SYNOVUS FINANCIAL CORP
Form 10-Q
August 04, 2017
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended June 30, 2017
Commission file number 1-10312

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

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

Registrant's telephone number, including area code: (706) 649-2311
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $1.00 Par Value	New York Stock Exchange
Series B Participating Cumulative Preferred Stock Purchase Rights	New York Stock Exchange
Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series C	New York Stock Exchange

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES x NO ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check One):

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

Emerging growth company ¨

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to section 7(a)2(B) of the Securities Act. ¨

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

Indicate the number of shares outstanding of each of the issuer's class of common stock, as of the latest practicable date.

Class	July 31, 2017
Common Stock, $1.00 Par Value	121,501,638

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INDEX OF DEFINED TERMS

ALCO – Synovus' Asset Liability Management Committee
ASC – Accounting Standards Codification
ASU – Accounting Standards Update
ATM – Automatic teller machine
Basel III – A global regulatory framework developed by the Basel Committee on Banking Supervision
BOLI – Bank-Owned Life Insurance
BOV – Broker's opinion of value
bp – Basis point (bps - basis points)
C&I – Commercial and industrial loans
CCC – Central clearing counterparty
CET1 – Common Equity Tier 1 Capital defined by Basel III capital rules
CME – Chicago Mercantile Exchange
CMO – Collateralized Mortgage Obligation
Code – Internal Revenue Code of 1986, as amended
Company – Synovus Financial Corp. and its wholly-owned subsidiaries, except where the context requires otherwise
Covered Litigation – Certain Visa litigation for which Visa is indemnified by Visa USA members
CRE – Commercial real estate
DIF – Deposit Insurance Fund
Dodd-Frank Act – The Dodd-Frank Wall Street Reform and Consumer Protection Act
EVE – economic value of equity
Exchange Act – Securities Exchange Act of 1934, as amended
FASB – Financial Accounting Standards Board
FDIC – Federal Deposit Insurance Corporation
Federal Reserve Bank – The 12 banks that are the operating arms of the U.S. central bank. They implement the policies of the Federal Reserve Board and also conduct economic research.
Federal Reserve Board – The 7-member Board of Governors that oversees the Federal Reserve System, establishes monetary policy, and monitors the economic health of the country. Its members are appointed by the President, subject to Senate confirmation, and serve 14-year terms.
Federal Reserve System – The 12 Federal Reserve Banks, with each one serving member banks in its own district. This system, supervised by the Federal Reserve Board, has broad regulatory powers over the money supply and the credit structure.
FFIEC – Federal Financial Institutions Examination Council
FHLB – Federal Home Loan Bank
FICO – Fair Isaac Corporation
GA DBF – Georgia Department of Banking and Finance
GAAP – Generally Accepted Accounting Principles in the United States of America
GGL – government guaranteed loans
Global One – Entaire Global Companies, Inc., the parent company of Global One Financial, Inc., as acquired by Synovus on October 1, 2016. Throughout this Report, we refer to this acquisition as "Global One."

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HELOC – Home equity line of credit
LIBOR – London Interbank Offered Rate
LTV – Loan-to-collateral value ratio
NAICS – North American Industry Classification System
nm – not meaningful
NPA – Non-performing assets
NPL – Non-performing loans
NSF – Non-sufficient funds
OCI – Other comprehensive income
OTC– Over-the-counter
ORE – Other real estate
OTTI – Other-than-temporary impairment
Parent Company – Synovus Financial Corp.
SBA – Small Business Administration
SCM – State, county, and municipal
SEC – U.S. Securities and Exchange Commission
Securities Act – Securities Act of 1933, as amended
Series C Preferred Stock – Synovus' Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series C, $25 liquidation preference
Synovus – Synovus Financial Corp.
Synovus Bank – A Georgia state-chartered bank and wholly-owned subsidiary of Synovus through which Synovus conducts its banking operations
Synovus' 2016 Form 10-K – Synovus' Annual Report on Form 10-K for the year ended December 31, 2016
Synovus Mortgage – Synovus Mortgage Corp., a wholly-owned subsidiary of Synovus Bank
Synovus Securities – Synovus Securities, Inc., a wholly-owned subsidiary of Synovus
Synovus Trust – Synovus Trust Company, N.A., a wholly-owned subsidiary of Synovus Bank
TDR – Troubled debt restructuring (as defined in ASC 310-40)
Treasury – United States Department of the Treasury
VIE – Variable interest entity, as defined in ASC 810-10
Visa – The Visa U.S.A., Inc. card association or its affiliates, collectively
Visa Class B shares – Class B shares of common stock issued by Visa which are subject to restrictions with respect to sale until all of the Covered Litigation has been settled
Visa Derivative – A derivative contract with the purchaser of Visa Class B shares which provides for settlements between the purchaser and Synovus based upon a change in the ratio for conversion of Visa Class B shares into Visa Class A shares
Warrant – A warrant issued to the Treasury by Synovus to purchase up to 2,215,820 shares of Synovus common stock at a per share exercise price of $65.52 expiring on December 19, 2018, as was issued by Synovus to Treasury in 2008 in connection with the Capital Purchase Program, promulgated under the Emergency Stabilization Act of 2008

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PART I. FINANCIAL INFORMATION
ITEM 1. - FINANCIAL STATEMENTS
SYNOVUS FINANCIAL CORP.
CONSOLIDATED BALANCE SHEETS
(unaudited)

(in thousands, except share and per share data)	June 30, 2017	December 31, 2016
ASSETS		
Cash and cash equivalents	$377,213	395,175
Interest bearing funds with Federal Reserve Bank	468,148	527,090
Interest earning deposits with banks	6,012	18,720
Federal funds sold and securities purchased under resale agreements	46,847	58,060
Trading account assets, at fair value	3,045	9,314
Mortgage loans held for sale, at fair value	61,893	51,545
Investment securities available for sale, at fair value	3,827,058	3,718,195
Loans, net of deferred fees and costs	24,430,512	23,856,391
Allowance for loan losses	(248,095)	(251,758)
Loans, net	$24,182,417	23,604,633
Premises and equipment, net	416,364	417,485
Goodwill	57,092	59,678
Other intangible assets	11,843	13,223
Other real estate	19,476	22,308
Deferred tax asset, net	320,403	395,356
Other assets	890,155	813,220
Total assets	$30,687,966	30,104,002
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Deposits:		
Non-interest bearing deposits	$7,363,476	7,085,804
Interest bearing deposits, excluding brokered deposits	16,387,032	16,183,273
Brokered deposits	1,468,308	1,378,983
Total deposits	25,218,816	24,648,060
Federal funds purchased and securities sold under repurchase agreements	150,379	159,699
Long-term debt	2,107,245	2,160,881
Other liabilities	213,579	207,438
Total liabilities	$27,690,019	27,176,078
Shareholders' Equity		
Series C Preferred Stock – no par value. Authorized 100,000,000 shares; 5,200,000 shares issued and outstanding at June 30, 2017 and December 31, 2016	$125,980	125,980
Common stock - $1.00 par value. Authorized 342,857,143 shares; 142,498,906 issued at June 30, 2017 and 142,025,720 issued at December 31, 2016; 121,661,092 outstanding at June 30, 2017 and 122,266,106 outstanding at December 31, 2016	142,499	142,026
Additional paid-in capital	3,029,754	3,028,405
Treasury stock, at cost – 20,837,814 shares at June 30, 2017 and 19,759,614 shares at December 31, 2016	(709,944)	(664,595)
Accumulated other comprehensive loss	(47,865)	(55,659)
Retained earnings	457,523	351,767
Total shareholders’ equity	2,997,947	2,927,924

Total liabilities and shareholders' equity	$30,687,966	30,104,002

See accompanying notes to unaudited interim consolidated financial statements.

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SYNOVUS FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

	Six Months Ended June 30,		Three Months Ended June 30,	
(in thousands, except per share data)	2017	2016	2017	2016
Interest income:				
Loans, including fees	$511,319	462,892	$261,971	232,974
Investment securities available for sale	40,099	33,655	20,266	16,685
Trading account assets	49	34	21	12
Mortgage loans held for sale	972	1,238	505	650
Federal Reserve Bank balances	2,515	2,019	1,304	1,020
Other earning assets	2,957	1,878	1,443	1,052
Total interest income	557,911	501,716	285,510	252,393
Interest expense:				
Deposits	35,075	32,214	18,118	16,200
Federal funds purchased and securities sold under repurchase agreements	84	96	45	51
Long-term debt	31,728	29,763	16,250	14,693
Total interest expense	66,887	62,073	34,413	30,944
Net interest income	491,024	439,643	251,097	221,449
Provision for loan losses	18,934	16,070	10,260	6,693
Net interest income after provision for loan losses	472,090	423,573	240,837	214,756
Non-interest income:				
Service charges on deposit accounts	39,593	39,950	19,820	20,240
Fiduciary and asset management fees	24,676	22,854	12,524	11,580
Brokerage revenue	14,436	13,821	7,210	7,338
Mortgage banking income	11,548	11,425	5,784	5,941
Bankcard fees	16,438	16,718	8,253	8,346
Investment securities gains (losses), net	7,667	67	(1)	—
(Decrease) increase in fair value of private equity investments, net	(3,166)	(278)	(1,352)	113
Other fee income	11,033	10,084	6,164	5,280
Other non-interest income	18,314	16,392	10,299	9,048
Total non-interest income	140,539	131,033	68,701	67,886
Non-interest expense:				
Salaries and other personnel expense	212,404	198,419	105,213	97,061
Net occupancy and equipment expense	59,264	53,360	29,933	26,783
Third-party processing expense	26,223	22,814	13,620	11,698
FDIC insurance and other regulatory fees	13,645	13,344	6,875	6,625
Professional fees	12,907	13,307	7,551	6,938
Advertising expense	11,258	9,761	5,346	7,351
Foreclosed real estate expense, net	3,582	7,272	1,448	4,588
Earnout liability adjustment	1,707	—	1,707	—
Merger-related expense	86	—	—	—
Loss on early extinguishment of debt, net	—	4,735	—	—
Fair value adjustment to Visa derivative	—	720	—	360
Restructuring charges, net	6,524	6,981	13	5,841
Other operating expenses	41,533	46,131	20,041	21,366
Total non-interest expense	389,133	376,844	191,747	188,611
Income before income taxes	223,496	177,762	117,791	94,031

Income tax expense	75,635	64,773	41,788	33,574
Net income	147,861	112,989	76,003	60,457
Dividends on preferred stock	5,119	5,119	2,559	2,559
Net income available to common shareholders	$142,742	107,870	$73,444	57,898
Net income per common share, basic	$1.17	0.85	$0.60	0.46
Net income per common share, diluted	1.16	0.85	0.60	0.46
Weighted average common shares outstanding, basic	122,251	126,164	122,203	125,100
Weighted average common shares outstanding, diluted	123,043	126,778	123,027	125,699

See accompanying notes to unaudited interim consolidated financial statements.

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SYNOVUS FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

	Six Months Ended June 30,					
	2017			2016		
(in thousands)	Before-tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before-tax Amount	Tax (Expense) Benefit	Net of Tax Amount
Net income	$223,496	(75,635)	147,861	177,762	(64,773)	112,989
Net change related to cash flow hedges:						
Reclassification adjustment for losses realized in net income	130	(50)	80	337	(130)	207
Net unrealized gains on investment securities available for sale:						
Reclassification adjustment for net gains realized in net income	(7,667)	2,952	(4,715)	(67)	26	(41)
Net unrealized gains arising during the period	20,250	(7,797)	12,453	66,215	(25,493)	40,722
Net unrealized gains	12,583	(4,845)	7,738	66,148	(25,467)	40,681
Post-retirement unfunded health benefit:						
Reclassification adjustment for gains realized in net income	(40)	16	(24)	(104)	40	(64)
Actuarial gains arising during the period	—	—	—	—	—	—
Net unrealized (realized) gains	$(40)	16	(24)	(104)	40	(64)
Other comprehensive income	$12,673	(4,879)	7,794	66,381	(25,557)	40,824
Comprehensive income			$155,655			153,813

	Three Months Ended June 30,					
	2017			2016		
(in thousands)	Before-tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before-tax Amount	Tax (Expense) Benefit	Net of Tax Amount
Net income	$117,791	(41,788)	76,003	94,031	(33,574)	60,457
Net change related to cash flow hedges:						
Reclassification adjustment for losses realized in net income	65	(25)	40	64	(25)	39
Net unrealized gains on investment securities available for sale:						
Reclassification adjustment for net losses realized in net income	1	—	1	—	—	—
Net unrealized gains arising during the period	11,150	(4,293)	6,857	19,044	(7,332)	11,712
Net unrealized gains	11,151	(4,293)	6,858	19,044	(7,332)	11,712
Post-retirement unfunded health benefit:						
Reclassification adjustment for gains realized in net income	(20)	8	(12)	(10)	4	(6)
Actuarial gains arising during the period	—	—	—	—	—	—
Net unrealized (realized) gains	$(20)	8	(12)	(10)	4	(6)
Other comprehensive income	$11,196	(4,310)	6,886	19,098	(7,353)	11,745

Comprehensive income	$82,889	72,202

See accompanying notes to unaudited interim consolidated financial statements.

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SYNOVUS FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(unaudited)

(in thousands, except per share data)	Series C Preferred Stock	Common Stock	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Balance at December 31, 2015	$125,980	140,592	2,989,981	(401,511)	(29,819)	174,973	3,000,196
Net income	—	—	—	—	—	112,989	112,989
Other comprehensive income, net of income taxes	—	—	—	—	40,824	—	40,824
Cash dividends declared on common stock -$0.24 per share	—	—	—	—	—	(30,015)	(30,015)
Cash dividends paid on Series C Preferred Stock	—	—	—	—	—	(5,119)	(5,119)
Repurchases of common stock	—	—		(171,547)	—	—	(171,547)
Restricted share unit activity	—	298	(4,814)	—	—	(89)	(4,605)
Stock options exercised	—	118	1,917	—	—	—	2,035
Share-based compensation net tax benefit	—	—	52	—	—	—	52
Share-based compensation expense	—	—	6,849	—	—	—	6,849
Balance at June 30, 2016	$125,980	141,008	2,993,985	(573,058)	11,005	252,739	2,951,659
Balance at December 31, 2016	$125,980	142,026	3,028,405	(664,595)	(55,659)	351,767	2,927,924
Net income	—	—	—	—	—	147,861	147,861
Other comprehensive income, net of income taxes	—	—	—	—	7,794	—	7,794
Cash dividends declared on common stock - $0.30 per share	—	—	—	—	—	(36,696)	(36,696)
Cash dividends paid on Series C Preferred Stock	—	—	—	—	—	(5,119)	(5,119)
Repurchases of common stock	—	—	—	(45,349)	—	—	(45,349)
Restricted share unit activity	—	330	(7,850)	—	—	(290)	(7,810)
Stock options exercised	—	143	2,361	—	—	—	2,504
Share-based compensation expense	—	—	6,838	—	—	—	6,838
Balance at June 30, 2017	$125,980	$142,499	3,029,754	(709,944)	(47,865)	457,523	2,997,947

See accompanying notes to unaudited interim consolidated financial statements.

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SYNOVUS FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Six Months Ended June 30,	
(in thousands)	2017	2016
Operating Activities		
Net income	$ 147,861	112,989
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	18,934	16,070
Depreciation, amortization, and accretion, net	29,334	28,506
Deferred income tax expense	70,484	61,283
Decrease in trading account assets	6,269	4,096
Originations of mortgage loans held for sale	(325,094)	(320,304)
Proceeds from sales of mortgage loans held for sale	323,861	299,186
Gain on sales of mortgage loans held for sale, net	(7,049)	(6,946)
Increase in other assets	(14,525)	(33,152)
(Decrease) increase in other liabilities	(9,667)	13,162
Investment securities gains, net	(7,667)	(67)
Losses and write-downs on other real estate, net	2,856	6,089
Decrease in fair value of private equity investments, net	3,166	278
Losses and write-downs on other assets held for sale, net	—	7,902
Loss on early extinguishment of debt, net	—	4,735
Share-based compensation expense	6,838	6,849
Net cash provided by operating activities	$ 245,601	200,676
Investing Activities		
Net decrease (increase) in interest earning deposits with banks	12,708	(7,154)
Net decrease (increase) in federal funds sold and securities purchased under resale agreements	11,213	(7,866)
Net decrease (increase) in interest bearing funds with Federal Reserve Bank	58,942	(74,519)
Proceeds from maturities and principal collections of investment securities available for sale	313,902	443,128
Proceeds from sales of investment securities available for sale	338,381	243,609
Purchases of investment securities available for sale	(748,754)	(623,046)
Proceeds from sales of loans	10,747	7,739
Proceeds from sales of other real estate	5,492	16,282
Net increase in loans	(612,309)	(660,778)
Purchases of bank-owned life insurance policies	(75,000)	—
Net increase in premises and equipment	(15,386)	(16,769)
Proceeds from sales of other assets held for sale	3,158	296
Net cash used in investing activities	$ (696,906)	(679,078)
Financing Activities		
Net increase in demand and savings deposits	367,450	595,342
Net increase in certificates of deposit	202,927	87,466
Net (decrease) increase in federal funds purchased and securities sold under repurchase agreements	(9,320)	70,154
Repayments on long-term debt	(1,128,591)	(1,455,067)
Proceeds from issuance of long-term debt	1,075,000	1,400,000
Dividends paid to common shareholders	(18,349)	(30,015)
Dividends paid to preferred shareholders	(5,119)	(5,119)

Stock options exercised	2,504	2,035
Repurchases of common stock	(45,349)	(171,547)
Restricted stock activity	(7,810)	(4,605)
Net cash provided by financing activities	$433,343	488,644
(Decrease) increase in cash and cash equivalents	(17,962)	10,242
Cash and cash equivalents at beginning of period	395,175	367,092
Cash and cash equivalents at end of period	$377,213	377,334

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Supplemental Cash Flow Information		
Cash paid during the period for:		
Income tax payments, net	$8,768	5,849
Interest paid	67,007	64,424
Non-cash Activities		
Premises and equipment transferred to other assets held for sale	—	18,677
Other assets held for sale transferred to premises and equipment	4,450	—
Loans foreclosed and transferred to other real estate	5,516	8,631
Loans transferred to other loans held for sale at fair value	10,584	7,314
Dividends declared on common stock during the period but paid after period-end	18,349	—

See accompanying notes to unaudited interim consolidated financial statements.

Notes to Unaudited Interim Consolidated Financial Statements

Note 1 - Significant Accounting Policies

Business Operations

The accompanying unaudited interim consolidated financial statements of Synovus Financial Corp. include the accounts of the Parent Company and its consolidated subsidiaries. Synovus Financial Corp. is a financial services company based in Columbus, Georgia. Through its wholly-owned subsidiary, Synovus Bank, a Georgia state-chartered bank that is a member of the Federal Reserve System, the company provides commercial and retail banking in addition to a full suite of specialized products and services including private banking, treasury management, wealth management, premium finance and international banking.

Synovus Bank is positioned in some of the highest growth markets in the Southeast, with 248 branches and 327 ATMs in Georgia, Alabama, South Carolina, Florida, and Tennessee.

Basis of Presentation

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with the instructions to the SEC Form 10-Q and Article 10 of Regulation S-X; therefore, they do not include all information and footnotes necessary for a fair presentation of financial position, results of operations, comprehensive income, and cash flows in conformity with GAAP. All adjustments consisting of normally recurring accruals that, in the opinion of management, are necessary for a fair presentation of the consolidated financial position and results of operations for the periods covered by this Report have been included. The accompanying unaudited interim consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes appearing in Synovus' 2016 Form 10-K. There have been no significant changes to the accounting policies as disclosed in Synovus' 2016 Form 10-K.

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

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for loan losses, the fair value of investment securities, the fair value of private equity investments, and contingent liabilities related to legal matters.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and due from banks. At December 31, 2016, $533 thousand of the due from banks balance was restricted as to withdrawal. There were no cash and cash equivalents restricted as to withdrawal at June 30, 2017.

Short-term Investments

Short-term investments consist of interest bearing funds with the Federal Reserve Bank, interest earning deposits with banks, and federal funds sold and securities purchased under resale agreements. At June 30, 2017 and December 31, 2016, interest bearing funds with the Federal Reserve Bank included $120.5 million and $130.0 million, respectively, on deposit to meet Federal Reserve Bank requirements. Interest earning deposits with banks include $5.9 million and $5.6 million at June 30, 2017 and December 31, 2016, respectively, which are pledged as collateral in connection with certain letters of credit. Federal funds sold include $43.3 million and $56.1 million at June 30, 2017 and December 31, 2016, respectively, which are pledged to collateralize certain derivative financial instruments. Federal funds sold and securities purchased under resale agreements, and federal funds purchased and securities sold under repurchase agreements, generally mature in one day.

Recently Adopted Accounting Standards Updates

During 2016, the FASB issued ASU 2016-09, Compensation-Stock Compensation: Improvements to Employee Share-Based Payment Accounting. ASU 2016-09 simplifies various aspects of the accounting for employee share-based payment transactions for both public and nonpublic entities, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. This accounting standard update includes a requirement to record all tax effects associated with share-based compensation through the income statement. Prior to 2017, tax benefits in excess of compensation cost (“windfalls”) and tax deficiencies (“shortfalls”) were recorded in equity. During the six and three months ended June 30, 2017, Synovus recognized $4.5 million and $378 thousand, respectively, of income tax benefits from excess tax benefits that occurred during the six months ended June 30, 2017 from the vesting of restricted share units and exercise of stock options. As of January 1, 2017, Synovus had no previously unrecognized excess tax benefits. Additionally, beginning January 1, 2017, Synovus modified the denominator in the diluted earnings per common share calculation under the treasury stock method to exclude future excess tax benefits as part of the assumed proceeds. Synovus elected to retain its existing accounting policy election to estimate award forfeitures.

During 2015, the FASB issued ASU 2015-17, Income Taxes: Balance Sheet Classification of Deferred Taxes, which became effective January 1, 2017. ASU 2015-17 requires that deferred income tax liabilities and assets be classified as noncurrent in the statement of financial position instead of separating deferred taxes into current and noncurrent amounts. Also, valuation allowances will no longer be classified between current and noncurrent because these allowances will be required to be classified as noncurrent under the new standard. This ASU only impacts classification in the balance sheet, and has no impact on required deferred tax footnote disclosures (i.e., required presentation of “gross” deferred tax assets and “gross” deferred tax liabilities). The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by this ASU. There is no impact to our balance sheet as a result of this standard because Synovus has not historically distinguished deferred taxes on the balance sheet as current vs. non-current.

Reclassifications

Prior periods' consolidated financial statements are reclassified whenever necessary to conform to the current periods' presentation.

Note 2 - Acquisition

On October 1, 2016, Synovus completed its acquisition of all of the outstanding stock of Global One. Prior to its acquisition, Global One was an Atlanta-based private specialty financial services company that lended primarily to commercial entities, with all loans fully collateralized by cash value life insurance policies and/or annuities issued by investment grade life insurance companies. Under the terms of the merger agreement, Synovus acquired Global One for an up-front payment of $30 million, consisting of the issuance of 821 thousand shares of Synovus common stock valued at $26.6 million and $3.4 million in cash, with additional payments to Global One's former shareholders over the next three to five years based on earnings from the Global One business as further discussed below.

The acquisition of Global One constituted a business combination. Accordingly, the assets acquired and liabilities assumed were recorded at their estimated fair values as shown in the following table. The determination of fair value required management to make estimates about discount rates, future expected earnings and cash flows, market conditions, future loan growth, and other future events that are highly subjective in nature and subject to change. These fair value estimates reflect measurement period adjustments to the amounts reported as of December 31, 2016, the most significant of which consist of a reduction in goodwill of $2.6 million and a decrease in the estimated fair value of contingent consideration of $1.8 million (the income statement impact of such adjustments was insignificant). These fair value estimates are considered preliminary and are subject to change for up to one year after the closing date of the acquisition as additional information becomes available.

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Global One	October 1, 2016
(in thousands)	Fair Value
Assets acquired:	
Cash and due from banks	$9,554
Commercial and industrial loans[(1)]	357,307
Goodwill[(2)]	32,661
Other intangible assets	12,500
Other assets	3,904
Total assets acquired	$415,926
Liabilities assumed:	
Notes payable[(3)]	$358,560
Contingent consideration	12,234
Deferred tax liability, net	3,229
Other liabilities	11,903
Total liabilities assumed	$385,926
Consideration paid	$30,000
Cash paid	$3,408
Fair value of common stock issued	26,592

(1) The unpaid principal balance of the loans was $356.7 million.
(2) The goodwill is not expected to be deductible for tax purposes.
(3) The unpaid principal balance of the notes payable was $357.0 million.

Under the terms of the merger agreement, the purchase price includes additional annual payments ("Earnout Payments") to Global One's former shareholders over the next three to five years, with amounts based on a percentage of "Global One Earnings," as defined in the merger agreement. The Earnout Payments will consist of shares of Synovus common stock as well as a smaller cash consideration component.

Other intangible assets consist of existing borrower relationships (11 years useful life), trade name (10 years useful life), and distribution network (8 years useful life) with June 30, 2017 net carrying values of $10.1 million, $1.0 million, and $544 thousand, respectively.

The following is a description of the methods used to determine the fair values of significant assets and liabilities:

Commercial and industrial loans: The fair value of loans was determined based on a discounted cash flow approach. The most significant assumptions used in the valuation of the loan portfolio consisted of the prepayment rate, the probability of extension at maturity, the interest rates on extended loans, and the discount rates. All loans are fully collateralized by cash value life insurance policies and/or annuities issued by investment grade insurance companies. Based on a history of no principal losses on the loan portfolio since inception as well as the collateral position, no losses were estimated in the event of default.

Notes payable: The notes payable were extinguished immediately after the closing of the acquisition. Accordingly, the fair value of notes payable was determined based on the amounts paid to extinguish such notes, inclusive of applicable prepayment penalties, which is consistent with the perspective of a market participant.

Contingent consideration: The fair value of the contingent consideration, which represents the fair value of the above referenced Earnout Payments, was determined based on option pricing methods and a Monte Carlo simulation. The most significant assumptions used in the valuation of the contingent consideration were the expected cash flows, volatility, and discount rates. Future changes in the fair value of the contingent consideration will be recognized in earnings until the contingent consideration arrangement is settled.

Note 3 - Share Repurchase Program

Synovus' Board of Directors authorized an up to $200 million share repurchase program that will expire at the end of 2017. This program was announced on January 17, 2017. As of June 30, 2017, Synovus had repurchased under this program a total of $45.3 million, or 1.1 million shares, at an average price of $42.04 per share.

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Note 4 - Investment Securities

The amortized cost, gross unrealized gains and losses, and estimated fair values of investment securities available for sale at June 30, 2017 and December 31, 2016 are summarized below.

	June 30, 2017			
(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury securities	$83,493	—	(360)	83,133
U.S. Government agency securities	12,088	223	—	12,311
Mortgage-backed securities issued by U.S. Government agencies	132,710	640	(1,125)	132,225
Mortgage-backed securities issued by U.S. Government sponsored enterprises	2,881,234	6,169	(30,998)	2,856,405
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	734,804	84	(12,468)	722,420
State and municipal securities	290	—	—	290
Corporate debt and other securities	20,279	205	(210)	20,274
Total investment securities available for sale	$3,864,898	7,321	(45,161)	3,827,058

	December 31, 2016			
(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury securities	$108,221	225	(644)	107,802
U.S. Government agency securities	12,727	266	—	12,993
Mortgage-backed securities issued by U.S. Government agencies	174,440	1,116	(1,354)	174,202
Mortgage-backed securities issued by U.S. Government sponsored enterprises	2,543,495	5,416	(42,571)	2,506,340
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	905,789	1,214	(16,561)	890,442
State and municipal securities	2,780	14	—	2,794
Equity securities	919	2,863	—	3,782
Corporate debt and other securities	20,247	—	(407)	19,840
Total investment securities available for sale	$3,768,618	11,114	(61,537)	3,718,195

At June 30, 2017 and December 31, 2016, investment securities with a carrying value of $1.73 billion and $2.04 billion, respectively, were pledged to secure certain deposits and securities sold under repurchase agreements as required by law and contractual agreements.

Synovus has reviewed investment securities that are in an unrealized loss position as of June 30, 2017 and December 31, 2016 for OTTI and does not consider any securities in an unrealized loss position to be other-than-temporarily impaired. If Synovus intended to sell a security in an unrealized loss position, the entire unrealized loss would be reflected in earnings. Synovus does not intend to sell investment securities in an unrealized loss position prior to the recovery of the unrealized loss, which may be until maturity, and has the ability and intent to hold those securities for that period of time. Additionally, Synovus is not currently aware of any circumstances which will require it to sell any of the securities that are in an unrealized loss position prior to the respective securities' recovery of all such unrealized losses.

Declines in the fair value of available for sale securities below their cost that are deemed to have OTTI are reflected in earnings as realized losses to the extent the impairment is related to credit losses. The amount of the impairment related to other factors is recognized in other comprehensive income. Currently, unrealized losses on debt securities are attributable to increases in interest rates on comparable securities from the date of purchase. Synovus regularly evaluates its investment securities portfolio to ensure that there are no conditions that would indicate that unrealized losses represent OTTI. These factors include the length of time the security has been in a loss position, the extent that the fair value is below amortized cost, and the credit standing of the issuer. As of June 30, 2017, Synovus had 92 investment securities in a loss position for less than twelve months and 3 investment securities in a loss position for twelve months or longer.

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Gross unrealized losses on investment securities and the fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at June 30, 2017 and December 31, 2016 are presented below.

	June 30, 2017					
	Less than 12 Months		12 Months or Longer		Total	
(in thousands)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. Treasury securities	$64,342	360	—	—	64,342	360
Mortgage-backed securities issued by U.S. Government agencies	95,492	1,125	—	—	95,492	1,125
Mortgage-backed securities issued by U.S. Government sponsored enterprises	2,161,449	30,998	—	—	2,161,449	30,998
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	668,342	11,678	23,212	790	691,554	12,468
Corporate debt and other securities	—	—	5,069	210	5,069	210
Total	$2,989,625	44,161	28,281	1,000	3,017,906	45,161

	December 31, 2016					
	Less than 12 Months		12 Months or Longer		Total	
(in thousands)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. Treasury securities	$64,023	644	—	—	64,023	644
Mortgage-backed securities issued by U.S. Government agencies	128,121	1,240	3,626	114	131,747	1,354
Mortgage-backed securities issued by U.S. Government sponsored enterprises	2,123,181	42,571	—	—	2,123,181	42,571
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	682,492	15,653	24,801	908	707,293	16,561
Corporate debt and other securities	14,952	48	4,888	359	19,840	407
Total	$3,012,769	60,156	33,315	1,381	3,046,084	61,537

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The amortized cost and fair value by contractual maturity of investment securities available for sale at June 30, 2017 are shown below. The expected life of mortgage-backed securities or CMOs may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties. For purposes of the maturity table, mortgage-backed securities and CMOs, which are not due at a single maturity date, have been classified based on the final contractual maturity date.

	Distribution of Maturities at June 30, 2017					
(in thousands)	Within One Year	1 to 5 Years	5 to 10 Years	More Than 10 Years	No Stated Maturity	Total
Amortized Cost						
U.S. Treasury securities	$18,791	64,702	—	—	—	83,493
U.S. Government agency securities	1,000	5,612	5,476	—	—	12,088
Mortgage-backed securities issued by U.S. Government agencies	—	—	34,868	97,842	—	132,710
Mortgage-backed securities issued by U.S. Government sponsored enterprises	47	2,262	535,035	2,343,890	—	2,881,234
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	—	—	22,173	712,631	—	734,804
State and municipal securities	110	180	—	—	—	290
Corporate debt and other securities	—	—	15,000	2,000	3,279	20,279
Total amortized cost	$19,948	72,756	612,552	3,156,363	3,279	3,864,898
Fair Value						
U.S. Treasury securities	$18,791	64,342	—	—	—	83,133
U.S. Government agency securities	1,004	5,682	5,625	—	—	12,311
Mortgage-backed securities issued by U.S. Government agencies	—	—	35,007	97,218	—	132,225
Mortgage-backed securities issued by U.S. Government sponsored enterprises	48	2,390	529,968	2,323,999	—	2,856,405
Collateralized mortgage obligations issued by U.S. Government agencies or sponsored enterprises	—	—	21,950	700,470	—	722,420
State and municipal securities	110	180	—	—	—	290
Corporate debt and other securities	—	—	15,205	1,927	3,142	20,274
Total fair value	$19,953	72,594	607,755	3,123,614	3,142	3,827,058

Proceeds from sales, gross gains, and gross losses on sales of securities available for sale for the three months ended June 30, 2017 and 2016 are presented below. The specific identification method is used to reclassify gains and losses out of other comprehensive income at the time of sale.

	Six Months Ended June 30,		Three Months Ended June 30,	
(in thousands)	2017	2016	2017	2016
Proceeds from sales of investment securities available for sale	$338,381	243,609	$55,752	—
Gross realized gains on sales	7,942	954	239	—
Gross realized losses on sales	(275)	(887)	(240)	—
Investment securities gains, net	$7,667	67	$(1)	—

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Note 5 - Restructuring Charges

For the six and three months ended June 30, 2017 and 2016, total restructuring charges consist of the following components:

	Six Months Ended June 30,		Three Months Ended June 30,	
(in thousands)	2017	2016	2017	2016
Severance charges	$6,453	—	$—	—
Lease termination charges	—	31	—	(13)
Asset impairment charges	—	6,866	—	5,821
Loss (gain) on sale of assets held for sale, net	(4)	13	(4)	13
Other charges	75	71	17	20
Total restructuring charges, net	$6,524	6,981	$13	5,841

During the first quarter of 2017, Synovus recorded severance charges of $6.5 million including $6.2 million for termination benefits incurred in conjunction with a voluntary early retirement program offered during the first quarter of 2017. This program was part of Synovus' ongoing efficiency initiatives. The $6.2 million accrual was based on the benefits to be paid to employees who accepted the early retirement offer on or prior to the expiration of the program on March 30, 2017. For the three months ended June 30, 2016, Synovus recorded restructuring charges of $5.8 million with $4.8 million of those charges related to Synovus' corporate real estate optimization activities and $1.0 million associated with branch closures. Restructuring charges associated with branch closures during the first quarter of 2016 totaled $1.1 million.

The following tables present aggregate activity within the accrual for restructuring charges for the six and three months ended June 30, 2017 and 2016:

(in thousands)	Severance Charges	Lease Termination Charges	Total
Balance at December 31, 2016	$ 81	3,968	4,049
Accruals for voluntary and involuntary termination benefits	6,453	—	6,453
Payments	(2,803)	(438)	(3,241)
Balance at June 30, 2017	$ 3,731	3,530	7,261
Balance at April 1, 2017	6,315	3,689	10,004
Payments	(2,584)	(159)	(2,743)
Balance at June 30, 2017	$ 3,731	3,530	7,261

(in thousands)	Severance Charges	Lease Termination Charges	Total
Balance at December 31, 2015	$ 1,930	4,687	6,617
Accruals for lease terminations	—	31	31
Payments	(1,337)	(343)	(1,680)
Balance at June 30, 2016	$ 593	4,375	4,968
Balance at April 1, 2016	1,533	4,545	6,078
Accruals for lease terminations	—	(13)	(13)
Payments	(940)	(157)	(1,097)
Balance at June 30, 2016	$ 593	4,375	4,968

All other charges were paid in the quarters that they were incurred. No other restructuring charges resulted in payment accruals.

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Note 6 - Loans and Allowance for Loan Losses

The following is a summary of current, accruing past due, and non-accrual loans by portfolio class as of June 30, 2017 and December 31, 2016.

Current, Accruing Past Due, and Non-accrual Loans

	June 30, 2017					
(in thousands)	Current	Accruing 30-89 Days Past Due	Accruing 90 Days or Greater Past Due	Total Accruing Past Due	Non-accrual	Total
Investment properties	$6,028,397	3,482	72	3,554	3,712	6,035,663
1-4 family properties	818,327	8,657	101	8,758	8,535	835,620
Land and development	529,967	1,964	126	2,090	10,931	542,988
Total commercial real estate	7,376,691	14,103	299	14,402	23,178	7,414,271
Commercial, financial and agricultural	6,915,588	14,670	765	15,435	69,550	7,000,573
Owner-occupied	4,715,325	9,291	801	10,092	24,918	4,750,335
Total commercial and industrial	11,630,913	23,961	1,566	25,527	94,468	11,750,908
Home equity lines	1,533,528	8,286	705	8,991	20,648	1,563,167
Consumer mortgages	2,444,866	7,141	623	7,764	18,035	2,470,665
Credit cards	223,092	1,550	1,258	2,808	—	225,900
Other consumer loans	1,021,355	7,197	99	7,296	2,988	1,031,639
Total consumer	5,222,841	24,174	2,685	26,859	41,671	5,291,371
Total loans	$24,230,445	62,238	4,550	66,788	159,317	24,456,550(1)

	December 31, 2016					
(in thousands)	Current	Accruing 30-89 Days Past Due	Accruing 90 Days or Greater Past Due	Total Accruing Past Due	Non-accrual	Total
Investment properties	$5,861,198	2,795	—	2,795	5,268	5,869,261
1-4 family properties	873,231	4,801	161	4,962	9,114	887,307
Land and development	591,732	1,441	—	1,441	16,233	609,406
Total commercial real estate	7,326,161	9,037	161	9,198	30,615	7,365,974
Commercial, financial and agricultural	6,846,591	9,542	720	10,262	59,074	6,915,927
Owner-occupied	4,601,356	17,913	244	18,157	16,503	4,636,016
Total commercial and industrial	11,447,947	27,455	964	28,419	75,577	11,551,943
Home equity lines	1,585,228	10,013	473	10,486	21,551	1,617,265
Consumer mortgages	2,265,966	7,876	81	7,957	22,681	2,296,604
Credit cards	229,177	1,819	1,417	3,236	—	232,413
Other consumer loans	809,419	5,771	39	5,810	2,954	818,183
Total consumer	4,889,790	25,479	2,010	27,489	47,186	4,964,465
Total loans	$23,663,898	61,971	3,135	65,106	153,378	23,882,382(2)

(1) Total before net deferred fees and costs of $26.0 million.

(2) Total before net deferred fees and costs of $26.0 million.

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The credit quality of the loan portfolio is reviewed and updated no less frequently than quarterly using the standard asset classification system utilized by the federal banking agencies. These classifications are divided into three groups – Not Criticized (Pass), Special Mention, and Classified or Adverse rating (Substandard, Doubtful, and Loss) and are defined as follows:

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

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

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

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

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

In the following tables, consumer loans are generally assigned a risk grade similar to the classifications described above; however, upon reaching 90 days and 120 days past due, they are generally downgraded to Substandard and Loss, respectively, in accordance with the FFIEC Uniform Retail Credit Classification and Account Management Policy. Additionally, in accordance with the Interagency Supervisory Guidance on Allowance for Loan and Lease Losses Estimation Practices for Loans and Lines of Credit Secured by Junior Liens on 1-4 Family Residential Properties, the risk grade classifications of consumer loans (home equity lines and consumer mortgages) secured by junior liens on 1-4 family residential properties also consider available information on the payment status of any associated senior liens with other financial institutions.

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Loan Portfolio Credit Exposure by Risk Grade

	June 30, 2017					
(in thousands)	Pass	Special Mention	Substandard[1]	Doubtful[2]	Loss	Total
Investment properties	$5,952,286	61,451	21,926	—	—	6,035,663
1-4 family properties	788,665	24,169	22,559	227	—	835,620
Land and development	477,974	40,576	21,227	3,211	—	542,988
Total commercial real estate	7,218,925	126,196	65,712	3,438	—	7,414,271
Commercial, financial and agricultural	6,710,038	124,412	160,354	5,629	140 [3]	7,000,573
Owner-occupied	4,590,414	52,101	106,410	1,410	—	4,750,335
Total commercial and industrial	11,300,452	176,513	266,764	7,039	140	11,750,908
Home equity lines	1,535,583	—	24,812	373	2,399 [3]	1,563,167
Consumer mortgages	2,450,658	—	19,528	313	166 [3]	2,470,665
Credit cards	224,643	—	445	—	812 [4]	225,900
Other consumer loans	1,028,493	—	2,808	299	39 [3]	1,031,639
Total consumer	5,239,377	—	47,593	985	3,416	5,291,371
Total loans	$23,758,754	302,709	380,069	11,462	3,556	24,456,550 [5]

	December 31, 2016					
(in thousands)	Pass	Special Mention	Substandard[1]	Doubtful[2]	Loss	Total
Investment properties	$5,794,626	43,336	31,299	—	—	5,869,261
1-4 family properties	826,311	33,928	26,790	278	—	887,307
Land and development	514,853	60,205	27,361	6,987	—	609,406
Total commercial real estate	7,135,790	137,469	85,450	7,265	—	7,365,974
Commercial, financial and agricultural	6,642,648	126,268	140,425	6,445	141 [3]	6,915,927
Owner-occupied	4,462,420	60,856	111,330	1,410	—	4,636,016
Total commercial and industrial	11,105,068	187,124	251,755	7,855	141	11,551,943
Home equity lines	1,589,199	—	22,774	2,892	2,400 [3]	1,617,265
Consumer mortgages	2,271,916	—	23,268	1,283	137 [3]	2,296,604
Credit cards	230,997	—	637	—	779 [4]	232,413
Other consumer loans	814,844	—	3,233	42	64 [3]	818,183
Total consumer	4,906,956	—	49,912	4,217	3,380	4,964,465
Total loans	$23,147,814	324,593	387,117	19,337	3,521	23,882,382 [6]

[1] Includes $235.8 million and $256.6 million of Substandard accruing loans at June 30, 2017 and December 31, 2016, respectively.

[2] The loans within this risk grade are on non-accrual status. Commercial loans generally have an allowance for loan losses in accordance with ASC 310, and retail loans generally have an allowance for loan losses equal to 50% of the loan amount.

[3] The loans within this risk grade are on non-accrual status and have an allowance for loan losses equal to the full loan amount.

[4] Represent amounts that were 120 days past due. These credits are downgraded to the Loss category with an allowance for loan losses equal to the full loan amount and are generally charged off upon reaching 181 days past due in accordance with the FFIEC Uniform Retail Credit Classification and Account Management Policy.

[5] Total before net deferred fees and costs of $26.0 million.

[6] Total before net deferred fees and costs of $26.0 million.

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The following table details the changes in the allowance for loan losses by loan segment for the six and three months ended June 30, 2017.

Allowance for Loan Losses and Recorded Investment in Loans

	As of and For The Six Months Ended June 30, 2017			
(in thousands)	Commercial Real Estate	Commercial & Industrial	Retail	Total
Allowance for loan losses:				
Beginning balance	$81,816	125,778	44,164	251,758
Charge-offs	(3,207)	(19,535)	(9,656)	(32,398)
Recoveries	3,648	3,282	2,871	9,801
Provision for loan losses	(4,730)	13,912	9,752	18,934
Ending balance[1]	$77,527	123,437	47,131	248,095
Ending balance: individually evaluated for impairment	4,386	7,226	1,038	12,650
Ending balance: collectively evaluated for impairment	$73,141	116,211	46,093	235,445
Loans:				
Ending balance: total loans[1][2]	$7,414,271	11,750,908	5,291,371	24,456,550
Ending balance: individually evaluated for impairment	73,638	122,889	31,688	228,215
Ending balance: collectively evaluated for impairment	$7,340,633	11,628,019	5,259,683	24,228,335

	As of and For The Six Months Ended June 30, 2016			
(in thousands)	Commercial Real Estate	Commercial & Industrial	Retail	Total
Allowance for loan losses:				
Beginning balance	$87,133	122,989	42,374	252,496
Charge-offs	(9,277)	(10,661)	(7,148)	(27,086)
Recoveries	6,690	4,342	2,564	13,596
Provision for loan losses	(5,187)	12,963	8,294	16,070
Ending balance[1]	$79,359	129,633	46,084	255,076
Ending balance: individually evaluated for impairment	12,515	14,221	1,691	28,427
Ending balance: collectively evaluated for impairment	$66,844	115,412	44,393	226,649
Loans:				
Ending balance: total loans[1][3]	$7,507,695	10,955,430	4,625,410	23,088,535
Ending balance: individually evaluated for impairment	112,954	119,805	37,788	270,547
Ending balance: collectively evaluated for impairment	$7,394,741	10,835,625	4,587,622	22,817,988

(1) As of and for the six months ended June 30, 2017 and 2016, there were no purchased credit-impaired loans and no allowance for loan losses for purchased credit-impaired loans.
(2) Total before net deferred fees and costs of $26.0 million.
(3) Total before net deferred fees and costs of $27.6 million.

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Allowance for Loan Losses and Recorded Investment in Loans

	As Of and For The Three Months Ended June 30, 2017			
(in thousands)	Commercial Real Estate	Commercial & Industrial	Consumer	Total
Allowance for loan losses:				
Beginning balance	$78,314	127,096	48,104	253,514
Charge-offs	(1,299)	(12,642)	(5,722)	(19,663)
Recoveries	759	1,458	1,767	3,984
Provision for loan losses	(247)	7,525	2,982	10,260
Ending balance[1]	$77,527	123,437	47,131	248,095
Ending balance: individually evaluated for impairment	4,386	7,226	1,038	12,650
Ending balance: collectively evaluated for impairment	$73,141	116,211	46,093	235,445
Loans:				
Ending balance: total loans[1][2]	$7,414,271	11,750,908	5,291,371	24,456,550
Ending balance: individually evaluated for impairment	73,638	122,889	31,688	228,215
Ending balance: collectively evaluated for impairment	$7,340,633	11,628,019	5,259,683	24,228,335

	As Of and For The Three Months Ended June 30, 2016			
(in thousands)	Commercial Real Estate	Commercial & Industrial	Consumer	Total
Allowance for loan losses:				
Beginning balance	$84,557	124,878	45,081	254,516
Charge-offs	(7,455)	(5,136)	(3,180)	(15,771)
Recoveries	5,397	3,078	1,163	9,638
Provision for loan losses	(3,140)	6,813	3,020	6,693
Ending balance[1]	$79,359	129,633	46,084	255,076
Ending balance: individually evaluated for impairment	12,515	14,221	1,691	28,427
Ending balance: collectively evaluated for impairment	$66,844	115,412	44,393	226,649
Loans:				
Ending balance: total loans[1][3]	$7,507,695	10,955,430	4,625,410	23,088,535
Ending balance: individually evaluated for impairment	112,954	119,805	37,788	270,547
Ending balance: collectively evaluated for impairment	$7,394,741	10,835,625	4,587,622	22,817,988

(1) For the three months ended June 30, 2017 and 2016, there were no purchased credit-impaired loans and no allowance for loan losses for purchased credit-impaired loans.
(2) Total before net deferred fees and costs of $26.0 million.
(3) Total before net deferred fees and costs of $27.6 million.

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The tables below summarize impaired loans (including accruing TDRs) as of June 30, 2017 and December 31, 2016.
Impaired Loans (including accruing TDRs)

	June 30, 2017			Six Months Ended June 30, 2017		Three Months Ended June 30, 2017	
(in thousands)	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded							
Investment properties	$—	—	—	246	—	—	—
1-4 family properties	253	2,582	—	380	—	257	—
Land and development	2,226	5,539	—	2,193	—	2,246	—
Total commercial real estate	2,479	8,121	—	2,819	—	2,503	—
Commercial, financial and agricultural	26,913	33,098	—	22,956	—	26,202	—
Owner-occupied	13,824	20,250	—	10,383	—	11,910	—
Total commercial and industrial	40,737	53,348	—	33,339	—	38,112	—
Home equity lines	1,064	1,064	—	1,060	—	1,064	—
Consumer mortgages	744	941	—	744	—	744	—
Credit cards	—	—	—	—	—	—	—
Other consumer loans	—	—	—	—	—	—	—
Total consumer	1,808	2,005	—	1,804	—	1,808	—
Total impaired loans with no related allowance recorded	$45,024	63,474	—	37,962	—	42,423	—
With allowance recorded							
Investment properties	$29,168	29,168	1,175	29,575	597	29,264	306
1-4 family properties	15,879	15,893	448	16,995	386	16,133	250
Land and development	26,112	26,168	2,763	27,381	299	26,366	126
Total commercial real estate	71,159	71,229	4,386	73,951	1,282	71,763	682
Commercial, financial and agricultural	46,569	46,887	5,524	46,455	787	48,959	436
Owner-occupied	35,583	35,594	1,702	42,814	674	38,318	336
Total commercial and industrial	82,152	82,481	7,226	89,269	1,461	87,277	772
Home equity lines	7,135	7,135	171	8,197	465	7,680	229
Consumer mortgages	18,762	18,762	598	19,720	183	19,009	92
Credit cards	—	—	—	—	—	—	—
Other consumer loans	3,983	3,984	269	4,692	132	4,380	59
Total consumer	29,880	29,881	1,038	32,609	780	31,069	380
Total impaired loans with allowance recorded	$183,191	183,591	12,650	195,829	3,523	190,109	1,834
Total impaired loans							
Investment properties	$29,168	29,168	1,175	29,821	597	29,264	306
1-4 family properties	16,132	18,475	448	17,375	386	16,390	250
Land and development	28,338	31,707	2,763	29,574	299	28,612	126
Total commercial real estate	73,638	79,350	4,386	76,770	1,282	74,266	682
Commercial, financial and agricultural	73,482	79,985	5,524	69,411	787	75,161	436
Owner-occupied	49,407	55,844	1,702	53,197	674	50,228	336
Total commercial and industrial	122,889	135,829	7,226	122,608	1,461	125,389	772
Home equity lines	8,199	8,199	171	9,257	465	8,744	229
Consumer mortgages	19,506	19,703	598	20,464	183	19,753	92
Credit cards	—	—	—	—	—	—	—
Other consumer loans	3,983	3,984	269	4,692	132	4,380	59

Total consumer	31,688	31,886	1,038	34,413	780	32,877	380
Total impaired loans	$228,215	247,065	12,650	233,791	3,523	232,532	1,834

Impaired Loans (including accruing TDRs)

	December 31, 2016			Year Ended December 31, 2016	
(in thousands)	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded					
Investment properties	$748	793	—	2,013	—
1-4 family properties	643	2,939	—	1,021	—
Land and development	2,099	7,243	—	6,769	—
Total commercial real estate	3,490	10,975	—	9,803	—
Commercial, financial and agricultural	17,958	20,577	—	6,321	—
Owner-occupied	5,508	7,377	—	8,394	—
Total commercial and industrial	23,466	27,954	—	14,715	—
Home equity lines	1,051	1,051	—	1,045	—
Consumer mortgages	744	814	—	870	—
Credit cards	—	—	—	—	—
Other consumer loans	—	—	—	—	—
Total consumer	1,795	1,865	—	1,915	—
Total impaired loans with no related allowance recorded	$28,751	40,794	—	26,433	—
With allowance recorded					
Investment properties	$31,489	31,489	2,044	42,659	1,436
1-4 family properties	23,642	23,649	769	39,864	855
Land and development	32,789	32,788	5,103	25,568	995
Total commercial real estate	87,920	87,926	7,916	108,091	3,286
Commercial, financial and agricultural	43,386	45,913	5,687	51,968	1,215
Owner-occupied	53,708	53,942	2,697	52,300	1,946
Total commercial and industrial	97,094	99,855	8,384	104,268	3,161
Home equity lines	9,638	9,638	971	9,668	432
Consumer mortgages	20,953	20,953	673	20,993	1,014
Credit cards	—	—	—	—	—
Other consumer loans	5,140	5,140	167	5,062	303
Total consumer	35,731	35,731	1,811	35,723	1,749
Total impaired loans with allowance recorded	$				