SYNOVUS®

SAMUEL F. HATCHER
General Counsel

March 6, 2009

Special Inspector General – TARP
1500 Pennsylvania Avenue, NW
Suite 1064
Washington, D.C. 20220
Attn: Neil M. Barofsky

Dear Mr. Barofsky:

This letter is written in response to your letter to Synovus Financial Corp. ("Synovus") dated February 6, 2009.

BACKGROUND

Synovus is a $35 billion financial services holding company organized under the laws of the State of Georgia. Synovus owns thirty-one (31) separate banks (the "banks" or a "bank") which operate in Georgia, Florida, Alabama, South Carolina and Tennessee. In addition to the banks, Synovus also operates direct or indirect subsidiaries providing financial management, insurance, mortgage, leasing and related services.

Synovus filed its Application for TARP Capital Purchase Program on October 24, 2008. At the time, our largest bank was Columbus Bank and Trust Company. We received notice of the approval of our application by letter dated November 14, 2008, and the transaction was closed on December 19, 2008, at which time Synovus received $967,870,000.00. Accordingly, we only had the use of the TARP funds for a few business days in 2008. At the time of writing this letter, we only have information through January 31, 2009, and the information in this letter is through that date.

Our corporate website is www.synovus.com. Copies of our recently filed annual report on Form 10-K and our proxy statement can be found on this site, together with corporate governance and other relevant corporate documents and information. While we have made every effort in this letter to answer each question accurately and completely, it is not always possible to specify whether a specific expenditure was made from one particular source of capital. Our publicly filed documents provide a comprehensive overview of the company that shows all sources and uses of funds, and reference is made to them for the purposes of this letter.

Post Office Box 120 / Columbus, Georgia 31902 / (706) 644-4982

USE OF TARP FUNDS

A. **Anticipated Use of TARP Funds.** Synovus expects to use the TARP funds as the Treasury wants us to use them, as expressed in public statements, statements from our regulators, laws and regulations, and our agreements signed in connection with the Capital Purchase Program. We expect that the expectations and requirements will change and become more specific over time.

[redacted]

B. **Segregation of TARP Funds.** We did not segregate our TARP funds from funds available to us from other sources.

C. **Actual Use of TARP Funds to Date.**

   1. **Immediate Use from Receipt on December 19, 2008 through December 31, 2008.** Please see Exhibit B attached to this letter for a summary of our use of TARP funds between December 19, 2008 and December 31, 2008. These transactions were purely internal to Synovus. Because Synovus is a holding company, these transactions were necessary to get the funds into certain of our independently-chartered banks as shown on Exhibit B, enabling us to pursue the original purposes of TARP: to strengthen banks and, ultimately, better position them to lend.
      a. **Contributions to Banks.** Before December 31, 2008, Synovus made capital contributions in the aggregate amount of $249,136,142.00 to certain of its banks, as listed on Exhibit B.
      b. **Funds to BAM/Purchase of Assets from Banks.** In December, 2008, we formed a wholly owned subsidiary of Synovus called Broadway Asset Management, Inc. ("BAM"). [redacted] Before December 31, 2008, Synovus made available to BAM through debt and equity contributions the amount of $473,722,266.00. BAM then used the funds to purchase non-performing assets from certain of our banks, as listed on Exhibit B. Through the combination of capital contributions by Synovus and asset purchases by BAM, certain of our banks received the total amounts shown on Exhibit B. These banks would have ended up with the same amount of funds even if BAM

had not been formed to purchase certain assets, but the use of BAM has several advantages:

- **Bank level regulatory.** The BAM transaction did not directly affect the capital ratios at the Synovus holding company level; however, the sale of problem assets to BAM did significantly improve capital and other ratios in our independently-chartered banks which sold assets to BAM as shown on Exhibit B.
- **Focus of Expertise.** We concentrated our problem asset management and resolution expertise in BAM, and this move also freed up our bankers to use their expertise in more traditional banking activities rather than in dealing with problem assets.

c. **Retained by Synovus.** Synovus retained $245,011,592.00 at the holding company level for future uses.

2. **Use of Funds by Banks after December 31, 2008.**

a. **Working with Homeowners.** Synovus banks have a portfolio of first mortgages secured by owner-occupied primary residences ("Residential Loans") in the amount of approximately $1.7 billion as of January 31, 2009. Currently, 266 loans in the aggregate amount of $41,341,429.00 are past due between 30 and 89 days, and 40 loans in the aggregate amount of $10,132,184.00 are past due 90 days or more. Forty-seven (47) loans are in the foreclosure process. We have suspended all foreclosures, so that no Residential Loan will be foreclosed until the Homeowner Affordability and Stability Plan (Making Home Affordable) is in place and can be addressed. In addition, our subsidiary Synovus Mortgage Corp. has over the years originated many residential mortgages and sold them in the secondary market, but Synovus Mortgage Corp. does not retain servicing. Currently, Synovus Mortgage Corp. has a portfolio of residential loans in the amount of approximately $227,000,000.00 that are held for sale.

b. **Other Lending.** During January, 2009, our banks made a total of $1.1 billion of new and renewed loans. However, our total loans outstanding decreased by a net amount of $170,000,000.00 for the month of January 2009. In other words, even though we made a substantial amount of new and renewed loans, our loan reductions through loan repayments, foreclosures, and charge-offs more than offset the new and renewed activity. Our system currently provides us with a total of new and renewed loans, but it is not able to differentiate between new and renewed.

D. **Expected Use of Unspent TARP Funds.** We expect to use the unspent TARP funds as we are currently using them (protecting homeowners and making new loans to stimulate the economy) and as directed or encouraged by our regulators and the US Treasury. [redacted] As to the funds retained by Synovus, we expect to use them to pay dividends on the TARP CPP preferred shares and for certain other debt service at the holding company level, as well as using them at our banks.

E. **What We Could Not Have Done Without TARP.** Without the TARP funds, we would not have been able to move capital into our banks to the same extent, and our banks in turn would have had less capital and liquidity for making new loans.

EXECUTIVE COMPENSATION

A. **Amendments to Executive Compensation Plans.** On December 19, 2008, as required by TARP, our senior executive officers entered into agreements with Synovus that amended the following Synovus executive compensation programs:

- the change of control agreements with our named executive officers;
- the Synovus Financial Corp. Executive Cash Bonus Plan, pursuant to which short-term incentive awards are made to our executive officers; and
- the Synovus Financial Corp. 1996, 2000 and 2002 Long-Term Incentive Plans and the Synovus Financial Corp. 2007 Omnibus Plan, pursuant to which certain long-term incentive awards have been made to our named executive officers.

The specific amendments were: (1) adding a recovery or "clawback" provision to the Company's incentive compensation programs requiring that senior executive officers return any bonus or incentive compensation award based upon materially inaccurate financial statements or performance metrics; (2) amending the Company's change of control agreements for the senior executive officers so that any future severance payments under such agreements will be limited so that no "golden parachute payments" will be made; and (3) agreeing to the limit on tax-deductible compensation for the senior executive officers of $500,000. These amendments were effective December 19, 2008 and continue to remain in effect for so long as the Treasury Department holds debt or equity securities issued by Synovus under the Capital Purchase Program.

Copies of the actual amendments will be provided upon request.

B. **Incentive Compensation Plan Risk Assessment and Certification.** As required under the provisions of TARP, our Compensation Committee (the "Committee") met with our Chief Risk Officer on January 22, 2009 to review the Company's incentive compensation plans. The purpose of the assessment was to identify any features of the Company's incentive compensation plans that could encourage the Company's senior executive officers to take "unnecessary and excessive" risks that threaten the value of Synovus.

The Committee reviewed a number of incentive compensation plan design features as part of its assessment. The features that were reviewed included the "mix" of salary and incentive compensation, the incentive compensation performance measures themselves, the relationship between the performance measures and the corresponding incentive payouts, the use of equity in incentive awards, and the equity retention requirements for executives who receive awards.

With respect to the Company's annual short-term incentive bonus program, the Committee noted that percentage change earnings per share had been used as the quantitative measure. The Committee believed that bonus goals had been set at achievable and realistic, yet challenging, levels. The Committee also concluded that the payment of short-term incentives in cash was appropriate and consistent with market practice. [redacted]

With respect to the Company's long-term incentive plan, the Committee concluded that the "mix" of 50% restricted stock unit awards and 50% stock options was appropriate since there are advantages and disadvantages to every form of equity award. The Committee also concluded that the total shareholder return measures (both absolute and as compared to peers) were in the best long-term interests of shareholders, and that the 3-year measurement period did not encourage senior executive officers to take unnecessary or excessive risks through short-term actions that could influence stock price. The Committee also noted that it had not made any "mega-option" grants or any highly-leveraged performance-based restricted stock grants that could encourage the senior executive officers to take such risks.

Although the Committee noted that the "mix" of long-term incentive compensation was more performance-leveraged than the Company's peers, the Committee did not believe that the "mix" was unreasonable or encouraged senior executive officers to take unnecessary or excessive risks. The Committee noted that it established base pay and all incentive awards at the median of the Company's peers. The Committee also noted that it had adopted stock ownership guidelines and "hold until retirement" provisions for the Company's executives.

Although the Committee did not conclude any features of its compensation plan necessarily encouraged senior executive officers to take "unnecessary and excessive" risks that could threaten the Company's value, the Committee concluded that it was appropriate to [redacted] The Committee certification required by TARP will appear in Synovus' proxy statement.

CONCLUSION

We request confidential treatment of this letter and its supporting documents.

This letter is signed by a duly authorized senior executive officer of Synovus, who hereby certifies to the accuracy of all statements, representations, and supporting information provided herein, subject to the requirements and penalties set forth in Title 18, United States Code, Section 1001.

We have included certain significant internal and external communications with respect to TARP/CPP and our participation in it.

If you have any questions or want any additional information, please let us know.

Sincerely,

Samuel F. Hatcher

EXHIBIT A

b(4), b(8)

[redacted]

EXHIBIT B

SYNOVUS FINANCIAL CORP.

Cash Injection into Synovus Banks from 12-19-08 through 12-31-08

Bank Name		Capital Contributions		Assets Purchased by BAM		Total
Athens First Bank & Trust (Athens)	$	10,000,000	$	31,403,334	$	41,403,334
Bank of Coweta (Newnan)	$	16,039,000	$	20,570,855	$	36,609,855
Bank of North Georgia (Atlanta)	$	142,395,412	$	309,554,076	$	451,949,488
CB&T Bank of Middle Georgia (Warner Robins)	$	7,000,000			$	7,000,000
Coastal Bank & Trust (Pensacola)	$	13,500,000	$	14,738,667	$	28,238,667
Commercial Bank & Trust (LaGrange)	$	80,000			$	80,000
Commercial Bank (Thomasville)	$	477,000			$	477,000
First Commercial Bank (Birmingham)	$	2,567,000			$	2,567,000
First Community Bank (Tifton)	$	671,000			$	671,000
First State Bank & Trust (Valdosta)	$	833,000			$	833,000
Georgia Bank & Trust (Calhoun)	$	3,040,730	$	12,884,990	$	15,925,720
National Bank of South Carolina (Columbia)	$	22,087,000			$	22,087,000
Sea Island Bank (Statesboro)	$	2,947,000			$	2,947,000
Sterling Bank (Montgomery)	$	3,004,000			$	3,004,000
Synovus Bank of Jacksonville	$	2,499,000			$	2,499,000
Synovus Bank of Tampa Bay	$	14,000,000	$	74,637,288	$	88,637,288
The Bank of Nashville	$	5,496,000			$	5,496,000
Trust One Bank (Memphis)	$	2,500,000	$	9,933,056	$	12,433,056
Total	$	249,136,142	$	473,722,266	$	722,858,408

In addition to the cash injections above, Synovus' bank subsidiary, Columbus Bank and Trust Company did not pay an approved $75,000,000 dividend to the holding company in December.

Synovus/CPP/TARP Communications

3/4/09

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External

Media Coverage

Associated Press
Sector Snap: Bank stocks mostly fall
By Sara Lepro, AP Business Writer
10/9/08

Bank stocks mostly fall amid news US is considering part ownership stakes

NEW YORK (AP) -- Most bank stocks fell Thursday amid news that the Bush administration is considering taking part ownership in a number of U.S. banks in its continued effort to help prop up ailing financial institutions.
The aim of such a move would be to help loosen the credit markets and encourage lending among banks and to consumers.

An administration official, who spoke late Tuesday on condition of anonymity because no decision has been made, said the $700 billion rescue package passed by Congress last week allows the Treasury Department to inject fresh capital into financial institutions and get ownership shares in return.

"Will financial institutions go for that? There's a lot of questions," said Peter Cardillo, chief market economist at Avalon Partners. "I think what's happening here is that the markets are not giving the previous plans time to work. There is just no confidence in the marketplace, no confidence in the government."

Proponents of the idea insist it would help to jump-start lending, while others stress it would be detrimental to shareholders.

"We would generally stay away from financial equities, as their future capital structure is uncertain given the growing likelihood of direct equity investment in financials by the government," wrote Friedman, Billings, Ramsey & Co. analyst Paul J. Miller in a note to clients Thursday. "Any widescale direct investment by the government into the banking system would be good for the economy and good for debt holders, but bad for equity investors."

Miller said one possible indicator of how a government investment in banks may work is the implementation of a similar plan in the U.K. Britain plans to invest $87 billion in bank equity, though no U.K. bank has received any investments yet. In Iceland, the government now has control of the country's three major banks as it struggles to contain the troubles there.

Jason O'Donnell, senior research analyst at Boenning & Scattergood Inc., said an injection of capital by the government would be a plan of last resort.

"It would be a tool that's used in a desperate scenario," he said. "It's not a mechanism that shareholders would prefer, but in the event that you have select institutions that are suffering, this could give them the capital they need to weather the credit crisis over the next few quarters."

Financial companies have been among the hardest hit by the credit crisis and their shares have been pummeled along with the broader market this week. In the past year and a half, banks have faced mounting losses as mortgages have increasingly defaulted and bonds backed by the troubled loans have lost much of their value. Those losses have led banks to freeze up lending to each other and to consumers in fear of more losses.

The unprecedented upheaval in the markets has led the government to take extraordinary measures, including passing the financial rescue package, to try and bring some stability to the markets and restore confidence in the financial system.

"It's just as much about the confidence this creates in the investment community as it is about the benefit of the additional capital," said O'Donnell. "I think retail and institutional investors at this point are trading on a basis of fear more so than they are the fundamentals of the companies."

The expiration of a three-week ban on short selling imposed by regulators may also have had a detrimental effect on financial stocks Thursday.

Short selling, which is legal and widely used on Wall Street, involves borrowing a company's shares, selling them, and then buying them back when the stock falls and returning them to the lender. The short-seller pockets the difference in price.

Regulators previously have said that short selling exacerbated the financial crisis and contributed to the plunging values of investment- and commercial-bank stocks, as well as the demise of Lehman Brothers.

But some analysts believe the ban did more harm than good, contending that short sellers help the market rally by covering their bets and creating demand for stocks.

Among some of the biggest decliners in the sector included Marshall & Ilsley Corp., which dropped $2.81, or 16 percent, to $14.64, and **Synovus Financial Corp., which lost $2.07, or 20 percent, to $8.41.**

Cleveland-based KeyCorp fell $1.90, or 21 percent, to $7.10.

Wells Fargo & Co. fell $4.10, or 13 percent, to $27.80.

Columbus Ledger-Enquirer
City officials say funds are safe
By Ben Wright
10/15/08

Despite a faltering economy and some banks failing, Columbus' fund balance of some $39 million is safe in a number of banks, city officials said Tuesday.

City Manager Isaiah Hugley updated members of Columbus Council after the city received numerous telephone calls and e-mails from concerned residents. Over the last two weeks, several banks across the nation have failed and Congress has approved a $700 billion bailout package to keep the country from plunging into a recession.

Hugley said residents were concerned the city could lose all of its money if Columbus Bank & Trust Co., the bank for the consolidated government, faced financial problems. It has several accounts at the city's largest bank but a fund balance of an estimated $39 million is kept at other banks, he said.

Pam Hodge, the city's director of finance, said the city's money is protected.

Steve Melton, president and chief executive officer of Columbus Bank & Trust Co., said not only is the city's money safe, but everybody's money is safe at the bank. "We are highly capitalized," Melton said.

The bank president said the banking institution has more than $700 million in capital, $62 million in loan-loss reserves and has been growing core deposits.

Many of the banks that recently failed were involved in subprime loans and securities. "We have not made subprime mortgages and securities," Melton said. "We have not participated in things that caused problems for larger banks."

Hugley told the council that balances kept at CB&T are secured. The city also has Georgia Fund 1, offered by the state of Georgia to counties, municipalities, state agencies and other authorized entities as a liquid investment alternative.

With banking institutions facing problems, Councilor Glenn Davis asked if the city needed a higher rate of protection.

When Councilor C.E. "Red" McDaniel asked Hodge about the fund balance or the city's reserve fund, Hodge said the financial statement wasn't complete but Hugley noted the total was approximately $39 million.

Dick's World.com
Synovus Looks at Government Offer to Buy Shares
10/15/08

While the nation's nine largest banks have signed an agreement to sell shares in their banks to the government, smaller banks will also be a part of the action. Richard Anthony, Chairman and CEO of Synovus told me today that his company is "looking at" the offer.

Richard Anthony, Chairman and CEO, Synovus

"Do you need it?" I asked,.

"Well, not right now, but, looking to the future, we can never not be interested in capital sources."

He likes the idea of the government buying equity as opposed to pouring tax dollars into toxic mortgage securities, which is what it appeared would happen when Congress first agreed to the $700 billion banking bailout.

"So the government is going to have some ownership in banks," I said.

"Well, yes, but it will not be voting stock. It will be preferred stock."

Stephen A. Melton, CB&T President and CEO

And how has this financial crisis affected business at Synovus' Columbus Bank and Trust Company? President and CEO Stephen Melton says business is slower, but it's not because CB&T has changed or tightened its loan policy. That hasn't changed, he said. "We are making fewer loans simply because demand is lower."

Anthony said that the biggest problem is in the housing industry. He said that once that gets back up and running again things will get better. He was inducted into the Rotary Club of Columbus as a new member today.

Richard Hyatt's Columbus.com
Synovus doesn't need feds money
10/16/08

Synovus doesn’t need federal money right now - but Richard Anthony didn’t rule it out.

“Not right now, but, looking to the future, we can never not be interested in capital sources,” the Synovus CEO told local blogger Dick McMichael.

Anthony prefers the government buying equity in lending firms instead of investing in mortgage securities, but he said the Treasury Department would not control the nation’s nine largest banks.

“It will not be voting stock,” Anthony says. “It will be preferred stock.”

At the same time the feds pour billions of dollars into commercial banking, large bank holding companies and foreign investors have their eyes on the nation’s smaller banking institutions.

With Wells Fargo’s $12 billion purchase of Wachovia, some analysts predict a flood of mergers will follow.

“The U.S. banking industry is up for sale and it’s a Kmart blue-light special,” an analyst at Morgan Keegan told USA Today.

As the dust settles (whenever that is) mega banks will emerge. To maintain their place in the standings, these large holding companies will feed on local and regional companies.

Companies such as Synovus could find themselves on the menu as these superpowers - hungry for assets, customers and an increased presence in the rapidly changing marketplace - look for ways to grow.

BusinessWeek Digest.com
10/21/08

Synovus Financial Corp. shares dove Monday after a Citi Investment Research analyst cut his full-year profit estimate due to expectations for higher credit costs and near-term pressure on the bank's capital levels.

Shares lost $1.40, or 12.5 percent, to $9.80. Shares have traded between $7.19 and $26.86 in the past 12 months.

In a note to clients late Friday, analyst Greg Ketron cut his full-year earnings estimate by 9 cents to 34 cents per share. He expects credit deterioration to spread beyond the bank's residential construction portfolio as the economy worsens.

Ketron forecasts earnings of 6 cents per share in the third quarter. Synovus will report financial results on Thursday. Analysts surveyed by Thomson Reuters, on average, anticipate earnings of 7 cents per share.

"In addition to credit, we believe investors will focus their attention on the company's capital position and management's net interest margin outlook," Ketron said.

He added that the Columbus, Ga.-based bank may elect to participate in the government's recently announced plan to buy equity stakes in banks, which would help boost its capital and alleviate some concerns.

The Street.com
Real Estate Pain on Tap for Smaller Banks
12/04/08
PRSP , CORS , ZION , WHI , RF , SNV , FITB
Philip van Doorn

In another similarity with W Holding Company, R&G Financial has been unable to file a timely quarterly or annual financial statement in over four years. The company restated its financial statements for 2002, 2003 and 2004 in November 2007, and is working now to restate subsequent results. The restatements resulted from a reassessment of accounting related to transfers of loans and participations, mortgage securitizations and loan sales.

While WHI effected a reverse stock split on Tuesday, which enabled the company to avoid being delisted from having its shares trade below a dollar for an extended period, R&G's shares were trading on the Pink Sheets, closing at ten cents.

R&G Financial did not comment for this article.

Bank of North Georgia
The past year hasn't been good for banks headquartered in Alpharetta, Ga. Integrity Bank, with $1.1 billion in total assets, was closed by state regulators on Aug. 29 and all deposits were taken over by Regions Bank (held by Regions Financial (RF Quote - Cramer on RF - Stock Picks)). Alpha Bank, with $354 million in assets, was shuttered on Oct. 24, with deposits taken over by Stearns Bank NA. These followed NetBank, which was the first major failure resulting from the mortgage crisis, in late September 2007.

While it is the fourth institution on the list, Bank of North Georgia (a subsidiary of Synovus Financial Corp. (SNV Quote - Cramer on SNV - Stock Picks)) seems unlikely to follow suit, considering its holding company's relatively deep pockets.

Synovus, with $34 billion in total assets and (at last count) 36 banking subsidiaries in the Southeast, received preliminary approval for $973 million in TARP money on Nov. 14.

Bank of North Georgia's ratio of nonperforming CRE and CCL to total assets was 2.65% as of Sept. 30, and its total nonperforming assets ratio was 6.03%. Loan loss reserves covered 1.53% of total loans, keeping ahead of the year-to-date net charge-off ratio, however, the annualized pace of charge-offs for the third quarter was 2.37%.

With a high concentration of CRE and CCL and considering its location, it's reasonable to expect continued increases in nonperforming loans and elevated charge-offs. With the bank losing $25 million in the third quarter mainly from a $24 million provision for loan loss reserves, the risk-based capital ratio fell to 10.11%. Synovus will be expected to do whatever's necessary to keep Bank of North Georgia well-capitalized.

Atlanta Business Chronicle
UCBI completes stock sale to U.S. Treasury
by Joe Rauch Staff Writer
12/08/09

Blairsville-based United Community Banks Inc. completed its sale of $180 million in preferred stock shares to the U.S. Treasury, as part of the federal government's $350 billion capital purchase program.

The deal's completion comes on the heels of United Community's Nov. 18 announcement its application for government stock investment had been approved.

Under the terms of the U.S. Treasury's Capital Purchase Program, the federal government will purchase nonvoting stock interest in qualifying banks nationwide. The stock pays a five percent dividend for the first five years, and banks are subject to executive compensation restrictions under the program.

United Community (NASDAQ: UCBI) is the second Georgia bank to receive government stock investment.

Georgia's three largest banks--SunTrust Banks Inc. (NYSE: STI) , Synovus Financial Corp. (NYSE: SNV) and United Community Banks--have been approved for Treasury funds.

SunTrust already received $3.5 billion in U.S. Treasury stock investment on Oct. 27, while Synovus' investment is pending shareholder approval to create preferred stock shares.

United Community has roughly $8 billion in total assets, with branches located in smaller, rural communities across north Georgia and around metro Atlanta.

Atlanta Business Chronicle
Bailout bucks may get stuck in the vault
by Joe Rauch and Dave Williams Staff writers
12/12/08

Georgia banks are beginning to receive roughly $6 billion in U.S. Treasury stock investment, as part of the federal government's $350 billion Troubled Asset Relief Program.

But one question remains: Will they lend?

Bank leaders say they are leery of the risks.

The U.S. Treasury's recent stock investment in Georgia banks highlights the conflict in the new program.

Political officials have spurred renewed national criticism that the investment program hasn't achieved its intended aims of freeing credit in the broader economy since being approved by Congress and signed into law in October, and are asking for immediate results.

House Congressional leaders scheduled a Dec. 10 hearing to discuss the TARP program's oversight thus far.

"There's a significant level of frustration that while the $700 billion was appropriated 10 weeks ago ... it hasn't appeared to materialize in available credit in the marketplace," said Sen. Johnny Isakson, R-Ga.

Local bankers, however, are cautious about lending, even with the new capital infusions, on loans that appear unlikely to be repaid.

In a weakening economy, they said, the pool of so-called “good” loans shrinks.

“As we look to lend, this will give us a stronger base to lend from,” said Rex Schuette, chief financial officer of United Community Banks Inc. The Blairsville-based bank received $170 million in U.S. Treasury funds.

“But I don’t think the capital implies we’ll just lend without applying our lending standards. We need to feel comfortable with what we’re banking long-term,” he said.

Under the terms of the stock investment program, Georgia’s three largest, state-based banks have all qualified and either received, or will get, new capital. The program allows publicly traded banks to sell preferred stock to the U.S. Treasury, equivalent to as much as 3 percent of their risk-weighted assets.

That program has come under fire because the program is investing directly in banks, rather than purchasing distressed mortgage assets, part of the original outline for the Emergency Economic Stabilization Act, which authorized the bailout.

In addition to United Community, SunTrust Banks Inc. received $3.5 billion earlier this fall, and announced on Dec. 9 it had received approval for a second round of $1.4 billion in U.S. Treasury investment.

SunTrust spokesman Barry Koling declined to comment on any specific conversations with Georgia federal legislators, but said the bank is in regular contact with the appropriate regulatory bodies.

Synovus Financial Corp., pending shareholder approval, is expected to receive about $900 million.

Other investments are pending.

Fidelity Southern Corp., parent of Fidelity Bank, announced Dec. 9 it had received preliminary approval to get $42 million in stock investment.

Schuette said the bank can leverage the money up to eightfold, possibly creating as much as $800 million in new loans across the bank’s footprint.

United Community Banks has, meanwhile, been in contact with its local congressman about its plans for the money, said Nathan Deal, R-Gainesville.

Deal said United Community has reassured him the bank will use its proceeds to lend, after the bank’s bottom line is strengthened.

“[The current U.S. Treasury approach] puts great responsibility on the banks not to hoard these resources or use them to fund the consolidation of weaker banks,” Deal said. “That may not have any benefit to the borrowing public.”

However, Georgia banks with Treasury investment have not ruled out other uses for the funds.

Each of those banks has announced it will use the funds for a mix of new lending, shoring up a listing balance sheet and for possibly assisting in funding acquisitions, following other national banks that have announced similar plans.

That point has rankled Congressional leaders who passed the $700 billion stabilization act earlier this fall.

“I want to make sure the banks are finally getting the message that we gave them this money to lend,” said U.S. Rep. David Scott, D-Atlanta. Scott is a member of the U.S. House Financial Services Committee.

“There is a problem with liquidity not just on Wall Street but throughout the system,” Scott said.

Despite the national criticism, to this point Georgia banks are not receiving direct pressure from the state’s Congressional delegation to spur local lending of the money at the expense of other strategic uses, bankers said, and they are not feeling pressured to lend unnecessarily.

“Building a strong, vibrant bank and banking system is in the public interest, we think,” Koling said, noting the bank sees use of the money for lending and a mix of internal uses - like hiring mortgage counselors - as a recipe that fits the investment’s mandate.

Buying in
Georgia banks will receive roughly $6 billion in total U.S. Treasury stock investment this year, as part of the $350 billion Capital Purchase Program. Local banks receiving approval and money thus far include:
Bank..........Amount
SunTrust Banks Inc...........$4.9 billion
Synovus Financial Corp...........$900 million
United Community Banks Inc...........$170 million
Fidelity Southern Corp...........$42 million
Source: Staff research

Associated Press
Synovus receives capital from US Treasury
12/18/08
Synovus receives nearly $968 million cash infusion under government bailout plan

COLUMBUS, Ga. (AP) -- Regional bank Synovus Financial Corp. said Friday it has completed the sale of nearly $968 million in preferred stock and warrants to the Treasury Department under the federal government's bank rescue plan.

The Columbus, Ga.-based bank said it issued the Treasury 967,870 shares of preferred stock and a 10-year warrant to purchase up to 15,510,737 shares of Synovus' common stock at a price of $9.36. The sale totaled more than $967.8 million.

"This capital provides a dimension of strength to the credit system and to our banks during these challenging economic times," said Richard Anthony, chairman and chief executive officer of Synovus, in a statement. "We expect to utilize these funds to further manage our credit losses, enhance lending efforts and invest in growth opportunities."

Last month, Synovus announced it received preliminary approval to participate in the government's Capital Purchase Program, which is part of the U.S. Treasury Troubled Asset Relief Program that is designed to encourage U.S. financial institutions to build capital and increase the flow of financing to U.S. businesses and consumers.

Treasury has set aside $250 billion dollars to invest in the country's strongest financial institutions.

Synovus operates more than 300 bank branches in Alabama, Florida, Georgia, South Carolina and Tennessee.

Its shares gained 27 cents, or 3.5 percent, to $8.07 in afternoon trading.

The Atlanta Journal-Constitution
By Dan Chapman, Joe Guy Collier, Kelly Yamanouchi
12/20/08

Synovus makes sale to Treasury

Columbus-based Synovus, a financial services company, said it has completed the sale of $967.87 million in preferred stock and warrants to the U.S. Treasury as part of the government's Capital Purchase Program. "We are proud to be selected as one of the banks participating in Treasury's Capital Purchase Program," said Richard Anthony, chairman and CEO of Synovus. "This capital provides a dimension of strength to the credit system and to our banks during these challenging economic times."

Atlanta Business Chronicle
Synovus to merge Americus and Albany banks
Synovus Financial Corp. announced Monday it will merge the operations of two of its subsidiaries.
12/22/08

Synovus (NYSE: SNV) plans to combine Albany, Ga.-based Security Bank and Trust and Sumter Bank and Trust Co. of Americus by the end of the first quarter of 2009, pending regulatory approval. The merged banks will be known as SB&T Bank.

Security Bank President and CEO Mark L. Lane will carry the same titles with the new SB&T Bank. Randolph B. "Randy" Jones, the current president and CEO of Sumter Bank, will serve as SB&T's Americus market president.

"Mark and Randy are recognized as leaders in each of their markets and this combination of talent, expertise, and products will enhance our ability to serve customers and maximize the growth in this region of Georgia," Fred L. Green III, President and COO of Synovus said in a news release. "Through this merger, we will have an even stronger bank and our customers will continue to enjoy the benefits of community banking with exceptional customer service and local credit decisions."

Once completed, the combined banks will have $649 million in total assets in seven locations, Columbus-based Synovus said.

On Dec. 19, Synovus received $967.8 million in funding from the federal government's Treasury Troubled Asset Relief Program (TARP).

CNN Money.com/ Time Magazine
Treasury: $4.7 billion to local banks
Another round of capital investments under the $700 billion bailout brings the total amount dispersed to $172 billion.
By David Goldman, CNNMoney.com staff writer
12/23/08

NEW YORK (CNNMoney.com) -- The Treasury Department, broadening the reach of its bank bailout, said Tuesday it had invested $4.7 billion in another 92 local banks.

Under the $700 billion Troubled Asset Relief Program, Treasury has allocated $250 billion for capital investments in banks.

Treasury lends funds to banks in exchange for preferred shares, warrants, and high-paying dividends. The aim: to encourage strapped-for-cash financial institutions to lend more money and provide much-needed liquidity in the financial markets.

As of Tuesday, the government has injected $172.4 billion into 208 banks.

In the latest round, Columbus, Ga.-based Synovus Financial Corp. (SNV) got the largest amount, receiving $968 million. Whitney Holding Corp. (WTNY) and Wintrust Financial Corp. (WTFC) both received more than $250 million.

The latest round of capital investments saw the first injections of bailout funds into private financial institutions. Of the 13 non-public banks receiving TARP funding, Dallas-based Plains Capital Corp. got the most, with an $87.6 million investment from Treasury.

Until Tuesday, all banks had given warrants to Treasury in exchange for a capital investment.

In the latest round, Boston-based OneUnited Bank gave only preferred stock to the government. A Treasury spokeswoman said the bank caters to a low-income community, and the government did not want to penalize the bank with a warrant due to the service it provides.

The capital investment plan has received the largest portion of the $700 billion bailout money so far. But it was not part of Treasury's initial strategy, which included buying up droves of toxic mortgage-backed securities. The Treasury soon abandoned its initial bid, saying capital injections served as the best method of restoring the financial markets to normalcy.

The plan has been the target of much criticism from lawmakers. Some object to the largest and most solvent banks receiving the largest sums of money. For instance, Wells Fargo (WFC, Fortune 500), JPMorgan Chase (JPM, Fortune 500) and Citigroup (C, Fortune 500) all received $25 billion and Citigroup is set to receive another $20 billion from Treasury.

Other members of Congress and oversight officials have said the plan lacks the ability to determine whether the money lent to banks is being used for its intended purpose.

Columbus Ledger-Enquirer
Bill Heard falls, Synovus cuts jobs among top business stories
By Tony Adams
12/28/09

The struggling economy played into much of the Columbus area’s business news in 2008.
A legendary Chevrolet dealer succumbed to tightening credit standards and slumping sales.

A local bankholding company was forced into layoffs and other expense cuts amid the housing meltdown.

And super-high gas prices - topping out at nearly $4.21 per gallon in Columbus in late summer - put the financial squeeze on virtually every resident and company in the Chattahoochee Valley and beyond.

But it was not a year without progress and hope.

The city landed a major Kia supplier in DongNam Tech, while the region's overall Kia work force ballooned to more than 6,000.

An aircraft manufacturer finished an expansion that looks to put at least 150 people on the payroll and solidify the company's presence in the community.

And an international insurer took the lead on executive compensation, giving shareholders a say on pay and doing away with its CEO's "golden parachute."

Here are the top business stories this year:

Bill Heard is history

Once the nation's largest Chevrolet dealer, Columbus-based Bill Heard Enterprises closed all 14 of its U.S. dealerships by late September, then quickly filed for Chapter 11 bankruptcy protection.

The wheels flew off the business after the nation entered a recession and credit began to dry up for the auto dealer and its customers. Heard also never diversified from the General Motors brand, which suffered severely because of its reliance on gas-guzzling trucks and sport utility vehicles.

"We have cut back drastically on sales. And we have cut back drastically on expenses," 74-year-old Bill Heard Jr., chief executive officer of the nearly 90-year-old company, said in a July interview.

"We didn't react fast enough," Heard said of the swift and deep downturn.

Besides the dealerships, gone in a flash were nearly 3,000 jobs, about 400 of those in Columbus.

But there would be a savior of sorts. Emanuel Jones, a Georgia state senator and auto dealer, purchased the Columbus Chevrolet, Cadillac and Saab dealerships in December. Nearly 1,000 people showed up at a job fair for 100 jobs, with the dealership reopening shortly before Christmas.

"The first thing is the people of this community and their excitement about this store," Jones said of his reasons for making the estimated $25 million purchase.

"The history of this store speaks for itself," he said. "You can't stay in business for almost 90 years and it not be a viable market."

Banking crisis hits home

Synovus Financial Corp., hurting financially from the housing market meltdown and overall credit crisis, announced in September details of a restructuring dubbed "Project Optimus."

The company said it would slash 650 jobs out of its 7,100-person work force at the Columbus-based firm's banks spread across the Southeast. About 230 jobs are being eliminated locally.

“Optimus” is meant to make the company more efficient over a two-year period. But management made no predictions.

“We do think the duration of this is extending out longer than we would have predicted six or eight months ago,” said Richard Anthony, Synovus chairman and CEO. “I’m hopeful that as we get on in to the last half of 2009, we’ll start to see some improvement.”

In November, Synovus received federal approval to receive nearly $968 million in money generated through a government purchase of its stock. The deal, part of the Troubled Asset Relief Program, will give Synovus a reserve of $3.8 billion to weather the financial storm.

At the same time Synovus unveiled its cuts, GreenPoint Mortgage in Columbus said it was closing its local office, eliminating 220 jobs. A Labor Department official later pegged the total number of job losses at GreenPoint, a Capital One operation, at 320. Most of the cuts are to occur by January.

The Atlanta Journal - Constitution
Synovus set to use millions to cover losses
PAUL DONSKY
1/03/09

Synovus, Georgia's second-biggest bank, said Friday it expected to set aside an additional $250 million in the fourth quarter to cover potential loan losses.

That would mark a 53 percent increase in the bank's loan loss allowance, which stood at $464 million at the end of the third quarter.

Synovus blamed its problems on the "current economic conditions" as well as metro Atlanta's troubled real estate market. The bank also said it is evaluating its goodwill --- an accounting value for certain intangible assets --- for "potential impairment."

The company plans to release its fourth quarter earnings on Jan. 22.

The announcement was made after the markets closed. Synovus' shares fell 1.2 percent in light trading on Friday, closing at $8.20.

While the bank has been hard hit by bad real estate bets, Synovus' bottom line was recently shored up when it received a $973 million investment from the U.S. Treasury as part of the federal government's Troubled Asset Relief Program.

Chris Marinac, a banking analyst with Atlanta-based FIG Partners, said the move didn't surprise him.

"In a lot of ways, seeing them take a big charge is very healthy," Marinac said. "They have capacity because of the TARP funds they have and their own cash flow, and they have the ability to now I think hopefully set the stage for at least some stability in 2009."

Synovus is known for buying smaller community banks and allowing them to maintain their names and operate somewhat independently. In metro Atlanta, Synovus owns the Bank of North Georgia and the Bank of Coweta.

The Street.com
Synovus Sinks After Stuffing Loss Cushion
Laurie Kulikowski
1/5/09

Synovus (SNV Quote - Cramer on SNV - Stock Picks) shares sank as much as 17% early Monday after the bank increased the amount it is setting aside for loan losses in the fourth quarter.

The Columbus, Ga.-based bank on Saturday increased its fourth-quarter loan-loss provision by $200 million from the prior period to $350 million, as it warned of higher loan charge-offs and other credit expenses due to the current troublesome economic conditions. Shares recently were falling 13.2% to $7.12, after hitting a low of $6.79 Monday morning.

The bank also said its charge-off ratio rose to 3.2% of its loan portfolio, with the largest component of the loans related to Atlanta residential real estate loans.

The bank on Friday had said it would increase its provision to $250 million with its charge-off ratio increasing to 2.2% of its loan portfolio. It corrected those warnings on Saturday.

Synovus is also assessing its goodwill for potential impairment during the fourth quarter, it said. The bank said it would officially report fourth-quarter results Jan. 22.

Synovus is the latest regional bank to say that further reserve-building was necessary. The company has a large presence in the Southeast. Synovus said during its third-quarter earnings results in October that the Atlanta market represents 56% of its total nonperforming loans in the residential construction and development portfolios.

The banking institution with $34 billion in assets completed the sale of $968 million of preferred stock and warrants to the U.S. Treasury through the Troubled Asset Relief program, or TARP, in mid-December. Synovus had received preliminary approval on Nov. 14.

Synovus CEO Richard Anthony said at the time that the firm plans to use the capital to further manage credit losses, increase lending and invest in other growth opportunities.

US Bancorp (USB Quote - Cramer on USB - Stock Picks) and Regions Financial (RF Quote - Cramer on RF - Stock Picks) also recently warned shareholders that they plan to boost their loan loss provisioning.

At least one analyst, Robert Patten of Regions Financial's Morgan Keegan, cut his rating on Synovus to market perform following the warning.

"While Synovus' announcement for significantly higher credit losses is hardly a surprise given the accelerated pace of deterioration in the housing market and the overall economy that we have witnessed over the last few months, the size of the losses was higher than we had anticipated," he wrote in a note Monday. "If this announcement is management's attempt to catch up and better position the bank to deal with its challenges that would be a positive. The other side is that management was far behind the curve in dealing with credit issues. [O]ur view is it is a little of both."

Patten added that most banks will report "significantly higher" credit losses and large reserve builds during fourth-quarter earnings results. He says the banking industry is likely to post its first overall earnings loss since 1990.

Other Southeastern regional banks, including SunTrust Banks (STI Quote - Cramer on STI - Stock Picks), The South Financial Group (TSFG Quote - Cramer on TSFG - Stock Picks) and Colonial Bancgroup (CNB Quote - Cramer on CNB - Stock Picks), were also trading lower Monday morning as investors worried about their loss exposures.

Scott Valentin, an analyst at Friedman Billings Ramsey, says Synovus' loss expectations for the quarter "suggest that there is no imminent prospect of a recovery, even in markets such as Atlanta or Florida that led us into this recession," according to a note. He worries about other Southeastern regional banks with large construction and commercial real estate portfolios.

SunTrust, which has a "significant presence in these markets, remains the most at risk in our coverage for substantial reserve add and a dividend cut," he notes.

Columbus Ledger-Enquirer
Synovus expects $350M real estate loss
1/06/09

Synovus Financial Corp. stock tumbled Monday after the regional bankholding company said over the weekend that it expects to write off $350 million in real estate loan losses in the fourth quarter of 2008.

Columbus-based Synovus, which operates 31 banks in five Southeastern states, reported Friday that it expects loan losses to reach $250 million in the fourth quarter. It corrected that release Saturday, however, adding an additional $100 million to the total.

Write-offs were around $70 million in the same three-month period a year ago.

The banking firm cited “current economic conditions” in making its loan-loss projection. “The largest component of these elevated charges relates to Atlanta market residential real estate credits,” the company said in its release.

Synovus shares fell out of the gate Monday, dropping $1.41 to under $7 before recovering slightly by mid-afternoon. The stock closed down $1.03 per share, or 12.5 percent, at $7.17.

Several stock market analysts downgraded their financial estimates for the firm based on the loan-loss projections.

Deutsche Bank analyst Rob Rutschow cut his full-year 2008 estimate to a loss of 30 cents per share from a profit of 20 cents. He also revised his 2009 estimate to a loss of 25 cents per share from a profit of 30 cents.

SunTrust Robinson Humphrey analyst Jennifer Demba revised her fourth-quarter estimate to a loss of 51 cents per share from a loss of 31 cents per share. “Given Synovus’ loan mix and geographic footprint, we believe provisioning will continue to be very elevated this year and the loan loss rate may need to be substantially higher,” she wrote in a note to her clients.

Synovus, responsible for more than $35 billion in banking assets, plans to release its earnings report for the fourth quarter and the full-year 2008 on Jan. 22.

In October, the company reported a $26.9 million loss for the third quarter of the year, down from a $135 million profit in the same period the year prior.

It posted a $66 million profit for the first nine months of 2008, but that was down from a $444 million profit the year before as the housing markets were beginning to unravel.

In November, Synovus received federal approval to participate in the Troubled Asset Relief Program. The company got the green light in December to receive nearly $968 million in funds from the sale of its stock to the U.S. government.

"Longer term, I think all banks will basically put that capital to work through some additional expansion and loan growth, and maybe even acquisitions or expansion into new markets," Richard Anthony, Synovus chairman and chief executive officer, said at the time. "But that's not a 2008, and maybe not a 2009, priority."

The firm's banks are located in Georgia, Alabama, South Carolina, Florida and Tennessee.

Investopedia.com
Synovus Financial Drops A Bomb (SNV)
By Eric Fox
1/06/09

Synovus Financial Corporation (NYSE:SNV) dropped a bomb on the Street when it announced a much higher loan loss provision for the fourth quarter than expected on Monday.

The company updated its outlook for the fourth quarter to include a $350 million loan loss provision, and a 3.2% charge-off ratio. The bank stated that the majority of these "elevated charges relate to Atlanta market residential real estate credits".

It was a confusing few days for investors in Synovus. The original press release cited numbers of $250 million for the loan loss provision and 2.2% for the charge-off ratio. The company quickly issued a corrected press release the next day, which exacerbated investors' negative reaction to the news.

Background
Synovus Financial Corporation is a regional bank headquartered in Georgia. It has $34 billion in assets, and conducts business under different regional banking brand names in Georgia, Alabama, South Carolina, Florida and Tennessee. Some of the subsidiary banks under its umbrella include First Commercial Bank and the Columbus Bank and Trust Company.

Synovus has plenty of capital thanks to an investment from the U.S. Treasury in December 2008. The bank sold $967.8 million in preferred stock as part of the Capital Purchase Plan. The U.S. Treasury received 967,870 shares of fixed-rate cumulative perpetual preferred stock, and warrants that enable it to purchase up to 15.5 million shares of Synovus common stock at a strike price of $9.36. The warrants expire in 10 years.

The bank reported fairly strong capital ratios even before the investment from the government. On September 30, 2008, Synovus reported a tier-1 capital ratio of 8.83%, a total risk-based capital ratio of 12.22%, and a tangible common equity to tangible assets ratio of 8.5%. (Learn more in Evaluating A Company's Capital Structure.)

However, there were some signs of distress in the portfolio as of September 30, 2008. The ratio of nonperforming assets to loans and other real estate owned (OREO) was 3.58%, and nonperforming loans reached $770 million. The problem for Synovus is in its construction and land development portfolio in the Atlanta area, which represented 56% of the portfolio's total nonperforming loans.

Singing the Atlanta Blues
Synovus is not the only bank that has had problems in the Atlanta market. The Federal Deposit Insurance Corporation (FDIC) has closed several banks that had heavy loan concentrations in the Atlanta area, including Integrity Bancshares (OTC:ITYC).

BB&T Corp. (NYSE:BBT) reported in its most recent quarter that the Atlanta market was one of its most challenging markets, with "8.42% non-accruals and almost 4% charge-offs" in that market construction and land development portfolio. The only market that fared worse was Florida. Regions Financial (NYSE:RF) said that the Georgia market was one of its "markets of concern" that the company monitors closely.

United Community Banks (Nasdaq:UCBI) also upped its loan loss provision. The bank now expects an $85 million loan loss provision in the fourth quarter, and said it expects its "loan loss provision and charge-offs to remain at elevated levels due to continued credit deterioration and current economic conditions, particularly in the residential construction portfolio in the Atlanta market."

Conclusion: Housing Market Deterioration
The increased loan loss provision at Synovus was not a total surprise given the anecdotal news showing up in the media everyday. However, the stock reaction was exacerbated by the error the company made in the final amount of the loss, and it demonstrates the continued deterioration of the housing market.

The Street.com
Synovus Shows Why Banks Aren't Lending
Philip van Doorn
01/07/09

Synovus Financial's (SNV Quote - Cramer on SNV - Stock Picks) recent $200 million increase to its fourth-quarter loan-loss provision illustrates the folly of critics' cries for banks to immediately use government bailout money to begin making loans again.

Synovus, the Columbus, Ga., holding company, saw shares close down 13% to $7.17 Monday, after it said over the weekend that its fourth-quarter provision for loan losses would increase $200 million from the third quarter to $350 million -- not $250 million, as it announced on Friday. Several prominent analysts responded by lowering their earnings estimates. The Thomson Reuters fourth-quarter consensus was a loss of 36 cents per share. The company is scheduled to report earnings on Jan. 22.

In the case of Synovus, which has received $968 million from the Treasury's $700 billion Troubled Assets Relief Program, or TARP, it's pretty clear that expected loan losses could eat up a significant portion of that capital over the next year.

Objections to the capital infusions were expressed in the Dec. 10 "First Report," of the Congressional Oversight Panel for Economic Stabilization, chaired by Harvard law professor Elizabeth Warren.

The panel asked if the capital infusions had "increased lending and unfrozen the credit markets or simply bolstered banks' books," a jab that signaled some hostility to the industry. Treasury, in its Dec. 31 response to the panel's report, said its efforts had mitigated the risk of a wider systematic breakdown.

But considering that it takes time for loan losses to play out, "bolstering bank's books" may just be the right medicine to help a company like Synovus ride out the losses.

Synovus is not the only Georgia holding company padding its loan-loss cushion. **United Community Banks** (UCBI Quote - Cramer on UCBI - Stock Picks) of Blairsville on Monday said it was setting aside $85 million for loan losses in the fourth quarter, keeping ahead of $74 million in loan charge-offs during the period.

While the company didn't provide an estimate of its fourth-quarter earnings, the consensus earnings estimate was a loss of 33 cents per share. This is a very low loss estimate, considering that in the third quarter, when the company made a $76 million provision for loan losses, its net loss was $39.9 million, or 84 cents per share.

United Community, with $8 billion in total assets as of Sept. 30, said its ratio of reserves to total loans was 2.14% at the end of December, but the high level of charge-off activity pointed to more trouble ahead. While we can only come up with a very rough estimate at this point, the $74 million in fourth-quarter loan charge-offs put the company at an annualized charge-off rate approaching 5%. If loan losses continue at this pace, several more quarters of net losses will result.

The market would seem to agree, as United Community's shares sank 13% Tuesday, closing at $11.07, while the S&P 600 SmallCap Financials index was up 2%.

United Community Banks has received $180 million in TARP money.

Finally, Georgia's largest bank holding company, **SunTrust Banks**(STI Quote - Cramer on STI - Stock Picks), saw shares fall 7% Monday following the Synovus announcement, closing at $27.88.

SunTrust received a second helping of TARP money on Dec. 31, bringing its total capital infusion from the Treasury to $4.9 billion. After not taking the maximum allowed capital infusion of 3% of risk-weighted assets back in October, the company changed its mind in early December.

"Given the increasingly uncertain economic outlook, we have concluded that further augmenting our capital at this point is a prudent step," CEO James M. Wells III said.

Looking back, and considering the political uncertainty in light of the controversy surrounding the TARP, a prudent approach in this environment is to take the capital when you can get it.

SunTrust is scheduled to announce its fourth-quarter results before the market opens on Jan. 22. SunTrust reported a 42% sequential slide in profits to $312 million in the third quarter.

2008 was a rough year for Georgia banks, with five failing, the most recent being Haven Trust Bank, which was closed by regulators on Dec. 12. Haven was acquired by **BB&T Corp.** (BBT Quote - Cramer on BBT - Stock Picks), following a trend of large regional banks expanding their deposit base with dirt-cheap acquisitions of failed institutions.

SunTrust acquired the branches and insured deposits of the failed First Priority Bank of Bradenton, Fla., back in August.

Regions Financial (RF Quote - Cramer on RF - Stock Picks) acquired Integrity Bank of Alpharetta, Ga.'s branches when it was shuttered later in August.

Fifth Third (FITB Quote - Cramer on FITB - Stock Picks) acquired all of the deposits and branches of Freedom Bank, Bradenton, Fla., on Halloween.

TheStreet.com
Banking
Dividend Cuts On the Way for Banks
By Philip van Doorn
1/13/2009

More bank holding companies are likely to cut their dividends in the near future, as even some large banks that remained profitable during the first three quarters of 2008 paid out more than they earned.

On Monday, Morgan Keegan Analyst Robert Patten lowered fourth-quarter earnings estimates for 14 regional banks and, based on the reduced estimates, predicted that SunTrust (STI) , Synovus Financial (SNV) and Marshall & Ilsley (MI) would cut their payouts to investors "in the next few months or when they report [fourth-quarter] earnings." SunTrust and Synovus were among several Georgia banks that recently increased their provisions against expected loan losses.

Even for these and other companies receiving money through the federal government's $700 billion Troubled Assets Relief Program, raising and/or preserving capital remains a primary concern right now, especially when you consider that TARP capital is really money borrowed from the federal government. While the initial dividend rate on preferred shares issued to the Treasury is 5%, that rate will bump to 9% after five years, making the eventual cost of this capital rather high.

One way to predict which companies might have further cuts in store is to take a look at dividend payout ratios, which is the dividends paid out to investors divided by income before extraordinary items. We have limited our sample to bank holding companies with over $10 billion in total assets with positive year-to-date net income as of September. Thrift holding companies are not included.

Profitable Large Publicly-Traded Bank Holding Companies with Highest Payout Ratios

Highline Financial, Inc.

Some of these companies have already reduced or suspended dividends.

Fifth Third

Fifth Third Bancorp (FITB) has the top dividend payout ratio on our list. The Cincinnati-based company managed a slight year-to-date profit, despite a net loss of $202 million in the second quarter and a loss of $56 million for the third quarter. It cut its quarterly dividend to a penny per common share on Dec. 16, after cutting it to 15 cents in the second quarter from 44 cents in the first quarter.

Following the dividend cut, Fifth Third completed its issuance of preferred shares to the Treasury, to receive $3.4 billion in capital from the TARP.

The Morgan Keegan report called Fifth Third one of the "earnings challenged small/mid-cap" holding companies that could be an acquisition target, possibly encouraged by regulators. It is scheduled to release its earnings results Jan. 22, before the market open.

Bank of America

Bank of America (BAC) posted net income of $5.9 billion for the first three quarters of 2008, while paying out common and preferred dividends of $9.5 billion. The Thomson Reuters consensus earnings estimate for the fourth quarter is 15 cents per share, although it would seem a tall order for the company's fourth quarter performance to match the third quarter, with the pace of loan charge-offs continuing to accelerate.

The company cut its quarterly dividend in half, to 32 cents per common share, when it announced third-quarter earnings. But this is still more than twice what the company earned in the third quarter earnings and what analysts expect it to earn in the fourth quarter.

BofA was one of the original nine banks to receive investments through TARP. It received $15 billion in the first round, but expects to receive another $10 billion through its recently closed purchase of Merrill Lynch.

Bank of America raised $29.6 billion outside of TARP, through preferred and common stock issuances during the first three quarters of 2008. The most recent was a common stock issuance in October priced at $22 per share, which raised $9.8 billion. Shares closed at $11.43 Monday, down 12% and yielding 11.2%, showing the market's lack of faith even in the reduced dividend.

Others With High Payout Ratios

While UCBH Holdings (UCBH) saw earnings plummet throughout 2008 because of a steady increase in nonperforming loans and consequent boosting of loan loss reserves, the company's $493,000 third-quarter net loss mainly resulted from an $18 million writedown on preferred stock in Fannie Mae (FNM) and Freddie Mac (FRE) . The federal government placed the two mortgage giants into conservatorship in September.

UCBH in October already was reporting pretty high capital ratios before it received $299 million in TARP money in the fourth quarter. When it announced the capital infusion, the company expressed confidence and made its expansion plans clear. With common shares yielding 3.40%, it would seem the market doesn't expect a dividend cut, although shares were down 9% to $4.70 on Monday -- a dismal day for bank stocks.

The company is scheduled to release earnings results on January 23.

Wilmington Trust (WL) raised its quarterly dividend a penny to 34.5 cents per common share in the second quarter, and paid that amount again in the third quarter. After losing $19.5 million in the second quarter, from impairment charges on its investment in Roxbury Capital Management and Fannie and Freddie preferred stock, the company reported positive net income of $22.9 million for the third quarter.

Wilmington's loan quality has held up rather well, with a nonperforming assets ratio of 1.03% as of Sept. 30, and an annualized ratio of net charge-offs (actual loan losses) to average loans of just 0.44% for the first three quarters of 2008. Nonperforming assets include loans past due 90 days and repossessed real estate

The company in December received $330 million in TARP money. At a closing price of $18.70 Monday, common shares yielded 7.38%.

Although it moved its headquarters to Dallas during the third quarter of 2007, Comerica (CMA) is feeling increasing pain from its exposure to Michigan's troubled economy. The company posted profits for each of the first three quarters of 2008, although earnings declined in line with loan quality. The nonperforming assets ratio was 0.89% as of Sept. 30, and the net charge-off ratio was 0.89%. Loan loss reserves stayed well ahead, covering 1.38% of total loans.

Comerica cut its dividend in half, to 33 cents per common share in the fourth quarter. The company received $2.25 billion in TARP money in October. Shares closed down 9% to $16.23 Monday, yielding 8.13%.

We discussed W Holding Company (WHI) in detail last month when we looked at banks with high exposure to troubled commercial real estate and construction loans. The company has stopped paying dividends on common share. Since W Holding Company completed a reverse 50 to 1 split on Dec. 2, shares have increased to $14.05 as of Monday's close, from $12.20.

Whitney Holding Co. (WTNY) of New Orleans received $300 million in TARP money on Dec. 19. While the company remained profitable through the first three quarters, earnings dipped to $7 million in the third quarter, as loan quality spiked, with a nonperforming assets ratio rising 2.19% as of Sept. 30, from 1.40% just the previous quarter.

The company lowered its fourth quarter dividend to 20 cents per common share, from 31 cents. Shares yielded 5.65% at a current price of $14.16.

For Susquehanna Bancshares (SUSQ) , third-quarter earnings were hit hard, with $17.6 million in CDO impairment charges and 11.1 million in other charges related to the November 2007 acquisition of Community Banks Inc.

The company received $300 million in TARP money in December, and has continued paying a quarterly dividend 26 cents per common share through 2008. Shares yielded 8.12% at Monday's closing price of $12.81.

Last on the list is Valley National Bancorp (VLY) , which actually paid out slightly less than it earned during the first three quarters. This is a company whose dividend is clearly not in danger, as Valley has maintained stellar asset quality. Its nonperforming assets ratio was 0.26% as of Sept. 30, and loan charge-offs for the first three quarters were minimal. The quarterly dividend is 20 cents a share, for a yield of 4.66% at Monday's closing price of $17.16.

The Street.com
Marshall & Ilsley Loans Fuel Loss
Philip van Doorn
01/15/09

Marshall & Ilsley (MI Quote - Cramer on MI - Stock Picks) on Thursday posted a worse-than-expected fourth-quarter loss, fueled primarily by a big increase to its provision for loan losses.

The $64 billion Milwaukee-based holding company announced a net loss of $404 million, or $1.55 per share, in the fourth quarter, vs. a profit of $83.1 million in the third quarter and $494 million in the fourth quarter of 2007. The main factor in M&I's net loss was an $850 million quarterly provision for loan loss reserves. Marshall & Ilsley had lowered the provision to $155 million in the third quarter from $886 million in the second quarter.

The Thomson Reuters analyst consensus estimate for the fourth quarter was a 7-cents-per-share profit. The loss came in way below even the lowest analyst earnings estimate, which was a net loss of $1.03 per share, according to Thomson Reuters.

Marshall & Illsley also announced it was well on its way to reducing its workforce 8%, or by 830 jobs, and reduced its quarter dividend to a penny a share from 32 cents. A number of banks seem likely to cut dividends in the near future.

With earnings coming so far below analysts' estimates and with no preannouncement warning, shares were down 22% in early trading Thursday, to $8.39.

Marshall & Ilsley filings

The fourth quarter provision kept ahead of $680 million in loan losses during the quarter, however, the annualized pace of net charge-offs increased to 5.38% of average loans. This is a very high charge-off rate for a bank holding company with only 3% of its total assets in consumer loans.

TARP Politics

As we discussed following Synovus Financial's (SNV Quote - Cramer on SNV - Stock Picks) warning that it would have to increase its loan loss provision, there are many voices in Washington making the fatuous argument that bank holding companies receiving capital infusions from the Treasury's $700 billion Troubled Assets Relief Program (TARP) need to immediately leverage the new capital by greatly expanding their lending activity.

Members of Congress have criticized TARP for doing little to help spur lending in frozen credit markets, one of its primary intentions. Much of the first half of the TARP funds were invested in preferred equity stakes in banks.

The Senate is expected to vote Thursday on whether to release the second half of TARP. Congress required that the Treasury Department come back to request the second $350 installment after the first half was committed, one of the compromises that helped win the bill's approval.

The Bush administration made the request at the behest of incoming President-elect Barack Obama, whose advisers were lobbying lawmakers to support the measure.

Marshal & Ilsely received $1.715 billion in TARP money on Nov. 15. The company addressed the political situation in its earnings release, stating that "new credit," along with a 90-day moratorium on owner-occupied residential foreclosures from the date the TARP money was received.

Of course, the "new credit" includes renewals of relatively-short-term commercial loans, which would have very likely been renewed anyway. That's what commercial borrowers usually expect, and a non-renewal often leads to a soured loan.

As far as the 90-day moratorium on foreclosures goes, it's certainly nice to help people stay in their homes and the pace of loan charge-offs may temporarily ease, but this could very well lead to additional losses for M&I, if home values continue to decline during the period. M&I has worked hard to modify delinquent loans, with renegotiated loans totaling $270 million as of Dec. 31, up from $181 million the previous quarter.

Comptroller of the Currency John C. Dugan said last month that 37% of 30-day-delinquent loans that were modified during the first quarter of 2008 became delinquent again after just three months and 55% after six months, according to statistics compiled by the agency and the Office of Thrift Supervision. Dugan said redefault rates "increased each month and showed no signs of leveling off after six months and even eight months," he said. This is why M&I includes renegotiated loans in its nonperforming loan totals.

While M&I's earnings announcement didn't contain sufficient information to calculate leverage and risk-based capital ratios, the company's tangible equity ratio was 8.9% as of Dec. 31, rising from 7.0% the previous quarter. However, considering that the company's net loan charge-offs for 2008 totaled $1.364 billion, with nearly half in the fourth quarter, it's pretty clear that loan losses are quickly eating through the new capital.

Since the company's provision for reserves kept ahead of the fourth quarter charge-offs, loan loss reserves covered 2.41% of total loans as of Dec. 31, up from 2.05% the previous quarter. However, with the annualized pace of charge-offs at more than twice that level and the pace of charge-offs increasing so dramatically in the fourth quarter, M&I probably has several more very rough quarters ahead.

ABC NEWS
Taxpayers' Billions: How Banks Are Using It
ABC News Questions Banks on How They Are Spending Bailout Money
By Daniel Arnall, Charles Herman, Scott Mayerowitz and Zunaira Zaki
1/16/09

The U.S. government has provided $45 billion to Bank of America through the Troubled Assets Relief Program, but how that money has been used remains unclear.

When ABC News asked for details as part of a larger, ongoing project, a bank spokesman said the questions -- almost identical to inquiries made by a congressional oversight panel of the Treasury Department -- "show a fundamental lack of understanding about the TARP program, what it was intended to do and how it works."

Just today, Bank of America received $20 billion in new taxpayer dollars -- bring its total government aid to $45 billion -- to finalize its hastily arranged purchase of investment bank Merrill Lynch.
"With these transactions, the U.S. government is taking the actions necessary to strengthen the financial system and protect U.S. taxpayers and the U.S. economy," the Treasury said in a statement overnight. "As was stated in November when the first transaction under the Targeted Investment Program was announced, the U.S. government will continue to use all of our resources to preserve the strength of our banking institutions and promote the process of repair and recovery and to manage risks."

The ABC News Business Unit posed the same five questions to Bank of America and 23 other banks that received at least $1 billion in TARP funds. The questions covered topics including lending activity, foreclosure assistance and bonuses. Four banks that received a total of $31 billion in TARP funds chose not to reply, including JPMorgan Chase, which received $25 billion and did not reply to similar questions in December.

Of the 20 banks that did respond, only five provided details about increased lending activity. Six banks gave some indication of the steps they are taking to help people in danger of losing their homes to foreclosure. Only a quarter of the banks surveyed said TARP funds would not be used to pay for bonuses.

The lack of details mirrors the responses provided by the Treasury Department, which is overseeing the TARP program, to a congressional oversight panel.

In a sharply worded report released last week, the panel said it "still does not know what the banks are doing with taxpayer money."

These are the five questions asked by ABC News:

- Since you received TARP funds has there been an increase in lending activity by your bank, if so by how much?
- What amount of TARP funds have been used to help homeowners who are behind on their payments or facing foreclosure?
- Does your bank need the TARP infusion? If not have you considered returning the funds?
- What will be the total amount awarded in bonuses at your institution this year?

If Congress passes retroactive compensation requirements for TARP Capital Purchase Program participants, will your bank give back the money?

Citigroup said it will make the $45 billion it has received available to "existing and new customers for mortgages, personal loans, student loans, small business and corporate loans and credit card lines."

Wells Fargo & Co. said the $25 billion it received would be used "to make more loans to credit-worthy customers and to find solutions for our mortgage customers late on their payments or facing foreclosure."

Morgan Stanley said, "TARP capital has allowed Morgan Stanley to make several multi-billion dollar loan commitments to leading American companies."

GMAC Financial Services received $5 billion through the TARP and said it "immediately increased its automotive lending activity" and that the additional funds have allowed the company to "expand our loan servicing center to meet rising consumer demand for refinances and loan modifications"
Over half of the $3.1 billion received by BB&T has already been used to provide loans to qualified borrowers, the bank said.

To date, the Treasury Department has committed more than $378 billion of the $700 billion TARP fund, which was created to stabilize the nation's financial system. The Bush administration, on behalf of President-elect Barack Obama, informed Congress earlier this week that the new president could use the remaining TARP funds if necessary. "I felt that it would be irresponsible for me with the first $350 billion already spent, to enter into the administration without any potential ammunition should there be some sort of emergency or weakening of the financial system," Obama said on Monday.

More Accountability: Banks Respond
The Senate last night cleared the way for the release of those funds.
His economic team has reassured members of Congress unhappy with how the rescue fund has been used so far that assistance for homeowners facing foreclosure would be the top priority moving forward. In addition, Obama's administration pledged greater accountability as to how banks are using taxpayer dollars. In an ABC News poll conducted in December, 69 percent of respondents said they were not confident adequate controls had been put in place to avoid waste and fraud in the use of the funds.

Paul Krugman, a Nobel Prize-winning economist at Princeton University, told ABC News: "One hopes that with the remainder of the bailout money, that it will be used with strings attached. That there will be demands that the banks have to do more with the money."

To read the responses from the banks, click on each bank name listed below: Citigroup, Wells Fargo, Bank of America, Goldman Sachs, Morgan Stanley, PNC Financial, US Banc, GMAC, Sun Trust Banks, Capital One, Regions Financial, Fifth Third Banc, BB&T, Bank of New York Mellon, KeyCorp, State Street, Marhsall & Ilsley, Northern Trust, Huntington Bancshares and Synovus Financial.

CIT Group, JP Morgan Chase and Zions Bancorp did not reply. Comerica declined to answer.

The Atlanta Journal - Constitution
SunTrust, Synovus stocks dip: Fears feed off losses in region
Paul Donsky
1/21/09

Georgia's two biggest banks, SunTrust and Synovus, saw their stock prices plummet Tuesday amid fears that the banking crisis is worsening.

SunTrust shares fell 24 percent to $15.07, while Synovus' stock price dropped 18 percent to $4.56.

Investors were spooked by a bad earnings report from a competing regional bank as well as grim banking news from overseas.

Stock prices for SunTrust and Synovus hit lows not seen since the mid-1990s, capping a disastrous 12-month period for both companies. In the past year, SunTrust shares have lost 75 percent of their value, while Synovus has seen its stock price tumble 61 percent.

The sell-off came two days ahead of fourth-quarter earnings announcements for both companies. Analysts aren't optimistic, projecting Synovus will lose between 42 cents and 63 cents per share and that SunTrust will just barely eke out a profit.

The fourth quarter saw the nation's banking industry shaken to its knees as Wall Street firms collapsed and other large companies had to be bailed out by the federal government. The U.S. Treasury moved to re-capitalize the industry by investing $250 billion in banks. Atlanta-based SunTrust has received $4.9 billion and Columbus-based Synovus about $1 billion.

Tuesday brought disheartening news from U.S. and British banks: They are still suffering losses from loans and are warning that those losses will not subside anytime soon. Regional banks as well as the big money center banks are struggling.

Regions Financial Corp., the Birmingham, Ala.-based bank that operates primarily in the Southeast, reported a fourth-quarter loss of $6.24 billion, or $9.01 per share, weighed down by a hefty charge to reflect declining value in its banking reporting unit. Its stock plunged more than 24 percent to a 24-year low of $4.60.

On Monday, the Royal Bank of Scotland forecast a loss of $41.3 billion in 2008. That led the British government to increase its stake in RBS to nearly 70 percent, essentially nationalizing the bank. Separately, the British government announced a new round of bailouts for the troubled banking industry.

Jeff Davis, a banking analyst for Howe Barnes, a Chicago-based brokerage firm, said the drop in Synovus and SunTrust shares had more to do with the global banking crisis than with any particular problem at those two companies.

Investors fear the banking crisis is far from over and may be gathering strength, Davis said, as asset values continue to drop and put pressure on earnings. Synovus and SunTrust have simply been caught in the global storm, he said.

"Investors see smoke, and they're quite certain there's a fire" at all banks, Davis said.

Both banks are bracing for continued tough times. Synovus recently announced it had increased its loan loss provision by 75 percent, to $350 million. To further short up its capital base, SunTrust last month went back to the federal government to request $1.4 billion on top of the $3.5 billion it had already received.

Synovus is known for buying smaller community banks and allowing them to maintain their names and operate somewhat independently. In metro Atlanta, Synovus owns the Bank of North Georgia and the Bank of Coweta. Spokesmen for SunTrust and Synovus declined to comment.

Bank stocks also dropped in the aftermath of multibillion-dollar losses announced Friday by Citigroup Inc. and Bank of America Corp.

Citigroup, which reported a loss of $8.29 billion, hit a 17-year low Tuesday, dropping to $2.80. The company also said it will split itself in two; Citicorp will focus on traditional banking around the world, while Citi Holdings will oversee riskier assets and tougher-to-manage ventures.

Shares of Bank of America closed down 29 percent at $5.10.

Richard Hyatt's Columbus.com
Synovus quarterly losses hit $637 million
1/22/09

Synovus reports fourth quarter losses of $637 million or $1.93 per share as troubles in the Atlanta housing market continue to fester.

This leaves the bank holding with an annual net loss of $584 million in 2008.

Fourth quarter earnings were released Thursday and discussed on a conference call later in the afternoon.

A replay of that earning's call is available at www.synovus.com.
As part of the report, the company said no executive bonuses are being offered and and 651 positions have been eliminated companywide.

"As the economy continued to deteriorate in the fourth quarter, credit quality in the residential construction and development portfolios, especially in Atlanta, continued to weaken," CEO Richard Anthony said in a news release. "We are taking actions to recognize and liquidate these non-performing credits as efficiently and economically as possible."

Earnings from fourth quarter 2008 compared to income from continuing operations in 2007 of $53.1 million, or $0.16 per diluted share for the fourth quarter.

The fourth quarter 2008 results include provision expense of $364 million and a $443 million non-cash goodwill impairment charge. Excluding the goodwill impairment charge, Synovus' net loss would have been $195 million, or $0.59 per share, for the quarter.

Synovus reported a net loss of $584 million, or $1.77 per share, compared to income from continuing operations of $343 million, or $1.04 per share for 2007.

Excluding the goodwill impairment charges of $480 million in 2008, Synovus' net loss would have been $105 million, or $0.32 per share, for the year.

Synovus previously announced that it was reviewing its goodwill for potential impairment. Based on the results of this review, Synovus recorded a non-cash $443 million (pre-tax and after-tax) goodwill impairment charge during the fourth quarter of 2008.

This charge had no impact on Synovus' tangible capital levels, regulatory capital ratios, or liquidity. Additionally, goodwill impairment has no connection to or utilization of capital received from the U.S. Treasury as part of the Capital Purchase Program.

Anthony said that in the fourth quarter the company's sequential quarter core deposit growth was 11 percent (annualized).

"We believe this puts us in a very strong liquidity position at the end of one of the worst years the financial services industry has faced," he said "Additionally, in the fourth quarter, we received approximately $968 million from the sale of preferred stock and warrants to the U.S. Treasury as part of the government's Capital Purchase Program.

As of Dec. 31, 2008, the bank holding company's Tier 1 Capital Ratio was 11.22 percent, Total Risk-Based Capital Ratio was 14.55 percent and Tangible Common Equity to Tangible Assets Ratio was 7.91 percent.

"We believe the strength of our liquidity and strong capital structure positions us well for the future," he said.

The provision expense for the quarter was $363.9 million, compared to $151.4 million last quarter. The provision for loan losses covered net charge-offs by 159 percent for the quarter. For the full year 2008, provision expense of $700 million exceeded net charge-offs by $231 million.

The ratio of nonperforming assets to loans, impaired loans held for sale, and other real estate was 4.16 percent, as of Dec. 31, compared to 3.58 percent last quarter. Nonperforming loans were $922 million — an increase of $152 million from the third quarter of 2008.

The Atlanta market represents 29 percent of Synovus' total loans in the residential construction and development portfolios and 45 percent of the nonperforming loans in the residential construction and development portfolios.

The net charge-off ratio for the quarter was 3.25 percent compared to 1.53 percent last quarter. The net charge off ratio for the full year 2008 was 1.71 percent. The allowance for loan losses was 2.14% of loans as of Dec. 31, compared to 1.68 percent as of Sept. 30.

During the fourth quarter, Synovus continued to refine its non-performing asset disposal strategy. In addition to the individual bank teams aggressively identifying and liquidating non-performing assets, Synovus formed a separate subsidiary to purchase certain non-performing assets from its subsidiary banks, assess the economics of disposal of these assets, and centrally and effectively manage the liquidation of these assets.

This entity has acquired approximately $500 million of these assets as of the end of 2008 and has identified approximately $150 million of these assets for liquidation in the near term. These assets have been written down an additional $50 million in the fourth quarter to reflect the estimated proceeds from liquidation.

In the current environment, Synovus has focused on growing deposits faster than loans. Total core deposits (excludes brokered deposits) grew 11.1 percent (annualized) on a sequential quarter basis and 5.1 percent over the 2007 year end balance. Shared deposit products that provide up to $7,750,000 of FDIC insurance per individual account were up $852 million in certificate of deposit and money market accounts in the fourth quarter.

Total loans grew 3.9 percent (annualized) on a sequential quarter basis. Commercial and industrial loans grew

5.9 percent and retail loans grew 5.5 percent, while residential construction and development loans declined 15.3 percent on a sequential quarter annualized basis.

The net interest margin for the quarter was 3.20 percent, compared to 3.42 percent last quarter. Net interest income for the fourth quarter was $258.0 million compared to $286.7 million in the fourth quarter of 2007.

Reported non-interest expense for the fourth quarter 2008 was $723.2 million. Excluding the goodwill impairment charge, non-interest expense for the fourth quarter of 2008 was $280.5 million. This compared to $235.2 million in the fourth quarter 2007.

The increase consisted primarily of a $59.0 million increase in losses and costs related to foreclosed real estate, $3.7 million increase in professional fees, and a $3.8 million increase in FDIC insurance and other regulatory fees.

Synovus' efforts to manage headcount during 2008 have resulted in a reduction of 451 positions and have caused employment expenses to trend downward by $1.9 million on a linked quarter basis. For the full year 2008, no executive bonuses were paid.

Anthony said the company remained committed.

"As we look out into 2009, we are fully committed to actively and aggressively deal with our non-performing assets through the activities of our front line bankers as well as the separate subsidiary structured to enhance this capability from the corporate level. We believe continued strong core deposit growth and the U.S. Treasury funds enable us to be aggressive in resolving these credit issues while allowing us to look to the future for growth."

Associated Press Newswires
Synovus posts 4Q loss as it writes off loans and increases set-asides
January 22, 2009

COLUMBUS, Ga. (AP) - Synovus on Thursday posted a substantial loss, reversing a year-ago profit, as it increased the amount it set aside to cover bad loans and wrote off nearly three times the loans it did last year. For the quarter ended Dec. 31, the financial services company reported a loss of $637 million, or $1.93 per share, compared with a profit of $81.9 million, or 25 cents per share, in the year-ago quarter.

The 2008 results include a $443 million non-cash goodwill impairment charge. Excluding that charge, the loss would have been $195 million, or 59 cents per share.

Net interest income slipped 19 percent to $258 million, from $286.7 million a year ago. Noninterest income, or money earned from fees and charges, fell 11 percent to $88.6 million, from $99 million last year.

The bank increased its provision for loan losses to $598.3 million, from $367.6 million in the year-ago quarter. Nonperforming loans, or loans at least 60 days past due, rose to $921.7 million, more than double the $342 million in the 2007 period. Net charge-offs, or loans written off as unpaid, nearly quadrupled to $229.4 million in the quarter, from $59.9 million last year.

During the quarter, Snyovus received approximately $968 million from the sale of preferred stock and warrants to the U.S. Treasury as part of the government's Capital Purchase Program.

For the year, Synovus reported a loss of $584 million, or $1.77 per share. Excluding goodwill impairment charges of $480 million, the net loss would have been $105 million, or 32 cents per share, for the year.

Atlanta Business Chronicle
Synovus has $582M annual loss
1/22/09

Synovus, like its peers, took a hit in 2008 as the economy went into recession.

The Columbus, Ga.-based financial services holding company (NYSE: SNV) recorded a net loss of $582.4 million and a loss per share of $1.77, compared with net income of $526.3 million and earnings of $1.60 a share in 2007.

For the fourth quarter, the company had a net loss of $635.4 million and a loss per share of $1.93, compared with net income of $81.9 million and earnings of 25 cents a share in the fourth quarter of 2007.

The company ended the year with $35.7 billion in assets and $28.6 billion in deposits.

Synovus recorded a non-cash $443 million (pre-tax and after-tax) goodwill impairment charge during the fourth quarter.

"As the economy continued to deteriorate in the fourth quarter, credit quality in the residential construction and development portfolios, especially in Atlanta, continued to weaken," said Richard Anthony, Chairman and CEO. "We are taking actions to recognize and liquidate these non-performing credits as efficiently and economically as possible."

In December, Synovus got $967.8 million in funding from the federal government's Treasury Troubled Asset Relief Program (TARP).

The Atlanta Journal-Constitution
Synovus lost $637 million in fourth quarter
By Paul Donsky
1/23/09

Synovus, Georgia's second-biggest bank, tumbled into the red during the fourth quarter, posting a $637 million loss, or $1.93 per share, amid a rising tide of bad loans tied to the troubled housing market.

The Columbus-based company said Thursday it has written off more than $229 million in loans as non-performing and boosted its provision for future loan losses by $134 million.

The loss also includes a one-time $443 million write-down of the company's goodwill — intangible assets, such as the strength of a brand name, that add value above a company's book value.

The company's performance did not meet the expectations of analysts, who were projecting a loss of about 49 cents per share. Excluding the goodwill charge, the company would have lost $195 million, or 59 cents per share.

Richard Anthony, Synovus' chairman and CEO, said the bank's portfolio of residential construction and development loans continued to weaken, particularly in the hard-hit Atlanta market.

"We are taking steps to recognize and liquidate these non-performing credits as efficiently and as economically as possible," he said.

In a conference call with analysts, Anthony said the bank has created a subsidiary to house bad assets and dispose of them. Synovus has transferred $550 million in non-performing loans to the new entity, called Broadway Asset Management, from seven of its 31 banks.

"This will relieve pressure on those banks, create a better, more productive focus" for those banks, he said. "It creates a better set of credit metrics and better allows our bankers to be bankers."

Synovus received a $968 million investment from the federal government in December as part of the U.S. Treasury's effort to stabilize the battered banking industry. The funds helped strengthen Synovus' capital levels, which Anthony said helps position the bank for the future.

For the year, Synovus reported a loss of $584 million, or $1.77 per share, compared to a profit of $343 million, or $1.04 per share, in 2007.

Synovus' problems remain rooted in the metro Atlanta real estate market, which accounts for nearly half of the bank's non-performing loans in its residential construction and development portfolio, according to a company news release.

The bank's ratio of non-performing assets to total loans stood at 4.16 percent in the fourth quarter, compared to 3.58 percent in the third quarter. The bank's pool of non-performing loans increased by $152 million in the fourth quarter to $922 million.

Synovus is known for buying smaller community banks and allowing them to maintain their names and operate somewhat independently. In metro Atlanta, Synovus owns the Bank of North Georgia and the Bank of Coweta

Columbus Ledger-Enquirer.com
Synovus loses $637 million in fourth quarter
Real estate loans batter firm; drop includes non-cash impairment charge of $443M
By Tony Adams
1/23/09

Synovus Financial Corp. reported Thursday a $637 million loss in the fourth quarter of 2008 as the regional bankholding firm continued to grapple with a wave of bad real estate loans.

A year ago, the Columbus-based company posted a profit of $81.9 million, or 25 cents per share, for the quarter.

The fourth-quarter loss, pegged at $1.93 per share, was exacerbated by a $443 million goodwill impairment charge. Goodwill is considered a non-cash intangible asset that adds value to a company.

In the case of Columbus-based Synovus, its market value has continued to sink as the recession has battered the overall economy. Thus it must write off a portion of that diminished value, or goodwill, as an expense.

Without the impairment charge, Synovus said its net loss would have been $195 million, or 59 cents per share.

Company's loan losses

The firm’s real estate and development loan losses, however, were no mirage. They hit the bottom line hard, with Synovus forced to write off $364 million due to a struggling residential market in which homebuilders doing business with it went under.

“As the economy continued to deteriorate in the fourth quarter, credit quality in the residential construction and development portfolios, especially in Atlanta, continued to weaken,” said Richard Anthony, chairman and chief executive officer of Synovus. “We are taking actions to recognize and liquidate these non-performing credits as efficiently and economically as possible.”

Failing assets

Anthony, in a call Thursday with stock market research analysts, said the company expects to continue auctions to rid its books of vacant houses. There have been four auctions so far, he said, mostly in Atlanta, with the company recovering between 63 percent and 70 percent of original loan amounts.

Bright spots for the company are home equity lines of credit — now totaling $1.7 billion — and its $295 million credit-card portfolio.

“It’s very healthy and continues to perform well,” Fred Green, Synovus president and chief operating officer, said of the home equity business. “Credit cards, another category that has shown deterioration throughout our industry, is holding up well here at Synovus.”

Anthony said his company recently created a new subsidiary, called Broadway Asset Management, in which it is sequestering some of the non-performing assets. It has sold or transferred $500 million of the failing assets from seven of its banks, a move expected to relieve pressure on financial institutions weighed down with bad loans.

Short-term plans

The company, in the conference call, also discussed the Troubled Asset Relief Program, the federal stock-purchase plan aimed at injecting banks with capital.

Synovus received $968 million from the program on Dec. 19, but is unlikely to go on a loan binge or investment spree, said Tommy Prescott, the firm’s chief financial officer.

Short term, he said, the firm will use some of the money to “bleed off” brokered certificates of deposit that are beginning to mature and be paid out.

“We really haven’t had time to fully deploy it,” Prescott said of the new money. “We have put some additional capital into the banks and expect that to strengthen the banks and, over time, leverage it.”

Specifically, with the economy roiling, Synovus said it is focusing on growing deposits faster than its loan base. The firm added $605 million to its deposit accounts in the fourth quarter, ending up with $1.1 billion at year’s end.

Money also poured into the bank's coffers early in the fourth quarter as spooked consumers sought refuge from the stock market and other risky investments.

With 31 separate banks, a depositor can park up to $7.75 million with Synovus and have the money be federally insured. That "shared products" category pumped $850 million into the bank during the quarter, adding up to $1.74 billion for Synovus by the end of 2008.

Synovus' customers

During the conference call, NAB Research analyst Nancy Bush asked about the bank's financial exposure to Sea Island Co., a resort development firm situated on the Georgia coast. Sea Island has been under financial duress for more than a year as the economy tanked.

Green acknowledges Sea Island is Synovus' largest customer and that the bank talks frequently with its management. But he did not say how much the coastal company owes it.

"I will say that loan is a performing loan," he said. "They're in the resort business. That's an area that's suffering throughout the country. That loan has not been restructured. But we are talking to them about opportunities to do that."

In trading Thursday on the New York Stock Exchange, Synovus shares (Ticker: SNV) fell 44 cents, or 8.5 percent, to $4.75. That's just off the firm's 52-week low of $4.51 and its high of $13.58 per share.

Atlanta Business Chronicle
Synovus sets up buy-back bank for bad loans
By Joe Rauch Staff Writer
1/30/09

The real estate crisis has Georgia's third-largest bank dusting off the playbook used during the Savings & Loan Crisis two decades ago.

Synovus Financial Corp. has created a new subsidiary company, whose sole mission is to acquire, manage and sell foreclosed land, lots and homes from Synovus' 31 banks across the Southeast.

Synovus is one of the first banks nationally to restart this kind of so-called "bad-bank" business, which last rose to prominence 25 years ago. But experts expect many others will follow.

Then, institutions like Mellon Bank, for example, created a so-called "bad bank," named Grant Street Bank. It was a sister company for Mellon designed solely to take on and sell problem real estate during the S&L crisis.

Synovus (NYSE: SNV) announced during the Columbus-based bank's fourth-quarter 2009 earnings call on Jan. 22 it had created Broadway Asset Management late last year.

It now holds $500 million in assets gathered from seven of Synovus' 31 banks spread across the Southeast. That chunk is a significant portion of Synovus' $1.2 billion in problem assets.

Broadway Asset Management is run by former real estate developer John Creech, who oversees a staff of 30.

Creech and his team also manage Synovus' $700 million in problem loans at Synovus' other banks.

The subsidiary is funded by a $970 million U.S. Treasury investment in Synovus as part of the Capital Purchase Program.

The move for Synovus comes as federal regulators, U.S. Treasury officials and the new Obama administration are considering creating a similar entity backed by the government that will buy distressed assets from the U.S. banking system.

Locally, about 60 percent of Broadway Asset Manage-ment's holdings are lots and land in Synovus' weakest markets, centered in metro Atlanta and coastal Florida.

Synovus Chief Financial Officer Tommy Prescott said the company was designed to relieve the burden of loan losses that were affecting some banks "disproportionately" within the company.

During the fourth-quarter earnings calls, CEO Richard Anthony identified seven institutions that sold assets to the subsidiary.

Industry insiders and observers have championed the move, and said such little-publicized subsidiaries will play a big role in the banking system's recovery from the housing market's collapse.

"I give them a lot of credit," said Brian Olasov, Atlanta-based managing director at McKenna, Long & Aldridge LLP. "It is creative, necessary and courageous in the current environment."

A non-bank asset management company, industry insiders said, can more quickly dispose of assets, in part, because of less regulation over such sales than if a bank sold the assets directly.

"You want an unregulated entity to do this, and allow the bank to get back to the business of lending," said Chip MacDonald, an Atlanta-based banking attorney with Jones Day.

Olasov said a key component to such a company, or a federal government bank structured similarly, is disposing of distressed assets to the private market within a reasonable time period.

Broadway Asset Management indirectly invests taxpayer funds in Synovus' subsidiary banks by buying bad assets. The result, Prescott said, cleans the balance sheet of the sick institutions and leaves "the bankers to be bankers and our workout guys to worry about the real estate."

Internal discussion began during summer 2008 about creating the company at "a high level," said Prescott, well before the U.S. Treasury began discussing the Troubled Asset Relief Program, or TARP, in the fall.

That federal program then became a Capital Purchase Program designed to invest in U.S. banking companies, beginning in November 2008 and is ongoing.

Synovus' senior executives discussions about an entity that would absorb the company's worst loan problems intensified at the beginning of the fourth quarter.

Of the $970 million Synovus received as a part of the Treasury program, Prescott said roughly $750 million has been distributed to subsidiary banks through Broadway Asset Management and direct capital infusions.

Prescott said the bank had no internal projections on how much Broadway Asset Management may ultimately absorb from Synovus’ subsidiary banks, or how long it might take to sell the assets.

Broadway will look to immediately dispose of $150 million of those assets, according to the company’s earnings release.

Olasov said generally that a mixed strategy of holding some properties and selling others delays an eventual recovery.

“It is a balancing act,” he said. “But it gives me chills any time I hear about a bank trying to hold property and bet on the real estate market.”

Associated Press Newswires
Regional bank stocks dive on unrelenting concerns about loan losses, uncertainty of bailout
2/03/09

NEW YORK (AP) - Shares of most regional banks slumped Tuesday afternoon as uncertainty surrounding the stability of the sector continued to weigh on the stocks.

Among the biggest decliners were SunTrust Banks Inc., which plunged $2.85, or 23.9 percent, to $9.10, and Marshall & Ilsley Corp., which dove 78 cents, or 15.9 percent, to $4.13. Both stocks hit 52-week lows earlier in the session.

A disappointing earnings report from PNC Financial Services Group Inc. underscored the pain regional banks are feeling as loan losses continue to mount.

Pittsburgh-based PNC, one of the nation's largest banks, said it swung to a loss during the fourth quarter because of charges tied to its recent acquisition of National City Corp. But even excluding the National City costs, PNC's results missed analysts' expectations. The bank also said it would cut 5,800 jobs following the purchase.

PNC shares dropped $3.41, or 10.6 percent, to $28.77 in afternoon trading.

Meanwhile, Huntington Bancshares Inc. said it will eliminate about 500 jobs this month as it works to reduce expenses by $100 million this year. The Columbus, Ohio-based regional bank also said it has cut 2008 bonuses, will maintain all salaries this year at 2008 levels, and will suspend the company's 401(k) matching program.

Huntington shares slipped 1 penny to $2.01, after dropping 30 percent on Monday. The stock is down 74 percent so far this year.

Financial stocks have been under considerable pressure this year as investors fear unrelenting losses from bad loans could lead to a major bank failure. Confidence in the financial sector has been further shaken by disappointing fourth-quarter earnings reports. Concerns about banks' capital levels have forced several banks, like Huntington, to drastically reduce their dividends and cut staff.

Meanwhile, investors are anxiously awaiting more details on a government plan to provide additional assistance to the nation's banks.

In a note to clients on Tuesday, Morgan Stanley analyst Ken Zerbe cut his 2009 earnings estimates on a number of regional banks, saying he expects the operating environment to remain challenging, if not worsen, over the next several quarters.

"The fourth-quarter earnings season was a very difficult one for the midcap banks. The group experienced considerably higher credit losses than we were expecting, leading to much lower-than-expected earnings overall," Zerbe wrote. "We still believe most of the banks are under-reserved given the overall environment."

Zerbe subsequently downgraded the shares of BOK Financial Corp. and Westamerica Bancorp to "Underweight," but upgraded First Horizon National Corp. to "Overweight" and Synovus Financial Corp. to "Equal Weight."

"First Horizon has shown remarkable progress at addressing its problem credits by shrinking its balance sheet and building reserves more so than its peers," Zerbe wrote. "With Synovus, the market is now adequately pricing in the problems in its loan portfolio."

BOK Financial shares dropped $2.15, or 5.9 percent, to $34.32, while Westamerica fell $3.40, or 7.7 percent, to $40.90.

Synovus fell 17 cents, or 4.7 percent, to $3.43.

Bucking the trend, First Horizon added 22 cents, or 2.4 percent, to $9.35.

Atlanta Journal Constitution
2 Ga. banks say executive-pay cap won't affect them
SunTrust, Synovus, which have taken bailout money, say new rules apply to future help
Associated Press
2/04/09

WASHINGTON - President Barack Obama on Wednesday imposed $500,000 caps on senior executive pay for the most distressed financial institutions receiving federal bailout money, saying Americans are upset with "executives being rewarded for failure."

Obama announced the dramatic new government intervention into corporate America at the White House, with Treasury Secretary Timothy Geithner at his side. The president said the executive-pay limits are a first step, to be followed by the unveiling next week of a sweeping new framework for spending what remains of the $700 billion financial industry bailout that Congress created last year.

The executive-pay move comes amid a national outcry over huge bonuses to executives heading companies seeking taxpayer dollars to remain afloat. The demand for limits was reinforced by revelations that Wall Street firms paid more than $18 billion in bonuses in 2008 even amid the economic downturn and the massive infusion of taxpayer dollars.

"This is America. We don't disparage wealth. We don't begrudge anybody for achieving success," Obama said. "But what gets people upset - and rightfully so - are executives being rewarded for failure. Especially when those rewards are subsidized by U.S. taxpayers."

The pay cap would apply to institutions that negotiate agreements with the Treasury Department for "exceptional assistance" in the future. The restriction would not apply to such firms as American International Group Inc., Bank of America Corp., and Citigroup Inc., that already have received such help.

“There is a deep sense across the country that those who were not … responsible for this crisis are bearing a greater burden than those who were,” Geithner said.

Officials with Georgia’s two largest banks to receive bailout money, SunTrust and Synovus, said the new rule would not affect them because it would not be retroactive. But both banks have said they would not issue bonuses to executives this year.

The government has invested $4.85 million in SunTrust and $968 million in Synovus.

Firms that want to pay executives above the $500,000 threshold would have to use stock that could not be sold or liquidated until they pay back the government funds.

Generally healthy institutions that get capital infusions from the Troubled Asset Relief Program in the future will have more leeway. They also will face the $500,000 limit, but the cap can be waived with full public disclosure and a nonbinding shareholder vote.

Obama said that massive severance packages for executives who leave failing firms are also going to be eliminated. “We’re taking the air out of golden parachutes,” he said.

Other new requirements on “exceptional assistance” will include:

• The expansion to 20, from five, the number of executives who would face reduced bonuses and incentives if they are found to have knowingly provided inaccurate information related to company financial statements or performance measurements.

• An increase in the ban on golden parachutes from a firm’s top five senior executives to its top 10. The next 25 would be prohibited from golden parachutes that exceed one year’s compensation.

• A requirement that boards of directors adopt policies on spending such as corporate jets, renovations and entertainment.

The administration also will propose long-term compensation restrictions even for companies that don’t receive government assistance, Obama said.

Those proposals include:

• Requiring top executives at financial institutions to hold stock for several years before they can cash out.

• Requiring nonbinding “say on pay” resolutions - that is, giving shareholders more say on executive compensation.

• A Treasury-sponsored conference on a long-term overhaul of executive compensation.

Compensation experts in the private sector have warned that intrusions into the internal decisions of financial institutions could discourage participation in the rescue program and slow down the financial sector’s recovery. They also argue that it could set a precedent for government regulation that undermines performance-based pay.

“One of the big questions is whether it will make it more difficult to recruit and retain executives at these companies,” said Claudia Allen, chair of corporate governance at the Chicago-based law firm of Neal, Gerber & Eisenberg.

The $500,000 cap “is a very tight limit,” she said.

Timothy J. Bartl, vice president and general counsel for the Center On Executive Compensation, said the president’s actions are a unique situation given the government’s role bailing out troubled institutions.

“We do not view it as something that ought to be extended beyond this circumstance,” he said.

On Capitol Hill, some lawmakers had been pushing for even stricter caps.

Sen. Claire McCaskill, D-Mo., and Sen. Bernard Sanders, I-Vt., have proposed that no employee of an institution that receives money under the $700 billion federal bailout can receive more than $400,000 in total compensation until it pays the money back. The figure is equivalent to the salary of the president of the United States.

Even some Republicans, angered by company decisions to pay bonuses and buy airplanes while receiving government help, have few qualms about restrictions.

“In ordinary situations where the taxpayers’ money is not involved, we shouldn’t set executive pay,” said Sen. Richard Shelby of Alabama, the top Republican on the Senate Banking Committee.

“But where you’ve got federal money involved, taxpayers’ money involved, TARP money involved, and the way they have spent it, with no accountability, is getting close to being criminal.”

Columbus Ledger-Enquirer
Synovus: We're making loans
Consumers, businesses are squeezed financially as banks tighten lending standards
2/9/2009

Synovus Financial Corp., which received $968 million from the U.S. government’s bank relief program on Dec. 19, said Friday it will issue information in April detailing how the firm is spending the money.

The pending report comes amid public concerns that banks nationally aren’t getting enough of the taxpayer money into the hands of consumers and businesses in the form of new loans.

But Columbus-based Synovus said in a recent interview with the Ledger-Enquirer that its overall loan growth is rising, although not at the double-digit pace prior to the financial crisis that froze up banks and lending houses last September.

"We’re going to add more information on our own initiative that will show that, yes, we are still making loans," said Fred Green, Synovus president and chief operating officer.

Synovus made $1.2 billion in new loans in the fourth quarter of 2008, he said, most of that before receiving one penny from the Capital Purchase Program, which falls under the Troubled Asset Relief Program, known as TARP.

Overall loan growth in the quarter was 3.9 percent at the regional bankholding firm, which operates 31 banks in Georgia, Alabama, South Carolina, Florida and Tennessee. Consumer loans grew by 5.5 percent.

Two years ago, overall loan growth would have been around 10 or 11 percent, Green conceded.

But he noted the firm did write nearly 1,000 home equity loans, valued at about $30 million, during the quarter. That’s on par with past loan levels.

Home equity loans -- money borrowed against the equity in a house -- are how many customers obtain extra money today, he said. Some banks froze home equity lines as the national economy deteriorated.

"We’re not experiencing anywhere close to the deterioration that many of the banks that we compete with have experienced," Green said. "The underwriting there is pretty standard and hasn’t changed dramatically."

The company has emphasized lending to existing customers -- those in its markets, using appropriate loan-to-value ratios and credit scores, he said.

Critics of TARP

TARP was engineered by former Treasury Secretary Henry Paulson last fall as part of a $700 billion emergency stimulus plan aimed at unthawing loan underwriting by banks.

Consumers and businesses have been squeezed financially as banks tightened lending standards amid a deep recession and rising unemployment.

Under TARP, banks applied for the relief funding that has been termed a "bailout" by the public and some in legislative and financial circles.

U.S. Rep. Barney Frank, D-Mass., and chairman of the House Financial Services Committee, is at the forefront of a push to force banks to be more transparent with how they use the federal funds. He also is seeking to limit executive pay and bonuses more strictly than under current TARP guidelines.

Frank has sponsored a House "reform and accountability" resolution that would do so. But the measure hasn’t picked up traction in the U.S. Senate.

The House committee has scheduled a hearing Wednesday, summoning to Washington the CEOs of eight banks who received TARP money. He wants them to explain how they are using the money.

Banks to be represented include Bank of America, Wells Fargo, Citigroup, JP Morgan, State Street, Morgan Stanley, Goldman Sachs and Bank of New York Mellon. Synovus is not part of the mix.

"The way in which the TARP was administered -- the absence of foreclosure (assistance), the absence of pressure to lend, laxity with regard to compensation -- it has helped bring public anger to a fever pitch, to the point where it would prevent us from going forward in a lot of ways unless we alleviate it," Frank said. "You can’t alleviate it with hocus pocus."

Citi issues its report

Banking giant Citigroup has gotten out in front of the issue. Last Tuesday, the bank released its first quarterly progress report on how it is using the TARP money.

The bank titled its report: "What Citi is Doing to Expand the Flow of Credit, Support Homeowners and Help the U.S. Economy."

In the report, Citigroup, which received $45 billion in TARP capital, said it is making $25.7 billion in mortgage-related loans, $2.5 billion in personal and business loans, $1 billion in student loans, $5.8 billion in credit-card lending and $1.5 billion for corporate lending.

"Americans from all walks of life are facing real economic hardship and Citi must do whatever we can to help them," said Vikram Pandit, Citigroup chief executive officer.

"Our responsibility is to put TARP capital to work quickly, prudently, and transparently to support U.S. consumers, businesses and our communities during these challenging times," he said.

Citigroup, with more than $2 trillion in assets, is considerably larger than Synovus, which oversees $34 billion in assets.

On Friday, Synovus spokesman Greg Hudgison said the company has not decided if the TARP financial data will be included in its regular first-quarter earnings report, to be issued around mid-April, or if it will be separate. He also said the banking firm has not decided the format it will take.

Exec: Not so fast

The company doesn’t plan to spend the TARP funds quickly, Green said.

"All banks have to have capital that they leverage to expand their asset base, and you can’t do it overnight," Green said. "If you were to get, in this case, $968 million in capital and leveraged it to the extent that you could, you’d make $9 billion in loans the next day. Obviously, you can’t do that."

As for executive compensation, Green said neither he nor Richard Anthony, Synovus chairman and CEO, received a bonus in 2007 or 2008.

Anthony did receive a base salary of $2.4 million in 2007, the latest numbers available, while Green took home $1.1 million.

"That was before (TARP) had ever been conceived," Green said of the eliminated bonuses. "It was based on our own performance and how we did as a company."

Synovus posted a $637 million loss in the fourth quarter of 2008. The full year was only slightly better at a loss of $584 million. The yearly figure included a $480 million goodwill impairment charge because of the firm’s declining value, particularly its stock shares.

While subprime lending to consumers who couldn’t afford escalating adjustable-rate mortgage loans got many banks in trouble, Synovus took major hits because of homebuilders defaulting on house and land loans.

The Atlanta market, in which Synovus has worked to expand, has impacted the firm’s bottom line the worst. Pockets of its Florida business also have done damage, with the bank writing off hundreds of millions of dollars in loan losses.

Green said the company could have done OK without the TARP money. It already had nearly $3 billion in reserve. But he said management owed it to shareholders to research the program and apply for the funds -- which came from the government’s purchase of senior preferred stock. Synovus is obligated to pay a 5-percent annual dividend for the first five years, then 9 percent after that.

"We talked about whether we should apply and made the decision to do so because we could not predict -- nor can anybody right now -- how long this recession might go on," Green said. "We looked at it more as insurance than something that we needed to survive. So we had plenty of capital, added to that, and it gave us a cushion in the event the economy continues to get worse."

Analyst: Holding funds wise

Michael Rose, a stock market analyst who follows Synovus and other regional banks, concurs that hanging on to the funds in the short term could be wise given the precarious economy.

Rose, with Raymond James & Associates, has forecast that Synovus will lose $1.10 per share this year. He projects the firm will lose 28 cents per share in 2010 as it works the residential loans off its financial books.

He pointed out that the overall banking sector’s loan portfolios are still deteriorating at an accelerating rate.

"I think the bank is obviously trying to make good new loans where it can," Rose said. "But we’re in a recession, a deepening recession at that ... In such an environment, to go out and immediately deploy that capital into loans, just doesn’t make a whole lot of sense."

Asked if banks are taking unfair criticism from their reluctance to lend quickly to consumers and businesses to jumpstart the economy, the analyst said that appears to be the case.

"It’s become a political issue," Rose said. "By and large, banks are trying to make good loans where they can. But when you see massive job layoffs and a decelerating economy, it’s hard to go out and find good loans.

"It’s adverse selection. You just don’t want to go out and give people who are unqualified money. That’s kind of what got us into this mess, if you think about it."

Congressman Frank finds himself at the opposite end of the spectrum. At the TARP hearings this week, he is expected to demand that banks inject copious amounts of the money into the hands of those who gave it to them -- the American taxpaying public. Until then, Frank said he will fight attempts to dole out more funds.

"They’re getting a lot of money. They made a lot of mistakes. They’ve got to lean over backwards not to offend people in terms of compensation and everything else," he said.

"Secondly, they have to show people that we’re getting something from the money. That’s foreclosure diminution. That’s loans. That’s more cars bought, more student loans picked up, etc."

But in Columbus, Synovus executive Green doesn’t see things that way. He views the $968 million in TARP funds as an "investment" in his company.

Green, a former Federal Reserve board member, also calls the criticism of banks extremely unfair. Putting the financial meltdown into context, he said the liquidity crisis last fall prompted banks to stop lending altogether, not even to each other.

The failure of large financial institutions were becoming almost daily headlines, he said. Banks and lenders were being taken over by the government. Thousands of workers faced layoffs.

TARP is doing what it was intended to do, Green said. It’s breaking up the liquidity logjam and putting the financial system on some semblance of solid ground.

But it will take time for the funds to work, he said. And as the economy begins to catch its breath and move out of the recession -- perhaps not until 2010 -- consumer and business lending will accelerate, he said.

"TARP helped create or add confidence back in the market and allowed the system to function," said Green. "Without it, it may have been disastrous for the country as we know it."

Columbus Ledger-Enquirer
Local bankers preach patience
2/11/09
By Tony Adams

Patience — that's what Columbus bankers say is needed to let previous financial moves made by the U.S. government take effect and boost the beleaguered economy.

"Lending in a recessionary environment doesn't happen immediately. You have to let a little time pass," said Richard Anthony, chairman and chief executive officer of Synovus Financial Corp., which operates 31 banks in five Southeastern states and oversees $35 billion in assets.

"I think banks are fully aware of this opportunity to lend money to individuals and businesses," he said. "I think now that they've got the TARP capital, they will have the deposits that follow, and I think the lending will follow that."

Anthony's comments followed the announcement Tuesday by U.S. Treasury Secretary Timothy Geithner that he plans to move aggressively to bolster one of the worst economic downturns in decades.

One proposed step is for the federal government and private investors to purchase toxic assets from banks in order to free them up financially for lending to consumers and businesses.

But there were few details about how the program would work. That concerns Anthony, who believes last fall's initial round of bank relief funding hasn't been given enough time to work.

Synovus was among 362 banking firms to receive money through the Capital Purchase Program, which falls under the Troubled Asset Relief Program. The company sold the government $968 million in senior preferred stock, with the Treasury receiving a 5-percent dividend.

"That's the big question all along about this 'bad bank' entity, or this aggregator bank, as they call it sometimes," Anthony said. "It really centers around the prices that would be paid for these assets.

"If you pay too much for the assets, then you have done a disservice to the taxpayers of the country. If you pay too little, it serves no purpose because the banks won't release any of these assets."

Synovus currently is earning an average of 63 cents to 65 cents on the dollar as it sells off housing assets from soured real-estate development loans, the CEO said. Lots and land parcels are selling for around 40 cents on the dollar.

Bob Stranger, meanwhile, said Geithner's plan sounds similar to the formation of Resolution Trust Corp., created by the government in the 1980s to buy up failed savings and loan assets, then resell them.

Stranger, president and CEO of Columbus Community Bank, has been in banking since 1974. He was in Oklahoma during the savings and loan crisis, which is considerably less severe than the current one.

“It was such a dramatic problem in the oil states,” he said. “You had real estate values plummet 50 percent in some areas. There were a lot of bank failures bank then, and the federal government took toxic assets out of the system so that surviving banks were not burdened with the costs and time associated with managing those problems.”

Even with that bold move, it took six or seven years before the Oklahoma economy recovered fully, he said.

Stranger also preached patience as the government prepares to spend the second half of the $700 billion bank relief measure adopted last fall. Some estimates pegged Geithner’s rescue plan at $1 trillion or possibly much higher. That’s one of the unknowns in the move that the Treasury official conceded is risky.

Stranger, who called the current predicament “historical,” said for the government to do nothing is far riskier than the government stepping in to help. Liquidity, or the flow of money, must be freed up to boost lending for houses, automobiles, consumer goods and businesses, he said.

“If we don’t do something, there’s not going to be credit available. And if you don’t have credit available, you can’t grow, you can’t recover as fast,” Stranger said. I think what we would have as a result is a very difficult time recovering from this without it going on for many years.”

After hearing the news Tuesday, Steve Melton, president and CEO of Columbus Bank and Trust Co., on one hand expressed hope that a program to purchase bad assets has “possibilities.”

But on the other hand, the executive expressed frustration with government officials not allowing the financial markets to work out some of its problems on its own.

“Hopefully, they’re going to push the right button here before long,” Melton said. “But part of it is when you put all of this money out there, it takes time for it to work. It doesn’t happen overnight.”

The American public also could use a bit of an attitude adjustment, he said.

“They want instant gratification,” he said. “But that’s part of what got us here.”

Though not a banker, Dave Erickson thinks elements of Tuesday’s proposals and legislative moves will help.

An $838 billion stimulus package passed by the U.S. Senate includes one measure that would allow consumers to take a tax credit of $15,000, or 10 percent, whichever is less, toward the purchase of a home.

“In a roundabout way, I’d call it free money,” said Erickson, president of Grayhawk Homes Inc., based in Columbus. “It’s a huge incentive for people to get off the fence and make a commitment to buying houses. In the Columbus market, where house prices have been surprisingly stable and we have really good future potential, it’s kind of a slam dunk for anybody to think about buying a house.”

The homebuilder said purchasing activity has been showing signs of life recently. His company has been averaging four to five home sales per week since early January.

While his own business is picking up, Erickson knows the events taking place in the nation’s capital and how they evolve are critical for the American economy. “Certainly on a national scale, the banking industry needs to get off its knees and get stable,” he said.

Savannah Morning News
Savannah banks' Fed money no bailout
McClatchy-Tribune Regional News
2/15/09

With Congress grilling CEOs of the nation's biggest banks last week and terms like "bailout," "TARP funds" and "Capital Purchase Program" flying around, consumers are left to wonder how it all relates to their own accounts.

Among the questions: Are any of our local banks getting federal funds? And, if so, does that mean they're in trouble? What are they doing with the money, and what does an infusion of federal funds mean for their customers?

If you bank with Wells Fargo/Wachovia, Bank of America, Regions, SunTrust, United Community, Sea Island/Synovus, Colony or Queensborough National Bank & Trust, your bank is getting funds under one part of the TARP program.

So, does that mean these banks need government help?

"Not necessarily -- in fact, in some cases it's just the opposite," said David Oliver, senior vice president of communications and marketing for the Georgia Bankers Association.

"There is so much misinformation out there, it's easy to understand why consumers could be confused."

Even the term "TARP" -- an acronym for Troubled Asset Relief Program -- can be misleading, Oliver said.

The above-mentioned banks, for example, have all received funds from the Treasury Department's Capital Purchase Plan, the first program to be implemented under TARP.

Unlike other TARP programs, which are designed for companies considered to pose systemic risk, CPP is for healthy institutions.

With other TARP programs, the at-risk companies must ask for help, and rescues are individually negotiated. CPP participants are asked to voluntarily participate, and terms are the same for each institution.

"The purpose of CPP is to stabilize financial markets by providing capital to healthy institutions, thus increasing the flow of credit to businesses and consumers," Oliver said.

But CPP is not a giveaway, Oliver said.

"This has so often just been reported as a 'bailout' that I'm afraid that the public perceives it as free money," he said.

Instead, he said, CPP funds are a government investment in a financial institution, one that carries specific stipulations and must be repaid with interest.

"It's likely that the Treasury will actually make money with CPP," he said.

For its capital injection under CPP, the U.S. Treasury receives from each institution "senior perpetual preferred stock" that will pay a 5 percent dividend for the first five years and a 9 percent dividend thereafter.

For example, Wells Fargo, which recently acquired Wachovia, this month announced the payment of a $371.5 million dividend on the $25 billion it received through CPP.

Of the Georgia-based banks receiving CPP investment funds, SunTrust was the first to declare a dividend. It announced Tuesday that it would pay the U.S. Treasury $60 million in March on the $4.84 billion in CPP funds it received in November and December.

Banks that receive the capital funds are strongly encouraged not to hoard the cash but to use it to make loans that will get money moving through the system.

"We fully understand the need to put the Treasury capital to work to support the economy and help our clients in this uncertain environment," said Mike McCoy, SunTrust corporate communications manager.

"We are, for example, using the additional capital -- along with our existing capital -- to support prudent lending to both business and consumers, and to work with distressed homeowners."

Jimmy Tallent, president and CEO of Blairsville-based United Community Banks, echoed McCoy's sentiments.

"This investment by the Treasury will further strengthen the company's capital position," said Tallent, whose bank received $180 million in CPP funds.

"The significant increase in capital will add to an already successful strategy of supporting the growth within our communities through smart, responsible lending to both existing and new customers. It also enables us to consider other strategic opportunities that may arise to expand our franchise."

Fitzgerald-based Colony Bancorp elected to participate in CPP "to take advantage of the likely one-time opportunity to receive a very low-cost source of capital," the company said in a press release announcing its $28 million share of the pie.

The release said Colony anticipates using some of the capital "to expand its business through careful lending, enhanced customer service and pursuing potential growth opportunities to increase shareholder value."

Oliver said he can understand why banks are cautious about how they use new infusions of capital.

"The last year has been an unprecedented one for the banking industry," he said. "Profits were down significantly for banks both nationally and locally, primarily due to increased loan losses and banks setting aside more to protect against probable losses."

The credit crisis and economic downturn led to 25 bank closures nationally in 2008, five of them in Georgia.

Earlier this month, McDonough-based First Bank became the sixth Georgia bank to fail in as many months, with industry analysts predicting more closures in the near future.

That said, Oliver stressed that the vast majority of Georgia banks are stable.

"Based on third-quarter FDIC numbers -- the latest we have -- 96 percent of Georgia banks remain well-capitalized," he said. "But there are some facing real challenges, especially those that focused heavily on doing business with real estate developers and lenders."

Georgia's latest bank failure appears to have been a textbook case -- First Bank's loan portfolio was heavily concentrated in real estate.

To date, only eight Georgia-based banks have received CPP funds. Of those, only two -- Metro City Bank in Doraville and The Queensborough Company of Louisville, which has a Savannah presence -- are considered community banks, with assets of less than $1 billion.

That's not to say more community banks -- including most in Savannah -- haven't applied for the funds.

"We applied in November and were told we would hear something by the end of December," said Brian Foster, chairman and CEO of Savannah's First Chatham Bank.

"But they were looking at the publicly held companies first. Now that they've come out with a comparable plan for private companies, we're just waiting for an answer."

Like most banks that qualify for CPP, First Chatham doesn't need the help, Foster said.

"We just can't grow as much as we want to without it."

First Chatham, which includes First Effingham and Richmond Hill banks, has grown more than 20 percent a year since it opened in 2002. Although it is a community bank, it's ranked 68th among the 4,000 Small Business Administration lenders in the country.

"If we're going to continue to do that much lending, we definitely need additional capital," Foster said.

But that doesn't mean First Chatham will automatically accept the funds when they're offered.

"Right now, it looks like a good deal -- something that will give us a decent return while allowing us to keep growing," Foster said. "And hopefully it's debt we would be able to retire in four to five years.

"But we're going to be cautious. We keep hearing rumors that there may be new strings attached with the new administration.

"I guess we'll just have to wait and see."

Fortune Magazine
Bank stress tests cause more stress
A deeply troubled sector resumes sinking amid uncertainty about how the government might intervene.
Colin Barr, senior writer
February 18, 2009

NEW YORK (Fortune) -- It looks like Tim Geithner's stress test for banks is only adding to the stress in the financial sector.

The Treasury Secretary sketched out the broad strokes of the government's latest plans to support the financial sector last week. Among the main components was a so-called comprehensive stress test that Geithner said would help separate healthy banks from those that need assistance.

He said all the agencies that oversee banks will be involved in creating a "more consistent, realistic, forward-looking assessment" about problems on bank balance sheets. Banks that need more capital will get funding through a new program that would serve as a bridge to investments from the private sector.

Testing big U.S. financial firms seems like a good idea. But bank stocks, which were already hit hard before Geithner revealed the plan last week, have only been under renewed pressure as investors have been taking bets on which banks might fail stress tests - and possibly be forced to sell more stock to the government, further diluting shareholders.

Shares of mammoth money centers Citigroup (C, Fortune 500) and Bank of America (BAC, Fortune 500) have lost at least a quarter of their value since the release of the Geithner plan. Even harder hit have been regional banks such as Atlanta's SunTrust (STI, Fortune 500) and Ohio's Fifth Third (FITB, Fortune 500) , down 40% and 50% respectively off their closing levels last Monday.

There are also questions about when the tests would start and how long they will take.

Experts wonder why regulators hadn't already been working more closely over the past 18 months as problems in the credit markets deepened. And they question whether the Treasury can apply a meaningful test to such large institutions - only banks with at least $100 billion in assets will be tested - in a brief period.

Geithner hasn't said when the stress testing would take place or how long it would take, but he has repeatedly stressed a need to act promptly.

Comprehensive tests will take time

"It's a crazy idea to think you can do something on this scale with any measure of precision," said Eric Falkenstein, a former capital-allocation executive at KeyCorp (KEY, Fortune 500) who is now a consultant to hedge funds. "You need lots of information, but you also need to know what to look for."

Falkenstein said the process of testing even a moderately large institution could take months even in the most favorable circumstances. That's because different business lines within a given bank are best monitored via different metrics, ranging from the characteristics of various borrowers and collateral to when some loans were made.

"It gets very complex, and you can end up with a lot of wrangling," said Falkenstein, who has no positions in bank stocks. "They really have their work cut out for them."

In the meantime, investors are left to question what form the test will take - and if only banks will have to take it or if other large financial firms such as insurers and asset managers will also be subject to it.

Michael Bopp, a partner at law firm Gibson Dunn & Crutcher in Washington, notes that if all financial institutions with $100 billion in assets are subject to the test, that could double the number of firms Treasury will need to test and also complicate the process.

"If they do apply it to the holding companies, it raises the question of what kind of a test Treasury is going to apply to the sorts of companies it doesn't usually regulate," said Bopp, who chairs the firm's Financial Services Crisis Team.

Even at companies that are clearly going to be subjected to the stress test, questions about what the test will entail and what that will mean for shareholders is adding to the uncertainty.

Regional banks could face problems

BernsteinResearch analyst Kevin St. Pierre wrote in a report last week that Fifth Third, the Cincinnati-based bank whose shares have dropped more than 90% over the past year due to concerns about rising loan losses, has become "un-investable" in part because of "the lack of information around the details of the stress test."

In this case, the question is not whether Fifth Third shareholders will be hit, but how hard, St. Pierre wrote. He said Bernstein's own stress tests suggest the bank could end up being forced to sell between $2 billion and $2.7 billion in new convertible preferred shares to the government - events that would more than double the number of common shares outstanding.

Fifth Third is far from the only bank in that position. St. Pierre wrote in his report that Regions Financial (RF, Fortune 500) of Birmingham, Ala., U.S. Bancorp (USB, Fortune 500) of Minneapolis and PNC (PNC, Fortune 500) of Pittsburgh could face serious shareholder dilution, based on an assessment of their capital ratios, loan loss reserves and exposure to the increasingly troubled commercial and construction loan categories.

In another report last week, Barclays Capital analyst Jason Goldberg compared projected cumulative losses on various loan portfolios with banks' capital plus their loan loss reserves.

On this basis, Goldberg wrote that PNC and San Francisco's Wells Fargo (WFC, Fortune 500), appear likely to be adequately reserved. But other banks, such as Synovus Financial (SNV) of Columbus, Ga., Zions Bancorp (ZION) of Salt Lake City and BB&T (BBT, Fortune 500) of Winston-Salem, N.C., could face losses that would force them to raise more capital from the government.

While the Geithner plan seems to imply that troubled big banks will get government support at a price, Goldberg noted that some uncertainty remains. "We hope this is actually a stress-test and not meant to determine who survives and who doesn't," he wrote.

American Banker
People
Friday, February 20, 2009
By Paul Davis and Matthew Monks

Open House
Bobby Lowder, Colonial BancGroup Inc.'s chief executive and chairman, is trying to sell more than a minority stake in his company.

Mr. Lowder has listed a 10,000-square-foot home in Aspen, Colo., for $23.5 million. His wife, Charlotte, is listed as the owner of the seven-bedroom house, which was bought in December 2006 for $20 million.

An online listing for the property touts its "tremendous views" of surrounding mountains and "gorgeous landscaping with stream and waterfalls." Also, "custom furnishings throughout give the residence a sense of grandeur."

Mr. Lowder and his $26 billion-asset Montgomery, Ala., company have come under fire from investors after they learned late last month that its receipt of Troubled Asset Relief Program funds is contingent on raising $300 million in private equity.

Mr. Lowder has taken his lumps as a Colonial shareholder. In April he paid about $8 million for 1 million shares, which are now worth roughly $400,000.

Anthony on Board
Richard Anthony, the chairman and chief executive at Synovus Financial Corp., has joined the board of the Financial Services Roundtable.

Mr. Anthony said Thursday in a press release announcing his two-year appointment that he hopes to "help address some of the critical issues facing our industry and our customers during this challenging economic cycle.

As the trade group to the 100 largest financial services firms, the roundtable represents the companies that have taken the bulk of the government's investments under the Capital Purchase Program.

The $35.7 billion-asset Synovus itself accepted $968 million of funds.

It reported a fourth-quarter loss of $637 million, and like other regional banking companies, it is grappling with deteriorating credit quality.

The Augusta Chronicle
Making a bigger cushion
By Tim Rausch
2/22/09

It was not a bailout to Tim Simmons; it was a chance to bolster the financial foundation of his Aiken-based bank in order to keep lending.

Mr. Simmons is the chairman of Security Federal Bank, which received $18 million from the U.S. Treasury last month.

"It certainly prevented us from stopping to lend money completely until some of our existing loans were paid down," Mr. Simmons said.

Easing the credit crunch was a main point of the $700 billion federal bank bailout bill.

"We were on track to increase our lending by $124 million (for the year)," Mr. Simmons said. "That requires a lot of capital. Our capital was not growing at a fast enough pace to keep up with loan demand."

Security Federal is one of only two locally controlled banks to receive money from the Capital Purchase Program -- a subsection of the Troubled Asset Relief Program, which provides capital to healthy banks.

The other is Queensborough National Bank & **Trust**, based in Louisville, Ga., which received $12 million in January.

"With it being capital, we can use that to grow the bank's loan portfolio. We can leverage those funds nine or 10 to 1 in loans. For every million in capital, you can loan $9 (million) or $10 million as economic conditions improve," said Bill Thompson, the Augusta market president for Queensborough.

The process is not as simple as the money arriving from the federal coffers and going straight out the door as a bank loan, explained David Oliver, the senior vice president of communications and marketing for the Georgia Bankers Association.

"There is a perception that this is a direct pass-through. That's not technically how it works," Mr. Oliver said. "Banks have to be able to fund their loans through the deposits.

"Capital helps banks acquire the deposits, either through paying local depositors interest or acquiring them on the open market."

In the case of Security Federal, the capital was needed to meet regulatory requirements that it not lend beyond that 10-to-1 ratio of its capital reserves, Mr. Simmons said.

Other banks that do business in the Augusta-Aiken area, but aren't headquartered here, also received money from the Capital Purchase Program: Wachovia (through Wells Fargo), Bank of America, SunTrust, Regions, Fifth Third and AFB&T (through Synovus).

At least one local bank is awaiting word on its application. Southeastern Bank Financial Corp., which runs **Georgia Bank** & **Trust** and Southern Bank & **Trust**, is eligible for $30 million under the program.

Chief Executive Officer R. Dan Blanton said the bank probably will accept only half of that amount when its application moves its way through the red tape of Washington, D.C.

"It gives us a chance to grow in an environment where we've got declining earnings," Mr. Blanton said.

The bank would not use the money to expand its footprint with additional branches, which is a possible use of capital, but will keep it as a way to boost its lending capabilities.

Georgia-Carolina Bancshares, which runs First Bank of Georgia, declined to participate.

"After a thorough review of the program and our current and anticipated financial position, we chose not to apply for funds," President Remer Brinson III said. "Our primary reasons for not applying for the funds are that we did not feel the additional capital was necessary and participation in the program would increase government regulation of our business."

It is not free money, Mr. Oliver said. The federal government is buying stock in the bank and gets dividend payments of 5 percent a year -- and the bank can't pay it all back for at least three years.

If the bank holds the money for more than five years, the dividend payment to the federal government goes up to 9 percent. Mr. Thompson said that it was an attractive rate and that it was money easier to obtain than in the open market.

Mr. Simmons said that privately raised capital is expensive now because of the declining economy.

The bank could have gone with a stock or bond offering and crossed its fingers that it could raise the money in six months.

"Capital in the private sector is higher than years ago, 4 percent more than you would pay then," Mr. Simmons said. "The government program was reasonable and instant."

Mr. Blanton said it would be possible for Southeastern Bank to go to its shareholders to raise $15 million, but "I think it could be pretty painful on the shareholders ... when their assets are worth less."

Mr. Oliver said there are banks not participating because they don't want to deal with the additional restrictions from the Treasury, some of which are changing with the political winds.

"If they are in a good capital position now, some of them have decided not to take on those additional burdens," Mr. Oliver said.

Though banks already provide quarterly reports to regulators, the calls from Congress on transparency in spending Troubled Asset Relief Program funds could result in additional reporting burdens and the extra costs associated with preparing extra reports.

"Bankers would say that is time and effort to do other things," Mr. Oliver said.

Mr. Simmons said the Security Federal staff had no problems with the provisions that the money not go to stockholder dividends or to buy back stock.

"We think it was a great program, a partnership between the government and banks to assist citizens and the economy," he said. "We plan to use that money as they intended. Within five years, we would have earned enough money to pay it back and they earned a return on it."

Reach Tim Rausch at (706) 823-3352 or timothy.rausch@augustachronicle.com.

RECIPIENTS

Only eight Georgia-based banks and nine South Carolina-based banks have received money so far from the U.S. Treasury through the Capital Purchase Program.

BANK HEADQUARTERS AMOUNT RECEIVED The Queensborough Co. Louisville $12,000,000 **Synovus Financial Corp. Columbus $967,870,000** SunTrust Banks Inc. Atlanta $4,850,000,000 Colony Bankcorp Inc. Fitzgerald $28,000,000 Fidelity Southern Corporation Atlanta $48,200,000 Ameris Bancorp Moultrie $52,000,000 United Community Banks, Inc. Blairsville $180,000,000 Metro City Bank Doraville $7,700,000 Security Federal Corp. Aiken $18,000,000 Congaree Bancshare Inc. Cayce $3,285,000 GrandSouth Bancorporation Greenville $9,000,000 Greer Bancshares Inc. Greer $9,993,000 First Community Corp. Lexington $11,350,000 Tidelands Bancshares Inc. Mount Pleasant $14,448,000 SCBT Financial Corp. Columbia $64,779,000 First Financial Holdings Inc. Charleston $65,000,000 South Financial Group Inc. Greenville $347,000,000 Bank of America Charlotte, N.C. $45,000,000,000 Fifth Third Bancorp. Cincinnati $3,408,000,000 Regions Financial Corp. Birmingham, Ala. $3,500,000,000 Wells Fargo (owns Wachovia) San Francisco $25,000,000,000

The Atlanta Journal - Constitution
Feds give small Georgia banks $88.5 million: Part of effort to stabilize the industry
Paul Donsky
3/4/09

The federal government has quietly invested $88.5 million in eight small Georgia banks since the beginning of the year as the U.S. Treasury continues its efforts to stabilize the troubled banking industry.

In the past two weeks alone, four banks have received federal funds, including $2.6 million for tiny Century Bank of Georgia in Cartersville and $5.2 million for Midtown Bank and Trust in Atlanta.

The investments pale in comparison to the enormous sums poured into Georgia's biggest banks late last year. But bankers say the money will help shore up their balance sheets and foster new lending.

"As bad as the market is, there are some wonderful new business opportunities out there," said Stan Kryder, president and CEO of Midtown Bank.

Kryder created a Small Business Administration lending division, hiring three people to staff it.

The Treasury's effort, known as the Troubled Asset Relief Program, comes with strings attached. Banks must pay the government a 5 percent dividend during the first five years, a figure that then jumps to 9 percent through year 10. Still, that's a far better deal than most banks could get in today's troubled capital markets.

The 13 Georgia banks that have received TARP funds thus far range from SunTrust, one of the region's largest players, to some of the state's smaller institutions. Only a fraction of the state's 334 banks --- less than 4 percent --- have received TARP funding, though many have applied. Experts say it's difficult to figure out the method Treasury is using to dole out the money.

"Nobody knows exactly what the standards are to receive an investment," said James W. Stevens, a banking and corporate lawyer with Kilpatrick Stockton in Atlanta.

The stated intent of TARP is to bolster strong banks, not improve bad ones, Stevens said, "but there are not just 13 banks in the state of Georgia that are in good shape."

Jerry Blanchard, a banking attorney with Bryan Cave Powell Goldstein in Atlanta, said a lot of bankers are scratching their heads, wondering why they haven't received TARP funds.

What the government appears to be doing, he said, is hand-picking a few banks to bolster to preserve the entire banking system.

"TARP has turned into something different from what everyone expected," he said. "I don't think everyone understood on the front end it'd be a very limited program for banks at any state."

Of the 13 Georgia banks to receive TARP funds, only six turned a profit last year.

Midtown Bank & Trust, the most recent recipient of TARP funds, dipped into the red last spring and ended the year posting a $1.4 million loss, much of it tied to the collapsing real estate market. And more losses could be on the way. Midtown Bank has identified $6.5 million in problem loans that are at least 90 days past due and considered uncollectible.

"We have our share of problems, like everybody else," said Kryder, the bank's CEO.

Kryder said the bank was considered well-capitalized by regulators even before the TARP funds came in and that the bank is in great shape to make new loans and pay back the investment from U.S. taxpayers.

But "we are all dealing with an uncertain economy," he said. "We don't know how long it's going to proceed. The fact is we do need capital to get through these difficult times."

BANKS THAT BENEFIT

SunTrust Banks (Atlanta) ....$4.84 billion ..11/14 and 12/31

Ameris Bancorp (Moultrie).............$52 million 11/21

United Community Banks (Blairsville) ..$180 million....12/5

Fidelity Southern (Atlanta)...........$48 million 12/12

Synovus Financial (Columbus) ....$973 million....12/19

Colony Bancorp (Fitzgerald)...........$28 million 1/9

The Queensborough Co. (Louisville) ....$12 million 1/9

Metro City Bank (Doraville)...........$7.7 million....1/30

Georgia Commerce Bancshares (Atlanta)..$8.7 million....2/6

Hamilton State Bancshares (Hoschton) ..$7 million......2/20

CBB Bancorp (Cartersville) ....$2.6 million....2/20

The Heritage Bank (Hinesville) ....$17.3 million ..2/20

Midtown Bank &Trust (Atlanta)..........$5.2 million....2/27

Source: Georgia Bankers Association

Responses to Media Inquiries

Synovus Response to ABC News Questions on Use of TARP Funds
1/16/09

1. Since you received TARP funds has there been an increase in lending activity by your bank, if so by how much?

2. What amount of TARP funds have been used to help homeowners who are behind on their payments or facing foreclosure?

3. Does your bank need the TARP infusion, if not have you considered returning the funds?

4. What will be the total amount awarded in bonuses at your institution this year?

5. If Congress passes retroactive compensation requirements for TARP Capital Purchase Program participants, will your bank give back the money?

TARP funds were received by Synovus on December 19, 2008, a little more than three weeks ago. The U.S. Treasury, in its recent response to questions from the Congressional Oversight Committee about the use of these funds, stated, and we agree, that more time is needed for this money to flow into the system before we see a measurable, positive impact on the overall economy. As originally outlined in our application to Treasury, Synovus intends to use TARP funds to replenish capital, strengthen our balance sheet as we continue to manage through credit losses into 2009, and enhance lending efforts to qualified borrowers.

TARP funds will not be used for executive compensation. Synovus did not award cash bonuses to top executives based on 2007 or 2008 performance. This decision was made even prior to receiving TARP funds. Additionally, we will adhere to any retroactive compensation requirements of Congress or Treasury.

Synovus Response to ABC News Questions
1/30/09

1) Today President Obama reacted to reports about billions in bonuses being paid to banks that have received TARP funds. He said it was "...the height of irresponsibility….shameful." He also said "there will be time for them to make profits, and there will be time for them to get bonuses. Now is not that time." Please respond to the President's comments.

2) How much did you spend on bonuses for Fiscal Year 2008, and what was your formula for arriving at Fiscal Year 2008 bonus numbers. **0**

3) If you did <u>not</u> pay bonuses for Fiscal Year 2008, please indicate that.

Synovus did not award cash bonuses to top executives based on 2007 or 2008 performance.
In addition, equity grants to executives for 2008 performance have been postponed.

4) Have you made any upper management changes or structural changes at your company since September 2008?

Yes. In September 2008, to strengthen our ability to address short and long term issues, Synovus appointed Mark G. Holladay to the newly created position of Chief Risk Officer of Synovus. Kevin J. Howard was promoted to the position of Chief Credit Officer and Roy Dallis "D" Copeland, Jr., was named to the new position of Chief Commercial Officer.

This reorganization was a significant step in ensuring Synovus maintains high, stringent standards for managing enterprise and credit risk during this challenging economic cycle.

Synovus Response to Atlanta Journal Constitution Newspaper concerning TARP/Executive Compensation
2/04/09

1) Is your company affected by President Obama's announcement to create compensation limits for companies who received TARP funds/
2) How is Synovus handling bonuses for calendar 2008?

The new rules would not affect our company. Synovus did not award cash bonuses to top executives based on 2007 or 2008 performance.

Synovus Response to Columbus Ledger-Enquirer Newspaper concerning Citibank TARP report
2/6/09

We intend to be transparent in our use of Capital Purchase Program funds. We will provide details on our use of the CPP funds, either through our earnings announcement or a separate report. We have not yet determined the reporting tool.

Synovus News Releases

Synovus 3Q 2008 Earnings Release
10/23/08

Synovus Reports Net Loss of $0.08 per Share for Third Quarter 2008

Columbus, Ga. — Synovus reported a net loss for the third quarter of 2008 of $26.9 million, or $0.08 per share, compared to income from continuing operations of $83.6 million, or $0.25 per diluted share for the third quarter of 2007.

"Credit issues, along with a weakening economy, created the need for aggressive actions to appropriately value, write down and dispose of problem credits," said Richard Anthony, Chairman and CEO. "Additionally, we have grown our deposits to enhance our liquidity position and plan to participate in the capital purchase program announced by the Treasury Department on October 13, 2008, which could add approximately $300 to $900 million of Tier 1 capital to our balance sheet. These actions will further strengthen Synovus for the future."

The ratio of nonperforming assets to loans, impaired loans held for sale, and other real estate was 3.58%, as of September 30, 2008, compared to 3.00% last quarter and 1.16% in the third quarter of 2007. Nonperforming loans were $770 million as of September 30, 2008, an increase of $143 million from the second quarter of 2008. The Atlanta market represents 56% of Synovus' total nonperforming loans in the residential construction and development portfolios. The net charge-off ratio for the quarter was 1.53% compared to 1.04% last quarter and 0.51% in the third quarter of 2007. During the quarter, Synovus recognized an $18 million loss on $70 million of non-performing assets after identifying these assets for loan sales or auctions. Two auctions were completed in the quarter with proceeds of $28 million. Another auction and two loan sales are scheduled to close in November which are expected to reduce nonperforming assets by $24 million. The allowance for loan losses was 1.68% of loans as of September 30, 2008, compared to 1.52% as of June 30, 2008 and 1.38% as of September 30, 2007. The provision expense for the quarter was $151.4 million, compared to $93.6 million last quarter, and $58.8 million in the third quarter of 2007. The provision for loan losses covered net charge-offs by 144% for the quarter.

During the third quarter, Synovus reassessed its largest loans, representing approximately 14% of the entire portfolio. While all except for one of these loans were performing, Synovus concluded that the financial condition of certain borrowers had weakened. This resulted in the downgrade of certain credits and a corresponding increase in provision expense of $40 million in the quarter.

In the current environment, Synovus has focused on growing deposits faster than loans. Total deposits grew 27.8% (annualized) on a sequential quarter basis, while Federal funds purchased were reduced by 88.6% enhancing Synovus' overall liquidity position. Total core deposits (excludes brokered deposits) grew 4.3% (annualized) on a sequential quarter basis.

Synovus Reports Net Loss of $0.08 per Share for Third Quarter/p. 2

Total loans grew 2.9% (annualized) on a sequential quarter basis. The net interest margin for the quarter was 3.42%, compared to 3.57% last quarter and 3.97% in the third quarter of 2007. Net interest income for the third quarter was $267.8 million compared to $290.8 million in the third quarter of 2007.

Non-interest expense was $258.8 million for the quarter, up $46.4 million compared to the third quarter last year. The increase consists primarily of a $41.5 million increase in losses and costs related to foreclosed real estate (which includes a $17 million loss related to the aforementioned auctions), $9.0 million in restructuring charges associated with Project Optimus, and a $3.4 million increase in FDIC insurance and other regulatory fees. Core non-interest expense was down from the same period last year primarily due to a headcount reduction of 274 during the third quarter of 2008.

Shareholders' equity as of September 30, 2008 was $3.39 billion, which represented a strong 9.87% of quarter-end assets. Total assets as of September 30 were $34.4 billion, an increase of 6.7% when compared to total assets from continuing operations a year ago. As of September 30, 2008, the Tier 1 Capital Ratio was 8.83%, the Total Risk-Based Capital Ratio was 12.22%, and the Tangible Common Equity to Tangible Assets Ratio was 8.50%.

During the three months ended June 30, 2008, Synovus conducted its annual goodwill impairment evaluation. As a result of this evaluation, Synovus recognized a goodwill impairment charge of $27 million (pre-tax and after-tax) on one of its reporting units. As was previously disclosed, the goodwill impairment charge was preliminary and subject to the finalization of the Step 2 calculation. Synovus expects to complete this process prior to the filing of its Form 10-Q for the three months ended September 30, 2008. Accordingly, any additional impairment charge would be reflected in the financial results for the three months ended September 30, 2008. Although any goodwill impairment charge would further reduce reported GAAP earnings, it would be non-cash in nature and would not affect Synovus' liquidity or regulatory capital ratios.

On October 15, 2008, Synovus received a notification from Visa Inc. stating that it had reached an agreement in principle with Discover to settle litigation pending since 2004. The specific terms of the settlement are not yet available. Synovus and other member banks have obligations to indemnify Visa, on a pro-rata basis, for the losses related to this litigation. As of September 30, 2008, Synovus has accrued $3.8 million as an estimate of its indemnification obligations related to this litigation. The expense related to this liability was recognized in the fourth quarter of 2007. This amount assumed a total settlement by Visa of $650 million. At this time, Synovus has not yet determined the impact of the settlement on its accrued liability at September 30, 2008.

Anthony concluded, "As we look out into the fourth quarter of 2008, we believe that the third quarter elevated level of charge-offs and loan loss provision should decrease and should drive improved performance in the quarter as compared to the third quarter. In looking out to 2009, based upon our assumptions regarding current economic conditions and credit conditions persisting throughout 2009, we believe that the 2009 charge-off ratio will be in the 1.15% to 1.30% range."

Synovus (NYSE: "SNV") is a financial services holding company with $34 billion in assets based in Columbus, Georgia. Synovus provides commercial and retail banking, as well as investment services, to customers through 34 banks, 440 ATMs, and other Synovus offices in Georgia, Alabama, South Carolina, Florida and Tennessee. The company focuses on its unique
decentralized customer delivery model, position in high-growth Southeast markets and commitment to being a great place to work to ensure the delivery of unparalleled customer experiences. See Synovus on the Web at www.synovus.com.

Synovus Selected to Participate in U.S. Treasury Capital Purchase Program
11/14/08

Columbus, GA– Synovus (NYSE: SNV), the Columbus, Georgia-based financial services company announced today it has received preliminary approval from the U.S. Treasury for the sale of approximately $973 million in preferred stock and related warrants to Treasury under the Capital Purchase Program. The final approval is subject to satisfaction of certain conditions, including approval by Synovus' shareholders of amendments to the company's articles of incorporation and bylaws to allow Synovus to issue preferred stock, as well as the execution of definitive agreements.

The Capital Purchase Program, part of the U.S. Treasury Troubled Asset Relief Program (TARP), is designed to encourage U.S. financial institutions to build capital and increase the flow of financing to U.S. businesses and consumers. Treasury has set aside $250 billion dollars to invest in the country's strongest financial institutions.

Synovus expects to use the proceeds from the Capital Purchase Program to further strengthen the company's capital base, enhance lending capabilities and position Synovus banks to capitalize on competitive growth opportunities in local markets.

"Through participation in this program, we have the opportunity to gain valuable capital to invest in continued growth and economic recovery in each of the communities we serve," said Richard Anthony, Chairman and CEO of Synovus. "We are especially focused on opportunities to carefully expand our lending efforts to consumers and businesses as we all work through these challenging economic times."

Synovus Receives Capital from U.S. Treasury Program
12/19/08

Columbus, GA – Synovus (NYSE: SNV), the Columbus, Georgia-based financial services company, announced today that it has completed the sale of $967,870,000 in preferred stock and warrants to the U.S. Treasury as part of the government's Capital Purchase Program. Synovus issued Treasury 967,870 shares of Fixed Rate Cumulative Perpetual Preferred Stock, Series A, and a ten-year warrant to purchase up to 15,510,737 shares of Synovus' common stock at a strike price of $9.36. Synovus' preliminary approval to participate in the program was announced on November 14, 2008.

"We are proud to be selected as one of the banks participating in Treasury's Capital Purchase Program," said Richard Anthony, Chairman and CEO of Synovus. "This capital provides a dimension of strength to the credit system and to our banks during these challenging economic times, and we expect to utilize these funds to further manage our credit losses, enhance lending efforts and invest in growth opportunities."

The Capital Purchase Program, part of the U.S. Treasury Troubled Asset Relief Program (TARP), is designed to encourage U.S. financial institutions to build capital and increase the flow of financing to U.S. businesses and consumers. Treasury has set aside $250 billion dollars to invest in the country's strongest financial institutions.

Synovus 4Q Earnings Release
1/22/09

Columbus, Ga- Synovus reported a net loss for the fourth quarter of 2008 of $637 million, or $1.93 per share, compared to income from continuing operations of $53.1 million, or $0.16 per diluted share for the fourth quarter of 2007. The fourth quarter 2008 results include provision expense of $364 million and a $443 million non-cash goodwill impairment charge. Excluding the goodwill impairment charge, Synovus' net loss would have been $195 million, or $0.59 per share, for the quarter.

For the full year 2008, Synovus reported a net loss of $584 million, or $1.77 per share, compared to income from continuing operations of $343 million, or $1.04 per share for 2007. Excluding the goodwill impairment charges of $480 million in 2008, Synovus' net loss would have been $105 million, or $0.32 per share, for the year.

Synovus previously announced that it was reviewing its goodwill for potential impairment. Based on the results of this review, Synovus recorded a non-cash $443 million (pre-tax and after-tax) goodwill impairment charge during the fourth quarter of 2008. This charge had no impact on Synovus' tangible capital levels, regulatory capital ratios, or liquidity. Additionally, goodwill impairment has no connection to or utilization of capital received from the U.S. Treasury as part of the Capital Purchase Program.

"As the economy continued to deteriorate in the fourth quarter, credit quality in the residential construction and development portfolios, especially in Atlanta, continued to weaken," said Richard Anthony, Chairman and CEO. "We are taking actions to recognize and liquidate these non-performing credits as efficiently and economically as possible. During the fourth quarter, our sequential quarter core deposit growth was 11% (annualized). We believe this puts us in a very strong liquidity position at the end of one of the worst years the financial services industry has faced. **Additionally, in the fourth quarter, we received approximately $968 million from the sale of preferred stock and warrants to the U.S. Treasury as part of the government's Capital Purchase Program. As of December 31, 2008, our Tier 1 Capital Ratio was 11.22%, Total Risk-Based Capital Ratio was 14.55%, and Tangible Common Equity to Tangible Assets Ratio was 7.91%. We believe the strength of our liquidity and strong capital structure positions us well for the future."**

The provision expense for the quarter was $363.9 million, compared to $151.4 million last quarter. The provision for loan losses covered net charge-offs by 159% for the quarter. For the full year 2008, provision expense of $700 million exceeded net charge-offs by $231 million. The ratio of nonperforming assets to loans, impaired loans held for sale, and other real estate was 4.16%, as of December 31, 2008, compared to 3.58% last quarter. Nonperforming loans were $922 million as of December 31, 2008, an increase of $152 million from the third quarter of 2008. The Atlanta market represents 29% of Synovus' total loans in the residential construction and development portfolios and 45% of the nonperforming loans in the residential construction and development portfolios.

The net charge-off ratio for the quarter was 3.25% compared to 1.53% last quarter. The net charge off ratio for the full year 2008 was 1.71%. The allowance for loan losses was 2.14% of loans as of December 31, 2008, compared to 1.68% as of September 30, 2008.

During the fourth quarter, Synovus continued to refine its non-performing asset disposal strategy. In addition to the individual bank teams aggressively identifying and liquidating non-performing assets, Synovus formed a separate subsidiary to purchase certain non-performing assets from its subsidiary banks, assess the economics of disposal of these assets, and centrally and effectively manage the liquidation of these assets. This entity has acquired approximately $500 million of these assets as of December 31, 2008 and has identified approximately $150 million of these assets for liquidation in the near term. These assets have been written down an additional $50 million in the fourth quarter to reflect the estimated proceeds from liquidation.

In the current environment, Synovus has focused on growing deposits faster than loans. Total core deposits (excludes brokered deposits) grew 11.1% (annualized) on a sequential quarter basis and 5.1% over the 2007 year end balance. Shared deposit products that provide up to $7,750,000 of FDIC insurance per individual account were up $852 million in certificate of deposit and money market accounts in the fourth quarter.

Total loans grew 3.9% (annualized) on a sequential quarter basis. Commercial and industrial loans grew 5.9% and retail loans grew 5.5%, while residential construction and development loans declined 15.3% on a sequential quarter annualized basis. The net interest margin for the quarter was 3.20%, compared to 3.42% last quarter. Net interest income for the fourth quarter was $258.0 million compared to $286.7 million in the fourth quarter of 2007.

Reported non-interest expense for the fourth quarter 2008 was $723.2 million. Excluding the goodwill impairment charge, non-interest expense for the fourth quarter of 2008 was $280.5 million compared to $235.2

million in the fourth quarter 2007. The increase consisted primarily of a $59.0 million increase in losses and costs related to foreclosed real estate, $3.7 million increase in professional fees, and a $3.8 million increase in FDIC insurance and other regulatory fees. Synovus' efforts to manage headcount during 2008 have resulted in a reduction of 451 positions and have caused employment expenses to trend downward by $1.9 million on a linked quarter basis. For the full year 2008, no executive bonuses were paid.

Anthony concluded, "As we look out into 2009, we are fully committed to actively and aggressively deal with our non-performing assets through the activities of our front line bankers as well as the separate subsidiary structured to enhance this capability from the corporate level. We believe continued strong core deposit growth and the U.S. Treasury funds enable us to be aggressive in resolving these credit issues while allowing us to look to the future for growth."

Synovus will host an earnings highlights conference call at 4:30 pm EDT, on January 22, 2009. Shareholders and other interested persons may listen to this conference call via simultaneous Internet broadcast at www.synovus.com by clicking on the "Live Webcast" icon. You may download RealPlayer or Windows Media Player (free download available) prior to accessing the actual call or the replay. The replay will be archived for 12 months and will be available 30-45 minutes after the call.

Earnings Calls

Synovus Q3 2008 Earnings Call
10/23/08

Richard Anthony, Chairman and CEO:

I'll shift now to the TARP legislation. We had obviously a lengthy discussion in our board meeting today about TARP. We learn more about it everyday. We got a team who is studying the releases that are available again on a daily basis.

I would say that we intend to participate to the maximum level, which could be – which should be a little over $900 million. We're in the process of completing everything necessary for the application which would be filed by November the 14th. We think this is a source of capital that is something that we cannot pass up. We find it to be attractive. And we're moving forward in that regard.

Synovus Q4 2008 Earnings Call
1/22/09

Richard Anthony, Synovus Chairman and CEO:

Moving to the subject of capital, I believe we have a continued source of strength here as I am confident you all know we did receive our capital purchase program investment from the U.S. Treasury on December 19. It was $968 million. I believe that this program will continue to do its part to generate confidence in our banking system. Certainly in our company it drives our capital ratios which were already good and strong up to higher levels. We believe it will make possible for us good gains in liquidity and deposit gathering going forward which in turn will stimulate our ability to satisfy customer needs and demands for credit.

I do want to mention our capital ratios. First, our tier-1 ratio is at 11.2% at the end of the year. The total risk based capital ratio is 14.5% and the tangible common equity to asset ratio is 7.9% and Tommy will add a little bit to what I have said there about those ratios.

Moving to the fifth topic I wanted to cover here at the outset, our asset disposition strategy. We continue to get even better organized around this approach. We have centralized the team and accountability to manage the disposition of problem assets in the company. We have created additional infrastructure. The leadership group is identified. They are working with our individual banks as we make decisions that will take into consideration the assets that are better able to be converted into cash than others so that we have a priority system and are able to rank our assets in terms of disposition priority.

We have created just in recent weeks a new subsidiary within Synovus to house some of the non-performing assets. We have named the entity Broadway Asset Management. We have essentially sold or transferred $500 million in non-performing assets from seven banks which will relieve some of the pressure on our banks with the highest levels of NPA’s. This will create a better, more productive focus for our bankers in those banks even though they will continue to contribute to problem resolution. Still, within the charters themselves in those instances creates a better set of credit metrics and will better allow our bankers to be bankers.

Letter to Shareholders
1/23/09

Richard Anthony, Synovus Chairman and CEO

Dear Shareholders,
On Thursday, January 22, Synovus reported a loss of $1.93 per share for the fourth quarter 2008, a reflection of the tough economic environment facing the banking sector and the economy as a whole. This announcement is certainly disappointing for our leadership team and, we know, for each of you. Yet, given the unprecedented nature of recent market events and disruptions, we believe our capital ratios and liquidity demonstrate the strength of our company. Our commitment to serving our customers and communities remains steadfast through this period of uncertainty.

We hope you'll take a moment to review our press release and familiarize yourself with the results. A webcast of our earnings call with analysts is also available.

Fourth Quarter Highlights

2008 was dominated by the continued deterioration in our nation's economy driven by the housing market decline. Despite these challenges, Synovus was able to increase deposits, strengthen our capital ratios and retain our liquidity position.

The key catalysts of our net loss for the quarter were two-fold: a $443 million (pre-tax and after-tax) goodwill impairment charge, brought on by the significant decline in our stock price and earnings, and continued credit pressures primarily in the Atlanta market.

Goodwill appears on the balance sheet of an acquiring company and reflects the amount by which the purchase price exceeds the net tangible assets of the acquired organization. The goodwill impairment charge had no impact on Synovus' tangible capital levels, regulatory capital ratios, or liquidity. Goodwill must be reviewed for impairment on an annual basis, or more often if events or circumstances indicate that there may be impairment. While we do not anticipate further goodwill impairment charges at this time, no assurances can be provided. Goodwill impairment charges could be triggered by declines in stock price as well as other factors which cannot be predicted. However, since we only have $40 million of goodwill remaining on our balance sheet, any future goodwill impairment charge would be small.

Write-downs in the Atlanta residential real estate market have been a significant challenge for us. The Atlanta market accounts for 45% of nonperforming loans in the residential construction and development portfolios, but clearly there are other Synovus markets and other parts of the portfolio that have been affected as well.

Positioning for 2009 and Beyond
As we enter another difficult year, we are determined to come through this unprecedented trial stronger than ever. Persevere. Perform. Prevail. This is the mantra we have adopted for our team in 2009. Our strategy and unique strengths position us to manage short term uncertainty while building for long term success:
We are aggressively managing credit issues using a multi-faceted approach.
We have reorganized our risk and credit structures internally to ensure we have the right talent and infrastructure in place to oversee both short and long term issues. The key change includes centralizing our special assets group, which spends 100 percent of its time managing our disposition strategy for non-performing assets. This structure allows us to better manage our charters, more precisely segregate and focus on certain assets, and lets our bankers spend more time serving customers.

We have conducted deep reviews of our entire commercial loan portfolio to ensure we recognized any weaknesses. We have focused resources on managing those relationships to minimize loss wherever possible, and manage loss when imminent. Our responsive bank delivery model offers us an edge in our ability to know our customers and closely monitor their situations.

• We have had success auctioning off properties in a couple of our markets and will continue to use this channel to dispose of problem assets.

• We continue, as always, to periodically review each sector of commercial real estate to assess trends that could indicate future problems.

Our capital position enables us to aggressively manage the balance sheet and loan portfolios.
The U.S. Government's Capital Purchase Plan resulted in a $968 million preferred stock issue which closed in December. These funds have enhanced our capital ratios beyond already strong levels, resulting in increased investor and depositor confidence, and will better position us to increase lending to credit-worthy customers in the coming months.

Our deposit growth and liquidity remain strong. Many in banking use the expression, "capital is king." Core deposit funding and liquidity, however, rank beside capital as equally important in today's environment. During the fourth quarter, our core deposits grew 11% (annualized) on a sequential quarter basis. Our ability to offer Shared CD and Money Market products, another unique advantage of our multi-charter, responsive delivery model, provides customers a place to feel safe depositing their money. We believe the continued growth in deposits demonstrates a vote of confidence in our organization.

We are simplifying our delivery model to better manage growth and risk.
Synovus continues to evolve organizationally as a $35 billion banking company whose size and reach has expanded. Our responsive bank delivery model provides value and flexibility in the way we deliver products and services to our customers, but simplifying the way we operate our company is critical in this risk-sensitive environment. In addition to the centralization of our special assets group, we began making significant changes over the past several months that will streamline the management of our company. These changes include centralizing deposit operations, loan operations and procurement; regionalizing facilities management; and completely reorganizing credit and loan review into regional teams with expanded authority. We are emphasizing a one-company view that has already resulted in cost savings, greater process consistency, product uniformity, less complexity and improved information flow among our banks and corporate.

We are increasing efficiency and reducing costs.
Much of the work around simplification is the result of Project Optimus, an employee-driven effort launched in early April 2008 to create an enhanced banking experience for customers and a more efficient organization that delivers greater value for shareholders. As a result of this process, we intend to implement approximately 700 ideas by the middle of 2010, which are expected to generate an estimated $25 million in earnings from new revenue growth initiatives and approximately $50 million in efficiency gains, totaling an estimated increase in annual pre-tax earnings of $75 million. Much of this expense reduction comes from the expected elimination of 650 positions across our five-state footprint over a 24 month period. Synovus' headcount was down by 450 positions at year-end.

Executives and Directors will see reduced compensation.
For the second year in a row, Synovus' top executives will not receive bonuses, and Synovus Directors will forego equity compensation for their service.

Our Commitment to You

I want to personally thank you, as a valued shareholder, for your commitment to Synovus. We have certainly enjoyed success over many years, and now we must persevere through this challenging season. I am confident that as individuals, as a company, and as a nation, we will all grow from this difficult set of experiences that is so different from the environment of the past 30 years. Our community banking model provides us unique advantages that add strength and stability to prevail in times likes these. Our locally-focused, customer-centric approach is rooted in building trusted relationships that are not easily shaken, and backed by the financial resources to meet any financial services need. This combination allows us to deliver sophisticated financial products and services with personalized service, local expertise and unparalleled responsiveness. We are not certain how far, how deep or how wide this recession will run, but we are confident that these strengths, leveraged by our talented, dedicated team, forge a company that has and will continue to stand the test of time. Our leadership team understands the impact of this past year's losses on your investment in us. We are confident in our approach for addressing the immediate needs and positioning us to return to a level of performance that exceeds your expectations year after year. Thank you for your loyalty to Synovus. We are committed to making your relationship with us worthwhile.

Customer Letter

Re: Synovus Continues to be Sound and Stable

Synovus recently reported a net loss for the fourth quarter of $637 million, or $1.93 per share. The company ended 2008 with a loss of $584 million, or $1.77 per share for the full year. These earnings reflect this difficult historic financial period, and I am reaching out to provide insight into our performance.

The quarter included an elevated level of credit charges, which reflect an aggressive assessment of our residential construction portfolio, and charges to prepare for the anticipated liquidation of real estate during 2009. Fourth quarter results also include a non-cash goodwill impairment charge of $480 million. The goodwill charge had no impact on our tangible capital levels, regulatory capital ratios or liquidity. Excluding the goodwill impairment charges, Synovus' net loss for the year would have been $105 million, or $0.32 per share.

We are proactively and aggressively dealing with non-performing assets through the activities of our front line bankers and newly-formed special assets group, which focuses on identifying and liquidating these assets and allows local bankers like me to focus on what I do best – serving customers.

Our capital base is a continued source of strength and allows us to weather these difficult times. We are well-capitalized with a Tier 1 capital ratio of 11.22% as of December 31, 2008. Tier 1 capital is the core regulatory measure of a bank's financial strength, and Synovus boasts a Tier 1 ratio close to double the requirement to be considered well-capitalized.

Liquidity is also a key measure of our strength. Increased deposit growth and participation in the U.S. Treasury's Capital Purchase Program (often referred to as TARP) contributed to our sound liquidity position. The U.S. Treasury selected us to participate based on our capital base and financial strength, and we received approximately $968 million from the sale of preferred stock and warrants. Not only did we gain a tremendous amount of liquidity, but our capital ratios were driven even higher. We infused additional capital into our banks to manage troubled assets, and the banks will continue to leverage the funds in their communities. The Capital Purchase Program adds a new dimension of stability to the financial system and instills depositor and investor confidence.

We are actively monitoring and reducing expenses through the implementation of over 700 cost-saving ideas. This is expected to generate an estimated increase in annual pre-tax earnings of $75 million. Additionally, for the second year in a row, no executive bonuses were paid.

In addition to the strength of our company, we also participate in a number of Federal Deposit Insurance Corporation (FDIC) programs including the recent basic coverage limit increase to up to $250,000 through December 31, 2009, 100% deposit protection for non-interest bearing deposit transaction accounts regardless of dollar amount, and coverage for a majority of our Commercial NOW accounts. In addition, we have created an unparalleled opportunity to access up to $7.75 million in FDIC insurance through the Synovus Shared CD and Money Market accounts.

I hope that you have found this information on our soundness and stability valuable. As we face this period of uncertainty together, please know that I am here to respond to any questions, comments or concerns you may have. Thank you for the continued opportunity to serve you.

Q4 Earnings
Customer Talking Points for Relationship Managers

What You May Have Heard	Additional Data Points
• Synovus reported a loss for the fourth quarter and for 2008. This result is not on par with the company's historical performance and is a reflection of the tough economic environment facing the banking sector and the economy as a whole. • Fourth quarter results include a conservative provision expense and a non-cash goodwill impairment charge. The goodwill charge had no impact on Synovus' tangible capital levels, regulatory capital ratios or liquidity. • As the economy continued to deteriorate in the 4th quarter, credit quality in the residential construction and development portfolios continued to weaken, resulting in our larger than normal provision. • We are proactively and aggressively dealing with non-performing assets through the activities of our front line bankers and newly-formed special assets group, which focuses on identifying and liquidating these assets company-wide. This group's focus on addressing distressed assets has enabled our bankers to focus on what they do best – serving their customers.	**Q4 loss** $637 million or $1.93 per share **2008 loss** $584 million or $1.77 per share **Q4 Provision expense** $364 million **Q4 Non-cash goodwill charge** $443 million **Q4 loss excluding goodwill charge** $195 million, or $0.59 per share **2008 loss excluding goodwill charge** $105 million, or $0.32 per share
Our Strength and Stability	**Additional Data Points**
• Our capital base is a continued source of strength for Synovus. We are well-capitalized with a strong Tier 1 capital ratio as of December 31, 2008. Tier 1 capital is the core regulatory measure of a bank's financial strength. • We are in a very strong liquidity position. Confidence amongst our depositors remains high, and deposits continue to grow at a fast pace. • **During the fourth quarter, the U.S. Treasury selected Synovus to**	**CAPITAL** **Tier 1 ratio** 11.22% (compared to 6% requirement to be considered well-capitalized) **Total risk-based capital ratio**

participate in the Capital Purchase Program, often referred to as TARP, based on our sound capital position and financial strength. Synovus received approximately $968 million from the sale of preferred stock and warrants to the U.S. Treasury as part of this program. As a result, Synovus gained a tremendous amount of liquidity and our impressive capital ratios were driven even higher. • **The Capital Purchase Program is a new dimension of strength for the financial system during these economic times and has instilled depositor confidence. Having just received the TARP funds, Synovus has infused additional capital into some of our banks. These banks have been able to use this capital to deal with distressed assets at a local level and will continue to leverage these funds at a local level in the future.** • We have experienced positive retail loan activity and are proud of the credit metrics, especially when compared to industry averages, in our HELOC and credit card portfolios. Our success with these retail loans relates back to our focus on positioning these products as companion products and selling to customers that we know and bank. • Synovus is actively monitoring and reducing expenses. For the second year in a row, no executive bonuses were paid. Synovus also is improving performance by implementing over 700 cost-saving and revenue-generating ideas. This is expected to generate an estimated increase in annual pre-tax earnings of $75 million.	14.55% (compared to 6% requirement to be considered well-capitalized) **DEPOSIT GROWTH** **Core deposit growth – sequential quarter** 11.1% (annualized) **Core deposit growth over 2007 year end** 5.1% **Q4 shared deposit product growth** $850 million **LOAN ACTIVITY** **HELOCS -- SYNOVUS** Portfolio: $1.7 billion Non-performing loans at year end: 0.47% 30 days and greater past due: 1.04% Charge offs for Q4: 1.09% Charge offs for 2008: 0.68% **HELOCS – INDUSTRY** 30 days and greater past due: 3.5% Charge offs for 2008: 1.45% **Credit Cards** Portfolio: $295 million 30 day past dues: 3.21 Charge offs for Q4: 4.4% Charge offs for 2008: 3.95 **EXPENSE MANAGEMENT** **Headcount reduction** 451 positions **Employment Expenses** Decreased by $1.9 million on a linked quarter basis **Dividend** – Reduced from $0.17 per

	share to $0.06 per share in Q3 2008 – $144 Million annual benefit
Why You Should Continue to Bank with Us	**Additional Data Points**
• Within each of our communities, we have developed banking teams of exceptional caliber. Our empowered bankers are deeply committed to building relationships, and we take pride in the great job our bankers do each day. The responsiveness that is so essential to attracting and retaining customers still lies in the hands of each community bank. Plus, the banks are backed by a strong multi-billion dollar holding company and a broad array of specialized products and expertise. • The most important source of safety and stability is the strength of our company and its capital position; however, all Synovus banks also are members of the Federal Deposit Insurance Corporation (FDIC). In October the FDIC insurance coverage limit increased from $100,000 to $250,000 through December 31, 2009. • Synovus also is participating in the FDIC program to provide 100% deposit protection for non-interest bearing deposit transaction accounts regardless of dollar amount. We are providing FDIC coverage for a majority of Commercial NOW accounts. In addition, we have created an unparalleled opportunity to access up to $7.75 million in FDIC insurance through the Synovus Shared CD and Money Market accounts. Due to our unique structure, we can maximize your FDIC coverage. • **Discuss your customer's existing or current needs and thank them for their business**	**FDIC COVERAGE** **FDIC coverage limit** Up to $250,000 through December 31, 2009 **Total shared product FDIC coverage** $7.75 million
Miscellaneous	
• We have not had the exposure to the financial risks related to complicated, high-risk investment instruments that have led to problems at other banks and investment as this type of activity is not part of Synovus' core business.	
Additional points for non-bank relationship managers	
• Assets held in trust, fiduciary and custodial accounts (other than cash) do *not* become assets or liabilities of the bank and none of this property is subject to the claims of the bank's creditors. The failure of a bank will have no adverse effect on trust, fiduciary or custodial accounts. • Synovus Securities, Inc., the registered broker-dealer offering retail brokerage, capital markets, investment banking and financial advisory services for Synovus, is a member of FINRA and SIPC**.** • FINRA, Financial Industry Regulatory Authority, is the largest non-governmental regulator for securities firms in the U.S. FINRA is dedicated to investor protection and market integrity. • SIPC, Securities Investor Protection Corporation, steps in if a brokerage firm fails due to bankruptcy or other financial difficulties and works, within limits, to restore customers' cash, stock and other securities. SIPC does not offer to	

investors the same blanket protection that the FDIC provides to bank depositors.	

<u>Analyst Visits/Conferences/Road Shows</u>

Credit Suisse Financial Conference
2/4/09

Richard Anthony, Chairman and CEO:
And then, finally, you'll see a bullet point, Broadway Asset Management, which is the creation of a separate subsidiary within **Synovus** that has been formed, a sub-called bad bank, I guess, would be a good way to express it, to house some of these troubled assets within the Company. Some of these assets are pretty illiquid today, perhaps lot developments in and around Atlanta. There will be a better time to dispose of these types of properties, and we will house those in this particular unit.

The end of the year provided an opportunity to create this subsidiary, and we transferred $480 million in nonperforming assets to this BAM unit. We wrote those down subsequent to that another $50 million. So we have got that structure in place. The advantages would be threefold. One, (technical difficulty) bankers in the banks to concentrate, really, on the customer, on a more normal and productive responsibilities, even though they still would participate in managing these special assets with the special assets team.

In addition, the regulators see this as away, as do we, to have better credit metrics in the charters themselves. We have 30 some-odd points of entry into our Company through the regulatory process, and this separation of problem assets from the bank's portfolio in general creates better measures by which we are evaluated on credit. And then finally, even for our customers who see some of the bank charter information, this allows them to see a cleaner, more substantial and healthy bank in the charter itself. So those are the three good examples of why we created this Broadway Asset Management subsidiary.

Internal Communications

October 29, 2008, 4 p.m.
Transcript of comments made by Richard Anthony and Tommy Prescott during "Ask Richard LIVE!"

Richard: It looks here as though I have got a question that has come by e-mail and I will tend to it. "If we get this money, how will the funds be used?" This is TARP money, the preferred stock that I was talking about. Great question. The application really requires that we spend some time on this particular subject. I think I can give an answer, but Tommy Prescott is right on top of this and has, with Sam Hatcher, completed the form so I'm going to ask him to give the answer that we've given the government in the application process.

Tommy: Thank you, Richard, I'll be glad to cover that. The first use of the capital would be a defensive posture, a safety net against economic conditions worsening past anything we see right now. Secondly, it would give you flexibility to work out of existing problem assets, maybe find ways to move them quicker, get them off the bank's books, that type of thing. Thirdly, it would give you the opportunity to serve local markets, put money into the economy, possibly help look after mortgage customers, home owners in default, that type of thing. [redacted] (b) (4) That's the way that we described it to the government and that's really what our thoughts are.

Richard: Tommy, thank you. I appreciate you giving that answer. I think there might be one question in the queue. Is there somebody that has got something for us?

November 14, 2008
Press Release on *insite*

HEADLINE: Synovus Selected to Participate in U.S. Treasury Capital Purchase Program

Columbus, GA, November 14, 2008 - Synovus (NYSE: SNV), the Columbus, Georgia-based financial services company announced today it has received preliminary approval from the U.S. Treasury for the sale of approximately $973 million in preferred stock and related warrants to Treasury under the Capital Purchase Program. The final approval is subject to satisfaction of certain conditions, including approval by Synovus' shareholders of amendments to the company's articles of incorporation and bylaws to allow Synovus to issue preferred stock, as well as the execution of definitive agreements.

The Capital Purchase Program, part of the U.S. Treasury Troubled Asset Relief Program (TARP), is designed to encourage U.S. financial institutions to build capital and increase the flow of financing to U.S. businesses and consumers. Treasury has set aside $250 billion dollars to invest in the country's strongest financial institutions.

Synovus expects to use the proceeds from the Capital Purchase Program to further strengthen the company's capital base, enhance lending capabilities and position Synovus banks to capitalize on competitive growth opportunities in local markets.

"Through participation in this program, we have the opportunity to gain valuable capital to invest in continued growth and economic recovery in each of the communities we serve," said Richard Anthony, Chairman and CEO of Synovus. "We are especially focused on opportunities to carefully expand our lending efforts to consumers and businesses as we all work through these challenging economic times."

About Synovus

Synovus (NYSE: "SNV") is a financial services holding company with more than $34 billion in assets based in Columbus, Georgia. Synovus provides commercial and retail banking, as well as investment services, to customers through 32 banks, 440 ATMs, and other Synovus offices in Georgia, Alabama, South Carolina, Florida and Tennessee. The company focuses on its unique decentralized customer delivery model, position in high-growth Southeast markets and commitment to being a great place to work to ensure the delivery of unparalleled customer experiences. See Synovus on the web at www.synovus.com.

Forward Looking Statements

This press release contains statements that constitute "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934 as amended by the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, among others, our expectations regarding use of any proceeds we receive under the Capital Purchase Program. Prospective investors are cautioned that any forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements. A number of important factors could cause actual results to differ materially from those contemplated by the forward- looking statements in this press release and our filings with the Securities and Exchange Commission ("SEC"). Many of these factors are beyond Synovus' ability to control or predict. Factors that could cause actual results to differ materially from those contemplated in this press release include the risk that Synovus' shareholders will not approve the amendments to Synovus' articles of incorporation and bylaws that are required in order to participate in the Capital Purchase Program and the factors set forth in our Annual Report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. We believe these forward-looking statements are reasonable; however, undue reliance should not be placed on any forward-looking statements, which are based on current expectations. We do not assume any obligation to update any forward-looking statements as a result of new information, future developments or otherwise.

Additional Information and Where to Find It

In connection with the proposed amendment to our Articles of Incorporation to authorize the issuance of preferred stock and the proposed amendment to our Bylaws to authorize the Board of Directors to fix the size of the Board of Directors, if selected to participate in the Capital Purchase Program under the Emergency Economic Stabilization Act, we will file a definitive proxy statement (the "Proxy Statement") with the SEC. Investors and shareholders are advised to read the proxy statement and other relevant materials when they become available because they will contain important information about Synovus and the proposed amendments to our articles and bylaws. Investors and shareholders may obtain free copies of these documents (when they are available) and other documents filed with the SEC at the SEC's web site at www.sec.gov. In addition, documents filed by Synovus with the SEC may be obtained free of charge by contacting our Director of Investor Relations, Synovus Financial Corp., P.O. Box 120, Columbus, Georgia 31902. Synovus' filings with the SEC are also available on our website at www.synovus.com.

Our officers and directors may be deemed to be participating in the solicitation of proxies from Synovus' shareholders in favor of the approval of the proposed amendments to our articles and bylaws. Information concerning our officers and directors, including their beneficial ownership of shares of Synovus common stock and options to purchase shares of Synovus common stock, is set forth in the proxy statement for Synovus' 2007 Annual Meeting of Shareholders, which was filed with the SEC on March 9, 2008.

E-mail from Richard Anthony to all Synovus family team members
11/14/08, 4:24 p.m.

SUBJECT LINE: Government to Invest $973 Million in Synovus Preferred Stock

Synovus has received preliminary approval from the U.S. Treasury to participate in the Capital Purchase Program, which is part of Treasury's Troubled Asset Relief Program (TARP) designed to encourage U.S. financial institutions to build capital and increase the flow of financing to U.S. businesses and consumers. Treasury has set aside $250 billion dollars to invest in the country's strongest financial institutions.

Synovus plans to sell $973 million in preferred stock and related warrants to Treasury, subject to approval by Synovus shareholders who must agree to amend our articles of incorporation and bylaws to allow our company to issue preferred stock. Synovus will use the $973 million to further strengthen our capital base, enhance lending capabilities and position our banks and companies to take advantage of competitive growth opportunities in local markets, which may include some merger and acquisition activity. We are especially focused on carefully expanding our lending efforts to consumers and businesses as we all work through these challenging economic times.

Below are some questions and answers to help you better understand what it means for Synovus to participate in the Capital Purchase Program. I hope you will also use Ask Richard located on the homepage of ***insite*** anytime you have questions or comments.

Thank you for the way you continue to offer assurance, information and solutions to our customers. Your relationships and expert advice make both existing and new customers feel confident about doing business with our company.

Questions and Answers About Synovus TARP Participation

Isn't TARP money for banks that are in trouble?
No. The purpose of TARP has broadened to include infusing cash into U.S. banks to provide strength and stability, as well as encourage lending to consumers and businesses. The U.S. Treasury is approving applications of those banks that can demonstrate strength through capital and liquidity, among other factors, indicating their ability to withstand this difficult economic environment.

Does Synovus really need to participate if our capital level is already strong?
When this program was opened up to all banks to apply for this capital infusion, it became a very attractive way for banks to raise additional capital at a much lower cost. For healthy banks like ours, it is almost more difficult to justify NOT participating at this point. We will use these additional funds to strengthen our already strong capital base, which is currently above the regulatory well capitalized threshold; enhance local lending; and capitalize on local, competitive growth opportunities.

What is preferred stock? What are warrants?
Preferred stock provides a specific dividend that is paid before any dividends are paid to common stock holders, and which takes precedence over common stock in the event of a liquidation. Like common stock, preferred stocks represent partial ownership in a company although preferred stock shareholders do not enjoy any of the voting rights of common stockholders. Also, a preferred stock, unlike a common stock, pays a fixed dividend that does not fluctuate, although the company does not have to pay the dividend if it lacks the financial means to do so. The main benefit to owning preferred stock is that the investor has a greater claim on the company's assets than common stockholders.

A warrant is a certificate, usually issued along with a bond or preferred stock, entitling the holder to buy a specific amount of securities at a specific price, usually above the current market price at the time of issuance, for an extended period of time.

Why do Synovus shareholders need to approve issuing preferred stock?
We do not currently have the authority to issue preferred stock, as is the case with many banks and holding companies. We are calling a special meeting of our shareholders in December to ask that they amend our articles of incorporation to authorize the issuance of preferred stock.

How long will it take to actually receive the TARP money?
Based on information released by Treasury, we expect this phase of the TARP to be completed by the end of this year.

How will the money from the issuing of the preferred stock directly impact Synovus?
We will gain additional capital at a lower rate than what we would pay to raise funds through other channels, and we can use the money to help offset any continued loan losses, lend to consumers and businesses, and invest in growth opportunities, [redacted] (b) (4)

Richard Anthony's "Ask Richard" responses to various Synovus family team members 12/12/08

Thank you for your comments and concern about our stock price. Clearly, the stock market has been volatile during this financial crisis. The strength offered by additional capital we may acquire through the Treasury's Capital Purchase Program should ultimately be a positive force on our performance and our share price.

While it has been a challenging year, our long term future is extremely promising. Reasons:

1. The Southeast is growing and a great place to do business.
2. We're positioned in the best markets in that region.
3. Our decentralized model provides empowerment leading to responsiveness and personalized service.
4. We recognize that people come first, and our talent will drive our success.
5. Industry consolidation helps us, as our local ties become even rarer in the industry and more appreciated by customers.

We lead for the long term and plan to be the premier regional bank in this part of the country. Thanks again for your comments and your prayers. I always feel good after reading your encouraging messages. Wishing you and your family a very happy holiday season!

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Thank you for your great question about our participation in the TARP program. This is a separate class of stock from common stock, and as it is properly utilized should strengthen our company and its performance. This additional capital will provide strength and greater capacity to cautiously enable lending activities at a higher level.

Our participation in the Capital Purchase Program, which is part of the Troubled Asset Relief Program, will build capital and increase flow of financing to U.S. businesses and consumers. Our application to participate has been preliminarily approved by the U.S. Treasury. However, our participation remains subject to shareholder approval. If you are a shareholder, you should have received a packet in the mail with instructions for voting.

No matter your level of ownership in our company, it is very important that your shares be voted. You can vote by mail, Internet or telephone. Instruction for each of these options is included in the packet you should have received. Internet and telephone voting are available through 11:59 PM Eastern Time December 16, 2008. Help Synovus secure this additional capital. Vote today!

****

Thank you for your question about our participation in the Treasury's Capital Purchase Program. Yes, the strength offered by this new capital and our capacity to use it to improve our performance should ultimately be a positive force on our share price. Our institutional owners seem pleased. We now have greater flexibility to expand and grow with this additional capital.

Our application to participate has been preliminarily approved by the U.S. Treasury. However, our participation remains subject to shareholder approval. If you are a shareholder, you should have received a packet in the mail with instructions for voting.

No matter your level of ownership in our company, it is very important that your shares be voted. You can vote by mail, Internet or telephone. Instruction for each of these options is included in the packet you should have received. Internet and telephone voting are available through 11:59 PM Eastern Time December 16, 2008. Help Synovus secure this additional capital. Vote today!

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Thank you for your questions about the TARP program. The rate on the preferred stock will be 5% elevating to 9% after year 5. There will be a negative impact to earnings until the capital can be fully utilized and leveraged at which point we should see a positive impact to earnings. Also, this is nonvoting preferred with no conversion rights and these preferred shares will be held by Treasury until redeemed. The warrants provide an opportunity to participate in the upside of a recovery by buying common stock in the future at today's price, much like a stock option.

Our application to participate has been preliminarily approved by the U.S. Treasury. However, our participation remains subject to shareholder approval. If you are a shareholder, you should have received a packet in the mail with instructions for voting.
No matter your level of ownership in our company, it is very important that your shares be voted. You can vote by mail, Internet or telephone. Instruction for each of these options is included in the packet you should have received. Internet and telephone voting are available through 11:59 PM Eastern Time December 16, 2008. I urge you to vote. I appreciate your interest and curiosity.

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Thank you for your questions about the TARP Program. The preferred stock terms allow this "loan-like instrument" to be perpetual, but the escalation of the dividend rate after five years and other likely pressures will increase the desirability to redeem this instrument. Also, preferred dividends are senior to common dividends per this agreement.

Our application to participate has been preliminarily approved by the U.S. Treasury. However, it remains subject to shareholder approval. If you are a shareholder, you should have received a packet in the mail with instructions for voting. No matter your level of ownership in our company, it is very important that your shares be voted.   You can vote by mail, Internet or telephone. Instruction for each of these options is included in the packet you should have received. Internet and telephone voting are available through 11:59 PM Eastern Time December 16, 2008. I urge you to vote. I appreciate your interest in our company.

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Thank your for your questions about our participation in the TARP Capital Purchase Program. The preferred shares are exclusive to this Government Program and are not available for other purposes like the ESPP.

Our application to participate has been preliminarily approved by the U.S. Treasury. However, it remains subject to shareholder approval. If you are a shareholder, you should have received a packet in the mail with instructions for voting. No matter your level of ownership in our company, it is very important that your shares be voted.   You can vote by mail, Internet or telephone. Instruction for each of these options is included in the packet you should have received. Internet and telephone voting are available through 11:59 PM Eastern Time December 16, 2008. I urge you to vote. I appreciate your interest in our company.

****

Thank you for your question about our participation in the Treasury's Capital Purchase Program. Regarding the impact on stock values, the strength offered by this new capital and our capacity to use it to improve our performance should ultimately be a positive force on our share price. Our institutional shareholders have, in almost all cases, expressed pleasure in learning of our TARP approval.

Our application to participate has been preliminarily approved by the U.S. Treasury. However, our participation remains subject to shareholder approval. If you are a shareholder, you should have received a packet in the mail with instructions for voting.

No matter your level of ownership in our company, it is very important that your shares be voted.   You can vote by mail, Internet or telephone. Instruction for each of these options is included in the packet you should have received. Internet and telephone voting are available through 11:59 PM Eastern Time December 16, 2008. Help Synovus secure this additional capital. Vote today!

Press Release on *insite*
12/19/08

HEADLINE: Synovus Receives Capital From U.S. Treasury Program

For Immediate Release

Contacts:
Patrick A. Reynolds, Director of Investor Relations, 706-649-4973
Greg Hudgison, External Communications Manager, 706-644-0528

Synovus Receives Capital from U.S. Treasury Program

December 19, 2008, Columbus, GA - Synovus (NYSE: SNV), the Columbus, Georgia-based financial services company, announced today that it has completed the sale of $967,870,000 in preferred stock and warrants to the U.S. Treasury as part of the government's Capital Purchase Program. Synovus issued Treasury 967,870 shares of Fixed Rate Cumulative Perpetual Preferred Stock, Series A, and a ten-year warrant to purchase up to

15,510,737 shares of Synovus' common stock at a strike price of $9.36. Synovus' preliminary approval to participate in the program was announced on November 14, 2008.

"We are proud to be selected as one of the banks participating in Treasury's Capital Purchase Program," said Richard Anthony, Chairman and CEO of Synovus. "This capital provides a dimension of strength to the credit system and to our banks during these challenging economic times, and we expect to utilize these funds to further manage our credit losses, enhance lending efforts and invest in growth opportunities."

The Capital Purchase Program, part of the U.S. Treasury Troubled Asset Relief Program (TARP), is designed to encourage U.S. financial institutions to build capital and increase the flow of financing to U.S. businesses and consumers. Treasury has set aside $250 billion dollars to invest in the country's strongest financial institutions.

About Synovus
Synovus is a financial services holding company with more than $34 billion in assets based in Columbus, Georgia. Synovus provides commercial and retail banking, as well as investment services, to customers through 31 banks, 440 ATMs, and other Synovus offices in Georgia, Alabama, South Carolina, Florida and Tennessee. The company focuses on its unique decentralized customer delivery model, position in high-growth Southeast markets and commitment to being a great place to work to ensure the delivery of unparalleled customer experiences. See Synovus on the web at www.synovus.com.

Forward Looking Statements
This press release contains statements that constitute "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934 as amended by the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, among others, our expectations regarding use of any proceeds we receive under the Capital Purchase Program. Prospective investors are cautioned that any forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements. A number of important factors could cause actual results to differ materially from those contemplated by the forward- looking statements in this press release and our filings with the Securities and Exchange Commission ("SEC"). Many of these factors are beyond Synovus' ability to control or predict. Factors that could cause actual results to differ materially from those contemplated in this press release include the risk that Synovus' shareholders will not approve the amendments to Synovus' articles of incorporation and bylaws that are required in order to participate in the Capital Purchase Program and the factors set forth in our Annual Report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. We believe these forward-looking statements are reasonable; however, undue reliance should not be placed on any forward-looking statements, which are based on current expectations. We do not assume any obligation to update any forward-looking statements as a result of new information, future developments or otherwise.

Richard Anthony's "Ask Richard" response to a Synovus family team member
1/7/09

Thank you for your great question about the TARP preferred stock offering. There is no time specific requirement to redeem this investment; however, it is likely that as the rate elevates from 5% to 9% at year five and with the possibility of additional government stipulations that could attach to this investment, repayment at that time frame could become desirable. [redacted] (b) (4) I appreciate hearing from you.

E-mail from Richard Anthony to all Synovus family team members
1/9/09, 12:18 p.m.

SUBJECT LINE: Focusing on 2009

2008 ended with economic and credit issues dominating the banking scene as Synovus works its way through the challenges presented by recessionary conditions. Our credit pressures are still driven by the Atlanta residential real estate downturn but other Synovus markets and other parts of the portfolio have been affected as well.

On January 3, we made an early announcement concerning our fourth quarter financial performance to be officially announced on January 22. The expected loan loss provision for the quarter is approximately $350 million, well above recent ranges of quarterly expense. Atlanta real estate write-downs impact this expense more than any other factors.

Our approach continues to be recognizing loan weakness proactively and disposing of problem real estate, especially houses, quickly and aggressively. This pre-announcement action is indicative of our desire to move as quickly as possible through this downturn in the credit cycle.

We have a capital position that enables us to be aggressive in managing the balance sheet and loan portfolios. The U.S. Government's Capital Purchase Plan resulted in a $968 million preferred stock issue which closed in December. These funds have enhanced our capital ratios beyond already strong levels, resulting in increased investor and depositor confidence.

Many in banking use the expression, "capital is king." Core deposit funding and liquidity, however, rank beside capital in today's environment. I am proud to state that our deposit growth and liquidity remain strong. We believe this growth is a vote of confidence in our franchise.

Last year was a year of progress for Synovus as we continue to evolve organizationally as a $35 billion banking company whose size and reach has expanded. Significant changes that will strengthen our company include the following:

- centralization of deposit operations, loan operations, procurement; regionalization of facilities management
- a complete reorganization of credit and loan review into regional teams with expanded authority
- centralization of management and disposition of special assets

We are emphasizing a one-company view as we break down barriers that come from business unit silos. Greater process consistency and product uniformity has resulted from our determination to reduce complexity and improve information flow.

Each of us will grow from this difficult set of experiences that is so different from the environment of the past thirty years. I very much appreciate your great work and alignment with our corporate objectives. Perseverance is imperative as we look to a more normalized and higher potential future. Our company is resilient and our team possesses the talent to adjust, innovate, and create new opportunities. Every day we must concentrate on what we can control. Understanding our customer's needs and providing great service are basics that we must remember every day.

Best wishes to you for a healthy and happy 2009! Thank you for your support. Working together, we will prevail through this challenging time.

insite* Recap of January 13, 2009 Tuesday Morning Leadership Meeting – *VIDEO OF ENTIRE MEETING ALSO AVAILABLE WITH THIS RECAP
1/14/09

HEADLINE: Richard Anthony Shares Outlook And Priorities For 2009

At the Tuesday Morning Leadership Meeting on January 13, 2009, Synovus Chairman and CEO Richard Anthony looked back at 2008, shared an outlook for the coming year and summarized Synovus' priorities for 2009. To view a video of his remarks, click the camera icon labeled "video" near the headline of this article.

A Look Back - Starting With The Positives
As we move toward an understanding of the outlook for the future, I think it is best to begin by looking back about 12 months and starting with the positives.

- **The challenges we face are finite.** We are working through the stress, and we are in the 5th inning of this downturn...more than halfway through it.
- **Our liquidity and deposit growth is positive.** I am proud of this. It is because we have team members who have been great representatives of this company in explaining with confidence the strength we have. Teams are staying close to our customers. We should all feel good about that. It is a wonderful outcome of this period of stress.
- **Our ability to offer (through Shared CDs and Money Markets) a level of deposit insurance coverage larger than any other bank in the U.S. is unique.** Our team members have done a great job communicating this to customers as well.
- **We have adapted well.** We embarked on Project Optim*us* in 2008, and more than 4,000 ideas were generated. The willingness of our team members to contribute ideas and embrace the change that came from new ways of doing business is a strong positive.
- **We have aggressively addressed credit issues.** We are being proactive in identifying and addressing problems. We went ahead in 4th quarter 2008 and accounted for some anticipated losses in 2009, as allowed by accounting rules, and got those behind us. We are able to do this aggressive management of our loan portfolio because we have the capital that enables us to absorb these losses.
- **Our capital position has always been and remains strong.** The TSYS spin put our ratios above most other banking companies, and the quality of our capital is good too. **Then, we applied for the Capital Purchase Program under the government's TARP plan and got $968 million from that in mid-December. We still have the availability to manage through more pressures from the recession because of our strong capital position.**

A Look Ahead: What Does This Situation Mean to Each of Us?
As stressful as it can be now, we are going through a beneficial period of personal growth and learning in our careers as bankers and businesspeople. This situation creates an incentive for us to do better; to focus on soundness, profitability and growth - in that order.

The culture of our company centers around the value of people. It is the most essential factor in our success - current and future. Our culture will serve us well in this period of stress, because the only way we can be highly successful is through the actions of our people. It won't come from technology, policies or facilities. Our success will only come through the difference that people make in this company.

What can we do to ensure our success?

- Know our customers, understand their business and provide the very best service possible.
- Understand the need to change, and support changes that make us stronger.
- Attitude is everything. Pete Carroll, the coach of USC, said, "I find something positive that happens every day of my life, and I build around that." Something positive happens to us and the people around us every day in this company. We need to look for it, and be enthusiastic about those positives. Attitude and spirit can carry us through this cycle.

2009 Priorities

- **Be realistic.** Understand and acknowledge that we will have some more pain in the short term. It will not be a robust year financially.
- **Be proactive.** We must continue to look for ways to improve. In the credit area, we will continue to address problems swiftly and get them behind us.
- **Be responsible.** Everyone is responsible for our performance. Our recent leadership reorganization will provide additional checks and balances and is more appropriate for a company our size.
- **Embrace change.** Our model is still based on empowerment of community bankers, but we have centralized some functions that will move us toward consistency, uniformity and increased efficiency. We must have support from everyone for the implementation of changes that tweak our model. We have to view ourselves as one company, especially in terms of operations. We cannot stand still. We have to keep moving, keep changing and keep growing. It will mean more formalities, more specificity in processes. We can't operate in a conversational manner. We can become a more professionally run organization.
- **Focus on the future.** We must keep moving forward and focus on what Synovus can be after this period. What is our potential? What can we look like when conditions improve?
- **Stay close to our customers.** Get out from behind our desks and see them. Keep building relationships.

In the long run, though, the reason America will prosper is because of its ability to innovate, be creative and adapt to changes in circumstances. This country has been through stress before, and it has prevailed. The same applies to Synovus. We've got the people and the foundation needed to innovate, change, adapt and be creative. We will look back in a few years and know that because we had a good foundation and were able to adapt, we became a powerful southeastern bank and reached our potential. I am confident about the future. We have what we need to get through this. It will take us all working together as a team to get there.

E-mail from Richard Anthony to all Synovus family team members
1/23/09, 2:58 p.m.

SUBJECT LINE: Fourth Quarter Earnings, Positioning for 2009 and Beyond

Yesterday, Synovus reported a loss of $1.93 per share for the fourth quarter 2008, a reflection of the tough economic environment facing the banking sector and the economy as a whole. This announcement is certainly disappointing for our leadership team and, we know, for each of you. Yet, given the unprecedented nature of recent market events and disruptions, we believe our capital ratios and liquidity demonstrate the strength of our company. Our commitment to serving our customers and communities remains steadfast through this period of uncertainty.

The press release is available on the homepage of ***insite***, and I encourage you to review it and familiarize yourself with the results.

Fourth Quarter Highlights

2008 was dominated by the continued deterioration in our nation's economy driven by the housing market decline. Despite these challenges, Synovus was able to increase deposits, strengthen our capital ratios and retain our liquidity position.

The key catalysts of our net loss for the quarter were two-fold: a $443 million (pre-tax and after-tax) goodwill impairment charge, brought on by the significant decline in our stock price and earnings, and continued credit pressures primarily in the Atlanta market.

Goodwill appears on the balance sheet of an acquiring company and reflects the amount by which the purchase price exceeds the net tangible assets of the acquired organization. The goodwill impairment charge had no impact on Synovus' tangible capital levels, regulatory capital ratios, or liquidity. Goodwill must be reviewed for impairment on an annual basis, or more often if events or circumstances indicate that there may be impairment. While we do not anticipate further goodwill impairment charges at this time, no assurances can be provided. Goodwill impairment charges could be triggered by declines in stock price as well as other factors which cannot be predicted. However, since we only have $40 million of goodwill remaining on our balance sheet, any future goodwill impairment charge would be small.

Write-downs in the Atlanta residential real estate market have been a significant challenge for us. The Atlanta market accounts for 45% of nonperforming loans in the residential construction and development portfolios, but clearly there are other Synovus markets and other parts of the portfolio that have been affected as well.

Positioning for 2009 and Beyond

As we enter another difficult year, we are determined to come through this trial stronger than ever. Persevere. Perform. Prevail. This is the mantra we have adopted for our team in 2009, and you will hear more about it in the coming days. Our strategy and unique strengths position us to manage short term uncertainty while building for long term success:

We are aggressively managing credit issues using a multi-faceted approach.

- We have reorganized our risk and credit structures internally to ensure we have the right talent and infrastructure in place to oversee both short and long term issues. The key change includes centralizing our special assets group, which spends 100 percent of its time managing our disposition strategy for non-performing assets. This structure allows us to better manage our charters, more precisely segregate and focus on certain assets, and lets our bankers spend more time serving customers.
- We have conducted deep reviews of our entire commercial loan portfolio to ensure we recognized any weaknesses. We have focused resources on managing those relationships to minimize loss wherever possible, and manage loss when imminent. Our responsive bank delivery model offers us an edge in our ability to know our customers and closely monitor their situations.
- We have had success auctioning off properties in a couple of our markets and will continue to use this channel to dispose of problem assets.
- We continue, as always, to periodically review each sector of commercial real estate to assess trends that could indicate future problems.

Our capital position enables us to aggressively manage the balance sheet and loan portfolios.
The U.S. Government's Capital Purchase Plan resulted in a $968 million preferred stock issue which closed in December. These funds have enhanced our capital ratios beyond already strong levels, resulting in increased investor and depositor confidence, and will better position us to increase lending to credit-worthy customers in the coming months.

Our deposit growth and liquidity remain strong.
Many in banking use the expression, "capital is king." Core deposit funding and liquidity, however, rank beside capital as equally important in today's environment. During the fourth quarter, our core deposits grew 11% (annualized) on a sequential quarter basis. Our ability to offer Shared CD and Money Market products, another unique advantage of our multi-charter, responsive bank delivery model, provides customers a place to feel safe depositing their money. We believe the continued growth in deposits demonstrates a vote of confidence in our organization.

We are simplifying our delivery model to better manage growth and risk.
Synovus continues to evolve organizationally as a $35 billion banking company whose size and reach has expanded. Our responsive bank delivery model provides value and flexibility in the way we deliver products and services to our customers, but simplifying the way we operate our company is critical in this risk-sensitive environment. In addition to the centralization of our special assets group, we began making significant changes over the past several months that will streamline the management of our company. These changes include centralizing deposit operations, loan operations and procurement; regionalizing facilities management; and completely reorganizing credit and loan review into regional teams with expanded authority. We are emphasizing a one-company view that has already resulted in cost savings, greater process consistency, product uniformity, less complexity and improved information flow among our banks and corporate.

We are increasing efficiency and reducing costs.
Much of the work around simplification is the result of Project Optimus. (b) (4) [redacted]

Executives and Directors will see reduced compensation.
For the second year in a row, Synovus' top executives will not receive bonuses, and Synovus Directors will forego equity compensation for their service.

<u>We Have What it Takes to Prevail</u>
We have certainly enjoyed success over many years, and now we must persevere through this challenging season. I am confident that as individuals, as a company, and as a nation, we will all grow from this difficult set of experiences that is so different from the environment of the past 30 years. Our community banking model provides us unique advantages that add strength and stability to prevail in times likes these. Our locally-focused, customer-centric approach is rooted in building trusted relationships that are not easily shaken, and backed by the financial resources to meet any financial services need. This combination allows us to deliver sophisticated financial products and services with personalized service, local expertise and unparalleled responsiveness. We are not certain how far, how deep or how wide this recession will run, but we are confident that these strengths, leveraged by our talented, dedicated team, forge a company that has and will continue to stand the test of time.

I know the impact this past year's losses have had on our team members personally. We have a good plan in place for addressing immediate needs and positioning us to return to a level of performance that exceeds our expectations year after year. I appreciate your hard work, commitment and loyalty to Synovus. Because of you, we will come out of this stronger than when we entered.

Richard

E-mail and *insite* message from Richard Anthony to all Synovus family team members
1/28/09, 4:02 p.m.

SUBJECT LINE: 2009 Compensation Changes

I hope you have had an opportunity to read the message I sent all Synovus family team members on Friday, January 23 regarding our fourth quarter 2008 earnings. The announcement was far below our normal performance mark; however, I do have some good news. We are able to reward qualified team members with a 2008 wealth building payout of 7% into the Money Purchase Pension (MPP) Plan. This contribution stands out in particular given the challenges faced by our company in 2008.

In my message last week, I detailed the many strengths of Synovus as a whole, which we should feel good about:

- Our liquidity and deposit growth is positive.
- Our ability to offer (through Shared CDs and Money Markets) a level of deposit insurance coverage larger than any other bank in the U.S. is unique.
- We have adapted well, thanks to the willingness of our team members to contribute ideas and embrace the change that comes from new ways of doing business.
- We have aggressively addressed credit issues.
- Our capital position has always been and remains strong.
- **We applied for the Capital Purchase Program under the government's TARP plan and received $968 million that is being used to replenish capital, strengthen our balance sheet, and, over time, increase consumer lending.**

However, this is going to be another challenging year as we work through this recessionary credit cycle. We must close the gap this creates in order to strengthen our company for the long term and meet the expectations of our shareholders. Several necessary, although difficult, actions have been identified that will help us close this gap:

- (b) (4) [redacted]

I can assure you that these decisions were not taken lightly, but they are necessary. Rewarding our team members for their extraordinary work is crucial; however, in the current economic environment, we must sacrifice in the short term in order to realize the long term benefits.

I encourage you to visit ***insite*** for more details about the change in the MPP Plan. Should you have any questions about it, or any of the other compensation changes for 2009, please talk to your HR Manager.

Persevere. Perform. Prevail. Our team is going to do this in 2009. It will be a challenging year, and we will have obstacles to overcome. But we will persevere by performing at our highest levels through solid decision making, exceptional customer service delivery and hard work. I know I can count on each and every one of you to do your very best.

I appreciate your loyalty to our company, and I thank you for being a Synovus family team member.

Richard

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insite* Recap of January 27, 2009 Tuesday Morning Leadership Meeting – *VIDEO OF ENTIRE MEETING ALSO AVAILABLE WITH THIS RECAP
1/29/09

HEADLINE: Tommy Prescott Reviews Fourth Quarter Financials, Richard Anthony Shares Outlook And Priorities For 2009

At the Tuesday Morning Leadership Meeting on January 27, 2009, Synovus Chief Financial Officer Tommy Prescott reviewed fourth quarter and 2008 year-end financials; Chairman and CEO Richard Anthony then gave his perspective on the financials and shared his outlook for Synovus beyond the current challenges. To view a video of the meeting, click the camera icon labeled "video" near the headline of this article. For better legibility of the graphics, please view a PDF of Tommy's presentation.

Financial Highlights
- Fourth quarter net loss of $637.5 million
- Net loss for the year of $584.5 million
- Earnings Per Share for the year of ($1.77) and ($.32) excluding goodwill impairment charges

Results of Goodwill Impairment Review
- $443 million (pre-tax and after-tax) non-cash impairment charge
- Remaining goodwill as of December 31, 2008: only $40 million
- Goodwill impairment charge does not impact tangible equity, regulatory capital, or liquidity.

Total Assets $35,683.2, up 8.1%

Loan Growth Year-over-Year up 5.4%

Deposit Growth
- Total Core Deposits up 5.1% year over year
- Shared deposit products were up $852 million in CD and money market accounts in the fourth quarter.
- Most growth occurred in October, when consumers were very concerned about the stability of other banks.

Net Charge off Ratio 3.25% in fourth quarter

TARP Capital
- **Received $968 million from U.S. Treasury Capital Purchase Program on December 19, 2008**
- **Deployment of Funds (Short term use)**
- **Capital Infusions to Banks $220 million**

- **Cash purchase of troubled assets $474 million**

Capital
Tier One Capital Ratio strong at 11.22% in fourth quarter (well above regulatory minimums to be categorized as well-capitalized).

Richard then gave his comments.
When we closed out the analyst conference call last week, I asked the audience to think of three words when they think of Synovus: proactive, aggressive and conservative. Those words describe our approach and the actions we continue to take.

"Conservative," as illustrated by two things:

1. **Goodwill Writedown**
   I am tickled that we were able to take the goodwill writedown. Goodwill serves no purpose in anybody's mind when they value a company in looking at the balance sheet. It is fluff - purely an intangible. Having an opportunity to create a conservative balance sheet with no goodwill on it is a great thing.
2. **Loan Loss Provision**
   We took a most conservative way in looking at all loans, particularly construction and development loans in Atlanta, so that we could put them in a higher risk category, knowing the conditions in the marketplace. That, along with some other conservative loans, allowed us to stay as much as we can ahead of this cycle by taking that big provision in the fourth quarter. So, that is behind us.

"Proactive and Aggressive" in converting weak assets to cash
We continue to refine our non-performing asset disposal strategy. In addition to the individual bank teams aggressively identifying and liquidating non-performing assets, we formed Broadway Asset Management, a separate subsidiary to purchase certain non-performing assets from our banks, to assess the economics of disposal of these assets and centrally and effectively manage the liquidation of these assets. We've got a great team there. We can better manage the risk in our banks by moving assets off their books into this new unit.

Capital
Tommy described very well this great strength of ours. Capital is the focal point of strength, survivability and flexibility in the long term.

If you compare our tangible capital ratio to other regional banks, none of them are at our level.

Synovus	**7.9%**
BB&T	5.3%
Fifth Third	4.2%
First Horizon	7.3%
M&I	6.3%
Regions	5.2%
Suntrust	5.5%
Average (without Synovus)	5.6%

Bigger players:	
CitiGroup	1.5%
JPM Chase	3.8%
USBancorp	4.5%

Potential for Synovus in a more normalized environment
Time is passing, and we are getting closer to a more normal environment. We can start thinking about what Synovus will look like when we get to a period when this upheaval is behind us.

- Excessive credit costs will be dramatically diminished.
- Margin will return to a number in the high threes.
- Deposit pricing will stabilize.
- Markets that we are in will still be a major strength.
- [redacted] (b) (4)

There will be more challenges in 2009, but, working together, we will persevere, perform and prevail!

Richard Anthony's "Ask Richard" response to a Synovus family team member
2/2/09

Thank you for your question about our deployment of TARP funds. At the Tuesday Morning Leadership Meeting last week, Tommy Prescott shared that, in general terms, our short term use of the funds includes $220 million in capital infusions to our banks and a $474 million cash purchase of troubled assets. Further details about how this capital is being deployed will be released by our finance area in the coming weeks.

Sometimes people seem to think that funds received by banks are earmarked for specific investments. Answers are not that simple because a balance sheet fluctuates each day. In general, the TARP funds will eventually be leveraged to make loans [redacted] (b) (4). This capital also helps us absorb losses on problem real estate loans in these recessionary times. It allows us to be more proactive in recognizing problems and disposing of nonperformning assets. I appreciate your contacting me.

Article from the *Atlanta Business Chronicle* on *insite*
2/3/09

HEADLINE: Broadway Asset Management Featured In *Atlanta Business Chronicle*

The following article, written by Joe Rauch, appeared in the January 30, 2009 issue of the Atlanta Business Chronicle.

The real estate crisis has Georgia's third-largest bank dusting off the playbook used during the Savings & Loan Crisis two decades ago.

Synovus Financial Corp. has created a new subsidiary company, whose sole mission is to acquire, manage and sell foreclosed land, lots and homes from Synovus' 31 banks across the Southeast.

Synovus is one of the first banks nationally to restart this kind of so-called "bad-bank" business, which last rose to prominence 25 years ago. But experts expect many others will follow.

Then, institutions like Mellon Bank, for example, created a so-called "bad bank," named Grant Street Bank. It was a sister company for Mellon designed solely to take on and sell problem real estate during the S&L crisis.

Synovus (NYSE: SNV) announced during the Columbus-based bank's fourth-quarter 2009 earnings call on Jan. 22 it had created Broadway Asset Management late last year.

It now holds $500 million in assets gathered from seven of Synovus' 31 banks spread across the Southeast. That chunk is a significant portion of Synovus' $1.2 billion in problem assets.

Broadway Asset Management is run by former real estate developer John Creech, who oversees a staff of 30.

Creech and his team also manage Synovus' $700 million in problem loans at Synovus' other banks.

The subsidiary is funded by a $970 million U.S. Treasury investment in Synovus as part of the Capital Purchase Program.

The move for Synovus comes as federal regulators, U.S. Treasury officials and the new Obama administration are considering creating a similar entity backed by the government that will buy distressed assets from the U.S. banking system.

Locally, about 60 percent of Broadway Asset Management's holdings are lots and land in Synovus' weakest markets, centered in metro Atlanta and coastal Florida.

Synovus Chief Financial Officer Tommy Prescott said the company was designed to relieve the burden of loan losses that were affecting some banks "disproportionately" within the company.

During the fourth-quarter earnings calls, CEO Richard Anthony identified seven institutions that sold assets to the subsidiary.

Industry insiders and observers have championed the move, and said such little-publicized subsidiaries will play a big role in the banking system's recovery from the housing market's collapse.

"I give them a lot of credit," said Brian Olasov, Atlanta-based managing director at McKenna, Long & Aldridge LLP. "It is creative, necessary and courageous in the current environment."

A non-bank asset management company, industry insiders said, can more quickly dispose of assets, in part, because of less regulation over such sales than if a bank sold the assets directly.

"You want an unregulated entity to do this, and allow the bank to get back to the business of lending," said Chip MacDonald, an Atlanta-based banking attorney with Jones Day.

Olasov said a key component to such a company, or a federal government bank structured similarly, is disposing of distressed assets to the private market within a reasonable time period.

Broadway Asset Management indirectly invests taxpayer funds in Synovus' subsidiary banks by buying bad assets. The result, Prescott said, cleans the balance sheet of the sick institutions and leaves "the bankers to be bankers and our workout guys to worry about the real estate."

Internal discussion began during summer 2008 about creating the company at "a high level," said Prescott, well before the U.S. Treasury began discussing the Troubled Asset Relief Program, or TARP, in the fall.

That federal program then became a Capital Purchase Program designed to invest in U.S. banking companies, beginning in November 2008 and is ongoing.

Synovus' senior executives' discussions about an entity that would absorb the company's worst loan problems intensified at the beginning of the fourth quarter.

Of the $970 million Synovus received as a part of the Treasury program, Prescott said roughly $750 million has been distributed to subsidiary banks through Broadway Asset Management and direct capital infusions.

Prescott said the bank had no internal projections on how much Broadway Asset Management may ultimately absorb from Synovus' subsidiary banks, or how long it might take to sell the assets.

Broadway will look to immediately dispose of $150 million of those assets, according to the company's earnings release.

Olasov said generally that a mixed strategy of holding some properties and selling others delays an eventual recovery.

"It is a balancing act," he said. "But it gives me chills any time I hear about a bank trying to hold property and bet on the real estate market."