

FEDERAL RESERVE SYSTEM

Synovus Financial Corp.
Columbus, Georgia

Synovus Bank
Columbus, Georgia

Order Approving the Merger of Bank Holding Companies, the Merger of Banks, and the
Establishment of Branches

Synovus Financial Corp. (“Synovus Financial”), Columbus, Georgia, a financial holding company within the meaning of the Bank Holding Company Act of 1956 (“BHC Act”),¹ has requested the Board’s approval under section 3 of the BHC Act² to acquire and merge with FCB Financial Holdings, Inc. (“FCB Financial”), and thereby indirectly acquire FCB Financial’s subsidiary bank, Florida Community Bank, N.A. (“Florida Community Bank”), both of Weston, Florida.

In addition, Synovus Financial’s subsidiary state member bank, Synovus Bank, Columbus, Georgia, has requested the Board’s approval under section 18(c) of the Federal Deposit Insurance Act (“Bank Merger Act”) to merge with Florida Community Bank, with Synovus Bank as the surviving entity.³ Synovus Bank also has applied under section 9 of the Federal Reserve Act (“FRA”) to establish and operate branches at the main office and branches of Florida Community Bank.⁴

¹ 12 U.S.C. § 1841 et seq.

² 12 U.S.C. § 1842.

³ 12 U.S.C. § 1828(c).

⁴ 12 U.S.C. § 321. These locations are listed in Appendix A.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (83 Federal Register 44271 (August 30, 2018)).⁵ The time for submitting comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in section 3 of the BHC Act, the Bank Merger Act, and the FRA. As required by the Bank Merger Act, a report on the competitive effects of the merger of Synovus Bank and Florida Community Bank was requested from the United States Attorney General, and a copy of the request has been provided to the Federal Deposit Insurance Corporation.

Synovus Financial, with consolidated assets of approximately \$32.1 billion, is the 64th largest insured depository organization in the United States. Synovus Financial controls approximately \$26.4 billion in consolidated deposits, which represent 0.2 percent of the total amount of deposits of insured depository institutions in the United States.⁶ Synovus Financial controls Synovus Bank, which operates in Alabama, Florida, Georgia, South Carolina, and Tennessee. Synovus Financial is the 27th largest insured depository organization in Florida, controlling deposits of approximately \$3.1 billion, which represent 0.5 percent of the total deposits of insured depository institutions in that state.⁷

FCB Financial, with consolidated assets of approximately \$12.4 billion, is the 122nd largest insured depository organization in the United States. FCB Financial controls approximately \$9.9 billion in deposits, which represent less than 0.1 percent of the total amount of deposits of insured depository institutions in the United States. FCB Financial controls Florida Community Bank, which operates only in Florida. FCB Financial is the 15th largest insured depository organization in Florida, controlling deposits of approximately \$9.9 billion, which represent 1.7 percent of the total deposits of insured depository institutions in that state.

⁵ 12 CFR 262.3(b).

⁶ Nationwide asset data are as of September 30, 2018, and deposit data are as of June 30, 2018, unless otherwise noted.

⁷ State deposit data are as of June 30, 2018, unless otherwise noted.

On consummation of the proposal, Synovus Financial would become the 51st largest insured depository organization in the United States, with consolidated assets of approximately \$45.5 billion, which represent 0.2 percent of the total assets of insured depository organizations in the United States. Synovus Financial would control total deposits of approximately \$36.3 billion, which represent 0.3 percent of the total amount of deposits of insured depository institutions in the United States. In Florida, Synovus Financial would become the 12th largest insured depository organization, controlling deposits of approximately \$13.0 billion, which represent approximately 2.2 percent of the total deposits of insured depository institutions in that state.

Interstate and Deposit Cap Analysis

Section 3(d) of the BHC Act generally provides that, if certain conditions are met, the Board may approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of the bank holding company, without regard to whether the transaction is prohibited under state law.⁸ Section 44 of the Federal Deposit Insurance Act (“FDI Act”) generally provides that, if certain conditions are met, the Board may approve a merger transaction under the Bank Merger Act between insured banks with different home states without regard to whether the transaction is prohibited under state law.⁹ The Board may not approve an application that would permit an out-of-state bank holding company or bank to acquire a bank in a host state if the bank has not been in existence for the lesser of the state statutory minimum period of time or five years.¹⁰ In addition, under section 3(d) of the BHC Act, the Board may not approve an interstate application if the bank holding company controls or, upon consummation of the proposed transaction, would control more than 10 percent of the total deposits of insured depository institutions in the United States or, in certain circumstances, if the bank holding company, upon consummation, would control

⁸ 12 U.S.C. § 1842(d)(1)(A).

⁹ 12 U.S.C. § 1831u(a)(1).

¹⁰ 12 U.S.C. §§ 1831u(a)(5) and 1842(d)(1)(B).

30 percent or more of the total deposits of insured depository institutions in any state in which the acquirer and target have overlapping banking operations.¹¹

For purposes of the BHC Act, the home state of Synovus Financial is Georgia, and Florida Community Bank is located only in Florida.¹² For purposes of section 44 of the FDI Act, the home state of Synovus Bank is Georgia, and the home state of Florida Community Bank is Florida. Synovus Financial and Synovus Bank are well capitalized and well managed under applicable law, and Synovus Bank has a “Satisfactory” rating under the Community Reinvestment Act of 1977 (“CRA”).¹³ There are no statutory minimum age requirements under the laws of Florida, and Florida Community Bank has been in existence for more than five years.¹⁴

On consummation of the proposed transaction, Synovus Financial would control less than 1 percent of the total amount of consolidated deposits in insured depository institutions in the United States. Florida does not impose a limit on the total amount of in-state deposits that a single banking organization may control. Florida is the only state in which Synovus Financial and FCB Financial have overlapping operations, and Synovus Financial would control less than 30 percent of total deposits of banking organizations in Florida as a result of the transaction. The Board has considered all other

¹¹ 12 U.S.C. § 1842(d)(2)(A) and (B). Similar prohibitions apply to action by the Board on interstate bank merger applications under section 44 of the FDI Act. See 12 U.S.C. § 1831u(b)(2). For purposes of section 3(d) of the BHC Act, the acquiring and target institutions have overlapping banking operations in any state in which any bank to be acquired is located and the acquiring bank holding company controls any insured depository institution or a branch. The Board considers a bank to be located in the states in which the bank is chartered or headquartered or operates a branch. See 12 U.S.C. § 1841(o)(4)-(7).

¹² See 12 U.S.C. § 1841(o)(4). A bank holding company’s home state is the state in which the total deposits of all banking subsidiaries of such company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later.

¹³ 12 U.S.C. § 2901 et seq.

¹⁴ See Fla. Stat. § 658.2953.

requirements of section 3(d) of the BHC Act and section 44 of the FDI Act, including Synovus Bank's record of meeting the convenience and needs of the communities it serves. Accordingly, in light of all the facts of record, the Board may approve the proposal under section 3(d) of the BHC Act and section 44 of the FDI Act.

Competitive Considerations

Section 3 of the BHC Act and the Bank Merger Act prohibit the Board from approving a proposal that would result in a monopoly or would be in furtherance of an attempt to monopolize the business of banking in any relevant market.¹⁵ Both statutes also prohibit the Board from approving a proposal that would substantially lessen competition or tend to create a monopoly in any banking market, unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the communities to be served.¹⁶

Synovus Bank and Florida Community Bank compete directly in the Fort Myers Area banking market ("Fort Myers market"), the Naples Area banking market ("Naples market"), the Orlando Area banking market ("Orlando market"), the Sarasota Area banking market ("Sarasota market"), and the Tampa Bay Area banking market ("Tampa Bay market"), all of which are located in Florida.¹⁷ The Board has considered

¹⁵ 12 U.S.C. §§ 1842(c)(1) and 1828(c)(5)

¹⁶ 12 U.S.C. §§ 1842(c)(1)(B) and 1828(c)(5)(B).

¹⁷ The Fort Myers market is defined as Collier and Lee counties, Florida. The Naples market is defined as Collier County (excluding the town of Immokalee), Florida. The Orlando market is defined as Orange, Osceola, and Seminole counties, the western half of Volusia County, and the towns of Clermont and Groveland in Lake County, Florida. The Sarasota market is defined as Manatee County, Sarasota County (not including the portion that is both east of the Myakka River and south of Interstate 75, which includes the town of North Port), the peninsular portion of Charlotte County (the portion west of the Myakka River that includes the towns of Englewood, Englewood Beach, New Point Comfort, Grove City, Cape Haze, Rotonda, Rotonda West, and Placida), and Gasparilla Island, including the town of Boca Grande, in Lee County, Florida. The Tampa Bay market is defined as Hernando, Hillsborough, Pinellas, and Pasco counties, Florida.

the competitive effects of the proposal in these banking markets. In particular, the Board has considered the number of competitors that would remain in each market; the relative share of total deposits in insured depository institutions in each market (“market deposits”) that Synovus Financial would control;¹⁸ the concentration levels of market deposits and the increase in these levels, as measured by the Herfindahl-Hirschman Index (“HHI”) under the Department of Justice Bank Merger Competitive Review guidelines (“DOJ Bank Merger Guidelines”);¹⁹ and other characteristics of each market.

Consummation of the proposal would be consistent with Board precedent and within the thresholds in the DOJ Bank Merger Guidelines in the Fort Myers, Naples, Orlando, Sarasota, and Tampa Bay markets. On consummation of the proposal, the Orlando and Tampa Bay markets would remain moderately concentrated as measured by the HHI, according to the DOJ Bank Merger Guidelines. The change in the HHI in the Orlando market would be small, and 44 other competitors would remain in the market.²⁰

¹⁸ State deposit and market share data are as of June 30, 2018, and, unless otherwise indicated, are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors to commercial banks. See, e.g., Midwest Financial Group, 75 Federal Reserve Bulletin 386 (1989); National City Corporation, 70 Federal Reserve Bulletin 743 (1984). Thus, the Board regularly has included thrift deposits in the market share calculation on a 50 percent weighted basis. See, e.g., First Hawaiian, Inc., 77 Federal Reserve Bulletin 52 (1991).

¹⁹ Under the DOJ Bank Merger Guidelines, a market is considered unconcentrated if the post-merger HHI is under 1000, moderately concentrated if the post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI exceeds 1800. The Department of Justice (“DOJ”) has informed the Board that a bank merger or acquisition generally would not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. Although the DOJ and the Federal Trade Commission issued revised Horizontal Merger Guidelines in 2010, the DOJ has confirmed that its Bank Merger Guidelines, which were issued in 1995, were not modified. See Press Release, Department of Justice (August 19, 2010), available at www.justice.gov/opa/pr/2010/August/10-at-938.html.

²⁰ Synovus Financial operates the 41st largest depository institution in the Orlando market, controlling approximately \$16.5 million in deposits, which represent less than

The change in the HHI in the Tampa Bay market would also be small, and 54 other competitors would remain in the market.²¹ The Fort Myers, Naples, and Sarasota markets would each remain unconcentrated as measured by the HHI, according to the DOJ Bank Merger Guidelines, and numerous competitors would remain in each market.²²

0.1 percent of market deposits. FCB Financial operates the 11th largest depository institution in the same market, controlling deposits of approximately \$889.3 million, which represent approximately 1.8 percent of market deposits. On consummation of the proposed transaction, Synovus Financial would become the 11th largest depository organization in the market, controlling deposits of approximately \$905.8 million, which represent approximately 1.8 percent of market deposits. The HHI for the Orlando market would increase by 1 point to 1281.

²¹ Synovus Financial operates the 16th largest depository institution in the Tampa Bay market, controlling approximately \$768.7 million in deposits, which represent approximately 0.9 percent of market deposits. FCB Financial operates the 20th largest depository institution in the same market, controlling deposits of approximately \$612.5 million, which represent approximately 0.7 percent of market deposits. On consummation of the proposed transaction, Synovus Financial would become the 11th largest depository organization in the market, controlling deposits of approximately \$1.4 billion, which represent approximately 1.6 percent of market deposits. The HHI for the Tampa Bay market would increase by 1 point to 1193.

²² Synovus Financial operates the 30th largest depository institution in the Fort Myers market, controlling approximately \$30.6 million in deposits, which represent approximately 0.2 percent of market deposits. FCB Financial operates the 8th largest depository institution in the same market, controlling deposits of approximately \$612.6 million, which represent approximately 4.0 percent of market deposits. On consummation of the proposed transaction, Synovus Financial would become the 8th largest depository organization in the market, controlling deposits of approximately \$643.2 million, which represent approximately 4.2 percent of market deposits. The HHI for the Fort Myers market would increase by 2 points to 902, and 31 other banking organizations would remain in the market.

Synovus Financial operates the 29th largest depository institution in the Naples market, controlling approximately \$56.6 million in deposits, which represent approximately 0.3 percent of market deposits. FCB Financial operates the 8th largest depository institution in the same market, controlling deposits of approximately \$774.9 million, which represent approximately 4.5 percent of market deposits. On consummation of the proposed transaction, Synovus Financial would become the 8th largest depository organization in the market, controlling deposits of approximately \$831.5 million, which represent approximately 4.9 percent of market deposits. The HHI

The DOJ also has conducted a review of the potential competitive effects of the proposal and has advised the Board that consummation of the proposal would not likely have a significantly adverse effect on competition in any relevant banking market. In addition, the appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

Based on the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of resources in the Fort Myers, Naples, Orlando, Sarasota, or Tampa Bay markets, or in any other relevant banking market. Accordingly, the Board determines that competitive considerations are consistent with approval.

Financial, Managerial, and Other Supervisory Considerations

In reviewing a proposal under section 3 of the BHC Act and the Bank Merger Act, the Board considers the financial and managerial resources and the future prospects of the institutions involved.²³ In its evaluation of financial factors, the Board reviews information regarding the financial condition of the organizations involved on both parent-only and consolidated bases, as well as information regarding the financial condition of the subsidiary depository institutions and the organizations' significant nonbanking operations. In this evaluation, the Board considers a variety of information regarding capital adequacy, asset quality, liquidity, and earnings performance, as well as

for the Naples market would increase by 3 points to 874, and 32 other banking organizations would remain in the market.

Synovus Financial operates the 19th largest depository institution in the Sarasota market, controlling approximately \$270.0 million in deposits, which represent approximately 1.3 percent of market deposits. FCB Financial operates the 9th largest depository institution in the same market, controlling deposits of approximately \$554.0 million, which represent approximately 2.7 percent of market deposits. On consummation of the proposed transaction, Synovus Financial would become the 7th largest depository organization in the market, controlling deposits of approximately \$824.0 million, which represent approximately 3.9 percent of market deposits. The HHI for the Sarasota market would increase by 7 points to 927, and 34 other banking organizations would remain in the market.

²³ 12 U.S.C. §§ 1842(c)(2), (5), and (6) and 1828(c)(5).

public comments on the proposal. The Board evaluates the financial condition of the combined organization, including its capital position, asset quality, liquidity, earnings prospects, and the impact of the proposed funding of the transaction. The Board also considers the ability of the organization to absorb the costs of the proposal and to complete effectively the proposed integration of the operations of the institutions. In assessing financial factors, the Board considers capital adequacy to be especially important. The Board considers the future prospects of the organizations involved in the proposal in light of their financial and managerial resources and the proposed business plan.

Synovus Financial and FCB Financial are well capitalized, and the combined organization would remain so on consummation of the proposal. The proposed transaction is a bank holding company merger that is structured as a share exchange, with a subsequent merger of the subsidiary depository institutions.²⁴ The asset quality, earnings, and liquidity of both Synovus Bank and Florida Community Bank are consistent with approval, and Synovus Financial appears to have adequate resources to absorb the costs of the proposal and to complete the integration of the institutions' operations. In addition, the future prospects of the institutions under the proposal are considered consistent with approval.

The Board also has considered the managerial resources of the organizations involved and of the proposed combined organization. The Board has reviewed the examination records of Synovus Financial, FCB Financial, and their subsidiary depository institutions, including assessments of their management, risk-management systems, and operations. In addition, the Board has considered information provided by Synovus Financial; the Board's supervisory experiences and those of other

²⁴ To effect the holding company merger, a wholly owned subsidiary of Synovus Financial would merge with FCB Financial, with FCB Financial as the surviving entity. Immediately thereafter, FCB Financial would merge with Synovus Financial, with Synovus Financial as the surviving entity. Florida Community Bank would then merge with and into Synovus Bank, with Synovus Bank as the surviving entity.

relevant bank supervisory agencies with the organizations; the organizations' records of compliance with applicable banking, consumer protection, and anti-money-laundering laws; and the public comments on the proposal.

Synovus Financial, FCB Financial, and their subsidiary depository institutions are each considered to be well managed. The directors and senior executive officers of Synovus Financial have appropriate knowledge of and experience in the banking and financial services sectors, and Synovus Financial's risk-management program appears consistent with approval of this expansionary proposal.

The Board also has considered Synovus Financial's plans for implementing the proposal. Synovus Financial has conducted comprehensive due diligence and is devoting significant financial and other resources to address the post-acquisition integration process for this proposal. Synovus Financial would implement its risk-management policies, procedures, and controls at the combined organization, and these are considered acceptable from a supervisory perspective. In addition, Synovus Financial's management has the experience and resources to operate the combined organization in a safe and sound manner.²⁵

Based on all of the facts of record, including Synovus Financial's supervisory record, managerial and operational resources, and plans for operating the combined institution after consummation, the Board concludes that considerations relating to the financial and managerial resources and the future prospects of the organizations involved in the proposal, as well as the records of effectiveness of Synovus Financial and FCB Financial in combatting money-laundering activities, are consistent with approval.

²⁵ Following consummation of the proposed transaction, Florida Community Bank's chief executive officer would join Synovus Financial's management as executive vice president.

Convenience and Needs Considerations

In acting on a proposal under section 3 of the BHC Act and the Bank Merger Act, the Board considers the effects of the proposal on the convenience and needs of the communities to be served.²⁶ In its evaluation, the Board considers whether the relevant institutions are helping to meet the credit needs of these communities, as well as other potential effects of the proposal on the convenience and needs of the communities to be served, and places particular emphasis on the records of the relevant depository institutions under the CRA.²⁷ The CRA requires the federal financial supervisory agencies to encourage insured depository institutions to help meet the credit needs of the local communities in which they operate, consistent with the institutions' safe and sound operation,²⁸ and requires the appropriate federal financial supervisory agency to assess a depository institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income ("LMI") neighborhoods, in evaluating bank expansionary proposals.²⁹

In addition, the Board considers the banks' overall compliance records and recent fair lending examinations. Fair lending laws require all lending institutions to provide loan applicants with equal access to credit, regardless of their race, ethnicity, or certain other characteristics. The Board also considers assessments of other relevant supervisors, the supervisory views of examiners, other supervisory information, information provided by the applicant, and comments received on the proposal. The Board also may consider the institution's business model, its marketing and outreach plans, the organization's plans after consummation, and any other information the Board deems relevant.

²⁶ 12 U.S.C. §§ 1842(c)(2) and 1828(c)(5).

²⁷ 12 U.S.C. § 2901 et seq.

²⁸ 12 U.S.C. § 2901(b).

²⁹ 12 U.S.C. § 2903.

In assessing the convenience and needs factor in this case, the Board has considered all the facts of record, including reports of examination of the CRA performance of Synovus Bank and Florida Community Bank; the fair lending and compliance records of both banks; confidential supervisory information; information provided by and consultations with relevant supervisors; information provided by Synovus Financial; and the public comments on the proposal.

Public Comments on the Proposal

The Board received comments from two commenters on the proposal. One commenter requested that Synovus Bank provide a community benefits plan to address the commenter's concerns with Synovus Bank's lending and CRA performance, as well as to detail how the transaction would benefit the underserved throughout the bank's footprint.³⁰ The commenter asserted that a community benefits plan was particularly warranted in light of the fact that Synovus Bank received "Low Satisfactory" ratings on each of the Lending, Investment, and Service tests at its most recent CRA performance evaluation, whereas Florida Community Bank received "High Satisfactory" ratings on each of the three performance tests at its last CRA performance evaluation. The commenter expressed concerns with Synovus Bank's home mortgage lending to LMI and minority individuals and in minority areas of certain markets based on data reported under the Home Mortgage Disclosure Act of 1975 ("HMDA");³¹ small business lending

³⁰ While the commenter did not explicitly request that a community benefits plan involve an agreement between the group and Synovus Bank, the commenter indicated that it would look forward to meeting with Synovus Bank to discuss development of a community benefits plan. The Board consistently has found that neither the CRA nor the federal banking agencies' CRA regulations require depository institutions to make pledges or enter into commitments or agreements with any private party. *See, e.g., HarborOne Mutual Bancshares and HarborOne Bancorp, Inc.*, FRB Order No. 2018-18 at 10 n. 26 (September 12, 2018); *TriCo Bancshares*, FRB Order No. 2018-13 at 9 n.20 (June 6, 2018); *Citigroup Inc.*, 88 Federal Reserve Bulletin 485 (2002); *Fifth Third Bancorp*, 80 Federal Reserve Bulletin 838, 841 (1994). In its evaluation, the Board reviews the existing CRA performance record of an applicant and the programs that the applicant has in place to serve the credit needs of its CRA assessment areas.

³¹ 12 U.S.C. § 2801 *et seq.*

in certain markets; branch distribution in LMI and minority areas of particular markets; and community development activity in certain markets.

A second commenter objected to the proposal, alleging disparities in denial rates and home mortgage originations to African Americans and/or Hispanics, as compared to whites, in certain markets. The commenter also noted a complaint filed with the Bureau of Consumer Financial Protection (“Bureau”) against Synovus Bank relating to collecting on a debt allegedly not owed and a customer review alleging poor customer service by a Synovus Bank branch related to a check hold. Finally, the commenter asserted that the proposal would not produce a public benefit.

Businesses of the Involved Institutions and Response to the Public Comments

Through its network of branches in Alabama, Florida, Georgia, South Carolina, and Tennessee, Synovus Bank offers a variety of products and services, including retail, mortgage, commercial banking, trust, and investment services to retail, business, and institutional clients.

Through its network of branches in Florida, Florida Community Bank offers a full range of traditional banking products and services to individuals, small and medium-size businesses, and other local entities, and targets commercial customers engaged in a wide variety of industries.

In response to the assertion that Synovus Bank should develop a community benefits plan to address perceived weaknesses in the bank’s CRA performance and in other respects, Synovus Financial notes that providing a community benefits plan is not a legal requirement and that Synovus Bank at its most recent CRA performance evaluation received an overall “Satisfactory” rating, as well as a rating of “Satisfactory” for each of its state and multi-state assessments. Synovus Financial cites this performance evaluation as evidence that Synovus Bank had adequate penetration in LMI geographies with respect to HMDA-reportable lending, excellent penetration in LMI geographies with respect to small business lending, and adequate distribution of both HMDA-reportable and small business loans among borrowers of different income levels and businesses of different sizes. Synovus Financial notes that there have been recent

year-over-year increases in the proportion of the organization's mortgage loan applications from minority census tracts, as well as in the proportion of its applications from and originations to African Americans in key markets.

With respect to Synovus Bank's community development lending, Synovus Financial asserts that the bank's level of community development lending was found to be adequate in its last CRA performance evaluation and notes that Synovus Bank has continued to expand its affordable credit programs and increase its community investment portfolio. Synovus Financial also notes that Synovus Bank routinely evaluates its distribution of branches and is developing ways to increase the number of alternative systems for delivering retail banking services to customers.

Synovus Financial also notes that Synovus Bank is committed to identifying and continuously monitoring gaps in its CRA performance and fair lending performance and continues to implement a plan to enhance branch awareness, improve community outreach, and increase distribution of loan applications in underserved markets.

In response to the allegations regarding Synovus Bank's home mortgage lending record, Synovus Financial asserts that the bank's record reflects decisions based upon underwriting criteria applied without regard to the race of the borrower. Synovus Financial represents it is it committed to compliance with fair lending laws and regulations and has developed strategies to increase lending in high minority census tracts. With respect to the complaint and customer review cited, Synovus Financial asserts that it maintains a robust customer complaint system and that Synovus Financial and its third-party vendors took appropriate measures to investigate the matters and respond appropriately, including by explaining the applicable bank policies to the customer.

Records of Performance under the CRA

In evaluating the CRA performance of the involved institutions, the Board generally considers each institution's most recent CRA performance evaluation, as well as other information and supervisory views from the relevant federal financial supervisor

or supervisors, which in this case are the Federal Reserve Bank of Atlanta (“Reserve Bank”) and the Office of the Comptroller of the Currency (“OCC”).³² In addition, the Board considers information provided by the applicant and by public commenters.

The CRA requires that the appropriate federal financial supervisor for a depository institution prepare a written evaluation of the institution’s record of helping to meet the credit needs of its entire community, including LMI neighborhoods.³³ An institution’s most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation by the institution’s primary federal financial supervisor of the institution’s overall record of lending in its communities.

In general, federal financial supervisors apply a lending test to evaluate the performance of large insured depository institutions, such as Synovus Bank and Florida Community Bank, in helping to meet the credit needs of the communities they serve. The lending test specifically evaluates an institution’s lending to determine whether the institution is helping to meet the credit needs of individuals and geographies of all income levels. As part of the lending test, examiners review and analyze an institution’s data reported under HMDA, in addition to small business, small farm, and community development loan data collected and reported under the CRA regulations, to assess an institution’s lending activities with respect to borrowers and geographies of different income levels. The institution’s lending performance is based on a variety of factors, including (1) the number and amounts of home mortgage, small business, small farm, and consumer loans (as applicable) in the institution’s CRA assessment areas (“AAs”); (2) the geographic distribution of the institution’s lending, including the proportion and dispersion of the institution’s lending in its AAs and the number and amounts of loans in low-, moderate-, middle-, and upper-income geographies; (3) the distribution of loans

³² See Interagency Questions and Answers Regarding Community Reinvestment, 81 Federal Register 48506, 48548 (July 25, 2016).

³³ 12 U.S.C. § 2906.

based on borrower characteristics, including, for home mortgage loans, the number and amounts of loans to low-, moderate-, middle-, and upper-income individuals;³⁴ (4) the institution's community development lending, including the number and amounts of community development loans and their complexity and innovativeness; and (5) the institution's use of innovative or flexible lending practices to address the credit needs of LMI individuals and geographies.³⁵ Large institutions also are subject to an investment test, which evaluates the number and amounts of qualified investments that benefit their AAs, and a service test, which evaluates the availability and effectiveness of their systems for delivering retail banking services and the extent and innovativeness of their community development services.³⁶

The Board is concerned when HMDA data reflect disparities in the rates of loan applications, originations, and denials among members of different racial or ethnic groups in local areas. These types of disparities may indicate weaknesses in the adequacy of policies and programs at an institution for meeting its obligations to extend credit fairly. However, other information critical to an institution's credit decisions is not available from HMDA data.³⁷ Consequently, HMDA data disparities must be evaluated in the context of other information regarding the lending record of an institution.

³⁴ Examiners also consider the number and amounts of small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less, small business and small farm loans by loan amount at origination, and consumer loans, if applicable, to low-, moderate-, middle-, and upper-income individuals. See, e.g., 12 CFR 228.22(b)(3).

³⁵ See 12 CFR 228.22(b).

³⁶ See 12 CFR 228.21 et seq.

³⁷ Other information relevant to credit decisions could include credit history, debt-to-income ratios, and loan-to-value ratios. Accordingly, when conducting fair lending examinations, examiners analyze such additional information before reaching a determination regarding an institution's compliance with fair lending laws.

CRA Performance of Synovus Bank

Synovus Bank was assigned an overall rating of “Satisfactory” at its most recent CRA performance evaluation by the Reserve Bank, as of November 6, 2017 (“Synovus Bank Evaluation”).³⁸ The bank received “Low Satisfactory” ratings for the Lending Test, Investment Test, and Service Test.³⁹

Examiners found that the bank’s overall geographic distribution of lending in LMI geographies was adequate for HMDA-reportable lending and excellent for small business lending. Examiners concluded that the bank’s overall distribution of HMDA-reportable lending was adequate among borrowers of different income levels and that its overall distribution of small business lending among businesses of different sizes was adequate. Examiners noted that Synovus Bank made an adequate level of community development loans.

Examiners found that Synovus Bank made an adequate level of qualified community development investments in response to community development needs of its AAs. Examiners noted that the bank’s investments included projects to support affordable housing and investments to promote economic development. Examiners noted that the bank’s contributions supported organizations engaged in community services for LMI individuals or communities. Examiners also noted that the bank contributed to other

³⁸ The Synovus Bank Evaluation was conducted using Large Bank CRA Examination Procedures. Examiners reviewed residential mortgage loans of Synovus Bank and its wholly owned mortgage affiliate, Synovus Mortgage Corporation, as well as small business loans of Synovus Bank from January 1, 2014, through December 31, 2016. In addition, examiners considered the community development loans originated by Synovus Bank between January 1, 2014, and June 30, 2017, as well as all qualified investments that were funded prior to but still outstanding as of December 31, 2016, or purchased between January 1, 2014, and June 30, 2017, and all community development services performed during that same period of time.

³⁹ The Synovus Bank Evaluation included a full-scope review of at least one AA in each state where the bank has branches. Each of the bank’s 49 AAs was reviewed for lending, investment, and service performance using either full-scope or limited-scope examination procedures.

community development needs, such as to provide affordable housing support to nonprofits developing affordable housing and offering homebuyer education.

Examiners found that Synovus Bank's delivery systems were reasonably accessible to the bank's geographies and individuals of different income levels and that, to the extent changes had been made, the bank's opening and closing of branches throughout its AAs generally had not adversely affected the accessibility of the bank's delivery systems, particularly in LMI geographies and to LMI individuals. Examiners further found that services and business hours did not vary in a way that inconvenienced certain portions of the bank's AAs, particularly LMI geographies and individuals, and that the bank provided an adequate level of community development services within its AAs.

Synovus Bank's Efforts Since the Synovus Bank Evaluation

Synovus Financial represents that, since the Synovus Bank Evaluation, Synovus Bank has continued to develop its CRA strategy and plan. Specifically, Synovus Financial states that Synovus Bank has developed CRA performance targets for the Lending, Investment, and Service tests in each of the bank's AAs. Synovus Financial cites numerous examples of CRA activities undertaken by Synovus Bank since the Synovus Bank Evaluation, including community development loans, investments, and services. Synovus Financial also represents that Synovus Bank continues to maintain strong partnerships with community development organizations and has worked to make its retail banking services more accessible.

CRA Performance of Florida Community Bank

Florida Community Bank received an overall rating of "Satisfactory" at its most recent CRA performance evaluation by the OCC, as of March 6, 2017 ("Florida

Community Bank Evaluation”).⁴⁰ The bank received “High Satisfactory” ratings for the Lending Test, the Investment Test, and the Service Test.⁴¹

Examiners found that Florida Community Bank’s lending activity reflected good responsiveness to credit needs in the bank’s AAs. Examiners noted that the bank’s lending activity reflected adequate responsiveness to AA credit needs for mortgages and small business loans and considered the level of community development lending to be excellent. Examiners found that the geographic distribution of loans and the distribution of loans by income level of the borrower were adequate. Examiners also noted that Florida Community Bank used innovative and flexible lending practices to address credit needs within its AAs.

Examiners found that Florida Community Bank made a good level of qualified investments and grants/donations and that a few of the investments were innovative or complex and not routinely provided by private investors.

Examiners found Florida Community Bank’s retail delivery systems to be reasonably accessible to geographies and individuals of different income levels in the bank’s AAs. Examiners determined that the level of community development services provided by the bank was excellent. Examiners stated that the services provided were

⁴⁰ The Florida Community Bank Evaluation was conducted using Large Bank CRA Examination Procedures. Examiners reviewed residential mortgage and small business loans from January 1, 2014, through December 31, 2016. The evaluation period for community development loans, investments, and services was from October 15, 2013, through December 31, 2016.

⁴¹ The Florida Community Bank Evaluation included full-scope evaluations of the Ft. Lauderdale-Pompano Beach-Deerfield Beach Metropolitan District (“MD”) AA; Miami-Miami Beach-Kendall MD AA; West Palm Beach-Boca Raton-Boynton MD AA; and Naples-Marco Island Metropolitan Statistical Area (“MSA”) AA. Examiners conducted limited-scope evaluations of the Cape Coral-Ft. Myers MSA AA; Deltona-Daytona Beach-Ormond Beach MSA AA; North Port-Bradenton-Sarasota MSA AA; Orlando-Kissimmee-Sanford MSA AA; Palm Bay-Melbourne-Titusville MSA AA; Port St. Lucie MSA AA; Punta Gorda MSA AA; Sebastian-Vero Beach MSA AA; Tampa-St. Petersburg-Clearwater MSA AA; and Hendry County Non-MSA AA.

responsive to AA needs, such as financial literacy, community service, training, and affordable housing.

Additional Supervisory Views

In its review of the proposal, the Board has consulted with the Reserve Bank regarding the CRA and consumer compliance, including fair lending, records of Synovus Bank and considered the results of the OCC's most recent CRA and consumer compliance examinations of Florida Community Bank. The Board also has considered Synovus Bank's supervisory record with the Bureau.

The Board has taken the consultations with the Reserve Bank and the information discussed above into account in evaluating the proposal, including in considering whether Synovus Financial has the experience and resources to ensure that Synovus Bank helps to meet the credit needs of the communities within its AAs.

Additional Convenience and Needs Considerations

The Board also considers other potential effects of the proposal on the convenience and needs of the communities to be served. Synovus Financial represents that, following consummation of the proposal, customers of the combined organization would have access to a larger branch and ATM network and a greater variety of banking products and services than either Synovus Financial or FCB Financial could provide alone. Synovus Financial further represents that the services currently offered by the two banking organizations are complementary and that customers would be well served by the combined organization. Synovus Financial also represents that the resulting organization would remain committed to the communities it serves, including underbanked communities. Synovus Financial intends to continue Florida Community Bank's existing CRA programs in the areas Florida Community Bank currently operates and to retain all CRA staff within the combined organization. Synovus Financial asserts that the combined organization would synergize the CRA strengths of both banks and enhance the current CRA records of each bank.

Conclusion on Convenience and Needs Considerations

The Board has considered all the facts of record, including the records of the relevant depository institutions under the CRA; the institutions' records of compliance with consumer protection laws; supervisory views of the Reserve Bank, the OCC, and the Bureau; confidential supervisory information; information provided by Synovus Financial; the public comments on the proposal; and other potential effects of the proposal on the convenience and needs of the communities to be served. Based on its review, the Board concludes that the convenience and needs factor is consistent with approval.

Financial Stability

Section 3 of the BHC Act and the Bank Merger Act require the Board to consider a proposal's "risk to the stability of the United States banking or financial system."⁴²

To assess the likely effect of a proposed transaction on the stability of the United States banking or financial system, the Board considers a variety of metrics that capture the systemic "footprint" of the resulting firm and the incremental effect of the transaction on the systemic footprint of the acquiring firm. These metrics include measures of the size of the resulting firm, the availability of substitute providers for any critical products and services offered by the resulting firm, the interconnectedness of the resulting firm with the banking or financial system, the extent to which the resulting firm contributes to the complexity of the financial system, and the extent of the cross-border activities of the resulting firm.⁴³ These categories are not exhaustive, and additional categories could inform the Board's decision. In addition to these quantitative measures, the Board considers qualitative factors, such as the opaqueness and complexity of an institution's internal organization, that are indicative of the relative degree of difficulty of

⁴² 12 U.S.C. §§ 1842(c)(7) and 1828(c)(5).

⁴³ Many of the metrics considered by the Board measure an institution's activities relative to the United States financial system.

resolving the resulting firm. A financial institution that can be resolved in an orderly manner is less likely to inflict material damage to the broader economy.⁴⁴

The Board's experience has shown that proposals involving an acquisition of less than \$10 billion in assets, or that result in a firm with less than \$100 billion in total assets, are generally not likely to pose systemic risks. Accordingly, the Board presumes that a proposal does not raise material financial stability concerns if the assets involved fall below either of these size thresholds, absent evidence that the transaction would result in a significant increase in interconnectedness, complexity, cross-border activities, or other risk factors.⁴⁵

In this case, the Board has considered information relevant to risks to the stability of the United States banking or financial system. The proposal involves a target that is greater than \$10 billion in assets but a pro forma organization of less than \$100 billion in assets. Both the acquirer and the target are predominately engaged in retail and commercial banking activities.⁴⁶ The pro forma organization would have minimal cross-border activities and would not exhibit an organizational structure, complex interrelationships, or unique characteristics that would complicate resolution of the firm in the event of financial distress. In addition, the organization would not be a critical services provider or so interconnected with other firms or the markets that it would pose significant risk to the financial system in the event of financial distress.

⁴⁴ For further discussion of the financial stability standard, see Capital One Financial Corporation, FRB Order No. 2012-2 (February 14, 2012).

⁴⁵ See People's United Financial, Inc., FRB Order No. 2017-08 at 25-26 (March 16, 2017). Notwithstanding this presumption, the Board has the authority to review the financial stability implications of any proposal. For example, an acquisition involving a global systemically important bank could warrant a financial stability review by the Board, regardless of the size of the acquisition.

⁴⁶ Synovus Bank and Florida Community Bank offer a broad range of retail and commercial banking products and services. Synovus Financial has, and as a result of the proposed transaction would continue to have, a small market share in these products and services on a nationwide basis, and numerous competitors for them would remain.

In light of all the facts and circumstances, this transaction would not appear to result in meaningfully greater or more concentrated risks to the stability of the United States banking or financial system. Based on these and all other facts of record, the Board determines that considerations relating to financial stability are consistent with approval.

Establishment of Branches

Synovus Bank has applied under section 9 of the FRA to establish branches at the current locations of Florida Community Bank.⁴⁷ The Board has assessed the factors it is required to consider when reviewing an application under that section.⁴⁸ Specifically, the Board has considered Synovus Bank's financial condition, management, capital, actions in meeting the convenience and needs of the communities to be served, CRA performance, and investment in bank premises.⁴⁹ For the reasons discussed in this order, the Board finds those factors to be consistent with approval.

⁴⁷ See 12 U.S.C. § 321. Under section 9 of the FRA, state member banks may establish and operate branches on the same terms and conditions as are applicable to the establishment of branches by national banks. A national bank may establish and operate a new branch within a state in which it is located, if such establishment and operation is authorized under applicable state law. 12 U.S.C. § 36(c). A national bank also may retain any branch following a merger that under state law may be established as a new branch of the resulting bank or retained as an existing branch of the resulting bank. See 12 U.S.C. §§ 36(b)(2) & (c). In addition, under section 44 of the FDI Act, a state member bank resulting from an interstate merger transaction may retain and operate, as a main office or a branch, any office that any bank involved in the merger was operating as a main office or branch immediately before the merger transaction. 12 U.S.C. § 1831u(d). Upon consummation, all of Synovus Bank's branches would be permissible under applicable state law. See Fla. Stat. § 658.2953.

⁴⁸ 12 U.S.C. § 322; 12 CFR 208.6.

⁴⁹ Upon consummation of the proposed transaction, Synovus Bank's investment in bank premises would remain within legal requirements, under 12 CFR 208.21.

Conclusion

Based on the foregoing and all the facts of record, the Board determines that the applications should be, and hereby are, approved.⁵⁰ In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act, the Bank Merger Act, the FRA, and other applicable statutes. The Board's approval is specifically conditioned on compliance by Synovus Financial and Synovus Bank with all the conditions imposed in this order, including receipt of all required regulatory approvals, and on the commitments made to the Board in connection with the proposal. For purposes of this action, the conditions and commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.

The proposal may not be consummated before the fifteenth calendar day after the effective date of this order or later than three months thereafter, unless such

⁵⁰ A commenter requested that the Board hold public hearings or meetings on the proposal. Section 3(b) of the BHC Act does not require that the Board hold a public hearing on any proposal unless the appropriate supervisory authorities for the acquiring bank or the bank to be acquired make a timely written recommendation of disapproval of the application. 12 U.S.C. § 1842(b); 12 CFR 225.16(e). The Board has not received such a recommendation from the appropriate supervisory authorities. Under its rules, the Board also, in its discretion, may hold a public hearing if appropriate to allow interested persons an opportunity to provide relevant testimony when written comments would not adequately present their views. The Board has considered the commenter's request in light of all the facts of record. In the Board's view, the commenter has had ample opportunity to submit comments on the proposal and, in fact, submitted a written comment that the Board has considered in acting on the proposal. The commenter's request does not identify disputed issues of fact that are material to the Board's decision and that would be clarified by a public hearing. In addition, the request does not demonstrate why the written comment does not present the commenter's views adequately or why a hearing otherwise would be necessary or appropriate. For these reasons, and based on all the facts of record, the Board has determined that a public hearing is not required or warranted in this case. Accordingly, the request for a public hearing on the proposal is denied.

period is extended for good cause by the Board or the Reserve Bank, acting under delegated authority.

By order of the Board of Governors,⁵¹ effective December 7, 2018.

Ann E. Misback (signed)

Ann E. Misback
Secretary of the Board

⁵¹ Voting for this action: Chairman Powell, Vice Chairman Clarida, Vice Chairman for Supervision Quarles, and Governors Brainard and Bowman.

Appendix A

Branches to be Established by Synovus Bank

1. 1701 North Atlantic Avenue, Cocoa Beach, Florida 32931
2. 2105 North Courtenay Parkway, Merritt Island, Florida 32953
3. 5599 South University Drive, Davie, Florida 33328
4. 632 South Federal Highway, Fort Lauderdale, Florida 33301
5. 1709 East Hallandale Beach Boulevard, Hallandale, Florida 33009
6. 5375 West Atlantic Boulevard, Margate, Florida 33063
7. 1142 Weston Road, Weston, Florida 33326
8. 2500 Weston Road, Suite 300, Weston, Florida 33331
9. 3100 South Mccall Road, Englewood, Florida 34224
10. 1255 Tamiami Trail, Port Charlotte, Florida 33953
11. 125 Nesbit Street, Punta Gorda, Florida 33950
12. 1400 North 15th Street, Immokalee, Florida 34142
13. 2400 Tamiami Trail North, Suite 100, Naples, Florida 34103
14. 2325 Vanderbilt Beach Road, Naples, Florida 34109
15. 155 North Bridge Street, Labelle, Florida 33935
16. 1000 South Broad Street, Brooksville, Florida 34601
17. 130 South Westshore Boulevard, Tampa, Florida 33609
18. 13128 North Dale Mabry Highway, Tampa, Florida 33618
19. 12105 West Linebaugh Avenue, Tampa, Florida 33626
20. 4000 20th Street, Vero Beach, Florida 32960
21. 3360 Bonita Beach Road, Bonita Springs, Florida 34133
22. 205 Del Prado Boulevard South, Cape Coral, Florida 33990
23. 7900 Summerlin Lake Drive, Fort Myers, Florida 33907
24. 1261 Homestead Road, Lehigh Acres, Florida 33936
25. 715 Colorado Avenue, Stuart, Florida 34994

26. 2020 Ponce De Leon Boulevard, Suite 102, Coral Gables, Florida 33134
27. 9128 Northwest 25th Street, Doral, Florida 33172
28. 8404 Northwest 103rd Street, Suites B and C, Hialeah Gardens, Florida 33016
29. 2 South Biscayne Boulevard, Suite 110, Miami, Florida 33131
30. 5900 Bird Road, Miami, Florida 33155
31. 13298 Biscayne Boulevard, North Miami, Florida 33181
32. 1802 North East Miami Gardens Drive, North Miami Beach, Florida 33179
33. 11315 South Dixie Highway, Pinecrest, Florida 33156
34. 130 South Park Avenue, Apopka, Florida 32703
35. 8910 Conroy-Windermer Road, Orlando, Florida 32835
36. 369 North New York Avenue, Winter Park, Florida 32789
37. 11431 West Palmetto Park Road, Boca Raton, Florida 33428
38. 140 North Federal Highway, Boca Raton, Florida 33432
39. 7593 Boynton Beach Boulevard, #120, Boynton Beach, Florida 33437
40. 4850 West Atlantic Avenue, Delray Beach, Florida 33445
41. 14235 US Highway One, Juno Beach, Florida 33408
42. 1314 Greenview Shores Boulevard, Wellington, Florida 33414
43. 1555 Palm Beach Lakes Boulevard, West Palm Beach, Florida 33401
44. 8444 South Tamiami Trail, Sarasota, Florida 34231
45. 1790 Main Street, Sarasota, Florida 34236
46. 2160 West State Road 434, Longwood, Florida 32779
47. 2500 Virginia Avenue, Fort Pierce, Florida 34981
48. 1301 Southeast Port Saint Lucie Boulevard, Port Saint Lucie, Florida 34952
49. 1120 West Granada Boulevard, Ormond Beach, Florida 32174
50. 4777 Clyde Morris Boulevard, Port Orange, Florida 32129