



ROCK SOLID

SYNERGY BANCSHARES ANNUAL REPORT 2008





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Dear Synergy Family,

In what will surely be described by future generations as a year of unprecedented events, Synergy Bank is proud to have marked 2008 as a strong and growing financial institution. We're firm in our commitment to this community. We're solid in our dedication to providing a level of innovative service that is second to none. We're steadfast in our promise to adhere to conservative, time-tested and profitable banking principles.

In challenging economic times, it's important to know that your bank has never engaged in sub-prime lending or other risky practices. By every measurable standard, Synergy Bank has met or exceeded the business goals set by your board of directors. Total consolidated assets reached \$252 million, a growth of 24% over the previous year. Loans totaled \$198 million, funded by deposits of \$230 million. Net earnings reached \$3.1 million, or \$4.07 per share. We want to thank our board of directors for their sound advice and leadership, and our shareholders for their continued confidence in our stewardship. Finally, we are especially grateful to the Synergy employees who are dedicated to providing top-quality service, and to the customers who make it all possible.

The pages herein are an overview of our progress as we continue to reach out to our expanding community. The year 2009 will see Synergy continuing its community leadership role, determined to expand its market share, and positioned to provide strong and stable growth.

Your Bank. Our Community. Stronger Together.



Morris P. Hebert
Chairman of the Board

Jerry P. Ledet, Jr.
President & CEO

AWARD-WINNING SERVICE

Synergy Recognized Locally, Nationally

In 2007-2008, Synergy Bank was recognized by both local and national organizations for its contribution as a solid financial institution with deep roots in the community.

The U.S. Small Business Administration honored the bank with the 2008 SBA Rising Star Award, which is given to those institutions that commit the largest percentage of their loans to small businesses. Synergy Bank was the only bank in Louisiana to receive this award, evidence of

its commitment to continued small business growth and success.

At the local level, Synergy was recognized as the 2007 Large Business of the Year by the Houma-Terrebonne Chamber of Commerce. As the bank flourishes, with a new branch open in Gray, it stands by its promise to provide the kind of personalized, professional customer service that the community has come to expect from Synergy.



Meeting the Needs of Consumers, Businesses

Synergy offers a package of financial products and services tailored to meet the needs of a diverse and growing Houma-Terrebonne economy.

Business Banking. Synergy's team of Business Bankers offers a wide range of services for today's dynamic business climate, including real estate financing, lines of credit and equipment financing.

Internet Banking. Balancing your checkbook, transferring funds, or almost any transaction is as easy as the click of your mouse. And it's as safe and secure as banking in person.

Consumer Services. Synergy is reaching out with modern and efficient consumer checking, savings, ATM and debit card services designed to make life a little easier. And Synergy offers credit card and consumer loan services to provide the things that families want and need.

Mortgage Lending. Synergy mortgage lending professionals have the expertise to meet the growing demand of the Houma-Terrebonne real estate market. We can make your home ownership dreams come true.

Senior Services. Beyond offering IRAs and retirement investment options, Synergy hosts social and educational events that feature topics and speakers of special interest to seniors.



CHILDREN'S BANKING

Bank at School

Synergy Bank is a Partner in Education with three local schools: Boudreaux Canal Elementary, St. Matthew's Episcopal School and Oakshire Elementary. In addition to donations and monetary contributions throughout the year, Synergy contributes banking knowledge through its Bank at School Program.

The Bank at School program is headed by Synergy's Marketing Administrator, who visits the schools each month to teach second- and third-graders about banking fundamentals and the importance of saving. Lessons include information on saving, budgeting, checks, bank security and much more. The students participate in lively interactive discussions, and demonstrations, hands-on activities and props are used to help them understand the concepts.

At the end of each month's lesson, students can make deposits into their Minor Savings accounts. This real-world application shows them how their individual savings can add up

very quickly. During these visits throughout the year, each student has the opportunity to open an account with a deposit of just \$10, and with no fees or minimum balances. The students turn in permission forms which are used to open the account back at the bank, and proper signature forms and a welcome letter are mailed to their parents or guardians to complete the process.

Currently, the Bank at School program has opened almost 300 Minor Savings accounts. In any given year, the program reaches nearly 1,000 students through active participation in the Bank at School lessons, deposits with face-to-face interaction, or through the Synergy Cents newsletter, which serves as a supplement to the program.



Penny D. Pelican
Spokesbird, Children's Banking



SYNERGY 50+ CLUB

Events Bring Seniors Together

A perk for Synergy Bank customers ages 50 and older is membership in the 50+ Club. In keeping with the tradition of community, Synergy started the club as a way for this special group to get together during the year to enjoy informative speaker presentations, entertainment and much more.

Past events have included a cooking and duck carving demonstration at the Folk Life Museum in downtown Houma, presentations on economic issues and retirement planning, and a bus trip to New Orleans that included lunch at Mulate's Cajun Restaurant and a tour of the National World War II Museum.

A variety of new events is expected to swell the already-popular club's active membership. As one Synergy senior put it: "Good company, good people, good food and great destinations make for a memorable experience!"

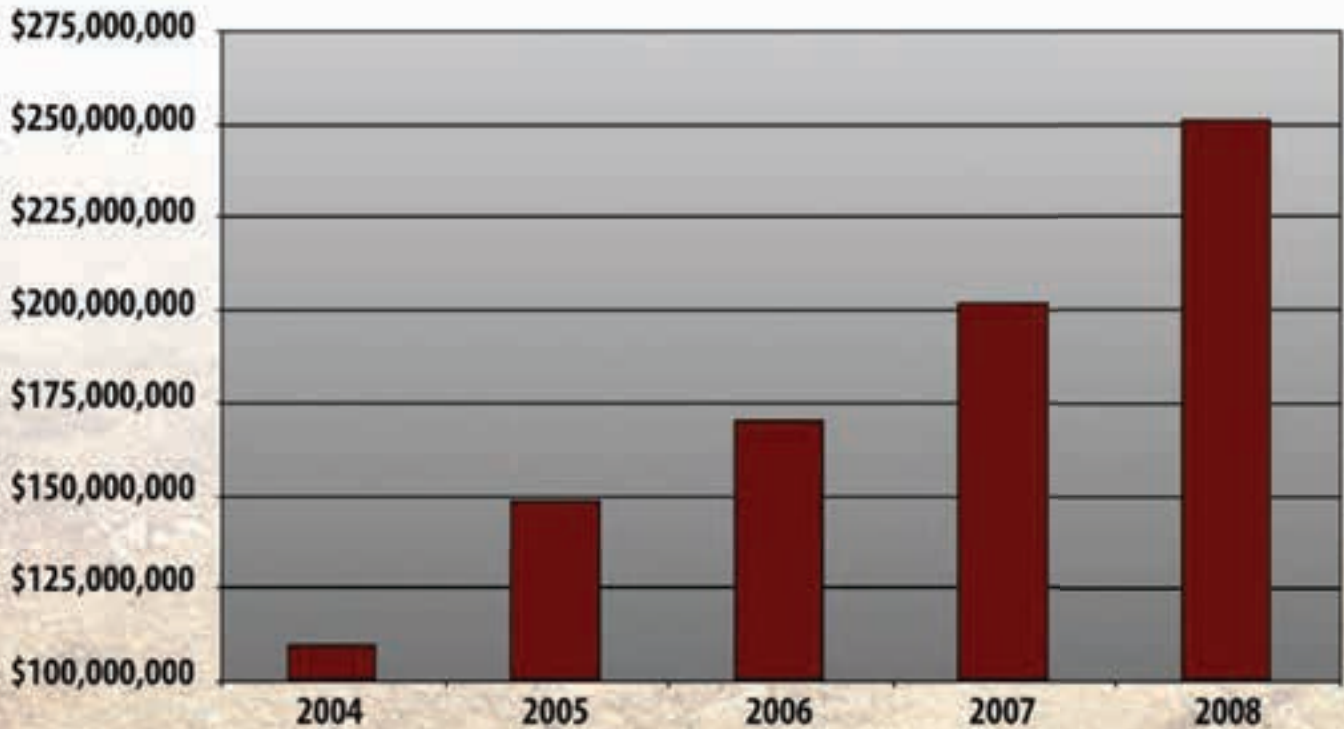


2008 FINANCIAL DATA

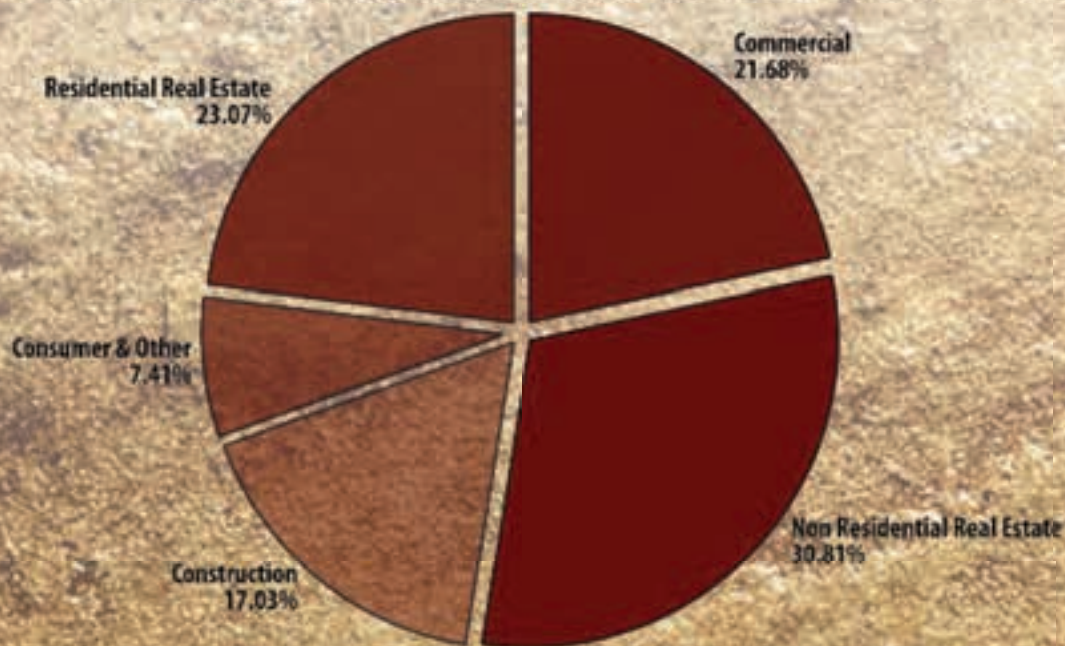
The financial statements presented herein are extracted from the audited 2008 Consolidated Financial Statements of Synergy Bancshares, Inc. and subsidiary. A complete copy of the audited financials and accompanying notes is available upon written request to Synergy Bancshares, Inc., Attn: Chief Financial Officer, P. O. Box 2166, Houma LA 70361-2166.



TOTAL ASSETS



COMPOSITION OF LOAN PORTFOLIO



SYNERGY BANCSHARES, INC. AND SUBSIDIARY		
Houma, Louisiana		
CONSOLIDATED BALANCE SHEETS		
December 31, 2008 and 2007		
ASSETS	2008	2007
Cash and due from banks	\$6,867,478	\$6,124,936
Federal funds sold	1,400,000	7,225,000
Cash and cash equivalents	8,267,478	13,349,936
Interest-bearing deposits in banks	110,003	110,468
Securities available for sale	30,051,360	20,777,129
Securities held to maturity (fair values of \$6,561,876 and \$11,531,210 for 2008 and 2007, respectively)	6,508,974	11,496,009
Federal Home Loan Bank stock, at cost	207,000	201,300
First National Banker's Bankshares, Inc. stock, at cost	245,000	245,000
Loans, net of allowance for loan losses of \$3,945,257 and \$2,982,289 for 2008 and 2007, respectively	193,598,780	147,273,787
Property and equipment, net	10,438,986	7,581,148
Other assets	2,176,415	1,162,809
Total Assets	\$251,603,996	\$202,197,586
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Noninterest-bearing	\$48,902,339	\$38,994,587
Interest-bearing	180,892,942	144,593,553
Total deposits	229,795,281	183,588,140
Accrued expenses and other liabilities	959,925	740,949
Total Liabilities	\$230,755,206	\$184,329,089
COMMITMENTS AND CONTINGENT LIABILITIES		
STOCKHOLDERS' EQUITY		
Common stock - \$2 par value:		
Authorized - 10,000,000 shares; issued and outstanding - 753,106 shares and 749,256 shares, respectively	1,506,212	1,498,512
Nonvested restricted stock	1,400	700
Surplus	6,203,657	6,155,620
Retained earnings	12,971,624	10,179,107
Accumulated other comprehensive income	165,897	34,558
Total Stockholders' Equity	\$20,848,790	\$17,868,497
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$251,603,996	\$202,197,586

2008 FINANCIAL DATA

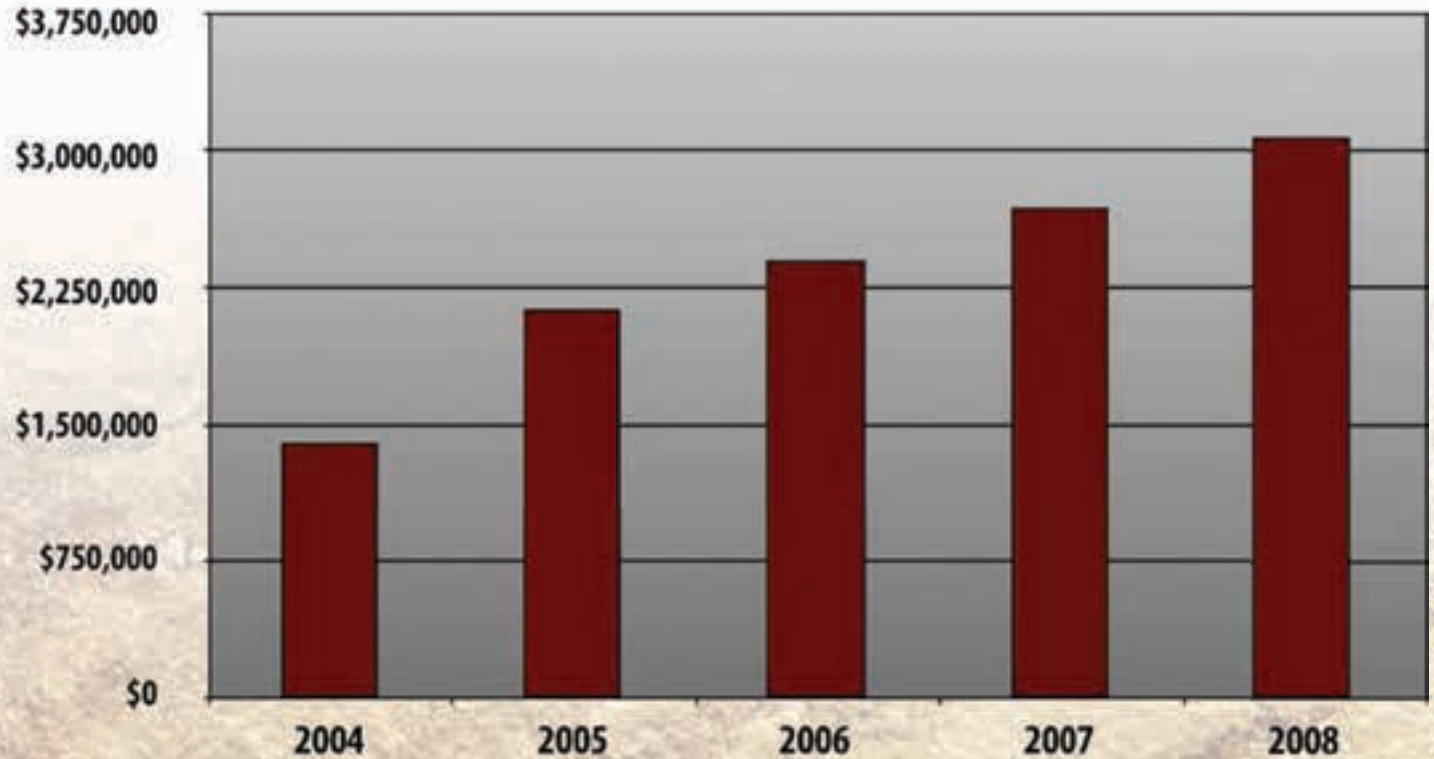
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SYNERGY BANK

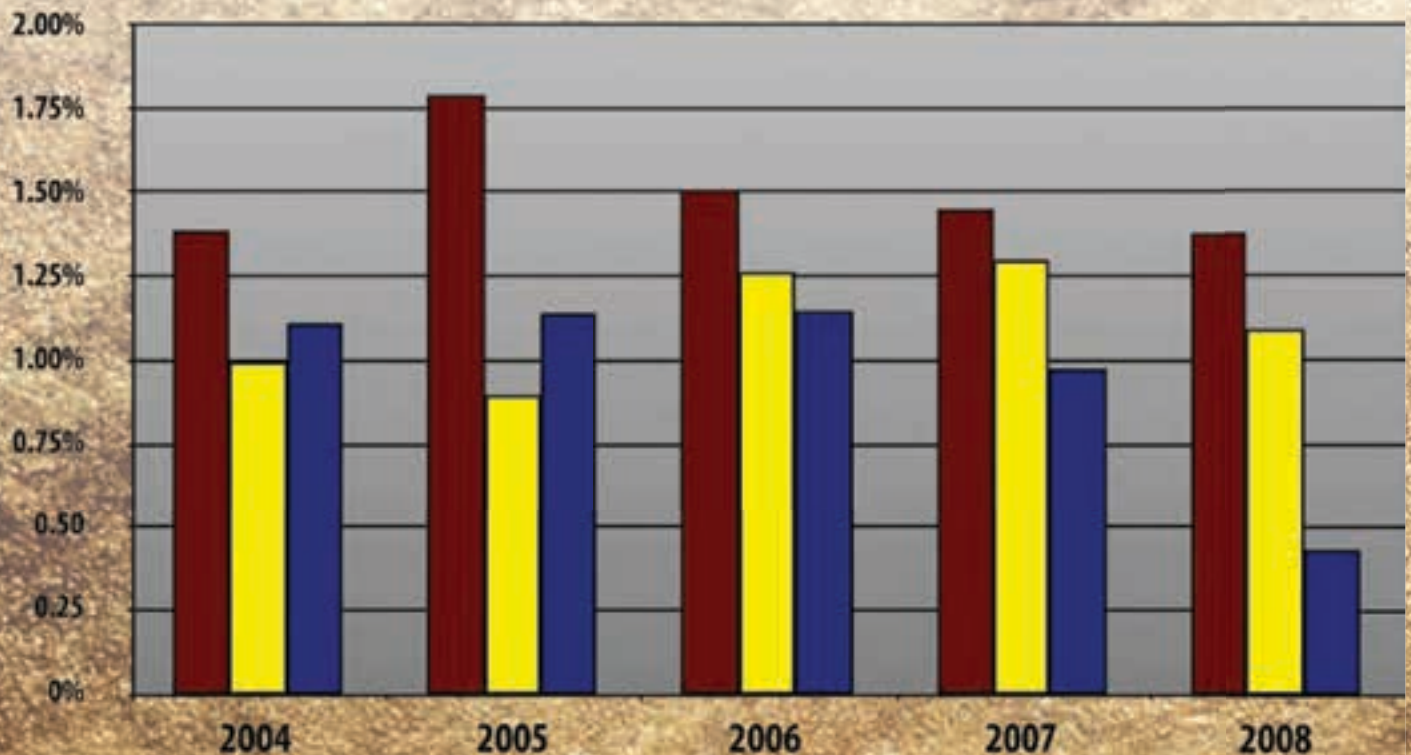
AVERAGE FOR LOUISIANA BANKS (assets between \$100 and 300 Million)

AVERAGE FOR US BANKS (assets between \$100 and 300 Million)

NET INCOME



NET INCOME / AVERAGE ASSETS



SYNERGY BANCSHARES, INC. AND SUBSIDIARY				
Houma, Louisiana				
CONSOLIDATED STATEMENTS OF OPERATIONS				
Years Ended December 31, 2008, 2007, and 2006				
INTEREST INCOME	2008	2007	2006	
Loans	\$12,943,198	\$11,143,135	\$7,962,151	
Debt securities:				
Taxable	1,085,215	1,638,753	1,422,596	
Tax-exempt	-	3,891	14,078	
Interest on federal funds sold	216,964	366,246	848,570	
Interest on deposits with other banks	5,491	4,987	4,051	
Total Interest Income	14,250,868	13,157,012	10,251,446	
INTEREST EXPENSE				
Deposits	4,789,880	5,161,075	3,753,469	
NET INTEREST INCOME	9,460,988	7,995,937	6,497,977	
Provision for loan losses	973,258	703,268	503,000	
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	8,487,730	7,292,669	5,994,977	
NONINTEREST INCOME				
Customer service fees	859,455	853,786	698,023	
Loan commitment fees and other charges	919,745	865,055	759,118	
Other income	185,777	194,236	110,497	
	1,964,977	1,913,077	1,567,638	
NONINTEREST EXPENSES				
Salaries and employee benefits	3,288,091	2,807,263	2,214,001	
Occupancy and equipment	758,022	703,728	429,567	
Data processing	430,451	404,168	312,958	
Other	1,464,948	1,309,994	1,062,916	
	5,941,512	5,225,153	4,019,442	
INCOME BEFORE INCOME TAXES	4,511,195	3,980,593	3,543,173	
Provision for income taxes	1,454,234	1,321,726	1,165,781	
NET INCOME	\$3,056,961	\$2,658,867	\$2,377,392	
Per Common Share Data:				
Net income per share of common stock	\$4.07	\$3.57	\$3.21	
Cash dividends per share of common stock	\$0.350	\$0.310	\$0.275	
Average shares outstanding	751,587	744,311	741,715	

2008 FINANCIAL DATA

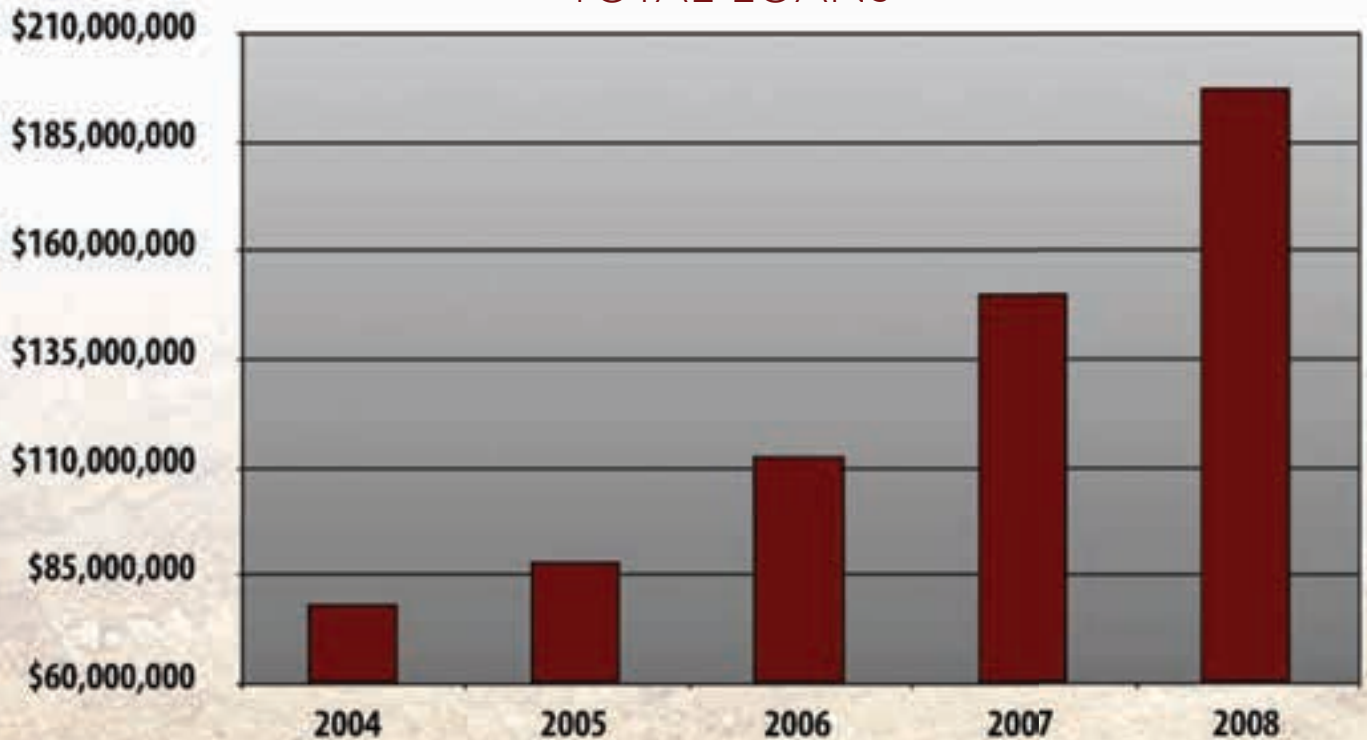
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SYNERGY BANK

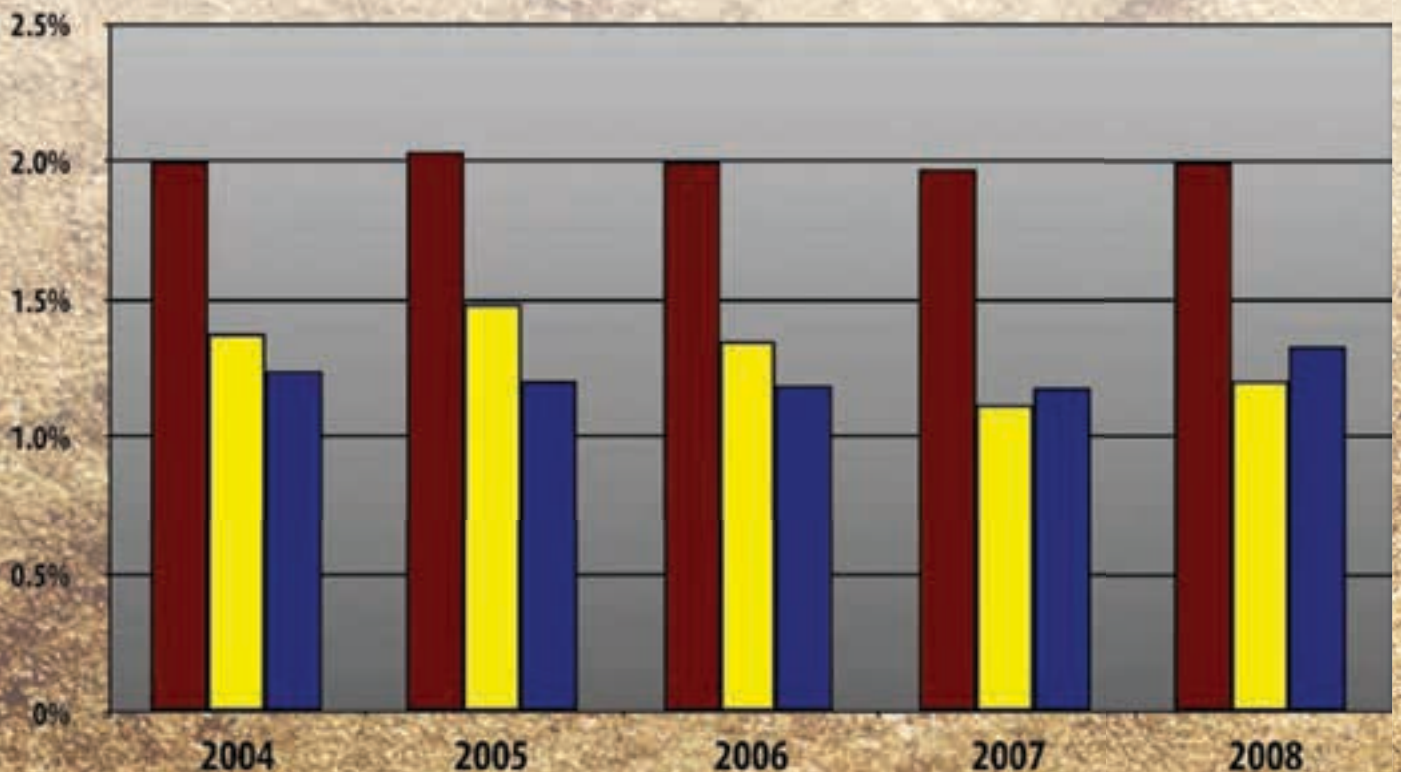
AVERAGE FOR LOUISIANA BANKS (assets between \$100 and 300 Million)

AVERAGE FOR US BANKS (assets between \$100 and 300 Million)

TOTAL LOANS



ALLOWANCE FOR LOAN LOSSES TO TOTAL LOANS



SYNERGY BANCSHARES, INC. AND SUBSIDIARY

Houma, Louisiana

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
**Years Ended December 31, 2008,
2007, and 2006**

		Nonvested			Accumulated	
	Common	Restricted		Retained	Other	
	Stock	Stock	Surplus	Earnings	Comprehensive	Total
	Stock	Stock	Surplus	Earnings	Income	Total
Balance, December 31, 2005	\$1,480,466	\$-	\$6,074,073	\$5,580,012	\$(62,396)	\$13,072,155
Comprehensive income:						
Net income	-	-	-	2,377,392	-	2,377,392
Net change in net unrealized loss on securities available-for-sale, net of tax of \$18,637	-	-	-	-	36,177	36,177
Comprehensive income						2,413,569
Issuance of stock (3,262 shares)	6,524	-	26,096	-	-	32,620
Cash dividends declared	-	-	-	(204,461)	-	(204,461)
Balance, December 31, 2006	1,486,990	-	6,100,169	7,752,943	(26,219)	15,313,883
Comprehensive income:						
Net income	-	-	-	2,658,867	-	2,658,867
Net change in net unrealized loss on securities available-for-sale, net of tax of \$31,309	-	-	-	-	60,777	60,777
Comprehensive income						2,719,644
Issuance of stock (5,761 shares)	11,522	-	46,088	-	-	57,610
Nonvested restricted stock (350 shares)		700	9,363			10,063
Cash dividends declared	-	-	-	(232,703)	-	(232,703)
Balance, December 31, 2007	1,498,512	700	6,155,620	10,179,107	34,558	17,868,497
Comprehensive income:						
Net income	-	-	-	3,056,961	-	3,056,961
Net change in net unrealized loss on securities available-for-sale, net of tax of \$67,659	-	-	-	-	131,339	131,339
Comprehensive income						3,188,300
Issuance of stock (3,500 shares)	7,000	-	28,000	-	-	35,000
Issuance of vested stock (350 shares)	700	(700)				-
Nonvested restricted stock (700 shares)		1,400	20,037			21,437
Cash dividends declared	-	-	-	(264,444)	-	(264,444)
Balance, December 31, 2008	\$1,506,212	\$1,400	\$6,203,657	\$12,971,624	\$165,897	\$20,848,790



SYNERGY CELEBRATES 10 YEARS **A Community Partner Since 1999**

As Synergy celebrates 10 years of community-focused customer service, we recognize that now, perhaps more than at any other time in the bank's history, our strength is our stability. And if there is one tenet of the Synergy philosophy that is etched in stone, it is our commitment to see this community grow and prosper. Indeed, its cornerstone is the belief that we are Stronger Together.

It is for this reason that your bank takes an active role in community affairs, and a leadership role in organizations that are important to our future. It's why your bank is a participant in children's educational activities, to better ensure the leadership of tomorrow. And, it's why Synergy seeks to become a true partner in providing financial products and services that help our citizens fulfill their dreams.

BRICKS IN OUR FOUNDATION

Synergy Veterans Vital to Success

The Synergy staff is the cornerstone of our success, and as we approach our 10th anniversary, we proudly recognize those who have been with us from the very beginning.



Linda G. Milligan



John G. Hebert



Marie M. Morris



Susan F. Guidry



Melissa Z. Hutchinson



Jerry P. Ledet Jr.



Benjamin D. Borne



Harvey P. Authement Jr.



Melanie B. Boquet



Joy H. Hebert



Brigitte S. Kinsella

Sound Advice in Challenging Times

As a full-service office of LPL Financial located at Synergy Bank, Synergy investment Services offers clients an assortment of quality, non-proprietary investments, including:

- **Mutual Funds**
For diversification and professional management
- **Variable and Fixed Annuities**
For tax-deferred growth potential
- **Managed Asset Plans**
For professional fee-based portfolio management through LPL Financial
- **Investment Portfolio Analysis**
To keep you informed on how your investments are performing, and to make adjustments as needed
- **Retirement Planning**
To design an investment strategy to help you meet all of your retirement goals
- **Municipal Bonds**
To help protect your hard-earned money from federal taxes
- **College Planning**
To give your kids a good head start

Ann Summers CFP®
Financial Consultant



To take advantage of all available opportunities, investors need two things: an understanding of which investment products are most appropriate for their situation and a relationship with a trustworthy representative who has a clear understanding of their needs.

By keeping clients' objectives in focus, staying in contact with them throughout all market conditions and making investment adjustments as economic or lifestyle conditions warrant, Synergy investment Services maintains a constant commitment to putting service first.

Synergy Investment Services is a division of Synergy Bank. Ann Summers is a registered representative with and securities, advisory services and insurance products are offered through LPL Financial and its affiliates, Member FINRA/SIPC. Investment products are not a deposit, no bank guarantee, may lose value, not FDIC insured, and not insured by any federal government agency. Synergy Bank is not a registered broker/dealer and is not affiliated with LPL Financial.

GRAY LOCATION NOW OPEN

New Branch - a Sign of Strength



The 2008 opening of Synergy's fourth location introduced the first full-service financial institution to the community of Gray in the northern part of the parish.

The newly constructed branch is located in an area that is growing with residential and commercial development. In addition to new accounts, safe deposit boxes and general banking, customers have access to loan products for consumers and businesses, including auto loans, recreational vehicles, vacant lot financing, interim construction, commercial lines of credit and commercial equipment financing.

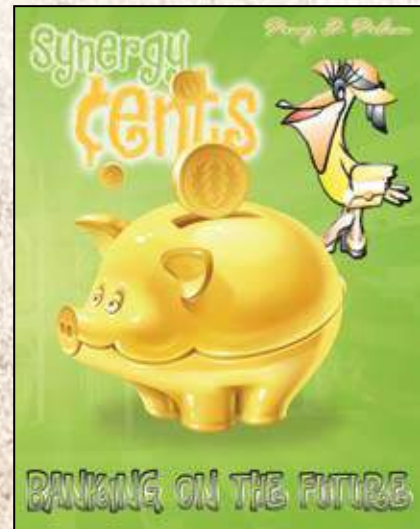
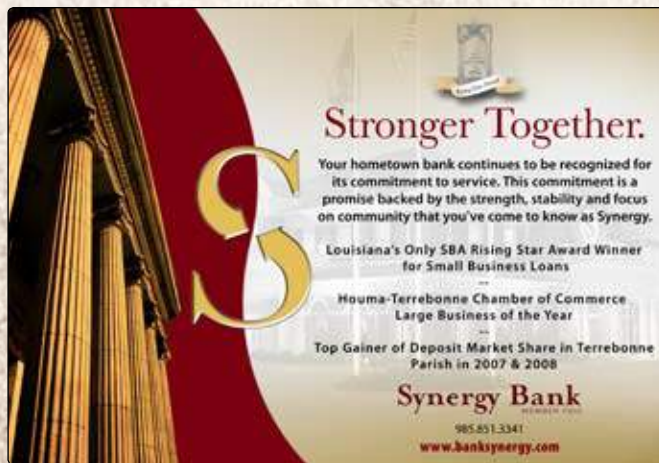
Investment needs can also be addressed at the new location – an added plus for customers who don't want to travel Houma's main thoroughfare.

Lobby hours are consistent with other Synergy locations, and drive-through hours are structured for maximum convenience, providing customers with an optimal level of service before and after their normal work hours.

MARKETING AND ADVERTISING

Promoting Our Products, Services in a Variety of Ways

Synergy uses a variety of methods to promote our products and services, market the bank and expand our reach. Newsletters, brochures and print advertisements are important tools that keep customers and prospects informed, and further brand Synergy as a financial institution with strong ties to the community.



DIRECTORS



(From left to right)

TOP: Gordon E. Dove, Dr. Koti V. Sangisetty, F. Jeffrey Teuton, Jeffery J. Scott, Terry C. Calongne, Donald P. Callais

BOTTOM: Michel H. Claudet, Jerry P. Ledet Jr., Morris P. Hebert, Kerry J. Chauvin, Daniel B. Cannon

OFFICERS

Jerry P. Ledet Jr.
President & CEO

Benjamin D. Borne
Executive Vice President
CFO

Marie M. Morris
Senior Vice President
CRCM

Harvey P. Authement Jr.
Vice President

Kaye L. Bergeron
Vice President

Denise Garofalo
Vice President

John G. Hebert
Vice President

Marla L. Porche
Vice President

Russell J. Touchet
Vice President

Ann V. Summers
Vice President & CFP®

Angela H. Rodrigue
Vice President

Gerald J. Thibodaux II, CPA
Assistant Vice President

Julia L. Filce
Assistant Vice President

Madonna McClennen
Assistant Vice President

Melissa Z. Hutchinson
Banking Officer

Melanie B. Boquet
Executive Secretary



SYNERGY CENTER OFFICE

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Houma, Louisiana 70360

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Gray, Louisiana 70359

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