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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2010

Commission file number 1-10312

SYNOVUS FINANCIAL CORP.

(Exact name of registrant as specified in its charter)

Georgia	58-1134883
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1111 Bay Avenue

Suite 500, Columbus, Georgia **31901**
(Address of principal executive officers) **(Zip Code)**
Registrant s telephone number, including area code: (706) 649-2311

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

Title of each class	Name of each exchange on which registered
Common Stock, $1.00 Par Value	New York Stock Exchange
Tangible Equity Units	New York Stock Exchange
Series B Participating Cumulative Preferred Stock Purchase Rights	New York Stock Exchange

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES x NO ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. YES ¨ NO x

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

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

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

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

As of June 30, 2010, the aggregate market value of the registrant s common stock held by non-affiliates of the registrant was approximately $1,838,002,043 based on the closing sale price of $2.54 reported on the New York Stock Exchange on June 30, 2010.

As of February 17, 2011, there were 785,274,094 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, 2011 (Proxy Statement)	Part III

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Part I

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

FORWARD-LOOKING STATEMENTS

Certain statements made or incorporated by reference in this Report which are not statements of historical fact, including those under Management s Discussion and Analysis of Financial Condition and Results of Operations, and elsewhere in this Report, constitute forward-looking statements within the meaning of, and subject to the protections of, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Forward-looking statements include statements with respect to Synovus beliefs, plans, objectives, goals, targets, expectations, anticipations, assumptions, estimates, intentions and future performance and involve known and unknown risks, many of which are beyond Synovus control and which may cause Synovus actual results, performance or achievements or the commercial banking industry or economy generally, to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements.

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

(1) further deterioration in credit quality may continue to result in increased non-performing assets and credit losses, which could adversely impact Synovus capital, financial condition, and results of operations;

(2) continuing declines in the values of residential and commercial real estate may result in further write-downs of assets and realized losses on disposition of non-performing assets, which may increase credit losses and negatively affect Synovus financial results;

(3) continuing weakness in the residential and commercial real estate environment, which may negatively impact Synovus ability to liquidate non-performing assets, and may result in continued elevated levels of non-performing assets and potential problem loans;

(4) the impact on Synovus borrowing costs, capital costs, and liquidity due to further adverse changes in Synovus credit ratings;

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

(6) the concentration of Synovus non-performing assets by loan type, in certain geographic regions, and with affiliated borrowing groups;

(7) changes in the interest rate environment and competition in our primary market area, which, combined with the decrease in our total loans in 2010 compared to prior periods, may result in increased funding costs or reduced earning assets yields, thus reducing margins and net interest income;

(8) restrictions or limitations on access to funds from historical and alternative sources of liquidity, combined with increased subsidiary capital deployment, could adversely affect Synovus overall liquidity, which may restrict Synovus ability to make payments on its obligations or dividend payments on its common stock and Series A preferred stock and Synovus ability to support asset growth and sustain its operations and the operations of Synovus Bank;

(9) future availability and cost of capital and liquidity on favorable terms, if at all;

(10) the risks that Synovus may be required to undertake additional strategic initiatives or seek or deploy additional capital to satisfy applicable regulatory capital standards and pressures or supervisory actions or directives;

(11) decreases in non-interest income and increases in non-interest expense due to, among other things, implementation of The Dodd Frank Wall Street Reform and Consumer Protection Act (Dodd Frank Act) and other regulatory initiatives;

(12) changes in the cost and availability of funding due to changes in the deposit market and credit market, or the way in which Synovus is perceived in such markets, including a further reduction in Synovus debt ratings;

(13) risks related to the timing of the recoverability of the deferred tax asset, which is subject to considerable judgment, and the risk that even after the recovery of the deferred tax asset balance under GAAP, there will remain limitations on the ability to include the deferred tax assets for regulatory capital purposes;

(14) the impact of our continued participation in the Troubled Asset Relief Program, the recently enacted Dodd-Frank Act and other recent and proposed changes in governmental policy, laws and regulations, including proposed and recently enacted changes in the regulation of banks and financial institutions, or the interpretation or application thereof, including restrictions, increased capital requirements, limitations and/or penalties arising from banking, securities and insurance laws, regulations and examinations and restrictions on compensation;

(15) the impact on Synovus financial results, reputation and business if Synovus is unable to comply with all applicable federal and state regulations and applicable memoranda of understanding, other supervisory actions or directives and any necessary capital initiatives;

(16) the actual results achieved by our revised three-year strategic plan and the implementation of our efficiency and growth initiatives announced in January 2011, and the risk that we may not achieve the anticipated cost savings, revenue growth and other benefits from such initiatives;

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

(18) the costs of services and products to Synovus by third parties, whether as a result of financial condition, credit ratings, the way Synovus is perceived by such parties, the economy or otherwise;

(19) the risk that Synovus could have an ownership change under Section 382 of the Internal Revenue Code, which could impair the ability to timely and fully utilize Synovus net operating losses and built-in losses that may exist when such ownership change occurs; and

(20) other factors and other information contained in this Report and in other reports and filings that Synovus makes with the SEC under the Exchange Act, including, without limitation, under Part I Item 1.A Risk Factors of this Report.

For a discussion of these and other risks that may cause actual results to differ from expectations, you should refer to the risk factors and other information 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 to reflect the occurrence of new information or unanticipated events, except as may otherwise be required by law.

ITEM 1. BUSINESS

Overview

General

Synovus Financial Corp. is a financial services company and a registered bank holding company headquartered in Columbus, Georgia. We provide integrated financial services including commercial and retail banking, financial management, insurance and mortgage services to our customers through 30 locally-branded banking divisions of our wholly-owned subsidiary bank, Synovus Bank, and other offices in Georgia, Alabama, South Carolina, Florida and Tennessee. As of December 31, 2010, we had $30.1 billion in total assets as compared to $32.8 billion in total assets as of December 31, 2009. Total loans were $21.6 billion as of December 31, 2010, compared to $25.4 billion as of December 31, 2009. We had $24.5 billion in total deposits as of December 31, 2010, compared to $27.4 billion in total deposits as of December 31, 2009. Our shareholders equity was $3.0 billion as of December 31, 2010, an increase of $146.9 million from $2.9 billion as of December 31, 2009. In 2010, we had total revenues of approximately $1.3 billion as compared to $1.4 billion of total revenues in 2009 and $1.5 billion in 2008, and recorded a net loss attributable to common shareholders of $848.2 million in 2010 as compared to a net loss attributable to common shareholders of $1.5 billion in 2009 and $584.5 million in 2008.

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

Additional information relating to our business and our subsidiaries, including a detailed description of our operating results and financial condition for 2010, 2009 and 2008, our loan portfolio (by loan type and geography), our credit metrics and our deposits is contained below and under Part II Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations in this Report.

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

Banking Operations

Synovus conducts its banking operations through Synovus Bank, formerly known as Columbus Bank & Trust Company. Synovus Bank is a Georgia state-chartered bank. Synovus Bank operates through 30 locally-branded bank divisions throughout Alabama, Florida, Georgia, South Carolina and Tennessee. Synovus Bank offers commercial banking services and retail banking services. Our commercial banking services include cash management, asset management, capital markets services, institutional trust services and commercial, financial and real estate loans. Our retail banking services include accepting customary types of demand and savings deposits; mortgage, installment and other retail loans; investment and brokerage services; safe deposit services; automated banking services; automated fund transfers; Internet based banking services; and bank credit card services, including MasterCard and Visa services.

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Table 1 Bank Divisions

As of December 31, 2010, Synovus Bank operates under the following 30 locally-branded bank divisions in the following states:

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

Table 2 Bank Branch Locations

The following chart reflects the distribution of our branch locations as of December 31, 2010, in each of the states in which we conduct banking operations:

State	Branches
Georgia	143
Alabama	51
South Carolina	45
Florida	61
Tennessee	23
Total	323

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On January 10, 2011, Synovus announced that we will close 39 bank branches across our five-state footprint during the first half of 2011. As of December 31, 2010, total loans outstanding and deposits from the branches to be closed represented 1 percent and less than 4 percent of our total loans and deposits, respectively. The total revenue impact associated with the branch closures is expected to be minimal.

Major Non-bank Subsidiaries

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

- Synovus Securities, Inc., headquartered in Columbus, Georgia, which specializes in professional portfolio management for fixed-income securities, investment banking, the execution of securities transactions as a broker/dealer and the provision of individual investment advice on equity and other securities;

- Synovus Trust Company, N.A., headquartered in Columbus, Georgia, which provides trust services;

- Synovus Mortgage Corp., headquartered in Birmingham, Alabama, which offers mortgage services;

- GLOBALT, Inc., headquartered in Atlanta, Georgia, which provides asset management and financial planning services; and

- Broadway Asset Management, Inc. (BAM), headquartered in Columbus, Georgia, which purchases primarily problem loans and foreclosed real estate from Synovus Bank.

2010 Significant Accomplishments

2010 continued to present numerous challenges, including continuing high levels of credit losses, a changing and challenging regulatory environment that included the passage of The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd Frank), and evolving industry capital standards.

In the opinion of Synovus management, Synovus most significant accomplishments during 2010 were as follows:

- Completed a public offering generating net proceeds of $1.1 billion.

- Simplified regulatory oversight, improved capital efficiency, enhanced risk management and increased opportunities for efficiency by consolidating 30 separate bank charters into one charter.

- Updated our three-year strategic plan which outlines initiatives to increase revenue while decreasing costs and enhancing the customer experience by streamlining processes.

Disposed of $1.22 billion in distressed assets. Our reported level of non-performing assets as of December 31, 2010 represented a decrease of 30.5% from March 31, 2010, our peak level of non-performing assets.

Additionally, in January 2011, Synovus announced efficiency initiatives that are expected to generate an estimated $100 million in annual expense savings by the end of 2012, with approximately $75 million of these savings to be realized in 2011.

In addition to these steps to improve operating and financial performance, Synovus continued its emphasis on building relationships, maintaining a strong position of influence in the communities it serves, and maintaining optimal levels of customer service. In February 2011, Synovus received 13 National Customer Service Excellence Awards from the 2010 Greenwich Associates Excellence in Middle Market and Small Business Banking program, including recognition in the categories of overall satisfaction, relationship manager performance, personal banking branch satisfaction and customer service.

Synovus management believes that these accomplishments, along with the continuing improvement in our credit metrics, better position Synovus to return to profitability during 2011.

Business Development

Overview

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

2011-2013 Strategic Plan

Since the 2008 economic crisis, Synovus, like many financial institutions, has continued to face a number of challenges. These challenges include the deterioration in the commercial real estate (CRE) market and Synovus high concentration of its loan portfolio in CRE, specifically in markets that have been severely impacted (particularly the Atlanta and Florida markets). In addition, the increased level of regulation of financial institutions as a result of the Dodd-Frank Act and other regulatory initiatives has added pressure on capital requirements and fee income growth and increased compliance costs. Following the consolidation of its 30 subsidiary banks into a single Georgia state-chartered bank (the Charter Consolidation), Synovus undertook an extensive review of its current revenue sources, operations and cost structure to identify opportunities for expense reduction, streamlining of processes and opportunities for long-term growth. As part of this process, Synovus considered published forecasted economic projections of low to moderate gross domestic product (GDP) and projected continued high unemployment rate over the next two years as well as Synovus own internal forecasts regarding loan growth, credit costs, deposit trends, revenues and expenses within the Southeastern markets we serve. Synovus also

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conducted an in-depth review of its entire organization, including internal processes and functions, staffing models and revenue generation as well as its current cost structure. Following this review, in the second half of 2010, Synovus announced an update of its three-year strategic plan to address these challenges and define strategies for expense reduction, streamlining of processes and long-term growth initiatives. The plan s key strategic elements are focused on the following areas:

- enhancing the sales and service approach for targeted customer segments;
- aligning the cost structure with the current size of the organization; and
- enhancing the customer experience by streamlining processes.

The plan s stated goals include significant declines in non-performing asset and potential problem loan levels, a further reduction in CRE loan concentration, and substantial growth in the commercial and industrial (C&I) loan portfolio. The goals also include substantial cost reductions and capital ratios that exceed regulatory requirements and position Synovus favorably among its peers.

In January 2011, Synovus identified and announced efficiency and growth initiatives implementing the updated strategic plan, including the following:

- Efficiency initiatives expected to generate an estimated $100 million in annual expense savings by the end of 2012, with approximately $75 million of these savings to be realized in 2011. The announced $100 million in annual expense savings will be achieved primarily through the reduction of approximately 850 positions during 2011 across our five-state footprint and through the closing of 39 branches.
- Enhancements to Synovus Large Corporate Banking initiative, including the addition of syndicated credit program expertise and realignment of existing personnel, designed to utilize Synovus relationship-based delivery model approach to build relationships with larger commercial customers across Synovus five-state footprint and connect more commercial customers with Synovus full suite of specialized commercial banking products and services, including private banking, treasury management, asset-based lending, insurance, and wealth management.
- Streamlining of processes and enhanced product offerings and technology to improve the customer experience and reduce operating inefficiencies.

There can be no assurance that Synovus will realize the anticipated cost savings and other benefits of its strategic plan or efficiency and growth initiatives. See Part I Item 1A. Risk Factors We may not realize the expected benefits from our 2011-2013 Strategic Plan of this Report.

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Lending Activities

Overview

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

Synovus conducts the majority of its lending activities within the framework of its relationship-based approach to banking built on creating long-term relationships with its customers. The following table summarizes Synovus loan portfolio by type and by state at December 31, 2010 and 2009.

Table 3 Loans by Type

	2010		2009	
(Dollars in thousands)	**Total Loans**	**% ***	**Total Loans**	**% ***
Investment properties	**$ 5,059,102**	**23.4**	5,897,175	23.2
1-4 family properties	**2,102,787**	**9.7**	3,316,251	13.1
Land acquisition	**1,218,691**	**5.7**	1,529,414	6.0
Total commercial real estate	**8,380,580**	**38.8**	10,742,840	42.3
Commercial and industrial	**9,264,811**	**42.9**	10,447,346	41.2
Retail	**3,950,808**	**18.3**	4,212,230	16.6
Unearned income	**(10,436)**	**nm**	(19,348)	nm
Total loans, net of unearned income	**$ 21,585,763**	**100.0%**	25,383,068	100.0%

* Loan balance in each category expressed as a percentage of total loans, net of unearned income.
nm = not meaningful

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Table 4 Loans by State

(Dollars in thousands)	December 31, 2010 Total Loans	December 31, 2010 As a % of Total Loan Portfolio	December 31, 2009 Total Loans	December 31, 2009 As a % of Total Loan Portfolio
Georgia	**$ 11,345,896**	**52.6%**	13,477,312	53.1%
Atlanta	3,587,597	16.6	4,231,030	16.7
Florida	**2,830,251**	**13.1**	3,206,658	12.6
South Carolina	**3,019,120**	**14.0**	3,793,634	14.9
Tennessee	**974,548**	**4.5**	1,154,801	4.6
Alabama	**3,415,948**	**15.8**	3,750,663	14.8
Consolidated	**$ 21,585,763**	**100.0%**	25,383,068	100.0%

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

Underwriting Approach

Recognizing that its loan portfolio is the primary source of revenue, Synovus management believes that proper and consistent loan underwriting throughout Synovus banking divisions is critical to Synovus long-term financial success. Synovus underwriting approach is designed to effectively govern the degree of assumed risk and ensure that its credit relationships conform to Synovus overall risk philosophy. Throughout 2009 and 2010, Synovus has transitioned its underwriting standards and key underwriting functions from a decentralized bank-by-bank approach to a more centralized regional approach and, finally, to a centralized organization-wide approach with the completion of its Charter Consolidation. All 30 of Synovus banking divisions now utilize the same loan policy and underwriting standards. These underwriting standards address collateral requirements; guarantor requirements (including policies on financial statement, tax return, and limited guarantees); requirements regarding appraisals and their review; loan approval hierarchy; standard consumer and small business credit scoring underwriting criteria (including credit score thresholds, maximum maturity and amortization, loan-to-value limits, global service coverage, and debt to income limits); commercial real estate and C&I underwriting guidelines (including minimum debt service coverage ratio, maximum amortization, minimum equity requirements, maximum loan-to-value ratios); lending limits; and credit approval authorities. Additionally, Synovus has implemented an enhanced loan concentration policy to limit and manage its exposure to certain loan concentrations, including commercial real estate. The enhanced loan concentration policy provides a more detailed program for portfolio risk management and reporting including limits on commercial real estate loans as a percentage of risk-based capital (in the aggregate and by loan type), large borrower concentration limits and monitoring, as well as portfolio mix monitoring. Synovus underwriting process is structured to require increased oversight that is proportional to the size and complexity of the lending relationship.

Synovus utilizes a tiered credit approval process requiring larger loans to be approved by more senior bank officers as well as an independent senior credit officer, with the largest loans requiring approval of Synovus Bank s Loan Committee. The centralized underwriting policy and philosophy also provides a more structured, and generally more conservative, approach to lending. For instance, loan-to-value limits on certain credits are now lower than regulatory requirements, large borrower concentration limits are now more explicit and lower than prior limits, and individual lending limits are also lower than before. Furthermore, beginning in 2008, Synovus established across all of its banking divisions more stringent underwriting requirements on certain types of commercial real estate lending, including loans for the purpose of financing shopping centers and hotels.

Prior to these initiatives, each of our 30 banking divisions had its own underwriting standards. While these separate underwriting standards were generally similar to each other and were all in compliance with regulatory requirements, the transition to uniform underwriting standards emphasizes a one-company view of our operating structure and promotes greater consistency throughout Synovus underwriting process.

Commercial and Industrial (C&I) Loan Portfolio

The C&I loan portfolio represents the largest category of Synovus total loan portfolio. Synovus C&I loan portfolio is currently concentrated on small to middle market commercial and industrial lending disbursed throughout a diverse group of industries in the Southeast, including health care, finance and insurance, manufacturing, construction, real estate leasing and retail trade. The portfolio is relationship focused and, as a result, Synovus lenders have in-depth knowledge of the borrowers, most of which have guaranty arrangements. C&I loans are primarily originated through Synovus local market banking divisions and made to commercial customers primarily to finance capital expenditures, including real property, plant and equipment, or as a source of working capital. At December 31, 2010, approximately 43.0% of Synovus total C&I loans represented loans for the purpose of financing owner-occupied properties. The primary source of repayment on these C&I loans is revenue generated from products or services offered by the borrower s business. The secondary source of repayment on these C&I loans is the real estate securing such loans. In accordance with Synovus uniform lending policy, each loan undergoes a detailed underwriting process, which incorporates the uniform underwriting approach, procedures and evaluations described above. Approximately 91% of Synovus C&I loans are secured by real estate, business equipment, inventory, and other types of collateral. Total C&I loans at December 31, 2010 were $9.3 billion, or 43%, of the total loan portfolio.

C&I lending is a key component of Synovus growth plans. Synovus has actively invested in additional expertise, product offerings and product quality to provide its C&I clients with increased and enhanced product offerings and more knowledgeable customer service. Complementing this investment in C&I growth, Synovus management continues to focus on streamlining and enhancing Synovus existing product lines, especially for traditional retail, small business and professional services customers. While lending to small and mid-sized businesses has been Synovus traditional focus, Synovus has recently formed a

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Large Corporate Banking Team to provide lending solutions to larger corporate clients in an effort to strengthen, diversify and further drive growth in Synovus C&I loan portfolio.

Commercial Real Estate Loan Portfolio

Synovus commercial real estate loans consist of investment property loans, residential construction and development loans, land acquisition loans, and 1-4 family perm/mini-perm loans. As is the case with Synovus C&I loans, the commercial real estate loans are primarily originated through Synovus Bank s local market banking divisions. Total commercial real estate loans as of December 31, 2010 were $8.4 billion, or 38.7%, of the total loan portfolio.

Investment Property Loans

Synovus investment property loans are primarily made to finance multi-family properties, hotels, office buildings, shopping centers, warehouses and other commercial development properties. Synovus investment property portfolio is well diversified with no concentration by property type, geography or tenants. These loans are generally recourse in nature with short-term maturities (3 years or less), allowing for restructuring opportunities which reduces Synovus overall risk exposure. The investment property loans are primarily secured by the property being financed by the loans; however, they may also be secured by real estate or other assets beyond the property being financed. Investment property loans are subject to the same uniform lending policies and procedures described above, although such loans have historically been underwritten with stressed interest rates and vacancies. In addition, in early 2008, Synovus placed restrictions on both hotel and shopping center lending to prevent problem loans in these depressed sectors from spreading. These lending restrictions remain in place today. During the fourth quarter of 2009, Synovus began quarterly reviews of all investment property loans of $1 million or more in order to more closely monitor the performance of the portfolio. Total investment property loans as of December 31, 2010 were $5.1 billion, or 60.4%, of the total commercial real estate loan portfolio.

Residential Construction and Development and Land Acquisition Loans

The residential construction and development loans and land acquisition loans are almost always secured by the underlying property being financed by such loans. These properties are primarily located in the markets served by Synovus. Given the recent turmoil in the housing and real estate markets, including falling real estate prices and increasing foreclosures, Synovus has actively and successfully reduced its exposure to residential construction and development and land acquisition loans over the past three years, including its exposure to the Atlanta market. These loans are generally subject to the same uniform lending policies and procedures described above. Land acquisition loans have a maximum loan-to-value limit which is aligned with regulatory requirements. Synovus has tightened the maximum loan-to-value limit for residential construction and development loans to levels more stringent than the current regulatory guidelines. At December 31, 2010, these loans were $2.2 billion, or 26%, of the total commercial real estate loan portfolio, compared to $3.6 billion or 33.3% of the total commercial real estate portfolio at December 31, 2009.

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1-4 Family Perm/Mini-Perm Loans

1-4 family perm/mini-perm loans are almost always secured by the underlying property being financed by such loans. These properties are primarily located in the markets served by Synovus. These loans are subject to the same uniform lending policies and procedures described above. Additionally, underwriting standards for these types of loans include stricter approval requirements as well as more stringent underwriting standards than current regulatory guidelines. At December 31, 2010, these loans totaled $1.1 billion, or 13% of the total commercial real estate portfolio.

Retail Loan Portfolio

Synovus retail loan portfolio consists of a wide variety of loan products offered through its banking network, including residential mortgages, home equity lines, credit card loans, and other retail loans. These various types of secured and unsecured retail loans are marketed to qualifying existing clients and to other creditworthy candidates in Synovus market area. The majority of Synovus retail loans are consumer mortgages secured by first and second liens on residential real estate primarily located in the markets served by Synovus in Georgia, Florida, South Carolina, Alabama, and Tennessee. Retail loans are subject to the same uniform lending policies and procedures described above and consist primarily of loans with strong credit scores, conservative debt-to-income ratios, and loan-to-value ratios based upon prudent guidelines to ensure consistency with Synovus overall risk philosophy. Total retail loans as of December 31, 2010 were $3.95 billion, or 18.3%, of the total loan portfolio.

Mortgage Banking

Synovus wholly-owned subsidiary, Synovus Mortgage Corp. (Synovus Mortgage), originates residential mortgage loans with originations totaling $1.4 billion in 2010. Synovus Mortgage offers various types of fixed- and adjustable-rate loans for the purposes of purchasing, refinancing or constructing residential properties. The originated loans are primarily conforming mortgage loans for owner-occupied properties. Conforming loans are loans that are underwritten in accordance with the underwriting standards set forth by government sponsored entities such as the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. These are generally collateralized by one-to-four-family residential real estate properties and are made to borrowers in good credit standing.

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

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See Part II Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations of this Report for a more detailed discussion of Synovus mortgage loans held for sale and the sections titled Repurchase Obligations for Mortgage Loans Originated for Sale and Mortgage Loan Foreclosure Practices under Management s Discussion and Analysis of Financial Condition and Results of Operations for a more detailed discussion of Synovus obligations with respect to the mortgage loans it sells to third party purchasers and Synovus mortgage loan foreclosure practices.

Other Loans Held for Sale Portfolio

With the exception of certain first lien residential mortgage loans, Synovus originates loans with the intent to hold those loans to maturity. Loans or pools of distressed loans are transferred to the other loans held for sale portfolio when the intent to hold the loans has changed due to portfolio management or risk mitigation strategies and there is a plan to sell the loans within a reasonable period of time, and the individual loans are specifically identified. The value of the loans or pools of loans is primarily determined by analyzing the underlying collateral of the loan and the anticipated external market prices of similar assets. At the time of transfer, if the fair value less estimated costs to sell is less than the carrying amount, as such difference generally attributable to declines in credit quality, it is recorded as a charge-off against the allowance for loan losses. At December 31, 2010 the carrying value of other loans held for sale was $127.4 million.

Credit Quality

Synovus continuously monitors credit quality and maintains an allowance for loan losses that its management believes is sufficient to absorb probable and estimable losses inherent in its loan portfolio. Throughout the last two years, Synovus took, and continues to take, an aggressive approach to address problem assets and reduce future exposures through an accelerated asset disposition strategy as well as aggressive recognition of expected losses on problem loans. For a more detailed discussion of Synovus credit quality please refer to the section titled Credit Quality under Part II Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations of this Report.

Monitoring of Collateral

Our loan portfolio and the collateral securing such loans is predominately in our five state market consisting of Georgia, Florida, South Carolina, Alabama, and Tennessee. Commercial and industrial (C&I) loans represent 43.0% of the total loan portfolio at December 31, 2010. These loans are predominately secured by owner-occupied and other real estate. Other types of collateral securing these loans consist primarily of marketable equipment, marketable inventory, accounts receivable, equity and debt securities, and time deposits. Total commercial real estate loans represent 38.7% of the total loan portfolio at December 31, 2010. These loans are primarily secured by commercial real estate, including 1-4 family properties, land, and investment properties. The collateral generally consists of the property being financed by the loans; however, collateral may also include real estate or other assets beyond the property being financed. Retail loans at December 31, 2010 totaled $3.95 billion, or 18.3%, of the total loan portfolio. Of this amount, $3.12 billion consists of consumer mortgages secured by first and second liens on residential real estate. Credit card loans represent $285.0 million of this amount and these loans are unsecured. Other retail loans represent $542.5 million of this amount, and they are primarily secured by collateral consisting of marketable securities, automobiles, time deposits, and cash surrender value of life insurance.

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

For credits that are not on impaired status, Synovus generally obtains a third-party appraisal of the value of the real estate collateral prior to each loan renewal. Additionally, if conditions warrant (e.g., loans that are not considered impaired but exhibit a higher or potentially higher risk), Synovus engages a third party to reappraise the value of the collateral on a more frequent basis. Examples of circumstances that could warrant a new appraisal on an existing performing credit include instances where local market conditions where the real estate collateral is located have deteriorated, the collateral has experienced damage (fire, wind damage, etc.), the lease or sell-out of the collateral has not met the original projections, and the net operating income of the collateral has declined. In circumstances where the collateral is no longer considered sufficient, Synovus seeks to obtain additional collateral.

Loan Guarantees

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

Synovus evaluates the financial ability of a guarantor through an evaluation of the guarantor s current financial statements, income tax returns for the two most recent years, as well as financial information regarding a guarantor s business or related interests. In addition, Synovus analyzes substantial assets owned by the guarantor to ensure that the guarantor has the necessary ownership or control over these assets. For loans that are not considered impaired, the allowance for loan losses is determined based on the risk rating of each loan. The risk rating incorporates a number of factors, including guarantors. If a loan is rated doubtful, with certain limited exceptions, a guarantee is not considered in determining the amount to be charged-off (i.e., the charge-off equals the greater of the amount of the collateral exposure or 50% of the loan balance, in compliance with regulatory requirements). With the exception of certain loans whose amount is inconsequential, all impaired loans are collateral dependent. The charge-off on these loans is determined based upon the amount of the collateral exposure only.

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

Unsecured Loans

At December 31, 2010, Synovus had unsecured loans totaling approximately $1.3 billion, which represents approximately 6.0% of total loans. This segment of our portfolio includes $285.0 million in credit card loans and approximately $910 million in commercial loans to borrowers that are primarily in the manufacturing, insurance, financial services, utilities, and religious organization sectors.

Provision and Allowance for Loan Losses

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

The allowance for loan losses is a significant estimate and is regularly evaluated by Synovus for adequacy. To determine the adequacy of the allowance for loan losses, a formal analysis is completed quarterly to assess the probable loss within the loan portfolio. This assessment, conducted by lending officers, as well as an independent credit review function, contains significant judgment and includes analyses of historical performance (including the level of charge-offs), past due trends, the level of non-performing loans, reviews of certain impaired loans, review of collateral values, loan activity since the previous quarter, consideration of current economic conditions, and other pertinent information. Each loan is assigned a rating, either individually or as part of a homogeneous pool, based on an internally developed risk rating system. The resulting conclusions are reviewed and approved by senior management. The process for determining the appropriate level of the allowance for loan losses and, accordingly, the amount of the provisions that should be made to that allowance during each period, is based upon a number of assumptions, estimates, and judgments that are inherently subjective and subject to change.

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See Provision and Allowance for Loan Losses section of Part II Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations of this Report for a more detailed discussion of Synovus provision and allowance for loan losses.

Non-performing Assets and Past Due Loans

Non-performing assets consist of loans classified as non-accrual, impaired loans held for sale and real estate acquired through foreclosure. Synovus management continuously monitors non-performing and past due loans to prevent further deterioration regarding the condition of these loans. In order to reduce non-performing asset levels, Synovus has aggressively disposed of non-performing loans over the last two years. While Synovus still has a material amount of non-performing assets, Synovus total non-performing assets at December 31, 2010 were at their lowest level in the last two years.

See the Non-performing Assets and Past Due Loans section of Part II Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations of this Report for a more detailed discussion of Synovus non-performing assets and past due loans.

Investment Activities

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

Our investment strategy focuses on the use of the investment securities portfolio to manage the interest rate risk created by the inherent mismatch between the loan and deposit portfolios. Synovus also utilizes a significant portion of its investment portfolio to secure certain deposits and other liabilities requiring collateralization. At December 31, 2010, approximately $2.6 billion of these investment securities were pledged as required collateral for certain deposits, securities sold under repurchase agreements, and Federal Home Loan Bank (FHLB) advances. As such, the investment securities are primarily U.S. government agency debentures, U.S. Treasury notes , and government agency sponsored mortgage-backed securities, all of which have a high degree of liquidity and limited credit risk. A mortgage-backed security depends on the underlying pool of mortgage loans to provide a cash flow pass-through of principal and interest. At December 31, 2010, all of the collateralized mortgage obligations and mortgage-backed pass-through securities held by Synovus were issued or backed by federal agencies.

Synovus also holds state and municipal securities and limited equity securities.

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Funding Activities

Liquidity represents the extent to which Synovus has readily available sources of funding to meet the needs of depositors, borrowers, and creditors, to support asset growth, to maintain reserve requirements, and to otherwise sustain operations of Synovus and its subsidiary, Synovus Bank, at a reasonable cost on a timely basis and without adverse consequences. Deposits represent the largest source of funds for lending and investing activities. Scheduled payments, as well as prepayments, and maturities from our loan and investment portfolios also provide a stable source of funds. Additional funding sources which provide sources of liquidity include FHLB bank advances, brokered deposits and other short-term borrowed funds, as well as through equity and debt issued through the capital markets, including our recent public offerings. Synovus Asset Liability Management Committee (ALCO), operating under liquidity and funding policies approved by the Board of Directors, actively analyzes contractual and anticipated cash flows in order to properly manage Synovus liquidity position. Following is a brief description of the various sources of funds used by Synovus. For further discussion relating to Synovus funding sources, please refer to the sections titled Deposits and Liquidity under Part II Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations of this Report and Note 11, Long-Term Debt and Short-Term Borrowings, to the consolidated financial statements herein.

Deposits

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

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The following table shows the relative composition of deposits for 2010 and 2009.

Table 5 Composition of Deposits

(Dollars in thousands)	**2010**	**%[(1)]**	**2009**	**%[(1)]**
Non-interest bearing demand deposits	**$ 4,298,372**	**17.5**	4,172,697	15.2
Interest bearing demand deposits	**3,860,157**	**15.8**	3,894,243	14.2
Money market accounts	**7,193,870**	**29.4**	7,363,677	26.8
National market brokered money market accounts	**395,778**	**1.6**	1,098,117	4.0
Savings deposits	**480,184**	**2.0**	463,967	1.7
Time deposits under $100,000	**2,307,780**	**9.4**	2,791,060	10.2
Time deposits $100,000 and over	**6,359,941**	**26.0**	8,747,889	31.9
National market brokered time deposits	**2,756,571**	**11.3**	3,941,211	14.4
Total deposits	**24,500,304**	**100.0**	27,433,533	100.0
Core deposits[(2)(4)]	**21,347,955**	**87.1**	22,394,205	81.6
Core deposits excluding time deposits[(3)(4)]	**15,436,805**	**63.0**	14,796,467	53.9
Total national market brokered deposits	**$ 3,152,349**	**12.9**	5,039,328	18.4

(1) Deposits balance in each category expressed as a percent of total deposits.
(2) Core deposits include total deposits less national market brokered deposits.
(3) Core deposits excluding time deposits include total deposits less time deposits and national market brokered deposits.
(4) See Non-GAAP Financial Measures in Part II Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations of this Report.

See Deposits under Part II Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations of this Report for additional information on our deposits.

Borrowed Funds and Non-Deposit Liquidity

Synovus ability to borrow funds from non-deposit sources provides additional flexibility in meeting the liquidity needs of Synovus. Synovus generates non-deposit liquidity through maturities and repayments of loans by customers and access to sources of funds other than deposits. Synovus Bank has the capacity to access funding through its membership in the FHLB. At December 31, 2010, Synovus Bank had access to incremental funding, subject to available collateral and FHLB credit policies, through utilization of FHLB advances.

In addition to bank level liquidity management, Synovus must manage liquidity at the holding company level for various operating needs including capital infusions into subsidiaries, the servicing of debt, the payment of general corporate expenses, and the payment of dividends to shareholders. The primary source of liquidity for Synovus has historically consisted of dividends from Synovus Bank, which is governed by certain rules and regulations of various state and federal banking regulatory agencies. Synovus has historically enjoyed a solid reputation and credit standing in the capital markets and in the past few years has relied on the capital markets to provide needed liquidity resources, including its public

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offerings completed in September 2009 and May 2010. Despite the success of these recent public offerings, given Synovus recent financial performance and related credit ratings, there can be no assurance that Synovus would be able to obtain new borrowings or issue additional equity on favorable terms, if at all. See Part I Item 1A. Risk Factors of this Report. Additionally, Synovus does not expect to receive dividends from Synovus Bank in the near future, and may be required to contribute additional capital to Synovus Bank, which could adversely affect liquidity and cause it to raise funds on terms that are unfavorable.

Competition

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

As of December 31, 2010, we were the second largest bank holding company headquartered in Georgia, based on assets. Customers for financial services are generally influenced by convenience, quality of service, personal contacts, price of services and availability of products. Although our market share varies in different markets, we believe that our community-focused relationship banking approach enables us to compete effectively with other banks and thrifts in their relevant market areas.

Employees

As of December 31, 2010, we had 6,109 employees compared to approximately 6,385 employees at December 31, 2009.

Supervision, Regulation and Other Factors

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

General

Bank holding companies and financial holding companies are subject to supervision and regulation by the Board of Governors of the Federal Reserve System under the Bank Holding Company Act. In addition, the Georgia Department of Banking and Finance regulates holding companies that own Georgia-charted banks under the bank holding company laws of the State of Georgia. Synovus Bank, which is not a member of the Federal Reserve System, is subject to primary regulation and examination by the Federal Deposit Insurance Corporation, which we refer to as the FDIC, and by its state banking regulator, the Georgia Department of Banking and Finance. Numerous other federal and state laws, as well as regulations promulgated by the Federal Reserve Board, the state banking regulator and the FDIC govern almost all aspects of the operations of Synovus Bank. Synovus Trust Company, a subsidiary of Synovus Bank that provides trust services, is organized as a national bank and thus is subject to regulation and supervision by the Office of the Comptroller of the Currency. Various federal and state bodies regulate and supervise our non-bank subsidiaries including our brokerage, investment advisory, insurance agency and processing operations. These include, but are not limited to, the SEC, the Financial Industry Regulatory Authority, federal and state banking regulators and various state regulators of insurance and brokerage activities.

Permitted Activities

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

- banking or managing or controlling banks;
- furnishing services to or performing services for our subsidiaries; and
- any activity that the Federal Reserve Board determines to be so closely related to banking as to be a proper incident to the business of banking, including:
  - factoring accounts receivable;
  - making, acquiring, brokering or servicing loans and usual related activities;
  - leasing personal or real property;
  - operating a non-bank depository institution, such as a savings association;

performing trust company functions;

providing financial and investment advisory activities;

conducting discount securities brokerage activities;

underwriting and dealing in government obligations and money market instruments;

providing specified management consulting and counseling activities;

performing selected data processing services and support services;

acting as agent or broker in selling credit life insurance and other types of insurance in connection with credit transactions; and

performing selected insurance underwriting activities.

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

Under the Bank Holding Company Act, a bank holding company may file an election with the Federal Reserve Board to be treated as a financial holding company and engage in an expanded list of financial activities. The election must be accompanied by a certification that the company s insured depository institution subsidiary is well capitalized and well managed. Additionally, the Community Reinvestment Act of 1977 rating of our subsidiary bank must be satisfactory or better. We have made such an election and are treated as a financial holding company. As such, we may engage in activities that are financial in nature or incidental or complementary to financial activities, including insurance underwriting, securities underwriting and dealing, and making merchant banking investments in commercial and financial companies. If our banking subsidiary ceases to be well capitalized or well managed under applicable regulatory standards, the Federal Reserve Board may, among other things, place limitations on our ability to conduct these broader financial activities or, if the deficiencies persist, require us to divest the banking subsidiary. In addition, if our banking subsidiary receives a rating of less than satisfactory under the Community Reinvestment Act, we would be prohibited from engaging in any additional activities other than those permissible for bank holding companies that are not financial holding companies. If, after becoming a financial holding company and undertaking activities not permissible for a bank holding company, the company fails to continue to meet any of the prerequisites for financial holding company status, including those described above, the company must enter into an agreement with the Federal Reserve Board to comply with all applicable capital and management requirements. If the company does not return to compliance within 180 days, the Federal Reserve may order the company to divest its subsidiary bank or the company may discontinue or divest investments in companies engaged in, activities permissible only for a bank holding company that has elected to be treated as a financial holding company.

Actions by Federal and State Regulators

Like all bank and financial holding companies, we are regulated extensively under federal and state law. Under federal and state laws and regulations pertaining to the safety and soundness of insured depository institutions, state banking regulators, the Federal Reserve, and separately the FDIC as the insurer of bank deposits, have the authority to compel or restrict certain actions on our part if they determine that we have insufficient capital or are otherwise operating in a manner that may be deemed to be inconsistent with safe and sound banking practices. Under this authority, our bank regulators can require us to enter into informal or formal supervisory agreements, including board resolutions, 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.

As a result of losses that we have incurred to date and our high level of credit losses and non-performing assets, we entered into a memorandum of understanding with the Federal Reserve Bank of Atlanta and the Banking Commissioner of the State of Georgia, or the Georgia Commissioner, pursuant to which we agreed to implement plans that are intended to, among other things, minimize credit losses and reduce the amount of our problem assets, limit and manage our concentrations in commercial loans, improve our credit risk management and related policies and procedures, address liquidity management and current and future capital requirements, strengthen enterprise risk management practices, and provide for succession planning for key corporate and regional management positions and our board of directors. The memorandum of understanding also requires that we inform and consult with the Federal Reserve Board prior to declaring and paying any future dividends, and obtain the prior approval of the Federal Reserve Bank of Atlanta and the Georgia Commissioner prior to increasing the quarterly cash dividend on our common stock above $0.01 per share.

In addition, Synovus Bank is presently subject to a memorandum of understanding with the Georgia Commissioner and the FDIC that is substantially similar in substance and scope to the holding company memorandum of understanding described above. The bank memorandum of understanding also requires that Synovus Bank obtain approval from the Georgia Commissioner and the FDIC prior to paying any cash dividends to Synovus and provides that, as a result of our Charter Consolidation, we will take all necessary steps to avoid customer confusion as a result of our proposed use of trade names at our various bank branches and to update our long-term strategic plan to reflect the Charter Consolidation and the various actions we have otherwise agreed to implement under the memorandum of understanding. Synovus Bank is presently also subject to a memorandum of understanding with the Georgia Commissioner and the FDIC relating to its subsidiary, Synovus Mortgage. In the Synovus Mortgage memorandum of understanding, Synovus Bank has agreed to implement plans that are intended to, among other things, ensure appropriate oversight of Synovus Mortgage and Synovus Mortgage s compliance program relating to compliance and fair lending laws, rules and regulations.

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

Change in Control

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

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

Standards for Safety and Soundness

The Federal Deposit Insurance Act requires the federal bank regulatory agencies to prescribe, by regulation or guideline, operational and managerial standards for all insured depository institutions relating to: (1) internal controls; (2) information systems and audit systems; (3) loan documentation; (4) credit underwriting; (5) interest rate risk exposure; and (6) asset quality.

The agencies also must prescribe standards for asset quality, earnings, and stock valuation, as well as standards for compensation, fees and benefits. The federal banking agencies have adopted regulations and Interagency Guidelines Prescribing Standards for Safety and Soundness to implement these required standards. These guidelines set forth the safety and soundness standards used to identify and address problems at insured depository institutions before capital becomes impaired. Under the regulations, if a regulator determines that a bank fails to meet any standards prescribed by the guidelines, the regulator may require the bank to submit an acceptable plan to achieve compliance, consistent with deadlines for the submission and review of such safety and soundness compliance plans.

Dividends

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

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

- our net income available to shareholders for the past four quarters, net of dividends previously paid during that period, is not sufficient to fully fund the dividends;

- our prospective rate of earnings retention is not consistent with the holding company s capital needs and overall current and prospective financial condition; or

- we will not meet, or are in danger of not meeting, the minimum regulatory capital adequacy ratios.

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

As a result of the memorandum of understanding described in Item A. Risk Factors We are presently subject to, and in the future may become subject to additional, supervisory actions and/or enhanced regulation that could have a material negative effect on our business, operating flexibility, financial condition and the value of our common stock in this Report, we are required to inform the Federal Reserve Board in advance of declaring or paying any future dividends, and the Federal Reserve Board could decide at any time that paying any common stock dividends could be an unsafe or unsound banking practice. In the current financial and economic environment, the Federal Reserve Board has indicated that bank holding companies should carefully review their dividend policy and has in some cases discouraged payment unless both asset quality and capital are very strong. In addition, pursuant to the terms of the Synovus Bank memorandum of understanding, Synovus Bank cannot pay any cash dividends without the approval of the FDIC and the Georgia Commissioner.

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Additionally, we are subject to contractual restrictions that limit our ability to pay dividends if there is an event of default under such contract. Finally, so long as any of our debt or equity securities issued to the United Stated Department of the Treasury (the Treasury) under its Capital Purchase Program (Capital Purchase Program) are held by the Treasury, Synovus will not be permitted to increase the dividend rate on our common stock without approval from the Treasury. See TARP Regulations Capital Purchase Program below.

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

- the ratio of Tier 1 capital to adjusted total assets is less than 6 percent;
- the aggregate amount of dividends to be declared or anticipated to be declared during the current calendar year exceeds 50 percent of its net after-tax profits for the previous calendar year; or
- its total classified assets in its most recent regulatory examination exceeded 80 percent of its Tier 1 capital plus its allowance for loan losses, as reflected in the examination.

The Federal Deposit Insurance Corporation Improvement Act generally prohibits a depository institution from making any capital distribution, including payment of a dividend, or paying any management fee to its holding company if the institution would thereafter be undercapitalized. In addition, federal banking regulations applicable to us and our bank subsidiary require minimum levels of capital that limit the amounts available for payment of dividends. In addition, many regulators have a policy, but not a requirement, that a dividend payment should not exceed net income to date in the current year. Finally, the ability of banks and bank holding companies to pay dividends, and the contents of their respective dividend policies, could be impacted by a range of changes imposed by the Dodd-Frank Act, many of which will require implementing rules to become effective.

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

Capital

We are required to comply with the capital adequacy standards established by the Federal Reserve Board and our bank subsidiary must comply with similar capital adequacy standards established by the FDIC. As a financial holding company, we and our bank subsidiary are required to maintain capital levels required for a well capitalized institution, as defined in Prompt Corrective Action below.

Our Capital Requirements

The Federal Reserve Board adopted guidelines pursuant to which it assesses the adequacy of capital in examining and supervising a bank holding company or financial holding company and in analyzing applications to it under the Bank Holding Company Act. These guidelines include quantitative measures that assign risk weightings to assets and off-balance sheet items and that define and set minimum regulatory capital requirements. All bank holding companies are required to maintain Tier 1 Capital of at least 4 percent of risk-weighted assets and off-balance sheet items, Total Capital (the sum of Tier 1 Capital and Tier 2 Capital) of at least 8 percent of risk-weighted assets and off-balance sheet items and Tier 1 Capital of at least 4 percent of adjusted quarterly average assets.

Tier 1 Capital consists principally of shareholders equity less any amounts of goodwill, other intangible assets, interest-only strips receivables, deferred tax assets, non-financial equity investments, and other items that are required to be deducted by the Federal Reserve Board. Tier 2 Capital consists principally of perpetual and trust preferred stock that is not eligible to be included as Tier 1 Capital, term subordinated debt, intermediate-term preferred stock and, subject to limitations, general allowances for loan and lease losses. Assets are adjusted under the risk-based guidelines to take into account different risk characteristics. Average assets for this purpose do not include goodwill and any other intangible assets and investments that the Federal Reserve Board determines should be deducted from Tier 1 Capital.

This regulatory capital framework is expected to change in important respects as a result of the Dodd-Frank Act and a separate, international regulatory capital initiative known as Basel III. In particular, the current risk-based capital guidelines that apply to Synovus and its subsidiary bank are based upon the 1988 capital accord of the Basel Committee on Banking Supervision (BCBS), a committee of central banks and bank supervisors. The Basel I standards to which U.S. banks and bank and financial holding companies are subject were implemented by the Federal Reserve. In 2008, the Federal Reserve began to phase-in capital standards based on the BCBS second capital accord, referred to as Basel II, for large or core international banks (total assets of $250 billion or more or consolidated foreign exposures of $10 billion or more). Basel II emphasizes internal assessment of credit, market and operational risk, as well as supervisory assessment and market discipline in determining minimum capital requirements. In December 2010, BCBS finalized new regulatory capital standards, known as Basel III. These standards, which are aimed at capital reform, seek to further strengthen financial institutions capital positions by mandating a higher minimum level of common equity to be held, along with a capital conservation buffer to withstand future periods of stress. The Basel III regime does not supplant Basel II, however. The Basel II requirements focus on the appropriate allocation of capital to bank assets based on credit risk. Basel III addresses the quality of capital and introduces new capital requirements but does not purport to overrule the credit risk-based standards of Basel II.

As of December 31, 2010, our Tier 1 common equity is in excess of the minimum common equity and additional conservation buffer stipulated by these newly proposed requirements. Regardless, complying with these new capital requirements will likely affect our operations, and the extent to which we will be affected will be known with more certainty once additional clarity is provided on the underlying details of these new requirements. These new requirements have been endorsed by the U.S. banking regulators, but have not yet been translated by the regulators into official regulation for U.S. financial institutions. It is anticipated that the regulators will adopt new regulatory capital requirements similar to those proposed by the BCBS, and the new requirements are anticipated to be phased-in for U.S. financial institutions beginning in 2013. It is widely anticipated that the capital requirements for most bank and financial holding companies, as well as for most insured depository institutions, will increase, although the nature and amounts of the increase have not yet been specified.

Synovus Bank s Capital Requirements

To be well-capitalized, Synovus Bank must generally maintain a Total Capital (the sum of Tier 1 Capital and Tier 2 Capital) ratio of 10 percent or greater, a Tier 1 Capital ratio of 6 percent or greater, and a leverage ratio of 5 percent or greater. For the purposes of these tests, Tier 1 Capital consists of common equity, retained earnings and a limited amount of qualifying preferred stock, less goodwill and certain core deposit intangibles. Tier 2 Capital consists of non-qualifying preferred stock, certain types of debt and the eligible portion of the allowance for loan losses.

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

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Capital Ratios

Certain regulatory capital ratios for Synovus and Synovus Bank as of December 31, 2010 are shown in the following table.

Table 6 Capital Ratios as of December 31, 2010

	Regulatory Minimums	Regulatory Minimums to be Well-Capitalized	Synovus	Synovus Bank
Tier 1 capital ratio	4.0%	6.0%	12.79%	13.07%
Total risk-based capital ratio	8.0	10.0	16.45	14.34
Leverage ratio	4.0	5.0	9.44	9.57

Synovus Bank entered into a memorandum of understanding with the FDIC and the Georgia Department of Banking and Finance following the Charter Consolidation and has agreed to maintain minimum capital ratios at specified levels higher than those otherwise required by applicable regulation as follows: Tier 1 capital to total average assets (leverage ratio) 8% and total capital to risk-weighted assets (total risk-based capital ratio) 10%. See Part I Item 1A. Risk Factors We presently are subject to, and in the future may become subject to, additional supervisory actions and/or enhanced regulation that could have a material negative effect on our business, reputation, operating flexibility, financial condition and the value of our common stock of this Report.

See Note 14 of Notes to Consolidated Financial Statements in this Report and Part II Item 7. Management s Discussion and Analysis of Financial Condition of Results of Operations Capital Resources of this Report for additional information on the calculation of capital ratios for Synovus and Synovus Bank.

Prompt Corrective Action for Undercapitalization

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

Well Capitalized The insured depository institution exceeds the required minimum level for each relevant capital measure. A well capitalized insured depository

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institution is one (1) having a total risk-based capital ratio of 10 percent or greater, (2) having a Tier 1 risk-based capital ratio of 6 percent or greater, (3) having a leverage capital ratio of 5 percent or greater, and (4) that is not subject to any order or written directive to meet and maintain a specific capital level for any capital measure.

Adequately Capitalized The insured depository institution meets the required minimum level for each relevant capital measure. An adequately capitalized insured depository institution is one (1) having a total risk-based capital ratio of 8 percent or greater, (2) having a Tier 1 risk-based capital ratio of 4% or greater, and (3) having a leverage capital ratio of 4 percent or greater or a leverage capital ratio of 4 percent or greater if the institution is rated composite 1 under the CAMELS (Capital, Assets, Management, Earnings, Liquidity and Sensitivity to market risk) rating system.

Undercapitalized The insured depository institution fails to meet the required minimum level for any relevant capital measure. An undercapitalized insured depository institution is one (1) having a total risk-based capital ratio of less than 8 percent, (2) having a Tier 1 risk-based capital ratio of less than 4 percent, or (3) a leverage capital ratio of less than 4 percent, or if the institution is rated a composite 1 under the CAMELS rating system, a leverage capital ratio of less than 4 percent.

Significantly Undercapitalized The insured depository institution is significantly below the required minimum level for any relevant capital measure. A significantly undercapitalized insured depository institution is one (1) having a total risk-based capital ratio of less than 6 percent, (2) a Tier 1 risk-based capital ratio of less than 3 percent, or (3) a leverage capital ratio of less than 3 percent.

Critically Undercapitalized The insured depository institution fails to meet a critical capital level set by the appropriate federal banking agency. A critically undercapitalized institution is one having a ratio of tangible equity to total assets that is equal to or less than 2 percent.

The regulations permit the appropriate federal banking regulator to downgrade an institution to the next lower category if the regulator determines (1) after notice and opportunity for hearing or response, that the institution is in an unsafe or unsound condition or (2) that the institution has received and not corrected a less-than-satisfactory rating for any of the categories of asset quality, management, earnings or liquidity in its most recent examination. Supervisory actions by the appropriate federal banking regulator depend upon an institution s classification within the five categories. Our management believes that we and our bank subsidiary have the requisite capital levels to qualify as well capitalized institutions under the Federal Deposit Insurance Corporation Improvement Act regulations. See Note 14 of Notes to Consolidated Financial Statements in Part II Item 8 of this Report.

The Federal Deposit Insurance Corporation Improvement Act generally prohibits a depository institution from making any capital distribution, including payment of a dividend, or paying any management fee to its holding company if the depository institution would thereafter be undercapitalized. See Dividends. Undercapitalized depository institutions are subject to restrictions on borrowing from the Federal Reserve System. In addition, undercapitalized depository institutions are subject to growth limitations and are required to submit capital restoration plans. A depository institution s holding company must guarantee the capital plan, up to an amount equal to the lesser of 5 percent of the depository institution s assets at the time it becomes undercapitalized or the amount of the capital deficiency when the institution fails to comply with the plan. Federal banking agencies may not accept a capital plan without determining, among other things, that the plan is based on realistic assumptions and is likely to succeed in restoring the depository institution s capital. If a depository institution fails to submit an acceptable plan, it is treated as if it is significantly undercapitalized.

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

If an institution fails to remain well-capitalized, it will be subject to a variety of enforcement remedies that increase as the capital condition worsens. For instance, federal law generally prohibits a depository institution from making any capital distribution, including the payment of a dividend or paying any management fee to its holding company, if the depository institution would be undercapitalized as a result. Undercapitalized depository institutions may not accept brokered deposits absent a waiver from the FDIC, are subject to growth limitations and are required to submit a capital restoration plan for approval, which must be guaranteed by the institution s holding company. Significantly undercapitalized depository institutions may be subject to a number of requirements and restrictions, including orders to sell sufficient voting stock to become adequately capitalized, requirements to reduce total assets, and cessation of receipt of deposits from correspondent banks. Critically undercapitalized institutions are subject to the appointment of a receiver or conservator.

Deposit Insurance and Assessments

Deposits at our banks are insured by the Deposit Insurance Fund as administered by the FDIC, up to the applicable limits established by law.

In February 2009, the FDIC adopted a long-term deposit insurance fund (DIF) restoration plan as well as an additional emergency assessment for 2009. The restoration plan increases base assessment rates for banks in all risk categories with the goal of raising the DIF reserve ratio from its current .40% to 1.15% within seven years. Banks in the best risk category paid initial base rates ranging from 12 to 16 basis points of assessable deposits beginning April 1, 2009. Additionally, the FDIC adopted a final rule imposing a special emergency assessment on all financial institutions of 5 basis points of total assets minus Tier 1 capital as of June 30, 2009. Our special emergency assessment totaled $16.2 million and was paid on September 30, 2009. The FDIC is also permitted to impose an emergency special assessment after June 30, 2009 of up to 10 basis points if necessary to maintain public confidence in federal deposit insurance. The FDIC has not to date imposed such an assessment. The increase in assessments by the FDIC could have a material adverse effect on our earnings. In addition, the FDIC collects The Financing Corporation (FICO) deposit assessments on assessable deposits. FICO assessments are set quarterly, and in 2010 ranged from 1.06 (annual) basis points in the first quarter to 1.04 (annual) basis points in the second, third and fourth quarters. Our subsidiary bank pays the deposit insurance assessment, less any offset available by means of assessment credits, and pay the quarterly FICO assessments.

Effective November 21, 2008 and until December 31, 2010, the FDIC expanded deposit insurance limits for certain accounts under the Temporary Liquidity Guarantee Program. Provided an institution has not opted out of the Program, the FDIC would fully guarantee funds deposited in non-interest bearing transaction accounts, including (i) Interest on Lawyer Trust Accounts, or IOLTA accounts, and (ii) negotiable order of withdrawal, or NOW accounts, with rates no higher than 0.50 percent through June 30, 2010 and no higher than 0.25 percent after June 30, 2010 if the institution has committed to maintain the interest rate at or below that rate. In conjunction with the increased deposit insurance coverage, insurance assessments also increased. In addition, the Dodd-Frank Act provides temporary, unlimited deposit insurance for all noninterest-bearing transaction accounts. In January 2011, the FDIC s issued final rules implementing this provision of the Dodd-Frank Act by including IOLTAs within the definition of a noninterest-bearing transaction account. Per the FDIC s final rules, all funds held in IOLTA accounts, together with all other noninterest-bearing transaction account deposits, are fully insured, without limit, from December 31, 2010, through December 31, 2012.

On November 12, 2009, the FDIC imposed a requirement on all financial institutions to prepay three years of FDIC insurance premiums. On December 30, 2009, Synovus prepaid $188.9 million of FDIC insurance premiums for the next three years. On December 31, 2010, Synovus prepaid FDIC insurance premiums totaled approximately $130.9 million, representing estimated insurance premiums for the next two years.

The Dodd-Frank Act directs the FDIC to amend its regulations to re-define the method of calculation of an insured depository institution s insurance fund assessment, changing the calculation from being based on domestic deposits to one that is based on asset size. Specifically, the Dodd-Frank Act requires the assessment base to be an amount equal to the average consolidated total assets of the insured depository institution during the assessment period, minus the sum of the average tangible equity of the insured depository institution during the assessment period and an amount the FDIC determines is necessary to establish assessments consistent with the risk-based assessment system found in the Federal Deposit Insurance Act. The FDIC has issued final rules outlining this new insurance assessment methodology, which will impact the amount of Synovus Bank s insurance assessment.

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

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Dodd-Frank Act; Future Changes to Legal Framework

On July 21, 2010, President Obama signed into law the Dodd-Frank Act, which will substantially change the regulatory framework under which we operate over the next several years. The Dodd-Frank Act represents a significant overhaul of many aspects of the regulation of the financial-services industry, addressing, among other things, systemic risk, capital adequacy, deposit insurance assessments, consumer financial protection, interchange fees, derivatives, lending limits, mortgage lending practices, registration of investment advisors and changes among the bank regulatory agencies. Among the provisions that may affect the operations of Synovus or Synovus Bank are the following:

- Creation of the Bureau of Consumer Financial Protection with centralized authority for consumer protection in the banking industry.
- New limitations on federal preemption.
- Application of new regulatory capital requirements, including changes to leverage and risk-based capital standards and changes to the components of permissible tiered capital.
- Requirement that the company and its subsidiary bank be well capitalized and well managed in order to engage in activities permitted for financial holding companies.
- Changes to the assessment base for deposit insurance premiums.
- Making permanent the $250,000 limit for federal deposit insurance and provide unlimited insurance coverage for noninterest-bearing demand transaction accounts.
- Repeal of the prohibition on the payment of interest on demand deposits, effective July 21, 2011, thereby permitting depository institutions to pay interest on business transaction and other accounts.
- Restrictions on compensation, including a prohibition on incentive-based compensation arrangements that encourage inappropriate risk by taking covered financial institutions and are deemed to be excessive, or that may lead to material losses.

Some of these and other major changes could materially impact the profitability of our business, the value of assets we hold or the collateral available for our loans, require changes to business practices or force us to discontinue businesses and expose us to additional costs, taxes, liabilities, enforcement actions and reputational risk. Many of these provisions became effective upon enactment of the Dodd-Frank Act, while others are subject to further study, rule making, and the discretion of regulatory bodies. We cannot predict the effect that compliance with the Dodd-Frank Act or any implementing regulations will have on Synovus businesses or its ability to pursue future business opportunities. Additional regulations resulting from the Dodd-Frank Act may materially adversely affect

Synovus business, financial condition or results of operations. See Part 1 Item 1A. Risk Factors Regulation of the financial services industry is undergoing major changes, and future legislation could increase our cost of doing business or harm our competitive position of this Report.

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

Consumer Protection Regulations

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

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

Deposit operations also are subject to:

- the Truth in Savings Act and Regulation DD issued by the Federal Reserve Board, which requires disclosure of deposit terms to consumers;
- Regulation CC issued by the Federal Reserve Board, which relates to the availability of deposit funds to consumers;

- the Right to Financial Privacy Act, which imposes a duty to maintain the confidentiality of consumer financial records and prescribes procedures for complying with administrative subpoenas of financial records; and

- the Electronic Funds Transfer Act and Regulation E issued by the Federal Reserve Board, which governs automatic deposits to and withdrawals from deposit accounts and customers rights and liabilities arising from the use of automated teller machines and other electronic banking services.

The Federal Reserve and FDIC have recently enacted consumer protection regulations related to automated overdraft payment programs offered by financial institutions. In November 2009, the Federal Reserve amended its Regulation E to prohibit financial institutions, including Synovus Bank, from charging consumers fees for paying overdrafts on automated teller machine and one-time debit card transactions, unless a consumer consents, or opts in, to the overdraft service for those types of transactions. The Regulation E amendments also require financial institutions to provide consumers with a notice that explains the financial institution s overdraft services, including the fees associated with the service and the consumer s choices. The amendments to Regulation E became effective on August 1, 2010.

In November 2010, the FDIC supplemented the Regulation E amendments by requiring FDIC-supervised institutions, including Synovus Bank, to implement additional changes relating to automated overdraft payment programs by July 1, 2011. The most significant of these changes require financial institutions to monitor overdraft payment programs for excessive or chronic customer use and undertake meaningful and effective follow-up action with customers that overdraw their accounts more than six times during a rolling 12-month period. The additional guidance also imposes daily limits on overdraft charges, requires institutions to review and modify check-clearing procedures, prominently distinguish account balances from available overdraft coverage amounts and requires increased board and management oversight regarding overdraft payment programs.

Many of the foregoing laws and regulations are subject to change resulting from the provisions in the Dodd-Frank Act, which in many cases calls for revisions to implementing regulations. In addition, oversight responsibilities of these and other consumer protection laws and regulations will, in large measure, transfer from the bank s primary regulator to the Bureau of Consumer Financial Protection. We cannot predict the effect that being regulated by a new, additional regulatory authority focused on consumer financial protection, or any new implementing regulations or revisions to existing regulations that may result from the establishment of this new authority, will have on Synovus businesses. Additional regulations resulting from the Dodd-Frank Act may materially adversely affect Synovus business, financial condition or results of operations. See Part 1 Item 1A. Risk Factors Regulation of the financial services industry is undergoing major changes, and future legislation could increase our cost of doing business or harm our competitive position of this Report.

In addition, our subsidiary bank may also be subject to certain state laws and regulations designed to protect consumers.

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

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

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

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

Commitments to Subsidiary Bank

Under the Federal Reserve Board s policy, we are expected to serve as a source of financial strength to Synovus Bank and to commit resources to support Synovus Bank in circumstances when we might not do so absent such policy. Under the Bank Holding Company Act, the Federal Reserve Board may require a bank holding company to terminate any activity or relinquish control of a nonbank subsidiary, other than a nonbank subsidiary of a bank, upon the Federal Reserve Board s determination that such activity or control constitutes a serious risk to the financial soundness or stability of any depository institution subsidiary. Further, the Federal Reserve Board has discretion to require a bank holding company to divest itself of any bank or non-bank subsidiaries if the agency determines that any such divestiture may aid the depository institution s financial condition. In addition, any capital loans by us to our subsidiary bank would be subordinate in right of payment to depositors and to certain other indebtedness of the bank. Notably, the Dodd-Frank Act has codified the Federal Reserve s source of strength doctrine, which is scheduled to become effective in 2011. In addition to the foregoing requirements, the Dodd-Frank Act s new provisions authorize the Federal Reserve to require a company that directly or indirectly controls a bank to submit reports that are designed both to assess the ability of such company to comply with its source of strength obligations and to enforce the company s compliance with these obligations.

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 a subsidiary bank would be assumed by the bankruptcy trustee or the FDIC, as appropriate, and entitled to a priority of payment. In addition, the FDIC provides that any insured depository institution generally will be liable for any loss incurred by the FDIC in connection with the default of, or any assistance provided by the FDIC to, a commonly controlled insured depository institution. Synovus Bank is an FDIC-insured depository institution and thus subject to these requirements.

Transactions with Affiliates and Insiders

A variety of legal limitations restrict our subsidiary bank from lending or otherwise supplying funds or in some cases transacting business with us or our non-bank subsidiaries. Synovus Bank is subject to Sections 23A and 23B of the Federal Reserve Act and Federal Reserve Regulation W. Section 23A places limits on the amount of covered transactions which include loans or extensions of credit to, investments in or certain other transactions with, affiliates as well as the amount of advances to third parties collateralized by the securities or obligations of affiliates. The aggregate of all covered transactions is limited to 10 percent of the bank s capital and surplus for any one affiliate and 20 percent for all affiliates. Furthermore, within the foregoing limitations as to amount, each covered transaction must meet specified collateral requirements ranging from 100 to 130 percent. Also, the bank is prohibited from purchasing low quality assets from any of its affiliates.

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

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

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Regulatory Examinations

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

Community Reinvestment Act

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

Commercial Real Estate Lending

Lending operations that involve concentrations of commercial real estate loans are subject to enhanced scrutiny by federal banking regulators. The regulators have advised financial institutions of the risks posed by commercial real estate lending concentrations. Such loans generally include land development, construction loans and loans secured by multifamily property, and nonfarm, nonresidential real property where the primary source of repayment is derived from rental income associated with the property. The guidance prescribes the following guidelines for examiners to help identify institutions that are potentially exposed to concentration risk and may warrant greater supervisory scrutiny:

- total reported loans for construction, land development and other land represent 100 percent or more of the institutions total capital, or

- total commercial real estate loans represent 300 percent or more of the institution s total capital, and the outstanding balance of the institution s commercial real estate loan portfolio has increased by 50 percent or more during the prior 36 months.

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

Branching

The Dodd-Frank Act substantially amended the legal framework that had previously governed interstate branching activities. Formerly, under the Reigle-Neal Interstate Banking and Branching Efficiency Act of 1994, a bank s ability to branch into a particular state was largely dependent upon whether the state opted in to *de novo* interstate branching. Many states did not opt-in, which resulted in branching restrictions in those states. The Dodd-

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Frank Act removed the opt-in concept and permits banks to engage in *de novo* branching outside of their home states, provided that the laws of the target state permit banks chartered in that state to branch within that state. Accordingly, *de novo* interstate branching by Synovus Bank is subject to these new standards. All branching in which Synovus Bank may engage remains subject to regulatory approval and adherence to applicable legal and regulatory requirements.

Anti-Tying Restrictions

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

Privacy and Credit Reporting

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

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

Enforcement Powers

Synovus Bank and its institution-affiliated parties, including management, employees, agents, independent contractors and consultants, such as attorneys and accountants and others who participate in the conduct of the institution s affairs, are subject to potential civil and criminal penalties for violations of law, regulations or written orders of a government agency. Violations can include failure to timely file required reports, filing false or misleading information or submitting inaccurate reports. Civil penalties may be as high as $1,000,000 a day for such violations and criminal penalties for some financial institution crimes may include imprisonment for 20 years. Regulators have flexibility to commence enforcement actions against institutions and institution-affiliated parties, and the FDIC has the authority to terminate deposit insurance. When issued by a banking agency, cease-and-desist and similar orders may, among other things, require affirmative action to correct any harm resulting from a violation or practice, including restitution, reimbursement, indemnifications or guarantees against loss. A financial institution may also be ordered to restrict its growth, dispose of certain assets, rescind agreements or contracts, or take other actions determined to be appropriate by the ordering agency. The federal banking agencies also may remove a director or officer from an insured depository institution (or bar them from the industry) if a violation is willful or reckless.

We have entered into a memorandum of understanding with the Federal Reserve Bank of Atlanta and the Banking Commissioner of the State of Georgia, pursuant to which we agreed to implement plans that are intended to, among other things, minimize credit losses and reduce the amount of our problem assets, limit and manage our concentrations in commercial real estate loans, improve our credit risk management and related policies and procedures, address liquidity management and current and future capital requirements, strengthen enterprise risk management practices, and provide for succession planning for key corporate and regional management positions. Additionally, Synovus Bank is presently subject to a memorandum of understanding with the Georgia Commissioner and the FDIC that is substantially similar in substance and scope to the holding company memorandum of understanding described above, and Synovus Bank is presently also subject to a memorandum of understanding with the Georgia Commissioner and the FDIC relating to its subsidiary, Synovus Mortgage. See Part I Item 1A. Risk Factors We are presently subject to, and in the future may become subject to, additional supervisory actions and/or enhanced regulation that could have a material negative effect on our business, reputation, operating flexibility, financial condition and the value of our common stock of this Report.

Monetary Policy and Economic Controls

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

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

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Depositor Preference Statute

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

TARP Regulations

EESA and ARRA

Under the EESA, Congress has the ability to impose after-the-fact terms and conditions on participants in Treasury s TARP Capital Purchase Program. As a participant in the TARP Capital Purchase Program, we are subject to any such retroactive legislation. On February 10, 2009, the Treasury announced the Financial Stability Plan under the EESA (the Financial Stability Plan) which is intended to further stabilize financial institutions and stimulate lending across a broad range of economic sectors. On February 18, 2009, President Obama signed the ARRA, a broad economic stimulus package that included additional restrictions on, and potential additional regulation of, financial institutions.

On June 10, 2009, under the authority granted to it under ARRA and EESA, the Treasury issued an interim final rule under Section 111 of EESA, as amended by ARRA, regarding compensation and corporate governance restrictions that would be imposed on TARP recipients, effective June 15, 2009. As a TARP recipient with currently outstanding TARP obligations, we are subject to the compensation and corporate governance restrictions and requirements set forth in the interim final rule, which, among other things: (1) prohibit us from paying or accruing bonuses, retention awards or incentive compensation, except for certain long-term stock awards, to our senior executives and next 20 most highly compensated employees; (2) prohibit us from making severance payments to any of our senior executive officers or next five most highly compensated employees; (3) require us to conduct semi-annual risk assessments to assure that our compensation arrangements do not encourage unnecessary and excessive risks or the manipulation of earnings to increase compensation; (4) require us to recoup or clawback any bonus, retention award or incentive compensation paid by us to a senior executive officer or any of our next 20 most highly compensated employees, if the payment was based on financial statements or other performance criteria that are later found to be materially inaccurate; (5) prohibit us from providing tax gross-ups to any of our senior executive officers or next 20 most highly compensated employees; (6) require us to provide enhanced disclosure of perquisites, and the use and role of compensation consultants; (7) required us to adopt a corporate policy on luxury and excessive expenditures; (8) require our chief executive officer and chief financial officer to provide period certifications about our compensation practices and compliance with the interim final rule; (9) require us to provide enhanced disclosure of the relationship between our compensation plans and the risk posed by those plans; and (10) require us to provide an annual non-binding shareholder vote, or say-on-pay proposal, to approve the compensation of our executives, consistent with regulations promulgated by the SEC. On January 12, 2010, the SEC adopted final regulations setting forth the parameters for such say-on pay proposals for public company TARP participants.

Additional regulations applicable to TARP recipients adopted as part of EESA, the Financial Stability Plan, ARRA, or other legislation may subject us to additional regulatory requirements. The impact of these additional requirements may put us at competitive disadvantage in comparison to financial institutions that have either repaid all TARP funds or never accepted TARP funds and may materially adversely affect our business and results of operations.

Capital Purchase Program

On October 14, 2008 the U.S. Treasury, or Treasury, announced that, pursuant to the Emergency Economic Stabilization Act, it was implementing a voluntary program known as the Capital Purchase Program , or CPP , pursuant to which eligible financial institutions could raise capital by selling preferred stock directly to the U.S. Government. The purpose of the Capital Purchase Program was to encourage U.S. financial institutions to build capital to, among other things, increase the flow of financing to U.S. businesses and consumers and support the U.S. economy, and was also intended to prevent additional failures of financial institutions. Synovus applied for the maximum investment available under the CPP (equal to 3% of risk-weighted assets), noting that this additional capital would be used to provide (1) strength against worse than expected economic conditions; (2) more flexibility in disposing of problem assets to strengthen our balance sheet; (3) capacity to invest in our local economies through lending; (4) ability to work with homeowners in mortgage workouts; and (5) participation in government directed acquisitions of banks or assets, and, as permitted, opportunistic acquisition transactions. Our application to participate in the CPP was approved by Treasury on November 14, 2008.

On December 19, 2008, Synovus consummated the CPP investment and issued to Treasury 967,870 shares of Synovus Fixed Rate Cumulative Perpetual Preferred Stock, Series A without par value (the Series A Preferred Stock), having a liquidation amount per share equal to $1,000, for a total price of $967,870,000. The Series A Preferred Stock pays cumulative dividends at a rate of 5% per year for the first five years and thereafter at a rate of 9% per year. Synovus has timely paid all dividends on the Series A Preferred Stock. We may not redeem the Series A Preferred Stock during the first three years except with the proceeds from a qualified equity offering. After February 15, 2012, we may, at our option and with the consent of the Federal Deposit Insurance Corporation, redeem, in whole or in part, the Series A Preferred Stock at the liquidation amount per share plus accrued and unpaid dividends. The Series A Preferred Stock is generally non-voting. However, if we fail to pay dividends on the Series A Preferred Stock for an aggregate of six quarterly periods, whether or not consecutive, our number of authorized directors shall be increased by two and the holders of the Series A Preferred Stock shall have the right to elect two directors. In addition, the consent of the holders of 66 $^{2}/3$% of the Series A Preferred Stock is required to authorize or create any stock ranking senior to the Series A Preferred Stock, for any amendment to our certificate of incorporation that adversely affects the rights or preferences of the holders of the Series A Preferred Stock and for consummation of certain business combinations.

As part of its purchase of the Series A Preferred Stock, we also issued the Treasury a warrant (the Warrant) to purchase up to 15,510,737 shares of our Common Stock at an

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initial per share exercise price of $9.36. The Warrant provides for the adjustment of the exercise price and the number of shares of our Common Stock issuable upon exercise pursuant to customary anti-dilution provisions, such as upon stock splits or distributions of securities or other assets to holders of our Common Stock, and upon certain issuances of our Common Stock at or below a specified price relative to the initial exercise price. The Warrant expires on December 19, 2018. On January 20, 2009, we filed a shelf registration statement with the SEC to register the resale by Treasury of the Series A Preferred Stock, the Warrant and the shares of Common Stock underlying the Warrant. In addition, if the shelf registration statement is unavailable and we are requested by Treasury to do so, we may be obligated to file a registration statement covering an underwritten offering of these securities.

Prior to December 19, 2011, unless we have redeemed the Series A Preferred Stock or the Treasury has transferred the Series A Preferred Stock to a third party, the consent of the Treasury will be required for us to (1) declare or pay any dividend or make any distribution on our common stock, par value $1.00 per share (Common Stock) (other than regular quarterly cash dividends of not more than $0.06 per share) or (2) redeem, repurchase or acquire our Common Stock or other equity or capital securities, other than in connection with benefit plans consistent with past practice and certain other limited circumstances. A consequence of the Series A Preferred Stock purchase includes certain restrictions on executive compensation that could limit the tax deductibility of compensation we pay to executive management. See Supervision, Regulation and Other Factors TARP Regulations for a more detailed description of the compensation and corporate governance restrictions that are applicable to us and other CPP participants.

To date, we have utilized our CPP capital to contribute capital to Synovus Bank and its predecessors and purchase certain classified assets from Synovus Bank. While our subsidiary banks have been consolidated into one subsidiary bank, Synovus Bank, our employment of the CPP capital we received has facilitated the ability of Synovus Bank and its predecessors to continue to extend loans to customers in its local banking communities.

Other Regulatory Matters

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

Available Information

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

In addition, the public may read and copy any of the materials we file with the SEC at the SEC s Public Reference Room at 100 F Street, NW, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet website that contains reports, proxy and information statements and other information regarding issuers, such as Synovus, that file electronically with the SEC. The address of that website is www.sec.gov.

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

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

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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.

The current and further deterioration in the residential construction and commercial development real estate markets may lead to increased non-performing assets in our loan portfolio and increased provision expense for losses on loans, which could have a material adverse effect on our capital, financial condition and results of operations.

Since the third quarter of 2007, the residential construction and commercial development real estate markets have experienced a variety of difficulties and challenging economic conditions. Our non-performing assets were $1.28 billion at December 31, 2010, compared to $1.83 billion at December 31, 2009 and $1.17 billion at December 31, 2008. While recent economic data suggests that overall economic conditions are improving, if market conditions remain poor or further deteriorate, they may lead to additional valuation adjustments on our loan portfolios and real estate owned as we continue to reassess the fair value of our non-performing assets, the loss severities of loans in default, and the fair value of real estate owned. We also may realize additional losses in connection with our disposition of non-performing assets. Poor economic conditions could result in decreased demand for residential housing, which, in turn, could adversely affect the development and construction efforts of residential real estate developers. Consequently, such economic downturns could adversely affect the ability of such residential real estate developer borrowers to repay these loans and the value of property used as collateral for such loans. A sustained weak economy could also result in higher levels of non-performing loans in other categories, such as commercial and industrial loans, which may result in additional losses. Management continually monitors market conditions and economic factors throughout our footprint for indications of change in other markets. If these economic conditions and market factors negatively and/or disproportionately affect some of our larger loans, then we could see a sharp increase in our total net-charge offs and also be required to significantly increase our allowance for loan losses. Any further increase in our non-performing assets and related increases in our provision expense for losses on loans could negatively affect our business and could have a material adverse effect on our capital, financial condition and results of operations.

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

We maintain an allowance for loan losses, which is a reserve established through a provision for loan losses charged to expenses, which represents management s best estimate of probable credit losses that have been incurred within the existing portfolio of loans, as described under Note 7 of Notes to Consolidated Financial Statements in this Report and

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under Critical Accounting Policies Allowance for Loan Losses under Part II Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations of this Report. The allowance, in the judgment of management, is established to reserve for estimated loan losses and risks inherent in the loan portfolio. The determination of the appropriate level of the allowance for loan losses inherently involves a high degree of subjectivity and requires us to make significant estimates of current credit risks using existing qualitative and quantitative information, all of which may undergo material changes. Changes in economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans, risk ratings, and other factors, both within and outside of our control, may require an increase in the allowance for loan losses.

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

In addition, bank regulatory agencies periodically review our allowance for loan losses and may require an increase in the provision for loan losses or the recognition of additional loan charge offs, based on judgments different than those of management. An increase in the allowance for loan losses results in a decrease in net income and capital, and may have a material adverse effect on our capital, financial condition and results of operations.

In light of current market conditions, we regularly reassess the creditworthiness of our borrowers and the sufficiency of our allowance for loan losses. Our allowance for loan losses was $703.5 million, or 3.26% of total loans at December 31, 2010 compared to $943.7 million, or 3.72% of total loans at December 31, 2009. We recorded a provision for loan losses during the year ended December 31, 2010 of $1.13 billion compared to a $1.81 billion provision for loan losses for the year ended December 31, 2009, both of which are significantly higher than historical levels. We also charged-off approximately $1.37 billion in loans, net of recoveries, during the year ended December 31, 2010, compared to $1.46 billion in loans, net of recoveries, during the year ended December 31, 2009, both of which were also significantly higher than in previous periods.

Even though our credit trends showed improvement during 2010 compared to the prior two years, we expect that our levels of non-performing assets will remain at elevated levels in the foreseeable future as the deterioration in the credit and real estate markets causes borrowers to default. Further, the value of the collateral underlying a given loan, and the realizable value of such collateral in a foreclosure sale, likely will be negatively affected by the downturn in the real estate market, and therefore may result in an inability to realize a full recovery in the event that a borrower defaults on a loan. In addition, as we execute our previously announced strategy to dispose of non-performing assets, we will realize additional future losses if the proceeds we receive upon disposition of assets are less than the recorded carrying value of such assets. Any additional non-performing assets, loan charge-offs, increases in the provision for loan losses or any inability by us to realize the full value of underlying collateral in the event of a loan default, could negatively affect our business, financial condition, and results of operations and the price of our securities.

We will realize additional future losses if our levels of non-performing assets do not moderate and if the proceeds we receive upon liquidation of assets are less than the carrying value of such assets.

In 2009, we announced a strategy to aggressively dispose of non-performing assets, and our refreshed strategic plan includes specific goals around, among other things, reduction of non-performing asset levels. During each of 2009 and 2010, we completed sales of approximately $1.2 billion of ORE, problem loans and potential problem loans, and we presently expect to continue our sales of distressed assets during 2011. The actual volume of future distressed asset sales could increase based on regulatory directives, the level of migration of performing loans to problem loan status, as well as opportunities to sell such assets, thus resulting in higher credit costs. Conversely, the continuing weakness in the residential and commercial real estate markets may negatively impact our ability to dispose of distressed assets, and may result in higher credit losses on sales of distressed assets. Non-performing assets are recorded on our financial statements at the estimated fair value, which considers management s plans for disposition. We will realize additional future losses if the proceeds we receive upon dispositions of assets are less than the recorded carrying value of such assets. If market conditions continue to decline, the magnitude of losses we may realize upon the disposition of non-performing assets may increase, which could materially adversely affect our business, financial condition and results of operations.

We may not realize the expected benefits from our 2011 2013 strategic plan.

In the second half of 2010 Synovus announced an update of its three-year strategic plan to address these challenges and define strategies for expense reduction, streamlining of processes and long-term growth initiatives. The plan s key strategic elements are focused on the following areas:

- enhancing the sales and service approach for targeted customer segments;
- aligning the cost structure with the current size of the organization; and
- enhancing the customer experience by streamlining processes.

The plan s stated goals include significant declines in non-performing assets and potential problem loan levels, a further reduction in CRE loan concentration, and substantial growth in the C&I loan portfolio. The goals also include substantial cost reductions and capital ratios that exceed regulatory requirements and position Synovus favorably among its peers.

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In January 2011, Synovus identified and announced efficiency and growth initiatives implementing the updated strategic plan, including the following:

- Efficiency initiatives expected to generate an estimated $100 million in annual expense savings by the end of 2012, with approximately $75 million of these savings to be realized in 2011. The announced $100 million in annual expense savings will be achieved primarily through the reduction of approximately 850 positions during 2011 across our five-state footprint and through the closing of 39 branches.

- Enhancements to Synovus Large Corporate Banking initiative, including the addition of syndicated credit program expertise and realignment of existing personnel, designed to utilize Synovus relationship-based delivery model approach to build relationships with larger commercial customers across Synovus five-state footprint and connect more commercial customers with Synovus full suite of specialized commercial banking products and services, including private banking, treasury management, asset-based lending, insurance, and wealth management.

- Streamlining of processes and enhanced product offerings and technology to improve the customer experience and reduce operating inefficiencies.

The estimates and assumptions in the strategic plan and the related operating plan and restructuring of Synovus cost base may or may not prove to be accurate in some respects. In addition, Synovus is subject to various risks inherent in its business. These risks may cause the anticipated results from our strategic plan and cost-reduction initiatives not to be achieved in their entirety, not to be accomplished within the expected time frame, or to result in implementation charges beyond those currently contemplated or could result in some other unanticipated adverse impact. Furthermore, the implementation of these initiatives may have unintended impacts on Synovus ability to attract and retain business and customers, while revenue enhancement ideas may not be successful in the marketplace or may result in unintended costs. Accordingly, we cannot guarantee that the anticipated benefits from our strategic plan and cost reduction initiatives will be realized, and we may be unable to execute our business strategy and achieve our strategic and financial objectives, which may result in further regulatory scrutiny.

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

During 2009 and 2010, Synovus announced and executed a number of strategic capital initiatives to bolster our capital position against credit deterioration and to provide additional capital as Synovus pursued its aggressive asset disposition strategy. As of December 31, 2010, Synovus Tier 1 capital ratio was 12.79%, our Tier 1 Common Equity Ratio was 8.63%, and Synovus and Synovus Bank were considered well capitalized under current regulatory standards. See Part I Item 1 Business, Supervision, Regulation and Other Factors Prompt Corrective Action of this Report for a discussion of the definition of well capitalized. This regulatory capital framework is expected to change in important respects as a result of the Dodd-Frank Act and a separate, international regulatory capital initiative known

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as Basel III. In December 2010, BCBS finalized new regulatory capital standards, known as Basel III, which are aimed at capital reform, seek to further strengthen financial institutions capital positions by mandating a higher minimum level of common equity to be held, along with a capital conservation buffer to withstand future periods of stress. At present, our Tier 1 common equity is in excess of the minimum common equity and additional conservation buffer stipulated by these newly proposed requirements. Regardless, complying with these new capital requirements will likely affect our operations, and the extent to which we will be affected will be known with more certainty once additional clarity is provided on the underlying details of these new requirements. These new requirements have been endorsed by the U.S. banking regulators, but have not yet been translated by the regulators into official regulation for U.S. financial institutions. It is anticipated that the regulators will adopt new regulatory capital requirements similar to those proposed by the BCBS and the new requirements are anticipated to be phased-in for U.S. financial institutions beginning in 2013. It is widely anticipated that the new capital requirements brought about by the implementation of the Dodd-Frank Act and Basel III for most bank and financial holding companies, as well as for most insured depository institutions, will increase, although the nature and amounts of the increase have not yet been specified.

Synovus continually monitors its capital position particularly as capital is impacted by current economic conditions, actual performance against forecasted credit losses, peer capital levels, and regulatory capital standards and pressures, and engages in regular discussions with its regulators regarding capital at both Synovus and Synovus Bank. If economic conditions or other factors worsen to a materially greater degree than the assumptions underlying management s current internal assessment of our capital position or if minimum regulatory capital requirements for us or our subsidiary bank increase as the result of legislative changes or informal or formal regulatory directives, then we would be required to pursue one or more additional capital improvement strategies, including, among others, balance sheet optimization strategies, asset sales, and/or the sale of securities to one or more third parties. Given the current economic and market conditions and our recent financial performance and related credit ratings, there can be no assurance that any such transactions will be available to us on favorable terms, if at all, or that we would be able to realize the anticipated benefits of such transactions. We also cannot predict the effect that these transactions would have on the market price of our common stock. In addition, if we issue additional equity securities in these transactions, including options, warrants, preferred stock or convertible securities, such newly issued securities could cause significant dilution to the holders of our common stock.

Further adverse changes in our credit rating could increase the cost of our funding from the capital markets.

During the second quarter of 2009, Moody s Investors Service, Standard and Poor s Ratings Services and Fitch Ratings downgraded our long term debt to below investment grade. On April 23, 2010, Moody s Investor Service issued a further downgrade. The ratings agencies regularly evaluate us and Synovus Bank, and their ratings of our long-term debt are based on a number of factors, including our financial strength as well as factors not entirely within our control, including conditions affecting the financial services industry generally. In light of the continuing difficulties in the financial services industry and the housing and financial markets, there can be no assurance that we will not receive additional adverse changes in our ratings, which could adversely affect the cost and other terms upon which we are able to obtain funding and the way in which we are perceived in the capital markets. We cannot predict whether existing customer relationships or opportunities for future relationships could be further affected by customers who choose to do business with a higher rated institution.

We may be unable to access historical and alternative sources of liquidity, which could adversely affect our overall liquidity.

Liquidity represents the extent to which we have readily available sources of funding needed to meet the needs of our depositors, borrowers and creditors, to support asset growth, to maintain reserve requirements, and to otherwise sustain our operations and the operations of our subsidiary bank. Synovus Bank primarily generates liquidity from earnings and deposits. In the current competitive environment, customer confidence is a critical element in growing and retaining deposits. In this regard, Synovus Bank s asset quality could play a larger role in the stability of the deposit base. In the event asset quality declines significantly from its current level, Synovus Bank s ability to grow and retain deposits could be diminished. As a result of the Charter Consolidation, we are unable to continue to offer our Synovus® Shared Deposit products. See Deposits and Capital Resources and Liquidity under Part II Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations of this Report. While we intend to continue aggressively pursuing retention of this deposit base, there can be no assurance that the remaining shared deposits will remain on deposit at Synovus Bank. The possibility of this deposit outflow could adversely impact Synovus Bank s liquidity.

We must maintain adequate liquidity at the holding company level for various operating needs, including the servicing of debt, the payment of general corporate expenses, and the payment of dividends to shareholders. In addition to our ordinary course liquidity needs, current conditions in the public markets for bank holding companies, dividend payments on our Series A Preferred Stock, and capital needs of our subsidiary bank have put additional pressure on our liquidity. The primary source of liquidity at the holding company level is dividends from Synovus Bank. Synovus has not had positive earnings since 2007. Synovus Bank is currently subject to a memorandum of understanding that prohibits it from paying any cash dividends to us without regulatory approval. 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 and we continue to experience increased demand for liquidity at the holding company level then our overall liquidity and financial condition will be adversely affected.

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

Net interest income, which is the difference between the interest income that we earn on interest-earning assets and the interest expense that we pay on interest-bearing liabilities, is a major component of our income. Our net interest income is our primary source of revenue from our operations. The Federal Reserve reduced interest rates on three occasions in 2007 by a total of 100 basis points, to 4.25%, and by another 400 basis points, to a range of 0% to 0.25%, during 2008. Interest rates during 2009 and 2010 have remained at the range of 0% to 0.25% as set by the Federal Reserve during 2008. A significant portion of our loans, including residential construction and development loans and other commercial loans, bear interest at variable rates. The interest rates on a significant portion of these loans decrease when the Federal Reserve reduces interest rates, which may reduce our net interest income. In addition, in order to compete for deposits in our primary market areas, we may offer more attractive interest rates to depositors, or we may have to pursue other sources of liquidity, such as wholesale funds.

Our total loans decreased to $21.6 billion as of December 31, 2010 compared to $25.4 billion as of December 31, 2009. A decrease in loans outstanding and lower realized yields on investment securities reduced our net interest income during the year ended December 31, 2010 and could cause additional pressure on net interest income in future periods. This reduction in net interest income also may be exacerbated by the high level of competition that we face in our primary market area. Any significant reduction in our net interest income could negatively affect our business and could have a material adverse impact on our capital, financial condition and results of operations.

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

In managing our consolidated balance sheet, we depend on access to a variety of sources of funding to provide us with sufficient capital resources and liquidity to meet our commitments and business needs, and to accommodate the transaction and cash management needs of our customers. Sources of funding available to us, and upon which we rely as regular components of our liquidity and funding management strategy, include borrowings from the Federal Home Loan Bank and brokered deposits. See Liquidity and Capital Resources under Part II Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations of this Report. We also have historically enjoyed a solid reputation in the capital markets and have been able to raise funds in the form of either short- or long-term borrowings or equity issuances. If, due to market disruptions, perceptions about our credit ratings or other factors, we are unable to access the capital markets, our capital resources and liquidity may be adversely affected.

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

Future losses will result in an additional valuation allowance for deferred tax assets. Recapture of the deferred tax asset balance (i.e., reversal of the valuation allowance) is subject to considerable judgment.

During 2009, Synovus reached a three-year cumulative pre-tax loss position. See Note 25 of Notes to Consolidated Financial Statements in this Report. Under GAAP, cumulative losses in recent years are considered significant negative evidence which is difficult to overcome in assessing the realizability of a deferred tax asset. As a result, beginning with the second quarter of 2009, Synovus no longer considers future taxable income in determining the realizability of its deferred tax assets. This required an increase in the valuation allowance for deferred tax assets of approximately $438.2 million in 2009 and $331.7 million in 2010, which adversely impacted Synovus results of operations for these periods.

Synovus expects to reverse the majority of the valuation allowance for deferred tax assets once it has demonstrated a sustainable return to profitability. However, the reversal of the valuation allowance is subject to considerable judgment. Additionally, even after the recovery of the deferred tax asset balance under GAAP, which would immediately benefit GAAP capital and the tangible common equity ratio, there will remain limitations on the ability to include the deferred tax assets for regulatory capital purposes. See Income Tax Expense under Part II Item 7. Management s Discussion and Analysis of Operating Results and Financial Condition of this Report.

Issuances or sales of common stock or other equity securities could result in an ownership change as defined for U.S. federal income tax purposes. In the event an ownership change were to occur, our ability to fully utilize a significant portion of our U.S. federal and state tax net operating losses and certain built-in losses that have not been recognized for tax purposes could be impaired as a result of the operation of Section 382 of the Internal Revenue Code of 1986, as amended.

Our ability to use certain realized net operating losses and unrealized built-in losses to offset future taxable income may be significantly limited if we experience an ownership change as defined by Section 382 of the Internal Revenue Code of 1986, as amended (the Code). An ownership change under Section 382 generally occurs when a change in the aggregate percentage ownership of the stock of the corporation held by five percent shareholders increases by more than fifty percentage points over a rolling three year period. A corporation experiencing an ownership change generally is subject to an annual limitation on its utilization of pre-change losses and certain post-change recognized built-in losses equal to the value of the stock of the corporation immediately before the ownership change, multiplied by the long-term tax-exempt rate (subject to certain adjustments). The annual limitation is increased each year to the extent that there is an unused limitation in a prior year. Since U.S. federal net operating losses generally may be carried forward for up to 20 years, the annual limitation also effectively provides a cap on the cumulative amount of pre-change losses and certain post-change recognized built-in losses that may be utilized. Pre-change losses and certain post-change recognized built in losses in excess of the cap are effectively unable to be used to reduce future taxable income. In some circumstances, issuances or sales of our stock (including any common stock or other equity issuances or debt-for-equity exchanges and certain transactions involving our stock that are outside of our control) could result in an ownership change under Section 382.

In April 2010, we adopted a shareholder rights plan, which provides an economic disincentive for any one person or group acting in concert to become an owner, for relevant tax purposes, of 5% or more of our stock. While adoption of the rights plan should reduce the likelihood that future transactions in our stock will result in an ownership change, there can be no assurance that the Rights Plan will be effective to deter a stockholder from increasing its ownership interests beyond the limits set by the Rights Plan or that an ownership change will not occur in the future. Furthermore, our ability to enter into future transactions may be impaired if such transactions result in an unanticipated ownership change under Section 382. If an ownership change under Section 382 were to occur, the value of our net operating losses and a portion of the net unrealized built-in losses will be impaired. Because a valuation allowance currently exists for substantially the full amount of our deferred tax assets, no additional charge to earnings would result. However, an ownership change , as defined above, could adversely impact our ability to recover the deferred tax asset in the future.

We presently are subject to, and in the future may become subject to, additional supervisory actions and/or enhanced regulation that could have a material negative effect on our business, reputation, operating flexibility, financial condition and the value of our common 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, have the authority to compel or restrict certain actions on our part if they 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. Under this authority, our bank regulators can 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.

As a result of losses that we have incurred to date and our high level of credit losses and non-performing assets, we entered into a memorandum of understanding with the Federal Reserve Bank of Atlanta and the Georgia Commissioner pursuant to which we agreed to implement plans that are intended to, among other things, minimize credit losses and reduce the amount of our problem assets, limit and manage our concentrations in commercial real estate loans, improve our credit risk management and related policies and procedures, address liquidity management and current and future capital requirements, strengthen enterprise risk management practices, and provide for succession planning for key corporate and regional management positions and our board of directors. The memorandum of understanding also requires that we inform and consult with the Federal Reserve Board prior to declaring and paying any future dividends, and obtain the prior approval of the Federal Reserve Bank of Atlanta and the Georgia Commissioner prior to increasing the quarterly cash dividend on our common stock above $0.01 per share.

In addition, Synovus Bank is presently subject to a memorandum of understanding with the Georgia Commissioner and the FDIC that is substantially similar in substance and scope to the holding company memorandum of understanding described above. The bank memorandum of understanding also requires that Synovus Bank obtain approval from the Georgia Commissioner and the FDIC prior to paying any cash dividends to Synovus and provides that, as a result of our Charter Consolidation, we will take all necessary steps to avoid customer confusion as a result of our proposed use of trade names at our various bank branches and to update our long-term strategic plan to reflect the charter consolidation and the various actions we have otherwise agreed to implement under the memorandum of understanding. Synovus Bank is presently also subject to a memorandum of understanding with the Georgia Commissioner and the FDIC relating to its subsidiary, Synovus Mortgage. In the Synovus Mortgage memorandum of understanding, Synovus Bank has agreed to implement plans that are intended to, among other things, ensure appropriate oversight of Synovus Mortgage and Synovus Mortgage s compliance program relating to compliance and fair lending laws, rules and regulations.

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

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Recent legislative and regulatory initiatives applicable to financial institutions in general and TARP recipients in particular could adversely impact our ability to attract and retain key employees and pursue business opportunities and could put us at a competitive disadvantage vis-à-vis our competitors and damage our reputation if these competitors repay their TARP funds before us.

Our success depends upon the ability to attract and retain highly motivated, well-qualified personnel. We face significant competition in the recruitment of qualified employees from financial institutions and others. Until we repay the TARP funds, we are subject to additional, and possibly changing, regulatory scrutiny and restrictions regarding the compensation of certain executives and associates as established under TARP guidelines. The increased scrutiny and restrictions related to our compensation practices may adversely impact our ability to recruit, retain and motivate key employees, which in turn may impact our ability to pursue business opportunities and could otherwise materially adversely affect our businesses and results of operations. See Item 1 Business Actions by Federal and State Regulators and Supervision, Regulation and Other Factors in this Report.

In addition to the guidelines on incentive and senior officer compensation under TARP, the Dodd-Frank Act provides for the implementation of a variety of corporate governance and compensation practices applicable to all public companies, including Synovus, which may impact certain of Synovus executive officers and employees. These provisions include, but are not limited to, requiring companies to claw back incentive compensation under certain circumstances, provide shareholders the opportunity to cast a non-binding vote on executive compensation, to consider the independence of compensation advisors and new executive compensation disclosure requirements. Such provisions with respect to compensation, in addition to other competitive pressures, may have an adverse effect on the ability of Synovus to attract and retain skilled personnel.

Further, in June, 2010, the Federal Reserve, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and the FDIC jointly issued comprehensive final guidance designed to ensure that incentive compensation policies do not undermine the safety and soundness of banking organizations by encouraging employees to take imprudent risks. This regulation significantly restricts the amount, form, and context in which we pay incentive compensation.

These restrictions may put us at a competitive disadvantage vis-à-vis our competitors that have repaid all TARP funds before us, or who did not receive TARP funds, and with non-financial institutions in terms of attracting retaining senior level employees. Furthermore, to the extent that our competitors repay their TARP funds before us, our reputation and the public perception of our financial condition may be negatively affected, which could adversely affect our stock price.

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As a result of our participation in the Capital Purchase Program, we may become subject to additional regulation, and we cannot predict the cost or effects of compliance at this time.

In connection with our participation in the Capital Purchase Program administered under the TARP, we may face additional regulations and/or reporting requirements, including, but not limited to, the following:

- Section 5.3 of the standardized Securities Purchase Agreement that we entered into with the Treasury provides, in part, that the Treasury may unilaterally amend any provision of this Agreement to the extent required to comply with any changes after the Signing Date in applicable federal statutes. This provision could give Congress the ability to impose after-the-fact terms and conditions on participants in the Capital Purchase Program. As a participant in the Capital Purchase Program, we would be subject to any such retroactive legislation. We cannot predict whether or in what form any proposed regulation or statute will be adopted or the extent to which our business may be affected by any new regulation or statute.

- Participation in the Capital Purchase Program will limit our ability to repurchase our common stock or to increase the dividend on our common stock above $0.06 per share, or to repurchase, our common stock without the consent of the Treasury until the earlier of December 19, 2011 or until the Series A Preferred Stock has been redeemed in whole, or until the Treasury has transferred all of the Series A Preferred Stock to a third party.

- The FDIC has requested that all state-chartered banks monitor and report how they have spent funds received from the Treasury in connection with TARP funds through 2012.

As a result, we may face increased regulation, and compliance with such regulation may increase our costs and limit our ability to pursue certain business opportunities. We cannot predict the effect that participating in these programs may have on our business, financial condition, or results of operations in the future or what additional regulations and/or requirements we may become subject to as a result of our participation in these programs.

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

In 2009 and 2010, many emergency government programs enacted in 2008 in response to the financial crisis and the recession slowed or wound down, and global regulatory and legislative focus has generally moved to a second phase of broader reform and a restructuring of financial institution regulation. Emergency programs that are winding down include TARP, which Treasury extended until October 3, 2010 in order to retain an adequate financial stability reserve if financial conditions worsen and threaten the economy. Also, the Debt Guarantee Program expired on October 31, 2009, with the guarantee period on such debt expiring on December 30, 2012. The Transaction Account Guarantee portion of the program, which guarantees non-interest bearing bank transaction accounts on an unlimited basis was extended until December 31, 2010 and recent amendments to the Federal Deposit Insurance Act provide full deposit insurance coverage for noninterest-bearing transaction accounts and

Interest on Lawyer Trust Accounts or IOLTAs beginning December 31, 2010, for a two-year period. In addition, the Federal Reserve has begun to sell off its portfolio of mortgage-backed securities, which it previously purchased in order to stabilize the residential mortgage market. We cannot predict the effect that the wind-down of these various governmental programs will have on current financial market conditions, or on our business, financial condition, results of operations, access to credit and the trading price of our common stock.

On July 21, 2010, President Obama signed into law the Dodd-Frank Act, which will substantially change the legal and regulatory framework under which we operate over the next several years. The Dodd-Frank Act represents a significant overhaul of many aspects of the regulation of the financial-services industry, addressing, among other things, systemic risk, capital adequacy, deposit insurance assessments, consumer financial protection, interchange fees, derivatives, lending limits, mortgage lending practices, registration of investment advisors and changes among the bank regulatory agencies. Among the provisions that may affect the operations of the Bank or the Company are the following:

- Creation of the Bureau of Consumer Financial Protection with centralized authority for consumer protection in the banking industry.
- New limitations on federal preemption.
- Application of new regulatory capital requirements, including changes to leverage and risk-based capital standards and changes to the components of permissible tiered capital.
- Requirement that the company and its subsidiary bank be well capitalized and well managed in order to engage in activities permitted for financial holding companies.
- Changes to the assessment base for deposit insurance premiums.
- Making permanent the $250,000 limit for federal deposit insurance and provide unlimited insurance coverage for noninterest-bearing demand transaction accounts through 2012.
- Repeal of the prohibition on the payment of interest on demand deposits, effective July 21, 2011, thereby permitting depository institutions to pay interest on business transaction and other accounts.
- Restrictions on compensation, including a prohibition on incentive-based compensation arrangements that encourage inappropriate risk taking by covered financial institutions and are deemed to be excessive, or that may lead to material losses.

Some of these and other major changes could materially impact the profitability of our business, the value of assets we hold or the collateral available for our loans, require changes to business practices or force us to discontinue businesses and expose us to additional costs, taxes, liabilities, enforcement actions and reputational risk. Many of these provisions became effective upon enactment of the Dodd-Frank Act, while others are subject to further study, rule making, and the discretion of regulatory bodies. We cannot predict the effect that compliance with the Dodd-Frank Act or any implementing regulations will have on Synovus businesses

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or its ability to pursue future business opportunities. Additional regulations resulting from the Dodd-Frank Act may materially adversely affect Synovus business, financial condition or results of operations.

Certain other reform proposals under consideration, including new proposed regulatory capital requirements proposed by the BCBS under Basel III, could result in Synovus becoming subject to stricter capital requirements and leverage limits, and could also affect the scope, coverage, or calculation of capital, all of which could require us to reduce business levels or to raise capital, including in ways that may adversely impact our shareholders or creditors. See Part I Item 1. Business Supervision, Regulation and Other Factors . 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.

We may be required to pay significantly higher FDIC premiums in the future.

The Dodd-Frank Act directs the FDIC to amend its regulations to re-define the method of calculation of an insured depository institution s insurance fund assessment. The Dodd-Frank Act requires the assessment base to be an amount equal to the average consolidated total assets of the insured depository institution during the assessment period, minus the sum of the average tangible equity of the insured depository institution during the assessment period and an amount the FDIC determines is necessary to establish assessments consistent with the risk-based assessment system found in the Federal Deposit Insurance Act. The FDIC has issued final rules outlining this new insurance assessment methodology, which will impact the amount of Synovus Bank s insurance assessment. In addition, the FDIC may make additional changes to the way in which it calculates insurance premiums. For example, the FDIC has proposed using executive compensation as a factor in assessing the premiums paid by insured depository institutions to the Deposit Insurance Fund. We cannot predict the timing of any future changes, and if made, the effect that these changes could have on our insurance assessment.

The costs and effects of litigation, investigations or similar matters, 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. 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. We have exposure to many different industries and counterparties, and we routinely execute transactions with a variety of counterparties in the financial services industry. As a result, defaults by, or even rumors or concerns about, one or more financial institutions with which we do business, or the financial services industry generally, have led to market-wide liquidity problems in the past and could do so in the future and could lead to losses or defaults by us or by other institutions. Many of these transactions expose us to credit risk in the event of default of our counterparty or client. In addition, our credit risk may be exacerbated when the collateral we hold cannot be sold at prices that are sufficient for us to recover the full amount of our exposure. Any such losses could materially and adversely affect our financial condition and results of operations.

We are named in a several class action lawsuits and several related suits and inquiries, and if we are unable to resolve these matters favorably, then our business, operating results and financial condition would suffer.

On July 7, 2009, the City of Pompano Beach General Employees Retirement System filed suit in the United States District Court, Northern District of Georgia (the Securities Class Action) against us and certain current and former executive officers alleging, among other things, that we and the named defendants misrepresented or failed to disclose material facts, including purported exposure to our Sea Island lending relationship and the impact of real estate values as a threat to our credit, capital position, and business, and failed to adequately and timely record losses for impaired loans. The plaintiffs in the suit claim that the alleged misrepresentations or omissions artificially inflated our stock price in violation of the federal securities laws and seek damages in an unspecified amount.

On November 4, 2009, a shareholder filed a putative derivative action purportedly on behalf of Synovus in the United States District Court, Northern District of Georgia (the Federal Shareholder Derivative Lawsuit), against certain current and/or former directors and executive officers of the Company. The Federal Shareholder Derivative Lawsuit asserts that the individual defendants violated their fiduciary duties based upon substantially the same facts as alleged in the Securities Class Action described above. The plaintiff is seeking to recover damages in an unspecified amount and equitable and/or injunctive relief.

On December 21, 2009, a shareholder filed a putative derivative action purportedly on behalf of Synovus in the Superior Court of Fulton County, Georgia (the State Shareholder Derivative Lawsuit), against certain current and/or former directors and executive officers of the Company. The State Shareholder Derivative Lawsuit asserts that the individual defendants violated their fiduciary duties based upon substantially the same facts as alleged in the Federal Shareholder Derivative Lawsuit described above. The plaintiff is seeking to recover damages in an unspecified amount and equitable and/or injunctive relief.

Synovus received a letter from the SEC, Atlanta regional office, dated December 15, 2009, informing Synovus that it is conducting an informal inquiry to determine whether any person or entity has violated the federal securities laws. The SEC has not asserted that Synovus or any person or entity has committed any securities violations. The Company intends to cooperate fully with the SEC s informal inquiry.

In the wake of the ongoing financial credit crisis that began in 2007, Synovus, like many other financial institutions, has become the target of numerous legal actions and other proceedings asserting claims for damages and related relief for losses resulting from this crisis. These actions include claims and counterclaims asserted by individual borrowers related to their loans and allegations of violations of state and federal laws and regulations relating to banking practices, including several purported putative class action matters. See Part II Item 3. Legal Proceeding in this Report.

We cannot at this time predict the outcome of these matters or reasonably determine the probability of a material adverse result or reasonably estimate the range of potential exposure, if any, that these matters might have on us, our business, our financial condition, our cash flows, or our results of operations, although such effects could be materially adverse. In addition, in the future, we may need to record litigation reserves with respect to these matters. Further, regardless of how these matters proceed, it could divert our management s attention and other resources away from our business.

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

Synovus Mortgage sells substantially all of the mortgage loans that it originates. While the loans are sold without recourse, the purchase agreements require Synovus Mortgage to make certain representations and warranties regarding the existence and sufficiency of file documentation and the absence of fraud by borrowers or other third parties such as appraisers in connection with obtaining the loan. If it is determined that the loans sold were in breach of these representations or warranties, Synovus Mortgage has obligations to either repurchase the loan for the unpaid principal balance and related investor fees or make the purchaser whole for any economic losses associated with the loan. In addition, the Dodd-Frank Act contains provisions designed to address perceived deficiencies in the residential mortgage loan origination and underwriting process, in part by creating new documentation requirements and underwriting criteria and increasing the potential liability of Synovus and Synovus Mortgage to their customers if Synovus and Synovus Mortgage fail to take steps to ensure and document that each borrower has the capacity and the ability to repay their loans.

To date, repurchase activity pursuant to the terms of these representations and warranties has been minimal and has primarily been associated with the periods from 2005 through 2008. From January 1, 2005 through December 31, 2010, Synovus Mortgage originated and sold approximately $5.5 billion of first lien GSE eligible mortgage loans and approximately $2.9 billion of first and second lien non-GSE eligible mortgage loans. While losses to date arising from such repurchases have been inconsequential, we cannot assure you that, in the current environment, Synovus Mortgage will not be required to repurchase substantially greater amounts of such mortgage loans or make related indemnity payments to the purchasers of our mortgage loans. If the level of repurchase and indemnity demands become significant, Synovus Mortgage is alleged to be in non-compliance with the regulations under the Dodd-Frank Act, our liquidity, results of operations and financial condition may be adversely affected.

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ITEM 1B. UNRESOLVED STAFF COMMENTS

NONE.

ITEM 2. PROPERTIES

We and our subsidiaries own, in some cases subject to mortgages or other security interests, or lease all of the real property and/or buildings in which we operate business. All of such buildings are in a good state of repair and are appropriately designed for and are suitable for the purposes for which they are used.

We and our subsidiaries own 309 facilities encompassing approximately 2,613,084 square feet and lease from third parties 99 facilities encompassing approximately 926,372 square feet. The owned and leased facilities are primarily comprised of office space from which we conduct our business. The following table provides additional information with respect to our leased facilities:

Square Footage	Number of Locations	Average Square Footage
Under 3,000	26	1,675
3,000 9,999	47	5,101
10,000 18,999	8	13,095
19,000 30,000	12	23,975
Over 30,000	6	41,768

See Note 21 of Notes to Consolidated Financial Statements in Part II Item 8 of this Report.

ITEM 3. LEGAL PROCEEDINGS

Synovus and its subsidiaries are subject to various legal proceedings and claims that arise in the ordinary course of its business. Additionally, in the ordinary course of business, Synovus and its subsidiaries are subject to regulatory examinations, information gathering requests, inquiries, and investigations. Synovus establishes accruals for litigation and regulatory matters when those matters present loss contingencies that Synovus determines to be both probable and reasonably estimable. Based on current knowledge, advice of counsel and available insurance coverage, management does not believe that liabilities arising from legal claims in excess of the amounts currently accrued, if any, will have a material adverse effect on Synovus consolidated financial condition, results of operations, or cash flows. However, in light of the significant uncertainties involved in these matters, the early stage of various legal proceedings described below, and the indeterminate amount of damages sought in some of these matters, it is possible that the ultimate resolution of these matters, if unfavorable, could be material to Synovus results of operations for any particular period.

Synovus is a member of the Visa USA network. Under Visa USA bylaws, Visa members are obligated to indemnify Visa USA and/or its parent company, Visa, Inc., for potential

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future settlement of, or judgments resulting from, certain litigation, which Visa refers to as the covered litigation. Synovus indemnification obligation is limited to its membership proportion of Visa USA. See Note 20 of Notes to Consolidated Financial Statements included in Part II Item 8 of this Report further discussion of the Visa litigation.

As previously disclosed, the FDIC conducted an investigation of the policies, practices and procedures used by Columbus Bank and Trust Company (CB&T), a division of Synovus Bank, and a wholly owned banking subsidiary of Synovus Financial Corp. (Synovus), in connection with the credit card programs offered pursuant to its Affinity Agreement with CompuCredit Corporation (CompuCredit). CB&T previously issued credit cards that were marketed and serviced by CompuCredit pursuant to the Affinity Agreement. A provision of the Affinity Agreement generally requires CompuCredit to indemnify CB&T for losses incurred as a result of the failure of credit card programs offered pursuant to the Affinity Agreement to comply with applicable law. Synovus is subject to a per event 10% share of any such loss, but Synovus 10% payment obligation is limited to a cumulative total of $2 million for all losses incurred.

On June 9, 2008, the FDIC and CB&T entered into a settlement related to this investigation. CB&T did not admit or deny any alleged violations of law or regulations or any unsafe and unsound banking practices in connection with the settlement. As a part of the settlement, CB&T and the FDIC entered into a Cease and Desist Order and Order to Pay whereby CB&T agreed to: (1) pay a civil money penalty in the amount of $2.4 million; (2) institute certain changes to CB&T s policies, practices and procedures in connection with credit card programs; (3) continue to implement its compliance plan to maintain a sound risk-based compliance management system and to modify them, if necessary, to comply with the Order; and (4) maintain its previously established Director Compliance Committee to oversee compliance with the Order. CB&T has paid the civil money penalty, and that payment is not subject to the indemnification provisions of the Affinity Agreement described above.

CB&T and the FDIC also entered into an Order for Restitution pursuant to which CB&T agreed to establish and maintain an account in the amount of $7.5 million to ensure the availability of restitution with respect to categories of consumers, specified by the FDIC, who activated Aspire credit card accounts issued pursuant to the Affinity Agreement on or before May 31, 2005. The FDIC may require the account to be applied if, and to the extent that, CompuCredit defaults, in whole or in part, on its obligation to pay restitution to any consumers required under the settlement agreements CompuCredit entered into with the FDIC and the Federal Trade Commission (FTC) on December 19, 2008. Those settlement agreements require CompuCredit to credit approximately $114 million to certain customer accounts that were opened between 2001 and 2005 and subsequently charged off or were closed with no purchase activity. CompuCredit has stated that this restitution involves mostly non-cash credits in effect, reversals of amounts for which payments were never received. In addition, CompuCredit has stated that cash refunds to consumers are estimated to be approximately $3.7 million. This $7.5 million account represents a contingent liability of CB&T. At December 31, 2010, Synovus has not recorded a liability for this contingency because any amounts paid from the restitution account are expected to be subject to the indemnification provisions of the Affinity Agreement described above.

On May 23, 2008, CompuCredit and its wholly owned subsidiary, CompuCredit Acquisition Corporation, sued CB&T and Synovus in the State Court of Fulton County, Georgia, alleging breach of contract with respect to the Affinity Agreement. This case was subsequently transferred to Georgia Superior Court, CompuCredit Corp., v. Columbus Bank and Trust Co., Case No. 08-CV-157010 (Ga. Super Ct.) (the Superior Court Litigation). CompuCredit sought compensatory and general damages in an unspecified amount, a full accounting of the shares received by CB&T and Synovus in connection with the MasterCard and Visa initial public offerings and remittance of certain of those shares to CompuCredit, and the transfer of accounts under the Affinity Agreement to a third-party. Synovus recorded a contingent liability in the amount of $10.5 million in the third quarter of 2009 relating to a potential settlement. On September 27, 2010 the Superior Court Litigation was dismissed with prejudice as settled. The settlement was recorded during the three months ended September 30, 2010, and it was not significant to Synovus consolidated financial condition, results of operations, or cash flows as of and for the three months ended September 30, 2010.

On October 24, 2008, a putative class action lawsuit was filed against CompuCredit and CB&T in the United States District Court for the Northern District of California, Greenwood v. CompuCredit, et. al., Case No. 4:08-cv-04878 (CW) (Greenwood), alleging that certain solicitations used in connection with the credit card programs offered pursuant to the Affinity Agreement violated the Credit Repair Organization Act, 15 U.S.C. § 1679 (CROA), and the California Unfair Competition Law, Cal. Bus. & Prof. Code § 17200. CB&T intends to vigorously defend itself against these allegations. On January 22, 2009, the court in the Superior Court Litigation ruled that CompuCredit must pay the reasonable attorneys fees incurred by CB&T in connection with the Greenwood case pursuant to the indemnification provision of the Affinity Agreement described above. Any losses that CB&T incurs in connection with Greenwood are also expected to be subject to the indemnification provisions of the Affinity Agreement described above. Based on current knowledge and advice of counsel, management does not believe that the eventual outcome of this case will have a material adverse effect on Synovus consolidated financial condition, results of operations or cash flows.

On July 7, 2009, the City of Pompano Beach General Employees Retirement System filed suit against Synovus, and certain of Synovus current and former officers, in the United States District Court, Northern District of Georgia (Civil Action File No. 1 09-CV-1811) (the Securities Class Action) and on June 11, 2010, Lead Plaintiffs, the Labourers Pension Fund of Central and Eastern Canada and the Sheet Metal Workers National Pension Fund, filed an amended complaint alleging that Synovus and the named individual defendants misrepresented or failed to disclose material facts that artificially inflated Synovus stock price in violation of the federal securities laws. Lead Plaintiffs allegations are based on purported exposure to Synovus lending relationship with the Sea Island Company and the impact of such alleged exposure on Synovus financial condition. Lead Plaintiffs in the Securities Class Action seek damages in an unspecified amount.

On November 4, 2009, a shareholder filed a putative derivative action purportedly on behalf of Synovus in the United States District Court, Northern District of Georgia (Civil

Action File No. 1 09-CV-3069) (the Federal Shareholder Derivative Lawsuit), against certain current and/or former directors and executive officers of Synovus. The Federal Shareholder Derivative Lawsuit asserts that the individual defendants violated their fiduciary duties based upon substantially the same facts as alleged in the Securities Class Action described above. The plaintiff is seeking to recover damages in an unspecified amount and equitable and/or injunctive relief.

On December 1, 2009, the Court consolidated the Securities Class Action and Federal Shareholder Derivative Lawsuit for discovery purposes, captioned In re Synovus Financial Corp., 09-CV-1811-JOF, holding that the two cases involve common issues of law and fact.

On December 21, 2009, a shareholder filed a putative derivative action purportedly on behalf of Synovus in the Superior Court of Fulton County, Georgia (the State Shareholder Derivative Lawsuit), against certain current and/or former directors and executive officers of Synovus. The State Shareholder Derivative Lawsuit asserts that the individual defendants violated their fiduciary duties based upon substantially the same facts as alleged in the Federal Shareholder Derivative Lawsuit described above. The plaintiff is seeking to recover damages in an unspecified amount and equitable and/or injunctive relief. On June 17, 2010, the Superior Court entered an Order staying the State Shareholder Derivative Lawsuit pending resolution of the Federal Shareholder Derivative Lawsuit.

Synovus and the individual named defendants collectively intend to vigorously defend themselves against the Securities Class Action and Shareholder Derivative Lawsuits allegations. There are significant uncertainties involved in any potential class action and derivative litigation. Based upon information that presently is available to it, Synovus management is unable to predict the outcome of the purported Securities Class Action and Shareholder Derivative Lawsuits and cannot currently determine the probability of an adverse result or reasonably estimate a range of potential loss, if any. Although the ultimate outcome of these lawsuits cannot be ascertained at this time, based upon information that presently is available to it, Synovus management is unable to predict the outcome of the Securities Class Action or the Shareholder Derivative Lawsuits and cannot determine the probability of an adverse result or reasonably estimate a range of potential loss, if any. In addition, management is unable to estimate a range of reasonably possible losses with respect to these claims.

Synovus has received a letter from the SEC Atlanta regional office, dated December 15, 2009, informing Synovus that it is conducting an informal inquiry to determine whether any person or entity has violated the federal securities laws. The SEC has not asserted, nor does management believe, that Synovus or any person or entity has committed any securities violations. Synovus intends to cooperate fully with the SEC s informal inquiry. Based upon information that presently is available to it, Synovus management is unable to predict the outcome of the informal SEC inquiry and cannot currently reasonably determine the probability of a material adverse result or reasonably estimate a range of potential exposure, if any. Although the ultimate outcome of this informal inquiry cannot be ascertained at this time, based upon information that presently is available to it, Synovus management presently does not believe that the informal inquiry, when resolved, will have a material adverse effect on Synovus consolidated financial condition, results of operations, or cash flows.

In the wake of the ongoing financial credit crisis that began in 2007, Synovus, like many other financial institutions, has become the target of numerous legal actions and other proceedings asserting claims for damages and related relief for losses resulting from this crisis. These actions include claims and counterclaims asserted by individual borrowers related to their loans and allegations of violations of state and federal laws and regulations relating to banking practices, including several purported putative class action matters. Synovus Bank recently was named as a defendant in a purported putative class action relating to the manner in which it charges overdraft fees to customers. The case, *Griner et. al. v. Synovus Bank, et. al.* was filed in Gwinnett County State Court (state of Georgia) on July 30, 2010, and asserts claims for usury, conversion and money had and received for alleged injuries suffered by the plaintiffs as a result of Synovus Bank s assessment of overdraft charges in connection with its POS/debit and automated-teller machine cards used to access customer accounts. On September 21, 2010, Synovus, Synovus Bank and Columbus Bank and Trust Company were named as defendants in a second putative class action relating to the manner in which Synovus Bank charges overdraft fees to customers. The second case *Childs et al. v. Columbus Bank and Trust et al.*, was filed in the Northern District of Georgia, Atlanta Division, and asserts claims for breach of contract and breach of the covenant of good faith and fair dealing, unconscionability, conversion and unjust enrichment for alleged injuries suffered by plaintiffs as a result of Synovus Bank s assessment of overdraft charges allegedly resulting from the sequence used to post payments to the plaintiffs accounts. These cases, and certain of the other litigation and regulatory matters to which Synovus is subject, assert claims for substantial or indeterminate damages. Additional lawsuits containing claims similar to those described above may be filed in the future.

Synovus intends to vigorously pursue all available defenses to these claims. There are significant uncertainties involved in any potential class action. Although the ultimate outcome of these lawsuits cannot be ascertained at this time, based upon information that presently is available to it, Synovus management is unable to predict the outcome of these cases and cannot determine the probability of an adverse result or reasonably estimate a range of potential loss, if any. In addition, management is unable to estimate a range of reasonably possible losses with respect to these claims.

ITEM 4. (REMOVED AND RESERVED).

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Part II

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

Shares of our common stock are traded on the NYSE under the symbol SNV. On February 28, 2011, the closing price per share of our common stock as quoted, at the end of regular trading, on the NYSE was $2.55.

Market and Stock Price Information

Table 7 sets forth the high and low sales prices during the years ended December 31, 2010 and 2009 as reported on the New York Stock Exchange.

Table 7 Stock Price Information

2010	**High**	**Low**
Quarter ended December 31, 2010	$ 2.76	1.94
Quarter ended September 30, 2010	2.81	1.98
Quarter ended June 30, 2010	3.85	2.45
Quarter ended March 31, 2010	3.92	2.04
2009		
Quarter ended December 31, 2009	$ 3.90	1.45
Quarter ended September 30, 2009	4.55	2.48
Quarter ended June 30, 2009	5.24	2.90
Quarter ended March 31, 2009	8.52	2.30

As of February 17, 2011, there were 785,274,094 shares of Synovus common stock issued and outstanding and 21,714 shareholders of record of Synovus common stock, some of which are holders in nominee name for the benefit of a number of different shareholders.

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Dividends

Table 8 below sets forth information regarding dividends declared during the years ended December 31, 2009 and 2010.

Table 8 Dividends

Date Declared	Date Paid	Per Share Amount
2010		
December 6, 2010	January 3, 2011	$ .0100
September 1, 2010	October 1, 2010	.0100
June 8, 2010	July 1, 2010	.0100
March 10, 2010	April 1, 2010	.0100
2009		
December 15, 2009	January 4, 2010	$ .0100
September 14, 2009	October 1, 2009	.0100
June 10, 2009	July 1, 2009	.0100
March 10, 2009	April 1, 2009	.0100

In addition to dividends paid on Synovus common stock, Synovus paid dividends of $43.8 million and $48.4 million, respectively, to the Treasury on its Series A Preferred Stock during 2009 and 2010. See Part I Item 1. Business TARP Regulations Capital Purchase Program of this Report.

Synovus has historically paid a quarterly cash dividend to the holders of its common stock. Management closely monitors trends and developments in credit quality, liquidity (including dividends from subsidiaries, which are expected to be significantly lower than those received in previous years), financial markets and other economic trends, as well as regulatory requirements regarding the payment of dividends, all of which impact Synovus capital position, and will continue to periodically review dividend levels to determine if they are appropriate in light of these factors and the restrictions on payment of dividends described below. In the current environment, regulatory restrictions may limit Synovus ability to continue to pay dividends. Synovus must inform and consult with the Federal Reserve Board prior to declaring and paying any future dividends on its common and preferred stock, and the Federal Reserve Board could decide at any time that paying any dividends could be an unsafe or unsound banking practice. In addition, Synovus must obtain the prior approval of the Banking Commissioner of the State of Georgia prior to increasing the quarterly cash dividend on Synovus common stock above the current level of $0.01 per share. See Part I Item 1. Business Supervision, Regulation and Other Factors Dividends, and Part I Item 1A. Risk Factors We presently are subject to, and in the future may become subject to additional supervisory actions and/or enhanced regulation that could have a material negative effect on Synovus business, operating flexibility, financial condition, and the value of Synovus common stock, and We may be unable to pay dividends on Synovus common stock of this Report.

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

Synovus ability to pay dividends is partially dependent upon dividends and distributions that it receives from its banking and non-banking subsidiaries, which are restricted by various regulations administered by federal and state bank regulatory authorities. Dividends from subsidiaries in 2009 and 2010 were, and Synovus expects that dividends from subsidiaries in 2011 will be, significantly lower than those received in previous years.

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

- our net income available to shareholders for the past four quarters, net of dividends previously paid during that period, is not sufficient to fully fund the dividends;

- our prospective rate of earnings retention is not consistent with the holding company s capital needs and overall current and prospective financial condition; or

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

As a result of the memorandum of understanding described in Part I Item 1A Risk Factors We are presently subject to, and in the future may become subject to additional, supervisory actions and/or enhanced regulation that could have a material negative effect on our business, operating flexibility, financial condition and the value of our common stock in this Report, we are required to inform the Federal Reserve Board in advance of declaring or paying any future dividends, and the Federal Reserve Board could decide at any time that paying any common stock dividends could be an unsafe or unsound banking practice. In the current financial and economic environment, the Federal Reserve Board has indicated that bank holding companies should carefully review their dividend policy and has in some cases discouraged payment unless both asset quality and capital are very strong. In addition, pursuant to the terms of the Synovus Bank memorandum of understanding, Synovus Bank cannot pay any cash dividends without the approval of the FDIC and the Georgia Commissioner.

Additionally, Synovus is subject to contractual restrictions that limit its ability to pay dividends if there is an event of default under such contract. Finally, so long as any of

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Synovus debt or equity securities issued to the Treasury under the TARP Capital Purchase Program are held by the Treasury, Synovus will not be permitted to increase the dividend rate on our common stock without approval from the Treasury.

Synovus participation in the Capital Purchase Program limits its ability to increase the dividend on Synovus common stock (without the consent of the Treasury) until the earlier of December 19, 2011 or until the Series A Preferred Stock has been redeemed in whole or until the Treasury has transferred all of the Series A Preferred Stock to a third party. In addition, Synovus must seek the Federal Reserve s permission to increase the quarterly dividend on its common stock above $0.01 per common share. Synovus is presently subject to, and in the future may become subject to, additional supervisory actions and/or enhanced regulation that could have a material negative effect on business, operating flexibility, financial condition, and the value of Synovus common stock.

See Part I 1. Business Supervision, Regulation and Other Factors Dividends, Part I 1A. Risk factors We presently are subject to, and in the future may become subject to, additional supervisory actions and/or enhanced regulation that could have a material negative effect on our business, operating flexibility, financial condition and the value of our common stock and Part I Item 1A. Risk Factors We may be unable to pay dividends on our common stock and other securities of this Report for additional information regarding dividends on Synovus stock.

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Stock Performance Graph

The following graph compares the yearly percentage change in cumulative shareholder return on Synovus stock with the cumulative total return of the Standard & Poor s 500 Index and the KBW Regional Bank Index for the last five fiscal years (assuming a $100 investment on December 31, 2005 and reinvestment of all dividends).

	2005	2006	2007	2008	2009	2010
Synovus	$ 100	117.31	94.26	77.76	19.46	**25.44**
S&P 500	100	115.80	122.16	76.96	97.33	**111.99**
KBW Regional Bank	$ 100	110.27	90.85	81.95	69.29	**78.84**

Issuer Purchases of Equity Securities

Synovus participation in the Capital Purchase Program restricts its ability to repurchase its common stock. Prior to December 19, 2011, unless Synovus has redeemed the Series A preferred stock or the Treasury has transferred the Series A preferred stock to a third party, the consent of the Treasury will be required for Synovus to redeem, repurchase or acquire its common stock or other equity or capital securities, other than in connection with benefit plans consistent with past practice and certain other limited circumstances.

Synovus did not repurchase any shares of Synovus common stock during 2009 or 2010.

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ITEM 6. SELECTED FINANCIAL DATA

Selected Financial Data

	Years Ended December 31,				
(in thousands, except per share data)	**2010**	**2009**	**2008**	**2007**	**2006**
Income Statement					
Total revenues[1]	$ **1,292,951**	1,406,913	1,495,090	1,519,606	1,472,347
Net interest income	**986,333**	1,010,310	1,077,893	1,148,948	1,125,789
Provision for losses on loans	**1,131,274**	1,805,599	699,883	170,208	75,148
Non-interest income	**305,347**	410,670	417,241	371,638	344,440
Non-interest expense	**1,009,576**	1,221,289	1,456,057	830,343	756,746
(Loss) income from continuing operations, net of income taxes	**(834,019)**	(1,433,931)	(580,376)	337,969	410,431
Income from discontinued operations, net of income taxes and minority interest[2]	**43,162**	4,590	5,650	188,336	206,486
Net (loss) income	**(790,857)**	(1,429,341)	(574,726)	526,305	616,917
Net (loss) income attributable to non-controlling interest	**(179)**	2,364	7,712		
Net income (loss) attributable to controlling interest	**(790,678)**	(1,431,705)	(582,438)	526,305	616,917
Dividends on and accretion of discount on preferred stock	**57,510**	56,966	2,057		
Net (loss) income available to common shareholders	**(848,188)**	(1,488,671)	(584,495)	526,305	616,917
Per share data					
Basic earnings (loss) per common share:					
(Loss) income from continuing operations	**(1.30)**	(4.00)	(1.79)	1.03	1.28
Net (loss) income	**(1.24)**	(3.99)	(1.77)	1.61	1.92
Diluted earnings (loss) per common share:					
(Loss) income from continuing operations	**(1.30)**	(4.00)	(1.79)	1.02	1.27
Net (loss) income	**(1.24)**	(3.99)	(1.77)	1.60	1.90
Cash dividends declared on common stock	**0.04**	0.04	0.46	0.82	0.78
Book value per common share[6]	**2.29**	3.93	8.68	10.43	11.39
Balance Sheet					
Investment securities	**3,440,268**	3,188,735	3,770,022	3,554,878	3,263,483
Loans, net of unearned income	**21,585,763**	25,383,068	27,920,177	26,498,585	24,654,552
Deposits	**24,500,304**	27,433,534	28,617,179	24,959,816	24,528,463
Long-term debt	**1,808,161**	1,751,592	2,107,173	1,890,235	1,343,358
Shareholders equity	**2,997,918**	2,851,041	3,787,158	3,441,590	3,708,650
Average total shareholders equity	**3,134,335**	3,285,014	3,435,574	3,935,910	3,369,954
Average total assets	**31,966,180**	34,423,617	34,052,014	32,895,295	29,831,172
Performance ratios and other data					
Return on average assets from continuing operations	**(2.61)%**	(4.17)	(1.70)	1.03	1.39
Return on average assets	**(2.47)**	(4.16)	(1.71)	1.60	2.07
Return on average equity from continuing operations	**(26.61)**	(43.65)	(16.89)	8.59	12.24
Return on average equity	**(25.23)**	(43.58)	(16.95)	13.37	18.19
Net interest margin	**3.36**	3.19	3.47	3.97	4.27
Dividend payout ratio[3]	**nm**	nm	nm	51.25	40.99
Average shareholders equity to average assets	**9.81**	9.54	10.09	11.96	11.30
Tangible common equity to risk-adjusted assets[4]	**8.90**	7.03	8.74	9.19	10.55
Tangible common equity to tangible assets[5]	**6.73**	5.74	7.86	8.90	10.54
Earnings to fixed charges ratio	**(1.48)**x	(2.17)x	0.16x	1.47x	1.71x
Average common shares outstanding, basic	**685,186**	372,943	329,319	326,849	321,241
Average common shares outstanding, diluted	**685,186**	372,943	329,319	329,863	324,232

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

(2) On December 31, 2007, Synovus completed the tax-free spin-off of its shares of Total System Services, Inc. (TSYS) common stock to Synovus shareholders. In accordance with the provisions of ASC 360-10-35, Accounting for the Impairment or Disposal of Long-lived Assets, and ASC 420-10-50, Exit or Disposal Cost Obligations, the historical consolidated results of operations and financial position of TSYS, as well as all costs recorded by Synovus associated with the spin-off of TSYS, are now presented as discontinued operations. Discontinued operations for the year ended December 31, 2007 include a $4.2 million after-tax gain related to the transfer of Synovus proprietary mutual funds to a non-affiliated third party. Discontinued operations for the years ended December 31, 2010, 2009, 2008, 2007, and 2006 include the revenues and expenses of Synovus merchant services business, the sale of which was completed on March 31, 2010. Additionally, discontinued operations for the year ended December 31, 2010 include a $42.4 million gain, after tax, on the sale of the merchant services business.

(3) Determined by dividing cash dividends declared per common share by diluted net income per share.
(4) The tangible common equity to risk-weighted assets ratio is a non-generally accepted accounting principle (GAAP) measure which is calculated as follows: (total shareholders equity minus preferred stock minus goodwill minus other intangible assets) divided by total risk-adjusted assets. See reconciliation of Non-GAAP Financial Measures in this report.
(5) The tangible common equity to tangible assets ratio is a non-GAAP measure which is calculated as follows: (total shareholders equity minus preferred stock minus goodwill minus other intangible assets) divided by (total assets minus goodwill minus other intangible assets). See reconciliation of Non-GAAP Financial Measures in this report.
(6) Total shareholders equity less cumulative perpetual preferred stock and prepaid common stock purchase contracts divided by common shares outstanding.
nm not meaningful

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

Executive Summary

Synovus Financial Corp. is a diversified financial services company and a registered bank holding company headquartered in Columbus, Georgia. Synovus provides integrated financial services including commercial and retail banking, financial management, insurance and mortgage services to its customers through 30 locally-branded banking divisions of its wholly-owned subsidiary bank, Synovus Bank, and other offices in Georgia, Alabama, South Carolina, Florida and Tennessee.

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.

Economic Overview

Synovus financial results for the year ended December 31, 2010 reflect improvement in total credit costs and a declining trend of inflows to non-performing loans, but continued to be negatively impacted by weak housing markets, declining commercial real estate values, and heightened unemployment rates. Housing prices in the southeast generally remain depressed. Georgia and Florida, which comprise approximately 53% and 13% of the total loan portfolio by geographic concentration, respectively, are among the states with the highest reported levels of foreclosures nationally. Nationally, foreclosures increased 1.7% during 2010. Foreclosures impacted between 4% and 5% of housing units in certain top 20 urban markets within Synovus southeast footprint, including metro Atlanta and Tampa/Clearwater/St. Petersburg. Building permits in Synovus five state footprint declined slightly during 2010 as compared to 2009 and have remained at depressed levels in 2009 and 2010. In the southern region, building permits in December 2010 were approximately 25% lower than in December 2009. Unemployment rates increased significantly during 2008 and 2009 and remained at heightened levels during 2010. Unemployment rates in the five southeastern states where Synovus operates have decreased slightly from December 2009, but rates in three of the five states (Georgia, Florida, and South Carolina) remained above 10.0% in December 2010 as compared to the national average of 9.4%. Additionally, the median household income in Synovus five-state footprint has been generally below national averages and has shown a declining trend over the past three years. During the past three years, most of the southeastern markets in which Synovus operates have experienced significant deteriorating trends in commercial and residential real estate prices, sales, and building permits. These markets, including Atlanta, Florida, and South Carolina, have been among the hardest hit nationwide in terms of real estate values. During the second half of 2010, certain economic measures began to indicate improvement in the U.S. economy as a whole; however, key measures impacting Synovus southeastern markets, including employment growth and residential building permits, may lag other measures of economic improvement. These factors have severely impacted Synovus credit costs, resulting in elevated levels of loan charge-offs and non-performing asset inflows, significant losses on distressed asset dispositions, and further valuation adjustments on existing non-performing assets.

The weakened economy has significantly impacted the performance of Synovus residential construction and development and land acquisition portfolios; however, Synovus has also experienced weakness in other segments of the commercial loan portfolio, particularly in industries that are impacted by commercial real estate and residential development factors.

The difficult economic environment has also resulted in a significant number of bank failures in Synovus market area. Georgia and Florida accounted for approximately 30 percent of the 322 U.S. bank failures over the past three years with 51 and 45, respectively. Most of the failures in these two states were in Synovus footprint, including Atlanta and West Florida.

For 2010, loan demand has remained weak in most of Synovus markets due to economic conditions and a decrease in consumer confidence. Loan yields during 2010 have improved compared to 2009 driven by improved loan pricing on new and renewed loans and lower interest charge-offs. Deposit costs have declined during each of the last eight quarters; however, competitive demand for deposits in Synovus markets has somewhat limited the decline in deposit costs.

While asset quality remains stressed, most of Synovus credit trends are tracking in a positive direction. For the three months ended December 31, 2010, total credit costs decreased for the sixth consecutive quarter to $281.7 million. Provision expense, the most significant component of total credit costs (which includes provision for losses on loans, foreclosed real estate expenses, provision for unfunded commitments, and charges related to other loans held for sale), was $252.4 million for the fourth quarter of 2010, down 60.0% from the peak in the second quarter of 2009. Total net charge-offs were $385.2 million for the fourth quarter of 2010, down 22.4% from the peak level of net charge-offs in the third quarter of 2009. Non-performing loan inflows were $294.9 million during the fourth quarter of 2010, the lowest level in over two years. Total non-performing assets declined by $551.1 million to $1.28 billion at December 31, 2010 compared to December 31, 2009. The fourth quarter of 2010 represented the third consecutive quarterly decline. Past due loans remained at favorable levels with total past due loans and still accruing interest of 0.82% and loans 90 days past due and still accruing interest of 0.08%.

Mortgage Loan Repurchase Obligations and Foreclosure Practices

During 2010, financial institutions experienced a dramatic increase in the number of repurchase demands they received, including from government-sponsored entities, mortgage insurers, and other purchasers of residential mortgage-backed securitizations, due to findings of mortgage fraud and underwriting deficiencies in the mortgage origination process, and misrepresentations in the packaging of mortgages by certain mortgage lenders. Also during 2010, foreclosure practices of financial institutions nationwide came under scrutiny due to the discovery of fraudulent documentation and questionable residential foreclosure procedures of certain financial institutions. Synovus has experienced minimal repurchase activity in its mortgage lending operations and minimal foreclosure activity in its home equity and consumer mortgage loan portfolios. See Mortgage Banking in this report for further discussion of Synovus experience with residential mortgage repurchase obligations and foreclosure activity in its home equity and consumer mortgage loan portfolios.

Overview of 2010 Financial Results

For the year ended December 31, 2010, Synovus reported a net loss attributable to common shareholders of $848.2 million, or $1.24 per common share, as compared to $1.49 billion, or $3.99 per common share, for the year ended December 31, 2009.

The improved results are primarily due to a $856.9 million decline in credit costs (provision expense, losses on foreclosed real estate, and other credit costs) which was partially offset by a lower income tax benefit in 2010 ($15.2 million in 2010 compared to $172.0 million in 2009). Both years included transaction gains in similar amounts: 2010 reflects as $69.5 million gain from the sale of the merchant services business while 2009 reflects total pre-tax gains from the sale of Visa and MasterCard shares and sales of investment securities totaling $74.3 million.

Although credit costs, charge-offs, and non-performing asset levels remain elevated, most credit quality measures have shown improvement during 2010. Total provision expense in 2010 was $1.13 billion, a $674.3 million or 37.3% improvement from 2009. Net charge-offs declined from $1.46 billion in 2009 to $1.37 billion in 2010. Non-performing assets declined 30.1% from $1.83 billion at December 31, 2009 to $1.28 billion at December 31, 2010.

The decrease in provision expense was driven by a lower level of non-performing loan (NPL) inflows. NPL inflows for 2010 were $1.59 billion in 2010, compared to $3.12 billion in 2009. The provision expense for both years was impacted by distressed loan dispositions and transfers to held-for-sale which totaled approximately $1.4 billion in 2010 compared to approximately $1.3 billion in 2009, and resulted in additional provision expense of approximately $260 million in 2010 and approximately $500 million in 2009.

While provision expense and loans charge-offs in 2010 declined from 2009 levels, these amounts continued to remain elevated when compared to historical levels. The elevated level of provision expense and loan charge-offs in 2010 was driven by commercial real estate credits. Provision expense attributable to the commercial real estate portfolio was $748.9 million or 66.2% of the total expense for the year, while net charge-offs attributable to this portfolio were $991.5 million or 72.3% of the total net charge-offs for the year. 1-4 family properties represented $453.7 million or 45.8% of total commercial real estate net charge-offs. Provision expense attributable to the commercial and industrial portfolio was $284.5 million, or 25.1% of the total expense for the year, while charge-offs attributable to this portfolio were $271.4 million or 19.8% of total charge-offs.

The decline in non-performing loans in 2010 was driven by a reduction in the level of NPL inflows as well as the disposition of distressed loans as discussed above.

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Pre-tax, pre-credit costs income (which excludes provision for losses on loans, other credit costs, and certain other items), was $479.0 million for 2010, down $74.9 million from $553.9 million for 2009. See reconciliation of Non-GAAP Financial Measures in this report. The decrease in pre-tax, pre-credit costs income was due to lower net interest income resulting from shrinkage in the loan portfolio and lower non-interest income. The net interest margin increased 17 basis points to 3.36% for 2010 compared to 3.19% for 2009. The improvement in the net interest margin was due to a 43 basis point decrease in the effective cost of funds, partially offset by a 26 basis point decrease in the yield on earning assets. The decrease in the effective cost of funds was driven by the downward re-pricing of maturing time deposits and declines in money market rates. The decrease in earning asset yields was driven by a decline in the yield on investment securities, and a shift to lower earning assets through the decline in average loans and an increase in balances held at the Federal Reserve Bank. Loan yields increased 16 basis points to 5.18% due to a modest decline in the cost to carry non-performing assets and an improvement in new loan pricing.

Total loans were $21.6 billion at December 31, 2010, a 15.0% decline from year-end 2009. The decline in loans was driven by charge-offs, the sale of distressed loans, and pay downs which continued to exceed new originations. However, while net pay downs (originations less payments and pay offs) continued to contribute to the decline in loans outstanding, the trend began to improve in the second half of 2010.

Total deposits decreased by $2.93 billion since year-end 2009. The decrease was driven by a $1.89 billion decline in national market brokered deposit accounts, as Synovus reduced its dependence on funding from these products through planned reductions during 2010, and a $1.69 billion decline in non-brokered time deposits. These declines were offset in part by growth in non-interest bearing demand deposit accounts and non-brokered money market accounts of $125.7 million and $532.5 million, respectively. At December 31, 2010, national market brokered deposits represented 12.9% of Synovus total deposits compared to 18.4% at December 31, 2009. Synovus current level of national market brokered deposits is higher than average for banking institutions similar to it. Synovus intends to continue to reduce the level of this type of deposits during 2011.

Total shareholders equity increased by $146.9 million to $3.0 billion at year-end 2010. A public offering which provided $1.03 billion in additional capital was largely offset by the negative impact of elevated credit costs. Synovus continues to actively monitor its capital position as well as economic conditions, evolving industry capital standards, and changes in regulatory standards and requirements. As part of its ongoing management of capital, Synovus will continue to monitor its capital position and identify, consider, and pursue additional strategies to bolster its capital position as deemed necessary.

Liquidity is an important consideration in assessing Synovus financial strength. In light of the weakened economy, current market conditions, Synovus recent financial performance, and related credit ratings, Synovus expects to currently maintain an above average short-term liquidity cushion primarily in the form of interest bearing funds with the Federal Reserve Bank.

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Financial Performance Summary

A summary of Synovus financial performance for the years ended December 31, 2010 and 2009, is set forth in the table below.

Table 9 Financial Performance Summary

(in thousands)	Years Ended December 31, 2010	2009	Change
Net Interest income	**$ 334,248**	498,879	(33.0)%
Provision for losses on loans	**1,131,274**	1,805,599	(37.3)
Non-interest income	**305,347**	410,670	(25.6)
Non-interest expense	**1,009,576**	1,221,289	(17.3)
Loss from continuing operations before income taxes	**(849,170)**	(1,605,908)	47.1
Pre-tax, pre-credit costs income[1]	**478,976**	553,919	(13.5)
Loss from continuing operations	**(834,019)**	(1,433,931)	41.8
Net loss attributable to controlling interest	**(790,678)**	(1,431,705)	44.8
Diluted loss per share:			
Loss from continuing operations attributable to common shareholders	**$ (1.30)**	(4.00)	67.5
Net loss attributable to common shareholders	**(1.24)**	(3.99)	68.9

	December 31, 2010	2009	Change
Loans, net of unearned income	**$ 21,585,763**	25,383,068	(15.0)
Total deposits	**24,500,304**	27,433,533	(10.7)
Core deposits[1]	**21,347,955**	22,394,205	(4.7)
Core deposits excluding time deposits[1]	**15,436,805**	14,796,467	4.3
Net interest margin	**3.36%**	3.19	17bp
Non-performing assets ratio	**5.83**	7.14	(131)bp
Past dues over 90 days	**0.08**	0.08	
Net charge-off ratio	**5.82**	5.37	45bp
Tier 1 capital	**$ 2,909,912**	2,721,287	6.9
Tier 1 common equity	**1,962,529**	1,782,998	10.1
Total risk-based capital	**3,742,599**	3,637,712	2.9
Tier 1 capital ratio	**12.79%**	10.16	263bp
Tier 1 common equity ratio	**8.63**	6.66	197bp
Total risk-based capital ratio	**16.45**	13.58	287bp
Total shareholders equity to total assets ratio[2]	**9.96**	8.68	128bp
Tangible common equity to tangible assets ratio[1]	**6.73**	5.74	99bp
Tangible common equity to risk-weighted assets ratio[1]	**8.90**	7.03	187bp
Tangible book value per common share	**$ 2.25**	3.84	(41.4)%

(1) See reconciliation of Non-GAAP Financial Measures in this report.
(2) Total shareholders equity by total assets.
bp = basis point

Critical Accounting Policies

The accounting and financial reporting policies of Synovus conform to GAAP and to general practices within the banking and financial services industries. Synovus has identified certain of its accounting policies as critical accounting policies . In determining which accounting policies are critical in nature, Synovus has identified the policies that require significant judgment or involve complex estimates. The application of these policies has a significant impact on Synovus financial statements. Synovus financial results could differ significantly if different judgments or estimates are applied in the application of these policies.

Allowance for Loan Losses

Notes 1 and 7 to Synovus consolidated financial statements contain a discussion of the allowance for loan losses. The allowance for loan losses at December 31, 2010 was $703.5 million.

The allowance for loan losses is a significant estimate and is regularly evaluated by Synovus for adequacy. The allowance for loan losses is determined based on an analysis which assesses the inherent risk of probable loss within the loan portfolio. The allowance for loan losses consists of two components: the allocated and unallocated allowances. Both components of the allowance are available to cover inherent losses in the portfolio. Significant judgments or estimates made in the determination of the allowance for loan losses consist of the risk ratings for loans in the commercial loan portfolio, the valuation of the collateral for loans that are classified as impaired loans, the probability of default, the loss-given-default, the qualitative loss factors, and management s plan for disposition of non-performing loans. In determining an adequate allowance for loan losses, management makes numerous assumptions, estimates, and assessments which are inherently subjective and subject to change. The use of different estimates or assumptions could produce different provisions for losses on loans.

Commercial Loans Risk Ratings and Loss Factors

Commercial loans are assigned a risk rating on a nine point scale. For commercial loans that are not considered impaired, the allocated allowance for loan losses is determined based upon the expected loss percentage factors that correspond to each risk rating.

The risk ratings are based on the borrowers credit risk profile considering factors such as debt service history and capacity, inherent risk in the credit (e.g., based on industry type and source of repayment), and collateral position. Ratings six through nine are modeled after the bank regulatory classifications of special mention, substandard, doubtful, and loss. Each loan is assigned a risk rating during the approval process. This process begins with a rating recommendation from the loan officer responsible for originating the loan. The rating recommendation is subject to approvals from other members of management, regional credit, and/or loan committees depending on the size and type of credit. Ratings are reevaluated in connection with the credit review process. For larger credits, ratings are reevaluated no less frequently than annually and more frequently when there is an indication of potential deterioration of a specific credit relationship. Additionally, an independent loan review function evaluates the bank s risk rating process on an on-going basis. Expected loss percentage factors are based on the probable loss including qualitative factors. The probable loss considers the probability of default (PD), the loss-given-default (LGD), and certain qualitative factors as determined by loan type and risk rating.

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Through March 31, 2009, the PD factors were based on industry data. Beginning April 1, 2009, the PD factors are based on internal default experience because this was the first reporting period when sufficient internal default data became available. Management believes that this data provides a more accurate estimate of the PD. This change resulted in a net increase in the allocated allowance for loan losses for the commercial portfolio of approximately $30 million during the three months ended June 30, 2009. The PD factors are updated annually.

Through September 30, 2010, the LGD factors were based on industry data. Beginning October 1, 2010, the LGD factors are based on industry and internal LGD experience because this was the first reporting period when sufficient internal LGD data became available. Management believes it is prudent to apply a phased in approach to implementation of the internal LGD data. Accordingly, implementation will take place over four quarters beginning in the fourth quarter of 2010. At December 31, 2010, the external LGD data is weighted 75% and the internal data is weighted 25%. This change resulted in a decrease in the allowance for loan losses for the commercial portfolio of approximately $8 million during the three months ended December 31, 2010.

The qualitative factors consider, among others, credit concentrations, recent levels and trends in delinquencies and nonaccrual loans, and growth in the loan portfolio.

The occurrence of certain events could result in changes to the expected loss factors. Accordingly, these expected loss factors are reviewed periodically and updated as necessary.

Impaired Loans

Nonaccrual commercial loans to borrowers with aggregate outstanding borrowings of $1 million or more are considered impaired and individually assessed for impairment. At December 31, 2010, all nonaccrual impaired loans are collateral dependent. Most of these loans are secured by real estate. For the majority of collateral dependent impaired loans, the estimated fair value of the real estate securing these loans is generally determined based upon appraisals performed by a certified or licensed appraiser. Management also considers other factors or recent developments, such as selling costs and anticipated sales values taking into account management s plans for disposition, which could result in adjustment to the collateral value estimates indicated in the appraisals. The assumptions used in determining fair value are subject to significant judgment. Use of different assumptions, for example changes in market values or management s plan for disposition, could have a significant impact on the resulting estimate of fair value. If a collateral-dependent nonaccrual loan is placed on impaired status and a current appraisal is not available (generally at or near the end of a calendar quarter), management records an allowance for loan losses based on the loan s risk rating while an updated appraisal is being obtained. As of December 31, 2010, the amount of individually impaired nonaccrual loans was $636.4 million. $526.3 million of these loans represent loans for which there is no allowance for loan losses as the estimated losses have been charged-off.

Management also includes accruing troubled debt restructurings (TDRs) in total reported impaired loans. Such loans are considered impaired as it is probable that the company

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will be unable to collect all amounts due according to the contractual terms of the original loan agreement. However, these loans are not considered to be non-performing because they are performing in accordance with the restructured terms. Synovus does not consider accruing TDRs to be collateral dependent. At December 31, 2010, accruing TDRs were approximately $464.1 million.

Retail Loans Loss Factors

The allocated allowance for loan losses for retail loans is generally determined by segregating the retail loan portfolio into pools of homogeneous loan categories. Expected loss factors applied to these pools are based on the probable loss including qualitative factors. The probable loss considers the PD, the LGD, and certain qualitative factors as determined by loan category and risk rating. The PD factors are based on internal default experience. The LGD factors are based on industry data because sufficient internal data is not yet available. The qualitative factors consider, among others, credit concentrations, recent levels and trends in delinquencies and nonaccrual loans, and growth in the loan portfolio. The occurrence of certain events could result in changes to the loss factors. Accordingly, these loss factors are reviewed periodically and modified as necessary.

Unallocated Component

The unallocated component of the allowance for loan losses is considered necessary to provide for certain environmental and economic factors that affect the probable loss inherent in the entire loan portfolio. Unallocated loss factors included in the determination of the unallocated allowance are economic factors; changes in the experience, ability, and depth of lending management and staff; and changes in lending policies and procedures including underwriting standards, results of loan reviews, and imprecision in assigned loan risk ratings. Certain macro-economic factors and changes in business conditions and developments could have a material impact on the collectability of the overall portfolio. As an example, continuing declines in collateral values could have a material impact on certain borrowers ability to pay. The unallocated component is meant to cover such risks.

Other Real Estate

Other real estate, consisting of properties obtained through foreclosure or through an in-substance foreclosure in satisfaction of loans, is reported at the lower of cost or fair value, determined on the basis of current appraisals, comparable sales, and other estimates of value obtained principally from independent sources, adjusted for estimated selling costs. Management also considers other factors, or recent developments, such as changes in absorption rates or market conditions from the time of valuation and anticipated sales values considering management s plans for disposition, which have resulted in adjustments to the collateral value estimates indicated in certain appraisals. At the time of foreclosure or initial possession of collateral, any excess of the loan balance over the fair value of the real estate held as collateral is treated as a charge against the allowance for loan losses. Subsequent declines in the fair value of ORE below the new cost basis are recorded through valuation

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adjustments. Significant judgments and complex estimates are required in estimating the fair value of other real estate, and the period of time within which such estimates can be considered current is significantly shortened during periods of market volatility. In response to market conditions and other economic factors, management may utilize liquidation sales as part of its problem asset disposition strategy. As a result of the significant judgments required in estimating fair value and the variables involved in different methods of disposition, the net proceeds realized from sales transactions could differ significantly from appraisals, comparable sales, and other estimates used to determine the fair value of other real estate. Management reviews the value of other real estate each quarter and adjusts the values as appropriate. Revenue and expenses from ORE operations as well as gains or losses on sales and any subsequent adjustments to the value are recorded as foreclosed real estate expense, a component of non-interest expense.

Private Equity Investments

Private equity investments are recorded at fair value on the balance sheet with realized and unrealized gains and losses included in non-interest income in the results of operations in accordance with the American Institute of Certified Public Accountants (AICPA) Audit and Accounting Guide for Investment Companies. Synovus uses information provided by the fund managers in the initial determination of estimated fair value. Valuation factors such as recent or proposed purchase or sale of debt or equity, pricing by other dealers in similar securities, size of position held, liquidity of the market, comparable market multiples, and changes in economic conditions affecting the issuer are used in the final determination of estimated fair value. The valuation of private equity investments requires significant management judgment due to the absence of quoted market prices, inherent lack of liquidity and the long-term nature of such investments. As a result, the net proceeds realized from transactions involving these assets could differ significantly from their estimated fair value.

Asset Impairment

Long-lived Assets and Other Intangibles

Synovus reviews long-lived assets, such as property and equipment and other intangibles subject to amortization, including core deposit premiums, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the actual cash flows are not consistent with Synovus estimates, an impairment charge may result.

Deferred Tax Assets Valuation Allowance

Accounting Standards Codification (ASC or the Codification) 740-30-25 provides accounting guidance for determining when a company is required to record a valuation allowance on its deferred tax assets. A valuation allowance is required for deferred tax assets if, based on available evidence, it is more likely than not that all or some portion of the asset may not be realized due to the inability to generate sufficient taxable income in the period and/or of the character necessary to utilize the benefit of the deferred tax asset. In making this assessment, all sources of taxable income available to realize the deferred tax asset are considered including taxable income in prior carry-back 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. The presence of cumulative losses in recent years is considered significant negative evidence, making it difficult for a company to rely on future taxable income, exclusive of reversing temporary differences and carryforwards, as a reliable source of taxable income to realize a deferred tax asset. Judgment is a critical element in making this assessment. Changes in the valuation allowance that result from favorable changes in circumstances that cause a change in judgment about the realization of deferred tax assets in future years are recorded through income tax expense.

During the three months ended June 30, 2009, primarily as a result of increased credit losses, Synovus determined that it would reach a three-year cumulative pre-tax loss position by the end of 2009. Cumulative losses in recent years are considered significant negative evidence which is difficult to overcome in assessing the realizability of a deferred tax asset. As a result, beginning with the second quarter of 2009, Synovus no longer considers future taxable income in determining the realizability of its deferred tax assets. Synovus estimate of the realization of its deferred tax assets is solely based on future reversals of existing taxable temporary differences and an insignificant amount for currently available tax planning strategies. During 2010, Synovus increased the valuation allowance on deferred income tax assets by $331.7 million, resulting in a total valuation allowance of $775.0 million at December 31, 2010.

When Synovus begins to report a pre-tax profit, Synovus expects that it will record minimal to no tax expense as reductions to the deferred tax asset valuation allowance will be recognized. Recapture of the deferred tax asset balance (i.e., reversal of the valuation allowance) is subject to considerable judgment. However, Synovus expects to reverse the majority of the valuation allowance once Synovus has demonstrated a sustainable return to profitability. Even after the recovery of the deferred tax asset balance under GAAP, which would immediately benefit GAAP capital and the tangible common equity ratio, there will remain limitations on the ability to include the deferred tax assets for regulatory capital purposes. This is because once taxes paid in carryback periods are exhausted, financial institutions must deduct from Tier I capital the lower of (1) the amount by which net deferred tax assets exceed what they would expect to realize within one year or (2) the amount by which the net deferred tax assets exceeds 10% of Tier I Capital.

Synovus ability to use its tax attributes could be substantially limited in the event of an ownership change as defined under Section 382 of the Internal Revenue Code and related Internal Revenue Service pronouncements. In general, an ownership change would occur if Synovus 5-percent shareholders, as defined under Section 382, collectively increase their ownership in Synovus by more than 50 percentage points over a rolling three-year period. The

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shareholder rights plan is designed to reduce the likelihood that Synovus experiences such an ownership change by deterring acquisitions that would increase the holdings of existing 5-percent shareholders or cause any person or group to become a 5-percent shareholder. 5-percent shareholders generally do not include certain institutional holders, such as mutual fund companies, that hold Synovus equity securities on behalf of several individual mutual funds where no single fund owns 5 percent or more of Synovus equity securities. Synovus public offerings of 293,250,000 shares of common stock and 13,800,000 Tangible Equity Units in the second quarter of 2010 did not result in an ownership change under Section 382.

On April 26, 2010, the Synovus Board of Directors adopted a shareholder rights plan designed to preserve substantial tax assets. The rights plan provides an economic disincentive for any one person or group acting in concert to become a 5% shareholder. See Part I Item IA. Risk Factors in this report. This plan is similar to tax benefit preservation plans adopted by other public companies with significant tax attributes. Synovus tax attributes include net operating losses, capital losses, and certain built-in losses that it could utilize in certain circumstances to offset taxable income and reduce its federal income tax liability.

Discontinued Operations

Synovus completed the sale of its merchant services business on March 31, 2010. Accordingly, the revenues and expenses of the merchant services business have been reported as discontinued operations for the years ended December 31, 2010, 2009, and 2008. Income from discontinued operations for the year ended December 31, 2010 includes the gain on sale of this business. There were no significant assets, liabilities, or cash flows associated with the merchant services business.

The following amounts have been segregated from continuing operations and included in income from discontinued operations, net of income taxes, in the consolidated statements of operations.

Table 10 Discontinued Operations

	Years Ended December 31,		
(in thousands)	**2010**	**2009**	**2008**
Merchant services revenues	**$ 73,926**	17,605	17,949
Merchant services expense	**3,285**	9,878	9,564
Merchant services income, before income taxes	**70,641**[1]	7,727	8,385
Income tax expense	**27,479**	3,137	2,735
Income from discontinued operations, net of income taxes[2]	**$ 43,162**[1]	4,590	5,650

(1) Includes a pre-tax gain of $69.5 million ($42.4 million net of tax) from the sale of the merchant services business in March 2010.

(2) Cash flows from discontinued operations were limited to revenues and expenses of discontinued operations as components of income from discontinued operations, net of income taxes. The proceeds from sale of the merchant services business are included as a component of net cash provided by investing activities and the gain on sale is included as a component of net cash provided by operating activities in the consolidated statement of cash flows for the twelve months ended December 31, 2010.

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Capital

Cumulative Perpetual Preferred Stock

On December 19, 2008, Synovus issued Series A Preferred Warrants to the U.S. Treasury. See Part I Item I. Business Supervision, Regulation and other Factors *TARP Regulations Capital Purchase Program* in this report .

The $48.5 million discount on the Series A Preferred Stock is being accreted using a constant effective yield over the five-year period preceding the 9% perpetual dividend. Synovus records increases in the carrying amount of the preferred shares resulting from accretion of the discount by charges against accumulated deficit.

Common Stock

On September 22, 2009, Synovus completed a public offering of 150,000,000 shares of Synovus $1.00 par value common stock at a price of $4.00 per share, generating proceeds of $570.9 million, net of issuance costs.

On May 4, 2010, Synovus completed a public offering of 293,250,000 shares of Synovus common stock at a price of $2.75 per share, generating proceeds of $769.1 million, net of issuance costs.

Exchange of Subordinated Debt for Common Stock

On November 5, 2009, Synovus completed an exchange offer (Exchange Offer) of $29,820,000 in aggregate principal amount of its outstanding 4.875% Subordinated Notes Due 2013 (the Notes). The Notes exchanged in the Exchange Offer represent 12.6% of the $236,570,000 aggregate principal amount of the Notes outstanding prior to the Exchange Offer. Pursuant to the terms of the Exchange Offer, Synovus has issued 9.44 million shares of Synovus common stock as consideration for the Notes. The Exchange Offer resulted in a pre-tax gain of $6.1 million which was recorded as a component of other non-interest income in 2009.

Tangible Equity Units (tMEDS)

On May 4, 2010, Synovus completed a public offering of 13,800,000 tMEDS with a stated value of $25.00 per unit. Each tMEDS unit consists of a prepaid common stock purchase contract and a junior subordinated amortizing note due May 15, 2013. The prepaid common stock purchase contracts have been recorded as additional paid-in-capital (a component of shareholders equity), net of issuance costs, and the junior subordinated amortizing notes have been recorded as long-term debt. Issuance costs associated with the debt component were recorded as a prepaid expense, which is being amortized on a straight-line basis over the term of the instrument to May 15, 2013. Synovus allocated the proceeds from the issuance of the tMEDS to equity and debt based on the relative fair values of the

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respective components of each tMEDS unit. The aggregate values assigned to each component of the tMEDS offering are presented as follows:

Table 11 tMEDS Offering

(in thousands, except per unit amounts)	Equity Component	Debt Component	tMEDS Total
Units issued [1]	13,800	13,800	13,800
Unit price	$ 19.901803	5.098197	25.00
Gross proceeds	274,645	70,355	345,000
Issuance costs	9,081	2,342	11,423
Net proceeds	$ 265,564	68,013	333,577
Balance sheet impact:			
Other assets (prepaid issuance costs)	$	2,342	2,342
Long-term debt		70,355	70,355
Additional paid-in capital	$ 265,564		265,564

(1) There are two components of each tMEDS unit; therefore, there are 13.8 million units of the equity component, 13.8 million units of the debt component, and 13.8 million units of tMEDS, which includes both the debt and equity components.

The fair value of the debt component was determined using a discounted cash flow model using the following assumptions: (1) quarterly cash payments of 2.0625%; (2) a maturity date of May 15, 2013; and (3) an assumed discount rate of 10%. The discount rate used for estimating the fair value was determined by obtaining yields for comparably-rated issuers trading in the market, considering the market yield of existing Synovus subordinated debt, the credit rating of Synovus, as well as the junior nature of the new debt. The debt component was recorded at fair value, and the discount is being amortized using the level yield method over the term of the instrument to the settlement date of May 15, 2013. The carrying value of the debt component, net of unamortized discount, was $59.9 million at December 31, 2010.

The fair value of the equity component was determined using a Black-Scholes valuation model using the following weighted-average assumptions: (1) risk-free interest rate of 1.77%; (2) expected stock price volatility of 60%; (c) dividend yield of 1.45%; and (4) term of 3.03 years.

Each junior subordinated amortizing note, which had an initial principal amount of $5.098197, is bearing interest at 13.00% per annum, and has a scheduled final installment payment date of May 15, 2013. On each February 15, May 15, August 15, and November 15, which began on August 15, 2010, Synovus will pay equal quarterly installments of $0.515625 on each amortizing note. Each payment will constitute a payment of interest and a partial repayment of principal.

Each prepaid common stock purchase contract will automatically settle on May 15, 2013, and Synovus will deliver not more than 9.0909 shares and not less than 7.5758 shares of its common stock based on the applicable market value (the average of the volume weighted average price of Synovus common stock for the twenty (20) consecutive trading days immediately preceding May 15, 2013).

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Table 12 Synovus Common Stock Purchase Contract

Applicable Market Value of Synovus Common Stock	Settlement Rate
Less than or equal to $2.75	9.0909
Between $2.75 and $3.30	Number of shares equal to $25, divided by the applicable market price
Greater than or equal to $3.30	7.5758

At any time prior to the third business day immediately preceding May 15, 2013, the holder may settle the purchase contract early and receive 7.5758 shares of Synovus common stock. Upon settlement, an amount equal to $1.00 per common share issued will be reclassified from additional paid-in capital to common stock. As of December 31, 2010, approximately 284,600 tMEDS units have been settled, which resulted in the issuance of 2,156,071 shares of common stock.

Visa Shares and Litigation Expense

Synovus is a member of the Visa USA network and received shares of Visa Class B common stock in exchange for its membership interest in Visa USA in conjunction with the public offering by Visa, Inc. (the Visa IPO) in 2008. Visa members have indemnification obligations with respect to certain Visa litigation (Visa Litigation). Visa Class B shares are subject to certain restrictions until the latter of March 2011 or settlement of the Visa Litigation. Visa has established a litigation escrow to fund settlement of the Visa Litigation. The litigation escrow is funded by proceeds from Visa s conversion of Class B shares.

The Visa IPO was completed in March 2008. Immediately following completion of the Visa IPO in March 2008, Visa redeemed a portion of the Class B shares of its common stock held by Visa members. Synovus recognized a pre-tax gain of $38.5 million on redemption of a portion of its Visa Class B shares. During 2008 and 2009, Synovus reduced its contingent liability for its indemnification obligations upon events of Visa s funding of litigation escrow through conversion of Class B shares as described above.

In November 2009, Synovus sold its remaining Visa Class B shares to another Visa USA member financial institution for $51.9 million and recognized a gain on sale of $51.9 million. In conjunction with the sale, 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 fair value of the derivative liability of $5.5 million and $12.9 million, at December 31, 2010 and 2009, is based on an estimate of Visa s exposure to liability based upon probability-weighted potential outcomes of the covered litigation. The conversion rate from Visa Class B to Visa Class A shares changed twice in 2010 in conjunction with Visa s deposits to the litigation escrow of $500.0 million in May 2010 and $800.0 million in October 2010. Synovus paid settlements totaling $7.7 million to the derivative counterparty during 2010 as a result of the conversion rate changes associated with Visa s deposits to the litigation escrow. Management believes that the estimate of Visa s exposure to litigation liability is adequate based on current information; however, future developments in the litigation could require changes to the estimate.

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Earning Assets, Sources of Funds, and Net Interest Income

Earning Assets and Sources of Funds

Average total assets for 2010 decreased $2.46 billion, or 7.1%, to $31.97 billion as compared to average total assets for 2009. Average earning assets decreased $2.37 billion, or 7.4%, in 2010 as compared to the prior year. Average earning assets represented 92.3% and 92.6% of average total assets for 2010 and 2009, respectively. The reduction in average total assets resulted from a $3.72 billion decrease in net loans, a $243.3 million decrease in the investment securities portfolio, and a $34.7 million decrease in mortgage loans held for sale. These reductions in earning assets were partially offset by an increase of $1.69 billion in interest bearing funds held at the Federal Reserve Bank. The decrease in funding sources utilized to support earning assets was driven by decreases in deposits of $1.74 billion, shareholders equity of $163.2 million, short-term borrowings of $438.0 million, and long-term debt of $157.4 million.

Average total assets for 2009 were $34.42 billion, an increase of $371.6 million, or 1.1% over 2008 average total assets of $34.05 billion. Average earning assets for 2009 were $31.87 billion, which represented 92.6% of average total assets, as compared to average earning assets of $31.23 billion, or 91.7% of average total assets, for 2008. The primary funding source supporting this growth in average total assets and average earning assets was a $1.47 billion increase in average deposits, including core deposit growth of $1.25 billion. A portion of the funding described above was used to reduce average short-term borrowings and long-term debt by $801.2 million and $87.1 million, respectively. The primary component of the $640.9 million earning asset growth was a $1.37 billion increase in balances held with the Federal Reserve Bank, offset in part by decreases in net loans and investment securities of $606.0 million and $260.8 million, respectively.

For more detailed information on the average balance sheets for the years ended December 31, 2010, 2009, and 2008, refer to Table 14, Consolidated Average Balances, Interest, and Yields.

Net Interest Income

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

Net interest income is presented in this discussion on a tax-equivalent basis, so that the income from assets exempt from federal income taxes is adjusted based on a statutory marginal federal tax rate of 35% in all years (see Table 13). The net interest margin is defined as taxable-equivalent net interest income divided by average total interest earning assets and provides an indication of the efficiency of the earnings from balance sheet activities. The net interest margin is affected by changes in the spread between interest earning asset yields and interest bearing liability costs (spread rate), and by the percentage of interest earning assets funded by non-interest bearing funding sources.

Net interest income for 2010 was $986.3 million, down $24.0 million, or 2.4%, from 2009. On a taxable-equivalent basis, net interest income decreased $24.6 million, or 2.4%, from 2009. During 2010, average earning assets decreased $2.37 billion, or 7.4%, primarily the result of declines in net loans, offset in part by an increase in balances held with the Federal Reserve Bank.

Net interest income for 2009 was $1.01 billion, down $67.6 million, or 6.3%, from 2008. On a taxable-equivalent basis, net interest income decreased $67.6 million, or 6.2%, from 2008. During 2009, average interest earning assets increased $640.9 million, or 2.1%, which primarily results from an increased balance held with the Federal Reserve Bank offset in part by declines in net loans and investment securities.

Net Interest Margin

The net interest margin, 3.36% for 2010, represents a 17 basis point increase from 2009. The yield on earning assets decreased 26 basis points to 4.49% and the effective cost of funds decreased 43 basis points to 1.13%. The effective cost of funds includes non-interest bearing funding sources primarily consisting of demand deposits.

The primary components of the yield on interest earning assets are loan yields, the yield on investment securities, and the yield on balances held with the Federal Reserve Bank. Loan yields increased 15 basis points to 5.17% with improvement due to a modest decline in the cost to carry non-performing assets and an improvement in loan origination pricing. Average net loans decreased $3.72 billion, or 14.1%, to $22.73 billion in 2010 and represented 77.0% of average interest earning assets in 2010 as compared to 83.0% in 2009. While the demand for loans began to strengthen toward the end of 2010, the decline in loans during 2010 reflects net pay downs (principal repayments in excess of new loans funded), the impact of net charge-offs, which were $1.37 billion in 2010, and the sale of distressed loans. Yields on investment securities decreased by 83 basis points primarily due to the continued historically low level of bond market yields and the reinvestment of cash flows from older higher yielding securities. The yield on balances held at the Federal Reserve Bank remained the same at 0.25% in 2010 as in 2009 while the average balance held at the Federal Reserve Bank increased by $1.69 billion to $3.16 billion in 2010. A significant portion of the increase in short-term liquidity resulted from cash proceeds from the capital raised in May of 2010. Synovus expects to continue to maintain a higher level of liquidity in 2011, relative to historical periods, due to the potential for difficult economic and capital market conditions.

The primary factors contributing to the 43 basis point decrease in the effective cost of funds were a 95 basis point decrease in the cost of time deposits and a 16 basis point decrease in the cost of money market accounts. Additional factors contributing to the decrease in the effective cost of funds in 2010 include growth in non-interest bearing demand deposit accounts, reduced utilization of national market brokered time deposits, and a continued

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deposit mix shift toward lower cost transaction accounts. Average non-interest demand deposits funded 14.6% of average total interest earning assets in 2010 as compared to 12.3% during 2009.

The net interest margin was 3.19% for 2009, down 28 basis points from 2008. The yield on earning assets decreased 121 basis points which was partially offset by a 93 basis point decrease in the effective cost of funds.

Yields on investment securities in 2009 increased 5 basis points, primarily due to higher realized yields on mortgage-backed securities, as compared to the prior year. Loan yields, which decreased 113 basis points, were unfavorably impacted by a 184 basis point decrease in the average prime rate and increased costs to carry elevated levels of non-performing assets in 2009 as compared to 2008. The yield on interest earning assets was also impacted by a higher level of short term liquidity in 2009. A significant portion of this liquidity resulted from capital raised in December 2008 and September 2009 from the issuance of preferred and common stock, respectively, plus the decline in net loans.

The primary factors driving the 93 basis point decrease in the effective cost of funds in 2009 were a 112 basis point decrease in the cost of money market accounts and a 103 basis point decrease in the cost of time deposits. Average non-interest demand deposits funded 12.3% of average total interest earning assets in 2009 as compared to 11.0% during 2008.

Table 13 Net Interest Income

	Years Ended December 31,		
(in thousands)	**2010**	**2009**	**2008**
Interest income	**$ 1,320,581**	1,509,189	1,857,585
Taxable-equivalent adjustment	**4,224**	4,846	4,909
Interest income, taxable-equivalent	**1,324,805**	1,514,035	1,862,494
Interest expense	**334,248**	498,879	779,692
Net interest income, taxable-equivalent	**$ 990,557**	1,015,156	1,082,802

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Table 14 Consolidated Average Balances, Interest, and Yields

	2010			2009			2008		
(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]	**$ 23,480,939**	**1,166,045**	**4.97%**	$ 27,053,391	1,319,404	4.88%	$ 27,382,247	1,657,647	6.05%
Tax-exempt loans, net[1][2][3]	**143,173**	**7,891**	**5.51**	169,349	7,003	4.14	88,191	5,262	5.97
Allowance for loan losses	**(899,015)**			(777,332)			(418,984)		
Loans, net	**22,725,097**	**1,173,936**	**5.17**	26,445,408	1,326,407	5.02	27,051,454	1,662,909	6.15
Investment securities available for sale:									
Taxable investment securities	**3,045,501**	**127,669**	**4.19**	3,249,124	162,956	5.02	3,477,025	172,335	4.96
Tax-exempt investment securities[3]	**62,999**	**4,410**	**7.00**	102,681	7,210	7.02	135,590	9,468	6.98
Total investment securities	**3,108,500**	**132,079**	**4.25**	3,351,805	170,166	5.08	3,612,615	181,803	5.03
Trading account assets	**15,664**	**843**	**5.38**	17,556	1,091	6.21	30,870	1,924	6.23
Interest earning deposits with banks	**18,474**	**15**	**0.08**	50,267	324	0.64	12,075	188	1.56
Due from Federal Reserve Bank	**3,156,763**	**7,986**	**0.25**	1,461,965	3,650	0.25	90,543	391	0.43
Federal funds sold and securities purchased under resale agreements	**173,268**	**229**	**0.13**	207,618	357	0.17	193,895	3,386	1.75
FHLB and Federal Reserve Bank stock	**129,508**	**1,063**	**0.82**	132,415	1,203	0.91	119,311	4,551	3.81
Mortgage loans held for sale	**171,361**	**8,654**	**5.05**	206,085	10,837	5.26	121,425	7,342	6.05
Total interest earning assets	**29,498,635**	**1,324,805**	**4.49**	31,873,119	1,514,035	4.75	31,232,188	1,862,494	5.96
Cash and due from banks	**526,301**			522,256			505,374		
Premises and equipment, net	**565,896**			596,148			581,508		
Other real estate	**237,773**			262,600			180,493		
Other assets[4]	**1,137,575**			1,169,494			1,552,451		
Total assets	**$ 31,966,180**			$ 34,423,617			$ 34,052,014		
Liabilities and Equity									
Interest bearing liabilities:									
Interest bearing demand deposits	**$ 3,680,419**	**14,036**	**0.38%**	$ 3,586,798	15,916	0.44%	$ 3,158,228	35,792	1.13%
Money market accounts	**7,389,926**	**73,242**	**0.99**	7,943,855	91,199	1.15	7,984,231	181,482	2.27
Savings deposits	**486,176**	**705**	**0.15**	469,419	711	0.15	452,661	1,137	0.25
Time deposits	**10,350,182**	**200,344**	**1.94**	12,050,867	348,422	2.89	11,463,905	449,041	3.92
Federal funds purchased and securities sold under repurchase agreements	**480,700**	**1,921**	**0.40**	918,735	3,840	0.42	1,719,978	38,583	2.24
Long-term debt	**1,807,021**	**44,000**	**2.43**	1,964,411	38,791	1.97	2,051,521	73,657	3.59
Total interest bearing liabilities	**24,194,424**	**334,248**	**1.38**	26,934,085	498,879	1.85	26,830,524	779,692	2.91
Non-interest bearing demand deposits	**4,315,353**			3,915,925			3,440,047		
Other liabilities	**298,200**			252,254			319,396		
Equity	**3,158,203**			3,321,353			3,462,047		
Total liabilities and equity	**$ 31,966,180**			$ 34,423,617			$ 34,052,014		

Net interest income/margin	**990,557**	**3.36%**	1,015,156	3.19%	1,082,802	3.47%
Taxable-equivalent adjustment	**(4,224)**		(4,846)		(4,909)	
Net interest income, actual	**986,333**		1,010,310		1,077,893	

(1) Average loans are shown net of unearned income. Non-performing loans are included.
(2) Interest income includes loan fees as follows: 2010 $18.4 million, 2009 $22.8 million, 2008 $29.5 million.
(3) Reflects taxable-equivalent adjustments, using the statutory federal income tax rate of 35%, in adjusting interest on tax-exempt loans and investment securities to a taxable-equivalent basis.
(4) Includes average net unrealized gains (losses) on investment securities available for sale of $129.6 million, $133.1 million, and $46.7 million for the years ended December 31, 2010, 2009, and 2008, respectively.

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Table 15 Rate/Volume Analysis

(in thousands)	2010 Compared to 2009 Change Due to(1) Volume	Yield/ Rate	Net Change	2009 Compared to 2008 Change Due to(1) Volume	Yield/ Rate	Net Change
Interest earned on:						
Taxable loans, net	**$ (174,336)**	**20,977**	**(153,359)**	(19,896)	(318,347)	(338,243)
Tax-exempt loans, net(2)	**(1,084)**	**1,972**	**888**	4,845	(3,104)	1,741
Taxable investment securities	**(10,222)**	**(25,065)**	**(35,287)**	(11,304)	1,925	(9,379)
Tax-exempt investment securities(2)	**(2,786)**	**(14)**	**(2,800)**	(2,297)	39	(2,258)
Trading account assets	**(117)**	**(131)**	**(248)**	(829)	(4)	(833)
Interest earning deposits with banks	**(203)**	**(106)**	**(309)**	596	(460)	136
Due from Federal Reserve Bank	**4,237**	**99**	**4,336**	5,897	(2,638)	3,259
Federal funds sold and securities purchased under resale agreements	**(58)**	**(69)**	**(127)**	240	(3,269)	(3,029)
FHLB and Federal Reserve Bank stock	**(26)**	**(114)**	**(140)**	499	(3,847)	(3,348)
Mortgage loans held for sale	**(1,826)**	**(357)**	**(2,183)**	5,122	(1,627)	3,495
Total interest income	**(186,421)**	**(2,808)**	**(189,229)**	(17,127)	(331,332)	(348,459)
Interest paid on:						
Interest bearing demand deposits	**412**	**(2,292)**	**(1,880)**	4,843	(24,719)	(19,876)
Money market accounts	**(6,370)**	**(11,587)**	**(17,957)**	(917)	(89,366)	(90,283)
Savings deposits	**25**	**(30)**	**(5)**	42	(468)	(426)
Time deposits	**(49,150)**	**(98,928)**	**(148,078)**	23,009	(123,628)	(100,619)
Federal funds purchased and securities sold under repurchase agreements	**(1,840)**	**(79)**	**(1,919)**	(17,948)	(16,795)	(34,743)
Other borrowed funds	**(3,101)**	**8,310**	**5,209**	(3,127)	(31,739)	(34,866)
Total interest expense	**(60,024)**	**(104,606)**	**(164,630)**	5,902	(286,715)	(280,813)
Net interest income	**$ (126,397)**	**101,798**	**(24,599)**	(23,029)	(44,617)	(67,646)

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

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

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Non-interest Income

Non-interest income consists of a wide variety of fee generating services. Total non-interest income was $305.3 million in 2010, down $105.3 million or 25.6% compared to 2009. The comparison is impacted by a $51.9 million gain recorded in 2009 from the sale of Visa shares. Regulation E and policy changes also contributed to the decline in non-interest income in 2010. Total non-interest income for 2009 was $410.7 million, down 1.6% compared to 2008. The following table shows the principal components of non-interest income.

Table 16 Non-interest Income

	Years Ended December 31,		
(in thousands)	**2010**	**2009**	**2008**
Service charges on deposit accounts	**$ 105,114**	117,751	111,837
Fiduciary and asset management fees	**44,142**	44,168	48,779
Brokerage and investment banking revenue	**28,184**	28,475	33,119
Mortgage banking income	**33,334**	38,521	23,493
Bankcard fees	**41,420**	36,139	35,283
Investment securities (losses) gains, net	**(1,271)**	14,067	45
Other fee income	**21,129**	31,200	37,246
Increase in fair value of private equity investments, net	**7,203**	1,379	24,995
Gain from sale of MasterCard shares		8,351	16,186
Gain from redemption of Visa shares			38,542
Gain from sale of Visa shares		51,900	
Other non-interest income	**26,092**	38,719	47,716
Total non-interest income	**$ 305,347**	410,670	417,241

Service charges on deposit accounts represent the single largest fee income component. Service charges on deposits totaled $105.1 million in 2010, a decrease of 10.7% from the previous year, and $117.8 million in 2009, an increase of 5.3% over 2008. Service charges on deposit accounts consist of non-sufficient funds (NSF) fees (which represent approximately 57.7% of the total for 2010), account analysis fees, and all other service charges. NSF fees decreased by $11.1 million or 15.4% from 2009. Account analysis fees were down $2.4 million or 8.7% from 2009 levels. All other service charges on deposit accounts, which consist primarily of monthly fees on consumer demand deposit and savings accounts, were up $877 thousand or 4.9% compared to 2009.

On August 1, 2010, Regulation E became effective. The changes from this regulation limit the ability of a financial institution to assess an overdraft fee for paying automated teller machine and debit card transactions that overdraw a customer s account unless the customer affirmatively consents, or opts-in, to the institution s payment of overdrafts of these transactions. The impact for 2010 was a decrease in NSF fees of approximately $5.2 million which was slightly better than projected. Synovus estimates that the impact of Regulation E will reduce NSF fees by approximately $14.5 million in 2011.

Fiduciary and asset management fees are derived from providing estate administration, employee benefit plan administration, personal trust, corporate trust, corporate bond management, investment management and financial planning services. Fiduciary and asset management fees were $44.1 million for 2010, a decrease of 0.1% from the prior year, and $44.2 million for 2009, a decrease of 9.5% from 2008.

At December 31, 2010, 2009 and 2008, the market value of assets under management was approximately $9.25 billion, $8.39 billion, and $7.72 billion, respectively. Assets under management at December 31, 2010 and 2009 increased 10.2% and 8.7% from December 31, 2009 and 2008, respectively. Reported assets under management include approximately $314.8 million, $290.1 million, and $242.3 million at December 31, 2010, 2009 and 2008, respectively, of assets managed for certain Synovus employee retirement plans. Assets under management consist of all assets where Synovus has investment authority and corporate bond managed assets. Assets under advisement were approximately $2.55 billion, $3.19 billion, and $3.38 billion at December 31, 2010, 2009 and 2008, respectively. Assets under advisement consist of non-managed assets as well as non-custody assets where Synovus earns a consulting fee. Assets under advisement at December 31, 2010 and 2009 decreased 20.1% and 5.5% from December 31, 2009 and 2008, respectively. Total assets under management and advisement were $11.80 billion at December 31, 2010 compared to $11.58 billion at December 31, 2009 and $11.10 billion at December 31, 2008. Many of the fiduciary and asset management fees charged are based on asset values, and changes in these values directly impact fees earned.

Brokerage and investment banking revenue was $28.2 million in 2010, a 1.0% decrease from the $28.5 million reported in 2009. Brokerage assets were $3.94 billion and $3.98 billion as of December 31, 2010 and 2009, respectively. Advisory fees, which are based upon market value of brokerage assets under management, were $2.8 million in 2010, an increase of 15.0% from 2009. In 2010, brokerage assets under management were $90.2 million, an increase of 23.2% from 2009. Brokerage commissions were $24.5 million in 2010, a decrease of 4.4% from 2009.

Total brokerage and investment banking revenue for 2009 was $28.5 million, down 14.0% from 2008. The decrease in revenue was driven by general declines in the market value of brokerage assets as well as modest declines in brokerage trading volume.

Mortgage banking income was $33.3 million in 2010, a 13.5% decrease from 2009. Mortgage production volume was $1.55 billion in 2010, down 23.8% compared to 2009. The decrease was driven by a lower volume of refinancing activity.

Total mortgage banking income for 2009 was $38.5 million, a 64.0% increase from 2008 levels. Total mortgage production volume was $2.04 billion in 2009, up 68.5% compared to 2008. The increase in mortgage banking income and production volume in 2009 compared to 2008 was primarily due to an increase in refinancing activity as a result of Federal Reserve Bank purchases of agency mortgage-backed securities (MBS) which drove down mortgage interest rates to near record lows. Also, mortgage volumes experienced a slight increase in purchase business resulting from the government s attempt to stabilize the purchase market with the first time home buyer credits and an increase in home affordability following market depreciation.

Bankcard fees totaled $41.4 million in 2010, an increase of 14.6% over the previous year, and $36.1 million in 2009, an increase of 2.4% from 2008. Bankcard fees consist of credit card interchange fees and debit card interchange fees. Debit card interchange fees were $25.1 million in 2010, an increase of 16.9% over the previous year, and $21.4 million in 2009, an increase of 6.1% from 2008. The increase in debit card interchange fees for 2010 and 2009 was primarily driven by an increase in volume. Credit card fees were $16.4 million in 2010, an increase of 11.3% compared to 2009, and $14.7 million in 2009, a decrease of 2.4% compared to 2008.

Synovus anticipates that the likely adoption of the Durbin Amendment, which is scheduled to become effective July 31, 2011, will significantly impact debit card interchange fees. The amendment proposes a 75% reduction in allowable interchange fee charges. Based on the current proposal, the Durbin Amendment would result in a reduction of debit card interchange fees of approximately $8 million in 2011. Synovus is evaluating strategies to offset the anticipated decline in revenues from the proposed Durbin Amendment.

Other fee income includes fees for letters of credit, safe deposit box fees, access fees for automatic teller machine use, official check issuance fees, customer swap dealer fees, gains and losses on trading securities, and other miscellaneous fee-related income. Other fee income was $21.1 million in 2010, a decrease of 32.3% from 2009, and $31.2 million in 2009, a decrease of 16.2% compared to 2008. The decline in 2010 from 2009 was driven by a $7.2 million decrease in letter of credit fees and a $3.2 million decrease in gains on trading securities. Fees on letters of credit were down due to continued decline in volume. Other fee income of $31.2 million in 2009 declined 16.2% from 2008 driven primarily by reduced customer swap dealer fees and letter of credit fees.

Other non-interest income was $26.1 million in 2010 compared to $38.7 million in 2009. The main components of other non-interest income are income from company-owned life insurance policies, insurance commissions, card service fees and other miscellaneous items. The primary components of the change related to debt extinguishment and debt exchange gains which were recognized during 2009. Other non-interest income of $38.7 million in 2009 declined 18.9% primarily due to the decline in the crediting rate for company-owned life insurance policies.

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Non-interest Expense

Non-interest expense for 2010 was $1.01 billion, down $211.7 million or 17.3% from 2009. $190.6 million of the decrease was due to lower foreclosed real estate expenses. The following table summarizes this data for the years ended December 31, 2010, 2009, and 2008.

Table 17 - Non-interest Expense

	Years Ended December 31,		
(in thousands)	**2010**	**2009**	**2008**
Salaries and other personnel expense	$ **418,629**	425,170	455,395
Net occupancy and equipment expense	**122,046**	123,105	123,529
FDIC insurance and other regulatory fees	**69,480**	76,314	25,161
Foreclosed real estate expense	**163,630**	354,269	136,678
Losses on other loans held for sale	**3,050**	1,703	9,909
Goodwill impairment		15,090	479,617
Professional fees	**45,554**	38,802	30,210
Data processing expense	**45,478**	45,131	46,914
Visa litigation recovery		(6,441)	(17,473)
Restructuring charges	**5,538**	5,995	16,125
Gain on curtailment of post-retirement defined benefit plan	**(7,092)**		
Other operating expenses	**143,263**	142,151	149,992
Total non-interest expense	**$ 1,009,576**	1,221,289	1,456,057

2010 vs. 2009

Total salaries and other personnel expense declined $6.5 million, or 1.5%, in 2010 compared to 2009. Total employees were 6,109 at December 31, 2010, down 276 or 4.3% from 6,385 employees at December 31, 2009. The decline in expense was largely due to reductions in headcount that resulted from efficiency and expense management initiatives.

Net occupancy and equipment expense declined $1.1 million, or 0.9% during 2010 with savings realized from efficiency and expense management initiatives.

FDIC insurance and other regulatory fees decreased $6.8 million, or 9% in 2010 compared to 2009. The decrease in FDIC insurance and other regulatory fees was primarily due to the FDIC s 2009 special assessment of $16.2 million. The decline from the prior year special assessment was somewhat offset by increases in quarterly assessment rates during 2010 for Synovus Bank.

Foreclosed real estate costs decreased $190.6 million in 2010. The decline was related to a reduction in charges related to declines in fair value or reductions in estimated realizable value subsequent to the date of foreclosure. For further discussion of foreclosed real estate, see the section captioned Other Real Estate .

Professional fees increased $6.8 million, or 17.4% in 2010 compared to 2009. The increase in professional fees was primarily driven by professional fees associated with the Charter Consolidation, legal fees associated with certain litigation, and consulting fees associated with Synovus three-year strategic plan.

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Restructuring charges of $5.5 million in 2010 are comprised of $2.5 million in professional fees and $3 million in severance charges related to efficiency and expense management initiatives. For further discussion of restructuring charges, see the section titled Restructuring Charges .

Gain on curtailment of post-retirement defined benefit plan of $7.1 million was recorded during 2010 as a result of Synovus amendment to the Synovus Retiree Medical Plan. For further discussion of the Plan amendment and curtailment gain, see Note 23 Employment Expenses and Benefit Plans .

Other operating expenses increased $1.1 million, or 0.8%, from 2009 primarily due to increases in credit related expenses.

2009 vs. 2008

Non-interest expense for 2009 was $1.22 billion, down $234.8 million or 16.1% from 2008.

Total salaries and other personnel expense declined $30.2 million, or 6.6%, in 2009 compared to 2008. Total employees were 6,385 at December 31, 2009, down 491 or 7.1% from 6,876 employees at December 31, 2008. The decline in expense was largely due to planned reductions in headcount that resulted from the Project Optimus initiative launched by Synovus in April, 2008. Additionally, employee retirement and share-based compensation expense declined as a result of decisions in early 2009 to reduce contributions to the employee money purchase plan and suspend share-based awards in light of business performance and economic conditions.

Net occupancy and equipment expense declined $424 thousand, or 0.3% during 2009 with savings realized from Project Optimus ideas and 9 branch closings.

FDIC insurance and other regulatory fees increased $51.2 million, or 203.3% over 2008. The increase in FDIC insurance and other regulatory fees is primarily a result of the FDIC s increase in base assessment rates during 2009 as well as a $16.2 million special assessment in June 2009, which was assessed as 5 basis points of total assets minus Tier 1 capital. The increase in FDIC insurance expense is also a result of Synovus voluntary participation in the FDIC Temporary Liquidity Guarantee Program. This FDIC program allows Synovus to offer 100% deposit protection for non-interest bearing deposit transaction accounts regardless of dollar amount at FDIC-insured institutions.

Foreclosed real estate costs increased $217.6 million in 2009 as a result of heightened levels of foreclosures. These costs primarily consist of charges related to declines in fair value or reductions in estimated realizable value subsequent to the date of foreclosure. For further discussion of foreclosed real estate, see the section captioned Other Real Estate .

Goodwill impairment was evaluated during 2009 and resulted in non-cash charges for goodwill impairment of $15.1 million. Goodwill impairment non-cash charges in 2008 totaled $479.6 million. For further discussion, see Note 8 to the consolidated financial statements.

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Professional fees increased $8.6 million, or 28.4% in 2009 compared to 2008. The increase in professional fees includes increased legal fees paid in connection with sales of non-performing assets during 2009.

Visa litigation resulted in a net recovery of $6.4 million in 2009 compared to a net recovery of $17.5 million in 2008. During 2009, Synovus reduced its litigation accrual by $4.0 million for its membership proportion of the amount which Visa deposited to the litigation escrow during the year, and adjusted its litigation accrual by $2.4 million upon sale of Synovus remaining Visa Class B shares. For further discussion of the Visa litigation expense, see the section titled Visa Shares and Litigation Expense .

Restructuring charges of $6 million in 2009 are comprised of implementation costs for Project Optimus and reflect a decline of $10.1 million from prior year restructuring charges. During 2009, Synovus recognized a total of $6 million in restructuring charges including $5.5 million in severance charges. For further discussion of restructuring charges, see the section titled Restructuring Charges .

Other operating expenses declined $7.8 million, or 5.2%, from 2008 due to savings realized from Project Optimus ideas and overall efforts to manage the organization more tightly.

Mortgage Banking

Synovus wholly-owned subsidiary, Synovus Mortgage Corp. (Synovus Mortgage), originates residential mortgage loans with originations totaling $1.55 billion in 2010. Synovus Mortgage offers various types of fixed-rate and adjustable-rate loans for the purposes of purchasing, refinancing, or constructing residential properties. The originated loans are primarily conforming mortgage loans for owner-occupied properties. Conforming loans are loans that are underwritten in accordance with the underwriting standards set forth by government sponsored entities such as the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. These are generally collateralized 1-4 family residential real estate properties and are made to borrowers in good credit standing.

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

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Repurchase Obligations for Mortgage Loans Originated for Sale

Residential mortgage loans originated by Synovus Mortgage and sold to third party purchasers are sold servicing released (Synovus Mortgage does not retain the servicing rights). These loans are primarily originated and underwritten internally by Synovus personnel and are primarily to borrowers in Synovus geographic market footprint. These sales are typically effected as non-recourse loan sales to government-sponsored entities (GSEs) and non-GSE purchasers.

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

To date, repurchase activity pursuant to the terms of these representations and warranties has been minimal and has primarily been associated with the periods from 2005 through 2008. From January 1, 2005 through December 31, 2010, Synovus Mortgage originated and sold approximately $5.5 billion of first lien GSE eligible mortgage loans and approximately $2.9 billion of first and second lien non-GSE eligible mortgage loans. Losses to Synovus arising from such repurchases have been inconsequential.

Mortgage Loan Foreclosure Practices

Due to the current focus in foreclosure practices of financial institutions nationwide, Synovus evaluated its foreclosure process related to home equity and consumer mortgage loans within its loan portfolio. At December 31, 2010, Synovus had $3.1 billion of home equity and consumer mortgage loans which are secured by first and second liens on residential properties. Of this amount, approximately $905 million consists of mortgages relating to properties in Florida and South Carolina which are states in which foreclosures proceed through the courts. Foreclosure activity in the home equity and consumer loan portfolio is minimal. Any foreclosures on these loans are handled by designated Synovus personnel and external legal counsel, as appropriate, following established policies regarding legal and regulatory requirements. Synovus has not imposed any freezes on foreclosures. Based on information currently available, management believes that it does not have significant exposure to faulty foreclosure practices. In addition, management believes that the nationwide foreclosure moratorium will not have a material adverse impact to Synovus business.

Other Loans Held for Sale

With the exception of certain first lien residential mortgage loans, Synovus originates loans with the intent to hold for the foreseeable future. Loans or pools of loans are transferred

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to the other loans held for sale portfolio when the intent to hold the loans has changed due to portfolio management, risk mitigation strategies, and when it is determined that Synovus would sell the loans. The value of the loans or pools of loans is primarily determined by analyzing the underlying collateral of the loan, the external market prices of similar assets, historical realization rates on similar assets, and management s disposition plan. At the time of transfer, if the fair value less estimated costs to sell is less than the carrying value, as such difference is generally attributable to declines in credit quality, it is recorded as a charge-off against the allowance for loan losses. Decreases in fair value subsequent to the transfer as well as losses (gains) from sale of these loans are recognized as a component of non-interest expense.

At December 31, 2010 and 2009, the carrying value of other loans held for sale was $127.4 million and $36.8 million, respectively. All such loans were considered impaired as of December 31, 2010 and 2009. During the year ended December 31, 2010, Synovus transferred loans with a cost basis totaling $317.6 million to the other loans held for sale portfolio. Synovus recognized charge-offs totaling $119.0 million on these loans, resulting in a new cost basis for loans transferred to the other loans held for sale portfolio of $198.6 million. During 2010, subsequent to their transfer to the other loans held for sale portfolio, Synovus recognized additional write-downs of $6.0 million and recognized additional net losses on sales of $3.1 million. The additional write-downs were based on the estimated sales proceeds from pending sales.

Other Real Estate

The carrying value of other real estate was $261.3 million and $238.8 million at December 31, 2010 and 2009 respectively. During the twelve months ended December 31, 2010, approximately $410.1 million of loans and $9.7 million of other loans held for sale were foreclosed and transferred to other real estate. During the years ended December 31, 2010, 2009, and 2008, Synovus recognized foreclosed real estate costs of $163.6 million, $354.3 million, and $136.7 million, respectively. These costs primarily consist of charges related to declines in fair value or reductions in estimated realizable value subsequent to the date of foreclosure.

Investment Securities Available for Sale

The investment securities portfolio consists principally of debt securities classified as available for sale. Investment securities available for sale provide Synovus with a source of liquidity and a relatively stable source of income. The investment securities portfolio also provides management with a tool to balance the interest rate risk of its loan and deposit portfolios. See Table 19 for maturity and average yield information of the investment securities available for sale portfolio.

The investment strategy focuses on the use of the investment securities portfolio to manage the interest rate risk created by the inherent mismatch between the loan and deposit portfolios. Synovus held the portfolio duration at a relatively constant level for most of 2010, while the average balance of the portfolio decreased modestly from the prior year. The average duration of Synovus investment securities portfolio was 3.43 years at December 31, 2010 compared to 3.21 years at December 31, 2009.

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Synovus also utilizes a significant portion of its investment portfolio to secure certain deposits and other liabilities requiring collateralization. At December 31, 2010, approximately $2.6 billion of these investment securities were pledged as required collateral for certain deposits, securities sold under repurchase agreements, and FHLB advances. The investment securities are primarily U.S. government agencies and government agency sponsored mortgage-backed securities, both of which have a high degree of liquidity and limited credit risk. A mortgage-backed security depends on the underlying pool of mortgage loans to provide a cash flow pass-through of principal and interest. At December 31, 2010, all of the collateralized mortgage obligations and mortgage-backed pass-through securities held by Synovus were issued or backed by federal agencies.

As of December 31, 2010 and 2009, the estimated fair value of investment securities available for sale as a percentage of their amortized cost was 103.0% and 103.6%, respectively. The investment securities available for sale portfolio had gross unrealized gains of $110.6 million and gross unrealized losses of $9.5 million, for a net unrealized gain of $101.1 million as of December 31, 2010. As of December 31, 2009, the investment securities available for sale portfolio had gross unrealized gains of $112.0 million and gross unrealized losses of $2.2 million, for a net unrealized gain of $109.8 million. Shareholders equity included net unrealized gains of $58.4 million and $67.1 million on the available for sale portfolio as of December 31, 2010 and 2009, respectively.

During 2010, the average balance of investment securities available for sale decreased to $3.11 billion from $3.35 billion in 2009. Synovus earned a taxable-equivalent rate of 4.25% and 5.08% for 2010 and 2009, respectively, on its investment securities available for sale portfolio. As of December 31, 2010 and 2009, average investment securities available for sale represented 10.54% and 10.52%, respectively, of average interest earning assets.

The calculation of weighted average yields for investment securities available for sale in Table 19 is based on the amortized cost and effective yields of each security. The yield on state and municipal securities is computed on a taxable-equivalent basis using the statutory federal income tax rate of 35%. Maturity information is presented based upon contractual maturity. Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

Table 18 Investment Securities Available for Sale

(in thousands)	**2010**	**2009**
U.S. Treasury	**$ 257,672**	121,589
Other U.S. Government agency securities	**914,111**	927,626
Government agency issued mortgage-backed securities	**2,089,283**	1,873,980
Government agency issued collateralized mortgage obligations	**29,994**	86,903
State and municipal securities	**50,343**	82,801
Equity securities	**12,806**	9,981
Other investments	**86,059**	85,855
Total	**$ 3,440,268**	3,188,735

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Table 19 Maturities and Average Yields of Investment Securities Available for Sale

	December 31, 2010	
	Investment Securities Available for Sale	
(dollars in thousands)	Estimated Fair Value	Average Yield
U.S. Treasury:		
Within 1 year	$ 66,332	0.71%
1 to 5 years	191,340	2.04
5 to 10 years		
More than 10 years		
Total	$ 257,672	1.69%
U.S. Government agency securities:		
Within 1 year	$ 70,050	3.52%
1 to 5 years	794,799	2.84
5 to 10 years	37,266	5.38
More than 10 years	11,996	5.38
Total	$ 914,111	3.02%
State and municipal securities:		
Within 1 year	$ 6,452	7.01%
1 to 5 years	18,872	6.59
5 to 10 years	19,349	6.77
More than 10 years	5,670	6.88
Total	$ 50,343	6.74%
Other investments:		
Within 1 year	$	%
1 to 5 years	82,609	1.59
5 to 10 years	450	
More than 10 years	3,000	2.37
Total	$ 86,059	1.61%
Equity securities	$ 12,806	1.53%
Government agency issued mortgage-backed securities	$ 2,089,283	4.30%
Government agency issued collateralized mortgage obligations	$ 29,994	4.88%
Total investment securities	$ 3,440,268	3.72%
Total investment securities:		
Within 1 year	$ 142,834	2.37%
1 to 5 years	1,087,620	2.67
5 to 10 years	57,065	5.82
More than 10 years	20,666	5.35
Equity securities	12,806	1.53
Government agency issued mortgage-backed securities	2,089,283	4.94
Government agency issued collateralized mortgage obligations	29,994	4.88

Total	$ 3,440,268	3.72%

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Loans

Table 20 Loans by Type

(dollars in thousands)	2010 Total Loans	2010 %[1]	2009 Total Loans	2009 %[1]
Investment properties	**$ 5,059,102**	**23.4%**	$ 5,897,175	23.2%
1-4 family properties	**2,102,787**	**9.7**	3,316,251	13.1
Land acquisition	**1,218,691**	**5.7**	1,529,414	6.0
Total commercial real estate	**8,380,580**	**38.8**	10,742,840	42.3
Commercial and industrial	**9,264,811**	**42.9**	10,447,346	41.2
Home equity	**1,648,039**	**7.7**	1,714,994	6.8
Consumer mortgages	**1,475,261**	**6.8**	1,637,978	6.5
Credit card	**284,970**	**1.3**	294,126	1.2
Other retail loans	**542,538**	**2.5**	565,132	2.1
Total retail	**3,950,808**	**18.3**	4,212,230	16.6
Unearned income	**(10,436)**		(19,348)	(0.1)
Total loans, net of unearned income	**$ 21,585,763**	**100.0%**	$ 25,383,068	100.0%

(1) Loan balance in each category expressed as a percentage of total loans, net of unearned income.

Portfolio Composition

The loan portfolio spreads across five southeastern states within Synovus footprint as presented in the following table.

Table 21 Loans by State

(dollars in thousands)	December 31, 2010 Total Loans	December 31, 2010 As a % of Total Loan Portfolio	December 31, 2009 Total Loans	December 31, 2009 As a % of Total Loan Portfolio
Georgia	**$ 11,345,896**	**52.6%**	$ 13,477,312	53.1%
Atlanta	3,587,597	16.6	4,231,030	16.7
Florida	**2,830,251**	**13.1**	3,206,658	12.6
South Carolina	**3,019,120**	**14.0**	3,793,634	14.9
Tennessee	**974,548**	**4.5**	1,154,801	4.6
Alabama	**3,415,948**	**15.8**	3,750,663	14.8

Total	**$ 21,585,763**	**100.0%**	$ 25,383,068	100.0%

At December 31, 2010, total loans outstanding were $21.59 billion, a decrease of 15.0% from 2009. Average loans decreased 13.2%, or $3.60 billion, compared to 2009, representing 80.1% of average earning assets and 73.9% of average total assets. The decline in loan balances was driven by charge-offs and the deliberate reduction of distressed loans through Synovus asset disposition strategy. Additionally, while net pay downs (originations less payments and payoffs) on loans outstanding continued to contribute to the net decline in loans outstanding, the trend began to improve in the second half of 2010.

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Commercial Loans

Total commercial loans at December 31, 2010 were $17.64 billion or 81.7% of the total loan portfolio. The commercial loan portfolio consists of commercial and industrial loans and commercial real estate loans. Driven by lower demand, charge-offs, and distressed loan dispositions, total commercial loans declined by $3.54 billion or 16.7% from December 31, 2009.

Total commercial real estate loans, which represent 38.8% of the total loan portfolio at December 31, 2010, were $8.38 billion, a decline of $2.36 billion or 22.0% from year-end 2009. The commercial real estate loan portfolio at December 31, 2010 and 2009 includes loans in the Atlanta market totaling $1.71 billion and $2.16 billion, respectively, of which $169.6 million and $365.6 million, respectively, are a combination of 1-4 family construction and residential development loans. The South Carolina market represents $1.31 billion and $1.87 billion of the total commercial real estate portfolio as of December 31, 2010 and 2009, respectively, of which $244.4 million and $545.8 million, respectively, are a combination of 1-4 family construction and residential development loans.

As shown in Table 20, the commercial real estate loan portfolio is diversified among various property types: investment properties, 1-4 family properties, and land acquisition. The investment properties portfolio comprises 60.4% of the total commercial real estate portfolio. Synovus investment properties portfolio is diverse with no concentrations by property type, geography, or tenants. Investment property loans are generally recourse in nature with short-term maturities (3 years or less), allowing for restructuring opportunities which reduces vintage exposures. In addition, in early 2008, Synovus placed restrictions on both hotel and shopping center lending to prevent problem loans in these depressed sectors from spreading. These lending restrictions remain in place today. These loans are primarily secured by commercial real estate, including 1-4 family properties, land, and investment properties. The collateral generally consists of the property being financed by the loans; however, collateral may also include real estate or other assets beyond the property being financed.

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Total residential construction and development loans (consisting of 1-4 family construction loans and residential development loans) were $975.2 million at December 31, 2010, a decline of $1.07 billion or 52.3% from December 31, 2009. The decline was primarily driven by charge-offs and sales of distressed loans; additionally, Synovus is not actively seeking to originate these types of loans.

Table 22 Residential Construction and Development Loans by State

	December 31, 2010			
(dollars in thousands)	**1-4 Family Construction and Residential Development**	**% of Total 1-4 Family Construction and Residential Development**	**1-4 Family Construction and Residential Development NPL**	**% of 1-4 Family Construction and Residential Development NPL**
Georgia	**$ 426,155**	**43.7%**	**$ 126,141**	**56.9%**
Atlanta	169,625	17.4	72,385	32.7
Florida	**121,778**	**12.5**	**42,402**	**19.1**
South Carolina	**244,409**	**25.0**	**40,128**	**18.1**
Tennessee	**15,394**	**1.6**	**1,514**	**0.7**
Alabama	**167,485**	**17.2**	**11,399**	**5.2**
Total	**$ 975,221**	**100.0%**	**$ 221,584**	**100.0%**

	December 31, 2009			
(dollars in thousands)	**1-4 Family Construction and Residential Development**	**% of Total 1-4 Family Construction and Residential Development**	**1-4 Family Construction and Residential Development NPL**	**% of 1-4 Family Construction and Residential Development NPL**
Georgia	$ 945,601	46.3%	$ 363,325	70.4%
Atlanta	365,600	17.9	156,564	30.3
Florida	255,732	12.5	42,896	8.3
South Carolina	545,752	26.7	88,402	17.1
Tennessee	45,548	2.2	5,121	1.0
Alabama	250,855	12.3	16,324	3.2
Total	$ 2,043,488	100.0%	$ 516,068	100.0%

Total commercial and industrial loans at December 31, 2010 were $9.26 billion, down $1.18 billion or 11.3% from 2009. Synovus commercial and industrial portfolio has diverse industry exposure. The portfolio is relationship focused; Synovus lenders have in-depth knowledge of the borrowers, most of which have guaranty arrangements.

At December 31, 2010, $4.00 billion of total commercial and industrial loans represent loans for the purpose of financing owner-occupied properties. The primary source of repayment on these loans is revenue generated from products or services offered by the business or organization. The secondary source of repayment on these loans is the real estate.

These loans are predominately secured by owner-occupied and other real estate. Other types of collateral securing these loans consist primarily of marketable equipment, marketable inventory, accounts receivable, equity and debt securities, and time deposits.

Synovus has historically concentrated on small to middle market commercial and industrial lending throughout the southeast. In January of 2011, Synovus announced enhancements to its large corporate banking initiative designed to attract larger commercial customers across its five-state footprint by developing a syndicated loan program that is expected to accelerate commercial and industrial loan growth and utilize Synovus relationship-based delivery model approach to build relationships and connect more commercial customers with Synovus full suite of specialized commercial banking products and services including private banking, treasury management, asset-based lending, insurance, and wealth management.

At December 31, 2010, Synovus had 27 commercial loan relationships with total commitments of $50 million or more (including amounts funded). The average funded balance of these relationships at December 31, 2010 was approximately $73 million.

Retail Loans

Total retail loans as of December 31, 2010 were $3.95 billion. Retail loans decreased by $261.4 million, or 6.2%, from year-end 2009, driven by a $229.7 million, or 6.8%, decline in real estate mortgage loans. Retail loans consist of residential mortgages, home equity lines, credit card loans, and other retail loans. Synovus does not have indirect automobile loans. Apart from credit card loans and unsecured loans, Synovus does not originate loans with loan-to-collateral-value (LTV) ratios greater than 100% at origination except for infrequent situations with high quality borrowers. Retail lending decisions are made based upon the cash flow or earning power of the borrower that represents the primary source of repayment. However, in many lending transactions, collateral is taken to provide an additional measure of security. Collateral securing these loans provides a secondary source of repayment in that the collateral may be liquidated. Synovus determines the need for collateral on a case-by-case basis. Factors considered include the purpose of the loan, current and prospective credit-worthiness of the customer, terms of the loan, and economic conditions. Synovus home equity loan portfolio consists primarily of loans with strong credit scores, conservative debt-to-income ratios, and loan-to-value ratios based upon prudent guidelines. These loans are primarily extended to customers who have an existing banking relationship with Synovus.

Synovus believes it has prudently granted credit within its retail residential real estate portfolio which includes its home equity line of credit (HELOC) and Consumer Mortgage loans. The home equity loan portfolio consists primarily of loans with strong credit scores (weighted average FICO score of 752 at December 31, 2010) and conservative debt-to-income ratios (average debt-to-income ratio of 29.3% at December 31, 2010). These loans are primarily extended to customers who have an existing banking relationship with Synovus. The utilization rate (total amount outstanding as a percentage of total available lines) of this portfolio was approximately 62% at both December 31, 2010 and 2009.

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Synovus does not currently develop or offer specific sub-prime, alt-A, no documentation or stated income retail residential real estate loan products. Synovus estimates that, as of December 31, 2010, it has approximately $126 million of retail residential real estate loans (4.0% of said portfolio and 0.6% of the total loan portfolio) with FICO scores at origination that were below Fannie Mae and Freddie Mac eligibility thresholds, which could be considered subprime. While FICO scores are one key indicator of credit risk, Synovus makes retail residential real estate lending decisions based upon a number of key credit risk determinants including FICO scores as well as bankruptcy predictor scores, loan-to-value, and debt-to-income ratios. Through its mortgage subsidiary, Synovus previously originated Fannie Mae alt-A loans with the intent to sell these loans into the secondary market. Synovus no longer originates such loans and as of December 31, 2010 has $1.4 million of such loans remaining on its balance sheet.

Prior to July 2009, Synovus loan policy did not specifically prohibit the origination of no documentation or stated income loans as long as such loans were supported by other risk mitigating criteria including, but not limited to, established banking relationship history, significant cash on deposit, and/or compensating loan-to-value or debt-to-income ratios. Since July 2009, as Synovus continues to tighten its retail residential real estate origination policy, no documentation or stated income loans are permitted to be made only on an exception basis and only if supplemented by the mitigating criteria previously noted. While Synovus does not currently offer specific no documentation or stated income retail residential real estate loan products, loans with these characteristics could have been issued under the previous loan policy or as an exception under the current loan policy, primarily to individuals with existing banking relationships. Synovus does not believe it has originated a significant dollar amount of such loans and does not believe that extending such loans has had a significant negative impact on the credit quality of the portfolio.

At December 31, 2010, weighted average FICO scores within the retail residential real estate portfolio were 752 (HELOC) and 740 (Consumer Mortgages). FICO scores within the retail residential real estate portfolio have remained stable since 2007. Total past dues within the retail residential real estate portfolio as of December 31, 2010 were 0.9% (HELOC) and 1.6% (Consumer Mortgages) compared to 0.8% (HELOC) and 2.1% (Consumer Mortgages) at December 31, 2009. The net charge-off ratio for the year ended December 31, 2010 was 1.9% (HELOC) and 3.2% (Consumer Mortgages) compared to 2.3% (HELOC) and 2.2% (Consumer Mortgages) for the year ended December 31, 2009.

Monitoring of Collateral

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

For credits that are not on impaired status, Synovus generally obtains a third-party appraisal of the value of the real estate collateral prior to each loan renewal. Additionally, if conditions warrant (e.g., loans that are not considered impaired but exhibit a higher or potentially higher risk), Synovus engages a third party to reappraise the value of the collateral on a more frequent basis. Examples of circumstances that could warrant a new appraisal on an existing performing credit include instances where local market conditions where the real estate collateral is located have deteriorated, the collateral has experienced damage (fire, wind damage, etc.), the lease or sell-out of the collateral has not met the original projections, and the net operating income of the collateral has declined. In circumstances where the collateral is no longer considered sufficient, Synovus seeks to obtain additional collateral.

Table 23 Five Year Composition of Loan Portfolio

	December 31,									
	2010		2009		2008		2007		2006	
(dollars in thousands)	**Amount**	**%(1)**	**Amount**	**%(1)**	**Amount**	**%(1)**	**Amount**	**%(1)**	**Amount**	**%(1)**
Commercial										
Commercial, financial, and agricultural	**$ 5,267,861**	**24.4%**	$ 6,003,735	23.7%	$ 6,747,928	24.2%	$ 6,420,689	24.2%	$ 5,874,204	23.8%
Owner occupied	**3,996,950**	**18.5**	4,443,611	17.5	4,499,339	16.1	4,226,707	16.0	4,054,728	16.4
Real estate construction	**3,112,919**	**14.4,**	5,171,398	20.4	7,295,727	26.1	8,022,179	30.3	7,517,611	30.5
Real estate mortgage	**5,267,661**	**24.4**	5,571,442	21.9	5,024,640	18.0	3,877,808	14.6	3,595,798	14.6