	—	521
Loss(4)	—	—	—	—	—	—	748	—	748
Total credit cards	—	—	—	—	—	—	299,556	—	299,556
Other consumer loans									—
Pass	654,818	709,077	127,131	50,007	86,175	97,780	385,308	—	2,110,296
Substandard(1)	668	1,550	2,064	1,308	1,892	750	175	—	8,407
Loss	—	—	—	—	—	20	—	—	20
Total other consumer loans	655,486	710,627	129,195	51,315	88,067	98,550	385,483	—	2,118,723
Total consumer	1,949,623	2,265,817	705,487	279,979	486,206	1,114,871	1,894,686	72,638	8,769,307
Loans, net of deferred fees and costs	**$ 9,422,021**	**$ 6,553,714**	**$ 4,897,449**	**$ 3,086,000**	**$ 2,559,500**	**$ 4,731,830**	**$ 7,945,964**	**$ 115,480**	**$ 39,311,958**

(1) *The majority of loans within Substandard risk grade are accruing loans at December 31, 2021.*

(2) *Loans within Doubtful risk grade are on non-accrual status and generally have an ALL equal to 50% of the loan amount.*

(3) *Loans within Loss risk grade are on non-accrual status and have an ALL equal to the full loan amount.*

(4) *Represent amounts that were 120 days past due. These credits are downgraded to the Loss category with an ALL equal to the full loan amount and are generally charged off upon reaching 181 days past due in accordance with the FFIEC Retail Credit Classification Policy.*

	December 31, 2020								
	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans		
(in thousands)	2020	2019	2018	2017	2016	Prior	Amortized Cost Basis	Converted to Term Loans	Total
Commercial, financial and agricultural									
Pass	$ 3,819,048	$ 1,333,460	$ 847,283	$ 582,612	$ 551,413	$ 633,871	$ 4,102,751	$ 49,762	$ 11,920,200
Special Mention	63,307	40,618	12,723	22,070	1,665	5,545	60,741	489	207,158
Substandard(1)	28,698	36,618	24,867	36,072	12,808	35,172	84,498	514	259,247
Doubtful(2)	—	3,721	19,778	—	—	—	48	—	23,547
Total commercial, financial and agricultural	3,911,053	1,414,417	904,651	640,754	565,886	674,588	4,248,038	50,765	12,410,152
Owner-occupied									
Pass	1,321,680	1,275,435	1,131,183	982,056	555,932	1,297,070	349,566	—	6,912,922
Special Mention	6,170	9,995	10,682	14,138	1,582	13,768	—	—	56,335
Substandard(1)	2,570	22,793	42,615	26,033	7,316	29,794	—	—	131,121
Doubtful(2)	—	—	9,638	—	—	—	—	—	9,638
Total owner-occupied	1,330,420	1,308,223	1,194,118	1,022,227	564,830	1,340,632	349,566	—	7,110,016
Total commercial and industrial	5,241,473	2,722,640	2,098,769	1,662,981	1,130,716	2,015,220	4,597,604	50,765	19,520,168
Investment properties									
Pass	1,055,440	2,126,667	1,999,345	1,091,880	483,780	1,301,088	229,044	—	8,287,244
Special Mention	1,482	66,160	176,794	136,004	138,362	129,401	55,440	—	703,643
Substandard(1)	1,007	4,770	24,476	19,820	21,875	40,509	35	—	112,492
Total investment properties	1,057,929	2,197,597	2,200,615	1,247,704	644,017	1,470,998	284,519	—	9,103,379
1-4 family properties									
Pass	197,320	95,145	70,267	88,454	38,729	97,374	27,657	—	614,946
Special Mention	402	—	508	109	786	118	—	—	1,923
Substandard(1)	1,527	653	4,312	1,141	554	2,299	1,340	—	11,826
Total 1-4 family properties	199,249	95,798	75,087	89,704	40,069	99,791	28,997	—	628,695
Land and development									
Pass	84,985	173,302	83,734	92,911	12,249	76,380	53,250	—	576,811
Special Mention	857	1,995	2,866	282	—	1,332	636	—	7,968
Substandard(1)	1,229	425	4,664	915	136	1,485	—	—	8,854
Total land and development	87,071	175,722	91,264	94,108	12,385	79,197	53,886	—	593,633
Total commercial real estate	1,344,249	2,469,117	2,366,966	1,431,516	696,471	1,649,986	367,402	—	10,325,707

	December 31, 2020								
	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans		
(in thousands)	2020	2019	2018	2017	2016	Prior	Amortized Cost Basis	Converted to Term Loans	Total
Consumer mortgages									
Pass	$ 1,871,512	$ 874,769	$ 425,711	$ 678,255	$ 685,810	$ 965,382	$ 1,040	$ —	$ 5,502,479
Substandard[(1)]	33	961	748	889	866	7,224	—	—	10,721
Loss[(3)]	—	—	—	—	—	291	—	—	291
Total consumer mortgages	1,871,545	875,730	426,459	679,144	686,676	972,897	1,040	—	5,513,491
Home equity lines									
Pass	—	—	—	—	—	—	1,429,755	90,832	1,520,587
Substandard[(1)]	—	—	—	—	—	—	9,698	5,996	15,694
Doubtful[(2)]	—	—	—	—	—	—	—	19	19
Loss[(3)]	—	—	—	—	—	—	1,283	143	1,426
Total home equity lines	—	—	—	—	—	—	1,440,736	96,990	1,537,726
Credit cards									
Pass	—	—	—	—	—	—	279,142	—	279,142
Substandard[(1)]	—	—	—	—	—	—	595	—	595
Loss[(4)]	—	—	—	—	—	—	1,281	—	1,281
Total credit cards	—	—	—	—	—	—	281,018	—	281,018
Other consumer loans	—								
Pass	252,160	190,820	89,187	100,459	80,365	61,040	297,637	—	1,071,668
Substandard[(1)]	19	762	262	1,195	121	585	227	—	3,171
Loss	—	—	—	—	—	35	—	—	35
Total other consumer loans	252,179	191,582	89,449	101,654	80,486	61,660	297,864	—	1,074,874
Total consumer	2,123,724	1,067,312	515,908	780,798	767,162	1,034,557	2,020,658	96,990	8,407,109
Loan, net of deferred fees and costs	**$ 8,709,446**	**$ 6,259,069**	**$ 4,981,643**	**$ 3,875,295**	**$ 2,594,349**	**$ 4,699,763**	**$ 6,985,664**	**$ 147,755**	**$ 38,252,984**

(1) The majority of loans within Substandard risk grade are accruing loans at December 31, 2020.

(2) Loans within Doubtful risk grade are on non-accrual status and generally have an ALL equal to 50% of the loan amount.

(3) Loans within Loss risk grade are on non-accrual status and have an ALL equal to the full loan amount.

(4) Represent amounts that were 120 days past due. These credits are downgraded to the Loss category with an ALL equal to the full loan amount and are generally charged off upon reaching 181 days past due in accordance with the FFIEC Retail Credit Classification Policy.

Collateral-Dependent Loans

We classify a loan as collateral-dependent when our borrower is experiencing financial difficulty, and we expect repayment to be provided substantially through the operation or sale of collateral. Our commercial loans have collateral that is comprised of real estate and business assets. Our consumer loans have collateral that is substantially comprised of residential real estate.

There were no significant changes in the extent to which collateral secures our collateral-dependent loans during the years ended December 31, 2021 and 2020.

Rollforward of Allowance for Loan Losses

The following tables detail the changes in the ALL by loan segment for the years ended December 31, 2021, 2020, and 2019. On January 1, 2020, Synovus adopted ASC 326, which replaced the existing incurred loss methodology with an expected credit loss methodology (referred to as CECL). Under the incurred loss methodology, reserves for credit losses were recognized only when the losses were probable or had been incurred; under CECL, companies are required to recognize the full amount of expected credit losses for the lifetime of the financial assets, based on historical experience, current conditions and reasonable and supportable forecasts. See "Part II - Item 8. Financial Statements and Supplementary Data - Note 1 - Summary of Significant Accounting Policies" of this Report for more information on Synovus' adoption of CECL.

For the year ended December 31, 2021, Synovus had no significant transfers to loans held for sale. For the year ended December 31, 2020, Synovus reversed a net amount of $18.3 million in previously established reserves for credit losses associated with net transfers to held for sale of $1.43 billion in performing loans, primarily related to third-party single-service consumer loans and non-relationship consumer mortgages. For the year ended December 31, 2019, Synovus had no significant transfers to loans held for sale.

(in thousands)	As of and For The Year Ended December 31, 2021 Commercial & Industrial	Commercial Real Estate	Consumer	Total
Allowance for loan losses:				
Beginning balance	$ 229,555	$ 130,742	$ 245,439	$ 605,736
Charge-offs	(59,457)	(15,392)	(30,383)	(105,232)
Recoveries	9,734	7,444	10,266	27,444
Provision for (reversal of) loan losses	8,532	(25,034)	(83,849)	(100,351)
Ending balance	**$ 188,364**	**$ 97,760**	**$ 141,473**	**$ 427,597**

(in thousands)	As of and For The Year Ended December 31, 2020 Commercial & Industrial	Commercial Real Estate	Consumer	Total
Allowance for loan losses:				
Beginning balance, prior to adoption of ASC 326	$ 145,782	$ 67,430	$ 68,190	$ 281,402
Impact from adoption of ASC 326	(2,310)	(651)	85,955	82,994
Beginning balance, after adoption of ASC 326	$ 143,472	$ 66,779	$ 154,145	$ 364,396
Charge-offs	(76,260)	(13,213)	(29,789)	(119,262)
Recoveries	13,544	2,857	8,149	24,550
Provision for (reversal of) loan losses	148,799	74,319	112,934	336,052
Ending balance	**$ 229,555**	**$ 130,742**	**$ 245,439**	**$ 605,736**

(in thousands)	As of and For The Year Ended December 31, 2019 Commercial & Industrial	Commercial Real Estate	Consumer	Total
Allowance for loan losses:				
Beginning balance	$ 133,123	$ 68,796	$ 48,636	$ 250,555
Charge-offs	(49,572)	(5,540)	(24,023)	(79,135)
Recoveries	7,827	8,618	5,078	21,523
Provision for (reversal of) loan losses	53,665	(4,444)	38,499	87,720
Transfer of unfunded commitment reserve	739	—	—	739
Ending balance	**$ 145,782**	**$ 67,430**	**$ 68,190**	**$ 281,402**

The ALL of $427.6 million and the reserve for unfunded commitments of $41.9 million, which is recorded in other liabilities, comprise the total ACL of $469.5 million at December 31, 2021. The ACL decreased $184.0 million compared to the December 31, 2020 ACL of $653.5 million, which consisted of an ALL of $605.7 million and the reserve for unfunded commitments of $47.8 million. The ACL to loans coverage ratio of 1.19% at December 31, 2021 was 52 bps lower compared to December 31, 2020.

The reduction in the overall ACL is due to the notable improvement in the economic environment compared to December 31, 2020 as evidenced by the decrease in the unemployment rate from 6.7% at the end of 2020 to 3.9% at December 31, 2021. Likewise, our economic and credit outlook have progressed substantially compared to 2020. The factors reducing the ACL were partially offset by purchases of $1.62 billion of third-party lending loans as well as net organic loan growth in 2021, requiring additional reserves of $38.6 million.

The ACL is estimated using a two-year reasonable and supportable forecast period. To the extent the lives of the loans in the portfolio extend beyond the period for which a reasonable and supportable forecast can be made, the Company reverts on a straight-line basis back to the historical rates over a one-year period. Synovus utilizes multiple economic forecast scenarios sourced from a reputable third-party provider and probability-weighted internally. The scenarios include a baseline forecast, an upside scenario reflecting an accelerated recovery, a downside scenario that reflects adverse economic conditions, and an additional adverse scenario that assumes consistent slow growth that is less optimistic than the baseline. At December 31, 2021, economic scenario weights incorporated a 43% downside bias. The baseline outlook used in the December 31, 2021 estimate showed stable economic conditions with the unemployment rate at 3.7% by the end of 2022 compared to a baseline forecast from December 31, 2020 that still represented recessionary conditions.

TDRs

Information about Synovus' TDRs is presented in the following tables. Synovus began entering into loan modifications with borrowers in response to the COVID-19 pandemic, some of which have not been classified as TDRs, and therefore are not included in the discussion below. The following tables represent, by concession type, the post-modification balance for loans modified or renewed during the years ended December 31, 2021, 2020, and 2019 that were reported as accruing or non-accruing TDRs.

TDRs by Concession Type

	Year Ended December 31, 2021			
(in thousands, except contract data)	**Number of Contracts**	**Below Market Interest Rate**	**Other Concessions[1]**	**Total**
Commercial, financial, and agricultural	152	$ 12,746	$ 8,096	$ 20,842
Owner-occupied	24	5,908	868	6,776
Total commercial and industrial	176	18,654	8,964	27,618
Investment properties	9	3,130	—	3,130
1-4 family properties	13	1,131	123	1,254
Land and development	8	1,948	60	2,008
Total commercial real estate	30	6,209	183	6,392
Consumer mortgages	18	2,512	1,006	3,518
Home equity lines	55	4,991	258	5,249
Other consumer loans	103	435	5,720	6,155
Total consumer	176	7,938	6,984	14,922
Loans, net of deferred fees and costs	**382**	**$ 32,801**	**$ 16,131**	**$ 48,932[2]**

	Year Ended December 31, 2020			
(in thousands, except contract data)	**Number of Contracts**	**Below Market Interest Rate**	**Other Concessions[1]**	**Total**
Commercial, financial, and agricultural	152	$ 10,939	$ 11,912	$ 22,851
Owner-occupied	22	4,536	1,530	6,066
Total commercial and industrial	174	15,475	13,442	28,917
Investment properties	9	29,679	1,420	31,099
1-4 family properties	22	1,769	1,105	2,874
Land and development	4	606	—	606
Total commercial real estate	35	32,054	2,525	34,579
Consumer mortgages	23	1,866	2,789	4,655
Home equity lines	63	1,970	2,530	4,500
Other consumer loans	57	1,185	2,779	3,964
Total consumer	143	5,021	8,098	13,119
Loans, net of deferred fees and costs	**352**	**$ 52,550**	**$ 24,065**	**$ 76,615[3]**

TDRs by Concession Type (continued)

	Year Ended December 31, 2019			
(in thousands, except contract data)	Number of Contracts	Below Market Interest Rate	Other Concessions(1)	Total
Commercial, financial, and agricultural	127	$ 9,042	$ 9,873	$ 18,915
Owner-occupied	22	9,017	861	9,878
Total commercial and industrial	149	18,059	10,734	28,793
Investment properties	8	1,548	—	1,548
1-4 family properties	18	2,182	643	2,825
Land and development	8	1,187	30	1,217
Total commercial real estate	34	4,917	673	5,590
Consumer mortgages	18	1,587	1,361	2,948
Home equity lines	70	3,024	2,522	5,546
Other consumer loans	109	1,712	5,270	6,982
Total consumer	197	6,323	9,153	15,476
Loans, net of deferred fees and costs	**380**	**$ 29,299**	**$ 20,560**	**$ 49,859(4)**

(1) Other concessions generally include term extensions, interest only payments for a period of time, or principal forgiveness, but there was no principal forgiveness for the years ended December 31, 2021, 2020, and 2019.

(2) No charge-offs were recorded during the year ended December 31, 2021 upon restructuring of these loans.

(3) No charge-offs were recorded during the year ended December 31, 2020 upon restructuring of these loans.

(4) No charge-offs were recorded during the year ended December 31, 2019 upon restructuring of these loans.

For the years ended December 31, 2021, 2020 and 2019, there were eight defaults with a recorded investment of $978 thousand, seven defaults with a recorded investment of $21.7 million, and four defaults with a recorded investment of $326 thousand, respectively, on accruing TDRs restructured during the previous twelve months (defaults are defined as the earlier of the TDR being placed on non-accrual status or reaching 90 days past due with respect to principal and/or interest payments). As of December 31, 2021 and 2020, there were no commitments to lend a material amount of additional funds to any clients whose loans were classified as TDRs.

Note 4 - Premises, Equipment and Software

Premises, equipment and software at December 31, 2021 and 2020 consist of the following:

(in thousands)	2021	2020
Land	$ 104,768	$ 113,828
Buildings and improvements	361,593	407,735
Leasehold improvements	55,098	53,174
Furniture, equipment and software	441,091	481,560
Construction in progress	18,918	13,052
Total premises, equipment and software	981,468	1,069,349
Less: Accumulated depreciation and amortization	(574,227)	(605,390)
Net premises, equipment and software	**$ 407,241**	**$ 463,959**

Net premises, equipment, and software included $2.2 million and $3.4 million related to net finance leases at December 31, 2021 and 2020, respectively. Depreciation and amortization expense for the years ended December 31, 2021, 2020, and 2019 totaled $50.5 million, $51.6 million, and $49.2 million, respectively.

During the years ended December 31, 2021 and 2020, Synovus transferred premises with a net book value of $33.4 million, including $17.6 million of real estate related to our headquarters in Columbus, and $7.0 million, respectively, to other properties held for sale, a component of other assets.

Note 5 - Goodwill and Other Intangible Assets

Goodwill allocated to each reporting unit at December 31, 2021 and December 31, 2020 is presented as follows:

(in thousands)	Community Banking Reporting Unit	Wholesale Banking Reporting Unit	Consumer Mortgage Reporting Unit	Wealth Management Reporting Unit	Total
Balance as of December 31, 2019	$ 256,323	$ 171,636	$ 44,877	$ 24,431	$ 497,267
Goodwill impairment	—	—	(44,877)	—	(44,877)
Balance as of December 31, 2020	$ 256,323	$ 171,636	$ —	$ 24,431	$ 452,390
Change in goodwill	—	—	—	—	—
Balance as of December 31, 2021	**$ 256,323**	**$ 171,636**	**$ —**	**$ 24,431**	**$ 452,390**

Goodwill is evaluated for impairment on an annual basis or whenever an event occurs or circumstances change to indicate that it is more likely than not that an impairment loss has been incurred (i.e., a triggering event). During the fourth quarter of 2021, Synovus completed its annual goodwill impairment evaluation applying ASC 350-20-35-3A *Goodwill Subsequent Measurement - Qualitative Assessment Approach* and concluded that goodwill was not impaired. During 2020, Synovus recorded a $44.9 million goodwill impairment charge representing all of the goodwill allocated to the Consumer Mortgage reporting unit resulting from a combination of factors, including the extended duration of lower market valuations, high volumes in refinance activity that reduced mortgage yields, and the clarity around the FOMC's longer term policy actions designed to keep interest rates low.

The following table shows the gross carrying amount and accumulated amortization of other intangible assets as of December 31, 2021 and 2020, which primarily consist of core deposit intangible assets. The CDI is being amortized over its estimated useful life of approximately ten years utilizing an accelerated method. Aggregate other intangible assets amortization expense for the years ended December 31, 2021, 2020, and 2019 was $9.5 million, $10.6 million, and $11.6 million, respectively, and is included in amortization of intangibles expense within non-interest expense.

(in thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
December 31, 2021			
CDI	$ 57,400	$ (28,178)	$ 29,222
Other	12,500	(6,126)	6,374
Total other intangible assets	**$ 69,900**	**$ (34,304)**	**$ 35,596**
December 31, 2020			
CDI	$ 57,400	$ (19,829)	$ 37,571
Other	12,500	(4,959)	7,541
Total other intangible assets	**$ 69,900**	**$ (24,788)**	**$ 45,112**

The estimated amortization expense of other intangible assets for the next five years is as follows:

(in thousands)	Amortization Expense
2022	$ 8,472
2023	7,429
2024	6,366
2025	5,266
2026	4,195

Note 6 - Other Assets

Significant balances included in other assets at December 31, 2021 and 2020 are presented below.

(in thousands)	2021	2020
Investments in tax credits, CRA partnerships, and other investments	$ 426,137	$ 262,855
ROU assets	411,472	380,380
Derivative asset positions	191,708	401,295
Deferred tax asset, net	169,051	130,848
Federal Reserve Bank and FHLB Stock	159,941	157,520
Accrued interest receivable	145,659	177,865
Accounts receivable	81,325	88,286
Mutual funds and mutual funds held in rabbi trusts	43,657	37,650
Prepaid expense	42,874	45,088
MPS receivable(1)	15,320	15,575
Other investments	12,185	1,021
Other real estate	11,818	1,819
Trading account assets, at fair value	8,391	10,880
Miscellaneous other assets	70,660	49,517
Total other assets	**$ 1,790,198**	**$ 1,760,599**

(1) See "Part II - Item 8. Financial Statements and Supplementary Data - Note 14 - Commitments and Contingencies" in this Report for more information on this receivable which is classified as a NPA.

Note 7 - Deposits

A summary of interest-bearing deposits at December 31, 2021 and 2020 is presented below.

(in thousands)	2021	2020
Interest-bearing demand deposits(1)	$ 9,321,611	$ 8,838,710
Money market accounts(1)	16,364,338	15,277,829
Savings accounts	1,420,647	1,168,672
Time deposits(1)	3,093,027	4,358,100
Brokered deposits	2,835,000	3,570,406
Total interest-bearing deposits	**$ 33,034,623**	**$ 33,213,717**

(1) Excluding brokered deposits

The aggregate amount of time deposits of $250,000 or more was $1.33 billion at December 31, 2021 and $1.80 billion at December 31, 2020.

The following table presents contractual maturities of all time deposits, including brokered time deposits, at December 31, 2021.

(in thousands)	
Maturing within one year	$ 3,025,020
Between 1 - 2 years	789,274
2 - 3 years	171,042
3 - 4 years	79,903
4 - 5 years	41,967
Thereafter	10,269
Total	**$ 4,117,475**

Note 8 - Long-term Debt

Long-term debt at December 31, 2021 and 2020 is presented in the following table:

(dollars in thousands)	2021	2020
Parent Company:		
3.125% senior notes, due November 1, 2022, $300.0 million par value with semi-annual interest payments and principal to be paid at maturity	$ 299,479	$ 298,853
5.90% Fixed-to-Fixed Rate Subordinated Notes issued February 7, 2019, due February 7, 2029, subject to redemption prior to February 7, 2029: $300.0 million par value with semi-annual interest payments at 5.90% for the first five years and semi-annual payments thereafter at a fixed rate of 3.379% above the 5-Year Mid-Swap Rate as of the reset date	297,855	297,553
LIBOR + 1.80% junior subordinated debentures, due June 15, 2035, $10.0 million par value with quarterly interest payments and principal to be paid at maturity (rate of 2.00% at December 31, 2021 and 2.02% at December 31, 2020)	10,000	10,000
Total long-term debt — Parent Company	$ 607,334	$ 606,406
Synovus Bank:		
2.289% Fixed-to-Floating Rate Senior Bank Notes issued February 12, 2020, due February 10, 2023, subject to redemption on February 10, 2022: $400.0 million par value with semi-annual interest payments at 2.289% for the first two years and quarterly payments thereafter at an adjustable rate equal to the then-current SOFR + 94.5 bps per annum[(1)]	$ 399,269	$ 398,594
4.00% Fixed-to-Fixed Rate Subordinated Bank Notes issued October 29, 2020, due October 29, 2030, $200.0 million par value with semi-annual interest payments at 4.00% for the first five years and semi-annual payments thereafter at a fixed rate of 3.625% above the 5-Year U.S. Treasury Rate	197,626	197,349
FRB PPP Lending Facility	—	145
Total long-term debt — Synovus Bank	$ 596,895	$ 596,088
Total long-term debt	**$ 1,204,229**	**$ 1,202,494**

(1) Subsequent to December 31, 2021, Synovus Bank called these Notes and settled them on February 10, 2022 with a net payment of $405.3 million that included principal, interest, and written off debt issuance costs. See "Part II - Item 8. Financial Statements and Supplementary Data - Note 19 - Subsequent Event" in this Report for more information.

The provisions of the indentures governing Synovus' long-term debt contain certain restrictions within specified limits on mergers, sales of all or substantially all of Synovus' assets and limitations on sales and issuances of voting stock of subsidiaries and Synovus' ability to pay dividends on its capital stock if there is an event of default under the applicable indenture. As of December 31, 2021 and 2020, Synovus and its subsidiaries were in compliance with the covenants in these agreements.

Contractual annual principal payments on long-term debt for the next five years and thereafter are shown in the following table. These maturities are based upon the par value of the long-term debt.

(in thousands)	Parent Company	Synovus Bank	Total
2022	$ 300,000	$ —	$ 300,000
2023	—	400,000[(1)]	400,000
2024	—	—	—
2025	—	—	—
2026	—	—	—
Thereafter	310,000	200,000	510,000
Total	**$ 610,000**	**$ 600,000**	**$ 1,210,000**

(1) Subsequent to December 31, 2021, Synovus Bank called these Notes and settled them on February 10, 2022 with a net payment of $405.3 million that included principal, interest, and written off debt issuance costs. See "Part II - Item 8. Financial Statements and Supplementary Data - Note 19 - Subsequent Event" in this Report for more information.

Note 9 - Shareholders' Equity and Other Comprehensive Income

The following table shows the changes in shares of preferred and common stock issued and common stock held as treasury shares for the years ended December 31, 2021, 2020, and 2019.

(shares in thousands)	Series D Preferred Stock Issued	Series E Preferred Stock Issued	Total Preferred Stock Issued	Common Stock Issued	Treasury Stock Held	Common Stock Outstanding
Balance at December 31, 2018	8,000	—	8,000	143,300	27,434	115,866
FCB acquisition:						
Issuance of common stock for acquisition	—	—	—	22,043	—	22,043
Common stock reissued	—	—	—	—	(27,434)	27,434
Warrants exercised and common stock reissued	—	—	—	—	(260)	260
Issuance of preferred stock	—	14,000	14,000	—	—	—
Issuance of common stock for earnout payment	—	—	—	344	—	344
Restricted share unit activity	—	—	—	302	—	302
Stock options exercised	—	—	—	812	—	812
Repurchase of common stock	—	—	—	—	19,903	(19,903)
Balance at December 31, 2019	8,000	14,000	22,000	166,801	19,643	147,158
Issuance of common stock for earnout payment	—	—	—	379	—	379
Restricted share unit activity	—	—	—	389	—	389
Stock options exercised	—	—	—	564	—	564
Repurchase of common stock	—	—	—	—	450	(450)
Balance at December 31, 2020	8,000	14,000	22,000	168,133	20,093	148,040
Warrants exercised and common stock reissued	—	—	—	—	(3)	3
Common stock reissued for earnout payment	—	—	—	—	(125)	125
Restricted share unit activity	—	—	—	355	—	355
Stock options exercised	—	—	—	896	—	896
Repurchase of common stock	—	—	—	—	4,409	(4,409)
Balance at December 31, 2021	**8,000**	**14,000**	**22,000**	**169,384**	**24,374**	**145,010**

Preferred Stock

The following table presents a summary of Preferred Stock as of December 31, 2021, 2020, and 2019.

	Issuance Date	Public Offering Amount	Net Proceeds	Earliest Redemption Date	Dividend Rate(1)	Liquidation Preference
Series D	June 21, 2018	$200.0 million	$195.1 million	June 21, 2023	6.300%(2)	$25 per share
Series E	July 1, 2019	$350.0 million	$342.0 million	July 1, 2024	5.875%(3)	$25 per share

(1) Dividends on all series of Preferred Stock are non-cumulative and, if declared, will accrue and be payable in arrears, quarterly.

(2) Dividends, if declared, will be paid quarterly at a rate per annum equal to 6.300% for each dividend period from the original issue date to, but excluding, June 21, 2023. From and including June 21, 2023, the dividend rate will change to a floating rate equal to the three-month LIBOR plus a spread of 3.352% per annum.

(3) Dividends, if declared, will be paid quarterly at a rate per annum equal to 5.875% for each dividend period from the original issue date to, but excluding, July 1, 2024. From and including July 1, 2024, the dividend rate will change and reset every five years on July 1 at a rate equal to the five-year U.S. Treasury Rate plus 4.127% per annum.

All series of Preferred Stock are redeemable at Synovus' option in whole or in part, from time to time, on the earliest redemption date or any subsequent reset date, or in whole but not in part, at any time within 90 days following a regulatory capital treatment event, in each case, at a redemption price equal to $25 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends. All series of Preferred Stock have no preemptive or conversion rights. Except in limited circumstances, all series of Preferred Stock do not have any voting rights.

Common Stock

Repurchases of Common Stock

During 2021, Synovus repurchased $199.9 million, or 4.4 million shares, of common stock through open market transactions under the share repurchase program announced on January 26, 2021.

During 2020, Synovus repurchased $16.2 million, or 450 thousand shares, of common stock through open market transactions under the share repurchase program announced on January 24, 2020.

During 2019, Synovus repurchased $725.0 million, or 19.9 million shares, of common stock through open market transactions under the $725.0 million repurchase program, with $400.0 million authorized during the fourth quarter of 2018 for execution in 2019 and $325.0 million authorized in 2019.

Accumulated Other Comprehensive Income (Loss)

The following table illustrates activity within the balances in AOCI by component, and is shown for the years ended December 31, 2021, 2020, and 2019.

Changes in Accumulated Other Comprehensive Income (Loss) by Component (Net of Income Taxes)

(in thousands)	Net Unrealized Gains (Losses) on Investment Securities Available for Sale(1)	Net Unrealized Gains (Losses) on Cash Flow Hedges(1)	Post-Retirement Unfunded Health Benefit	Total
Balance at December 31, 2018	$ (83,179)	$ (12,137)	$ 896	$ (94,420)
Other comprehensive income (loss) before reclassifications	161,170	(6,350)	(378)	154,442
Amounts reclassified from accumulated other comprehensive income (loss)	5,675	—	(56)	5,619
Net current period other comprehensive income (loss)	166,845	(6,350)	(434)	160,061
Balance at December 31, 2019	$ 83,666	$ (18,487)	$ 462	$ 65,641
Other comprehensive income (loss) before reclassifications	80,491	73,502	—	153,993
Amounts reclassified from accumulated other comprehensive income (loss)	(58,488)	(2,049)	(462)	(60,999)
Net current period other comprehensive income (loss)	22,003	71,453	(462)	92,994
Balance at December 31, 2020	$ 105,669	$ 52,966	$ —	$ 158,635
Other comprehensive income (loss) before reclassifications	(174,246)	(57,705)	—	(231,951)
Amounts reclassified from accumulated other comprehensive income (loss)	597	(9,602)	—	(9,005)
Net current period other comprehensive income (loss)	(173,649)	(67,307)	—	(240,956)
Balance at December 31, 2021	**$ (67,980)**	**$ (14,341)**	**$ —**	**$ (82,321)**

(1) *For all periods presented, the ending balance in net unrealized gains (losses) on investment securities available for sale and cash flow hedges includes unrealized losses of $13.3 million and $12.1 million, respectively, related to residual tax effects remaining in OCI due to previously established deferred tax asset valuation allowances in 2010 and 2011. In accordance with ASC 740-20-45-11(b), under the portfolio approach, these unrealized losses are realized at the time the entire portfolio is sold or disposed.*

Note 10 - Regulatory Capital

Synovus and Synovus Bank are each subject to regulatory capital requirements administered by the federal banking agencies under Basel III. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the consolidated financial statements. Specific capital levels that involve quantitative measures of both on- and off-balance sheet items as calculated under regulatory capital guidelines must be met. Capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Additionally, regulatory capital rules include a capital conservation buffer of 2.5% that is added on top of each of the minimum risk-based capital ratios in order to avoid restrictions on capital distributions and discretionary bonuses. Management currently believes, based on internal capital analyses and earnings projections, that Synovus' and Synovus Bank's capital positions are each adequate to meet regulatory minimum capital requirements inclusive of the capital conservation buffer.

Synovus Bank is also required to maintain certain capital levels, and not be subject to any written agreement, order, capital directive, or prompt corrective action directive requiring it to meet and maintain a specific capital level for any capital measure, in order to be considered a well-capitalized institution as defined by federal prompt corrective action banking regulations.

The following table summarizes regulatory capital information at December 31, 2021 and 2020 for Synovus and Synovus Bank.

	Actual Capital		Minimum Requirement For Capital Adequacy[1]		To Be Well-Capitalized Under Prompt Corrective Action Provisions[2]	
(dollars in thousands)	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Synovus Financial Corp.						
CET1 capital	$ 4,388,618	$ 4,034,865	$ 2,079,435	$ 1,879,551	N/A	N/A
Tier 1 risk-based capital	4,925,763	4,572,010	2,772,581	2,506,068	N/A	N/A
Total risk-based capital	5,827,196	5,604,230	3,696,774	3,341,425	N/A	N/A
CET1 capital ratio	9.50%	9.66%	4.50%	4.50%	N/A	N/A
Tier 1 risk-based capital ratio	10.66	10.95	6.00	6.00	N/A	N/A
Total risk-based capital ratio	12.61	13.42	8.00	8.00	N/A	N/A
Leverage ratio	8.72	8.50	4.00	4.00	N/A	N/A
Synovus Bank						
CET1 capital	$ 4,998,698	$ 4,641,711	$ 2,076,515	$ 1,880,757	$ 2,999,410	$ 2,716,650
Tier 1 risk-based capital	4,998,698	4,641,711	2,768,686	2,507,677	3,691,581	3,343,569
Total risk-based capital	5,587,757	5,361,611	3,691,581	3,343,569	4,614,477	4,176,461
CET1 capital ratio	10.83%	11.11%	4.50%	4.50%	6.50%	6.50%
Tier 1 risk-based capital ratio	10.83	11.11	6.00	6.00	8.00	8.00
Total risk-based capital ratio	12.11	12.83	8.00	8.00	10.00	10.00
Leverage ratio	8.86	8.73	4.00	4.00	5.00	5.00

(1) The additional capital conservation buffer in effect is 2.5%.

(2) The prompt corrective action provisions are applicable at the bank level only.

Note 11 - Net Income Per Common Share

The following table displays a reconciliation of the information used in calculating basic and diluted net income per common share for the years ended December 31, 2021, 2020, and 2019. Diluted net income per common share incorporates the potential impact of contingently issuable shares, including awards which require future service as a condition of delivery of the underlying common stock.

	Years Ended December 31,		
(in thousands, except per share data)	**2021**	**2020**	**2019**
Net income	$ 760,467	$ 373,695	$ 563,780
Less: Preferred stock dividends	33,163	33,163	22,881
Net income available to common shareholders	**$ 727,304**	**$ 340,532**	**$ 540,899**
Weighted average common shares outstanding	147,041	147,415	154,331
Effect of dilutive outstanding equity-based awards, warrants, and earnout payments	1,454	795	1,727
Weighted average diluted common shares	148,495	148,210	156,058
Net income per common share, basic	$ 4.95	$ 2.31	$ 3.50
Net income per common share, diluted	$ 4.90	$ 2.30	$ 3.47

For the years ended December 31, 2021, 2020, and 2019, there were 21 thousand, 602 thousand, and 40 thousand, respectively, potentially dilutive shares related to stock options to purchase shares of common stock that were outstanding but were not included in the computation of diluted net income per common share because the effect would have been anti-dilutive.

Note 12 - Fair Value Accounting

Fair value accounting guidance defines fair value as the exchange price that would be received to sell an asset or paid to transfer a liability (an “exit price”) in the principal or most advantageous market available to the entity in an orderly transaction between market participants, on the measurement date. See “Part II - Item 8. Financial Statements and Supplementary Data - Note 1 - Summary of Significant Accounting Policies” of this Report for a description of how fair value measurements are determined.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table presents all financial instruments measured at fair value on a recurring basis as of December 31, 2021 and 2020.

	December 31, 2021				December 31, 2020			
(in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total Assets and Liabilities at Fair Value**	**Level 1**	**Level 2**	**Level 3**	**Total Assets and Liabilities at Fair Value**
Assets								
Trading securities:								
Mortgage-backed securities issued by U.S. Government agencies	$ —	$ 197	$ —	$ 197	$ —	$ 10,185	$ —	$ 10,185
Collateralized mortgage obligations issued by U.S. Government sponsored enterprises	—	671	—	671	—	158	—	158
Other mortgage-backed securities	—	—	—	—	—	178	—	178
State and municipal securities	—	560	—	560	—	176	—	176
Asset-backed securities	—	6,963	—	6,963	—	183	—	183
Total trading securities	$ —	$ 8,391	$ —	$ 8,391	$ —	$ 10,880	$ —	$ 10,880
Investment securities available for sale:								
U.S. Treasury securities	$ 117,838	$ —	$ —	$ 117,838	$ 20,257	$ —	$ —	$ 20,257
U.S. Government agency securities	—	54,201	—	54,201	—	82,320	—	82,320
Mortgage-backed securities issued by U.S. Government agencies	—	779,633	—	779,633	—	1,218,017	—	1,218,017
Mortgage-backed securities issued by U.S. Government sponsored enterprises	—	8,012,301	—	8,012,301	—	5,000,046	—	5,000,046
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	—	939,623	—	939,623	—	1,250,377	—	1,250,377
Commercial mortgage-backed securities issued by U.S. Government agencies or sponsored enterprises	—	481,744	—	481,744	—	370,921	—	370,921
Asset-backed securities	—	514,188	—	514,188	—	—	—	—
Corporate debt securities and other debt securities	—	18,801	—	18,801	—	18,479	2,021	20,500
Total investment securities available for sale	$ 117,838	$ 10,800,491	$ —	$ 10,918,329	$ 20,257	$ 7,940,160	$ 2,021	$ 7,962,438
Mortgage loans held for sale	—	108,198	—	108,198	—	216,647	—	216,647
Other investments	—	—	12,185	12,185	—	—	1,021	1,021
Mutual funds and mutual funds held in rabbi trusts	43,657	—	—	43,657	37,650	—	—	37,650
GGL/SBA loans servicing asset	—	—	3,233	3,233	—	—	3,258	3,258
Derivative assets	—	191,708	—	191,708	—	401,295	—	401,295
Liabilities								
Trading liability for short positions	$ —	$ 200	$ —	$ 200	$ —	$ 7,717	$ —	$ 7,717
Mutual fund held in rabbi trusts	27,205	—	—	27,205	20,752	—	—	20,752
Earnout liability	—	—	—	—	—	—	5,677	5,677
Derivative liabilities	—	95,067	3,535	98,602	—	155,119	2,048	157,167

Fair Value Option

Synovus has elected the fair value option for mortgage loans held for sale primarily to ease the operational burden required to maintain hedge accounting for these loans. Synovus is still able to achieve effective economic hedges on mortgage loans held for sale without the time and expense needed to manage a hedge accounting program.

The following table summarizes the difference between the fair value and the UPB of mortgage loans held for sale and the changes in fair value of these loans. An immaterial portion of these changes in fair value was attributable to instrument-specific credit risk.

	Years Ended December 31,		
(in thousands)	**2021**	**2020**	**2019**
Changes in fair value included in net income:			
Mortgage loans held for sale	$ (3,942)	$ 3,400	$ 1,675
Mortgage loans held for sale:			
Fair value	108,198	216,647	115,173
Unpaid principal balance	105,785	210,292	112,218
Fair value less aggregate unpaid principal balance	**$ 2,413**	**$ 6,355**	**$ 2,955**

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

During 2021 and 2020, Synovus did not have any transfers in or out of Level 3 in the fair value hierarchy.

	2021				
(in thousands)	**Investment Securities Available for Sale**	**Other Investments**	**GGL/SBA Loans Servicing Asset**	**Earnout Liability**	**Visa Derivative Liability**
Beginning balance	$ 2,021	$ 1,021	$ 3,258	$ (5,677)	$ (2,048)
Total gains (losses) realized/unrealized:					
Included in earnings	—	1,164	(1,339)	(507)	(2,656)
Sales	(2,021)	—	—	—	—
Additions	—	10,000	—	—	—
Settlements	—	—	1,314	6,184	1,169
Ending balance	**$ —**	**$ 12,185**	**$ 3,233**	**$ —**	**$ (3,535)**
Total net gains (losses) for the year included in earnings attributable to the change in unrealized gains (losses) relating to assets and liabilities still held at December 31, 2021	$ —	$ 1,164	$ —	$ —	$ (2,656)

	2020				
(in thousands)	**Investment Securities Available for Sale**	**Other Investments**	**GGL/SBA Loans Servicing Asset**	**Earnout Liability**	**Visa Derivative Liability**
Beginning balance	$ 2,105	$ 3,887	$ 3,040	$ (11,016)	$ (2,339)
Total gains (losses) realized/unrealized:					
Included in earnings	—	(2,866)	(1,000)	(4,908)	(890)
Unrealized gains (losses) included in other comprehensive income	(84)	—	—	—	—
Additions	—	—	1,218	—	—
Settlements	—	—	—	10,247	1,181
Ending balance	**$ 2,021**	**$ 1,021**	**$ 3,258**	**$ (5,677)**	**$ (2,048)**
Total net gains (losses) for the year included in earnings attributable to the change in unrealized gains (losses) relating to assets and liabilities still held at December 31, 2020	$ —	$ (2,866)	$ —	$ (4,908)	$ (890)

The table below provides an overview of the valuation techniques and significant unobservable inputs used in those techniques to measure financial instruments that are classified within Level 3 of the valuation hierarchy and are measured at fair value on a recurring basis. The range of sensitivities that management utilized in its fair value calculations is deemed acceptable in the industry with respect to the identified financial instruments.

			December 31, 2021		December 31, 2020	
(dollars in thousands)	Valuation Technique	Significant Unobservable Input	Level 3 Fair Value	Rate/Range	Level 3 Fair Value	Rate/Range
Assets measured at fair value on a recurring basis						
Investment Securities Available for Sale: Corporate debt and other debt securities trust preferred security	Discounted cash flow analysis	Discount rate Forecasted average Prime reset rate	$ —	N/A	$ 2,021	4.96% 4.06%
Other investments	Individual analysis of each investee company	Multiple factors, including but not limited to, current operations, financial condition, cash flows, evaluation of business management and financial plans, and recently executed financing transactions related to the investee companies	$ 12,185	N/A	$ 1,021	N/A
GGL/SBA loans servicing asset	Discounted cash flow analysis	Discount rate Prepayment speeds	$ 3,233	8.55% 18.50%	$ 3,258	10.79% 18.81%
Earnout liability	Option pricing methods and Monte Carlo simulation	Financial projections of Global One through June 30, 2021	$ —	N/A	$ 5,677	N/A
Visa derivative liability	Discounted cash flow analysis	Estimated timing of resolution of Covered Litigation and future cumulative deposits to the litigation escrow for settlement of the Covered Litigation	$ 3,535	0-1.8 years (3Q 2023)	$ 2,048	0-1.8 years (3Q 2022)

Assets Measured at Fair Value on a Non-recurring Basis

Certain assets are required to be measured at fair value on a non-recurring basis subsequent to their initial recognition. These assets and liabilities are not measured at fair value on an ongoing basis; however, they are subject to fair value adjustments in certain circumstances, such as when there is evidence of impairment. The following table presents assets measured at fair value on a non-recurring basis as of the dates indicated for which there was a fair value adjustment.

	December 31, 2021				December 31, 2020			
(in thousands)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Loans[(1)]	$ —	$ —	$ 19,482	$ 19,482	$ —	$ —	$ 44,802	$ 44,802
Other real estate	—	—	270	270	—	—	860	860
MPS receivable	—	—	—	—	—	—	15,575	15,575
Other assets held for sale	—	—	1,256	1,256	—	—	2,354	2,354

	Years Ended December 31,		
(in thousands)	2021	2020	Location in Consolidated Statements of Income
Loans[(1)]	$ 27,613	$ 21,927	Provision for credit losses
Other real estate	120	200	Other operating expense
MPS receivable	—	2,663	Other operating expense
Other assets held for sale	462	2,292	Other operating expense

(1) *Collateral-dependent loans that are written down to fair value of collateral.*

The table below provides an overview of the valuation techniques and significant unobservable inputs used in those techniques to measure financial instruments that are classified within Level 3 of the valuation hierarchy and are measured at fair value on a non-recurring basis.

	Valuation Technique	Significant Unobservable Input	December 31, 2021 Range (Weighted Average)[1]	December 31, 2020 Range (Weighted Average)[1]
Assets measured at fair value on a non-recurring basis				
Loans	Third-party appraised value of collateral less estimated selling costs	Discount to appraised value Estimated selling costs	0%-71% (48%) 0%-10% (7%)	0%-39% (25%) 0%-7% (7%)
Loans held for sale	Analysis of anticipated market prices for similar assets less estimated selling costs	Market price analysis for similar assets Estimated selling costs	N/A	N/A
Other real estate	Third-party appraised value of real estate less estimated selling costs	Discount to appraised value Estimated selling costs	0%-48% (24%) 0%-10% (7%)	0%-23% (12%) 0%-10% (7%)
MPS receivable[2]	Third-party appraised value of business less estimated selling costs	Discount to appraised value Estimated selling costs	N/A	N/A
Other assets held for sale	Third-party appraised value less estimated selling costs or BOV	Discount to appraised value Estimated selling costs	0%-51% (20%) 0%-10% (7%)	0%-66% (45%) 0%-10% (7%)

(1) *The weighted average is the measure of central tendencies; it is not the value that management is using for the asset or liability.*

(2) *See "Part II - Item 8. Financial Statements and Supplementary Data - Note 14 - Commitments and Contingencies" of this Report for more information on this receivable which was classified as a NPA at December 31, 2021 and 2020.*

Fair Value of Financial Instruments

The following table presents the carrying and estimated fair values of financial instruments at December 31, 2021 and 2020. The fair values represent management's best estimates based on a range of methodologies and assumptions. See "Part II - Item 8. Financial Statements and Supplementary Data - Note 1 - Summary of Significant Accounting Policies" of this Report for a description of how fair value measurements are determined.

	December 31, 2021				
(in thousands)	**Carrying Value**	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Financial assets					
Total cash, cash equivalents, and restricted cash	$ 3,009,853	$ 3,009,853	$ 3,009,853	$ —	$ —
Trading securities	8,391	8,391	—	8,391	—
Investment securities available for sale	10,918,329	10,918,329	117,838	10,800,491	—
Loans held for sale	750,642	749,980	—	108,198	641,782
Other investments	12,185	12,185	—	—	12,185
Mutual funds and mutual funds held in rabbi trusts	43,657	43,657	43,657	—	—
Loans, net of deferred fees and costs	38,884,361	39,118,275	—	—	39,118,275
GGL/SBA loans servicing asset	3,233	3,233	—	—	3,233
FRB and FHLB stock	159,941	159,941	—	159,941	—
Derivative assets	191,708	191,708	—	191,708	—
Financial Liabilities					
Non-interest-bearing deposits	$ 16,392,653	$ 16,392,653	$ —	$ 16,392,653	$ —
Non-time interest-bearing deposits	28,917,148	28,917,148	—	28,917,148	—
Time deposits	4,117,475	4,125,673	—	4,125,673	—
Total deposits	$ 49,427,276	$ 49,435,474	$ —	$ 49,435,474	$ —
Securities sold under repurchase agreements	264,133	264,133	264,133	—	—
Trading liability for short positions	200	200	—	200	—
Long-term debt	1,204,229	1,243,147	—	1,243,147	—
Mutual fund held in rabbi trusts	27,205	27,205	27,205	—	—
Derivative liabilities	98,602	98,602	—	95,067	3,535

	December 31, 2020				
(in thousands)	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Financial assets					
Total cash, cash equivalents, and restricted cash	$ 4,252,917	$ 4,252,917	$ 4,252,917	$ —	$ —
Trading securities	10,880	10,880	—	10,880	—
Investment securities available for sale	7,962,438	7,962,438	20,257	7,940,160	2,021
Loans held for sale	760,123	760,939	—	216,647	544,292
Other investments	1,021	1,021	—	—	1,021
Mutual funds and mutual funds held in rabbi trusts	37,650	37,650	37,650	—	—
Loans, net of deferred fees and costs	37,647,248	37,605,881	—	—	37,605,881
GGL/SBA loans servicing asset	3,258	3,258	—	—	3,258
FRB and FHLB stock	157,520	157,520	—	157,520	—
Derivative assets	401,295	401,295	—	401,295	—
Financial Liabilities					
Non-interest-bearing deposits	$ 13,477,854	$ 13,477,854	$ —	$ 13,477,854	$ —
Non-time interest-bearing deposits	27,265,521	27,265,521	—	27,265,521	—
Time deposits	5,948,196	5,970,146	—	5,970,146	—
Total deposits	$ 46,691,571	$ 46,713,521	$ —	$ 46,713,521	$ —
Securities sold under repurchase agreements	227,922	227,922	227,922	—	—
Trading liability for short positions	7,717	7,717	—	7,717	—
Long-term debt	1,202,494	1,266,825	—	1,266,825	—
Earnout liability	5,677	5,677	—	—	5,677
Mutual fund held in rabbi trusts	20,752	20,752	20,752	—	—
Derivative liabilities	157,167	157,167	—	155,119	2,048

Note 13 - Derivative Instruments

Synovus utilizes derivative instruments to manage its exposure to various types of interest rate risk, exposures related to liquidity and credit risk, and to facilitate client transactions. The primary types of derivative instruments utilized by Synovus consist of interest rate swaps, interest rate lock commitments made to prospective mortgage loan clients, commitments to sell fixed-rate mortgage loans, and foreign currency exchange forwards. Interest rate lock commitments represent derivative instruments since it is intended that such loans will be sold. Synovus is party to master netting arrangements with its dealer counterparties; however, Synovus does not offset assets and liabilities under these arrangements for financial statement presentation purposes. See "Part II - Item 8. Financial Statements and Supplementary Data - Note 1 - Summary of Significant Accounting Policies" of this Report for additional information regarding accounting policies for derivatives.

Hedging Derivatives

Cash flow hedge relationships mitigate exposure to the variability of future cash flows or other forecasted transactions. Synovus has entered into interest rate swap contracts to manage overall cash flow changes related to interest rate risk exposure on index-based variable rate commercial loans. The contracts effectively modify Synovus' exposure to interest rate risk by utilizing receive fixed/pay index-based variable rate interest rate swaps.

For cash flow hedges, if the hedged exposure is a cash flow exposure, the effective portion of the gain or loss on the derivative instrument is reported initially as a component of accumulated other comprehensive income (loss), net of the tax impact, and subsequently reclassified into earnings when the hedged transaction affects earnings with the impacts recorded in the same income statement line item used to present the earnings effect of the hedged item. When a cash flow hedge relationship is discontinued but the hedged cash flows, or forecasted transactions, are still expected to occur, gains or losses that were accumulated in OCI are amortized into earnings over the same periods which the hedged transactions are still expected to affect earnings. If, however, it is probable the forecasted transactions will no longer occur, the remaining accumulated amounts in OCI for the impacted cash flow hedges are immediately recognized in earnings.

Synovus recorded net unrealized gains of $1.2 million, or $930 thousand, after tax, in OCI during the year ended December 31, 2021 and $9.8 million, or $7.3 million, after-tax, in OCI, during the year ended December 31, 2020, related to terminated cash flow hedges, which are being recognized into earnings in conjunction with the effective terms of the original swaps through the second quarter of 2026. Synovus recognized pre-tax income of $12.9 million and $2.8 million, respectively, during the years ended December 31, 2021 and 2020 related to the amortization of terminated cash flow hedges.

As of December 31, 2021, Synovus expects to reclassify into earnings approximately $27 million in pre-tax income due to the receipt or payment of interest payments on all cash flow hedges within the next twelve months. Included in this amount is approximately $4 million in pre-tax income related to the amortization of terminated cash flow hedges. As of December 31, 2021, the maximum length of time over which Synovus is hedging its exposure to the variability in future cash flows is through the third quarter of 2026.

For derivative instruments that are not designated as hedging instruments, changes in the fair value of the derivatives are recognized in earnings immediately.

Client Related Derivative Positions

Synovus enters into interest rate swap agreements to facilitate the risk management strategies of certain commercial banking clients. Synovus mitigates this risk largely by entering into equal and offsetting interest rate swap agreements with highly rated counterparties. The interest rate swap agreements are free-standing derivatives and are recorded at fair value on Synovus' consolidated balance sheets. The credit risk to these clients is evaluated and included in the calculation of fair value. Fair value changes including credit-related adjustments are recorded as a component of capital markets income.

Counterparty Credit Risk and Collateral

Entering into derivative contracts potentially exposes Synovus to the risk of counterparties' failure to fulfill their legal obligations, including, but not limited to, potential amounts due or payable under each derivative contract. Notional principal amounts are often used to express the volume of these transactions, but the amounts potentially subject to credit risk are much smaller. Synovus assesses the credit risk of its dealer counterparties by regularly monitoring publicly available credit rating information, evaluating other market indicators, and periodically reviewing detailed financials. Dealer collateral requirements are determined via risk-based policies and procedures and in accordance with existing agreements. Synovus seeks to minimize dealer credit risk by dealing with highly rated counterparties and by obtaining collateral for exposures above certain predetermined limits. Management closely monitors credit conditions within the client swap portfolio, which management deems to be of higher risk than dealer counterparties. Collateral is secured at origination and credit related fair value adjustments are recorded against the asset value of the derivative as deemed necessary based upon an analysis, which includes consideration of the current asset value of the swap, client risk rating, collateral value, and client standing with regards to its swap contractual obligations and other related matters. Such asset values fluctuate based upon changes in interest rates regardless of changes in notional amounts and changes in client specific risk.

Mortgage Derivatives

Synovus originates first lien residential mortgage loans for sale into the secondary market. Mortgage loans are sold either individually or in a bulk sale by Synovus on a whole loan servicing-released basis to third-party servicing aggregators for potential conversion into mortgage-backed securities which can be traded in the secondary market or retained on their respective balance sheet.

Synovus enters into interest rate lock commitments for residential mortgage loans which commits it to lend funds to a potential borrower at a specific interest rate and within a specified period of time. Interest rate lock commitments that relate to the origination of mortgage loans that, if originated, will be held for sale, are considered derivative financial instruments under applicable accounting guidance. Outstanding interest rate lock commitments expose Synovus to the risk that the price of the mortgage loans underlying the commitments may decline due to increases in mortgage interest rates from inception of the rate lock to the funding of the loan and the eventual commitment for sale into the secondary market.

Forward commitments to sell primarily fixed-rate mortgage loans are entered into to reduce the exposure to market risk arising from potential changes in interest rates, which could affect the fair value of mortgage loans held for sale and outstanding interest rate lock commitments, which guarantee a certain interest rate if the loan is ultimately funded or granted by Synovus as a mortgage loan held for sale. The commitments to sell mortgage loans are at fixed prices and are scheduled to settle at specified dates that generally do not exceed 90 days.

Visa Derivative

In conjunction with the sale of Class B shares of common stock issued by Visa to Synovus as a Visa USA member, Synovus entered into a derivative contract with the purchaser, which provides for settlements between the parties based upon a change in the ratio for conversion of Visa Class B shares to Visa Class A shares. The conversion ratio changes when Visa deposits funds to a litigation escrow established by Visa to pay settlements for certain litigation, for which Visa is indemnified by Visa USA members. The litigation escrow is funded by proceeds from Visa's conversion of Class B shares.

The fair value of the derivative contract is determined based on management's estimate of the timing and amount of the Covered Litigation settlement, and the resulting payments due to the counterparty under the terms of the contract. During the years ended December 31, 2021 and 2020, Synovus recorded fair value adjustments of $2.7 million and $890 thousand, respectively, in other non-interest expense. Management believes that the estimate of Synovus' exposure to the Visa indemnification including fees associated with the Visa derivative is adequate based on current information, including Visa's recent announcements and disclosures. However, future developments in the litigation could require changes to Synovus' estimate.

Collateral Requirements

Certain derivative transactions have collateral requirements, both at the inception of the trade, and as the value of each derivative position changes. As of December 31, 2021 and 2020, collateral totaling $64.5 million and $155.4 million, respectively, was pledged to the derivative counterparties to comply with collateral requirements in the normal course of business. For derivatives cleared through central clearing houses, the variation margin payments made are legally characterized as settlements of the derivatives. As a result, these variation margin payments are netted against the fair value of the respective derivative contracts on the consolidated balance sheets and related disclosures. At December 31, 2021 and 2020, Synovus had a variation margin of $94.6 million and $162.7 million, respectively, reducing the derivative liability.

The following table reflects the notional amount and fair value of derivative instruments included on the consolidated balance sheets.

	December 31, 2021			December 31, 2020		
		Fair Value			Fair Value	
(in thousands)	Notional Amount	Derivative Assets[1]	Derivative Liabilities[2]	Notional Amount	Derivative Assets[1]	Derivative Liabilities[2]
Derivatives in cash flow hedging relationships:						
Interest rate contracts	$ 3,600,000	$ 22,004	$ 20,395	$ 3,000,000	$ 80,802	$ —
Total derivatives designated as hedging instruments		$ 22,004	$ 20,395		$ 80,802	$ —
Derivatives not designated: as hedging instruments						
Interest rate contracts[3]	$ 9,653,600	$ 167,560	$ 74,514	$ 8,784,141	$ 314,234	$ 153,204
Mortgage derivatives - interest rate lock commitments	99,006	2,105	—	306,138	6,259	—
Mortgage derivatives - forward commitments to sell fixed-rate mortgage loans	105,500	—	122	230,500	—	1,611
Other contracts[4]	293,059	—	36	234,884	—	304
Foreign exchange contracts[5]	22,387	39	—	24,125		
Visa derivative	—	—	3,535	—	—	2,048
Total derivatives not designated as hedging instruments		**$ 169,704**	**$ 78,207**		**$ 320,493**	**$ 157,167**

(1) *Derivative assets are recorded in other assets on the consolidated balance sheets.*

(2) *Derivative liabilities are recorded in other liabilities on the consolidated balance sheets.*

(3) *Includes interest rate contracts for client swaps and offsetting positions, net of variation margin payments.*

(4) *Includes risk participation agreements sold. Additionally, the notional amount of risk participation agreements purchased was $81.2 million and $2.6 million at December 31, 2021 and 2020, respectively.*

(5) *The fair value of foreign exchange contracts was negligible at December 31, 2020 due to the very short duration of these contracts.*

Synovus also provides foreign currency exchange services, primarily forward contracts, with counterparties to allow commercial clients to mitigate exchange rate risk. Synovus covers its risk by entering into an offsetting foreign currency exchange forward contract.

The following table presents the effect of hedging derivative instruments on the consolidated statements of income and the total amounts for the respective line item affected for the years ended December 31, 2021, 2020, and 2019.

(in thousands)	2021	2020	2019
Total amounts presented on the consolidated statements of income in interest income on loans	$ 31,522	$ 22,215	$ —
Gain/loss on cash flow hedging relationships:[1]			
Interest rate swaps:			
Realized gains (losses) reclassified from AOCI, pre-tax, to interest income on loans	12,862	2,765	—
Pre-tax income recognized on cash flow hedges	$ 12,862	$ 2,765	$ —

(1) *See "Part II - Item 8. Financial Statements and Supplementary Data - Note 9 - Shareholders' Equity and Other Comprehensive Income" in this Report for additional information.*

The pre-tax effect of changes in fair value from derivative instruments not designated as hedging instruments on the consolidated statements of income for the years ended December 31, 2021, 2020 and 2019 is presented below.

		Gain (Loss) Recognized in Consolidated Statements of Income		
		For The Years Ended December 31,		
(in thousands)	Location in Consolidated Statements of Income	2021	2020	2019
Derivatives not designated as hedging instruments:				
Interest rate contracts[1]	Capital markets income	$ 100	$ (777)	$ (338)
Other contracts[2]	Capital markets income	269	(213)	(91)
Foreign exchange contracts	Capital markets income	39	—	—
Mortgage derivatives - interest rate lock commitments	Mortgage banking income	(4,154)	4,969	346
Mortgage derivatives - forward commitments to sell fixed-rate mortgage loans	Mortgage banking income	1,489	(1,443)	651
Visa derivative	Other non-interest expense	2,656	(890)	(3,611)
Total derivatives not designated as hedging instruments		**$ 399**	**$ 1,646**	**$ (3,043)**

(1) *Gain (loss) represents net fair value adjustments (including credit related adjustments) for client swaps and offsetting positions. Additionally, losses related to termination of client swaps of $2.5 million were recorded in other non-interest expense during 2020.*

(2) *Includes risk participation agreements sold.*

Note 14 - Commitments and Contingencies

In the normal course of business, Synovus enters into commitments to extend credit such as loan commitments and letters of credit to meet the financing needs of its clients. Synovus uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. Commitments to extend credit are agreements to lend to a client as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Synovus also has commitments to fund certain tax credits, CRA partnerships, and other investments.

The contractual amount of these financial instruments represents Synovus' maximum credit risk should the counterparty draw upon the commitment, and should the counterparty subsequently fail to perform according to the terms of the contract. Since many of the commitments are expected to expire without being drawn upon, total commitment amounts do not necessarily represent future cash requirements. Additionally, certain commitments (primarily consumer) can generally be canceled by providing notice to the borrower.

The ACL associated with unfunded commitments and letters of credit is recorded within other liabilities on the consolidated balance sheets. At December 31, 2021, the ACL for unfunded commitments was $41.9 million, compared to a reserve of $47.8 million at December 31, 2020. Additionally, an immaterial amount of unearned fees relating to letters of credit are recorded within other liabilities on the consolidated balance sheets.

Synovus invests in certain LIHTC partnerships which are engaged in the development and operation of affordable multi-family housing pursuant to Section 42 of the Code. Additionally, Synovus invests in certain solar energy tax credit partnerships pursuant to Section 48 of the Code and certain new market tax credit partnerships pursuant to section 45D of the Code. Synovus typically acts as a limited partner in these investments and does not exert control over the operating or financial policies of the partnerships and as such, is not considered the primary beneficiary of the partnership. For certain of its LIHTC investments, Synovus provides financing during the construction and development of the properties and is at risk for the funded amount of its equity investment plus the outstanding amount of any construction loans in excess of the fair value of the collateral for the loan, but has no obligation to fund the operations or working capital of the partnerships and is not exposed to losses beyond Synovus' investment. Synovus receives tax credits related to these investments which are subject to recapture by taxing authorities based on compliance provisions required to be met at the project level.

Synovus also invests in CRA partnerships, including SBIC programs, and other investments. The SBIC is a program initiated by the SBA in 1958 to assist in the funding of small business loans.

	December 31,	
(in thousands)	**2021**	**2020**
Letters of credit[(1)]	$ 183,463	$ 190,562
Commitments to fund commercial and industrial loans	9,069,588	8,200,608
Commitments to fund commercial real estate, construction, and land development loans	3,593,171	3,290,041
Commitments under home equity lines of credit	1,805,869	1,602,831
Unused credit card lines	999,787	1,012,313
Other loan commitments	604,353	472,233
Total letters of credit and unfunded lending commitments	**$ 16,256,231**	**$ 14,768,588**
Tax credits, CRA partnerships, and other investments:		
Carrying amount included in other assets	$ 426,137	$ 262,855
Amount of future funding commitments	250,733	133,946
Permanent and short-term construction loans and letter of credit commitments[(2)]	204,391	82,786
Funded portion of permanent and short-term loans and letters of credit[(3)]	104,315	9,528

(1) Represent the contractual amount net of risk participations purchased of approximately $26 million and $30 million at December 31, 2021 and December 31, 2020, respectively.

(2) Represent the contractual amount net of risk participations of $3.0 million and $1.8 million at December 31, 2021 and December 31, 2020, respectively

(3) Represent the contractual amount net of risk participations of $3.0 million and $234 thousand at December 31, 2021 December 31, 2020, respectively.

Merchant Services

In accordance with credit and debit card association rules, Synovus provides merchant processing services for clients. In addition, Synovus sponsors various third-party MPS businesses that process credit and debit card transactions on behalf of merchants. In connection with these services, a liability may arise in the event of a billing dispute between the merchant and a cardholder that is ultimately resolved in the cardholder's favor. If the merchant defaults on its obligations, the cardholder, through its issuing bank, generally has until six months after the date of the transaction to present a chargeback to the MPS, which is primarily liable for any losses on covered transactions. However, if a sponsored MPS fails to meet its obligations, then Synovus, as the sponsor, could be held liable for the disputed amount. Synovus seeks to mitigate this risk through its contractual arrangements with the MPS and the merchants by withholding future settlements, retaining cash reserve accounts and/or obtaining other security. For the years ended December 31, 2021 and 2020, Synovus and the sponsored entities processed and settled $105.14 billion and $78.19 billion of transactions, respectively.

Synovus covered chargebacks related to a particular sponsored MPS during 2019 and 2018 where the MPS's cash reserve account was unavailable to support the chargebacks. As of December 31, 2021, the remaining amount, net of reserves, included in other assets and classified in NPAs, is $15.3 million, compared to $15.6 million at December 31, 2020. While Synovus has contractual protections to mitigate against loss, repayment of the amounts owed to Synovus will depend in large part upon the continued financial viability and/or valuation of the MPS.

Legal Proceedings

Synovus and its subsidiaries are subject to various legal proceedings, claims and disputes that arise in the ordinary course of its business. Additionally, in the ordinary course of business, Synovus and its subsidiaries are subject to regulatory and governmental examinations, information gathering requests, inquiries and investigations. Synovus, like many other financial institutions, has been the target of legal actions and other proceedings asserting claims for damages and related relief for losses. These actions include mortgage loan and other loan put-back claims, claims and counterclaims asserted by individual borrowers related to their loans, allegations of violations of state and federal laws and regulations relating to banking practices, including putative class action matters. In addition to actual damages, if Synovus does not prevail in such asserted legal actions, 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 were to occur.

Synovus carefully examines and considers each legal matter, and, in those situations where Synovus determines that a particular legal matter presents loss contingencies that are both probable and reasonably estimable, Synovus establishes an appropriate reserve. An event is considered to be probable if the future event is likely to occur. While the final outcome of any legal proceeding is inherently uncertain, based on the information currently available, advice of counsel and available insurance coverage, management believes that the amounts accrued with respect to legal matters as of December 31, 2021 are adequate. The actual costs of resolving legal claims may be higher or lower than the amounts accrued.

In addition, where Synovus determines that there is a reasonable possibility of a loss in respect of legal matters, Synovus considers whether it is able to estimate the total reasonably possible loss or range of loss. An event is “reasonably possible” if “the chance of the future event or events occurring is more than remote but less than likely.” An event is “remote” if “the chance of the future event or events occurring is more than slight but less than reasonably possible.” 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. For those legal matters where Synovus is able to estimate a range of reasonably possible losses, management currently estimates the aggregate range from our outstanding litigation is from zero to $5 million in excess of the amounts accrued, if any, related to those matters. This estimated aggregate range is based upon information currently available to Synovus, and the actual losses could prove to be lower or higher. 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. Based on Synovus' 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, results of operations 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 or financial condition for any particular period.

Synovus intends to vigorously pursue all available defenses to these legal matters, but will also consider other alternatives, including settlement, in situations where there is an opportunity to resolve such legal matters on terms that Synovus considers to be favorable, including in light of the continued expense and distraction of defending such legal matters. Synovus maintains insurance coverage, which may be available to cover legal fees, or potential losses that might be incurred in connection with such legal matters. The above-noted estimated range of reasonably possible losses does not take into consideration insurance coverage which may or may not be available for the respective legal matters.

Note 15 - Share-based Compensation and Other Employment Benefit Plans

General Description of Share-based Plans

Synovus has a long-term incentive plan under which the Compensation and Human Capital Committee of the Board of Directors has the authority to grant share-based awards to Synovus employees. The 2021 Omnibus Plan authorized 5.8 million common share equivalents available for grants. The Plan permits grants of share-based compensation including stock options, restricted share units, market restricted share units, and performance share units. The grants generally include vesting periods of three years. The restricted share units and the market restricted share units contain a service-based vesting period of three years with most awards vesting pro-rata over three years. Restricted share units are primarily equity-based but can be cash settled as well. When cash settled awards are granted, they are classified as a liability and revalued quarterly. As further discussed below, market restricted share units and performance share units are granted at a defined target level and are compared annually to required market and performance metrics to determine actual units vested and for performance share units, compensation expense. Synovus has historically issued new shares to satisfy share option exercises and share unit conversions. Dividend equivalents are paid on outstanding restricted share units, market restricted share units, and performance share units in the form of additional restricted share units that vest over the same vesting period or the vesting period left on the original restricted share unit grant. Any restricted share units that are forfeited and options that expire unexercised will again become available for issuance under the 2021 Omnibus Plan. At December 31, 2021, Synovus had a total of 5.8 million common share equivalents of its authorized but unissued common stock reserved for future grants under the 2021 Omnibus Plan.

Share-based Compensation Expense

Total share-based compensation expense recognized for 2021, 2020, and 2019 is presented in the following table by its classification within total non-interest expense.

	Years Ended December 31,		
(in thousands)	**2021**	**2020**	**2019**
Salaries and other personnel expense	$ 26,957	$ 17,827	$ 19,618
Merger-related expense	—	—	4,219
Other operating expense	838	814	650
Total share-based compensation expense included in non-interest expense	**$ 27,795**	**$ 18,641**	**$ 24,487**

The total income tax benefit recognized on the consolidated statements of income related to share-based compensation expense was $7.0 million, $4.8 million, and $6.3 million for 2021, 2020, and 2019, respectively. No share-based compensation costs have been capitalized for the years ended December 31, 2021, 2020, and 2019. As of December 31, 2021, total unrecognized compensation cost related to the unvested portion of share-based compensation arrangements involving shares of Synovus stock was $30.3 million. This cost is expected to be recognized over a weighted average remaining period of 1.87 years.

Stock Options

There were no stock option grants in 2021, 2020, or 2019; however, Synovus assumed 3.2 million outstanding employee and director stock options in the FCB Merger on January 1, 2019. The estimated fair value of the converted stock options was determined using a Hull-White model in a binomial lattice option pricing framework with the following weighted average assumptions:

	2019
Stock price (Synovus' closing stock price on December 31, 2018)	$ 31.99
Weighted average fair value of converted stock options	11.50
Risk-free interest rate	2.51%
Expected stock price volatility	26.4%
Dividend yield	3.13%
Term to expiration	5.1 years

A summary of stock option activity and changes during the years ended December 31, 2021, 2020, and 2019 is presented below.

Stock Options

	2021		2020		2019	
(in thousands, except per share data)	**Quantity**	**Weighted-Average Exercise Price**	**Quantity**	**Weighted-Average Exercise Price**	**Quantity**	**Weighted-Average Exercise Price**
Outstanding at beginning of year	2,401	$ 22.47	3,037	$ 22.74	640	$ 16.93
Assumed in acquisition	—	—	—	—	3,230	23.22
Options exercised	(923)	22.07	(572)	22.67	(820)	19.91
Options forfeited/expired/canceled	—	—	(64)	33.50	(13)	34.23
Options outstanding at end of year	**1,478**	**$ 22.71**	**2,401**	**$ 22.47**	**3,037**	**$ 22.74**
Options exercisable at end of year	**1,478**	**$ 22.71**	**2,401**	**$ 22.47**	**2,399**	**$ 19.52**

The aggregate intrinsic value for both outstanding and exercisable stock options at December 31, 2021 was $37.2 million with a weighted average remaining contractual life of 2.51 years. The intrinsic value of stock options exercised during the years ended December 31, 2021, 2020, and 2019 was $21.3 million, $5.3 million, and $13.6 million, respectively.

Restricted Share Units, Market Restricted Share Units, and Performance Share Units

Compensation expense is measured based on the grant date fair value of restricted share units, market restricted share units, and performance share units. The fair value of restricted share units and performance share units that do not contain market conditions is equal to the market price of common stock on the grant date. The fair value of market restricted share units granted was estimated on the date of grant using a Monte Carlo simulation model with the following weighted average assumptions:

	2021	2020	2019
Risk-free interest rate	2.87%	1.42%	2.40%
Expected stock price volatility	56.1	25.4	24.4
Simulation period	2.9 years	3.0 years	3.0 years

The stock price expected volatility was based on Synovus' historical volatility for grants in 2021, 2020 and 2019. The Monte Carlo model estimates fair value based on 100,000 simulations of future share price using a theoretical model of stock price behavior.

Synovus granted performance share units, which included a market condition with respect to 50% of the award, to senior management during the years ended December 31, 2021 and 2020. The performance share units have a three-year service-based vesting component, a 50% weighted performance condition based on adjusted ROATCE, and a 50% weighted market condition based on Synovus' relative TSR. The number of performance share units that will ultimately vest ranges from 0% to 150% of a defined target based on Synovus' relative TSR and three-year weighted average adjusted ROATCE.

During the year ended December 31, 2019, Synovus granted market restricted share units and performance share units to senior management. The market restricted share units have a three-year service-based vesting component as well as a total shareholder return multiplier and the performance share units vest upon meeting certain service and performance conditions. The number of market restricted share units that will ultimately vest ranges from 75%

to 125% of a defined target based on Synovus' TSR. Adjusted ROAA and adjusted ROATCE performance is evaluated each year over a three-year performance period, with share distribution determined at the end of the three years. The number of performance share units that will ultimately vest ranges from 0% to 150% of defined targets based on Synovus' three-year weighted average adjusted ROAA and adjusted ROATCE.

A summary of restricted share units and market/performance share units outstanding and changes during the years ended December 31, 2021, 2020, and 2019 is presented below.

	Restricted Share Units		Market/Performance Share Units	
(in thousands, except per share data)	**Quantity**	**Weighted-Average Grant Date Fair Value**	**Quantity**	**Weighted-Average Grant Date Fair Value**
Outstanding at December 31, 2018	526	$ 41.18	392	$ 39.62
Granted	573	36.27	305	37.22
Assumed in acquisition	136	31.99	—	—
Vested	(304)	37.04	(152)	30.87
Forfeited	(114)	37.04	(50)	39.45
Outstanding at December 31, 2019	817	38.32	495	40.85
Granted	822	32.42	204	37.74
Vested	(384)	38.04	(214)	41.31
Forfeited	(34)	35.97	(46)	39.03
Outstanding at December 31, 2020	1,221	34.50	439	39.37
Granted	599	42.31	141	42.94
Vested	(482)	37.05	(58)	42.43
Forfeited	(93)	31.41	—	—
Outstanding at December 31, 2021	**1,245**	**$ 37.00**	**522**	**$ 37.59**

The total fair value of restricted share units vested during 2021, 2020, and 2019 was $19.8 million, $13.4 million, and $11.2 million, respectively. The total fair value of market/performance share units vested during 2021, 2020, and 2019 was $2.4 million, $7.9 million, and $5.7 million, respectively.

Other Employment Benefit Plans

For the years ended December 31, 2021, 2020, and 2019, Synovus provided a 100% matching contribution on the first 5% of eligible employee 401(k) contributions for a total annual contribution of $21.5 million, $21.3 million, and $18.8 million, respectively.

For the years ended December 31, 2021, 2020, and 2019, Synovus sponsored a stock purchase plan for directors and employees whereby Synovus made contributions equal to 15% of employee and director voluntary contributions, subject to certain maximum contribution limitations. The funds are used to purchase outstanding shares of Synovus common stock. Synovus recorded as expense $1.1 million, $1.1 million, and $1.1 million for contributions to these plans in 2021, 2020, and 2019, respectively.

Note 16 - Income Taxes

The components of income tax expense (benefit) included on the consolidated statements of income for the years ended December 31, 2021, 2020, and 2019 are presented below:

(in thousands)	**2021**	**2020**	**2019**
Current			
Federal	$ 153,911	$ 187,741	$ 112,517
State	29,982	9,421	2,085
Total current income tax expense	183,893	197,162	114,602
Deferred			
Federal	28,873	(90,777)	46,182
State	16,127	4,585	40,451
Total deferred income tax expense (benefit)	45,000	(86,192)	86,633
Total income tax expense	**$ 228,893**	**$ 110,970**	**$ 201,235**

Income tax expense as shown on the consolidated statements of income differed from the federal statutory rate for the years ended December 31, 2021, 2020, and 2019. A reconciliation of the differences is presented below:

	Years Ended December 31,		
(dollars in thousands)	**2021**	**2020**	**2019**
Income tax expense at statutory federal income tax rate	$ 207,765	$ 101,779	$ 160,653
Increase (decrease) resulting from:			
State income tax expense, net of federal income tax benefit	38,452	11,168	33,764
Income not subject to tax	(10,455)	(9,207)	(6,564)
Low income housing tax credits and other tax benefits, net of amortization	(4,858)	(2,611)	(1,583)
FDIC premiums	4,111	4,744	5,802
General business tax credits	(3,727)	(657)	(678)
Excess tax benefit from share-based compensation	(3,084)	311	(1,337)
Executive compensation	1,096	1,501	6,385
Goodwill impairment	—	9,424	—
Other, net	(407)	(5,482)	4,793
Total income tax expense	**$ 228,893**	**$ 110,970**	**$ 201,235**
Effective tax rate	23.1%	22.9%	26.3%

The components of the Company's deferred tax assets and liabilities at December 31, 2021 and 2020 are presented below:

(in thousands)	**2021**	**2020**
Deferred tax assets		
Allowance for loan losses	$ 112,180	$ 165,691
Lease liability	102,412	98,340
Employee benefits and deferred compensation	35,782	27,917
Net operating loss carryforwards	23,897	29,684
Net unrealized losses on investment securities available for sale and cash flow hedges	19,261	—
Deferred revenue	18,487	24,751
Tax credit carryforwards	15,870	8,605
Fair value of investment securities and loans	6,439	10,093
Non-performing loan interest	2,621	12,472
Other	7,100	9,819
Total gross deferred tax assets	344,049	387,372
Less valuation allowance	(19,003)	(19,191)
Total deferred tax assets	325,046	368,181
Deferred tax liabilities		
Right-of-use asset	(98,773)	(98,681)
Excess tax over financial statement depreciation	(27,355)	(40,452)
Purchase accounting intangibles	(14,820)	(14,458)
Other properties held for sale	(5,345)	(3,025)
Prepaid expense	(4,631)	(5,955)
Net unrealized gains on investment securities available for sale and cash flow hedges	—	(64,344)
Other	(5,071)	(10,418)
Total gross deferred tax liabilities	(155,995)	(237,333)
Net deferred tax assets	**$ 169,051**	**$ 130,848**

Synovus believes the realization of net deferred tax assets (after valuation allowance) at December 31, 2021 is more likely than not based on its history of cumulative profitability as well as expectations of future taxable income, including reversals of taxable temporary differences, in the jurisdictions in which it operates.

Synovus expects that a portion of its $23.9 million of federal and state NOLs, which have carryforward periods ending in tax years 2023 through 2034, will not be realized before their carryforward period lapses and the Company has accordingly established a valuation allowance in the amount of $19.0 million at December 31, 2021 and $19.2 million at December 31, 2020. State tax credit deferred tax assets at December 31, 2021 total $15.9 million and have expiration dates through the tax year 2031.

State NOLs and tax credit carryforwards as of December 31, 2021 are summarized in the following table.

Tax Carryforwards

	As of December 31, 2021			
(in thousands)	**Expiration Dates**	**Deferred Tax Asset, Before Valuation Allowance**	**Valuation Allowance**	**Net Deferred Tax Asset Balance**
Net operating losses - federal	2027-2033	$ 19,592	$ (15,851)	$ 3,741
Net operating losses - states	2023-2034	4,305	(3,152)	1,153
Other credits - states	2022-2031	15,870	—	15,870

Synovus is subject to income taxation in the United States and various state and local taxing jurisdictions. Generally, Synovus is no longer subject to income tax examinations by the IRS for years before 2018 and by state and local income tax authorities for years before 2015. Although Synovus is unable to determine the ultimate outcome of current and future examinations, Synovus believes that the resolution of these examinations will not have a material effect on the consolidated financial statements.

A reconciliation of the beginning and ending amount of unrecognized income tax benefits is as follows (unrecognized state income tax benefits are not adjusted for the federal income tax impact).

	Years Ended December 31,		
(in thousands)	**2021**	**2020**	**2019**
Balance at January 1,	$ 20,250	$ 20,994	$ 18,586
Additions based on income tax positions related to current year	3,754	461	550
Additions for income tax positions of prior years(1)	1,379	147	—
Additions from acquisition	—	—	3,464
Reductions for income tax positions of prior years	(200)	(327)	(1,589)
Statute of limitation expirations	(79)	(820)	(17)
Settlements	—	(205)	—
Balance at December 31,	**$ 25,104**	**$ 20,250**	**$ 20,994**

(1) Includes deferred tax benefits that could reduce future tax liabilities.

Accrued interest and penalties related to unrecognized income tax benefits are recognized as a component of income tax expense, and totaled $3.3 million, $2.7 million, and $3.3 million as of December 31, 2021, 2020 and 2019, respectively. Unrecognized income tax benefits as of December 31, 2021, 2020 and 2019 that, if recognized, would affect the effective income tax rate totaled $23.5 million, $19.1 million and $20.4 million (net of the federal benefit on state income tax issues), respectively. It is reasonably possible that significant changes in the balance of unrecognized tax benefits may occur within the next 12 months. At this time, Synovus expects that $2.3 million of uncertain income tax positions will be either settled or resolved during the next twelve months.

Note 17 - Segment Reporting

Synovus' business segments are based on the products and services provided or the clients served and reflect the manner in which financial information is evaluated by the chief operating decision maker. Prior to the fourth quarter of 2019, Synovus identified its overall banking operations as its only reportable segment. During the fourth quarter of 2019, Synovus announced changes in its organizational structure and segmented its business into three major reportable business segments: Community Banking, Wholesale Banking, and Financial Management Services with functional activities such as treasury, technology, operations, marketing, finance, enterprise risk, legal, human resources, corporate communications, executive management, among others, included in Treasury and Corporate Other.

Business segment results are determined based upon Synovus' management reporting system, which assigns balance sheet and income statement items to each of the business segments. Certain assets, liabilities, revenue, and expense not allocated or attributable to a particular business segment are included in Treasury and Corporate Other. Synovus' third-party lending consumer loans and loans held for sale, as well as PPP loans, are included in Treasury and Corporate Other. The management accounting policies and processes utilized in compiling segment financial information are highly subjective and, unlike financial accounting, are not based on authoritative guidance similar to GAAP. As a result, reported segment results are not necessarily comparable with similar information reported by other financial institutions.

The Community Banking business segment serves clients using a relationship-based approach through its branch, ATM, commercial, and private wealth network in addition to mobile, Internet, and telephone banking. This segment primarily provides individual, small business, and corporate clients with an array of comprehensive banking products and services including commercial, home equity, and other consumer loans, credit and debit cards, and deposit accounts.

The Wholesale Banking business segment serves primarily larger corporate clients by providing commercial lending and deposit services through specialty teams including middle market, CRE, senior housing, national accounts, premium finance, structured lending, healthcare, asset-based lending, and community investment capital.

The Financial Management Services business segment serves its clients by providing mortgage and trust services and also specializing in professional portfolio management for fixed-income securities, investment banking, the execution of securities transactions as a broker/dealer, asset management, financial planning, and family office services, as well as the provision of individual investment advice on equity and other securities.

Synovus uses a centralized FTP methodology to attribute appropriate net interest income to the business segments. The intent of the FTP methodology is to transfer interest rate risk from the business segments by providing matched duration funding of assets and liabilities. The result is to centralize the financial impact, management, and reporting of interest rate risk in the Treasury and Corporate Other function where it can be centrally monitored and managed. Treasury and Corporate Other includes certain assets and/or liabilities managed within that function. Additionally, Treasury and Corporate Other also charges (credits) an internal cost of funds for assets held in (or pays for funding provided by) each business segment. The process for determining FTP is based on a number of factors and assumptions, including prevailing market interest rates, the expected lives of various assets and liabilities, and the Company's broader funding profile.

The following tables present certain financial information for each reportable business segment for the years ended December 31, 2021, 2020, and 2019 and as of December 31, 2021 and 2020. The fourth quarter of 2019 was the first financial period in which the new segment reporting became effective; thus, to provide comparable prior year information, Synovus has included proforma business segment financial information for the full year 2019 utilizing various allocation methodologies based on balance sheet and income statement items assigned to each business segment. The application and development of management reporting methodologies is a dynamic process and is subject to periodic enhancements. As these enhancements are made, financial results presented by each reportable business segment may be periodically revised.

During the year ended December 31, 2021, Treasury and Corporate Other's net interest income benefited from the recognition of $79.2 million of PPP fees, an increase of $33.2 million from $46.0 million for the year ended December 31, 2020. During the year ended December 31, 2020, Synovus strategically repositioned the investment securities portfolio, which resulted in net gains of $78.9 million in the Treasury and Corporate Other segment. Additionally, during the year ended December 31, 2020, Synovus recognized a $44.9 million non-cash goodwill impairment charge representing all of the goodwill allocated to the Consumer Mortgage reporting unit (which is included in the FMS reportable segment) resulting from a combination of factors, including the extended duration of lower market valuations, high volumes in refinance activity that reduced mortgage yields, and the clarity around longer term policy actions designed to keep interest rates low.

	Year Ended December 31, 2021				
(in thousands)	**Community Banking**	**Wholesale Banking**	**Financial Management Services**	**Treasury and Corporate Other**	**Synovus Consolidated**
Net interest income	$ 808,700	$ 557,943	$ 7 9,173	$ 87,131	$ 1,532,947
Non-interest revenue	128,026	34,590	211,002	76,448	450,066
Non-interest expense	290,817	90,074	184,257	534,756	1,099,904
Pre-provision net revenue	**$ 645,909**	**$ 502,459**	**$ 105,918**	**$ (371,177)**	**$ 883,109**

	Year Ended December 31, 2020				
(in thousands)	**Community Banking**	**Wholesale Banking**	**Financial Management Services**	**Treasury and Corporate Other**	**Synovus Consolidated**
Net interest income	$ 854,021	$ 548,152	$ 79,362	$ 31,213	$ 1,512,748
Non-interest revenue	111,256	26,379	224,620	144,258	506,513
Non-interest expense	297,071	85,250	232,222	565,031	1,179,574
Pre-provision net revenue	**$ 668,206**	**$ 489,281**	**$ 71,760**	**$ (389,560)**	**$ 839,687**

	Year Ended December 31, 2019 (Proforma)				
(in thousands)	**Community Banking**	**Wholesale Banking**	**Financial Management Services**	**Treasury and Corporate Other**	**Synovus Consolidated**
Net interest income	$ 825,219	$ 518,033	$ 112,431	$ 140,120	$ 1,595,803
Non-interest revenue	136,657	28,948	154,166	36,129	355,900
Non-interest expense	302,327	71,393	152,115	573,133	1,098,968
Pre-provision net revenue	**$ 659,549**	**$ 475,588**	**$ 114,482**	**$ (396,884)**	**$ 852,735**

	December 31, 2021				
(dollars in thousands)	**Community Banking**	**Wholesale Banking**	**Financial Management Services**	**Treasury and Corporate Other**	**Synovus Consolidated**
Loans, net of deferred fees and costs	$ 10,791,343	$ 21,496,050	$ 4,994,494	$ 2,030,071	$ 39,311,958
Deposits	$ 32,226,477	$ 12,370,554	$ 826,639	$ 4,003,606	$ 49,427,276
Full-time equivalent employees	2,139	284	794	1,670	4,887

	December 31, 2020				
(dollars in thousands)	**Community Banking**	**Wholesale Banking**	**Financial Management Services**	**Treasury and Corporate Other**	**Synovus Consolidated**
Loans, net of deferred fees and costs	$ 11,171,055	$ 18,810,729	$ 5,370,748	$ 2,900,452	$ 38,252,984
Deposits	$ 29,141,242	$ 11,958,105	$ 739,200	$ 4,853,024	$ 46,691,571
Full-time equivalent employees	2,296	285	835	1,718	5,134

Note 18 - Condensed Financial Information of Synovus Financial Corp. (Parent Company only)

Condensed Balance Sheets

	December 31,	
(in thousands)	**2021**	**2020**
Assets		
Cash due from bank subsidiary	$ 389,071	$ 439,352
Funds due from other depository institutions	9,277	9,277
Total cash, cash equivalents, and restricted cash	398,348	448,629
Investment in consolidated bank subsidiary, at equity	5,381,311	5,239,849
Investment in consolidated nonbank subsidiaries, at equity	69,712	46,271
Note receivable from bank subsidiary	100,000	100,000
Other assets	25,538	16,975
Total assets	**$ 5,974,909**	**$ 5,851,724**
Liabilities and Shareholders' Equity		
Liabilities:		
Long-term debt	$ 607,334	$ 606,406
Other liabilities	70,775	83,984
Total liabilities	678,109	690,390
Shareholders' equity:		
Preferred stock	537,145	537,145
Common stock	169,384	168,133
Additional paid-in capital	3,894,109	3,851,208
Treasury stock	(931,497)	(731,806)
Accumulated other comprehensive income (loss), net	(82,321)	158,635
Retained earnings	1,709,980	1,178,019
Total shareholders' equity	5,296,800	5,161,334
Total liabilities and shareholders' equity	**$ 5,974,909**	**$ 5,851,724**

Condensed Statements of Income

(in thousands)	Years Ended December 31, 2021	2020	2019
Income			
Cash dividends received from subsidiaries	$ 420,000	$ 547,500	$ 400,000
Interest income	777	3,341	5,920
Other income (loss)	1,070	4,966	11,590
Total income	421,847	555,807	417,510
Expense			
Interest expense	27,616	42,911	41,328
Other expense	10,300	10,584	13,528
Total expense	37,916	53,495	54,856
Income before income taxes and equity in undistributed income of subsidiaries	383,931	502,312	362,654
Allocated income tax benefit	(7,834)	(12,202)	(9,753)
Income before equity in undistributed income of subsidiaries	391,765	514,514	372,407
Equity in undistributed income (loss) of subsidiaries	368,702	(140,819)	191,373
Net income	760,467	373,695	563,780
Dividends on preferred stock	33,163	33,163	22,881
Net income available to common shareholders	**$ 727,304**	**$ 340,532**	**$ 540,899**

Condensed Statements of Comprehensive Income

	Years Ended December 31,								
	2021			2020			2019		
(in thousands)	Before-tax Amount	Income Tax	Net of Tax Amount	Before-tax Amount	Income Tax	Net of Tax Amount	Before-tax Amount	Income Tax	Net of Tax Amount
Net income	$ 989,360	$ (228,893)	$ 760,467	$ 484,665	$ (110,970)	$ 373,695	$ 765,015	$ (201,235)	$ 563,780
Reclassification adjustment for realized (gains) losses included in net income on investment securities available for sale	—	—	—	—	—	—	(22)	6	(16)
Other comprehensive gain (loss) of bank subsidiary	(324,561)	83,605	(240,956)	125,505	(32,511)	92,994	216,032	(55,955)	160,077
Other comprehensive income (loss)	$ (324,561)	$ 83,605	$ (240,956)	$ 125,505	$ (32,511)	$ 92,994	$ 216,010	$ (55,949)	$ 160,061
Comprehensive income			**$ 519,511**			**$ 466,689**			**$ 723,841**

Condensed Statements of Cash Flows

	Years Ended December 31,		
(in thousands)	**2021**	**2020**	**2019**
Operating Activities			
Net income	$ 760,467	$ 373,695	$ 563,780
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in undistributed (income) loss of subsidiaries	(368,702)	140,819	(191,373)
Deferred income tax expense (benefit)	(7,296)	3,962	1,775
Net increase (decrease) in other liabilities	(2,082)	11,243	43,617
Net decrease in other assets	5,280	17,441	3,367
Other, net	928	(5,132)	1,037
Net cash provided by operating activities	**388,595**	**542,028**	**422,203**
Investing Activities			
Proceeds from sales of investment securities available for sale	—	—	97,389
Advance of long-term note receivable due from bank subsidiary	—	—	(100,000)
Return of investment non-bank subsidiary	—	—	790
Proceeds from sales of equity securities	—	23,141	—
Increase in other investments	(10,000)	—	—
Net cash received in business combination, net of cash paid	—	—	4,813
Net cash provided by investing activities	(10,000)	23,141	2,992
Financing Activities			
Dividends paid to common and preferred shareholders	(227,840)	(223,130)	(185,664)
Repurchase of common stock	(199,932)	(16,246)	(725,398)
Redemption of long-term debt	—	(250,000)	—
Proceeds from issuance of long-term debt, net	—	—	297,174
Proceeds from issuance of preferred stock, net	—	—	342,005
Other	(1,104)	(1,552)	(1,947)
Net cash used in financing activities	(428,876)	(490,928)	(273,830)
Increase (decrease) in cash, cash equivalents, and restricted cash	(50,281)	74,241	151,365
Cash, cash equivalents, and restricted cash at beginning of year	448,629	374,388	223,023
Cash, cash equivalents, and restricted cash at end of year	**$ 398,348**	**$ 448,629**	**$ 374,388**

See accompanying notes to the audited consolidated financial statements.

For the years ended December 31, 2021, 2020, and 2019, the Parent Company paid income taxes of $203.2 million, $119.1 million, and $101.6 million, respectively. For the years ended December 31, 2021, 2020, and 2019, the Parent Company paid interest of $27.3 million, $42.0 million, and $33.1 million, respectively.

Note 19 - Subsequent Event

Subsequent to December 31, 2021, Synovus Bank provided irrevocable notice to its holders of its intent to redeem the 2.289% Fixed-to-Floating Senior Bank Notes of $400 million par value that were subject to redemption. The Notes were redeemed on February 10, 2022 with a net payment of $405.3 million that included $400.0 million in principal, $4.6 million in interest, and $675 thousand of written off debt issuance costs.