SYNOVUS®

2021 Annual Report

We're focused on the future—where we're the bank we've always been, but better.

We're continually inspired by our clients' dreams and ambitions, and we've always poured our energy and excitement for their success into finding new opportunities, sharing valuable knowledge, and providing the right solutions. We're capturing this momentum around who we are and how we deliver into a fresh brand expressed by a new tagline – because our clients want to shift from where they are to where they want to be, and we're helping them ***get there***.

To Our Shareholders

Why Synovus?

On February 8, we addressed that question before an audience of shareholders, analysts, team members, and other guests during our 2022 Investor Day, the company's first in more than 15 years.

Our energized and unified leadership team skillfully conveyed a clear and comprehensive story of our path forward – one designed to yield an even better bank that honors and builds on our 134-year-strong history, capable of delivering a truly differentiated client experience, an elevated growth profile, and leading to top quartile financial performance and shareholder returns.

Later in this report, I'll outline the four transformational pillars for 2022 that position us to deliver on our core growth objectives and that enable people – our shareholders, clients, team members, and communities – to reach their full potential.

2021: A Year of Solid Execution and Follow-through

Our team delivered exceptional results in 2021, a year highlighted by both growth and efficiency, while laying the critical groundwork to accelerate our transformation in 2022 and beyond. During the year, several core business objectives guided our actions and investments. We deemed 2021 as the year of the relationship, with an intensified focus on making it even easier to do business with Synovus, seamlessly delivering across our businesses and products to ensure the full needs of our clients are met, utilizing data and analytics to be more proactive in providing advice and solutions, and continuing to serve as trusted advisors, with a focus on both the retention and attraction of top talent.

Demonstrated Financial Performance

Driven by strong execution and an improved economic environment, net income available to common shareholders for

"Our team **delivered exceptional** results in 2021, a year highlighted by both growth and efficiency, while laying critical groundwork to **accelerate our transformation** in 2022 and beyond."

Kevin S. Blair
President and Chief Executive Officer

2021 increased to $727.3 million or $4.90 per diluted share, compared to $340.5 million or $2.30 per diluted share for 2020.

Our loan story was a definite highlight of the year, with period-end growth totaling $2.85 billion, or 8 percent, excluding Paycheck Protection Program (PPP) loans. In our continued efforts to help clients push through the persistent global pandemic, our team processed and approved $1 billion in phase two PPP

Deposits

$49 billion

Assets

$57 billion

Loans

$39 billion

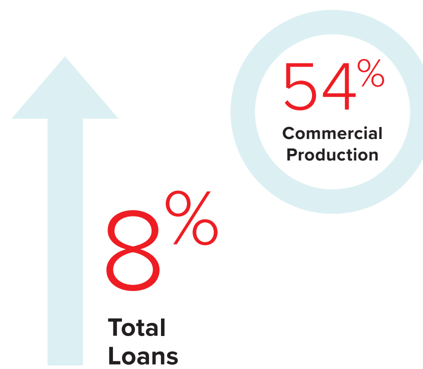
loans, funding approximately 9,000 loans, and through year-end 2021 processed approximately 24,000 PPP forgiveness applications totaling over $3.4 billion.

While overall client loan demand was slower in the first half of the year, we saw double-digit, broad-based commercial loan growth during the second half, driven primarily by our wholesale team, with all lines of business posting growth for the year. Funded commercial loan production in 2021 increased 54 percent versus 2020 and was up 40 percent versus 2019, with significant productivity gains across our community and wholesale teams. While we generated strong loan growth during the year, we continued to adhere to prudent underwriting standards and a disciplined approach to portfolio management. Moreover, as the economic uncertainty associated with the pandemic has abated, our overall credit metrics returned to pre-pandemic levels, and we saw a reversal of provision for credit losses. We also continued to position our balance sheet for asset sensitivity to benefit from expected increases in rates across the yield curve. With healthy pipelines, experienced and highly skilled bankers, and continued investments in commercial, middle market, and specialty banking talent, we are expecting strong loan growth to continue in 2022.

Deposit growth was also robust, driven by continued augmentation of balances from existing clients as well as ongoing core checking and operating account origination efforts. Core transaction balances[1] were up $5.13 billion, or 16 percent, for the entire year. We took advantage of our strong liquidity position to strategically allow higher-cost, lower-value deposits to attrite as we remix our funding composition during this period of excess liquidity. At year-end 2021, 77 percent of

2021 Loan Growth[2]

year-over-year



Why Synovus?

We're significantly investing in areas where we have the right to win, and our wholesale banking capability is a proven growth engine and core to our success. Our middle market, commercial real estate, and specialty teams have access to skilled partners in areas like treasury and payments, wealth management, and capital markets to serve the full life cycle of commercial clients.

Kevin Howard
Chief Wholesale Banking Officer

(1) Core transaction deposits consist of non-interest bearing, NOW/savings, and money market deposits excluding public funds and brokered
(2) Excludes Paycheck Protection Program loans.

2021 Non-Interest Revenue

year-over-year

20% **Core Banking[3]**

30% **Treasury & Payment Solutions**

24% **Wealth Management**

(3) Includes service charges on deposit accounts, card fees, LOC fees, ATM fee income, LOC non-usage fees, gains from sale of government guaranteed loans, and miscellaneous other service charges.

total deposits were core transaction deposits versus 70 percent at year-end 2020, and our average loan to deposit ratio was 78 percent at year-end versus 85 percent the prior year.

We generated strong growth in non-interest revenue excluding securities gains and losses of $23.3 million, or 5 percent, year-over-year, despite headwinds driven by the normalization of the mortgage market. Assets-under-management were $22 billion at year end, up 9 percent year-over-year. This growth combined with expanded revenue margins led to a 24 percent increase in wealth management revenue for the year. Core banking fees and treasury and payment solutions revenue were also key drivers of growth, up 20 percent and 30 percent, respectively.

Continued progress with our Synovus Forward efficiency initiatives and an overall strong expense discipline contributed to adjusted expense[4] remaining flat year-over-year. This, along with adjusted revenue[4] increasing 2 percent, resulted in delivering strong positive core operating leverage for the year. We achieved $110 million in pre-tax run-rate benefits at year-end from both efficiency and revenue initiatives ahead of original projections.
In 2022, we combined Synovus Forward opportunities into our overall strategic growth plan, with our sights set and on track to achieve the full projected $175 million run rate benefit target by year end. The benefits of Synovus Forward will pay dividends into the future as efficiencies gained and new businesses created from this initiative have generated strong momentum and will allow us to plan for the future by enabling investments in new strategic sources of growth.

Capital levels remained strong at year end and within our targeted ranges, with CET1 ratios of 9.50 percent and total risk-based capital of 12.61 percent. We completed share repurchases of approximately $200 million, reducing common shares outstanding by 4.4 million, or 3 percent, from the prior year. While our 2022 plan includes the $300 million in authorized share repurchases, our capital priorities are focused on supporting organic growth and managing our CET1 ratio around the target range of 9.25 to 9.75 percent, providing a more than adequate buffer given our severely

Why Synovus?

Our Treasury & Payments Solutions team is committed to consultative partnerships with clients and prospects. While we've invested aggressively in enhancing our treasury management, commercial card solutions, and international offerings over the past three years, our future – **our passion** – is delivering next-level experiences and solutions that are so finely tuned with clients' needs and opportunities, we help propel their business success beyond their wildest dreams.

Katherine Weislogel
Head of Treasury and Payments Solutions

(4) Non-GAAP financial measure. See "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Financial Measures" of the enclosed Annual Report for a reconciliation and discussion of these non-GAAP measures.

adverse stress testing scenarios. We are also committed to providing appropriate returns to shareholders, including an increase in our quarterly common shareholder dividend by $0.01 to $0.34, payable beginning in April 2022.

Key Achievements

As we increased investments in technology and innovation during the year, we laid significant groundwork for further transforming our infrastructure and modernizing our platforms. We launched several new digital solutions and services, including enhanced deposit online account origination; Accelerate AR, our integrated receivables suite; and Synovus Gateway, our digital commercial banking platform onto which we transitioned more than 60,000 existing and new clients by year end. These investments offer better capabilities and functionality, save our clients time and money, and deliver a better overall client experience.

We took meaningful foundational steps in building our data analytics capabilities, which are core to better servicing our clients and delivering an accelerated growth story. Our new SMART commercial analytics tool went live in 2021, giving bankers better insights into solutions our clients need, early warnings on attrition, and proactive risk monitoring. Earlier this year, we hired our first chief analytics officer charged with developing data analytics strategies and business intelligence initiatives to drive client acquisition and deepen relationships.

Enabling people to reach their full potential applies first to our team. Throughout the year, we added highly skilled talent in areas where experience and expertise are vital to expanding our advisory services and strengthening relationship value. Our talent-fortified Treasury and Payments Solutions team, for example, completed another record-breaking year, growing sales nearly 40 percent, and we added middle market talent to better take hold of the outsized opportunities in our high-growth, high-potential central and west Florida regions.

Leadership development is a top priority. Nearly 600 leaders completed our emerging leadership track in 2021 and we were pleased early this year to launch an additional program designed specifically to prepare senior leaders for next-level roles in our company. As workforce positioning and talent expectations have reset especially during the global pandemic, we've deployed long-term remote and hybrid work models, adjusted protocols to align with COVID trends, and implemented other compensation and benefits strategies to manage through the threat of The Great Resignation. Despite the continued volatility and uncertainty of work/life over the past year, our turnover levels remain well below competitors and our 2021 "Voice of the Team Member" survey returned an 84 percent engagement rate, representing top quartile scoring compared to financial services industry benchmarks.

We were also pleased to achieve a Great Place to Work designation by the Great Place to Work Institute and be recognized again both as an Atlanta's Top Workplace by the Atlanta Journal Constitution and as one of America's Best Banks by Forbes.

Why Synovus?

We're building the bank of the future with the **client experience** at the very center. Streamlining and simplifying, leveraging automation and digital delivery for speed, accuracy, and greater efficiency while remaining committed to high-touch, highly personal transactions. We're investing in **best-of-breed technologies**, and accelerating research and development to deliver **innovative solutions** and offerings ahead of quickly changing client needs.

Zack Bishop
Head of Technology, Operations, and Security

Why Synovus?

Enabling team members to reach their full potential is key to enabling our clients and communities to fulfill theirs. Enhancing talent and culture is a core pillar in our present and future success and we're deeply committed to meaningfully investing in developing, growing, and rewarding a strong, diverse team that is passionate about our purpose.

Sharon Goodwine
Chief Human Resources Officer

Several of our leaders received national recognition for impacts in our industry and tech and innovation advancements. In addition, investment professionals in our wealth management line of business made regular appearances on high-profile business media outlets, sharing their market expertise. We have continued to make progress toward our diversity, equity, and inclusion (DEI) objectives. As of year-end, 66 percent of our team members were women and 29 percent were people of color, and we continue to work on improving representation of women and people of color especially in senior and executive leadership roles. We've set expanded targets of 40 percent women and 18 percent people of color representation in senior leadership by the end of 2024. We also continued our efforts to increase the diversity of our candidate pool and revitalize our internship and accelerated banker recruiting and selection process in 2021. We enhanced campus recruiting outreach and held our first Diversity Symposium, inviting historically black college and university students to engage with company executives, talent development professionals, and other leaders in our communities.

True to our deep community commitment and despite continued limitations from COVID, our team members completed 24,000 service hours and we invested nearly $3 million in organizations and causes across our footprint. We were also pleased to announce a new $4 million *Here Matters* community investment fund to further our impact across our footprint. And we participated in multiple low-income housing tax credit programs, and in a Federal Housing Finance Agency low-income borrower refinance program through our mortgage team.

Our broader environmental, social, and governance (ESG) efforts matured significantly this year as we added structure, expanded disclosures, made progress in each program area, and achieved meaningful increases in key ESG ratings. Please take a few moments to review the highlights of our 2021 ESG actions provided later in this annual report, in our proxy statement, and under our comprehensive ESG section of synovus.com.

So, 2021 was an overall productive and rewarding year for our team with tremendous momentum that carried us into 2022.

2022: Building the Bank of the Future

In both our consumer and commercial client segments, we continue to deliver service excellence, as evidenced by industry-wide, top quartile scores for both client loyalty and satisfaction. And while we celebrate the affirmation of our current levels of service, we are constantly raising the bar to meet the evolving needs and expectations of our clients who want their interests at the core of the relationship and who expect value-adding financial advice that helps them achieve their financial goals.

To win long-term against both industry peers and non-bank disruptors aggressively entering the financial services space, we must truly differentiate what and how we deliver.

Earlier in this letter, I mentioned our four strategic pillars of transformation, which define a roadmap for change that is well balanced between continuing to drive productivity and market share gains in our core businesses while developing new lines and solutions to generate added sources of growth.

These transformational pillars – reposition for advantage, simplify and streamline, high-tech meets high-touch, and enhance talent and culture – will enable us to build a more futuristic bank and deliver an inspired and differentiated brand of banking.

Why Synovus?

No two families, individuals, or groups share the same challenges and expectations when it comes to building and protecting personal wealth. That's exactly where our varied and highly customized approach to wealth management positions us and our clients to win. Delivered by experts committed to understanding needs, our spectrum of touchpoints and solutions – including personal advisors, a dedicated wealth client care center, unique C-suite financial planning strategies, and customized ultra-high-net-worth family retreats – provide meaningful and value-creating experiences and outcomes for clients at any stage in life.

Pictured Left to Right

Representing teams in our spectrum of wealth management expertise, **Katherine Dunlevie**, President and CEO of The Family Office; **Natalie Schweers**, Senior Vice President of Synovus Securities/The Gracestone Group; **Elizabeth Rodgers**, Senior Director, Personal Trust

Reposition for Advantage

This pillar defines how we think about our businesses and where we will invest to take greater advantage of opportunities where we have the right to win. We're enhancing our core businesses and expanding and extending into new segments, channels, and asset classes. We're investing in best-in-class products, solutions, and talent, and we are doubling down on those businesses where advice and consultation matter. We are also optimizing our branch network, reducing brick and mortar where it makes sense and redeploying capital to enhance digital experiences, which allow clients to interact with us anytime, anywhere, especially valuable given the continued digitalization of banking services and alternative solutions. Actions and investments in this space are expected to accelerate growth, increase engagement in our digital channels, and drive enhanced levels of profitability.

Simplify and Streamline

In one of my first acts as CEO, we conducted a comprehensive diagnostic to better understand all of the friction points for our team members and clients that make it more difficult to do business with Synovus. This simplify and streamline pillar focuses on removing those friction points from every part of our operation, automating where possible to improve quality and increase capacity for growth. We're looking at all platforms, processes, and ways to empower our team members to simplify and streamline, but we're focused first on improving our commercial credit, client onboarding, and problem resolution experiences. We've mapped client journeys that help us more clearly understand how, when, and where clients want to interact, and we're re-engineering where needed, deploying new, best-in-class platforms that will transform the experience for both clients and bankers.

High-Tech Meets High-Touch

Clients want both digital solutions and human interaction. So, we will continue to deliver modern technology matched with team members who can provide advice with a personal touch. We're investing in commercial and consumer analytics that can turn data into insights and insights into actions to help clients achieve financial goals and increase our wallet share and revenue. Second quarter, we're also introducing a new "banking-as-a-service" product, branded Maast, that embeds banking and payments services in vendor-provided software, offering small and medium-sized enterprises a one-stop solution for day-to-day financial needs. This embedded financial product will open a new channel for how we serve the small and medium size business segment, which increasingly relies on independent software vendors to help enable their business operations. And we are also exploring ways to better leverage blockchain and digital currency to better meet the needs and demands of our clients.

Enhance Talent and Culture

People drive our strategic growth and position us to win. So, as we transform our bank, we must invest in attracting and retaining the best talent. Even with lower-than-average industry turnover, we're aggressively deploying leadership development, focusing on meeting our expanded DEI targets, and ensuring we're offering flexible work arrangements that meet the expectations of team members and the needs of our company and clients. Our culture is strong and is an important draw for new talent, and a reason current talent wants to stay. We're continually listening to our team members for ideas on how to better foster community and connection with and among our team, and to empower and enable them to help our clients achieve their full potential.

Our Future is Bright

Our path is clear, our plan solid, our future bright. Execution with discipline is key as we accelerate pace and increase investments in core and new, differentiated capabilities where our geography, client-centric model, agility, and expertise position us as formidable competitors.

We have tremendous momentum, and our team is passionate about winning. The interest rate environment should provide a tailwind in 2022 as we continue to position our balance sheet to benefit in a rising rate environment. We also believe our strategic investments will begin to drive accelerated topline revenue growth during the year and help us remain as a top quartile financial performer amongst our peers.

In Closing

I want to thank our entire Board and especially Executive Chairman and former CEO Kessel Stelling for his incredible support and guidance as I have navigated this first year in my new role. I also want to thank our dedicated shareholders, loyal clients, and incredible team. We never take for granted that you have a choice, and we understand the hard work ahead to continue earning the opportunity and the right to be your bank. We are more than eager to exceed your expectations.

I also want to recognize two long-time leaders who have left our company after a combined 89 years of dedicated service. Steve Sawyer retired as Chief Audit Executive at year-end 2021 after 41 years, and Chief Risk Officer Mark Holladay officially ends his 48-year career on March 31, 2022. Both Steve and Mark filled various roles throughout their tenure, and they were vital in our company's long-term success. We will miss their presence but wish them the best as they enjoy this well-earned rest.

You read earlier and saw on the cover of this annual report glimpses of our new branding set for a full reveal this quarter. We've evolved our positioning to better reflect a future-forward, differentiated brand of banking that honors our longstanding and deep commitment to local and here, yet acknowledges that clients expect more than simply presence. Enabling people to reach their full potential requires solutions and experiences that are energized, informed and proactive, adaptive and innovative, and in motion – that propel them from where they are today to where they want to go. That's inspired banking, and it's how we'll partner with and empower our shareholders, clients, team members, and communities on their journeys to ***get there***.

Kevin Blair

Kevin S. Blair
President and Chief Executive Officer

Mark Holladay
Chief Risk Officer

Steve Sawyer
Chief Audit Executive

2021: Advancing ESG

As committed corporate citizens, we advanced our environmental, social, and governance (ESG) efforts in 2021, fortifying the oversight of our current and future ESG risks and opportunities, further embedding key ESG disciplines into how we run our company day to day, and investing in programs, products, and practices to drive lasting change.

Early in the year, we stood up a comprehensive ESG portal on our company's website, synovus.com, to bring greater transparency, accountability, and easier access to dynamic information on key ESG initiatives and investments.

2021 Impacts

Environmental

- More than $129 million in solar energy loans outstanding as of year-end 2021, and $18.9 million of capital invested in renewable energy credits as of December 31, 2021

$129 million
in solar energy loans

- Assessment completed for Scope 1 and 2 greenhouse gas emissions to establish a baseline from which carbon reduction targets and actions will be established
- Loan policies considered client environmental practices and policies in credit underwriting process

Social/Community Impact

- Synovus Mortgage committed $400 million to an affordable mortgage program, with approximately $439 million funded at year end

committed **$400 million** to affordable mortgage opportunities

- Over $234 million in affordable housing project loans originated and over $173 million in tax credit equity invested
- 212 community development loans made (including Paycheck Protection Program loans) totaling $550 million
- Team members provided nearly $111,000 in scholarships to 132 students through our Jack Parker Scholarship program for children of employees
- Four scholarships awarded to African American students through Synovus/Calvin Smyre $1 million UNCF scholarship endowment
- New $4 million *Here Matters* donor-advised fund established focused on financial literacy, affordable housing, and other programs benefiting low-to-moderate income segments
- $3 million in donations and contributions made to more than 500 organizations footprint-wide
- Team members contributed more than $1 million to United Way across our footprint
- Team member volunteer hours totaled 24,000 through 4,200 *Here Matters* community projects

24,000
volunteer hours

- Team members delivered 1,100 hours of financial literacy education plus classes were offered by our affordable housing specialists and through our partnership with Operation Hope
- A new Bank On-certified budget checking product launched, adding to our range of no-fee retail checking and flexible fee structures
- General ESG and more specific human capital, diversity, and environmental questions were added to supply chain vendor onboarding and renewals
- As a follow to the nearly 19,000 PPP loans totaling nearly $2.9 billion in 2020, we funded approximately 9,000 phase 2 loans, and through year-end 2021 processed approximately 24,000 PPP forgiveness applications totaling over $3.4 billion.

Social/Human Capital

- Received recognition as a best workplace in our Atlanta region and designated a Great Place to Work by The Great Place to Work Institute
- Team member survey returned an 84% engagement rate, representing top quartile scoring compared to financial services benchmarks

84%
team member engagement rate

- At year-end, 66% of team members were women, 29% people of color
- At year-end, 41% of executive leadership were women, 12% people of color; 38% of senior leadership was women, 15% people of color, up from 37% and 13% respectively over the prior year; 2024 targets set for 40% women and 18% people of color in senior roles

- 15% of our workforce was promoted to next-level roles, consisting of 66% women and 31% people of color
- Ethnicity pay analysis was conducted to ensure equity
- Filled 42% of open positions with internal candidates
- Campus recruiting intensified at designated historically black colleges and universities
- Regular meetings continued with company-sponsored Employee Resource Groups
- First Diversity Symposium held to provide students access to company executives, career professionals, and community resources
- Military recruitment accelerated and continued partnerships with Latin organizations and networks
- Recruitment and selection process enhanced for early talent interested in our accelerated banking and internship programs – resulting in an intern class with more than 43% people of color and 35% women, and an accelerated banker class with 30% people of color and 60% women
- 875 courses on leadership, compliance, and professional development offered to team members, and approximately 20 hours of training per employee was completed
- More than 600 front line leaders completed a new emerging leader development program
- More than 300 senior leaders participated in unconscious bias training

Governance

Expanded board oversight of key ESG components

- ESG Oversight Council composed of the Board's lead director and a broad representation of internal business line and support unit stakeholders responsible for full integration of ESG into growth strategies and operations
- Compensation and Human Capital Committee expanded responsibilities to include broad-based human capital and DEI oversight
- Risk Committee expanded to monitor ESG and sustainability impacts on enterprise risk
- Corporate Governance and Nominating Committee remained deeply engaged in and committed to progress of our overall ESG strategy

Further alignment with Sustainable Accounting Standards Board for Commercial Banks (SASB) reporting standards

- Adopted new human rights, ethics, environmental impact, code of conduct for suppliers, and sustainable investment policies

2022 Key Priorities

Environmental

- GHG emissions baseline Scope 1 and 2 2021 data inclusion, reduction targets set
- Environmental analysis of credit portfolio to prepare for enhanced climate risk framework
- Anticipated Task Force on Climate-related Financial Disclosures alignment with expected expanded climate disclosures during the second half of year
- Lending strategies, tax credit, and other environmental investment opportunities identified and assessed for implementation

Social/Community Impact

- Anticipate completing more than 20,000 volunteer hours
- Expect $3.25 million total in donations to our communities
- Expect sustainable finance initiative implementation, including expanded consumer investment offerings, lending alternatives, and continued investments in affordable housing

Social/Human Capital

- Expanded diversity, equity, and inclusion (DEI) disclosures on leadership, pay equity, diverse talent acquisition, and career development
- Launch of new senior leader development program designed to ready leaders for expanded / next-level roles

Governance

- Enhanced reporting and monitoring of ESG-related risks at the Board and Committee level

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **Annual report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended December 31, 2021

Commission file number 1-10312

SYNOVUS®

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

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

Registrant's telephone number, including area code: (706) 641-6500

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $1.00 Par Value	SNV	New York Stock Exchange
Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series D	SNV - PrD	New York Stock Exchange
Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock, Series E	SNV - PrE	New York Stock Exchange

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of June 30, 2021, the aggregate market value of the registrant's Common Stock held by non-affiliates of the registrant was approximately $6,104,918,737 based on the closing sale price of $43.88 reported on the New York Stock Exchange on June 30, 2021.

As of February 23, 2022, there were 145,463,669 shares of the registrant's Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Incorporated Documents	Form 10-K Reference Locations
Portions of the Proxy Statement for the Annual Meeting of Shareholders to be held April 27, 2022 ("Proxy Statement")	Part III

Table of Contents

SYNOVUS FINANCIAL CORP.
INDEX OF DEFINED TERMS

Throughout this discussion, references to “Synovus”, “we”, “our”, “us”, “the Company” and similar terms refer to the consolidated entity consisting of Synovus Financial Corp. and its subsidiaries unless the context indicates that we refer only to the Parent Company, Synovus Financial Corp. When we refer to the “Bank” or “Synovus Bank” we mean our only bank subsidiary, Synovus Bank.

ACL – Allowance for credit losses (applies to debt securities, loans, and unfunded loan commitments)

ALCO – Synovus' Asset Liability Management Committee

ALL – Allowance for loan losses

AOCI – Accumulated other comprehensive income (loss)

ARRC – Alternative Reference Rates Committee

ASC – Accounting Standards Codification

ASC 310-30 loans – Loans accounted for in accordance with ASC 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality*

ASU – Accounting Standards Update

ATM – Automatic teller machine

Basel III – The third Basel Accord developed by the Basel Committee on Banking Supervision to strengthen existing regulatory capital requirements

BHC Act – Bank Holding Company Act of 1956, as amended

BOLI – Bank-owned life insurance policies

bp(s) – Basis point(s)

BOV – Broker's opinion of value

BSBY – Bloomberg Short-Term Bank Yield Index

C&I – Commercial and industrial

CARES Act – The Coronavirus Aid, Relief, and Economic Security Act

CDI – Core Deposit Intangible

CECL – Current expected credit losses

CET1 – Common Equity Tier 1 Capital defined by Basel III capital rules

CFPB – Consumer Finance Protection Bureau

CMO – Collateralized Mortgage Obligation

Code – Internal Revenue Code

Company – Synovus Financial Corp. and its wholly-owned subsidiaries, except where the context requires otherwise

Covered Litigation – Certain Visa litigation for which Visa is indemnified by Visa USA members

COVID-19 – Coronavirus disease 2019

CRA – Community Reinvestment Act

CRE – Commercial real estate

DCF – Discounted cash flow

DEI – Diversity, equity and inclusion

DIF – Deposit Insurance Fund

Dodd-Frank Act – The Dodd-Frank Wall Street Reform and Consumer Protection Act

DRR – Dual Risk Rating

EL – Expected loss

ESG – Environmental, social and governance

EVE – Economic value of equity

Exchange Act – Securities Exchange Act of 1934, as amended

FASB – Financial Accounting Standards Board

FCA – Financial Conduct Authority, a regulatory authority of the United Kingdom

FCB – FCB Financial Holdings, Inc. and its wholly-owned subsidiaries, except where the context requires otherwise

FCB Merger – The January 1, 2019 merger of FCB into Synovus, with Synovus as the surviving entity

FDIC – Federal Deposit Insurance Corporation

FDICIA – Federal Deposit Insurance Corporation Improvement Act of 1991

Federal Reserve Bank – One of the 12 banks that are the operating arms of the U.S. central bank. They implement the policies of the Federal Reserve Board, supervise bank holding companies and certain banking institutions, and also conduct economic research

Federal Reserve Board – The 7-member Board of Governors that oversees the Federal Reserve System, establishes monetary policy (interest rates, credit, etc.), and monitors the economic health of the country. Its members are appointed by the President subject to Senate confirmation, and serve 14-year terms

Federal Reserve System or Federal Reserve – The Federal Reserve Board, plus the 12 Federal Reserve Banks, with each one serving member banks in its own district. The Federal Reserve has broad regulatory powers over the money supply and the credit structure of the economy

FFIEC – Federal Financial Institutions Examination Council

FFIEC Retail Credit Classification Policy – FFIEC Uniform Retail Credit Classification and Account Management Policy

FHLB – Federal Home Loan Bank

FICO – Fair Isaac Corporation

FinCEN – The Treasury's financial crimes enforcement network

FINRA – Financial Industry Regulatory Authority

FMS – Financial Management Services, a division of Synovus Bank

FOMC – Federal Open Market Committee

FRB – Federal Reserve Bank

FTP – Funds transfer pricing

GA DBF – Georgia Department of Banking and Finance

GAAP – Generally Accepted Accounting Principles in the United States of America

GGL – Government guaranteed loans

GLB – Gramm-Leach-Biley Act

Global One – Entaire Global Companies, Inc., the parent company of Global One Financial, Inc., as acquired by Synovus in 2016

GSE – Government sponsored enterprise

HELOC – Home equity line of credit

Interagency Supervisory Guidance – Interagency Supervisory Guidance on Allowance for Loan and Lease Losses Estimation Practices for Loans and Lines of Credit Secured by Junior Liens on 1-4 Family Residential Properties

IPRE – Income-producing real estate

IRS – Internal Revenue Service

ISO – Independent sales organization

LGD – Loss given default

LIBOR – London Interbank Offered Rate

LIHTC – Low Income Housing Tax Credit

LTV – Loan-to-collateral value ratio

Maast – Our digital banking as a service solution, expected to launch in the second quarter of 2022

MBS – Mortgage-backed securities

MPS – Merchant processing servicer(s)

NAICS – North American Industry Classification System

nm – Not meaningful

NOL – Net operating loss

NPA – Non-performing assets

NPL – Non-performing loans

NSF – Non-sufficient funds

NYSE – New York Stock Exchange

OCI – Other comprehensive income

OCC – Office of the Comptroller of the Currency

OFAC – Office of Foreign Assets Control

ORE – Other real estate

P&I – Principal and interest

Parent Company – Synovus Financial Corp.

PCAOB – Public Company Accounting Oversight Board

PCD – Purchased credit deteriorated

PCI – Purchased credit impaired

PD – Probability of default

PPP – Paycheck Protection Program established as part of the CARES Act and launched on April 3, 2020 by the SBA and Treasury

ROAA – Return on average assets

ROATCE – Return on average tangible common equity

ROU – Right-of-use

RSU – Restricted share unit

SBA – Small Business Administration

SBIC – Small Business Investment Company

SEC – U.S. Securities and Exchange Commission

Securities Act – Securities Act of 1933, as amended

Series D Preferred Stock – Synovus' Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series D, $25 liquidation preference

Series E Preferred Stock – Synovus' Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock, Series E, $25 liquidation preference

SOFR – Secured Overnight Financing Rate

SRR – Single Risk Rating

Synovus – Synovus Financial Corp.

Synovus Bank – A Georgia state-chartered bank and wholly-owned subsidiary of Synovus, through which Synovus conducts its banking operations

Synovus Forward – Synovus' revenue growth and expense efficiency initiatives announced in January of 2020

Synovus Securities – Synovus Securities, Inc., a wholly-owned subsidiary of Synovus

Synovus Trust – Synovus Trust Company, N.A., a wholly-owned subsidiary of Synovus Bank

TDR – Troubled debt restructuring (as defined in ASC 310-40)

TE – Taxable-equivalent

Treasury – United States Department of the Treasury

TSR – Total shareholder return

UPB – Unpaid principal balance

VIE – Variable interest entity (as defined in ASC 810-10)

Visa – The Visa U.S.A. Inc. card association or its affiliates, collectively

Visa Class A shares – Class A shares of common stock issued by Visa are publicly traded shares which are not subject to restrictions on sale

Visa Class B shares – Class B shares of common stock issued by Visa which are subject to restrictions with respect to sale until all of the Covered Litigation has been settled. Class B shares will be convertible into Visa Class A shares using a then current conversion ratio upon the lifting of restrictions with respect to sale of Visa Class B shares

Visa Derivative – A derivative contract with the purchaser of Visa Class B shares which provides for settlements between the purchaser and Synovus based upon a change in the ratio for conversion of Visa Class B shares into Visa Class A shares

Part I

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

FORWARD-LOOKING STATEMENTS

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

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

(1) the risk that competition in the financial services industry, including competition from nontraditional banking institutions such as Fintechs, may adversely affect our future earnings and growth;

(2) the risk that we may not realize the expected benefits from our strategic initiatives or that we may not be able to realize growth and efficiency gains in the time period expected, which could negatively affect our future profitability;

(3) our ability to attract and retain employees and the impact of senior leadership transitions that are key to our strategic initiatives;

(4) risks related to our strategic implementation of new lines of business, new products and services, and new technologies and an expansion of our existing business opportunities with a renewed focus on innovation;

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

(6) the risks and uncertainties related to the impact of the continuing COVID-19 pandemic on our assets, business, capital and liquidity, financial condition, prospects and results of operations;

(7) the impact of recent and proposed changes in governmental policy, laws and regulations, proposed and recently enacted changes in monetary policy and in the regulation and taxation of banks and financial institutions, or the interpretation or application thereof and the uncertainty of future implementation and enforcement of these regulations, including the risk of inflationary pressure and interest rate increases;

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

(9) the risk that prolonged periods of inflation could have on our business, profitability and our stock price;

(10) the risk that a future economic downturn and contraction could have a material adverse effect on our capital, financial condition, credit quality, results of operations and future growth, including the risk that the strength of the current economic recovery could be weakened by the continued impact of COVID-19 and by current supply chain challenges;

(11) the risk that our current and future information technology system enhancements and operational initiatives may not be successfully implemented, which could negatively impact our operations;

(12) risks related to our business relationships with, and reliance upon, third parties that have strategic partnerships with us or that provide key components of our business infrastructure, including the costs of services and products provided to us by third parties, and risks related to disruptions in service or financial difficulties with a third-party vendor or business relationship;

(13) the risk that our enterprise risk management framework, our compliance program, or our corporate governance and supervisory oversight functions may not identify or address risks adequately, which may result in unexpected losses;

(14) risks that our asset quality may deteriorate or that our allowance for credit losses may prove to be inadequate or may be negatively affected by credit risk exposures;

(15) risks related to the ability of our operational framework to identify and manage risks associated with our business such as credit risk, compliance risk, reputational risk, and operational risk, including by virtue of our relationships with third-party business partners, as well as our relationship with third-party vendors and other service providers;

(16) the risk that we may be exposed to potential losses in the event of fraud and/or theft, or in the event that a third-party vendor, obligor, or business partner fails to pay amounts due to us under that relationship or under any arrangement that we enter into with them;

(17) our ability to identify and address cyber-security risks such as data security breaches, malware, “denial of service” attacks, “hacking” and identity theft, a failure of which could disrupt our business and result in the disclosure of and/or misuse or misappropriation of confidential or proprietary information, disruption or damage of our systems, increased costs, significant losses, or adverse effects to our reputation;

(18) changes in the cost and availability of funding due to changes in the deposit market and credit market;

(19) risks related to the continued use, availability and reliability of LIBOR and the risks related to the transition from LIBOR to any alternate reference rate we may use;

(20) the impact on our financial results, reputation, and business if we are unable to comply with all applicable federal and state regulations or other supervisory actions or directives and any necessary capital initiatives;

(21) the risks that if economic conditions worsen further or regulatory capital rules are modified, we may be required to undertake initiatives to improve or conserve our capital position;

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

(23) our ability to receive dividends from our subsidiaries could affect our liquidity, including our ability to pay dividends or take other capital actions;

(24) risks related to our ESG strategies and initiatives, the scope and pace of which could alter our reputation and shareholder, employee, client and third-party relationships;

(25) the risk that we may not be able to identify suitable bank and non-bank acquisition opportunities as part of our growth strategy and even if we are able to identify attractive acquisition opportunities, we may not be able to complete such transactions on favorable terms or realize the anticipated benefits from such acquisitions;

(26) the risk that we could realize losses if we sell non-performing assets and the proceeds we receive are lower than the carrying value of such assets;

(27) risks related to regulatory approval to take certain actions, including any dividends on our common stock or preferred stock, any repurchases of common stock or any other issuance or redemption of any other regulatory capital instruments;

(28) the risk that our concentrated operations in the Southeastern U.S. make us vulnerable to local economic conditions, local weather catastrophes, public health issues and other external events;

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

(30) risks related to the fluctuation in our stock price and general volatility in the stock market;

(31) the effects of any damages to our reputation resulting from developments related to any of the items identified above; and

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

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

ITEM 1. BUSINESS

Overview

General

Synovus Financial Corp. is a financial services company and a registered bank holding company headquartered in Columbus, Georgia. We provide 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 our clients through our wholly-owned subsidiary bank, Synovus Bank, and other offices in Alabama, Florida, Georgia, South Carolina and Tennessee.

We were incorporated under the laws of the State of Georgia in 1972. Our principal executive offices are located at 1111 Bay Avenue, Suite 500, Columbus, Georgia 31901 and our telephone number at that address is (706) 641-6500. Our common stock is traded on the NYSE under the symbol "SNV." At December 31, 2021, we had total consolidated assets of $57.32 billion and total consolidated deposits of $49.43 billion.

Additional information relating to our business and our subsidiaries, including a detailed description of our financial results for 2021 and 2020 is contained in "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Report.

Banking Operations

Synovus conducts its banking operations through Synovus Bank. Synovus Bank is a Georgia state-chartered bank and operates primarily throughout Alabama, Florida, Georgia, South Carolina and Tennessee. Synovus Bank offers commercial and consumer services. Our commercial banking services include treasury management, asset management, capital markets services, institutional trust services and commercial, financial and real estate loans. Our consumer 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 and debit card services, including Visa and MasterCard services. At December 31, 2021, Synovus Bank operated 281 branches and 370 ATMs across our footprint.

Non-bank Subsidiaries

In addition to our banking operations, we also provide various other financial services to our clients 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; and
- Synovus Trust, headquartered in Columbus, Georgia, which provides trust, asset management, and financial planning services.

Business Developments

Throughout 2021, Synovus' strategic focus remained on expanding and diversifying the franchise in terms of revenue, profitability and asset size while maintaining a community banking, relationship-based approach to banking. In addition, the Company navigated through a CEO transition beginning in April 2021 with Kevin S. Blair succeeding Kessel Stelling as President and Chief Executive Officer and Mr. Stelling stepping into the role of Executive Chairman of the Board, all while remaining focused on execution of key strategic priorities, including Synovus Forward. As previously announced in the first quarter of 2020 and executed throughout 2021, the cost savings and revenue-generating initiatives underpinning Synovus Forward include expense reductions around Synovus' third party spend program, branch optimization, back-office staff optimization, an early retirement program, market-based repricing of certain product offerings, deposit repricing, commercial analytics and digital enhancements. As of December 31, 2021, Synovus had realized approximately $110 million in pre-tax benefits from Synovus Forward and remains on track to achieve a cumulative pre-tax run rate benefit of $175 million by the end of 2022.

In December 2021, Synovus introduced a streamlined strategic plan focused on growth and performance through four core pillars. The four core pillars are reposition for advantage, simplify and streamline, adopt high-tech meets high touch, and enhance talent and culture. Each of these pillars is supported by various strategic initiatives designed to drive growth and improve performance, with a prioritization on such matters as investing in commercial growth, fortifying consumer banking, optimizing wealth, refreshing the brand, re-imagining the client journey, automating systems and processes, using advanced analytics, enhancing modern core enabled banking products, developing diverse leaders and establishing a growth based culture. We believe disciplined execution of these core pillars will position us for long-term top quartile performance.

Competition

The financial services industry is highly competitive and could become more competitive as a result of recent and ongoing legislative, regulatory and technological changes, and continued consolidation within the financial services industry. Synovus Bank and our wholly-owned non-bank subsidiaries compete actively with national and state banks, savings and loan associations and credit unions and other nonbank financial intermediaries, including securities brokers and dealers, investment advisory firms, mortgage companies, insurance companies, trust companies, finance companies, leasing companies and certain governmental agencies, all of which actively engage in marketing various types of loans, deposit accounts and other financial services. In addition, competition from nontraditional banking institutions, often known as FinTech, continues to increase, with consumers having the opportunity to select from a growing variety of traditional and nontraditional alternatives. The ability of such non-banking financial institutions to provide services previously limited to commercial banks has intensified competition. Because non-banking financial institutions are not subject to many of the same regulatory restrictions as banks and bank holding companies, they can often operate with greater flexibility and lower cost structures. These competitors have been successful in developing products that are in direct competition with or are alternatives to the banking services offered by traditional banking institutions. Our ability to deliver strong financial performance will depend in part on our ability to expand the scope of, and effectively deliver, products and services, which will allow us to meet the changing needs of our clients. However, we often compete with much larger national and regional banks that have more resources than we do to deliver new products and services and introduce new technology to enhance the client experience. See "Part I - Item 1A. Risk Factors - Strategic Risk - *Competition in the financial services industry may adversely affect our future earnings and growth.*"

As of December 31, 2021, we were the largest bank holding company headquartered in Georgia based on assets. Financial services clients are generally influenced by convenience, quality of service, personal contacts, price of services and availability of products. We continue to gain traction in most of our key markets, as well as overall markets, as shown in the most recent market share deposit data for FDIC-insured institutions as of June 30, 2021. Additionally, over the last year, we have continued to rationalize our branch network and focused on improving the mix of our deposits, while maintaining and growing market share throughout our footprint.

Human Capital Resources

Synovus' financial performance and strategy rely heavily on our value proposition of relationship-banking delivered through experts committed to delivering an exceptional client experience and to providing value-added advice and financial solutions. As such, Synovus' ability to identify, attract, develop and retain a qualified and skilled workforce across our segments in multiple banking specialties and other areas is central to our growth and delivering long-term shareholder value. In managing our business, management focuses on a number of human capital measures and objectives, including: workforce demographics; compensation and benefits; talent acquisition, development and retention; diversity, equity and inclusion; and employee health and safety. Synovus' Chief Human Resources Officer, reporting to the President and Chief Executive Officer, manages all aspects of the employee experience, including talent acquisition and management, learning and development, and compensation and benefits. From a Board oversight perspective, the Compensation and Human Capital Committee has primary oversight responsibility for Synovus' talent development and human capital management strategies.

In 2021, the Company's human capital strategy continued to focus on the response to the COVID-19 pandemic and the unique circumstances of our employees. In addition to the various initiatives described below, Synovus focused on responding to our workforce's changing needs, including increased demand for workplace flexibility, and accelerating the transformation of our technology for the management of our workforce through investments in upgraded systems and processes. The Company also responded to a changing labor market in 2021, including increased competition for talent, labor shortages, and increased labor costs.

Workforce Demographics

As of December 31, 2021, Synovus had 4,988 employees, including both full-time and part-time employees, all predominately located in our core markets of Georgia, Florida, Alabama, South Carolina and Tennessee, compared to 5,247 employees at December 31, 2020. By segment, Community Banking employed 2,224 employees, Wholesale Banking employed 287 employees, Financial Management Services employed 797 employees and Treasury and Corporate Other employed 1,680 employees as of December 31, 2021.

Compensation and Benefits

Synovus strives to provide competitive compensation and benefits that meet the varying needs of employees, including market-competitive pay, healthcare benefits, short and long term incentive packages, a 401(k) plan with a dollar for dollar company match on employee contributions up to 5% of pay, an employee stock purchase plan, tuition assistance, and wellness and employee assistance programs. The Company's short and long term incentive programs are aligned with our strategy and key business objectives and are intended to motivate strong performance. Synovus engages in nationally recognized outside compensation salary surveys and utilizes the expertise of a nationally recognized outside executive compensation firm to objectively evaluate our compensation and benefits and benchmark them against industry peers and similarly situated organizations. For the year ended December 31, 2021, total salaries and other personnel expense, which includes all compensation and benefits to our employees, totaled $649.4 million. See "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-interest Expense" of this Report for further discussion of salaries and other personnel expense.

Talent Acquisition, Development and Retention

Synovus is committed to attracting and retaining the brightest and best talent. Of the approximately 1,560 open positions filled in 2021, 42% were filled by internal hires. Approximately 15% of our workforce received a promotion in 2021, consisting of 66% women and 31% people of color. Our commitment to our employees has resulted in a long-term workforce, with an average tenure of over 8 years of service. We attribute our ability to attract and retain talent to several factors, including impactful work that affects the communities in which our employees live, strong leadership, availability of career advancement opportunities and competitive and equitable total rewards.

Synovus has created internal programs to support the development and retention of our employees, including development programs designed to train our leaders. In 2021, over 875 courses were offered to employees on such topics as leadership, compliance and professional development and an average of approximately 20 hours of training per employee was completed. In addition, over 600 front-line leaders participated in our new leadership development program, Ignite, which included unconscious bias training and content. Development of our senior leaders likewise continues to be a priority. Over 300 senior leaders participated in unconscious bias training. We also developed Catalyst, a new leadership program for our senior leaders focused on business strategy and executive leadership readiness, which we expect to launch in the first quarter of 2022. Synovus also supports our employees' involvement in external development programs, such as specialty banking schools and other technical training. In support of learning and development for employees, Synovus offers a tuition assistance program for employees seeking undergraduate and graduate degrees and other continuing educational programs.

In addition, we regularly conduct employee engagement surveys and touchpoints to gauge employee satisfaction. In 2021, our "Voice of the Team Member" survey returned an 84% engagement rate, which represents top quartile scoring compared to financial service benchmarks.

We continue to create an environment where employees can succeed and reach their full potential. In 2021, we achieved a Great Place to Work designation by the Great Place to Work Institute and were recognized again among Atlanta's Top Workplaces by the *Atlanta Journal Constitution* and as a Forbes 2021 Best Bank in America. Our executive leaders again received national recognition for The Most Powerful Women in Banking from *American Banker* and the Gonzo award for tech and innovation advancements.

Diversity, Equity and Inclusion

Synovus is committed to continued improvement in employee diversity, equity and inclusion at the company. Since 2018 with the launch of a CEO sponsored DEI initiative, we have continued to make progress toward our DEI objectives. As of December 31, 2021, 66% of our employees were women and 29% of our employees were people of color, and we continue to work on improving representation of women and people of color in senior leadership roles. As a result of this continuous effort and focus, as outlined below, representation of women and people of color in senior leadership roles has steadily improved over the last five years with women representing 38% and people of color representing 15% of senior leadership by the end of 2021. Moreover, we expect to continue these improvements by establishing targets of 40% female and 18% people of color representation in senior leadership by the end of 2024.

To build and attract a diverse workforce, in 2021, Synovus continued to identify key organizations and partnerships to strengthen our recruiting efforts. We continued to expand our campus recruiting and scholarship programs, executing a comprehensive campus recruitment strategy with a focus on diversity, deepening our relationships with historically black colleges and universities in our markets, hosting a Diversity Symposium as a part of our recruitment efforts, and increasing our focus on military recruitment. To expand our pipeline of candidates, we continued to partner with diverse external professional organizations such as the Latin American Association Unidos in Finance program and leveraged our numerous and varied employee resource groups for internal referrals. We continued our efforts to increase the diversity of our candidate pool and revitalize our internship and accelerated banker recruiting and selection process in 2021, having an intern class that was 43% people of color and 35% women and an accelerated banker class that was 30% people of color and 60% women.

As to the existing workforce, in 2021, Synovus continued to focus on foundational progress toward increasing DEI, engaging employee resource groups to assist with talent acquisition, development and community outreach, increasing our internal dialogue through forums, fireside chats and listen and learn events, enhancing unconscious bias training across the organization and developing robust DEI strategies across each business unit. Synovus also conducted pipeline analysis by demographic and job grade in 2021 to ensure a robust talent pipeline that can help diversify candidate slates for future job openings.

In 2021, Synovus conducted an ethnicity pay analysis which resulted in nominal pay adjustments for less than 1% of the employee base and reviewed our gender pay analysis to augment the pay equity work of the prior year. Results of the analyses were shared with the Compensation and Human Capital Committee.

Employee Health and Safety

Synovus is committed to operating in a safe, secure and responsible manner for the benefit of our employees, clients and communities. Synovus provides a range of programs to improve the physical, financial and emotional well-being of our employees, including a range of health and wellness benefits, and strives to create a safe and healthy workplace for all employees.

Synovus responded to the COVID-19 pandemic by taking measures beginning in March 2020 and continuing throughout 2021 to improve and support the health and safety of our employees including remote work capabilities, expanded medical benefits and additional time paid-off for those employees who were sick, quarantining or contending with childcare or other COVID-19 related hardships. Synovus continued to implement aggressive cleaning, sanitizing and hygiene protocols at all company facilities and provided personal protective equipment, masks and related supplies to employees across the footprint. In addition, the Company implemented Centers for Disease Control and Prevention safety guidelines and office design enhancements, including plexiglass barriers, directional signage, mask requirements and social distancing protocols as Synovus' employees re-entered the work place in a phased-in approach throughout 2021. The re-entry was carefully designed by employees themselves and carefully monitored through re-entry surveys and touchpoints. We remain committed to employee safety and well-being as we continue to manage through the ongoing pandemic.

Supervision, Regulation and Other Factors

We are extensively regulated under federal and state law. The following is a brief summary that does not purport to be a complete description of all regulations that affect us or all aspects of those regulations. This discussion is qualified in its entirety by reference to the particular statutory and regulatory provisions described below and is not intended to be an exhaustive description of the statutes or regulations applicable to the Company's and Synovus Bank's business. In addition, proposals to change the laws and regulations governing the banking industry are frequently raised at both the state and federal levels. The likelihood and timing of any changes in these laws and regulations, and the impact such changes may have on us and Synovus Bank, are difficult to predict. Regulatory agencies may issue enforcement actions, policy statements, interpretive letters and similar written guidance applicable to us or to Synovus Bank. Changes in applicable laws, regulations or regulatory guidance, or their interpretation by regulatory agencies or courts may have a material adverse effect on our and Synovus Bank's business, operations, and earnings.

Synovus Bank, Synovus Trust, and in some cases, we and our nonbank affiliates, must undergo regular examinations by the appropriate regulatory agency, which will examine for adherence to a range of legal and regulatory compliance responsibilities. A bank regulator conducting an examination has complete access to the books and records of the examined institution. The results of the examination are confidential. Supervision and regulation of banks, their holding companies and affiliates is intended primarily for the protection of depositors and clients, the DIF of the FDIC, and the U.S. banking and financial system rather than holders of our securities.

Regulation of the Company

We are registered as a bank holding company with the Federal Reserve under the BHC Act and have elected to be treated as a financial holding company. As such, we are subject to comprehensive supervision and regulation by the Federal Reserve and are subject to its regulatory reporting requirements. Federal law subjects bank holding companies, such as the Company, to restrictions on the types of activities in which they may engage, and to a range of supervisory requirements. In addition, the GA DBF regulates bank holding companies that own Georgia-chartered banks, such as us, under the bank holding company laws of the State of Georgia. Various federal and state bodies regulate and supervise our non-bank activities including our brokerage, investment advisory, and insurance agency. These include, but are not limited to, the SEC, the Financial Industry Regulatory Authority, federal and state banking regulators and various state regulators of insurance and brokerage activities.

Violations of laws and regulations, or other unsafe and unsound practices, may result in regulatory agencies imposing fines or penalties, cease and desist orders, or taking other enforcement actions. Under certain circumstances, these agencies may enforce these remedies directly against officers, directors, employees and other parties participating in the affairs of a bank or bank holding company. Like all bank holding companies, we are regulated extensively under federal and state law. Under federal and state laws and regulations pertaining to the safety and soundness of insured depository institutions, state banking regulators, the Federal Reserve, and separately the FDIC as the insurer of bank deposits, have the authority to compel or restrict certain actions on our part if they determine that we have insufficient capital or other resources, or are otherwise operating in a manner that may be deemed to be inconsistent with safe and sound banking practices. Under this authority, our regulators can require us or our subsidiaries to enter into informal or formal supervisory agreements, including board resolutions, memoranda of understanding, written agreements and consent or cease and desist orders, pursuant to which we would be required to take identified corrective actions to address cited concerns and to refrain from taking certain actions.

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

Activity Limitations

As a financial holding company, we are permitted to engage directly or indirectly in a broader range of activities than those permitted for a bank holding company that has not elected to be a financial holding company. Bank holding companies are generally restricted to engaging in the business of banking, managing or controlling banks and certain other activities determined by the Federal Reserve to be closely related to banking. Financial holding companies may also engage in activities that are considered to be financial in nature, as well as those incidental or, if determined by the Federal Reserve, complementary to financial activities. If Synovus Bank ceases to be "well capitalized" or "well managed" under applicable regulatory standards, or if Synovus Bank receives a rating of less than satisfactory under the CRA, the Federal Reserve may, among other things, place limitations on our ability to conduct these broader financial activities or, if the deficiencies persist, require us to divest the banking subsidiary or the businesses engaged in activities permissible only for financial holding companies.

In addition, the Federal Reserve has the power to order a bank holding company or its subsidiaries to terminate any nonbanking activity or terminate its ownership or control of any nonbank subsidiary, when it has reasonable cause to believe that continuation of such activity or such ownership or control constitutes a serious risk to the financial safety, soundness, or stability of any bank subsidiary of that bank holding company. As further described below, each of the Company and Synovus Bank is well-capitalized under applicable regulatory standards as of December 31, 2021, and Synovus Bank has an overall rating of "Satisfactory" in its most recent CRA evaluation.

Source of Strength Obligations

A bank holding company, such as us, is required to act as a source of financial and managerial strength to its subsidiary bank. The term "source of financial strength" means the ability of a company, such as us, that directly or indirectly owns or controls an insured depository institution, such as Synovus Bank, to provide financial assistance to such insured depository institution in the event of financial distress. The appropriate federal banking agency for the depository institution (in the case of Synovus Bank, this agency is the Federal Reserve) may require reports from us to assess our ability to serve as a source of strength and to enforce compliance with the source of strength requirements by requiring us to provide financial assistance to Synovus Bank in the event of financial distress. If we were to enter bankruptcy or become subject to the orderly liquidation process established by the Dodd-Frank Act, any commitment by us to a federal bank regulatory agency to maintain the capital of Synovus Bank would be assumed by the bankruptcy trustee or the FDIC, as appropriate, and entitled to a priority of payment. In addition, the FDIC provides that any insured depository institution generally will be liable for any loss incurred by the FDIC in connection with the default of, or any assistance provided by the FDIC to, a commonly controlled insured depository institution. Synovus Bank is an FDIC-insured depository institution and thus subject to these requirements.

Acquisitions

The BHC Act permits acquisitions of banks by bank holding companies, such that we and any other bank holding company, whether located in Georgia or elsewhere, may acquire a bank located in any other state, subject to certain deposit-percentage, age of bank charter requirements, and other restrictions. The BHC Act requires that a bank holding company obtain the prior approval of the Federal Reserve before (i) acquiring direct or indirect ownership or control of more than 5% of the voting shares of any additional bank or bank holding company, (ii) taking any action that causes an additional bank or bank holding company to become a subsidiary of the bank holding company, or (iii) merging or consolidating with any other bank holding company. The Federal Reserve may not approve any such transaction that would result in a monopoly or would be in furtherance of any combination or conspiracy to monopolize or attempt to monopolize the business of banking in any section of the United States, or the effect of which may be substantially to lessen competition or to tend to create a monopoly in any section of the country, or that in any other manner would be in restraint of trade, unless the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served. The Federal Reserve is also required to consider: (1) the financial and managerial resources of the companies involved, including pro forma capital ratios; (2) the risk to the stability of the United States banking or financial system; (3) the convenience and needs of the communities to be served, including performance under the CRA; and (4) the effectiveness of the company in combatting money laundering.

Change in Control

Federal law restricts the amount of voting stock of a bank holding company or a bank that a person may acquire without the prior approval of banking regulators. Under the Change in Bank Control Act and the regulations thereunder, a person or group must give advance notice to the Federal Reserve before acquiring control of any bank holding company, such as the Company, or before acquiring control of any FDIC-insured bank, such as Synovus Bank. Upon receipt of such notice, the Federal Reserve may approve or disapprove the acquisition. The Change in Bank Control Act creates a rebuttable presumption of control if a person or group acquires the power to vote 10% or more of our outstanding common stock. The overall effect of such laws is to make it more difficult to acquire a bank holding company and a bank by tender offer or similar means than it might be to acquire control of another type of corporation. Consequently, shareholders of the Company may be less likely to benefit from the rapid increases in stock prices that may result from tender offers or similar efforts to acquire control of other companies. Investors should be aware of these requirements when acquiring shares of our stock.

Governance and Financial Reporting Obligations

We are required to comply with various corporate governance and financial reporting requirements under the Sarbanes-Oxley Act of 2002, as well as rules and regulations adopted by the SEC, the PCAOB, and the NYSE. In particular, we are required to include management and independent registered public accounting firm reports on internal controls as part of our Annual Report on Form 10-K in order to comply with Section 404 of the Sarbanes-Oxley Act. We have evaluated our controls, including compliance with the SEC rules on internal controls, and have and expect to continue to spend significant amounts of time and money on compliance with these rules. Our failure to comply with these internal control rules may materially adversely affect our reputation, ability to obtain the necessary certifications to financial statements, and the values of our securities. The assessments of our financial reporting controls as of December 31, 2021 are included in this report under "Item 9A. Controls and Procedures."

The Federal Reserve also requires bank holding companies meeting certain asset size thresholds, such as us, to establish and maintain a risk committee of its board of directors and appoint a chief risk officer, each meeting certain requirements.

Volcker Rule

Section 13 of the BHC Act, commonly referred to as the "Volcker Rule," generally prohibits us and our subsidiaries from (i) engaging in certain proprietary trading, and (ii) acquiring or retaining an ownership interest in or sponsoring a "covered fund," all subject to certain exceptions. The Volcker Rule also specifies certain limited activities in which we and our subsidiaries may continue to engage and requires us to maintain a compliance program. In the first quarter of 2017, we obtained a five-year extension from the Federal Reserve to the divestiture requirement of certain "illiquid" funds held by us and covered by this rule. In 2020, amendments to the proprietary trading and covered funds regulations issued by the federal banking agencies, the SEC, and the Commodity Futures Trading Commission took effect, simplifying compliance and providing additional exclusions and exemptions.

Incentive Compensation

The Dodd-Frank Act required the federal banking agencies and the SEC to establish joint rules or guidelines for financial institutions with more than $1 billion in assets, such as us and Synovus Bank, which prohibit incentive compensation arrangements that the agencies determine to encourage inappropriate risks by the institution. The federal banking agencies issued proposed rules in 2011 and previously issued guidance on sound incentive compensation policies. In 2016, the federal banking agencies and the SEC proposed rules that would, depending upon the assets of the institution, directly regulate incentive compensation arrangements and would require enhanced oversight and recordkeeping. As of December 31, 2021, these rules have not been implemented. We and Synovus Bank have undertaken efforts to ensure that our incentive compensation plans do not encourage inappropriate risks, consistent with three key principles - that incentive compensation arrangements should appropriately balance risk and financial rewards, be compatible with effective controls and risk management, and be supported by strong corporate governance.

Other Regulatory Matters

We and our subsidiaries are subject to oversight by the SEC, the FINRA, the PCAOB, the NYSE and various state securities and insurance regulators. We and our subsidiaries have from time to time received requests for information from regulatory authorities in various states, including state attorneys general, securities regulators and other regulatory authorities, concerning our business practices. Such requests are considered incidental to the normal conduct of business.

Capital Requirements

We and Synovus Bank are required under federal law to maintain certain minimum capital levels based on ratios of capital to total assets and capital to risk-weighted assets. The required capital ratios are minimums, and the Federal Reserve may determine that a banking organization, based on its size, complexity or risk profile, must maintain a higher level of capital in order to operate in a safe and sound manner. Risks such as concentration of credit risks and the risk arising from non-traditional activities, as well as the institution's exposure to a decline in the economic value of its capital due to changes in interest rates, and an institution's ability to manage those risks, are important factors that are to be taken into account in assessing an institution's overall capital adequacy. The following is a brief description of the relevant provisions of these capital rules and their potential impact on our capital levels.

We and Synovus Bank are subject to the following risk-based capital ratios: a CET1 risk-based capital ratio, a Tier 1 risk-based capital ratio, which includes CET1 and additional Tier 1 capital, and a total risk-based capital ratio, which includes Tier 1 and Tier 2 capital. CET1 is primarily comprised of the sum of common stock instruments and related surplus net of treasury stock plus retained earnings less certain adjustments and deductions, including with respect to goodwill, intangible assets, mortgage servicing assets and deferred tax assets subject to temporary timing differences. Additional Tier 1 capital is primarily comprised of noncumulative perpetual preferred stock. Tier 2 capital consists of instruments disqualified from Tier 1 capital, including qualifying subordinated debt and a limited amount of loan loss reserves up to a maximum of 1.25% of risk-weighted assets, subject to certain eligibility criteria. The capital rules also define the risk-weights assigned to assets and off-balance sheet items to determine the risk-weighted asset components of the risk-based capital rules, including, for example, certain "high volatility" commercial real estate, past due assets, structured securities and equity holdings.

The leverage capital ratio, which serves as a minimum capital standard, is the ratio of Tier 1 capital to quarterly average total consolidated assets net of goodwill, certain other intangible assets, and certain required deduction items. The required minimum leverage ratio for all banks and bank holding companies is 4%.

In addition, effective January 1, 2019, the capital rules required a capital conservation buffer of 2.5%, comprised of CET1, above each of the minimum risk-based capital ratio requirements (CET1, Tier 1, and total capital), which is designed to absorb losses during periods of economic stress. These buffer requirements must be met for a bank or bank holding company to be able to pay dividends, engage in share buybacks or make discretionary bonus payments to executive management without restriction.

The FDICIA, among other things, requires the federal bank regulatory agencies to take "prompt corrective action" regarding depository institutions that do not meet minimum capital requirements. FDICIA establishes five regulatory capital tiers: "well capitalized", "adequately capitalized", "undercapitalized", "significantly undercapitalized", and "critically undercapitalized". A depository institution's capital tier will depend upon how its capital levels compare to various relevant capital measures and certain other factors, as established by regulation. FDICIA generally prohibits a depository institution from making any capital distribution (including payment of a dividend) or paying any management fee to its holding company if the depository institution would thereafter be undercapitalized. The FDICIA imposes progressively more restrictive restraints on operations, management and capital distributions, depending on the category in which an institution is classified. Undercapitalized depository institutions are subject to restrictions on borrowing from the Federal Reserve System. In addition, undercapitalized depository institutions may not accept brokered deposits absent a waiver from the FDIC, are subject to growth limitations and are required to submit capital restoration plans for regulatory approval. A depository institution's holding company must guarantee any required capital restoration plan, up to an amount equal to the lesser of 5% of the depository institution's assets at the time it becomes undercapitalized or the amount of the capital deficiency when the institution fails to comply with the plan. Federal banking agencies may not accept a capital plan without determining, among other things, that the plan is based on realistic assumptions and is likely to succeed in restoring the depository institution's capital. If a depository institution fails to submit an acceptable plan, it is treated as if it is significantly undercapitalized.

To be well-capitalized, Synovus Bank must maintain at least the following capital ratios:

- 6.5% CET1 to risk-weighted assets;
- 8.0% Tier 1 capital to risk-weighted assets;
- 10.0% Total capital to risk-weighted assets; and
- 5.0% leverage ratio.

The Federal Reserve has not yet revised the well-capitalized standard for bank holding companies to reflect the higher capital requirements imposed under the current capital rules applicable to banks. For purposes of the Federal Reserve's Regulation Y, including determining whether a bank holding company meets the requirements to be a financial holding company, bank holding companies, such as the Company, must maintain a Tier 1 risk-based capital ratio of 6.0% or greater and a total risk-based capital ratio of 10.0% or greater to be well-capitalized. Also, the Federal Reserve may require bank holding companies, including the Company, to maintain capital ratios substantially in excess of mandated minimum levels, depending upon general economic conditions and a bank holding company's particular condition, risk profile and growth plans.

Failure to be well-capitalized or to meet minimum capital requirements could result in certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have an adverse material effect on our operations or financial condition. Failure to meet minimum capital requirements could also result in restrictions on the Company's or Synovus Bank's ability to pay dividends or otherwise distribute capital or to receive regulatory approval of applications or other restrictions on its growth.

In 2021, the Company's and Synovus Bank's regulatory capital ratios were above the applicable well-capitalized standards and met the capital conservation buffer. Based on current estimates, we believe that the Company and Synovus Bank will continue to exceed all applicable well-capitalized regulatory capital requirements and the capital conservation buffer in 2022. As of December 31, 2021, the consolidated capital ratios of Synovus and Synovus Bank were as follows:

Table 1 – Capital Ratios as of December 31, 2021

	Synovus	Synovus Bank
CET1 capital ratio	9.50%	10.83%
Tier 1 risk-based capital ratio	10.66	10.83
Total risk-based capital ratio	12.61	12.11
Leverage ratio	8.72	8.86

See "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Capital Resources" and "Part II - Item 8. Financial Statements and Supplementary Data - Note 10 - Regulatory Capital" of this Report for further information.

In June 2016, the FASB issued ASU 2016-13, which introduced CECL as the methodology to replace the current "incurred loss" methodology for financial assets measured at amortized cost, and changed the approaches for recognizing and recording credit losses on available-for-sale debt securities and purchased credit impaired financial assets. Under the incurred loss methodology, credit losses are recognized only when the losses are probable or have 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. This change results in earlier recognition of credit losses that the

Company deems expected but not yet probable. The Company began its compliance beginning with the first fiscal quarter of 2020. On August 26, 2020, the federal banking regulators issued a final rule (following an interim final rule issued on March 27, 2020) that allowed electing banking organizations that adopted CECL during 2020 to mitigate the estimated effects of CECL on regulatory capital for two years, followed by a three-year phase-in transition period. Synovus' December 31, 2021 regulatory capital ratios reflect Synovus' election of the five-year transition provision. See "Part II - Item 8. Financial Statements and Supplementary Data - Note 1 - Summary of Significant Accounting Policies" of this Report for additional information on Synovus' adoption of CECL.

Payment of Dividends

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

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

- the ratio of Tier 1 capital to average total assets is less than 6%;
- the aggregate amount of dividends to be declared or anticipated to be declared during the current calendar year exceeds 50% of its net income for the previous calendar year; or
- its total adversely classified assets in its most recent regulatory examination exceeded 80% of its Tier 1 capital plus its allowance for loan and lease losses.

The Georgia Financial Institutions Code also contains restrictions on the ability of a Georgia bank to pay dividends other than from retained earnings without the approval of the GA DBF. As a result of the foregoing restrictions, Synovus Bank may be required to seek approval from the GA DBF to pay dividends.

In addition, we and Synovus Bank are subject to various general regulatory policies and requirements relating to the payment of dividends, including requirements to maintain adequate capital above regulatory minimums. The Federal Reserve has indicated that paying dividends that deplete a bank's capital base to an inadequate level would be an unsafe and unsound banking practice. The Federal Reserve has indicated that depository institutions and their holding companies should generally pay dividends only out of current operating earnings.

Under a Federal Reserve policy adopted in 2009, the board of directors of a bank holding company must consider different factors to ensure that its dividend level is prudent relative to maintaining a strong financial position, and is not based on overly optimistic earnings scenarios, such as potential events that could affect its ability to pay, while still maintaining a strong financial position. As a general matter, the Federal Reserve has indicated that the board of directors of a bank holding company should consult with the Federal Reserve and eliminate, defer or significantly reduce the bank holding company's dividends if:

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

Regulation of the Bank

Synovus Bank, which is a member of the Federal Reserve System, is subject to comprehensive supervision and regulation by the Federal Reserve, and is subject to its regulatory reporting requirements, as well as supervision and regulation by the GA DBF. As a member bank of the Federal Reserve System, Synovus Bank is required to hold stock in its district Federal Reserve Bank in an amount equal to 6% of its capital stock and surplus (half paid to acquire stock with the remainder held as a cash reserve). Member banks do not have any control over the Federal Reserve System as a result of owning the stock and the stock cannot be sold or traded. The annual dividend rate for member banks with total assets in excess of $10 billion, including Synovus Bank, is based on a floating dividend rate tied to10-year U.S. Treasuries with the maximum dividend rate capped at 6%.

The deposits of Synovus Bank are insured by the FDIC up to applicable limits, and, accordingly, Synovus Bank is also subject to certain FDIC regulations and the FDIC has backup examination authority and some enforcement powers over Synovus Bank. Synovus Trust, a subsidiary of Synovus Bank that provides trust services, is organized as a national trust bank and thus is subject to supervision and regulation by the Office of the Comptroller of the Currency.

In addition, as discussed in more detail below, Synovus Bank and any other of our subsidiaries that offer consumer financial products and services are subject to regulation and supervision by the CFPB. In addition, the Dodd-Frank Act permits states to adopt consumer protection laws and regulations that are stricter than those regulations promulgated by the CFPB, and state attorneys general are permitted to enforce certain federal consumer financial protection law.

Broadly, regulations applicable to Synovus Bank include limitations on loans to a single borrower and to its directors, officers and employees; restrictions on the opening and closing of branch offices; the maintenance of required capital ratios; the granting of credit under equal and fair conditions; the disclosure of the costs and terms of such credit; requirements to maintain reserves against deposits and loans; limitations on the types of investment that may be made by Synovus Bank; and requirements governing risk management practices. Subject to Federal Reserve approval and certain state filing requirements, Synovus Bank is permitted under federal law to branch on a de novo basis across state lines wherever the laws of that state would permit a bank chartered by that state to establish a branch.

Transactions with Affiliates and Insiders

Synovus Bank is subject to restrictions on extensions of credit and certain other transactions between Synovus Bank and the Company or any nonbank affiliate. Generally, these covered transactions with either the Company or any affiliate are limited to 10% of Synovus Bank's capital and surplus, and all such transactions between Synovus Bank and the Company and all of its nonbank affiliates combined are limited to 20% of Synovus Bank's capital and surplus. Loans and other extensions of credit from Synovus Bank to the Company or any affiliate generally are required to be secured by eligible collateral in specified amounts. In addition, any transaction between Synovus Bank and the Company or any affiliate are required to be on an arm's length basis. Federal banking laws also place similar restrictions on certain extensions of credit by insured banks, such as Synovus Bank, to their directors, executive officers and principal shareholders.

FDIC Insurance Assessments and Depositor Preference

Synovus Bank's deposits are insured by the FDIC's DIF up to the limits under applicable law, which currently are set at $250,000 per depositor, per insured bank, for each account ownership category. Synovus Bank is subject to FDIC assessments for its deposit insurance. The FDIC calculates quarterly deposit insurance assessments based on an institution's average total consolidated assets less its average tangible equity, and applies one of four risk categories determined by reference to its capital levels, supervisory ratings, and certain other factors. The assessment rate schedule can change from time to time, at the discretion of the FDIC, subject to certain limits.

Insurance of deposits may be terminated by the FDIC upon a finding that the institution has engaged in unsafe and unsound practices, is in an unsafe or unsound condition to continue operations, or has violated any applicable law, regulation, rule, order or condition imposed by a bank's federal regulatory agency. In addition, the Federal Deposit Insurance Act provides that, in the event of the liquidation or other resolution of an insured depository institution, the claims of depositors of the institution, including the claims of the FDIC as subrogee of insured depositors, and certain claims for administrative expenses of the FDIC as a receiver, will have priority over other general unsecured claims against the institution, including those of the parent bank holding company. See "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Deposits" of this Report for further information.

Standards for Safety and Soundness

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

Anti-Money Laundering

A continued focus of governmental policy relating to financial institutions in recent years has been combating money laundering and terrorist financing. The USA PATRIOT Act broadened the application of anti-money laundering regulations to apply to additional types of financial institutions such as broker-dealers, investment advisors and insurance companies, and strengthened the ability of the U.S. Government to help prevent, detect and prosecute international money laundering and the financing of terrorism. The principal provisions of Title III of the USA PATRIOT Act require that regulated financial institutions, including state member banks: (i) establish an anti-money laundering program that includes training and audit components; (ii) comply with regulations regarding the verification of the identity of any person seeking to open an account; (iii) take additional required precautions with non-U.S. owned accounts; and (iv) perform certain verification and certification of money laundering risk for their foreign correspondent banking relationships. Failure of a financial institution to comply with the USA PATRIOT Act's requirements could have serious legal and reputational consequences for the institution. Synovus Bank has augmented its systems and procedures to meet the requirements of these regulations and will continue to revise and update its policies, procedures and controls to reflect changes required by law.

FinCEN has adopted rules that require financial institutions to obtain beneficial ownership information with respect to legal entities with which such institutions conduct business, subject to certain exclusions and exemptions. Bank regulators are focusing their examinations on anti-money laundering compliance, and we continue to monitor and augment, where necessary, our anti-money laundering compliance programs. Banking regulators will consider compliance with the Act's money laundering provisions in acting upon merger and acquisition proposals. Bank regulators routinely examine institutions for compliance with these obligations and have been active in imposing cease and desist and other regulatory orders and money penalty sanctions against institutions found to be violating these obligations. Sanctions for violations of the Act can be imposed in an amount equal to twice the sum involved in the violating transaction, up to $1 million. On January 1, 2021, Congress passed federal legislation that made sweeping changes to federal anti-money laundering laws, including changes that will be implemented in subsequent years.

Economic Sanctions

The OFAC is responsible for helping to ensure that U.S. entities do not engage in transactions with certain prohibited parties, as defined by various Executive Orders and acts of Congress. OFAC publishes, and routinely updates, lists of names of persons and organizations suspected of aiding, harboring or engaging in terrorist acts, including the Specially Designated Nationals and Blocked Persons List. If we find a name on any transaction, account or wire transfer that is on an OFAC list, we must undertake certain specified activities, which could include blocking or freezing the account or transaction requested, and we must notify the appropriate authorities.

Concentrations in Lending

During 2006, the federal bank regulatory agencies released guidance on "Concentrations in Commercial Real Estate Lending" (the "Guidance") and advised financial institutions of the risks posed by CRE lending concentrations. The Guidance requires that appropriate processes be in place to identify, monitor and control risks associated with real estate lending concentrations. Higher allowances for loan losses and capital levels may also be required. The Guidance is triggered when CRE loan concentrations exceed either:

- Total reported loans for construction, land development, and other land of 100% or more of a bank's total risk-based capital; or
- Total reported loans secured by multifamily and nonfarm nonresidential properties and loans for construction, land development, and other land of 300% or more of a bank's total risk-based capital.

The Guidance also applies when a bank has a sharp increase in CRE loans or has significant concentrations of CRE secured by a particular property type. We have always had exposures to loans secured by CRE due to the nature of our markets and the loan needs of both consumer and commercial clients. We believe our long-term experience in CRE lending, underwriting policies, internal controls, and other policies currently in place, as well as our loan and credit monitoring and administration procedures, are generally appropriate to managing our concentrations as required under the Guidance.

Debit Interchange Fees

Interchange fees, or "swipe" fees, are fees that merchants pay to credit card companies and card-issuing banks such as Synovus Bank for processing electronic payment transactions on their behalf. The maximum permissible interchange fee that a non-exempt issuer such as Synovus Bank may receive for an electronic debit transaction is the sum of 21 cents per transaction and 5 bps multiplied by the value of the transaction, subject to an upward adjustment of 1 cent if an issuer certifies that it has implemented policies and procedures reasonably designed to achieve the fraud-prevention standards set forth by the Federal Reserve. In addition, card issuers and networks are prohibited from entering into arrangements requiring that debit card transactions be processed on a single network or only two affiliated networks, and allows merchants to determine transaction routing.

Community Reinvestment Act

Synovus Bank is subject to the provisions of the CRA, which imposes a continuing and affirmative obligation, consistent with safe and sound operation, to help meet the credit needs of entire communities where the bank accepts deposits, including low- and moderate-income neighborhoods. The Federal Reserve's assessment of Synovus Bank's CRA record is made available to the public. CRA agreements with private parties must be disclosed and annual CRA reports must be made to the Federal Reserve. A bank holding company will not be permitted to become or remain a financial holding company and no new activities authorized under GLB may be commenced by a holding company or by a bank financial subsidiary if any of its bank subsidiaries received less than a "satisfactory" CRA rating in its latest CRA examination. Federal CRA regulations require, among other things, that evidence of discrimination against applicants on a prohibited basis, and illegal or abusive lending practices be considered in the CRA evaluation. Synovus Bank has a rating of "Satisfactory" in its most recent CRA evaluation. On September 21, 2020, the Federal Reserve issued an advanced notice of proposed rulemaking that would modernize and substantially revise the regulations implementing the CRA.

Privacy, Credit Reporting, and Data Security

The GLB generally prohibits disclosure of non-public consumer information to non-affiliated third parties unless the consumer has been given the opportunity to object and has not objected to such disclosure. Financial institutions are further required to disclose their privacy policies to clients annually. Financial institutions, however, will be required to comply with state law if it is more protective of consumer privacy than the GLB. The GLB also directed federal regulators to prescribe standards for the security of consumer information. Synovus Bank is subject to such standards, as well as standards for notifying clients in the event of a security breach. Synovus Bank utilizes credit bureau data in underwriting activities. Use of such data is regulated under the Fair Credit Reporting Act and Regulation V on a uniform, nationwide basis, including credit reporting, prescreening, and sharing of information between affiliates and the use of credit data. The Fair and Accurate Credit Transactions Act, which amended the Fair Credit Reporting Act, permits states to enact identity theft laws that are not inconsistent with the conduct required by the provisions of that Act. Clients must be notified when unauthorized disclosure involves sensitive client information that may be misused. On November 18, 2021, the federal banking agencies issued a new rule effective in 2022 that requires banks to notify their primary federal regulator within 36 hours of a "computer-security incident" that rises to the level of a "notification incident."

The federal banking regulators regularly issue guidance regarding cybersecurity intended to enhance cyber risk management standards among financial institutions. As a result, financial institutions, like Synovus and Synovus Bank, are expected to establish multiple lines of defense and to ensure their risk management processes address the risk posed by potential threats to the institution. A financial institution's management is expected to maintain sufficient processes to effectively respond and recover the institution's operations after a cyber-attack. A financial institution is also expected to develop appropriate processes to enable recovery of data and business operations if a critical service provider of the institution falls victim to this type of cyber-attack. Our information security protocols are designed in part to adhere to the requirements of this guidance.

State regulators have also been increasingly active in implementing privacy and cybersecurity standards and regulations. Recently, several states have adopted regulations requiring certain financial institutions to implement cybersecurity programs and providing detailed requirements with respect to these programs, including data encryption requirements. Many states have also recently implemented or modified their data breach notification and data privacy requirements. We expect this trend of state-level activity in those areas to continue and are continually monitoring developments in the states in which our clients are located.

Anti-Tying Restrictions

In general, a bank may not extend credit, lease, sell property, or furnish any services or fix or vary the consideration for them on the condition that (1) the client obtain or provide some additional credit, property, or services from or to the bank or bank holding company or their subsidiaries or (2) the client not obtain some other credit, property, or services from a competitor, except to the extent reasonable conditions are imposed to assure the soundness of the credit extended. A bank may, however, offer combined-balance products and may otherwise offer more favorable terms if a client obtains two or more traditional bank products. The law also expressly permits banks to engage in other forms of tying and authorizes the Federal Reserve Board to grant additional exceptions by regulation or order. Also, certain foreign transactions are exempt from the general rule.

Consumer Regulation

Activities of Synovus Bank are subject to a variety of statutes and regulations designed to protect consumers. These laws and regulations include, among numerous other things, provisions that:

- limit the interest and other charges collected or contracted for by Synovus Bank, including rules respecting the terms of credit cards and of debit card overdrafts;
- govern Synovus Bank's disclosures of credit terms to consumer borrowers;
- require Synovus Bank to provide information to enable the public and public officials to determine whether it is fulfilling its obligation to help meet the housing needs of the communities it serves;
- prohibit Synovus Bank from discriminating on the basis of race, creed or other prohibited factors when it makes decisions to extend credit;
- govern the manner in which Synovus Bank may collect consumer debts; and
- prohibit unfair, deceptive or abusive acts or practices in the provision of consumer financial products and services.

Mortgage Regulation

The CFPB adopted a rule that implements the ability-to-repay and qualified mortgage provisions of the Dodd-Frank Act (the "ATR/QM rule"), which requires lenders to consider, among other things, income, employment status, assets, payment amounts, and credit history before approving a mortgage, and provides a compliance "safe harbor" for lenders that issue certain "qualified mortgages." The ATR/QM rule defines a "qualified mortgage" to have certain specified characteristics, and generally prohibits loans with negative amortization, interest-only payments, balloon payments, or terms exceeding 30 years from being qualified mortgages. The rule also establishes general underwriting criteria for qualified mortgages, including that monthly payments be calculated based on the highest payment that will apply in the first five years of the loan and that the borrower have a total debt-to-income ratio that is less than or equal to 43%. While "qualified mortgages" will generally be afforded safe harbor status, a rebuttable presumption of compliance with the ability-to-repay requirements will attach to "qualified mortgages" that are "higher priced mortgages" (which are generally subprime loans). In addition, the securitizer of asset-backed securities must retain not less than 5% of the credit risk of the assets collateralizing the asset-backed securities, unless subject to an exemption for asset-backed securities that are collateralized exclusively by residential mortgages that qualify as "qualified residential mortgages."

The CFPB has also issued rules to implement requirements of the Dodd-Frank Act pertaining to mortgage loan origination (including with respect to loan originator compensation and loan originator qualifications) as well as integrated mortgage disclosure rules. In addition, the CFPB has issued rules that require servicers to comply with certain standards and practices with regard to: error correction; information disclosure; force-placement of insurance; information management policies and procedures; requiring information about mortgage loss mitigation options be provided to delinquent borrowers; providing delinquent borrowers access to servicer personnel with continuity of contact about the borrower's mortgage loan account; and evaluating borrowers' applications for available loss mitigation options. These rules also address initial rate adjustment notices for adjustable-rate mortgages, periodic statements for residential mortgage loans, and prompt crediting of mortgage payments and response to requests for payoff amounts.

The CARES Act granted certain forbearance rights and protection against foreclosure to borrowers with a "federally backed mortgage loan," including certain first or subordinate lien loans designed principally for the occupancy of one to four families. These consumer protections continue during the COVID-19 pandemic emergency.

Non-Discrimination Policies

Synovus Bank is also subject to, among other things, the provisions of the Equal Credit Opportunity Act and the Fair Housing Act, both of which prohibit discrimination based on race or color, religion, national origin, sex, and familial status in any aspect of a consumer or commercial credit or residential real estate transaction. The Department of Justice, and the federal bank regulatory agencies have issued an Interagency Policy Statement on Discrimination in Lending that provides guidance to financial institutions in determining whether discrimination exists, how the agencies will respond to lending discrimination, and what steps lenders might take to prevent discriminatory lending practices. The DOJ has increased its efforts to prosecute what it regards as violations of the ECOA and FHA.

Available Information

Our website address is www.synovus.com. We file with or furnish to the SEC Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements and annual reports to shareholders, and, from time to time, amendments to these documents and other documents called for by the SEC. The reports and other documents filed with or furnished to the SEC are available to investors on or through our website at investor.synovus.com under the heading "Financial Information" and then under "SEC Filings." These reports are available on our website free of charge as soon as reasonably practicable after we electronically file them with the SEC.

In addition, the SEC maintains an Internet website that contains reports, proxy and information statements and other information regarding issuers, such as Synovus, that file electronically with the SEC. The address of that website is www.sec.gov.

We have adopted a Code of Business Conduct and Ethics for our directors, officers and employees and have also adopted Corporate Governance Guidelines. Our Code of Business Conduct and Ethics, Corporate Governance Guidelines and the charters of our Board committees, as well as information on how to contact our Board of Directors, are available in the Corporate Governance Section of our website at investor.synovus.com/governance. We will post any waivers of our Code of Business Conduct and Ethics granted to our directors or executive officers on our website at investor.synovus.com.

We include our website addresses throughout this filing only as textual references. The information contained on our website is not incorporated in this document by reference.

ITEM 1A. RISK FACTORS

This section highlights the material risks that we currently face. Please be aware that these risks may change over time and other risks may prove to be important in the future. New risks may emerge at any time, and we cannot predict such risks or estimate the extent to which they may affect our business, financial condition or results of operations or the trading price of our securities.

Strategic Risk

Competition in the financial services industry may adversely affect our future earnings and growth.

We operate in a highly competitive environment and our profitability and our future growth depends on our ability to compete successfully based on such factors as pricing, convenience, product offerings, technology, accessibility, quality of service, and client relationships. We face pricing competition for loans and deposits and, in order for us to compete for borrowers and depositors, we may be required to offer loans and deposits on terms less favorable to us, including lower rates on our loans and higher rates on our deposits. Certain of our competitors are larger and have more resources than we do, enabling them to be more aggressive than us in competing across the financial services landscape and investing in new products, technology and services. In addition, the ability of non-bank competitors to provide services previously limited to commercial banks has intensified the competition we face. These non-bank competitors are not subject to the same extensive regulations that govern us and, therefore, may be able to operate with greater flexibility and lower cost structures. Non-bank competitors can also operate in areas or offer certain products that may be considered speculative or risky. This significant competition in making loans and attracting and retaining deposits as well as in providing other financial services may impact our future earnings and growth.

Furthermore, the financial services industry could become even more competitive as a result of legislative, regulatory and technological changes and continued consolidation.

- While we cannot predict the actions of state or federal legislatures or regulators, there is increasing likelihood that the bank regulatory landscape could shift due to legislation or regulatory action. Any material change to federal or state banking laws, regulations or enforcement position could result in increased competition or make it more difficult for banks of our size to compete, either broadly or in specific segments of our business.
- Technology has lowered barriers to entry and made it possible for non-banks and smaller banks to offer products and services traditionally provided by larger banks. Competitors adopting new technologies or changes to consumer behaviors or expectations could require us to make significant expenditures to modify or make additions to our current products and services.
- There has also been increasing consolidation among regional banks similar in size or larger than us resulting in even larger banks. The resulting larger banks, as well as many other banks that are larger than us, may be able to achieve economies of scale due to their size and, as a result, may be able to operate more efficiently than us and also offer a broader range of products and services than we do, as well as better pricing for those products and services.

We may not realize the expected benefits from our strategic initiatives, either in whole or in part, which could negatively impact our future profitability.

In the current competitive banking environment, overall revenue growth must outpace operating costs, which requires the successful execution of both growth and efficiency initiatives. In addition, we must continue to implement strategies to grow our product and service offerings and keep pace with changing technologies and client expectations in order to realize continued earnings growth and to remain competitive with the other banks and non-bank financial services providers in the markets we serve. We are continuously implementing strategic initiatives to achieve growth, reduce expense, and unlock efficiencies. Our current initiatives include, but are not limited to, building out our Maast digital banking as a service solution, growing our new corporate and investment banking division, developing certain digital asset capabilities and products, and modernizing our core technology infrastructure. While we have realized growth and efficiency gains as a result of current and past initiatives, including the on-going Synovus Forward initiative, there is no guarantee that these initiatives will be successful in supporting growth or achieving the expected level of future savings and revenue enhancements that we anticipate. Additionally, any new service and product offerings, particularly digital offerings, will compete directly with other Synovus Bank product and service offerings, so any realized revenue from such growth initiatives may correspond to decreased revenue experienced by other Synovus Bank product and service offerings.

Furthermore, our strategic initiatives may result in an increase in expense, divert management attention, take away from other opportunities that may have proved more successful, negatively impact operational effectiveness or impact employee morale. In addition, management expects to continue to make strategic investments in technology and talent that are expected to improve our client experience and support future growth which will require an increase in our expenditures. There can be no assurance that we will ultimately realize the anticipated benefits of these strategic initiatives, or that these strategic initiatives will not negatively impact our organization. These initiatives may fail to meet our own or our client's expectations and may fail to keep pace with bank and non-bank competition and we may realize significant losses as a result.

Finally, changes to the bank regulatory landscape generally, but particularly with respect to digital product offerings and third-party service providers could negatively impact and undermine the rationale behind several of our initiatives.

The implementation of new lines of business, new products and services and new technologies may subject us to additional risk.

We have launched or enhanced a number of lines of business, products and services, and technologies, including, among others, those related to our recent Maast and corporate and investment banking initiatives and our treasury and payments solutions business and asset-based and structured lending capabilities. An important part of our business strategy is to continue these efforts to implement new products, services and technologies designed to better serve our clients and respond to digitization trends in banking. There are substantial risks and uncertainties associated with these efforts. Initial timetables for the introduction and development of new lines of business, new products or services and/or new technologies may not be achieved and price and profitability targets may not prove feasible. Additionally, such new products, services, and technologies often increase our reliance on third-party service providers. External factors, such as compliance with regulations, competitive alternatives, and shifting market preferences, may also impact the successful implementation of a new line of business, a new product or service and/or new technologies. Furthermore, any new line of business, new product or service and/or new technology could require the establishment of new key controls and other controls and have a significant impact on our existing system of internal controls. Failure to successfully manage these risks in the development and implementation could have a material adverse effect on our business and, in turn, our financial condition and results of operations.

We may pursue bank and non-bank acquisition opportunities as they arise. However, even if we identify attractive acquisition opportunities, we may not be able to complete such acquisitions on favorable terms or realize the anticipated benefits from such acquisitions.

While we continue to focus on organic growth opportunities, we may pursue attractive bank or non-bank acquisition and consolidation opportunities that arise in our core markets and beyond. The number of financial institutions headquartered in Georgia, Florida, the Southeastern United States, and across the country continues to decline through merger and other consolidation activity. In the event that attractive acquisition opportunities arise, we would likely face competition for such acquisitions from other banking and financial companies, many of which have significantly greater resources and may have more attractive valuations. This competition could either prevent us from being able to complete attractive acquisition opportunities or increase prices for potential acquisitions which could reduce our potential returns, and reduce the attractiveness of these opportunities to us. Furthermore, even if we are able to identify and complete acquisitions, the terms of such acquisitions may not be favorable to us or we may fail to realize the anticipated benefits from such acquisitions. Also all acquisitions are subject to various regulatory approvals and if we were unable (or there was a perception that we would be unable) to obtain such approvals for any reason, including due to any actual or perceived capital, liquidity, profitability or regulatory compliance issues, it would impair our ability to consummate acquisitions. In addition, any acquisition could be dilutive to our earnings and shareholders' equity per share of our common stock.

Operational Risk

Failure to attract and retain employees and the impact of senior leadership transitions may adversely impact our ability to successfully execute our growth and efficiency strategies.

Our financial success depends upon our ability to attract and retain diverse, highly motivated, and well-qualified personnel that we rely on to execute all aspects of our business. We face increasingly significant competition in the recruitment of qualified employees at all levels from financial institutions and others. Moreover, the banking industry continues to transform due to technological innovation, increased demand for workplace flexibility, and competition for talent from non-bank financial services providers, and our ability to recruit and retain qualified individuals that bring a diversity of perspective and innovative thinking to our teams is both more difficult and more necessary than ever before. These trends, combined with labor shortages, have resulted in generally increasing labor costs. Such trends may continue in the near term, which may result in further challenges in hiring and retaining employees throughout the organization. We must continually assess and manage how our talent needs change over time and failure to meet such needs may have a negative impact on our ability to compete.

In addition, our future growth and the continued diversification of our loan portfolio depends, in part, on our ability to attract and retain the right mix of well-qualified employees. If we are unable to attract and retain qualified employees, our ability to execute our business strategies may suffer and we may be required to substantially increase our overall compensation or benefits to attract and retain such employees. Furthermore, we generally do not have employment agreements in place with our frontline employees, management team or other key employees and cannot guarantee that our employees will remain with us. The unexpected loss of services of one or more of our key personnel, especially members of our senior management team, could have a material adverse impact on the business because we would lose their skills, knowledge of the market, years of industry experience and may have difficulty promptly finding qualified replacement personnel. In addition, the unexpected loss or inability to hire or retain branch-level employees could have a material adverse impact on our ability to increase deposits, generate frontline revenue and properly service our clients.

Furthermore, we have had recent leadership changes and transitions involving our senior leadership team, as previously announced. Any significant leadership changes involve inherent risk and any failure to ensure the effective transfer of knowledge and a smooth transition could hinder our strategic planning, execution and future performance.

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

The financial services market, including banking services, is undergoing rapid changes with frequent introductions of new technology-driven products and services, primarily related to increased digitization of banking services and capabilities. These trends were accelerated by the COVID-19 pandemic, increasing demand for mobile banking solutions. Our future success will depend, in part, on our ability to keep pace with these technological changes and to use technology to satisfy and grow client demand for our products and services and to create additional efficiencies in our operations. Our substantial investments in digital banking solutions, technology and information systems will increase our dependency on third-party service providers and such investments may underperform expectations and could result in unexpected losses. Some of our competitors have substantially greater resources to invest in technological improvements and have invested more heavily than us, and will continue to be able to do so, in developing and adopting new technologies, which may put us at a competitive disadvantage. Some of these competitors consist of financial technology providers, who are beginning to offer more traditional banking products and may either acquire a bank charter or obtain a bank-like charter, such as the fintech charter provided by the OCC. We may not be able to effectively implement new technology-driven products and services, be successful in marketing these products and services to our clients or keep pace with our competitors in this arena. As a result, our ability to effectively compete to retain or acquire new business may be impaired, and our business, financial condition or results of operations may be adversely affected.

We may not be able to successfully implement current or future information technology system enhancements and operational initiatives, which could adversely affect our business operations and profitability.

We continue to invest significant resources in our core information technology systems, including by deepening and expanding our use of cloud-based applications, in order to provide functionality and security at an appropriate level, and to improve our operating efficiency and to streamline our client experience. These initiatives significantly increase the complexity of our relationships with third-party service providers and such relationships may be difficult to unwind. We may not be able to successfully implement and integrate such system enhancements and initiatives, which could adversely impact the ability to comply with a number of legal and regulatory requirements, which could result in sanctions from regulatory authorities. In addition, these projects could have higher than expected costs and/or result in operating inefficiencies, which could increase the costs associated with the implementation as well as ongoing operations. Failure to properly utilize system enhancements that are implemented in the future could result in impairment charges that adversely impact our financial condition and results of operations, could result in significant costs to remediate or replace the defective components and could impact our ability to compete. In addition, we may incur significant training, licensing, maintenance, consulting and amortization expense during and after implementation, and any such costs may continue for an extended period of time. As such, we cannot guarantee that the anticipated long-term benefits of these system enhancements and operational initiatives will be realized.

We rely extensively on information technology systems to operate our business and an interruption or security breach may disrupt our business operations, result in reputational harm and have an adverse effect on our operations.

As a large financial institution, we rely extensively on our information technology systems to operate our business, including to process, record and monitor a large number of client transactions on a continuous basis. As client, public and regulatory expectations regarding operational and information security have increased, our operational systems and infrastructure must continue to be safeguarded and monitored for potential failures, disruptions and breakdowns. Our business, financial, accounting, data processing systems or other operating systems and facilities may stop operating properly or become disabled or damaged as a result of a number of factors including events that are wholly or partially beyond our control. For example, there could be sudden increases in client transaction volume; electrical or telecommunications outages; natural disasters such as earthquakes, tornadoes, and hurricanes; disease pandemics; events arising from local or larger scale political or social matters, including terrorist acts; and, as described below, cyber-attacks. While we have policies, procedures and systems designed to prevent or limit the effect of possible failures, interruptions or breaches in security of information systems and business continuity programs designed to provide services in the case of such events, there is no guarantee that these safeguards or programs will address all of the threats that continue to evolve.

***We face significant cyber and data security risk that could result in the disclosure of confidential information, adversely affect our business or reputation and expose us to significant liabilities*.**

As a large financial institution, we are under continuous threat of loss due to the velocity and sophistication of cyber-attacks. This risk continues to increase and attack methods continue to evolve in sophistication, velocity, and frequency and can occur from a variety of sources, such as foreign governments, hacktivists, or other well-financed entities, and may originate from less regulated and remote areas of the world. Furthermore, increasingly common remote working environments for both Synovus and many of our clients has heightened these risks. We continually review the security of our IT systems and make the necessary investments to improve the resiliency of our systems and their security from attack. Nonetheless, there remains the risk that we may be materially harmed by a cyber-attack or information security breach. Further, there is no guarantee that our response to any cyber-attack or system interruption, breach or failure will be effective to mitigate and remediate the issues resulting from such an event, including the costs, reputational harm and litigation challenges that we may face as a result.

Data privacy laws also continue to evolve, with states increasingly proposing or enacting legislation that relates to data privacy and data protection. We may be required to incur additional expense to comply with these evolving regulations and could face penalties for violating any of these regulations.

Two of the most significant cyber-attack risks that we face are e-fraud and loss of sensitive client data. Loss from e-fraud occurs when cybercriminals breach and extract funds directly from client or our accounts. Any loss of sensitive client data that results from attempts to breach our systems, such as account numbers and social security numbers, would present significant reputational, legal and/or regulatory costs to us. Our risk and exposure to these matters remains heightened because of the evolving nature and complexity of these threats from cybercriminals and hackers, our plans to continue to provide internet banking and mobile banking channels, and our plans to develop additional remote connectivity solutions to serve our clients. While we have not experienced any material losses relating to cyber-attacks or other information security breaches to date, we have been the subject of attempted hacking and cyber-attacks and there can be no assurance that we will not suffer such significant losses in the future.

The occurrence of any cyber-attack or information security breach could result in material adverse consequences to us including damage to our reputation, the loss of clients and violations of applicable data privacy laws. We also could face litigation and regulatory action. Litigation or regulatory actions in turn could lead to significant liability or other sanctions, including fines and penalties or reimbursement to clients adversely affected by a security breach. Even if we do not suffer any material adverse consequences as a result of events affecting us directly, successful attacks or systems failures at other large financial institutions could lead to a general loss of client confidence in financial institutions including us.

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

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

Our ability to maintain our reputation is critical to the success of our business, and the failure to do so may materially adversely affect our performance.

Our reputation is one of the most valuable components of our business. As such, we strive to conduct our business in a manner that enhances our reputation. This is done, in part, by recruiting, hiring, and retaining and providing growth opportunities for employees who share our core values of being an integral part of the communities we serve, delivering superior service to our clients, caring about our clients and employees and investing in our information technology and other systems. If our reputation is negatively affected by the actions of our employees or otherwise, including as a result of operational errors, clerical or record-keeping errors or those resulting from faulty or disabled computer or telecommunications systems or a successful cyberattack against us or other unauthorized release or loss of client information, our reputation, business and our operating results may be materially adversely affected. Damage to our reputation could also negatively impact our credit ratings and impede our access to the capital markets.

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

Third parties provide key components of our business operations such as our core technology infrastructure, cloud-based operations, data processing, recording and monitoring transactions, online banking interfaces and services, Internet connections and network access. We have selected these third-party vendors carefully and have conducted the due diligence consistent with regulatory guidance and best practices. While we have ongoing programs to review third party vendors and assess risk, we do not control their actions. Any problems caused by these third parties, including those resulting from disruptions in communication services provided by a vendor, issues at a third-party vendor of a vendor, failure of a vendor to handle current or higher volumes, cyber-attacks and security breaches at a vendor, failure of a vendor to provide services for any reason or poor performance of services, could adversely affect our ability to deliver products and services to our clients and otherwise conduct our business. Financial or operational difficulties of a third-party vendor could also hurt our operations if those difficulties interfere with the vendor's ability to serve us. Furthermore, our vendors could also be sources of operational and information security risk to us, including from breakdowns or failures of their own systems or capacity constraints. Replacing these third-party vendors could also create significant delay and expense. Accordingly, use of such third parties creates an unavoidable inherent risk to our business operations. Our digital services growth initiatives, core technology upgrades, and digital asset initiatives constitute specific increases in third-party risk as such initiatives are distinctly dependent on the performance of our third-party partners.

As an issuer of credit and debit cards we are exposed to losses in the event that holders of our cards experience fraud on their card accounts.

Our clients regularly use Synovus-issued credit and debit cards to pay for transactions with retailers and other businesses. There is the risk of data security breaches at these retailers and other businesses that could result in the misappropriation of our clients' credit and debit card information. We also may nonetheless suffer losses associated with reimbursing our clients for fraudulent transactions on clients' card accounts, as well as for other costs related to data security compromise events, such as replacing cards associated with compromised card accounts. In addition, we provide card transaction processing services to some merchant clients under agreements we have with payment networks such as Visa and MasterCard. Under these agreements, we may be responsible for certain losses and penalties if one of our merchant clients suffers a data security breach.

Our independent sales organization relationships are complex and may expose us to losses.

We maintain relationships with a number of ISOs, which generally act as intermediaries for third party companies that want to develop the capacity to accept payment cards. ISO activities include, among other things, acquiring and issuing functions, soliciting merchants and other clients, soliciting cardholders, underwriting and monitoring, arranging for terminal leases or purchases, account and transaction processing, and client service. We face risks related to our oversight and supervision of the ISO program (including compliance, risk and reputational monitoring), as well as to the reputation and financial viability of the ISOs with which we do business. Any failure by us to appropriately oversee and supervise our ISO program could damage our reputation, result in regulatory or compliance issues, result in third party litigation, and cause financial losses to us. Further, our ISO program is highly dependent upon the activities and financial viability of our ISO counter-parties, and any negative developments at the ISOs may present financial losses and other risk to us.

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

We may be involved from time to time in a variety of litigation, investigations, inquiries or similar matters arising out of our business, including those described in "Part I - Item 3. Legal Proceedings" and "Part II - Item 8. Financial Statements and Supplementary Data - Note 14 - Commitments and Contingencies" of this Report. Furthermore, litigation against banks tend to increase during economic downturns and periods of credit deterioration which may occur or worsen as a result of the continued COVID-19 pandemic. The industry's transition away from LIBOR may also increase our litigation risk.

We manage these risks through internal controls, personnel training, insurance, litigation management, our compliance and ethics processes, and other means. However, the commencement, outcome, and magnitude of litigation cannot be predicted or controlled with any certainty. We establish reserves for legal claims when payments associated with the claims become probable and the losses can be reasonably estimated. We may still incur legal costs for a matter even if we have not established a reserve. In addition, the actual cost of resolving a legal claim may be substantially higher than any amounts reserved for that matter. For those legal matters where the amounts associated with the claims are not probable and the costs cannot be reasonably estimated, Synovus estimates a range of reasonably possible losses. As of December 31, 2021, Synovus' management currently estimates the aggregate range of reasonably possible losses resulting from our outstanding litigation, including, without limitation, the matters described in this Report, 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 us, and the actual losses could prove to be higher. As there are further developments in these legal matters, we will reassess these matters and the estimated range of reasonably possible losses may change as a result of this assessment. In addition, in the future, we may need to record additional litigation reserves with respect to these matters. Further, regardless of how these matters proceed, it could significantly harm our reputation and divert our management's attention and other resources away from our business.

Our insurance may not cover all claims that may be asserted against it and indemnification rights to which we are entitled may not be honored, and any claims asserted against us, regardless of merit or eventual outcome, may harm our reputation. Should the ultimate judgments or settlements in any litigation or investigation significantly exceed our insurance coverage, they could have a material adverse effect on our business, financial condition and results of operations. In addition, premiums for insurance covering the financial and banking sectors are rising. We may not be able to obtain appropriate types or levels of insurance in the future, nor may we be able to obtain adequate replacement policies with acceptable terms or at historic rates, if at all.

Credit and Liquidity Risk

Changes in interest rates may have an adverse effect on our net interest income.

Net interest income, which is the difference between the interest income that we earn on interest-earning assets and the interest expense that we pay on interest-bearing liabilities, is a major component of our income and our primary source of revenue from our operations. Narrowing of interest rate spreads could adversely affect our earnings and financial condition. We cannot control or predict with certainty changes in interest rates. Regional and local economic conditions, competitive pressures and the policies of regulatory authorities, including monetary policies of the FRB, affect interest income and interest expense.

While rates remain historically low, we expect interest rates to rise, which can have a negative impact on our business by reducing the amount of money our clients borrow or by adversely affecting their ability to repay outstanding loan balances that may increase due to adjustments in their variable rates. In addition, in a rising interest rate environment we may have to offer more attractive interest rates to depositors to compete for deposits, or pursue other sources of liquidity, such as wholesale funds.

Decreasing interest rates reduce our yield on our variable rate loans and on our new loans, which reduces our net interest income. In addition, lower interest rates may reduce our realized yields on investment securities which would reduce our net interest income and cause downward pressure on net interest margin in future periods. A significant reduction in our net interest income could have a material adverse impact on our capital, financial condition and results of operations.

We have ongoing policies and procedures designed to manage the risks associated with changes in market interest rates and actively manage these risks through hedging and other risk mitigation strategies. However, if our assumptions are wrong or overall economic conditions are significantly different than anticipated, our risk mitigation techniques may be ineffective or costly.

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

We derive the most significant portion of our revenue from our lending activities. When we lend money, commit to lend money or enter into a letter of credit or other contract with a counterparty, we incur credit risk, which is the risk of losses if our borrowers do not repay their loans or our counterparties fail to perform according to the terms of their contracts. We estimate and maintain an allowance for credit losses, which is a reserve established through a provision for loan losses charged to expense, representing management's best estimate of life of loan credit losses within the existing portfolio of loans and related unfunded commitments, as described under "Part II - Item 8. Financial Statements and Supplementary Data - Note 1 - Summary of Significant Accounting Policies" and "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies - Allowance for Credit Losses" in this Report. The allowance, in the judgment of management, is established to reserve for estimated credit losses and risks inherent in the loan portfolio. The determination of the appropriate level of the allowance for credit losses inherently involves a high degree of subjectivity and requires the use of both qualitative and quantitative information, including estimates, assumptions, and quantitative modeling techniques, all of which may undergo material changes. Changes in economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans, changes in assumptions regarding a borrower's ability to pay, changes in collateral values and other factors, both within and outside of our control, may cause the allowance for credit losses to become inadequate and require an increase in the provision for loan losses.

We expect that the allowance for credit losses under the new CECL standard adopted in 2020 will be more volatile and as such could have an impact on our results of operations. For a discussion of changes in accounting standards and regulatory capital implications, see "Part I - Item 1. Business - Supervision, Regulation, and Other Factors - Capital Requirements."

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

Changes in the cost and availability of funding due to changes in the deposit market and credit market may adversely affect our capital resources, liquidity and financial results.

In managing our consolidated balance sheets, we depend on access to a variety of sources of funding to provide us with sufficient capital resources and liquidity to meet our commitments and business needs, and to accommodate the transaction and cash management needs of our clients. In addition to core deposits, sources of funding available to us, and upon which we rely as regular components of our liquidity and funding management strategy, include borrowings from the FHLB and brokered deposits. In general, the amount, type and cost of our funding, including from other financial institutions, the capital markets and deposits, directly impacts our costs of operating our business and growing our assets and can therefore positively or negatively affect our financial results. A number of factors could make funding more difficult, more expensive or unavailable on any terms, including, but not limited to, a downgrade in our credit ratings, financial results, changes within our organization, specific events that adversely impact our reputation, disruptions in the capital markets, specific events that adversely impact the financial services industry, counterparty availability, changes affecting our assets, the corporate and regulatory structure, interest rate fluctuations, general economic conditions and the legal, regulatory, accounting and tax environments governing our funding transactions. Also, we compete for funding with other banks and similar companies, many of which are substantially larger, and have more capital and other resources than we do.

In addition to bank level liquidity management, we must manage liquidity at the Parent Company for various needs including potential capital infusions into subsidiaries, the servicing of debt, the payment of dividends on our common stock and preferred stock and share repurchases. The primary source of liquidity for us consists of dividends from Synovus Bank which are governed by certain rules and regulations of our supervising agencies. Synovus' ability to receive dividends from Synovus Bank in future periods will depend on a number of factors, including, without limitation, Synovus Bank's future profits, asset quality, liquidity, and overall condition. In addition, GA DBF rules and related statutes contain additional restrictions on payments of dividends by Synovus Bank. In particular, the Georgia Financial Institutions Code contains restrictions on the ability of a Georgia bank to pay dividends other than from retained earnings and under other circumstances without the approval of the GA DBF. As a result of these restrictions, Synovus Bank may be required to seek approval from the GA DBF to pay dividends. If Synovus does not receive dividends from Synovus Bank as needed, its liquidity could be adversely affected, and it may not be able to continue to execute its current capital plan to return capital to its shareholders. In addition to dividends from Synovus Bank, we have historically had access to a number of alternative sources of liquidity, including the capital markets, but there is no assurance that we will be able to obtain such liquidity on terms that are favorable to us, or at all. If our access to these traditional and alternative sources of liquidity is diminished or only available on unfavorable terms, then our overall liquidity and financial condition will be adversely affected.

Changes in our asset quality could adversely affect our results of operations and financial condition.

Asset quality measures the performance of a borrower in repaying a loan, with interest, on time. While we believe that we manage asset quality through prudent underwriting practices and collection operations, it is possible that our asset quality could deteriorate, depending upon economic conditions and other factors. Despite the economic disruption caused by the COVID-19 pandemic, our asset quality generally remains strong, but further economic disruption could negatively impact asset quality in future periods, particularly as to those borrowers in certain adversely and disproportionately impacted industries including restaurants, hotels, and commercial retail.

If Synovus Bank loses or is unable to grow its deposits, it may be subject to liquidity risk and higher funding costs.

The total amount that we pay for funding costs is dependent, in part, on Synovus Bank's ability to grow and retain its deposits. If Synovus Bank is unable to sufficiently grow and retain its deposits at competitive rates to meet liquidity needs, it may be subject to paying higher funding costs to meet these liquidity needs.

Synovus Bank competes with banks and other financial services companies for deposits. As a result of monetary policy and the broader market for interest rates and funding, we expect that we may be required to raise rates on our deposits to keep pace with our competition. As a result, we expect that Synovus Bank's funding costs may increase in the near term. Furthermore, if Synovus Bank were to lose deposits, it must rely on more expensive sources of funding. This could result in a failure to maintain adequate liquidity and higher funding costs, reducing our net interest margin and net interest income. In addition, our access to deposits may be affected by the liquidity needs of our depositors. In particular, a substantial majority of our liabilities in 2021 were checking accounts and other liquid deposits, which are payable on demand or upon several days' notice, while by comparison, a substantial majority of our assets were loans, which cannot be called or sold in the same time frame. Moreover, our clients could withdraw their deposits in favor of alternative investments. While we have historically been able to replace maturing deposits and advances as necessary, we may not be able to replace such funds in the future, especially if a large number of our depositors seek to withdraw their accounts, regardless of the reason.

We could realize losses if we determine to sell non-performing assets and the proceeds we receive are lower than the carrying value of such assets.

Distressed asset sales have been a component of our strategy to further strengthen the consolidated balance sheets, improve asset quality, and enhance earnings. We could realize future losses if the proceeds we receive upon dispositions of non-performing assets are lower than the recorded carrying value of such assets, which could adversely affect our results of operations in future periods. Accordingly, we could realize an increased level of credit costs in any period during which we determine to dispose of an increased level of distressed assets. Further, if market conditions deteriorate, this could negatively impact our ability to dispose of distressed assets and may result in higher credit losses on sales of distressed assets.

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

As of December 31, 2021, we and our consolidated subsidiaries had $1.20 billion of long-term debt outstanding. Our ability to make scheduled payments of principal and interest or to satisfy our obligations in respect of our debt, to refinance our debt or to fund capital expenditures will depend on our future financial and operating performance and our ability to maintain adequate liquidity. Prevailing economic conditions (including interest rates), and regulatory constraints, including, among other things, distributions to us from our subsidiaries and required capital levels with respect to our subsidiary bank and financial subsidiaries, business and other factors, many of which are beyond our control, may also affect our ability to meet these needs. We may not be able to generate sufficient cash flows from operations, or obtain future borrowings in an amount sufficient to enable us to pay our debt, or to fund our other liquidity needs. We may need to refinance all or a portion of our debt on maturity, and we may not be able to refinance any of our debt when needed on commercially reasonable terms or at all. If our cash flow and capital resources are insufficient to fund our debt obligations, we may be forced to reduce or delay investments in our business, sell assets, seek to obtain additional equity or debt financing or restructure our debt on terms that may not be favorable to us.

We may be unable to pay dividends on our common stock and preferred stock.

Holders of our common stock and preferred stock are only entitled to receive such dividends as our Board of Directors may declare out of funds legally available for such payments. Although we have historically paid a quarterly cash dividend to the holders of our common stock and preferred stock, we are not legally required to do so. Further, the Federal Reserve could decide at any time that paying any dividends on our common stock or preferred stock could be an unsafe or unsound banking practice. The reduction or elimination of dividends paid on our common stock or preferred stock could adversely affect the market price of our common stock or preferred stock, as applicable. In addition, if we fail to pay dividends on our preferred stock for six quarters, whether or not consecutive, the holders of such preferred stock shall be entitled to certain rights to elect two directors to our Board of Directors.

For a discussion of current regulatory limits on our ability to pay dividends, see "Part I - Item 1. Business - Supervision, Regulation, and Other Factors - Payment of Dividends" and "Part I - Item 1A - Risk Factors - Compliance and Regulatory Risk - *We may become subject to supervisory actions and enhanced regulation that could have a material adverse effect on our business, reputation, operating flexibility, financial condition and the value of our common stock and preferred stock*" in this Report for further information.

Compliance and Regulatory Risk

The fiscal and monetary policies of the federal government and its agencies could have a material adverse effect on our earnings.

The Federal Reserve Board regulates the supply of money and credit in the U.S. Its policies determine in large part the cost of funds for lending and investing and the return earned on those loans and investments, both of which affect our net interest margin. They can also materially decrease the value of financial assets we hold. Federal Reserve policies may also adversely affect borrowers, potentially increasing the risk that they may fail to repay their loans, or could adversely create asset bubbles which result from prolonged periods of accommodative policy. This, in turn, may result in volatile markets and rapidly declining collateral values. The monetary policies of the Federal Reserve and other governmental policies have had a significant effect on the operating results of commercial banks in the past and are expected to continue to do so in the future. Because of changing conditions in the national and international economies and in the money markets, as well as the result of actions by monetary and fiscal authorities, all of which are beyond our control, it is not possible to predict with certainty future changes in interest rates, deposit levels, loan demand, or the business and results of operations of Synovus and Synovus Bank, or whether changing economic conditions will have a positive or negative effect on operations and earnings. Also, potential new taxes or increased taxes on corporations generally, or on financial institutions specifically, could adversely affect our net income.

The banking industry is highly regulated, and the regulatory framework, together with any future legislative or regulatory changes, may have a significant adverse effect on our business, financial condition or results of operations.

The banking industry is extensively regulated and supervised under both federal and state laws and regulations that are intended primarily for the protection of depositors, clients, federal deposit insurance funds and the banking system as a whole, not for the protection of our shareholders and creditors. We and Synovus Bank are subject to regulation and supervision by the Federal Reserve, the GA DBF, and the CFPB. The laws and regulations applicable to us govern a variety of matters, including permissible types, amounts and terms of loans and investments we may make, the maximum interest rate that may be charged, the amount of reserves Synovus Bank must hold against deposits it takes, the types of deposits Synovus Bank may accept and the rates it may pay on such deposits, maintenance of adequate capital and liquidity, changes in the control of the company and Synovus Bank, restrictions on dividends and establishment of new offices by Synovus Bank. We incur significant, recurring costs to comply with all applicable regulations and there is no guarantee that our compliance programs will ensure compliance with all applicable regulations. We must obtain approval from our regulators before engaging in certain activities, and there can be no assurance that any regulatory approvals we may require will be obtained, either in a timely manner or at all. In addition, new technologies could make regulatory compliance more challenging. Remaining compliant and receiving regulatory approvals is dependent on our ability to improve and develop our technological capabilities. Our regulators also have the ability to compel us to, or restrict us from, taking certain actions entirely, such as actions that our regulators deem to constitute an unsafe or unsound banking practice. Our failure to comply with any applicable laws or regulations, or regulatory policies and interpretations of such laws and regulations, could result in sanctions by regulatory agencies, civil money penalties or damage to our reputation, all of which could have a material adverse effect on our business, financial condition or results of operations.

We cannot predict whether new legislation will be enacted and, if enacted, the effect that it, or any regulations, would have on our business, financial condition or results of operations. These changes may result in increased costs of doing business and decreased revenue and net income, may reduce our ability to effectively compete to attract and retain clients, or make it less attractive for us to continue providing certain products and services. In particular, we expect that the Biden administration will continue to seek to implement a reform agenda. We also expect regulatory bodies such as the CFPB and FDIC to take a more aggressive enforcement stance and increase their focus and scrutiny on all consumer facing financial institutions. Any future changes in federal and state law and regulations, as well as the interpretations and implementations of such laws and regulations and enforcement practices, could affect us in substantial and unpredictable ways, including those listed above, impact the regulatory structure under which we operate, significantly increase our costs, impede the efficiency of our internal business processes, require us to increase our regulatory capital and modify our business strategy, limit our ability to pursue business opportunities in an efficient manner, or other ways that could have a material adverse effect on our business, financial condition or results of operations.

We may become subject to supervisory actions and enhanced regulation that could have a material adverse effect on our business, reputation, operating flexibility, financial condition and the value of our common stock and preferred stock.

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

If we become subject to and are unable to comply with the terms of any future regulatory actions or directives, supervisory agreements, or orders, then we could become subject to additional, heightened supervisory actions and orders, possibly including consent orders, prompt corrective action restrictions and/or other regulatory actions, including prohibitions on the payment of dividends on our common stock and our preferred stock. If our regulators were to take such additional supervisory actions, then we could, among other things, become subject to significant restrictions on our ability to develop any new business, as well as restrictions on our existing business, and we could be required to raise additional capital, discontinue our share repurchase program, dispose of certain assets and liabilities within a prescribed period of time, or all of the above. The terms of any such supervisory action could have a material negative effect on our business, reputation, operating flexibility, financial condition and the value of our common stock.

We may be required to conserve capital or undertake additional strategic initiatives to improve our capital position due to changes in economic conditions or changes in regulatory capital rules.

We and Synovus Bank are required under federal law to maintain certain minimum capital levels based on ratios of capital to total assets and capital to risk-weighted assets. The required capital ratios are minimums, and the Federal Reserve may determine that a banking organization, based on its size, complexity or risk profile, must maintain a higher level of capital in order to operate in a safe and sound manner. Moreover, federal bank regulators have issued a series of guidance and rulemakings applicable to large banks. While many of these do not currently apply to us due to our asset size, these issuances could impact industry capital standards and practices in many potentially unforeseeable ways. While we currently exceed all minimum regulatory capital requirements, are considered well-capitalized under applicable rules, and believe that we maintain an appropriate capital plan, there is no guarantee that we will not need to increase our capital levels in the future.

We actively monitor economic conditions, evolving industry capital standards, and changes in regulatory standards and requirements, and engage in regular discussions with our regulators regarding capital at both Synovus and Synovus Bank. As part of our ongoing management of capital, we identify, consider, and pursue additional strategic initiatives to bolster our capital position as deemed necessary, including strategies that may be required to meet regulatory capital requirements. This includes the evaluation of share repurchase programs and dividends. The need to maintain more capital and greater liquidity than may have previously been warranted or intended could limit our business activities, including lending, and our ability to expand, either organically or through future acquisitions, and invest in technology and other growth strategies. It could also result in our taking steps to increase our capital that may be dilutive to shareholders or limit our ability to pay dividends or otherwise return capital to shareholders.

Market and Other General Risk

Inflation could negatively impact our business, our profitability and our stock price.

Prolonged periods of inflation may impact our profitability by negatively impacting our fixed costs and expenses, including increasing funding costs and expense related to talent acquisition and retention, and negatively impacting the demand for our products and services. Additionally, inflation may lead to a decrease in consumer and clients purchasing power and negatively affect the need or demand for our products and services. If significant inflation continues, our business could be negatively affected by, among other things, increased default rates leading to credit losses which could decrease our appetite for new credit extensions. These inflationary pressures could result in missed earnings and budgetary projections causing our stock price to suffer.

The COVID-19 pandemic has adversely impacted, and will likely continue to adversely impact, Synovus' business, financial condition, liquidity, capital and results of operations.

The extent and duration to which the continuing COVID-19 pandemic will impact our business in the future is unknown and will depend on future developments, which are highly uncertain and outside our control. These developments include the duration and severity of the pandemic (including the possibility of further surges of COVID-19 variants of concern), supply chain disruptions, decreased demand for our products and services or those of our borrowers, which could increase our credit risk, rising inflation, our ability to maintain sufficient qualified personnel due to labor shortages, talent attrition, employee illness, quarantine, willingness to return to work, face-coverings and other safety requirements, or travel and other restrictions, and the actions taken by governments, businesses and individuals to contain the impact of COVID-19, as well as further actions taken by governmental authorities to limit the resulting economic impact. It is also possible that the pandemic and its aftermath will lead to a prolonged economic slowdown in sectors disproportionately affected by the pandemic or recession in the U.S. economy or the world economy in general.

ESG risks could adversely affect our reputation and shareholder, employee, client and third party relationships and may negatively affect our stock price.

Our business faces increasing public scrutiny related to ESG activities. We risk damage to our brand and reputation if we fail to act responsibly in a number of areas, such as DEI, environmental stewardship, human capital management, support for our local communities, corporate governance and transparency, or fail to consider ESG factors in our business operations.

Furthermore, as a result of our diverse base of clients and business partners, we may face potential negative publicity based on the identity of our clients or business partners and the public's (or certain segments of the public's) view of those entities. Such publicity may arise from traditional media sources or from social media and may increase rapidly in size and scope. If our client or business partner relationships were to become intertwined in such negative publicity, our ability to attract and retain clients, business partners, and employees may be negatively impacted, and our stock price may also be negatively impacted. Additionally, we may face pressure to not do business in certain industries that are viewed as harmful to the environment or are otherwise negatively perceived, which could impact our growth.

Additionally, investors and shareholder advocates are placing ever increasing emphasis on how corporations address ESG issues in their business strategy when making investment decisions and when developing their investment theses and proxy recommendations. We may incur meaningful costs with respect to our ESG efforts and if such efforts are negatively perceived, our reputation and stock price may suffer.

Any future economic downturn could have a material adverse effect on our capital, financial condition, results of operations, and future growth.

Management continually monitors market conditions and economic factors throughout our footprint. If conditions were to worsen nationally, regionally or locally, then we could see a sharp increase in our total net charge-offs and also be required to significantly increase our allowance for credit losses. Furthermore, the demand for loans and our other products and services could decline. An increase in our non-performing assets and related increases in our provision for loan losses, coupled with a potential decrease in the demand for loans and our other products and services, could negatively affect our business and could have a material adverse effect on our capital, financial condition, results of operations and future growth. Our clients may also be adversely impacted by changes in regulatory, trade (including tariffs) and tax policies and laws, all of which could reduce demand for loans and adversely impact our borrowers' ability to repay our loans. In addition, international economic and geopolitical uncertainty could also impact the U.S. financial markets by potentially suppressing stock prices, including ours, and adding to overall market volatility, which could adversely affect our business. The effects of any economic downturn could continue for many years after the downturn is considered to have ended.

Interest rates on our outstanding financial instruments might be subject to change based on developments related to LIBOR, which could adversely affect our revenue, expense, and the value of our financial instruments.

On July 27, 2017, the FCA, which regulates LIBOR, publicly announced that it intends to stop persuading or compelling banks to submit LIBOR rates after 2021. On November 30, 2020, a joint announcement by the Board of Governors of the Federal Reserve, the FDIC, and the OCC was released and included a statement that the administrator of LIBOR has announced it will consult on its intention to cease the publication of the one week and two month USD LIBOR settings immediately following the LIBOR publication on December 31, 2021, and the remaining USD LIBOR settings immediately following the LIBOR publications on June 30, 2023. In the U.S., the Alternative Reference Rates Committee has proposed SOFR as the preferred alternative to LIBOR. SOFR is a broad measure of the cost of borrowing cash in the overnight U.S. treasury repurchase market. At this time, various iterations of the SOFR index are being used within the market, as are other indices such as the Bloomberg Short-Term Bank Yield index and the American Financial Exchange's Ameribor index. It is unclear as to the degree to which the market will adopt such non-LIBOR indices or how the industry may transition various products to an accepted alternative to LIBOR.

The uncertainty regarding the future of LIBOR as well as the transition from LIBOR to another benchmark rate or rates is complex and could have a range of adverse effects on our business, financial condition and results of operations. In particular, any such transition could:

- adversely affect the interest rates paid or received on, and the revenue and expense associated with, and the value of Synovus' floating rate obligations, loans, deposits, derivatives and other financial instruments tied to LIBOR rates, or other securities or financial arrangements given LIBOR's role in determining market interest rates globally;
- prompt inquiries or other actions from regulators in respect of our preparation and readiness for the replacement of LIBOR with an alternative reference rate;
- result in disputes, litigation or other actions with counterparties regarding the interpretation and enforceability of certain fallback language, or the absence of such language, in LIBOR-based instruments, including securities, derivatives, and loans;
- result in client uncertainty and disputes around how variable rates should be calculated in light of the foregoing, thereby damaging our reputation and resulting in a loss of clients and additional costs to us; and
- require the transition to or development of appropriate systems and analytics to effectively transition Synovus' risk management processes from LIBOR-based products to those based on an applicable alternative pricing benchmark.

The manner and impact of this transition, as well as the effect of these developments on Synovus' funding costs, loan, and investment and trading securities portfolios, asset liability management and business are uncertain.

Our concentrated operations in the Southeastern U.S. make us vulnerable to local economic conditions, local weather catastrophes, public health issues and other external events, which could adversely affect our results of operations and financial condition.

Our operations are concentrated in the Southeastern U.S. in the states of Alabama, Florida, Georgia, South Carolina and Tennessee. As a result, local economic conditions significantly affect the demand for loans and other products we offer to our clients (including real estate, commercial and construction loans), the ability of borrowers to repay these loans and the value of the collateral securing these loans. Economic downturns in these regions could adversely affect our currently performing loans, leading to future delinquencies or defaults and increases in our provision for credit losses.

In addition, the occurrence of events such as hurricanes, tropical storms, tornados, winter storms, flooding and other large-scale weather catastrophes in and along the Gulf and the Atlantic coasts, as well as other parts of the Southeastern U.S., and further public health issues, such as pandemics or other widespread health emergencies, could adversely affect the condition of collateral associated with our loan portfolio, our general financial condition or the results of our operations. Such areas could be adversely impacted by such events in those regions, the nature and severity of which are difficult to predict. Furthermore, climate change could increase the frequency and severity of these risks. These and other unpredictable external events could have an adverse effect on us in that such events could materially disrupt our operations or the ability or willingness of its clients to access the financial services offered by Synovus. These events could reduce our earnings and cause volatility in our financial results for any fiscal quarter or year and have a material adverse effect on our financial condition and/or results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

NONE.

ITEM 2. PROPERTIES

We and our subsidiaries own or lease all of the real property and/or buildings in which we operate our business. We believe that our properties are suitable for the purposes of our operations.

As of December 31, 2021, we and our subsidiaries owned 180 facilities encompassing 1,841,802 square feet and leased from third parties 126 facilities encompassing 1,157,177 square feet. The owned and leased facilities are primarily comprised of office space from which we conduct our business in our headquarters in Columbus, Georgia and throughout our footprint.

See “Part II - Item 8. Financial Statements and Supplementary Data - Note 4 - Premises, Equipment and Software” of this Report for further information.

ITEM 3. LEGAL PROCEEDINGS

See “Part II - Item 8. Financial Statements and Supplementary Data - Note 14 - Commitments and Contingencies” of this Report.

ITEM 4. MINE SAFETY DISCLOSURES

NOT APPLICABLE.

Part II

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

Shares of our common stock are traded on the NYSE under the symbol "SNV."

As of February 23, 2022, there were 145,463,669 shares of Synovus common stock issued and outstanding and 10,144 shareholders of record of Synovus common stock, some of which are holders in nominee name for the benefit of a number of different shareholders.

Subject to the approval of the Board of Directors and applicable regulatory requirements, Synovus expects to continue its policy of paying regular cash dividends on a quarterly basis. A discussion of certain limitations on the ability of Synovus Bank to pay dividends to Synovus and the ability of Synovus to pay dividends on its common stock is set forth in "Part I - Item 1. Business - Supervision, Regulation, and Other Factors - Payment of Dividends" of this Report.

Stock Performance Graph

The following graph compares the yearly percentage change in cumulative shareholder return on Synovus stock with the cumulative total return of the Standard & Poor's 500 Index and the KBW Regional Bank Index for the last five fiscal years (assuming a $100 investment on December 31, 2016 and reinvestment of all dividends).

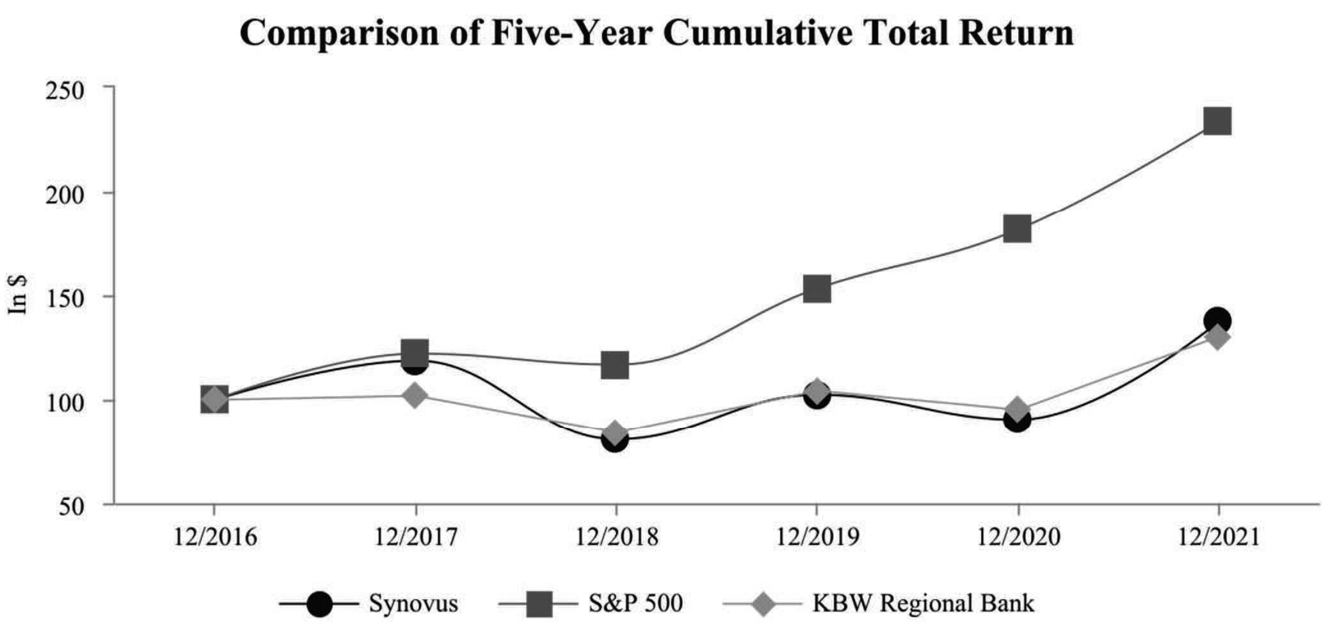


Table 2 - Stock Performance

	2016	2017	2018	2019	2020	2021
Synovus	$ 100	$ 118.28	$ 80.74	$ 102.24	$ 90.10	$ 137.16
Standard & Poor's 500 Index	100	121.82	116.47	153.13	181.29	233.28
KBW Regional Bank Index	100	101.81	84.00	104.05	95.02	129.84

Issuer Purchases of Equity Securities

Table 3 - Share Repurchases

(in thousands, except per share data)	Total Number of Shares Repurchased	Average Price Paid per Share[(1)]	Total Number of Shares Repurchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
October 2021	24	$ 47.49	24	$ 31,786
November 2021	373	48.70	373	13,628
December 2021	290	46.51	290	137
Total	**687**	**$ 47.73**	**687**	

[(1)] *The average price paid per share is calculated on a trade date basis for all open market transactions and excludes commissions and other transaction expenses.*

The foregoing repurchases during the fourth quarter of 2021 were purchased through open market transactions, including under plans complying with Rule 10b5-1 under the Exchange Act.

The Company announced on January 20, 2022 that its Board of Directors authorized share repurchases of up to $300 million in 2022.

ITEM 6. RESERVED

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

Executive Summary

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

Economic Environment and Recent Events

The U.S. economy contracted in the first half of 2020, ending the longest expansionary period in U.S. history, due to the COVID-19 pandemic. During March 2020, in an effort to lessen the impact of COVID-19 on consumers and businesses, the Federal Reserve reduced the federal funds rate 1.5 percentage points to 0.00 to 0.25 percent and the U.S. government enacted the CARES Act, the largest economic stimulus package in the nation's history. Synovus responded to the pandemic, beginning in March 2020, by supporting our clients, employees, and communities with such measures as remote work capabilities and branch service enhancements, loan payment deferrals, and accelerated investments in several technology initiatives that provided more convenience and a better digital experience as clients adapted to this highly virtual environment. Synovus participated in the PPP and funded approximately 28,000 loans totaling nearly $3.9 billion under the programs available in both 2020 and 2021.

Additional government spending measures and the availability of vaccines improved consumer confidence and demand, and the economy largely reopened in 2021, leading to a reduction in the unemployment rate and accelerated GDP growth. While 2021 has seen a recovery in the U.S. economy compared to 2020, uncertainty and market disruptions such as additional coronavirus variants, pandemic-related supply chain issues and labor shortages persist. The economic expansion has been met with inflationary pressures that are expected to result in FOMC policy-tightening in 2022, likely including multiple interest rate hikes. With a strong asset-sensitive balance sheet and our position in Southeast markets that have generally avoided prolonged lockdowns, Synovus expects increases in loan demand and interest rates will improve returns going forward.

Overview of 2021 Financial Results

Net income available to common shareholders for 2021 was $727.3 million, or $4.90 per diluted common share ($4.95 on an adjusted basis[(1)]), compared to $340.5 million, or $2.30 per diluted common share ($2.41 adjusted[(1)]), in 2020. The year-over-year increase in adjusted net income per common share was driven by a significant improvement in the economic outlook impacting expected credit losses compared to 2020.

Net interest income for 2021 was $1.53 billion, up $20.2 million, or 1%, from $1.51 billion in 2020, including $79.2 million in PPP fees during 2021 and $46.0 million in 2020. The net interest margin was 3.01% for 2021, a decrease of 17 bps from 3.18% in 2020, due primarily to the decline in market interest rates in addition to average growth in investment securities available for sale and interest-bearing funds held at the Federal Reserve Bank.

Non-interest revenue for the year ended December 31, 2021 was $450.1 million, down $56.4 million, or 11%, compared to the year ended December 31, 2020. Gains on sales of investment securities of $78.9 million impacted the year ended December 31, 2020. Adjusted non-interest revenue[(1)] was $448.0 million, up $27.6 million, or 7%, compared to 2020, due primarily to strong growth in core banking fees, fiduciary and asset management fees, and brokerage revenue, partially offset by the normalization of mortgage banking income.

Non-interest expense for the year ended December 31, 2021 was $1.10 billion, a decrease of $79.7 million, or 7%, compared to the year ended December 31, 2020. Goodwill impairment expense of $44.9 million impacted 2020. Adjusted non-interest expense[(1)] for 2021 decreased $2.4 million, compared to 2020, as higher expense related to Synovus Forward in 2020 allowed us to make strategic and impactful investments in most areas while managing overall expense. The efficiency ratio-TE for 2021 was 55.38% compared to 58.32% in 2020, and the adjusted tangible efficiency ratio[(1)] was 54.29% compared to 55.69% in 2020.

At December 31, 2021, total loans, net of deferred fees and costs of $39.31 billion, increased $1.06 billion, or 3%, from December 31, 2020. C&I loans grew slightly and were impacted by a $1.79 billion decline in PPP loans primarily from forgiveness. CRE and consumer loans increased $655.8 million and $362.2 million, respectively. CRE loans grew as higher funded production outpaced elevated pay-off activity. Consumer growth was primarily due to purchases of third-party lending loans and was mostly offset by declines in consumer mortgages and HELOCs, a result of excess consumer liquidity and accelerated prepayment activity.

At December 31, 2021, credit quality metrics remained stable and near historical lows with NPA and NPL ratios of 0.40% and 0.33%, respectively, and total past dues of 0.15%. The ACL at December 31, 2021 totaled $469.5 million, a decrease of $184.0 million compared to December 31, 2020, resulting from an improving overall economic outlook. The ACL to loans coverage ratio was 1.19% at December 31, 2021, a 52 bps decline from December 31, 2020.

Total period-end deposits were $49.43 billion at December 31, 2021, up $2.74 billion, or 6%, compared to year-end 2020. Core transaction deposits increased $5.13 billion, or 16%, compared to year-end 2020, largely due to various fiscal stimulus efforts including deposits associated with PPP loans. Total deposit costs for 2021 were 16 bps, down 35 bps from 2020, due to repricing and intentional, strategic remixing to reduce higher cost deposits.

Our CET1 ratio of 9.50% at December 31, 2021 is well in excess of regulatory requirements. The Board recently approved an increase in the current common shareholder dividend by $0.01 to $0.34 per quarter, effective April 2022, and authorized share repurchases of up to $300 million for 2022. Our capital priorities are focused on supporting core client growth and managing the CET1 ratio around our target range of 9.25% to 9.75%.

More detail on Synovus' financial results for 2021 and 2020 can be found in subsequent sections of this Report and detailed information on Synovus' financial results for 2019 can be found in "Part II Item 7. – Management's Discussion and Analysis of Financial Condition and Results of Operations" of Synovus' 2019 Form 10-K.

2022 Outlook

An overview of our outlook for the full year 2022, compared to 2021, which incorporates our strategic objectives, and is based on our current view of economic stability and growth in our footprint, includes:

- Period-end loan growth (excluding PPP) of 4% to 7%
- Adjusted total revenue[1] increase of 4% to 7%[2]
- Adjusted non-interest expense[1] increase of 2% to 5%
- Effective income tax rate of 22% to 24%[3]
- CET1 ratio target range of 9.25% to 9.75%

(1) See "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Financial Measures" of this Report for applicable reconciliation to GAAP measure.

(2) Assumes three FOMC rate hikes and excludes the impact of PPP-related revenue

(3) Assuming no significant changes to the current tax environment

A summary of Synovus' financial performance for the years ended December 31, 2021 and 2020 is set forth in the table below.

Table 4 - Consolidated Financial Highlights

	Years Ended December 31,		
(dollars in thousands, except per share data)	**2021**	**2020**	**Change**
Net interest income	$ 1,532,947	$ 1,512,748	1%
Provision for (reversal of) credit losses	(106,251)	355,022	nm
Non-interest revenue	450,066	506,513	(11)
Adjusted non-interest revenue(1)	448,049	420,497	7
Total TE revenue	1,986,198	2,022,685	(2)
Adjusted total revenue(1)	1,984,181	1,936,669	2
Non-interest expense	1,099,904	1,179,574	(7)
Adjusted non-interest expense(1)	1,086,702	1,089,132	—
Income before income taxes	989,360	484,665	104
Net income	760,467	373,695	103
Net income available to common shareholders	727,304	340,532	114
Net income per common share, basic	4.95	2.31	114
Net income per common share, diluted	4.90	2.30	113
Adjusted net income per common share, diluted(1)	4.95	2.41	105
Return on average common equity	15.56%	7.51%	805 bps
Adjusted return on average common equity(1)	15.74	7.87	787
Adjusted return on average tangible common equity(1)	17.76	9.12	864
Return on average assets	1.37	0.72	65
Adjusted return on average assets(1)	1.39	0.75	64
Efficiency ratio-TE	55.38	58.32	(294)
Adjusted tangible efficiency ratio(1)	54.29	55.69	(140)

	As of and For The Years Ended December 31,		
	2021	**2020**	**Change**
Loans, net of deferred fees and costs	$ 39,311,958	$ 38,252,984	3%
Total deposits	49,427,276	46,691,571	6
Core transaction deposits (excludes CDs, brokered and public fund deposits)	37,880,650	32,754,609	16
Net interest margin	3.01%	3.18%	(17) bps
Dividend payout ratio(2)	26.95	57.45	(3,050)
Non-performing assets ratio	0.40	0.50	(10)
Non-performing loans ratio	0.33	0.39	(6)
Past due loans over 90 days	0.02	0.01	1
Net charge-off ratio	0.20	0.24	(4)
CET1 capital	$ 4,388,618	$ 4,034,865	9%
Tier 1 risk-based capital	4,925,763	4,572,010	8
Total risk-based capital	5,827,196	5,604,230	4
CET1 capital ratio	9.50%	9.66%	(16) bps
Tier 1 risk-based capital ratio	10.66	10.95	(29)
Total risk-based capital ratio	12.61	13.42	(81)
Total shareholders' equity to total assets ratio	9.24	9.49	(25)
Tangible common equity to tangible assets ratio(1)	7.52	7.66	(14)

(1) See "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Financial Measures" of this Report for applicable reconciliation to GAAP measures.

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

Critical Accounting Policies

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. Synovus has identified certain of its accounting policies as "critical accounting policies," consisting of those related to the accounting for the allowance for credit losses and income taxes. In determining which accounting policies are critical in nature, Synovus has identified the policies that require significant judgment or involve complex estimates. It is management's practice to discuss critical accounting policies with the Board of Directors' Audit Committee on a periodic basis, including the development, selection, implementation, and disclosure of the critical accounting policies. The application of these policies has a significant impact on Synovus' consolidated financial statements. Synovus' financial results could differ significantly if different judgments or estimates are applied in the application of these policies.

Allowance for Credit Losses

The ACL is a critical accounting estimate that requires significant judgments and assumptions, which are inherently subjective. The use of different estimates or assumptions could have a significant impact on the provision for credit losses, ACL, financial condition, and results of operations. The economic and business climate in any given industry or market is difficult to gauge and can change rapidly, and the effects of those changes can vary by borrower.

In accordance with CECL, the ACL, which includes both the allowance for loan losses and the allowance for credit losses on unfunded loan commitments, represents management's best estimate of expected losses over the life of loans adjusted for prepayments, and over the life of loan commitments expected to fund. Synovus' loans and unfunded loan commitments are grouped based upon the nature of the loan type and the forecasted PD, adjusted for relevant forecasted macroeconomic factors comprising multiple weighted scenarios representing different plausible outcomes, and LGD, to determine the allowance for the majority of our portfolio. Expected credit losses are estimated over the contractual term of the loan, adjusted for expected prepayments and curtailments when appropriate. 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. Loans that do not share risk characteristics are individually evaluated on a loan- by- loan basis with specific reserves, if any, recorded as appropriate. Given the dynamic relationship between macroeconomic variables within an economic forecast, it is difficult to estimate the impact of a change in any one individual variable on the ACL. As a result, when formulating the quantitative estimate management uses a probability-weighted approach that incorporates a baseline forecast, an upside scenario reflecting an accelerated recovery, a downside scenario that reflects adverse economic conditions, and a scenario that assumes consistent slow growth that is less optimistic than the baseline.

To illustrate a hypothetical sensitivity analysis, management calculated a quantitative allowance using only the downside scenario. This downside scenario includes a severe deterioration in economic conditions compared to our baseline forecast. The downside forecast assumes an increase in unemployment starting in the first quarter of 2022, a decline in consumer confidence, and a rise in bankruptcies as forbearance ends. Consumer spending drops significantly in the first quarter of 2022, and the economy falls into recession with the unemployment rate peaking at 9% compared to the baseline forecast that assumes full employment by the end of 2022. Excluding the impact of qualitative considerations, this sensitivity analysis would result in a hypothetical increase over our reported ACL of approximately $225 million at December 31, 2021.

The sensitivity analysis result does not represent management's view of expected credit losses nor is it intended to estimate future changes in allowance levels for reasons including, but not limited to, the following:

- Management uses a weighted approach applied to multiple economic scenarios for its allowance estimation process;
- The impact of changes in economic variables are interrelated and nonlinear, therefore the results of the analysis cannot be extrapolated to additional changes in economic variables;
- Subsequent changes in the mix of portfolio characteristics could materially impact results;
- Potential future government or regulatory intervention could cause results to differ materially from historical relationships between the economic variables and related credit metrics; and
- The sensitivity analysis does not account for any quantitative or qualitative adjustments incorporated by management as part of its overall allowance framework to reflect losses expected in the portfolio.

See "Part II - Item 8. Financial Statements and Supplementary Data - Note 1 - Summary of Significant Accounting Policies" and "Part II - Item 8. Financial Statements and Supplementary Data - Note 3 - Loans and Allowance for Loan Losses" in this Report for additional details.

Income taxes

The calculation of Synovus' income tax provision is complex and requires the use of estimates and judgments in its determination. As part of Synovus' overall business strategy, management must consider tax laws and regulations that apply to the specific facts and circumstances under consideration. As such, the Company is often required to exercise significant judgment regarding the interpretation of these tax laws and regulations, in which Synovus' anticipated and actual liability could significantly vary based upon the taxing authority's interpretation. Specifically, significant estimates 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 uncertain tax positions and temporary differences between book and tax bases. Adjustments to these items may occur due to modifications in tax rates, newly enacted laws, issuance of tax regulations, resolution of items with taxing authorities, alterations to interpretative statutory, judicial, and regulatory guidance that affects the Company's tax positions, methods or elections changes, or other facts and circumstances. Management closely monitors tax developments and the potential timing of these changes in order to evaluate the effect they may have on the Company's overall tax position and the estimates and judgments used in determining the income tax provision and records adjustments as necessary. See "Part II - Item 8. Financial Statements and Supplementary Data - Note 1 - Summary of Significant Accounting Policies" and "Part II - Item 8. Financial Statements and Supplementary Data - Note 16 - Income Taxes" in this Report for additional details.

DISCUSSION OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Investment Securities Available for Sale

The investment securities portfolio consists primarily of high-quality liquid debt securities classified as available for sale. The on-going investment philosophy for the securities portfolio focuses on maintaining a readily accessible source of liquidity while also supporting the income and interest rate risk management objectives of the Company. See "Part II - Item 8. Financial Statements and Supplementary Data - Note 2 - Investment Securities Available for Sale" in this Report for additional information.

The average balance of investment securities available for sale increased to $9.60 billion in 2021 from $7.01 billion in 2020, representing 18.8% and 14.6%, respectively, of average interest earning assets. The portfolio earned a taxable-equivalent yield of 1.46% and 2.55% for 2021 and 2020, respectively. As of December 31, 2021 and 2020, the estimated fair value of investment securities available for sale as a percentage of their amortized cost was 99.3% and 102.1%, respectively, with net unrealized losses of $73.2 million and net unrealized gains of $160.6 million, respectively. The investment securities portfolio had a weighted average duration of 3.7 years at December 31, 2021, compared to 2.5 years at December 31, 2020.

The calculation of weighted average yields for investment securities available for sale displayed below is based on the amortized cost and effective yields of each security. Maturity information is presented based upon contractual maturity. Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

Table 5 - Maturities and Weighted Average Yields of Investment Securities Available for Sale

	December 31, 2021				
(dollars in thousands)	Within One Year	1 to 5 Years	5 to 10 Years	More Than 10 Years	Total
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	**$ 545,306**	**$ 184,013**	**$ 452,296**	**$ 9,736,714**	**$ 10,918,329**
Weighted Average Yield					
U.S. Treasury securities	0.04%	—%	1.01%	—%	0.85%
U.S. Government agency securities	5.12	4.86	2.70	—	2.75
Mortgage-backed securities issued by U.S. Government agencies	—	2.96	2.99	2.20	2.20
Mortgage-backed securities issued by U.S. Government sponsored enterprises	4.35	—	2.32	1.92	1.93
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	—	—	1.03	1.25	1.25
Commercial mortgage-backed securities issued by U.S. Government agencies or sponsored enterprises	—	1.62	1.46	2.67	1.74
Asset-backed securities	1.34	—	—	—	1.34
Corporate debt securities and other debt securities	4.72	—	2.77	—	3.78
Total	**1.35%**	**1.64%**	**1.68%**	**1.89%**	**1.85%**

Loans

The following table shows loans by portfolio class and as a percentage of total loans, net of deferred fees and costs, as of December 31, 2021 and 2020.

Table 6 - Loans by Portfolio Class

	December 31,					
	2021		2020		December 31, 2021 vs. December 31, 2020	
(dollars in thousands)	Total Loans	%	Total Loans	%	Change	
Commercial, financial, and agricultural	$ 12,052,475	30.6%	$ 12,410,152	32.4%	$ (357,677)	(3)%
Owner-occupied	7,508,686	19.1	7,110,016	18.6	398,670	6
Total commercial and industrial	19,561,161	49.7	19,520,168	51.0	40,993	—
Investment properties	9,869,155	25.1	9,103,379	23.8	765,776	8
1-4 family properties	645,469	1.6	628,695	1.6	16,774	3
Land and development	466,866	1.2	593,633	1.6	(126,767)	(21)
Total commercial real estate	10,981,490	27.9	10,325,707	27.0	655,783	6
Consumer mortgages	5,069,039	12.9	5,513,491	14.4	(444,452)	(8)
Home equity lines	1,281,989	3.3	1,537,726	4.0	(255,737)	(17)
Credit cards	299,556	0.8	281,018	0.7	18,538	7
Other consumer loans	2,118,723	5.4	1,074,874	2.9	1,043,849	97
Total consumer	8,769,307	22.4	8,407,109	22.0	362,198	4
Loans, net of deferred fees and costs	**$ 39,311,958**	**100.0%**	**$ 38,252,984**	**100.0%**	**$ 1,058,974**	**3%**

At December 31, 2021, total loans, net of deferred fees and costs, of $39.31 billion, increased $1.06 billion, or 3%, from December 31, 2020. C&I loans grew slightly but were impacted by a $1.79 billion decline in PPP loans primarily from loan forgiveness. CRE loans grew as higher funded production outpaced elevated pay-off activity. Consumer growth was largely due to purchases of third-party lending loans and was mostly offset by declines in consumer mortgages and HELOCs, which were impacted by accelerated prepayment activity due to excess consumer liquidity. We expect loan growth in 2022 to be 4% to 7%, which excludes PPP loans.

C&I loans remain the largest component of our loan portfolio, representing 49.7% of total loans, while CRE and consumer loans represent 27.9% and 22.4%, respectively. Our portfolio composition is established through a comprehensive concentration management policy which sets limits for C&I, CRE, and consumer loan levels as well as sub-categories therein.

U.S. Small Business Administration Paycheck Protection Program (PPP)

Synovus participated in the PPP, which is a loan program that originated from the CARES Act and was subsequently expanded by the Paycheck Protection Program and Health Care Enhancement Act, which was signed into law on April 24, 2020. The total balance of all PPP loans, net of unearned fees and costs, was $399.6 million as of December 31, 2021 compared to $2.19 billion as of December 31, 2020. The decline of $1.79 billion, or 82%, from 2020 was largely the result of 2021 activity including $2.87 billion of forgiveness partially offset by $1.05 billion of Phase 2 fundings. The table below provides additional information on PPP loans.

Table 7 - PPP Loans

	December 31, 2021					
	Applications		Loan Balances			
(in millions, except count data)	Approximate Count	Balance	Fundings	2021 Forgiveness	Total Life-to-Date Forgiveness	End of Period, Net of Unearned Fees and Costs[(1)]
Phase 1- 2020 Originations	19,000	$ 2,958	$ 2,886	$ 2,184	$ 2,724	$ 47
Phase 2- 2021 Originations	11,000	1,135	1,047	681	681	353
Total	**30,000**	**$ 4,093**	**$ 3,933**	**$ 2,865**	**$ 3,405**	**$ 400**

(1) Equals fundings less forgiveness, pay-downs/pay-offs, and unearned net fees.

(dollars in millions)	Total Net Fees	Percent of Fundings	2021 Recognized Net Fees	Total Recognized Net Fees	Total Unrecognized or Remaining Net Fees	Contractual Maturity
Phase 1- 2020 Originations	$ 94.9	3.3%	$ 48.6	$ 94.6	$ 0.3	2 years
Phase 2- 2021 Originations	43.6	4.2	30.6	30.6	13.0	5 years
Total	**$ 138.5**	**3.5%**	**$ 79.2**	**$ 125.2**	**$ 13.3**	

Commercial Loans

Total commercial loans (which are comprised of C&I and CRE loans) at December 31, 2021 were $30.54 billion, or 77.6%, of the total loan portfolio, compared to $29.85 billion, or 78.0% at December 31, 2020.

Commercial and Industrial Loans

The C&I loan portfolio represents the largest category of Synovus' loan portfolio and is primarily comprised of general middle market and commercial banking clients across a diverse set of industries. The following table shows the composition of the C&I loan portfolio aggregated by NAICS industry name and code. 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. As of December 31, 2021, 92.7% (94.6% excluding PPP loans) of Synovus' C&I loans are secured by real estate, business equipment, inventory, and other types of collateral compared to 83.2% (93.8% excluding PPP loans) as of December 31, 2020. C&I loans grew $41.0 million from December 31, 2020, as growth from funded loan production, particularly in the finance and insurance and health care and social assistance industries, was mostly offset by a decline in PPP loans.

Table 8 - Commercial and Industrial Loans by Industry

		December 31, 2021		December 31, 2020	
(dollars in thousands)	NAICS Code	Amount	%(1)	Amount	%(1)
Health care and social assistance	62	$ 4,220,579	21.6%	$ 3,878,450	19.9%
Finance and insurance	52	2,520,480	12.9	1,680,094	8.6
Manufacturing	31-33	1,314,212	6.7	1,243,290	6.4
Accommodation and food services	72	1,231,801	6.3	1,213,524	6.2
Retail trade	44-45	1,229,076	6.3	1,279,813	6.6
Wholesale trade	42	1,146,505	5.9	1,236,137	6.3
Real estate and rental and leasing	5311	1,061,921	5.4	1,134,023	5.8
Construction	23	1,023,540	5.2	1,065,633	5.5
Other services	81	1,004,448	5.1	1,144,023	5.9
Professional, scientific, and technical services	54	928,436	4.7	1,144,939	5.9
Transportation and warehousing	48-49	852,969	4.4	843,294	4.3
Real estate other	53	752,997	3.8	723,241	3.7
Arts, entertainment and recreation	71	534,597	2.7	779,282	4.0
Educational services	61	427,456	2.2	398,949	2.0
Public administration	92	407,451	2.1	432,519	2.2
Agriculture, forestry, fishing, and hunting	11	285,372	1.5	385,337	2.0
Administration, support, waste management, and remediation	56	246,638	1.3	352,812	1.8
Information	51	189,306	1.0	288,321	1.5
Other industries	(2)	183,377	0.9	296,487	1.4
Total C&I loans		**$ 19,561,161**	**100.0%**	**$ 19,520,168**	**100.0%**

(1) *Loan balance in each category expressed as a percentage of total C&I loans.*

(2) *Comprised of NAICS industries that are less than 1% of total C&I loans.*

At December 31, 2021, $12.05 billion of C&I loans, or 30.6% of the total loan portfolio (including PPP loans of $399.6 million net of unearned fees and costs), represented loans for the purpose of financing commercial, financial, and agricultural business activities. The primary source of repayment on these loans is revenue generated from products or services offered by the business or organization. The secondary source of repayment is the collateral, which consists primarily of equipment, inventory, accounts receivable, time deposits, cash surrender value of life insurance, and other business assets.

At December 31, 2021, $7.51 billion of C&I loans, or 19.1% of the total loan portfolio, represented loans originated for the purpose of financing owner-occupied properties. The financing of owner-occupied facilities is considered a C&I loan even though there is improved real estate as collateral. This treatment is a result of the credit decision process, which focuses on cash flow from operations of the business to repay the debt. The secondary source of repayment on these loans is the underlying real estate. These loans are predominately secured by owner-occupied and other real estate, and to a lesser extent, other types of collateral.

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. Total CRE loans of $10.98 billion increased $655.8 million, or 6%, from December 31, 2020 as higher funded loan production was partially offset by elevated pay-off activity.

Investment Properties 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. Total investment properties loans as of December 31, 2021 were $9.87 billion, or 89.9% of the CRE loan portfolio, and 25.1% of the total loan portfolio, up $765.8 million, or 8%, compared to $9.10 billion, or 88.2% of the CRE loan portfolio, and 23.8% of the total loan portfolio at December 31, 2020. All sub-categories experienced growth with the exception of multi-family, which was down by $61.1 million, or 3%, from December 31, 2020.

The following table shows the principal categories of the investment properties loan portfolio at December 31, 2021 and 2020.

Table 9 - Investment Properties Loan Portfolio

	December 31,			
	2021		2020	
(dollars in thousands)	Amount	%	Amount	%
Office buildings	$ 2,511,058	25.4%	$ 2,207,744	24.2%
Multi-family	2,129,424	21.6	2,190,534	24.1
Shopping centers	1,655,465	16.8	1,644,519	18.1
Hotels	1,537,060	15.6	1,442,242	15.8
Warehouses	801,639	8.1	700,050	7.7
Other investment property	1,234,509	12.5	918,290	10.1
Total investment properties loans	**$ 9,869,155**	**100.0%**	**$ 9,103,379**	**100.0%**

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

1-4 Family Properties Loans

1-4 family properties loans include construction loans to home builders 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. At December 31, 2021, 1-4 family properties loans totaled $645.5 million, or 5.9% of the CRE loan portfolio, and increased slightly from December 31, 2020.

Land and Development Loans

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). Land and development loans of $466.9 million at December 31, 2021 continued to decline from December 31, 2020.

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 both secured and unsecured loans from third-party lending. As of December 31, 2021 and 2020, weighted average FICO scores within the residential real estate portfolio based on committed balances were 792 and 791 for HELOCs and 777 and 776 for consumer mortgages, respectively.

Consumer loans at December 31, 2021 increased $362.2 million, or 4%, compared to December 31, 2020. Consumer mortgages and HELOCs both decreased from December 31, 2020 primarily as a result of accelerated prepayment activity and excess consumer liquidity.

Other consumer loans, which primarily includes third-party lending, increased $1.04 billion from December 31, 2020, led by purchases of $1.62 billion of third-party lending loans partially offset by payment activity. As of December 31, 2021, third-party lending loans had combined balances of $1.64 billion, or 4.2%, of the total loan portfolio, compared to $678.3 million, or 1.8%, of the total loan portfolio, at December 31, 2020. Growth in this portfolio is predicated on overall balance sheet dynamics including capital, liquidity, and client growth.

The table below shows the maturities of loans, net of deferred fees and costs, as of December 31, 2021. Also provided are the amounts due after one year, classified according to the sensitivity in interest rates. Actual repayments of loans may differ from the contractual maturities reflected therein because borrowers have the right to prepay obligations with and without prepayment penalties. Additionally, the refinancing of such loans or the potential delinquency of such loans could create differences between the contractual maturities and the actual repayment of such loans.

Table 10 - Loan Maturities and Interest Rate Sensitivity

	December 31, 2021				
(in thousands)	**One Year Or Less**	**Over One Year Through Five Years**	**Over Five Years Through Fifteen Years**	**Over Fifteen Years**	**Total**
Commercial, financial, and agricultural	$ 1,723,646	$ 6,537,749	$ 3,350,674	$ 440,406	$ 12,052,475
Owner-occupied	1,245,442	3,913,702	2,345,824	3,718	7,508,686
Total commercial and industrial	2,969,088	10,451,451	5,696,498	444,124	19,561,161
Investment properties	1,592,382	6,640,083	1,630,114	6,576	9,869,155
1-4 family properties	226,863	328,079	89,251	1,276	645,469
Land and development	226,481	215,699	24,686	—	466,866
Total commercial real estate	2,045,726	7,183,861	1,744,051	7,852	10,981,490
Consumer mortgages	174,480	42,917	508,766	4,342,876	5,069,039
Home equity lines	51,088	219,947	205,094	805,860	1,281,989
Credit cards	299,556	—	—	—	299,556
Other consumer loans	97,394	732,839	1,157,028	131,462	2,118,723
Total consumer	622,518	995,703	1,870,888	5,280,198	8,769,307
Loans, net of deferred fees and costs	**$ 5,637,332**	**$ 18,631,015**	**$ 9,311,437**	**$ 5,732,174**	**$ 39,311,958**

Loans due after one year:	**Fixed Interest Rate**	**Floating or Adjustable Interest Rate**	**Total**
Commercial, financial, and agricultural	$ 2,596,116	$ 7,732,713	$ 10,328,829
Owner-occupied	3,141,817	3,121,427	6,263,244
Total commercial and industrial	5,737,933	10,854,140	16,592,073
Investment properties	2,354,041	5,922,732	8,276,773
1-4 family properties	323,151	95,455	418,606
Land and development	98,901	141,484	240,385
Total commercial real estate	2,776,093	6,159,671	8,935,764
Consumer mortgages	4,101,991	792,568	4,894,559
Home equity lines	71,118	1,159,783	1,230,901
Other consumer loans	1,552,357	468,972	2,021,329
Total consumer	5,725,466	2,421,323	8,146,789
Loans, net of deferred fees and costs	**$ 14,239,492**	**$ 19,435,134**	**$ 33,674,626**

Deposits

Deposits provide the most significant funding source for interest earning assets. The following table shows the composition of period-end deposits for 2021 and 2020. See Table 14 - Average Balances, Interest, and Yields/Rates in this Report for information on average deposits including average rates paid in 2021, 2020, and 2019.

Table 11 - Composition of Period-end Deposits

	2021		2020	
(dollars in thousands)	Amount	%(1)	Amount	%(1)
Non-interest-bearing demand deposits(2)	$ 15,242,839	30.9%	$ 12,382,708	26.5%
Interest-bearing demand deposits(2)	6,346,959	12.9	5,674,416	12.2
Money market accounts(2)	14,886,424	30.1	13,541,236	29.0
Savings deposits(2)	1,404,428	2.8	1,156,249	2.5
Public funds	6,284,553	12.7	6,760,628	14.5
Time deposits(2)	2,427,073	4.9	3,605,928	7.7
Brokered deposits	2,835,000	5.7	3,570,406	7.6
Total deposits	**$ 49,427,276**	**100.0%**	**$ 46,691,571**	**100.0%**
Core deposits(3)	**$ 46,592,276**	**94.3%**	**$ 43,121,165**	**92.4%**
Core transaction deposits(4)	**$ 37,880,650**	**76.6%**	**$ 32,754,609**	**70.2%**
Brokered time deposits	$ 1,024,448	2.1%	$ 1,590,096	3.4%
Public funds time deposits	$ 665,954	1.3%	$ 752,172	1.6%

(1) Deposits balance in each category expressed as percentage of total deposits.

(2) Excluding any public funds or brokered deposits.

(3) Core deposits exclude brokered deposits.

(4) Core transaction deposits consist of non-interest-bearing demand deposits, interest-bearing demand deposits, money market accounts, and savings deposits excluding public funds and brokered deposits.

Total period-end deposits were $49.43 billion at December 31, 2021, up $2.74 billion, or 6%, compared to year-end 2020, due largely to client preferences for maintaining liquidity during 2021 as well as various fiscal stimulus efforts which further supported deposit growth, partially offset by strategic declines in time deposits. Core transaction deposits increased $5.13 billion, or 16%, compared to December 31, 2020, with growth in all categories. On an average basis, total deposits of $47.61 billion were up $4.57 billion, or 11%, compared to the prior year.

As of December 31, 2021 and 2020, $25.91 billion and $23.39 billion, respectively, of our deposit portfolio was uninsured. The uninsured amounts are estimated based on the methodologies and assumptions used for the Bank's regulatory reporting requirements.

The following table shows the portion of time deposits that are uninsured, by remaining time until maturity, at December 31, 2021.

Table 12 - Maturity Distribution of Uninsured Time Deposits

(in thousands)	December 31, 2021
3 months or less	$ 139,744
Over 3 months through 6 months	115,342
Over 6 months through 12 months	744,921
Over 12 months	146,693
Total outstanding	**$ 1,146,700**

Net Interest Income

The following table summarizes the components of net interest income for the years ended December 31, 2021, 2020, and 2019, including the tax-equivalent adjustment that is required in making yields on tax-exempt loans and investment securities comparable to taxable loans and investment securities. The taxable-equivalent adjustment is based on a 21% federal income tax rate for the three years shown.

Table 13 - Net Interest Income

	Years Ended December 31,		
(in thousands)	**2021**	**2020**	**2019**
Interest income	$ 1,653,343	$ 1,804,495	$ 2,050,638
Taxable-equivalent adjustment	3,185	3,424	3,025
Interest income, taxable-equivalent	1,656,528	1,807,919	2,053,663
Interest expense	120,396	291,747	454,835
Net interest income, taxable-equivalent	**$ 1,536,132**	**$ 1,516,172**	**$ 1,598,828**

Net interest income (interest income less interest expense) is the largest component of total revenue, representing earnings from the primary business of gathering funds from client deposits and other sources, and investing those funds primarily in loans and fixed-income securities. Synovus' long-term objective is to manage those assets and liabilities to maximize net interest income while balancing interest rate, credit, liquidity, and capital risks. Net interest income for 2021 was $1.53 billion, up $20.2 million, or 1%, from $1.51 billion in 2020, including $79.2 million in PPP fees during 2021 and $46.0 million during 2020.

Net Interest Margin

Net interest margin is a measure of the spread between interest earning assets relative to the cost of funding and can be used to assess the efficiency of earnings from balance sheet activities. The net interest margin is affected by changes in interest earning asset yields, the cost of interest-bearing liabilities, the percentage of interest earning assets funded by non-interest-bearing funding sources, and the mix of earning assets and interest-bearing liabilities.

The net interest margin was 3.01% for 2021, a decrease of 17 bps from 3.18% in 2020, due primarily to the decline in market interest rates in addition to average growth in investment securities available for sale and interest-bearing funds held at the Federal Reserve Bank. The yield on earning assets decreased 54 bps to 3.24% from 3.78% in 2020, while the effective cost of funds decreased 37 bps to 0.23% from 0.60% in 2020.

The primary components of the yield on interest earning assets are loan yields, yields on investment securities, and the yield on balances held with the Federal Reserve Bank. Loan yields decreased 21 bps, due primarily to the decline in market interest rates, and yields on investment securities decreased 109 bps, due primarily to an acceleration in prepayments and related increase in premium amortization, compared to 2020. Earning asset yields were also negatively impacted by the increase in cash balances held with the Federal Reserve Bank as compared to the prior year.

The decline in the effective cost of funds during 2021 was primarily driven by declines in market interest rates and liability remixing.

Earning Assets and Sources of Funds

Average total assets for 2021 increased $3.23 billion, or 6%, to $55.37 billion as compared to average total assets of $52.14 billion for 2020. Average interest earning assets increased $3.28 billion, or 7%, in 2021 as compared to the prior year and represented 92.4% of average total assets for 2021, as compared to 91.8% in 2020. The increase in average earning assets resulted primarily from a $2.60 billion increase in average investment securities available for sale, a $1.44 billion increase in average interest-bearing funds held at the Federal Reserve Bank, and a $302.5 million increase in average loans held for sale. The increases, which were largely due to excess liquidity from an influx of deposits, were partially offset by a $944.5 million, or 2%, decrease in average total loans, net of deferred fees and costs, which was impacted by reduced loan demand and also included a decrease of $338.8 million in PPP loans.

Average interest-bearing liabilities for 2021 of $33.72 billion decreased $402.4 million, or 1%, from $34.12 billion in 2020. The decrease in average interest-bearing liabilities resulted from a $3.08 billion, or 39%, decrease in average time deposits as a result of continued strategic run-off of these higher cost deposits, a $1.12 billion, or 48%, decrease in average long-term debt, which includes redemption of $250.0 million in subordinated debt in the fourth quarter of 2020, and a $492.7 million decrease in other short-term borrowings. These decreases were mostly offset by a $2.81 billion, or 19%, increase in average money market deposits and a $1.19 billion, or 16%, increase in average interest-bearing demand deposits. These increases, along with an increase of $3.38 billion, or 28%, in average non-interest bearing demand deposits compared to 2020, were largely due to liquidity associated with various stimulus efforts and monetary policy.

Table 14 - Average Balances, Interest, and Yields/Rates

	2021			2020			2019		
(dollars in thousands)	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
Assets									
Interest earning assets:									
Taxable loans, net[1][2]	$ 37,644,066	$ 1,470,587	3.91%	$ 38,597,852	$ 1,587,606	4.11%	$ 35,599,889	$ 1,806,060	5.07%
Tax-exempt loans, net[1][2][3]	506,779	15,165	2.99	497,467	16,274	3.27	355,675	14,208	3.99
Less: Allowance for loan losses	537,324	—	—	513,743	—	—	259,833	—	—
Loans, net	**37,613,521**	**1,485,752**	**3.95**	**38,581,576**	**1,603,880**	**4.16**	**35,695,731**	**1,820,268**	**5.10**
Investment securities available for sale[3]	9,603,343	140,077	1.46	7,006,894	178,582	2.55	6,755,496	208,867	3.09
Trading account assets	5,613	87	1.55	6,593	121	1.84	5,119	138	2.70
Interest earning deposits with banks	23,235	82	0.35	21,081	197	0.94	21,586	491	2.27
Interest-bearing funds with Federal Reserve Bank	2,885,418	3,777	0.13	1,442,609	2,839	0.19	472,814	10,384	2.17
Federal funds sold and securities purchased under resale agreements	93,457	53	0.06	124,460	149	0.12	59,734	1,342	2.25
FHLB and Federal Reserve Bank stock	159,176	2,891	1.82	223,606	7,073	3.16	245,196	8,918	3.64
Mortgage loans held for sale	203,840	5,935	2.91	215,788	6,412	2.97	80,997	3,233	3.99
Other loans held for sale	580,162	17,874	3.04	265,764	8,666	3.21	517	22	4.11
Total interest earning assets	**51,167,765**	**$ 1,656,528**	**3.24%**	**47,888,371**	**$ 1,807,919**	**3.78%**	**43,337,190**	**$ 2,053,663**	**4.74%**
Cash and due from banks	561,170			531,963			510,745		
Premises and equipment	445,333			481,371			487,202		
Other real estate	1,522			9,740			14,539		
Cash surrender value of bank-owned life insurance	1,058,966			1,003,560			767,142		
Other assets[4]	2,133,725			2,223,033			1,675,112		
Total assets	**$ 55,368,481**			**$ 52,138,038**			**$ 46,791,930**		
Liabilities and Shareholders' Equity									
Interest-bearing liabilities:									
Interest-bearing demand deposits	$ 8,701,078	$ 9,844	0.11%	$ 7,510,429	$ 19,034	0.25%	$ 6,311,829	$ 42,254	0.67%
Money market accounts	17,496,230	31,391	0.18	14,690,298	72,312	0.49	11,198,199	145,048	1.30
Savings deposits	1,335,269	229	0.02	1,056,777	247	0.02	905,338	487	0.05
Time deposits	4,770,002	33,455	0.70	7,853,325	126,184	1.61	10,054,459	169,160	1.68
Federal funds purchased and securities sold under repurchase agreements	210,949	128	0.06	192,967	274	0.14	236,601	522	0.22
Other short-term borrowings	—	—	—	492,697	7,643	1.53	1,123,613	25,663	2.25
Long-term debt	1,203,282	45,349	3.77	2,322,717	66,053	2.83	2,135,614	71,701	3.31
Total interest-bearing liabilities	**33,716,810**	**$ 120,396**	**0.35**	**34,119,210**	**$ 291,747**	**0.84**	**31,965,653**	**$ 454,835**	**1.41**
Non-interest-bearing demand deposits	15,304,120			11,925,114			9,359,894		
Other liabilities	1,135,573			1,021,633			714,521		
Shareholders' equity	5,211,978			5,072,081			4,751,862		
Total liabilities and shareholders' equity	**$ 55,368,481**			**$ 52,138,038**			**$ 46,791,930**		
Net interest income, taxable-equivalent net interest margin		$ 1,536,132	3.01%		$ 1,516,172	3.18%		$ 1,598,828	3.70%
Less: taxable-equivalent adjustment		3,185			3,424			3,025	
Net interest income		**$ 1,532,947**			**$ 1,512,748**			**$ 1,595,803**	

(1) Average loans are shown net of deferred fees and costs. NPLs are included.

(2) Interest income includes net loan fees as follows: 2021 — $115.5 million, 2020 — $76.1 million, and 2019 — $35.6 million.

(3) Reflects taxable-equivalent adjustments, using the statutory federal tax rate of 21%, in adjusting interest on tax-exempt loans and investment securities to a taxable-equivalent basis.

(4) Includes average net unrealized gains on investment securities available for sale of $46.0 million, $197.5 million, and $43.4 million for the years ended December 31, 2021, 2020, and 2019, respectively.

Table 15 - Rate/Volume Analysis

	2021 Compared to 2020 Change Due to(1)			2020 Compared to 2019 Change Due to(1)		
(in thousands)	Volume/ Mix	Yield/ Rate	Net Change	Volume/ Mix	Yield/ Rate	Net Change
Interest earned on:						
Taxable loans, net	$ (39,201)	$ (77,818)	$ (117,019)	$ 151,997	$ (370,451)	$ (218,454)
Tax-exempt loans, net(2)	305	(1,414)	(1,109)	5,658	(3,592)	2,066
Investment securities(2)	66,209	(104,714)	(38,505)	7,768	(38,053)	(30,285)
Trading account assets	(18)	(16)	(34)	40	(57)	(17)
Interest earning deposits with banks	20	(135)	(115)	(11)	(283)	(294)
Interest-bearing funds with Federal Reserve Bank	2,741	(1,803)	938	21,045	(28,590)	(7,545)
Federal funds sold and securities purchased under resale agreements	(34)	(62)	(96)	1,457	(2,650)	(1,193)
FHLB and Federal Reserve Bank stock	(2,036)	(2,146)	(4,182)	(786)	(1,059)	(1,845)
Mortgage loans held for sale	(355)	(122)	(477)	5,378	(2,199)	3,179
Other loans held for sale	10,092	(884)	9,208	10,902	(2,258)	8,644
Total interest income	37,723	(189,114)	(151,391)	203,448	(449,192)	(245,744)
Interest paid on:						
Interest-bearing demand deposits	2,977	(12,167)	(9,190)	8,031	(31,251)	(23,220)
Money market accounts	13,749	(54,670)	(40,921)	45,397	(118,133)	(72,736)
Savings deposits	56	(74)	(18)	76	(316)	(240)
Time deposits	(49,642)	(43,087)	(92,729)	(36,979)	(5,997)	(42,976)
Federal funds purchased and securities sold under repurchase agreements	25	(171)	(146)	(96)	(152)	(248)
Other short-term borrowings	(7,538)	(105)	(7,643)	(14,196)	(3,824)	(18,020)
Long-term debt	(31,680)	10,976	(20,704)	6,193	(11,841)	(5,648)
Total interest expense	(72,053)	(99,298)	(171,351)	8,426	(171,514)	(163,088)
Net interest income, taxable-equivalent	**$ 109,776**	**$ (89,816)**	**$ 19,960**	**$ 195,022**	**$ (277,678)**	**$ (82,656)**

(1) Changes in net interest income are attributed to either changes in average balances (volume change) or changes in average rates (rate change) for earning assets and sources of funds on which interest is received or paid. Volume change is calculated as change in volume times the previous rate, while rate change is change in rate times the previous volume.

(2) Reflects taxable-equivalent adjustments, using the statutory federal income tax rate of 21%, in adjusting interest on tax-exempt loans and investment securities to a taxable-equivalent basis.

Non-interest Revenue

Non-interest revenue for the year ended December 31, 2021 was $450.1 million, down $56.4 million, or 11%, compared to the year ended December 31, 2020. Gains on sales of investment securities of $78.9 million impacted the year ended December 31, 2020. Adjusted non-interest revenue[1] was $448.0 million, up $27.6 million, or 7%, compared to 2020, due primarily to strong growth in core banking fees, fiduciary and asset management fees, and brokerage revenue, partially offset by the normalization of mortgage banking income. In 2022, we expect continued growth in strategic fee categories including core banking fees and wealth management, with an industry-wide reduction in secondary mortgage revenue muting overall fee income growth.

(1) See "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Financial Measures" of this Report for applicable reconciliation to GAAP measure.

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

Table 16 - Non-interest Revenue

	Years Ended December 31,			December 31, 2021 vs December 31, 2020	
(in thousands)	**2021**	**2020**	**2019**	**$ Change**	**% Change**
Service charges on deposit accounts	$ 86,310	$ 73,132	$ 88,190	$ 13,178	18%
Fiduciary and asset management fees	77,147	63,251	58,388	13,896	22
Card fees	51,399	42,702	45,659	8,697	20
Brokerage revenue	56,439	44,781	41,608	11,658	26
Mortgage banking income	54,371	91,413	32,599	(37,042)	(41)
Capital markets income	26,118	27,336	30,529	(1,218)	(4)
Income from bank-owned life insurance	38,019	31,297	21,226	6,722	21
Investment securities gains (losses), net	(799)	78,931	(7,659)	(79,730)	nm
Other non-interest revenue	61,062	53,670	45,360	7,392	14
Total non-interest revenue	**$ 450,066**	**$ 506,513**	**$ 355,900**	**$ (56,447)**	**(11)%**
Core banking fees [(1)]	**$ 165,481**	**$ 138,359**	**$ 154,621**	**$ 27,122**	**20%**

(1) Service charges on deposit accounts, card fees, and other non-interest revenue components including 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.

Service charges on deposit accounts for 2021, which consist of account analysis fees, NSF fees, and all other service charges, increased primarily due to higher account analysis fees, which were up $9.9 million, or 34%, following our pricing for value Synovus Forward initiative implemented during the first quarter of 2021. NSF fees for 2021 and 2020 comprised 31% and 36%, respectively, of service charges on deposit accounts and 6% and 5%, respectively, of total non-interest revenue. All other service charges on deposit accounts, which consist primarily of monthly fees on consumer demand deposits, savings accounts, and small business accounts, were $21.3 million for 2021, up $3.1 million, or 17%, compared to 2020.

Fiduciary and asset management fees are derived from providing estate administration, personal trust, corporate trust, corporate bond, investment management, financial planning, and family office services. The increase in fiduciary and asset management fees for 2021 was driven by growth in total assets under management, which increased 9% from 2020, to $22.00 billion at December 31, 2021. Assets under management consist of all assets where Synovus has investment authority.

Card fees consist primarily of credit card interchange fees, debit card interchange fees, and merchant discounts. Card fees are reported net of certain associated expense items including client loyalty program expense and network expense. The increase in 2021 from 2020 resulted from increased transaction volume in all card fee categories.

Brokerage revenue consists primarily of brokerage commissions as well as advisory fees earned from the management of client assets. The increase in 2021 over 2020 was largely driven by a 32% growth in assets under management and higher transaction revenue from favorable market conditions.

Mortgage banking income, consisting of net gains on loan origination/sales activities, was significantly lower compared to 2020, driven largely by a decline in secondary market revenue in addition to lower secondary market mortgage loan production. Secondary market revenue decreased $24.6 million, or 37%, primarily due to a lower pipeline and margin compression. Loan sales of $1.69 billion declined $421.1 million, or 20%. Total secondary market mortgage loan production was $1.60 billion in 2021, a decrease of $622.8 million, or 28%, compared to 2020.

Capital markets income primarily includes fee income from client derivative transactions. Additionally, capital markets income includes fee income from capital raising investment banking transactions and foreign exchange as well as other miscellaneous income from capital market transactions. The decrease for 2021 was primarily a result of a $4.0 million decrease in fees on client derivative transactions as commercial client activity to lock in lower rates was elevated in 2020, partially offset by a $2.4 million increase in loan syndication arranger fees.

Income from BOLI, includes increases in the cash surrender value of policies and proceeds from insurance benefits. The increase in 2021 was driven by a $7.1 million increase in proceeds from insurance benefits.

Investment securities losses, net, of $799 thousand, reflected strategic sales of mortgage-backed securities during 2021. Investment securities gains, net, of $78.9 million for 2020 reflected strategic repositioning of the portfolio primarily during the latter part of the second quarter of 2020 to respond to the impact of market rate declines.

The main components of other non-interest revenue are fees for letters of credit and unused lines of credit, safe deposit box fees, access fees for ATM use, other service charges and loan servicing fees, income from insurance commissions, gains from sales of GGL/SBA loans, and other miscellaneous items. 2021 included a $6.3 million increase in income related to tax credit investments primarily due to a $6.1 million increase in favorable valuation adjustments for solar energy tax credit partnerships, a $3.5 million increase in other service charges primarily from higher unused line of credit fees, and a $2.1 million increase in insurance revenue. 2020 included $4.5 million in realized gains on the sale of positions in two publicly-traded equity investments, a gain of $2.5 million from the sale of non-relationship mortgage loans, and a sale-leaseback gain of $2.4 million associated with a bank office property.

Non-interest Expense

Non-interest expense for the year ended December 31, 2021 was $1.10 billion, a decrease of $79.7 million, or 7%, compared to the year ended December 31, 2020. Goodwill impairment expense of $44.9 million impacted 2020. Adjusted non-interest expense(1) for 2021 decreased $2.4 million compared to 2020 as higher expense related to Synovus Forward in 2020 allowed us to make strategic and impactful investments in most areas while managing overall expense. The efficiency ratio-TE for 2021 was 55.38% compared to 58.32% in 2020, and the adjusted tangible efficiency ratio(1) was 54.29% compared to 55.69% in 2020.

(1) See "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Financial Measures" of this Report for applicable reconciliation to GAAP measure.

The following table summarizes non-interest expense for the years ended December 31, 2021, 2020, and 2019.

Table 17 - Non-interest Expense

	Years Ended December 31,			December 31, 2021 vs December 31, 2020	
(in thousands)	**2021**	**2020**	**2019**	**$ Change**	**% Change**
Salaries and other personnel expense	$ 649,426	$ 618,214	$ 570,036	$ 31,212	5%
Net occupancy, equipment, and software expense	169,222	169,658	161,906	(436)	—
Third-party processing and other services	86,688	87,992	79,225	(1,304)	(1)
Professional fees	32,785	56,899	35,300	(24,114)	(42)
FDIC insurance and other regulatory fees	22,355	25,210	31,696	(2,855)	(11)
Amortization of intangibles	9,516	10,560	11,603	(1,044)	(10)
Goodwill impairment	—	44,877	—	(44,877)	nm
Restructuring charges	7,223	26,991	1,230	(19,768)	nm
Loss on early extinguishment of debt	—	10,466	4,592	(10,466)	nm
Earnout liability adjustments	507	4,908	10,457	(4,401)	nm
Merger-related expense	—	—	56,580	—	nm
Other operating expense	122,182	123,799	136,343	(1,617)	(1)
Total non-interest expense	**$ 1,099,904**	**$ 1,179,574**	**$ 1,098,968**	**$ (79,670)**	**(7)%**

Salaries and other personnel expense increased compared to 2020, due primarily to an increase in incentive accruals due to higher than expected performance, higher employee insurance from increased claims, and higher share-based compensation expense largely due to timing with a higher level of retirement eligible expense acceleration, partially offset by lower mortgage production-based commissions and lower salary expense. Synovus employees totaled 4,988, down 259, or 5%, from December 31, 2020, led by Synovus' voluntary early retirement program offered during the latter part of 2020 and branch closures.

Net occupancy, equipment, and software expense decreased compared to 2020, driven primarily by savings from branch closures, mostly offset by continued investments in technology, including enhanced online deposit account origination, an integrated receivable solution, and our commercial banking digital platforms. Synovus Bank's branch network consisted of 281 and 289 branches at December 31, 2021 and 2020, respectively. We expect to close an additional 15% of our branch locations with an estimated run rate savings of approximately $12 million by the end of 2022.

Third-party processing and other services expense includes all third-party core operating system and processing charges as well as third-party loan servicing charges. Third-party processing expense decreased compared to 2020 primarily due to Synovus' restructure during the second quarter of 2020 of certain of its third-party consumer-based lending partnership arrangements with a shift of new originations to held for sale, mostly offset by expense associated with PPP loan forgiveness and higher information-technology related expense.

Professional fees decreased compared to 2020, from decreases in consulting fees related to Synovus Forward.

FDIC insurance and other regulatory fees decreased compared to 2020, reflecting lower assessment rate primarily due to overall elevated liquidity and subordinated debt issued by Synovus Bank in the fourth quarter of 2020.

During the third quarter of 2020, Synovus recognized a $44.9 million non-cash goodwill impairment charge representing 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 have reduced mortgage yields, and the clarity around longer term policy actions designed to keep interest rates low.

As part of its Synovus Forward initiative, during the years ended December 31, 2021 and 2020, Synovus recorded restructuring charges of $7.2 million and $27.0 million, respectively, which included $2.3 million and $15.6 million, respectively, of severance charges. In 2020, severance charges included $13.7 million in one-time termination benefits associated with the aforementioned voluntary early retirement program. During the years ended December 31, 2021 and 2020, Synovus also recorded $4.6 million and $10.5 million, respectively, in lease termination charges and asset impairment charges related to branch closures and restructuring of corporate real estate. Asset impairment charges during the year ended December 31, 2021 were net of $5.4 million in gains on sales of certain building and branch locations. Synovus Bank operated 281 branches at December 31, 2021, compared to 289 branches at December 31, 2020, following the closing of 11 branches and opening of 3 new branches during 2021.

During 2020, Synovus utilized excess liquidity and debt proceeds from debt issued by Synovus Bank in 2020 and terminated $1.13 billion in long-term FHLB obligations and redeemed $250.0 million in subordinated notes, incurring $10.5 million in losses on early extinguishment of debt.

Earnout liability fair value adjustments in 2020 associated with the Global One acquisition were the result of higher than projected earnings and higher earnings estimates over the remaining contractual earnout period, reflecting the continued success of the Global One enterprise. The earnout period ended on June 30, 2021, and the final earnout payment occurred during the third quarter of 2021.

Other operating expense includes advertising, travel, insurance, network and communication, other taxes, subscriptions and dues, other loan and ORE expense, postage and freight, training, business development, supplies, donations, and other miscellaneous expense. Period over period fluctuations are primarily related to certain expenses or losses not expected to recur rather than changes in trends. Other operating expense for 2021 included a $4.0 million seed gift into a newly established donor advised fund. Other operating expense for 2020 included a $2.7 million valuation adjustment on a MPS receivable and a $2.5 million charge from termination of client swaps.

Income Taxes

Income tax expense was $228.9 million for the year ended December 31, 2021 compared to $111.0 million and $201.2 million for the years ended December 31, 2020 and 2019, respectively. The effective income tax rate for the years ended December 31, 2021, 2020 and 2019 was 23.1%, 22.9% and 26.3%, respectively.

Deferred tax assets represent amounts available to reduce income taxes payable in future years. At December 31, 2021, net deferred tax assets were $169.1 million compared to $130.8 million at December 31, 2020.

Synovus regularly assesses the realizability of its net deferred tax assets based upon all available evidence, both positive and negative. Based upon the assessment, Synovus has established a valuation allowance of $19.0 million at December 31, 2021 and $19.2 million at December 31, 2020, on the portion of its $23.9 million at December 31, 2021 and $29.7 million at December 31, 2020 of federal and state NOLs that are not expected to be utilized prior to expiration in years 2023 through 2034. See "Part II - Item 8. Financial Statements and Supplementary Data - Note 16 - Income Taxes" of this Report for additional discussion regarding deferred income taxes.

Credit Quality

Synovus continuously monitors the quality of its loan portfolio by industry, property type, geography, as well as credit quality metrics. At December 31, 2021, credit quality metrics remained stable and near historical lows with NPA and NPL ratios of 0.40% and 0.33%, respectively, and total past dues of 0.15%, as a percentage of loans. Net charge-offs for 2021 remained low at $77.8 million, or 0.20%, of average loans.

Table 18 - Selected Credit Quality Metrics

	December 31,		
(dollars in thousands)	**2021**	**2020**	**2019**
Non-performing loans	$ 131,042	$ 151,079	$ 101,636
Impaired loans held for sale	—	23,590	—
ORE and other assets	27,137	17,394	35,810
Non-performing assets	$ 158,179	$ 192,063	$ 137,446
Loans 90 days past due and still accruing	$ 6,770	$ 4,117	$ 15,943
As a % of loans	0.02%	0.01%	0.04%
Total past due loans and still accruing	$ 57,565	$ 47,349	$ 123,793
As a % of loans	0.15%	0.12%	0.33%
Accruing TDRs(1)	$ 119,804	$ 134,972	$ 133,145
Non-performing loans as a % of total loans	0.33%	0.39%	0.27%
Non-performing assets as a % of total loans, impaired loans held for sale, ORE, and specific other assets	0.40	0.50	0.37
Total loans	$39,311,958	$38,252,984	$37,162,450
Net charge-offs	77,788	94,712	57,612
Net charge-offs/average loans	0.20%	0.24%	0.16%
Provision for (reversal of) loan losses	$ (100,351)	$ 336,052	$ 87,720
Provision for (reversal of) unfunded commitments	(5,900)	18,970	(2)
Provision for (reversal of) credit losses	$ (106,251)	$ 355,022	$ 87,720
Allowance for loan losses	$ 427,597	$ 605,736	$ 281,402
Reserve for unfunded commitments	41,885	47,785	1,375
Allowance for credit losses	$ 469,482	$ 653,521	$ 282,777
ACL to loans coverage ratio	1.19%	1.71%	0.76%
ALL to loans coverage ratio	1.09	1.58	0.76
ACL/NPLs	358.27	432.57	278.23
ALL/NPLs	326.31	400.94	276.87

(1) Does not include loan modifications made under the CARES Act.

(2) Prior to CECL implementation on January 1, 2020, the provision for unfunded commitments was reflected within other non-interest expense.

Non-performing Assets

Total NPAs were $158.2 million at December 31, 2021, a $33.9 million, or 18%, decrease from December 31, 2020. Total NPAs as a percentage of total loans, other loans held for sale, ORE and specific other assets declined 10 bps to 0.40% at December 31, 2021 compared to December 31, 2020. NPLs were $131.0 million at December 31, 2021, a $20.0 million, or 13%, decrease from December 31, 2020 primarily due to a 35% reduction in NPL inflows and a 57% increase in disposition volume compared to 2020.

The following table shows the components of NPAs by portfolio class at December 31, 2021 and 2020.

Table 19 - NPAs by Portfolio Class

	December 31,						
	2021			2020			
(in thousands)	NPLs	ORE and Other Assets	Total NPAs	NPLs	ORE and Other Assets	Impaired Loans Held for Sale	Total NPAs
Commercial, financial, and agricultural	$ 61,787	$ —	$ 61,787	$ 77,386	$ 44	$ —	$ 77,430
Owner-occupied	11,196	11,393	22,589	20,019	739	—	20,758
Total commercial and industrial	72,983	11,393	84,376	97,405	783	—	98,188
Investment properties	5,850	223	6,073	24,631	251	23,590	48,472
1-4 family properties	4,563	—	4,563	3,619	—	—	3,619
Land and development	1,918	177	2,095	2,163	785	—	2,948
Total commercial real estate	12,331	400	12,731	30,413	1,036	23,590	55,039
Consumer mortgages	29,078	25	29,103	8,740	—	—	8,740
Home equity lines	9,760	—	9,760	12,145	—	—	12,145
Other consumer loans	6,890	—	6,890	2,376	—	—	2,376
Total consumer	45,728	25	45,753	23,261	—	—	23,261
Other assets	—	15,319	15,319	—	15,575	—	15,575
Total	$ 131,042	$ 27,137	$ 158,179	$ 151,079	$ 17,394	$ 23,590	$ 192,063

Troubled Debt Restructurings

At December 31, 2021, TDRs (accruing and non-accruing) were $142.1 million, a decrease of $31.9 million, or 18%, compared to December 31, 2020. Accruing TDRs were $119.8 million at December 31, 2021, a decrease of $15.2 million, or 11%, compared to December 31, 2020. Non-accruing TDRs of $22.3 million at December 31, 2021 decreased $16.7 million, or 43%, from December 31, 2020.

Accruing TDRs are considered performing because they are performing in accordance with the restructured terms. At December 31, 2021 approximately 98% of accruing TDRs were current compared to 99% at December 31, 2020. In addition, subsequent defaults on accruing TDRs (defaults 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 within twelve months of the TDR designation) have continued to remain at lower levels with eight defaults with a recorded investment of $978 thousand for the year ended December 31, 2021 compared to seven defaults with a recorded investment of $21.7 million for the year ended December 31, 2020.

The table below shows accruing TDRs by risk grade at December 31, 2021 and 2020.

Table 20 - Accruing TDRs by Risk Grade

	December 31,			
	2021		2020	
(dollars in thousands)	Amount	%	Amount	%
Pass	$ 56,479	47.1%	$ 72,463	53.7%
Special mention	11,387	9.5	8,935	6.6
Substandard	51,938	43.4	53,574	39.7
Total accruing TDRs	$ 119,804	100.0%	$ 134,972	100.0%

The following table shows TDRs by portfolio class at December 31, 2021 and 2020.

Table 21 - TDRs by Portfolio Class

	December 31,	
(in thousands)	**2021**	**2020**
Commercial, financial and agricultural	$ 43,597	$ 46,792
Owner-occupied	34,493	44,185
Total commercial and industrial	78,090	90,977
Investment properties	17,900	38,212
1-4 family properties	3,687	4,184
Land and development	5,567	4,852
Total commercial real estate	27,154	47,248
Consumer mortgages	16,117	19,757
Home equity lines	11,659	8,386
Other consumer loans	9,090	7,639
Total consumer	36,866	35,782
Total TDRs	**$ 142,110**	**$ 174,007**

Non-TDR Modifications due to 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), for example, 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. On December 27, 2020, the Consolidated Appropriations Act, 2021 extended the applicable period of Section 4013 of the CARES Act. This extension allows banks to elect to not consider loan modifications related to COVID-19 that are made between March 1, 2020 and the earlier of January 1, 2022, 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. 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.

During 2020, Synovus provided relief programs consisting primarily of 90-day payment deferral relief to borrowers negatively impacted by COVID-19, and as of December 31, 2021, no loans were in a P&I deferral status as compared to 0.3% of the total loan portfolio at December 31, 2020. In addition to our P&I deferment program, under the CARES Act, we have also provided borrowers who have been impacted by COVID-19 with other modifications such as interest-only relief or amortization extensions on approximately 2% of total loans at both December 31, 2021 and December 31, 2020.

Past Due Loans

As a percentage of loans outstanding, loans 30 or more days past due and still accruing interest were 0.15% and 0.12% at December 31, 2021 and 2020, respectively. As a percentage of loans outstanding, loans 90 days past due and still accruing interest were 0.02% and 0.01% at December 31, 2021 and December 31, 2020, respectively. These loans are in the process of collection, and management believes that sufficient collateral value securing these loans exists to cover contractual interest and principal payments.

Criticized and Classified Loans

Our loan ratings are aligned to federal banking regulators' definitions of pass and criticized categories, which include special mention, substandard, doubtful, and loss. Substandard accruing and non-accruing loans, doubtful, and loss loans are often collectively referred to as classified. Special mention, substandard, doubtful, and loss loans are often collectively referred to as criticized and classified loans. The following table presents a summary of criticized and classified loans. Criticized and classified loans at December 31, 2021 declined $539.0 million, or 34%, compared to December 31, 2020 primarily due to upgrades in the hotel industry as a result of improved financial performance after being negatively impacted by COVID-19.

Table 22 - Criticized and Classified Loans

	December 31,	
(dollars in thousands)	**2021**	**2020**
Special mention loans	$ 489,150	$ 977,028
Substandard loans	526,117	553,720
Doubtful loans	10,630	33,204
Loss loans	2,058	3,032
Criticized and Classified loans	**$ 1,027,955**	**$ 1,566,984**
As a % of total loans	2.6%	4.1%

Potential Problem Loans

Potential problem loans are defined by management as certain performing loans with a well-defined weakness where there is information about possible credit problems of borrowers which causes management to have doubts as to the ability of such borrowers to comply with the present repayment terms of such loans. Potential problem commercial loans were $323.9 million and $374.2 million at December 31, 2021 and 2020, respectively, and consist of substandard accruing loans (included in criticized and classified loans) but exclude both loans 90 days past due and still accruing interest and substandard accruing TDRs, which are reported separately. Management's current expectation of losses from potential problem loans is included in the ACL, and management cannot predict at this time whether these potential problem loans ultimately will become NPLs or result in losses.

For more information, see the loan portfolio class by regulatory risk grade and origination year tables and additional information in "Part II - Item 8. Financial Statements and Supplementary Data - Note 3 - Loans and Allowance for Loan Losses" in this Report.

Net Charge-offs

Total 2021 net charge-offs were $77.8 million, or 0.20%, of average loans, compared to total net charge-offs of $94.7 million, or 0.24% of average loans in 2020. The following table shows net charge-offs (recoveries) for the years ended December 31, 2021 and 2020.

Table 23 - Net Charge-offs

	Years Ended December 31,			
	2021		2020	
(dollars in thousands)	Amount	%(1)	Amount	%(1)
Commercial and industrial	$ 49,723	0.26%	$ 62,716	0.33%
Commercial real estate	7,948	0.08	10,356	0.10
Consumer	20,117	0.23	21,640	0.23
Total net charge-offs	**$ 77,788**	**0.20%**	**$ 94,712**	**0.24%**

(1) Net charge-off ratio as a percentage of average loans.

Provision for (reversal of) Credit Losses and Allowance for Credit Losses

The reversal of provision for credit losses of $106.3 million for the year ended December 31, 2021, included net charge-offs of $77.8 million and resulted primarily from the continued improvement in the credit outlook for the loan portfolio. The reversal of provision for credit losses is due to the reduction in the overall ACL as well as a reduction of $16.9 million in net charge offs compared to 2020. The change in reserves is due to the notable improvement in the economic environment compared to December 31, 2020 as evidenced by the improvement 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 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.

See "Part II - Item 8. Financial Statements and Supplementary Data - Note 1 - Summary of Significant Accounting Policies" and "Part II - Item 8. Financial Statements and Supplementary Data - Note 3 - Loans and Allowance for Loan Losses" in this Report for more information.

The following table shows the allocation of the allowance for loan losses at December 31, 2021 and 2020.

Table 24 - Allocation of Allowance for Loan Losses

	December 31,			
	2021		2020	
(dollars in thousands)	Amount	%(1)	Amount	%(1)
Commercial and industrial	$ 188,364	49.7%	$ 229,555	51.0%
Commercial real estate	97,760	27.9	130,742	27.0
Consumer	141,473	22.4	245,439	22.0
Total allowance for loan losses	**$ 427,597**	**100.0%**	**$ 605,736**	**100.0%**

(1) Loan balance in each category expressed as a percentage of loans, net of deferred fees and costs. See Table 6 - Loans by Portfolio Class in this Report for more information.

Capital Resources

Synovus and Synovus Bank are required to comply with capital adequacy standards established by our primary federal regulator, the Federal Reserve. Synovus and Synovus Bank measure capital adequacy using the standardized approach under Basel III. At December 31, 2021, Synovus and Synovus Bank's capital levels remained strong and exceeded well-capitalized requirements currently in effect. The following table presents certain ratios used to measure Synovus and Synovus Bank's capitalization.

Table 25 - Capital Ratios

(dollars in thousands)	December 31, 2021	December 31, 2020
CET1 capital		
Synovus Financial Corp.	$ 4,388,618	$ 4,034,865
Synovus Bank	4,998,698	4,641,711
Tier 1 risk-based capital		
Synovus Financial Corp.	4,925,763	4,572,010
Synovus Bank	4,998,698	4,641,711
Total risk-based capital		
Synovus Financial Corp.	5,827,196	5,604,230
Synovus Bank	5,587,757	5,361,611
CET1 capital ratio		
Synovus Financial Corp.	9.50%	9.66%
Synovus Bank	10.83	11.11
Tier 1 risk-based capital ratio		
Synovus Financial Corp.	10.66	10.95
Synovus Bank	10.83	11.11
Total risk-based capital to risk-weighted assets ratio		
Synovus Financial Corp.	12.61	13.42
Synovus Bank	12.11	12.83
Leverage ratio		
Synovus Financial Corp.	8.72	8.50
Synovus Bank	8.86	8.73
Tangible common equity to tangible assets ratio(1)		
Synovus Financial Corp.	7.52	7.66

(1) See "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Financial Measures" of this Report for applicable reconciliation to GAAP measure.

At December 31, 2021, Synovus' CET1 ratio was 9.50%, well in excess of regulatory requirements including the capital conservation buffer of 2.5%. The December 31, 2021 CET1 ratio declined 16 bps compared to December 31, 2020, driven by growth in risk-weighted assets and the return of capital through share repurchases and common stock shareholder dividends as a result of strong financial performance. For more information on regulatory capital requirements, see "Part II - Item 8. Financial Statements and Supplementary Data - Note 10 - Regulatory Capital" in this Report. Management reviews the Company's capital position on an on-going basis and believes, based on internal capital analyses and earnings projections, that Synovus is well positioned to meet relevant regulatory capital standards.

On January 20, 2022, Synovus announced that its Board of Directors approved a $0.01 increase in the quarterly common stock dividend to $0.34 per share, effective with the quarterly dividend payable in April 2022. Additionally, Synovus' Board of Directors authorized share repurchases of up to $300 million in 2022.

On August 26, 2020, the federal banking regulators issued a final rule (following an interim final rule issued on March 27, 2020) that allowed electing banking organizations that adopted CECL during 2020 to mitigate the estimated effects of CECL on regulatory capital for two years, followed by a three-year phase-in transition period. Synovus adopted CECL on January 1, 2020 and the December 31, 2021 regulatory capital ratios reflect Synovus' election of the five-year transition provision. At December 31, 2021, $58.3 million, or a cumulative 13 bps benefit to CET1, was deferred. For additional information on CECL, see "Part II - Item 8. Financial Statements and Supplementary Data - Note 1 - Summary of Significant Accounting Policies" in this Report.

Parent Company

The Parent Company's net assets consist primarily of its investment in Synovus Bank. The Parent Company's primary uses of cash are for the servicing of debt, payment of dividends to shareholders, and repurchases of common stock. The Parent Company also provides the necessary funds to strengthen the capital of its subsidiaries if needed. These uses of cash are primarily funded by dividends from Synovus Bank, borrowings from external sources, and equity offerings.

During 2021, Synovus Bank and non-bank subsidiaries paid upstream cash dividends to the Parent Company totaling $420.0 million. During 2020, Synovus Bank paid upstream cash dividends to the Parent Company totaling $547.5 million and during 2019, Synovus Bank and non-bank subsidiaries paid upstream cash dividends to the Parent Company totaling $400.0 million.

Liquidity

Liquidity represents the extent to which Synovus has readily available sources of funding to meet the needs of depositors, borrowers and creditors, to support asset growth, and to otherwise sustain operations of Synovus and its subsidiaries, at a reasonable cost, on a timely basis, and without adverse consequences. ALCO monitors Synovus' economic, competitive, and regulatory environment and is responsible for measuring, monitoring, and reporting on liquidity and funding risk as well as market risk.

In accordance with Synovus policies and regulatory guidance, ALCO evaluates contractual and anticipated cash flows under normal and stressed conditions to properly manage the Company's liquidity profile. Synovus places an emphasis on maintaining numerous sources of current and contingent liquidity to meet its obligations to depositors, borrowers, and creditors on a timely basis. Liquidity is generated through various sources, including, but not limited to, maturities and repayments of loans by clients, maturities and sales of investment securities, and growth in core and wholesale deposits.

Synovus Bank also generates liquidity through the issuance of brokered certificates of deposit and money market accounts. Synovus Bank accesses these funds from a broad geographic base to diversify its sources of funding and liquidity. Synovus Bank also has the capacity to access funding through its membership in the FHLB system and through the Federal Reserve discount window. At December 31, 2021, based on currently pledged collateral, Synovus Bank had access to FHLB funding of $5.96 billion, subject to FHLB credit policies. Management continuously monitors and maintains appropriate levels of liquidity so as to provide adequate funding sources to manage client deposit withdrawals, loan requests, and other funding demands.

In addition to bank level liquidity management, Synovus must manage liquidity at the parent company level for various operating needs including the servicing of debt, the payment of dividends on our common stock and preferred stock, share repurchases, payment of general corporate expense, and potential capital infusions into subsidiaries. The primary source of liquidity for Synovus consists of dividends from Synovus Bank, which is governed by certain rules and regulations of the GA DBF and the Federal Reserve Bank. Synovus' ability to receive dividends from Synovus Bank in future periods will depend on a number of factors, including, without limitation, Synovus Bank's future profits, asset quality, liquidity, and overall condition. In addition, both the GA DBF and Federal Reserve Bank may require approval to pay dividends, based on certain regulatory statutes and limitations.

Synovus presently believes that the sources of liquidity discussed above, including existing liquid funds on hand, are sufficient to meet its anticipated funding needs. However, if economic conditions were to significantly deteriorate, regulatory capital requirements for Synovus or Synovus Bank were to increase as the result of regulatory directives or otherwise, or Synovus believes it is prudent to enhance current liquidity levels, then Synovus may seek additional liquidity from external sources. See "Part I – Item 1A. Risk Factors - Credit and Liquidity - *Changes in the cost and availability of funding due to changes in the deposit market and credit market may adversely affect our capital resources, liquidity and financial results."* Furthermore, Synovus may, from time to time, take advantage of attractive market opportunities to refinance its existing debt, redeem its preferred stock, or strengthen its liquidity or capital position.

Contractual Cash Obligations

The following table summarizes, by remaining maturity, Synovus' significant contractual cash obligations at December 31, 2021. Excluded from the table below are certain liabilities with variable cash flows and/or no contractual maturity. See "Part II - Item 8. Financial Statements and Supplementary Data - Note 14 - Commitments and Contingencies" of this Report for information on Synovus' commitments to extend credit including loan commitments and letters of credit along with obligations related to Synovus' sponsorship of MPS businesses. Additionally, see "Part II - Item 8. Financial Statements and Supplementary Data - Note 7 - Deposits" of this Report for information on contractual maturities of time deposits.

Table 26 - Contractual Cash Obligations

	Payments Due After December 31, 2021		
(in thousands)	**1 Year or Less**	**After 1 Year**	**Total**
Long-term debt obligations	$ 344,433	$ 1,096,148	$ 1,440,581
Lease obligations	32,492	548,955	581,447
Purchase commitments(1)	81,167	192,850	274,017
Commitments to fund tax credits, CRA partnerships, and other investments(2)	182,989	67,744	250,733
Total contractual cash obligations	**$ 641,081**	**$ 1,905,697**	**$ 2,546,778**

(1) Legally binding purchase obligations of $1.0 million or more.

(2) Commitments to fund investments in tax credits, CRA partnerships, and other investments have scheduled funding dates that are contingent on events that have not yet occurred, and may be subject to change.

Recently Issued Accounting Standards

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

Non-GAAP Financial Measures

The measures entitled adjusted non-interest revenue; adjusted non-interest expense; adjusted total revenue; adjusted tangible efficiency ratio; adjusted return on average assets; adjusted net income per common share, diluted; adjusted return on average common equity; adjusted return on average tangible common equity; and the tangible common equity to tangible assets ratio are not measures recognized under GAAP and therefore are considered non-GAAP financial measures. The most comparable GAAP measures to these measures are total non-interest revenue, total non-interest expense, total TE revenue, efficiency ratio-TE, return on average assets, net income per common share, diluted, return on average common equity, and the ratio of total shareholders' equity to total assets, respectively.

Management believes that these non-GAAP financial measures provide meaningful additional information about Synovus to assist management and investors in evaluating Synovus' operating results, financial strength, the performance of its business, and the strength of its capital position. However, these non-GAAP financial measures have inherent limitations as analytical tools and should not be considered in isolation or as a substitute for analyses of operating results or capital position as reported under GAAP. The non-GAAP financial measures should be considered as additional views of the way our financial measures are affected by significant items and other factors, and since they are not required to be uniformly applied, they may not be comparable to other similarly titled measures at other companies. Adjusted non-interest revenue and adjusted total revenue are measures used by management to evaluate non-interest revenue and total TE revenue exclusive of net investment securities gains (losses), gain on sale and changes in fair value of private equity investments, net, and fair value adjustments on non-qualified deferred compensation. Adjusted non-interest expense and the adjusted tangible efficiency ratio are measures utilized by management to measure the success of expense management initiatives focused on reducing recurring controllable operating costs. Adjusted return on average assets, adjusted net income per common share, diluted, and adjusted return on average common equity are measurements used by management to evaluate operating results exclusive of items that management believes are not indicative of ongoing operations and impact period-to-period comparisons. Adjusted return on average tangible common equity is a measure used by management to compare Synovus' performance with other financial institutions because it calculates the return available to common shareholders without the impact of intangible assets and their related amortization, thereby allowing management to evaluate the performance of the business consistently. The tangible common equity to tangible assets ratio is used by management to assess the strength of our capital position. The computations of these measures are set forth in the tables below.

Table 27 - Reconciliation of Non-GAAP Financial Measures

	Years Ended December 31,	
(dollars in thousands)	**2021**	**2020**
Adjusted non-interest revenue		
Total non-interest revenue	$ 450,066	$ 506,513
Subtract/add: Investment securities (gains) losses, net	799	(78,931)
Subtract: Gain on sale and increase in fair value of private equity investments, net	—	(4,775)
Subtract: Fair value adjustment on non-qualified deferred compensation	(2,816)	(2,310)
Adjusted non-interest revenue	$ 448,049	$ 420,497
Adjusted non-interest expense		
Total non-interest expense	$ 1,099,904	$ 1,179,574
Subtract: Earnout liability adjustments	(507)	(4,908)
Subtract: Goodwill impairment	—	(44,877)
Subtract: Restructuring charges	(7,223)	(26,991)
Subtract: Valuation adjustment to Visa derivative	(2,656)	(890)
Subtract: Loss on early extinguishment of debt	—	(10,466)
Subtract: Fair value adjustment on non-qualified deferred compensation	(2,816)	(2,310)
Adjusted non-interest expense	$ 1,086,702	$ 1,089,132
Adjusted total revenue and adjusted tangible efficiency ratio		
Adjusted non-interest expense	$ 1,086,702	$ 1,089,132
Subtract: Amortization of intangibles	(9,516)	(10,560)
Adjusted tangible non-interest expense	$ 1,077,186	$ 1,078,572
Net interest income	$ 1,532,947	$ 1,512,748
Add: Tax equivalent adjustment	3,185	3,424
Add: Total non-interest revenue	450,066	506,513
Total TE revenue	$ 1,986,198	$ 2,022,685
Subtract/add: Investment securities (gains) losses, net	799	(78,931)
Subtract: Gain on sale and increase in fair value of private equity investments, net	—	(4,775)
Subtract: Fair value adjustment on non-qualified deferred compensation	(2,816)	(2,310)
Adjusted total revenue	$ 1,984,181	$ 1,936,669
Efficiency ratio-TE	55.38%	58.32%
Adjusted tangible efficiency ratio	54.29	55.69

(dollars in thousands)	Years Ended December 31, 2021	2020
Adjusted return on average assets		
Net income	$ 760,467	$ 373,695
Add: Earnout liability adjustments	507	4,908
Add: Goodwill impairment	—	44,877
Add: Restructuring charges	7,223	26,991
Add: Valuation adjustment to Visa derivative	2,656	890
Add: Loss on early extinguishment of debt	—	10,466
Subtract/add: Investment securities (gains) losses, net	799	(78,931)
Subtract: Gain on sale and increase in fair value of private equity investments, net	—	(4,775)
Add/subtract: Tax effect of adjustments	(2,702)	11,748
Adjusted net income	$ 768,950	$ 389,869
Total average assets	$ 55,368,481	$ 52,138,038
Return on average assets	1.37%	0.72%
Adjusted return on average assets	1.39	0.75
Adjusted net income per common share, diluted		
Net income available to common shareholders	$ 727,304	$ 340,532
Add: Earnout liability adjustments	507	4,908
Add: Goodwill impairment	—	44,877
Add: Restructuring charges	7,223	26,991
Add: Valuation adjustment to Visa derivative	2,656	890
Add: Loss on early extinguishment of debt	—	10,466
Subtract/add: Investment securities (gains) losses, net	799	(78,931)
Subtract: Gain on sale and increase in fair value of private equity investments, net	—	(4,775)
Add/subtract: Tax effect of adjustments	(2,702)	11,748
Adjusted net income available to common shareholders	$ 735,787	$ 356,706
Weighted average common shares outstanding, diluted	148,495	148,210
Net income per common share, diluted	$ 4.90	$ 2.30
Adjusted net income per common share, diluted	4.95	2.41
Adjusted return on average common equity and adjusted return on average tangible common equity		
Net income available to common shareholders	$ 727,304	$ 340,532
Add: Earnout liability adjustments	507	4,908
Add: Goodwill impairment	—	44,877
Add: Restructuring charges	7,223	26,991
Add: Valuation adjustment to Visa derivative	2,656	890
Add: Loss on early extinguishment of debt	—	10,466
Subtract/add: Investment securities (gains) losses, net	799	(78,931)
Subtract: Gain on sale and increase in fair value of private equity investments, net	—	(4,775)
Add/subtract: Tax effect of adjustments	(2,702)	11,748
Adjusted net income available to common shareholders	$ 735,787	$ 356,706
Add: Amortization of intangibles	7,108	7,825
Adjusted net income available to common shareholders excluding amortization of intangibles	$ 742,895	$ 364,531
Total average shareholders' equity less preferred stock	$ 4,674,833	$ 4,534,935
Subtract: Goodwill	(452,390)	(485,987)
Subtract: Other intangible assets, net	(40,307)	(50,427)
Total average tangible shareholders' equity less preferred stock	$ 4,182,136	$ 3,998,521
Return on average common equity	15.56%	7.51%
Adjusted return on average common equity	15.74	7.87
Adjusted return on average tangible common equity	17.76	9.12

(dollars in thousands)	December 31, 2021	December 31, 2020
Tangible common equity to tangible assets ratio		
Total assets	$ 57,317,226	$ 54,394,159
Subtract: Goodwill	(452,390)	(452,390)
Subtract: Other intangible assets, net	(35,596)	(45,112)
Tangible assets	$ 56,829,240	$ 53,896,657
Total shareholders' equity	$ 5,296,800	$ 5,161,334
Subtract: Goodwill	(452,390)	(452,390)
Subtract: Other intangible assets, net	(35,596)	(45,112)
Subtract: Preferred Stock, no par value	(537,145)	(537,145)
Tangible common equity	$ 4,271,669	$ 4,126,687
Total shareholders' equity to total assets ratio	9.24%	9.49%
Tangible common equity to tangible assets ratio	7.52	7.66

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk and Interest Rate Sensitivity

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

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

Synovus measures the sensitivity of net interest income to changes in market interest rates through the use of simulation modeling. This effort involves assessing the Company's forecasted net interest income profile under various scenarios and over varying time horizons. The results of these simulations aid in measuring the Company's exposures and relative sensitivities, namely to changes in interest rates. The scenarios generally include numerous assumptions, including those related to changes in the balance sheet, interest rates, prepayment trends, and the repricing characteristics of non-contractual deposits. Such assumptions may change through time as a result of a host of factors, including changes in the balance sheet as well as the interest rate environment. The simulation modeling process is performed in a manner consistent with Synovus policies and procedures with results reviewed on an on-going basis by ALCO and the Risk Committee of the Board of Directors.

With this framework, Synovus has modeled its baseline net interest income forecast assuming a relatively flat interest rate environment with the federal funds rate at the Federal Reserve's current targeted range of 0% to 0.25% and the current prime rate of 3.25%. Synovus has modeled the impact of an immediate increase in market interest rates across the yield curve of 100 and 200 bps to determine the sensitivity of net interest income for the next twelve months. As illustrated in the table below, the net interest income sensitivity derived from this simulation suggests that net interest income is projected to increase by 6.5% and 14.5% if interest rates increased by 100 and 200 bps, respectively. These results indicate that the Company has an asset sensitive position over the next year, which could serve to improve net interest income in a rising interest rate environment.

Table 28 - Twelve Month Net Interest Income Sensitivity

	Estimated Change in Net Interest Income As of December 31,	
Change in Interest Rates (in bps)	**2021**	**2020**
+200	14.5%	N/A
+100	6.5%	7.2%

While all of the above estimates are reflective of the general interest rate sensitivity of Synovus, local market conditions, the realized growth and remixing of the balance sheet, as well as the broader macroeconomic environment could all have a significant impact on the both the sensitivity and realized level of net interest income.

In addition to assessing net interest income sensitivities, we also perform simulation analyses to assess the sensitivity of our Economic Value of Equity (EVE) relative to changes in market interest rates. EVE is measured as the discounted present value of assets and derivative cash flows minus the discounted present value of liability cash flows. Management uses EVE sensitivity as an additional means of measuring interest rate and incorporates this form of analysis within its governance and limits framework.

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

Derivative Instruments for Interest Rate Risk Management

Synovus utilizes derivative instruments to manage its exposure to various types of structural interest rate risks by executing end-user derivative transactions designated as hedges. Hedging relationships may be designated as either a cash flow hedge, which mitigates risk exposure to the variability of future cash flows or other forecasted transactions, or a fair value hedge, which mitigates risk exposure to adverse changes in the fair market value of a fixed rate asset or liability due to changes in market interest rates.

As of December 31, 2021 and 2020, the Company had $3.60 billion and $3.00 billion, respectively, in notional amounts outstanding of interest rate swaps designated as cash flow hedging instruments to hedge its exposure to contractually specified interest rate risk associated with floating rate loans.

LIBOR Transition

In July 2017, the FCA, which regulates LIBOR, announced that it intends to stop persuading or compelling banks to submit rates for the calculation of LIBOR at the end of 2021. On March 5, 2021, the FCA confirmed that all LIBOR settings will either cease to be provided by any administrator or no longer be representative immediately after December 31, 2021 for the 1-week and 2-month US dollar settings and immediately after June 30, 2023 for all remaining US dollar settings.

The ARRC proposed SOFR as its preferred rate as an alternative to LIBOR and proposed a paced market transition plan to SOFR from LIBOR. Organizations are currently working on industry-wide and company-specific transition plans related to derivatives and cash markets exposed to LIBOR. As noted within “Part I - Item 1A. Risk Factors” of this Report, Synovus holds instruments that may be impacted by the discontinuance of LIBOR, which include floating rate obligations, loans, deposits, derivatives and hedges, and other financial instruments. Synovus has established a cross-functional LIBOR transition working group with representation from all business lines, support and control functions, and legal counsel that has 1) assessed the Company’s current exposure to LIBOR indexed instruments and the data, systems and processes that will be impacted; 2) established a detailed implementation plan; 3) formulated communications and learning activities to support clients and colleagues; and 4) developed a formal governance structure for the transition. For the last several years, loan agreement provisions for new and renewed loans included LIBOR fallback language to ensure transition from LIBOR when such transition occurs. All direct exposures resulting from existing financial contracts that mature after 2021 have been inventoried and are monitored on an ongoing basis. The Company discontinued the use of LIBOR as of December 31, 2021 with limited exceptions as permitted by regulatory guidance or internal policies. Synovus has expanded its product offerings and currently offers multiple alternative reference rates including SOFR, BSBY, and Prime indices. As of December 31, 2021, the Company had approximately $14 billion in loans tied to LIBOR that mature after June 30, 2023. Remediation activities are underway to modify or transition existing exposures to alternate index rates or to convert the rate under existing fallback language. We do not currently expect a material financial impact to the Company or our clients regardless of which index or indices the Company offers as alternatives to LIBOR.

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

	December 31,	
(in thousands, except share and per share data)	**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.

	As of and For The Year Ended December 31, 2021			
(in thousands)	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**

	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 (reversal of) 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 (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.

(dollars in thousands)	Valuation Technique	Significant Unobservable Input	December 31, 2021 Level 3 Fair Value	December 31, 2021 Rate/Range	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	$ —	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.

(in thousands)	December 31, 2021 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	$ 79,173	$ 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**

(dollars in thousands)	December 31, 2021 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

(dollars in thousands)	December 31, 2020 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

(in thousands)	December 31, 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

	Years Ended December 31,		
(in thousands)	**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.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

NONE.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures. In connection with the preparation of this Annual Report on Form 10-K, an evaluation was carried out by Synovus' management, with the participation of Synovus' Chief Executive Officer and Chief Financial Officer, of the effectiveness of Synovus' disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (Exchange Act)). Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures. Based on that evaluation, Synovus' Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2021, Synovus' disclosure controls and procedures were effective.

Synovus regularly engages in productivity and efficiency initiatives to streamline operations, reduce expenses, and increase revenue. Additionally, investment in new and updated information technology systems has enhanced information gathering and processing capabilities, and allowed management to operate in a more centralized environment for critical processing and monitoring functions. Management of Synovus is responsible for identifying, documenting, and evaluating the adequacy of the design and operation of the controls implemented during each process change described above. There have been no material changes in Synovus' internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the year ended December 31, 2021 that has materially affected, or is reasonably likely to materially affect, Synovus' internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting. Management of Synovus is responsible for establishing and maintaining effective internal control over financial reporting for Synovus Financial Corp. and its subsidiaries ("we" and "our"), as that term is defined in Exchange Act Rules 13a-15(f). Synovus conducted an evaluation of the effectiveness of our internal control over Synovus' 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 (COSO). Based on that evaluation, we concluded that our internal control over financial reporting is effective as of December 31, 2021.

KPMG LLP, an independent registered public accounting firm, has audited the consolidated financial statements included in this Annual Report and has issued a report on the effectiveness of our internal control over financial reporting, and this report is included in "Part II - Item 8. Financial Statements and Supplementary Data" of this Report.

/s/ Kevin S. Blair
Kevin S. Blair
President and Chief Executive Officer

/s/ Andrew J. Gregory, Jr.
Andrew J. Gregory, Jr.
Executive Vice President and Chief Financial Officer

Changes in Internal Control Over Financial Reporting. No change in our internal control over financial reporting occurred during the fiscal quarter ended December 31, 2021 covered by this Report that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

NONE.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

NOT APPLICABLE.

Part III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information included under the following captions in our Proxy Statement is incorporated in this document by reference:

- "PROPOSALS TO BE VOTED ON" - "PROPOSAL 1: ELECTION OF 13 DIRECTORS";
- "EXECUTIVE OFFICERS";
- "DELINQUENT SECTION 16(a) REPORTS"; and
- "CORPORATE GOVERNANCE AND BOARD MATTERS" - "Consideration of Director Candidates - Shareholder Candidates" and "Committees of the Board" - "Audit Committee."

We have a Code of Business Conduct and Ethics that applies to all directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer. You can find our Code of Business Conduct and Ethics in the Corporate Governance section of our website at investor.synovus.com. We will post any amendments to the Code of Business Conduct and Ethics and any waivers that are required to be disclosed by the rules of either the SEC or the NYSE in the Corporate Governance section of our website.

Because our common stock is listed on the NYSE, our chief executive officer is required to make, and he has made, an annual certification to the NYSE stating that he was not aware of any violation by us of the corporate governance listing standards of the NYSE. Our chief executive officer made his annual certification to that effect to the NYSE as of April 30, 2021. In addition, we have filed, as exhibits to this Annual Report, the certifications of our chief executive officer and chief financial officer required under Section 302 of the Sarbanes-Oxley Act of 2002.

ITEM 11. EXECUTIVE COMPENSATION

Information included under the following captions in our Proxy Statement is incorporated in this document by reference:

- "DIRECTOR COMPENSATION";
- "EXECUTIVE COMPENSATION" - "Compensation Discussion and Analysis"; "Compensation and Human Capital Committee Report"; "Summary Compensation Table" and the compensation tables and related information which follow the Summary Compensation Table; and
- "CORPORATE GOVERNANCE AND BOARD MATTERS" - "Committees of the Board" - "Compensation and Human Capital Committee Interlocks and Insider Participation."

The information included under the heading "Compensation and Human Capital Committee Report" in our Proxy Statement is incorporated herein by reference; however, this information shall not be deemed to be "soliciting material" or to be "filed" with the Commission or subject to regulation 14A or 14C, or to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information pertaining to equity compensation plans is contained in "Part II - Item 8. Financial Statements and Supplementary Data - Note 15 - Share-based Compensation and Other Employment Benefit Plans" of this Report and are incorporated herein by reference.

Information included under the following captions in our Proxy Statement is incorporated in this document by reference:

- "STOCK OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS"; and
- "PRINCIPAL SHAREHOLDERS."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information included under the following captions in our Proxy Statement is incorporated in this document by reference:

- “CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS”; and
- “CORPORATE GOVERNANCE AND BOARD MATTERS” - “Independence.”

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Our independent registered public accounting firm is KPMG LLP, Atlanta, GA, Auditor Firm ID: 185.

Information included under the following captions in our Proxy Statement is incorporated in this document by reference:

- “AUDIT COMMITTEE REPORT” - “KPMG LLP Fees and Services” (excluding the information under the main caption “AUDIT COMMITTEE REPORT”); and
- “AUDIT COMMITTEE REPORT” - “Policy on Audit Committee Pre-Approval.”

Part IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) 1. Financial Statements

The following consolidated financial statements of Synovus and our subsidiaries and related reports of Synovus' independent registered public accounting firm are incorporated in this Item 15 by reference from "Part II - Item 8. Financial Statements and Supplementary Data" of this Report.

Consolidated Balance Sheets as of December 31, 2021 and 2020

Consolidated Statements of Income for the Years ended December 31, 2021, 2020 and 2019

Consolidated Statements of Changes in Shareholders' Equity and Comprehensive Income for the Years Ended December 31, 2021, 2020 and 2019

Consolidated Statements of Cash Flows for the Years Ended December 31, 2021, 2020 and 2019

Notes to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm (on consolidated financial statements)

Report of Independent Registered Public Accounting Firm (on the effectiveness of internal control over financial reporting)

Management's Report on Internal Control Over Financial Reporting is incorporated by reference from "Part II - Item 9A. Controls and Procedures" of this Report.

2. Financial Statement Schedules

None are applicable because the required information has been incorporated in the consolidated financial statements and notes thereto of Synovus and our subsidiaries which are incorporated in this Report by reference.

3. Exhibits

The following exhibits are filed herewith or are incorporated to other documents previously filed with the SEC. With the exception of those portions of the Proxy Statement that are expressly incorporated by reference in this Report, such documents are not to be deemed filed as part of this Report.

Exhibit Number	Description
3.1	Restated Articles of Incorporation of Synovus, incorporated by reference to Exhibit 3.1 of Synovus' Current Report on Form 8-K dated April 22, 2020, as filed with the SEC on April 24, 2020.
3.2	Restated Bylaws of Synovus, incorporated by reference to Exhibit 3.2 of Synovus' Current Report on Form 8-K dated April 22, 2020, as filed with the SEC on April 24, 2020.
4.1	Specimen physical stock certificate of Synovus, incorporated by reference to Exhibit 4.1 to Synovus' Current Report on Form 8-K dated May 19, 2014, as filed with SEC on May 19, 2014.
4.2	Specimen stock certificate for Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series D, incorporated by reference to Exhibit 4.1 of Synovus' Current Report on Form 8-K dated June 20, 2018, as filed with the SEC on June 21, 2018.
4.3	Specimen stock certificate for Fixed-Rate Non-Cumulative Perpetual Preferred Stock, Series E, incorporated by reference to Exhibit 4.1 of Synovus' Current Report on Form 8-K dated July1, 2019, as filed with the SEC on July 1, 2019.
4.4	Description of Synovus' securities registered under Section 12 of the Securities Exchange Act of 1934, as amended, incorporated by reference to Exhibit 4.4 of Synovus' Annual Report on Form 10-K for the period ended December 31, 2020, as filed with the SEC on March 1, 2021.
4.5	Indenture, dated as of June 20, 2005, between Synovus Financial Corp. and The Bank of New York Trust Company, N.A., as trustee, incorporated by reference to Exhibit 4.1 of Synovus' Registration Statement on Form S-4 (No. 333-126767), as filed with the SEC on July 21, 2005.
4.6	Senior Notes Indenture, dated as of February 13, 2012, between Synovus Financial Corp. and The Bank of New York Mellon Trust Company, N.A., as trustee, incorporated by reference to Exhibit 4.1 of Synovus' Current Report on Form 8-K dated February 8, 2012, as filed with the SEC on February 13, 2012.

Exhibit Number	Description
4.7	Subordinated Indenture, dated as of December 7, 2015, between Synovus Financial Corp. and The Bank of New York Mellon Trust Company, N.A., as trustee, incorporated by reference to Exhibit 4.1 of Synovus' Current Report on Form 8-K dated December 2, 2015, as filed with the SEC on December 7, 2015.
4.8	First Supplemental Indenture, dated as of December 7, 2015, between Synovus Financial Corp. and The Bank of New York Mellon Trust Company, N.A., as trustee, incorporated by reference to Exhibit 4.2 of Synovus' Current Report on Form 8-K dated December 2, 2015, as filed with the SEC on December 7, 2015.
4.9	Second Supplemental Indenture, dated as of February 7, 2019, between Synovus Financial Corp. and The Bank of New York Mellon Trust Company, N.A., as trustee, incorporated by reference to Exhibit 4.1 of Synovus'' Current Report on Form 8-K dated February 7, 2019, as filed with the SEC on February 7, 2019.
4.10	4.000% Fixed-to-Fixed Rate Subordinated Bank Note, incorporated by reference to Exhibit 4.1 of Synovus' Current Report on Form 8-K dated October 29, 2020, as filed with the SEC on October 29, 2020.
10.1	Amended and Restated Synovus Financial Corp. Directors' Deferred Compensation Plan, incorporated by reference to Exhibit 10.2 of Synovus' Quarterly Report on Form 10-Q for the quarter ended June 30, 2008, as filed with the SEC on August 8, 2008.*
10.2	First Amendment to Synovus Financial Corp. Directors' Deferred Compensation Plan, incorporated by reference to Exhibit 10.1 of Synovus' Quarterly Report on Form 10-Q for quarter ended September 30, 2021, as filed with the SEC on November 3, 2021.*
10.3	Synovus Financial Corp. Executive Salary Contribution Death Benefit Plan, incorporated by reference to Exhibit 10.1 of Synovus' Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, as filed with the SEC on August 10, 2009.*
10.4	Third Amended and Restated Synovus Financial Corp. Deferred Compensation Plan, incorporated by reference to Exhibit 10.15 of Synovus' Annual Report on Form 10-K for the fiscal year ended December 31, 2012, as filed with the SEC on March 1, 2013.*
10.5	Amendment No. 1 to Third Amended and Restated Synovus Deferred Compensation Plan, incorporated by reference to Exhibit 10.1 of Synovus' Quarterly Report on Form 10-Q for the period ended June 30, 2017, as filed with the SEC on August 4, 2017.*
10.6	Amendment No. 2 to Third Amended and Restated Synovus Deferred Compensation Plan, incorporated by reference to Exhibit 10.44 of Synovus' Annual Report on Form 10-K for the period ended December 31, 2019, as filed with the SEC on March 2, 2020.*
10.7	Synovus Financial Corp. 2007 Omnibus Plan, incorporated by reference to Exhibit 10.1 of Synovus' Current Report on Form 8-K dated April 25, 2007, as filed with the SEC on April 25, 2007.*
10.8	Amendment No. 1 to the Synovus Financial Corp. 2007 Omnibus Plan dated February 9, 2017, incorporated by reference to Exhibit 10.14 of Synovus' Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as filed with the SEC on February 27, 2017.*
10.9	Form of Revised Stock Option Agreement for stock option awards under the Synovus Financial Corp. 2007 Omnibus Plan, incorporated by reference to Exhibit 10.2 of Synovus' Current Report on Form 8-K dated January 29, 2008, as filed with the SEC on January 29, 2008.*
10.10	Form of Retention Stock Option Agreement for retention stock option awards under the Synovus Financial Corp. 2007 Omnibus Plan, incorporated by reference to Exhibit 10.1 of Synovus' Current Report on Form 8-K dated January 29, 2008, as filed with the SEC on January 29, 2008.*
10.11	Form of Restricted Stock Option Agreement for 2010 stock option awards under the Synovus Financial Corp. 2007 Omnibus Plan, incorporated by reference to Exhibit 10.1 of Synovus' Current Report on Form 8-K dated January 29, 2010, as filed with the SEC on January 29, 2010.*
10.12	Form of Non-Employee Director Restricted Stock Unit Award Agreement under the Synovus Financial Corp. 2007 Omnibus Plan, incorporated by reference to Exhibit 10.1 of Synovus' Quarterly Report on Form 10-Q for the period ended March 31, 2012, as filed with the SEC on May 10, 2012.*
10.13	Synovus Financial Corp. 2013 Omnibus Plan, incorporated by reference to Exhibit 10.18 of Synovus' Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as filed with the SEC on February 27, 2017.*
10.14	Amendment No. 1 to the Synovus Financial Corp. 2013 Omnibus Plan dated February 9, 2017, incorporated by reference to Exhibit 10.19 of Synovus' Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as filed with the SEC on February 27, 2017.*
10.15	Form of Stock Option Agreement for the stock option awards under the Synovus Financial Corp. 2013 Omnibus Plan, incorporated by reference to Exhibit 10.3 to Synovus' Current Report on Form 8-K dated June 18, 2013, as filed with the SEC on June 20, 2013.*
10.16	Form of Performance Stock Unit Agreement for performance-based restricted stock awards under the Synovus Financial Corp. 2013 Omnibus Plan, incorporated by reference to Exhibit 10.2 of Synovus' Current Report on Form 8-K dated January 22, 2014, as filed with the SEC on January 24, 2014.*
10.17	Form of Revised Performance Stock Unit Agreement for performance-based restricted stock awards under the Synovus Financial Corp. 2013 Omnibus Plan, incorporated by reference to Exhibit 10.1 of Synovus' Current Report on Form 8-K dated February 11, 2016, as filed with the SEC on February 18, 2016.*

Exhibit Number	Description
10.18	Form of Revised Performance Stock Unit Agreement for performance-based restricted stock awards under the Synovus Financial Corp. 2013 Omnibus Plan, incorporated by reference to Exhibit 10.35 of Synovus' Annual Report on Form 10-K for the period ended December 31, 2017, as filed with the SEC on February 28, 2018.*
10.19	Form of Market Restricted Stock Unit Agreement for market restricted stock awards under the Synovus Financial Corp. 2013 Omnibus Plan, incorporated by reference to Exhibit 10.1 of Synovus' Current Report on Form 8-K dated December 11, 2013, as filed with the SEC on December 13, 2013.*
10.20	Form of 2014 Market Restricted Stock Unit Agreement for market restricted stock awards under the Synovus Financial Corp. 2013 Omnibus Plan, incorporated by reference to Exhibit 10.3 of Synovus' Current Report on Form 8-K dated January 22, 2014, as filed with the SEC on January 24, 2014.*
10.21	Form of Revised Market Restricted Stock Unit Agreement for market restricted stock awards under the Synovus Financial Corp. 2013 Omnibus Plan, incorporated by reference to Exhibit 10.2 of Synovus' Current Report on Form 8-K dated February 11, 2016, as filed with the SEC on February 18, 2016.*
10.22	Form of Revised Market Restricted Stock Unit Agreement for market restricted stock awards under the Synovus Financial Corp. 2013 Omnibus Plan, incorporated by reference to Exhibit 10.36 of Synovus' Annual Report on Form 10-K for the period ended December 31, 2017, as filed with the SEC on February 28, 2018.*
10.23	Form of Restricted Stock Unit Agreement for restricted stock awards under the Synovus Financial Corp. 2013 Omnibus Plan, incorporated by reference to Exhibit 10.2 to Synovus' Current Report on Form 8-K dated June 18, 2013, as filed with the SEC on June 20, 2013.*
10.24	Form of Revised Restricted Stock Unit Agreement for restricted stock awards under the Synovus Financial Corp. 2013 Omnibus Plan, incorporated by reference to Exhibit 10.37 of Synovus' Annual Report on Form 10-K for the period ended December 31, 2017, as filed with the SEC on February 28, 2018.*
10.25	Form of Director Restricted Stock Unit Agreement for the Synovus Financial Corp. 2013 Omnibus Plan, incorporated by reference to Exhibit 10.4 to Synovus' Current Report on Form 8-K dated June 18, 2013, as filed with the SEC on June 20, 2013.*
10.26	Form of Cash-Settled Restricted Stock Unit Agreement for cash-settled restricted stock awards under the Synovus Financial Corp. 2013 Omnibus Plan, incorporated by reference to Exhibit 10.46 to Synovus' Annual Report on Form 10-K for the period ended December 31, 2020, as filed with the SEC on March 1, 2021.*
10.27	Bond Street Holdings, LLC 2009 Stock Option Plan, incorporated by reference to Exhibit 10.1 of FCB's Registration Statement on Form S-1 (No. 333-196935), as filed with the SEC on June 20, 2014.*
10.28	Bond Street Holdings, LLC 2013 Stock Incentive Plan, incorporated by reference to Exhibit 10.2 of FCB's Registration Statement on Form S-1 (No. 333-196935), as filed with the SEC on June 20, 2014.*
10.29	FCB 2016 Stock Incentive Plan, incorporated by reference to Exhibit A of the FCB Proxy Statement for the 2016 Annual Meeting of Stockholders on Schedule 14A, as filed with the SEC on April 5, 2016.*
10.30	First Amendment to the FCB 2016 Stock Incentive Plan, incorporated by reference to Item 8.01 of FCB's Current Report on Form 8-K dated May 5, 2016, as filed with the SEC on May 5, 2016.*
10.31	Form of Incentive Stock Option Grant Agreement, incorporated by reference to Exhibit 10.3 of FCB's Registration Statement on Form S-1 (No. 333-196935), as filed with the SEC on June 20, 2014.*
10.32	Form of FCB RSU Agreement, incorporated by reference to Exhibit 10.4 of FCB's Registration Statement on Form S-1/A (No. 333-196935), as filed with the SEC on July 22, 2014.*
10.33	Form of Indemnification Agreement for directors and executive officers of Synovus, incorporated by reference to Exhibit 10.1 of Synovus' Current Report on Form 8-K dated July 26, 2007, as filed with the SEC on July 26, 2007.*
10.34	Summary of Annual Base Salaries of Synovus' Named Executive Officers.*
10.35	Summary of Board of Directors Compensation, incorporated by reference to Exhibit 10.1 of Synovus' Quarterly Report on Form 10-Q for the period ended March 31, 2021, as filed with the SEC on May 6, 2021.*
10.36	Form of Change of Control Agreement for executive officers, incorporated by reference to Exhibit 10.1 of Synovus' Quarterly Report on Form 10-Q for the quarter ended June 30, 2008, as filed with the SEC on August 8, 2008.*
10.37	Form of Change of Control Agreement for executive officers, incorporated by reference to Exhibit 10.17 of Synovus' Annual Report on Form 10-K for the fiscal year ended December 31, 2013, as filed with the SEC on February 28, 2014.*
10.38	Riverside Bank Amended and Restated Salary Continuation Agreement adopted as of June 1, 2005 by and between Riverside Bank and Kessel D. Stelling, incorporated by reference to Exhibit 10.17 of Synovus' Annual Report on Form 10-K for the period ended December 31, 2011, as filed with the SEC on February 29, 2012.*
10.39	First Amendment to the Bank of North Georgia Amended and Restated Salary Continuation Agreement dated September 10, 2007, effective as of January 1, 2005, by and between Bank of North Georgia, as successor in interest to Riverside Bank, and Kessel D. Stelling, Jr., incorporated by reference to Exhibit 10.37 of Synovus' Current Report on Form 10-K for the period ended December 31, 2011, as filed with the SEC on February 29, 2012.*
10.40	Riverside Bank Split Dollar Agreement dated December 23, 1999, by and between Riverside Bank and Kessel D. Stelling, Jr., incorporated by reference to Exhibit 10.38 of Synovus' Current Report on Form 10-K for the period ended December 31, 2011, as filed with the SEC on February 29, 2012.*

Exhibit Number	Description
10.41	Synovus Financial Corp. Amended and Restated Clawback Policy, incorporated by reference to Exhibit 10.30 of Synovus' Annual Report on Form 10-K for the period ended December 31, 2018, as filed with the SEC on February 28, 2019.*
10.42	Form of Confidentiality and Nonsolicitation Agreement for executive officers of Synovus, incorporated by reference to Exhibit 10.43 of Synovus' Annual Report on Form 10-K for the period ended December 31, 2019, as filed with the SEC on March 2, 2020.*
10.43	Succession and Advisory Services Letter Agreement between Synovus and Kessel D. Stelling dated as of December 17, 2020, incorporated by reference to Exhibit 10.1 of Synovus' Current Report on Form 8-K dated December 17, 2020, as filed with the SEC on December 17, 2020.*
10.44	Synovus Financial Corp. 2021 Omnibus Plan, incorporated by reference to Exhibit 10.2 of Synovus' Quarterly Report on Form 10-Q for the period ended March 31, 2021, as filed with the SEC on May 6, 2021.*
10.45	Synovus Financial Corp. 2021 Director Stock Purchase Plan, incorporated by reference to Exhibit 10.3 of Synovus' Quarterly Report on Form 10-Q for the period ended March 31, 2021, as filed with the SEC on May 6, 2021.*
10.46	Synovus Financial Corp. 2021 Employee Stock Purchase Plan, incorporated by reference to Exhibit 10.4 of Synovus' Quarterly Report on Form 10-Q for the period ended March 31, 2021, as filed with the SEC on May 6, 2021.*
10.47	Form of Director Restricted Stock Unit Agreement for restricted stock awards to directors under the Synovus Financial Corp. 2021 Omnibus Plan, incorporated by reference to Exhibit 10.5 of Synovus' Quarterly Report on Form 10-Q for the period ended March 31, 2021, as filed with the SEC on May 6, 2021.*
10.48	Form of Restricted Stock Unit Agreement for restricted stock awards under the Synovus Financial Corp. 2021 Omnibus Plan.*
10.49	Form of Cash-Settled Restricted Stock Unit Agreement for cash-settled restricted stock awards under the Synovus Financial Corp. 2021 Omnibus Plan.*
10.50	Form of Performance Stock Unit Agreement for performance-based restricted stock awards under the Synovus Financial Corp. 2021 Omnibus Plan.*
14	Code of Business Conduct and Ethics, incorporated by reference to Exhibit 99.1 of Synovus' Current Report on Form 8-K dated October 24, 2014, as filed with the SEC on October 24, 2014.
21.1	Subsidiaries of Synovus Financial Corp.
23.1	Consent of Independent Registered Public Accounting Firm.
24.1	Powers of Attorney contained on the signature pages of this 2021 Annual Report on Form 10-K and incorporated herein by reference.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Interactive Data File
104	Cover Page Interactive Data File (formatted as inline XBRL and included in Exhibit 101).

* *Indicates management contracts and compensatory plans and arrangements.*

(b) Exhibits

See the response to Item 15(a)(3) above.

(c) Financial Statement Schedules

See the response to Item 15(a)(2) above.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, Synovus Financial Corp. has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

SYNOVUS FINANCIAL CORP.

Date: February 25, 2022

By: /s/ Kevin S. Blair
Kevin S. Blair
President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Kevin S. Blair. and Andrew J. Gregory, Jr. and each of them, his or her true and lawful attorney(s)-in-fact and agent(s), with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments to this report and to file the same, with all exhibits and schedules thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney(s)-in-fact and agent(s) full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney(s)-in-fact and agent(s), or their substitute(s), may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of Section 13 or 15(d) the Securities Exchange Act of 1934, as amended, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Kevin S. Blair **Kevin S. Blair**	*President, Chief Executive Officer and Director* *(Principal Executive Officer)*	February 25, 2022
/s/ Andrew J. Gregory, Jr. **Andrew J. Gregory, Jr.**	*Executive Vice President and Chief Financial Officer* *(Principal Financial Officer)*	February 25, 2022
/s/ Jill K. Hurley **Jill K. Hurley**	*Chief Accounting Officer* *(Principal Accounting Officer)*	February 25, 2022
/s/ Tim E. Bentsen **Tim E. Bentsen**	*Director*	February 25, 2022
/s/ F. Dixon Brooke, Jr. **F. Dixon Brooke, Jr.**	*Director*	February 25, 2022
/s/ Stephen T. Butler **Stephen T. Butler**	*Director*	February 25, 2022
/s/ Elizabeth W. Camp **Elizabeth W. Camp**	*Director*	February 25, 2022
/s/ Pedro Cherry **Pedro Cherry**	*Director*	February 25, 2022
/s/ Diana M. Murphy **Diana M. Murphy**	*Director*	February 25, 2022
/s/ Harris Pastides **Harris Pastides**	*Director*	February 25, 2022
/s/ Joseph J. Prochaska, Jr. **Joseph J. Prochaska, Jr.**	*Director*	February 25, 2022.
/s/ John Stallworth **John Stallworth**	*Director*	February 25, 2022
/s/ Kessel D. Stelling **Kessel D. Stelling**	*Executive Chairman of the Board*	February 25, 2022
/s/ Barry L. Storey **Barry L. Storey**	*Director*	February 25, 2022
/s/ Teresa White **Teresa White**	*Director*	February 25, 2022

Shareholder Information

Synovus Financial Corp. is a financial services company based in Columbus, Georgia, with more than $57 billion in assets. Through its wholly-owned subsidiary, Synovus Bank, the company provides commercial and retail banking services, including private banking, treasury management, mortgage services, wealth management, premium finance, 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 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 customers in some of the best markets in the southeast. See Synovus on the web at synovus.com, Twitter, Linkedin, and Instagram.

Stock Trading Information

Synovus common stock is traded on the New York Stock Exchange (NYSE) under the symbol "SNV."

Notice of 2022 Annual Meeting of Shareholders

Our Annual Meeting of Shareholders will be held in an online-only, virtual meeting format and will begin at 10:00 a.m. ET on Wednesday, April 27, 2022. To attend, vote, and submit questions at the Annual Meeting, shareholders will need to go to www.virtualshareholdermeeting.com/SNV2022 and, when prompted, enter the 16-digit control number included in their proxy materials. Those without a 16-digit control number may attend the 2022 Annual Meeting as guests.

Dividend Reinvestment and Direct Stock Purchase Plan

The Plan provides a comprehensive package of services designed to make investing in Synovus stock easy, convenient, and more affordable.

To request an enrollment package for the Dividend Reinvestment and Direct Stock Purchase Plan, or for more information, please visit us at investor.synovus.com or call our automated request line at (888) 777-0322.

Investor Relations

Analysts, investors, and others seeking additional financial information not available at investor.synovus.com should contact:

Cal Evans
Senior Director, Investor Relations
and Market Intelligence
Synovus
P.O. Box 120
Columbus, GA 31902-0120
(706) 644-8084
email: calevans@synovus.com

Shareholder Services

Current shareholders requiring assistance should contact our transfer agent, American Stock Transfer & Trust Company:

U.S. Mail - Registered or Overnight
6201 15th Avenue, Brooklyn, NY 11219

Telephone Inquiries
(888) 777-0322

Website
astfinancial.com

Cautionary language regarding forward-looking statements: This annual report to shareholders contains forward looking statements, which by their nature involve risks and uncertainties. Please refer to Synovus' 2021 Annual Report on Form 10-K filed with the Securities and Exchange Commission for information concerning forward-looking statements, under the caption "Forward-Looking Statements," and for a description of certain factors that may cause actual results to differ from goals referred to herein or contemplated by such statements.

SYNOVUS®
get there