

SYNOVUS FINANCIAL CORP

Form 10-Q/A

November 12, 2008

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q/A
(Amendment No. 1)
QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2008
Commission File Number 1-10312
SYNOVUS FINANCIAL CORP.
(Exact name of registrant as specified in its charter)**

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

**1111 Bay Avenue, Suite # 500
P.O. Box 120
Columbus, Georgia 31902
(Address of principal executive offices)
(706) 649-2311**

(Registrants telephone number, including area code)

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 No

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12B-2 of the Exchange Act).

Yes No

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

Class	October 31, 2008
Common Stock, \$1.00 Par Value	330,320,130 shares

Explanatory Note

This Amendment No. 1 to the Quarterly Report on Form 10-Q for the period ended September 30, 2008 (the Report) is being filed to correct the disclosure in the last paragraph of the section entitled Deposits (page 47). The correct amount of shared deposit balances that Synovus has added since September 30, 2008 is approximately \$690 million. There are no other changes to the Report.

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

	September 30, 2008	December 31, 2007
<i>(In thousands, except share data)</i>		
ASSETS		
Cash and due from banks	\$ 497,419	682,583
Interest earning deposits with banks	2,845	10,950
Federal funds sold and securities purchased under resale agreements	269,600	76,086
Trading account assets	101,889	17,803
Mortgage loans held for sale, at fair value	105,068	153,437
Impaired loans held for sale	13,554	
Investment securities available for sale	3,831,126	3,666,974
Loans, net of unearned income	27,647,983	26,498,585
Allowance for loan losses	(463,836)	(367,613)
Loans, net	27,184,147	26,130,972
Premises and equipment, net	595,646	547,437
Goodwill	482,251	519,138
Other intangible assets, net	23,579	28,007
Other assets	1,232,017	1,185,065
Total assets	\$ 34,339,141	33,018,452
LIABILITIES AND SHAREHOLDERS EQUITY		
Liabilities:		
Deposits:		
Non-interest bearing retail and commercial deposits	\$ 3,479,314	3,472,423
Interest bearing retail and commercial deposits	18,194,976	17,734,851
Total retail and commercial deposits	21,674,290	21,207,274
Brokered deposits (\$90,370 and \$293,842 at fair value as of September 30, 2008 and December 31, 2007)	6,174,573	3,752,542
Total deposits	27,848,863	24,959,816
Federal funds purchased and securities sold under repurchase agreements	674,501	2,319,412
Long-term debt	2,120,546	1,890,235
Other liabilities	286,348	407,399
Total liabilities	30,930,258	29,576,862
Minority interest in consolidated subsidiaries	30,606	

Shareholders' equity:

Common stock - \$1.00 par value. Authorized 600,000,000 shares; issued 335,971,502 in 2008 and 335,529,482 in 2007; outstanding 330,294,672 in 2008 and 329,867,944 in 2007	335,972	335,529
Additional paid-in capital	1,114,130	1,101,209
Treasury stock, at cost - 5,676,830 shares in 2008 and 5,661,538 shares in 2007	(114,117)	(113,944)
Accumulated other comprehensive income	36,253	31,439
Retained earnings	2,006,039	2,087,357
 Total shareholders' equity	 3,378,277	 3,441,590
 Total liabilities and shareholders' equity	 \$ 34,339,141	 33,018,452

See accompanying notes to consolidated financial statements.

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SYNOVUS FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

	Nine Months Ended		Three Months Ended	
	September 30,		September 30,	
<i>(In thousands, except per share data)</i>	2008	2007	2008	2007
Interest income:				
Loans, including fees	\$ 1,269,010	1,540,910	405,142	522,545
Investment securities available for sale	137,724	127,742	46,682	44,369
Trading account assets	1,542	2,890	521	1,014
Mortgage loans held for sale	5,877	8,006	1,880	3,047
Impaired loans held for sale	93			
Federal funds sold and securities purchased under resale agreements	2,834	4,062	960	1,213
Interest earning deposits with banks	163	1,007	38	38
Total interest income	1,417,243	1,684,617	455,223	572,226
Interest expense:				
Deposits	505,340	695,891	162,613	235,556
Federal funds purchased and securities sold under repurchase agreements	36,602	65,746	7,123	23,664
Long-term debt	55,433	60,717	17,689	22,167
Total interest expense	597,375	822,354	187,425	281,387
Net interest income	819,868	862,263	267,798	290,839
Provision for losses on loans	336,016	99,566	151,351	58,770
Net interest income after provision for losses on loans	483,852	762,697	116,447	232,069
Non-interest income:				
Service charges on deposit accounts	82,594	83,157	28,132	28,736
Fiduciary and asset management fees	37,612	37,652	12,095	12,524
Brokerage and investment banking income	25,591	23,381	7,898	8,123
Mortgage banking income	18,323	20,876	4,476	5,955
Bankcard fees	39,788	35,370	13,371	11,923
Net gains on sales of available for sale investment securities		891		186
Other fee income	30,039	29,749	8,773	9,910
Increase in fair value of private equity investments, net	17,998	16,415	13,052	11,102
Proceeds from sale of MasterCard shares	16,186	2,918		2,918
Proceeds from redemption of Visa shares	38,542			
Other operating income	39,957	39,620	11,158	14,817
Total non-interest income	346,630	290,029	98,955	106,194

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Non-interest expense:				
Salaries and other personnel expense	346,342	345,690	114,535	115,941
Net occupancy and equipment expense	93,188	82,914	31,852	28,055
FDIC insurance and other regulatory fees	18,210	7,239	5,960	2,541
Foreclosed real estate	64,764	2,812	43,205	1,662
Losses on impaired loans held for sale	9,944			
Goodwill impairment	36,887		9,887	
Professional fees	20,311	14,948	6,916	4,703
Visa litigation (recovery) expense	(11,082)	12,000	6,347	12,000
Restructuring charges	13,299		9,048	
Other operating expenses	150,559	139,281	47,334	47,523
Total non-interest expense	742,422	604,884	275,084	212,425
Minority interest in consolidated subsidiaries	6,347		4,650	
Income (loss) from continuing operations before income taxes	81,713	447,842	(64,332)	125,838
Income tax expense (benefit)	28,741	158,050	(24,211)	42,261
Income (loss) from continuing operations	52,972	289,792	(40,121)	83,577
Income from discontinued operations, net of income taxes and minority Interest		154,654		51,366
Net income (loss)	\$ 52,972	444,446	(40,121)	134,943
Net income (loss) per share:				
Basic				
Income (loss) from continuing operations	\$ 0.16	0.89	(0.12)	0.26
Net income (loss)	0.16	1.36	(0.12)	0.41
Diluted				
Income (loss) from continuing operations	\$ 0.16	0.88	(0.12)	0.25
Net income (loss)	0.16	1.35	(0.12)	0.41
Weighted average shares outstanding:				
Basic				
	329,195	326,443	329,438	327,215
Diluted				
	331,317	330,001	329,438	330,160

See accompanying notes to consolidated financial statements.

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SYNOVUS FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY
AND COMPREHENSIVE INCOME
(unaudited)

	Shares	Common	Additional	Treasury	Accum	Retained	Total
<i>(In thousands, except per share data)</i>	Issued	Stock	Paid-In	Stock	ulated	Earnings	
			Capital		Other		
					Compre-		
					hensive		
					Income		
					(Loss)		
Balance at December 31, 2006	331,214	\$ 331,214	1,033,055	(113,944)	(2,129)	2,460,454	3,708,650
Cumulative effect of adoption of FIN No. 48						(230)	(230)
Net Income						444,446	444,446
Other comprehensive income, net of tax:							
Net unrealized gain on cash flow hedges					7,713		7,713
Change in unrealized gains (losses) on investment securities available for sale, net of reclassification adjustment					13,627		13,627
Gain on foreign currency translation					3,960		3,960
Amortization of post-retirement unfunded health benefit					168		168
Other comprehensive income					25,468		25,468
Comprehensive income							469,914
Cash dividends declared \$0.62 per share						(201,457)	(201,457)
Issuance of non-vested stock	546	546	(546)				
Share-based compensation expense			15,716				15,716
Stock options exercised	2,273	2,273	39,790				42,063
Share-based tax benefit			10,558				10,558
Ownership change at majority-owned subsidiary			7,026				7,026
Issuance of common stock for acquisition	62	62	2,054				2,116
Balance at September 30, 2007	334,095	\$ 334,095	1,107,653	(113,944)	23,339	2,703,213	4,054,356
Balance at December 31, 2007	335,529	\$ 335,529	1,101,209	(113,944)	31,439	2,087,357	3,441,590
Cumulative effect of adoption of EITF Issue No. 06-4						(2,248)	(2,248)
						58	58

Cumulative effect of adoption of SFAS No. 159							
Net Income						52,972	52,972
Other comprehensive income, net of tax:							
Net unrealized gain on cash flow hedges					4,289		4,289
Change in unrealized gain on investment securities available for sale, net of reclassification adjustment					387		387
Amortization of post-retirement unfunded health benefit					138		138
Other comprehensive income					4,814		4,814
Comprehensive income							57,786
Cash dividends declared \$0.40 per share						(132,100)	(132,100)
Treasury shares purchased					(173)		(173)
Issuance of non-vested stock, net	(26)	(26)	26				--
Share-based compensation expense			10,545				10,545
Stock options exercised	469	469	2,556				3,025
Share-based tax deficiency			(206)				(206)
Balance at September 30, 2008	335,972	\$ 335,972	1,114,130	(114,117)	36,253	2,006,039	3,378,277