

2015



SYNERGY BANCSHARES

ANNUAL REPORT

A POSITION OF PROGRESS

OUR MISSION

At Synergy Bank, we believe that there is strength in community. We are deeply committed to fostering the growth, development and prosperity of our area. Synergy Bank was formed specifically to address the unique needs of the people we serve — with the vision of banking for, by and with the community.

To do this, our mission is to work with our customers to ensure that they consistently receive the most personal service, the best-targeted products, and the highest level of expertise that the banking industry has to offer.

Further, our mission is to foster a working environment in which members of the community will want to work — to be a part of Synergy, not just as a customer, but as a team member. We respect and value each team member; not only as an employee, but also as a representative individual from the community we serve. In addition, we strive to faithfully represent the shareholders, who made Synergy possible.

Synergy was founded for our community by the industries and individuals that form our community. We recognize and embrace the fact that the strength of our association is derived from our diversity, much like our community itself.



2015 AT A GLANCE

SYNERGY BANCSHARES

Synergy Bancshares is a \$483 million community bank holding company with headquarters in Houma, Louisiana. The bank services customers in the Bayou Region with five locations.

AS OF DECEMBER 31, 2015

\$482,643,459 ASSETS

NET LOANS **\$347,357,114**

\$426,549,107 DEPOSITS

MAIN OFFICE

210 Synergy Center Boulevard
Houma, LA 70360
985.851.3341

GRAY OFFICE

3855 West Park Avenue
Gray, LA 70359
985.851.2630

TUNNEL OFFICE

1036 West Tunnel Boulevard
Houma, LA 70360
985.851.1879

THIBODAUX OFFICE

209 East Bayou Road
Thibodaux, LA 70301
985.446.8442

EAST HOUMA OFFICE

919 Grand Caillou Road
Houma, LA 70363
985.851.2619

MAILING ADDRESS

P.O. Box 2166
Houma, LA 70361
985.851.2217

Telebanking: 844.SYN.BANK
BANKSYNERGY.COM

SYNERGY IS A SOLID FINANCIAL INSTITUTION AND A PILLAR OF INTEGRITY, LOCALLY OWNED AND MANAGED, SHAPED BY THE VALUES WHICH MAKE OUR HOME A WONDERFUL PLACE TO LIVE.



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DEAR SYNERGY FAMILY:

In the past year, South Louisiana has experienced a slowdown in the energy industry and many are concerned about the “trickle down” effect that this will have on our local economy. Over the last 16 years, Synergy Bank has sustained various economic challenges both nationally and locally. The year 2015 was no different in that although our local economy began to feel the effects of a turn in the economy, Synergy Bank grew by \$16,818,793 or 3.6% over the previous year. Loans reached \$347,357,114, funded by deposits of \$426,549,107 and earnings totaled \$5,927,546 for the year.

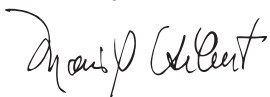
Synergy Bank is poised to weather the current downturn. Our capital remains strong and affords the bank a position of continued progress. Our prudent culture of management and conservative lending practices reduce our exposure to risk. The modernization of our services and the array of banking products that address the distinct financial needs of our customers all position Synergy Bank for long-term profit sustainability and growth. That sustainability, however, is not predicated solely on products and services, but rather on the notion of a profound commitment to customer service and the communities we serve.

Many banks tout excellent customer service, but the difference with Synergy team members is the implementation. Our customer service extends far beyond the bank and into our local area through hundreds of hours of volunteer time to non-profit, civic and educational organizations. It is through their commitment that Synergy Bank was named the 2015 Business of the Year by the Thibodaux Chamber of Commerce.

Synergy’s Thibodaux location has become the third largest office for the bank and continues to grow. We recognized the need for further expansion in Lafourche Parish and construction on our sixth branch is slated to begin in early 2016. We look forward to continuing to explore the latest in banking technology while focusing on personal customer service.

As citizens of South Louisiana, we are resilient. Together we will rise to the challenges of the upcoming year and work hard to ensure our community will prosper for years to come. We thank you for your continued support of Synergy Bank. We are Stronger Together.

Sincerely,



MORRIS P. HEBERT
CHAIRMAN OF THE BOARD



JERRY P. LEDET, JR.
PRESIDENT AND CEO



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UPCOMING YEAR
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With today's technologically savvy customer, it is imperative for Synergy Bank to maintain a portfolio of services that align with the latest developments in the industry. Synergy Bank continues to update and refine our product offering to improve customer experience with advanced online banking options, including the mobile app and mobile deposit capture.

There is a redefining trend in the banking industry towards digitizing operations and reducing services. Synergy Bank takes a more personalized approach. Synergy recognizes that each customer has unique financial goals. Our employees provide the highest level of expertise assessing the customer's individual needs to achieve a perfect balance of products, loan offerings and an array of device-driven online banking solutions.

PORTFOLIO OF SERVICES

RECOGNITION AMONG PEERS

ICBA NAMES SYNERGY “BEST OF THE BEST”

The Independent Community Bankers Association named Synergy Bank as one of the “Best of the Best” top performing banks in the country in their monthly magazine [The Independent Banker](#).

In the category of C Corporation banks ranging in size from \$300-\$500 million, Synergy Bank is ranked 21 and 23 in the country in the categories of Return on Assets and Return on Equity, respectively.

The article highlights Synergy Bank’s focus on cultivating personal connections with customers and continuing to provide new technological advancements.

Synergy Bank was one of the few selected banks to be featured within the magazine. The magazine article can be found at <http://independentbanker.org/2015/05/the-best-of-the-best-for-2015>.

THIBODAUX CHAMBER NAMES SYNERGY BUSINESS OF THE YEAR

Synergy Bank was named 2015 Business of the Year by the Thibodaux Chamber of Commerce at their annual award banquet on January 21, 2016.

The Thibodaux Chamber honors a business that not only provides excellent quality goods and services, but also participates in the community through volunteer involvement and community support.

“Synergy Bank impacts the community through their old fashioned customer service, a feature that most people in South Louisiana expect,” Kathy Benoit, Thibodaux Chamber President, said. “Synergy’s generous support

of community and educational endeavors helps tremendously in the quality of life not only in Thibodaux, but throughout the region that it serves.”

Synergy Bank President and CEO Jerry Ledet said, “This award is a reflection of the bank’s hardworking team members.”

“Our employees recognize and embrace the need to help others,” Ledet said. “They volunteer countless hours in the community and work hard to provide excellent customer service to each and every customer that walks through the door.”

Pictured, left to right, at the Thibodaux Chamber of Commerce Award Banquet: Jerry Ledet, President and CEO; Patrice Oncale, Vice President and Thibodaux Manager; Angela Rodrigue, Vice President and Lender; Kassie Barrancotto, Assistant Vice President and Mortgage Lender; Benjamin Borne, Executive Vice President; Wade Richard, Assistant Vice President and Gray Manager.



SERVING THE COMMUNITY

Synergy team members take pride in dedicating hundreds of volunteer hours in the communities in which they work, live, and play. With their commitment, we have helped hundreds of local organizations raise vital funds. Synergy has also taken the initiative to help our local schools through grassroots efforts. Our Pack the Bus School Supply Drive collected thousands of school supply items for both Terrebonne and Lafourche Parishes while our Partners in Education program teaches hundreds of children financial literacy.

NUMBER OF EVENTS 93
VOLUNTEERS HELPED

644 VOLUNTEERS PROVIDED

DOLLARS DONATED TO LOCAL EVENTS \$41,157

\$34,300 GIVEN IN SPONSORSHIPS

OUR COMMUNITY IS RICH IN HARD WORKING, INDUSTRIOUS PEOPLE, WHO ARE GENEROUS WITH THEIR TIME, TALENT, AND ENERGY. SUCH ARE THE PEOPLE OF SYNERGY.





VOLUNTEERING

Synergy team members volunteered at many local events including Southdown Marketplace Arts and Crafts Festival, TFAE 5K Run, Ladybug Ball, Thibodauxville, Night at the BooSeum, Rougarou Fest, and many more. Synergy Bank was also the main sponsor of the Summer Fun Kids Day.

PACK THE BUS

Recognizing the need to help our local schools, Synergy began the Pack the Bus School Supply Drive with the help of United Way of South Louisiana. Thousands of school supply items were donated and given to Terrebonne and Lafourche Parish schools so that they could disperse to needy children throughout the year. The drive proved to be very successful.

LEMONADE DAY

In support of young entrepreneurs, Synergy hosted local Lemonade Day events in both Houma and Thibodaux. Children were encouraged to bring their lemonade stands and sell their product, all while learning about running a business, budgeting their money, and supply and demand.

PARTNERS IN EDUCATION

Synergy recognizes the need for financial education in our local youth. Employees attend five local elementary schools once a month to give lessons to second graders on the importance of managing money wisely. Many topics are discussed, including how to make a budget, the difference between needs and wants, how banks work, and other valuable lessons.

NICHOLLS STATE UNIVERSITY

Synergy Bank continues to support Nicholls State University through various sponsorships and events. As a supporter of Nicholls Athletics, Synergy helps to provide funds necessary for student athletes to pursue their passion.

50+ CLUB

Synergy's 50+ Club, a service to our customers 50 years of age and older, is as popular as ever. Throughout the year, Synergy hosts a variety of events for our 50+ Club. In 2015, our guests enjoyed an authentic Hawaiian Luau and a festive Shrimp Boil. Our annual Christmas event is also a favorite among members, where they can sample dishes from 30 local restaurants and caterers, who are also our customers.

INVESTMENT SERVICES

In today's complex financial market, it is important to have a trusted, qualified advisor to assist in establishing a strategic plan for your long term financial well-being and success. Ann Summers, LPL Program Manager and Financial Consultant, has over 15 years of experience helping customers manage their personal wealth. Using innovative investment tools, Ann provides exceptional support to clients by helping them address their planning and investment objectives using financial products tailored to fit their needs.

Synergy Investment Services had another strong year building relationships and acquiring new clients. Our Investment Services Division provides retail brokerage and insurance services through its third-party broker dealer LPL Financial. Through the full-service brokerage office of LPL Financial located at Synergy Bank, Ann offers clients a variety of quality non-proprietary investments, managed accounts, insurance, investment portfolio analysis, retirement and education planning. Ann serves clients at our Main and Thibodaux locations.

Ann Summers, CFP®



Synergy Investment Services
a division of synergy bank

Synergy Investment Services is a division of Synergy Bank. Ann Summers is a registered representative with and securities, advisory services, offered through LPL Financial, A Registered Investment Advisor, Member FINRA/SIPC. Insurance products offered through LPL Financial or its licensed affiliates. Synergy Bank and Synergy Investment Services are not registered broker/dealers and are not affiliated with LPL Financial.

Not FDIC Insured • Not Bank Guaranteed • May Lose Value
Not Insured by Any Federal Government Agency • Not a Bank Deposit

SYNERGY TEAM LEADERS

Strong leadership is the key to progress. It is through the vision and guidance of our Board of Directors and Officers that Synergy Bank continues to grow. Synergy's employees set the standard in the banking industry for extraordinary service. With their hard work and dedication, Synergy Bank delivers the highest level of customer service to its customers every day.

BOARD OF DIRECTORS

Back Row: Gordon E. Dove; Terry C. Calogne, Vice Chairman of the Board; Michel H. Claudet; Morris P. Hebert, Chairman of the Board; Kerry J. Chauvin; Jerry P. Ledet, Jr., President
Front Row: Daniel B. Cannon; Frank J. "Jeff" Teuton; Jeffrey J. Scott; Donald P. Callais



OFFICERS

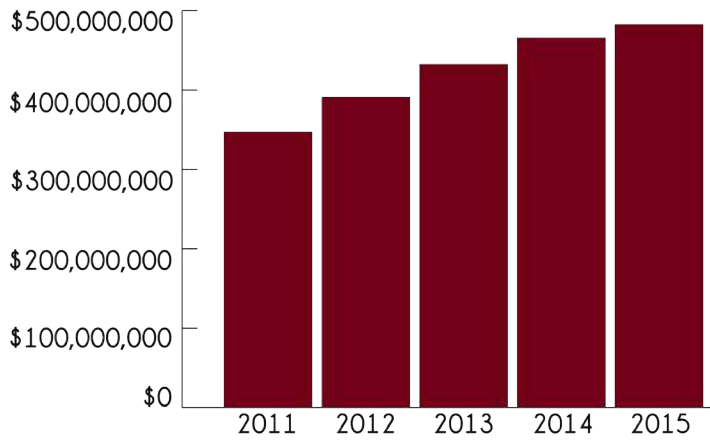
Jerry P. Ledet, Jr.
Benjamin D. Borne
Marie M. Morris, CRCM
Harvey P. Authement, Jr.
Denise S. Garofalo
John G. Hebert
Marla L. Porche
Russell J. Touchet

Ann V. Summers, CFP®
Angela H. Rodrigue
Patrice L. Oncale
Madonna A. McClennen
Julia L. Filce
Sallie L. Preston
Wade J. Richard
Kassie A. Barrancotto

Brett M. Means
Peggy P. Fazio
Melissa Z. Hutchinson
Brigitte S. Kinsella
Elmy W. Savoie
Melanie B. Boquet

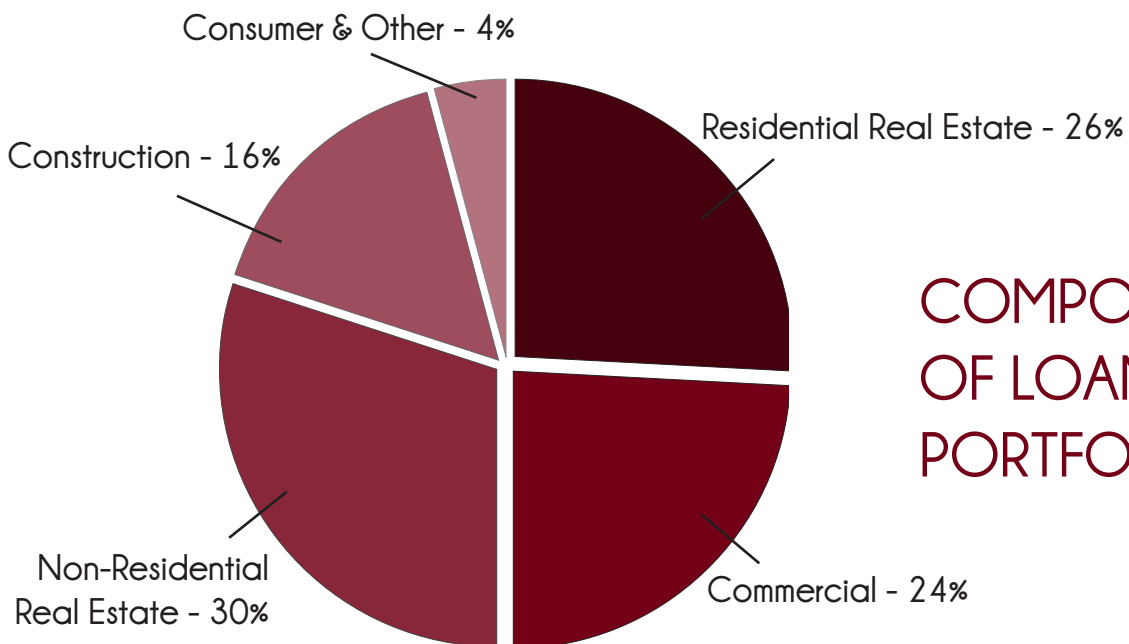
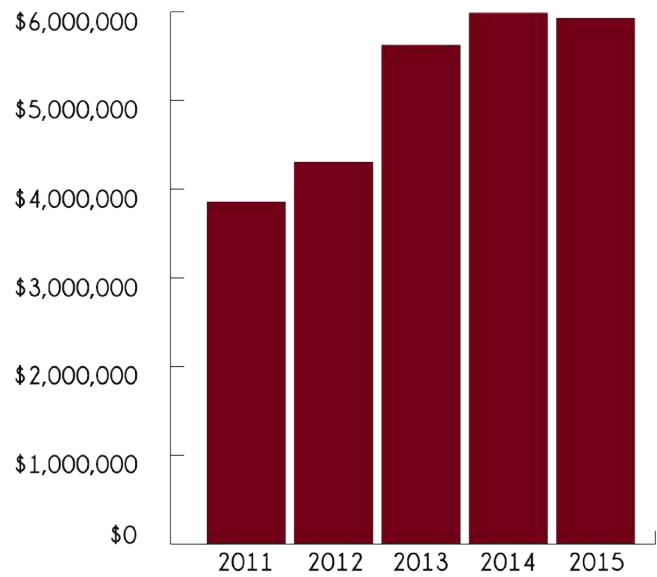
2015 FINANCIAL HIGHLIGHTS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Selected financial condition data:					
Total assets	\$ 482,643,459	\$ 465,824,666	\$ 432,583,051	\$ 391,213,602	\$ 347,027,039
Loans, net	347,357,114	319,954,157	284,403,968	272,915,025	242,468,311
Investment securities	76,754,554	77,751,796	66,638,134	33,029,342	44,893,717
Deposits	426,549,107	414,661,513	385,927,659	348,336,112	308,799,327
Shareholders' equity	55,516,858	50,687,391	45,564,106	41,093,111	37,308,619
Selected operations data:					
Interest income	\$ 20,494,910	\$ 19,198,020	\$ 18,088,002	\$ 16,930,760	\$ 15,834,319
Interest expense	<u>2,215,405</u>	<u>2,170,115</u>	<u>2,256,114</u>	<u>2,910,471</u>	<u>3,529,146</u>
Net interest income	18,279,505	17,027,905	15,831,888	14,020,289	12,305,173
Provision for loan losses	<u>836,595</u>	<u>328,084</u>	<u>233,172</u>	<u>1,222,846</u>	<u>757,562</u>
Net interest income after provision for loan losses	17,442,910	16,699,821	15,598,716	12,797,443	11,547,611
Noninterest income	2,963,252	3,088,520	2,909,114	2,801,673	2,611,454
Noninterest expense	<u>11,518,781</u>	<u>10,774,847</u>	<u>10,032,975</u>	<u>9,086,014</u>	<u>8,309,646</u>
Income before income taxes	8,887,381	9,013,494	8,474,855	6,513,102	5,849,419
Income tax expense	<u>2,959,835</u>	<u>3,023,535</u>	<u>2,851,438</u>	<u>2,208,182</u>	<u>1,989,607</u>
Net income	\$ <u>5,927,546</u>	\$ <u>5,989,959</u>	\$ <u>5,623,417</u>	\$ <u>4,304,920</u>	\$ <u>3,859,812</u>
Per share data:					
Earnings per share	\$ 6.37	\$ 6.44	\$ 6.05	\$ 4.63	\$ 4.16
Cash dividends per share	1.10	1.10	1.00	0.55	0.45
Book value	59.81	54.46	49.03	44.24	40.04
Performance ratios:					
Return on average assets	1.22%	1.31	1.36%	1.17%	1.14%
Return on average shareholders' equity	11.09	12.37	12.91	10.97	10.82
Dividend payout ratio	17.33	17.16	16.60	11.92	10.86
Net interest margin	3.90	3.90	3.98	3.97	3.80
Efficiency ratio	54.22	53.56	53.53	54.01	55.71
Capital ratios:					
Leverage ratio	11.35%	10.75%	10.43%	10.34%	10.58%
Common equity ratio	15.75	15.78	16.11	15.63	15.80
Tier 1 capital ratio	15.75	15.78	16.11	15.63	15.80
Total risk-based capital ratio	17.01	17.04	17.37	16.89	17.06
Equity to assets	11.50	10.88	10.53	10.50	10.75
Asset quality:					
Non-performing loans	\$ 4,500,602	\$ 642,280	\$ 2,454,157	\$ 2,959,384	\$ 2,804,895
Non-performing assets	5,836,853	1,928,531	2,879,057	3,224,384	2,919,895
Allowance for loan losses	7,162,340	6,772,535	6,286,176	6,235,875	5,174,022
Net loan charge-offs (recoveries)	446,790	(158,275)	182,871	160,993	350,481
Non-performing loans to total loans	1.27%	0.20%	0.84%	1.06%	1.13%
Non-performing assets to total assets	1.21	0.41	0.67	0.82	0.84
Net charge-offs (recoveries) to average loans	0.13	(0.05)	0.06	0.06	0.15
Allowance for loan losses to total loans	2.02	2.07	2.16	2.23	2.09

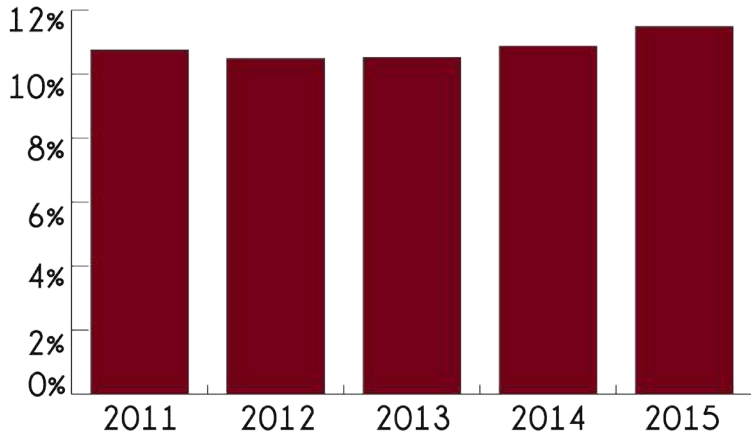


TOTAL ASSETS

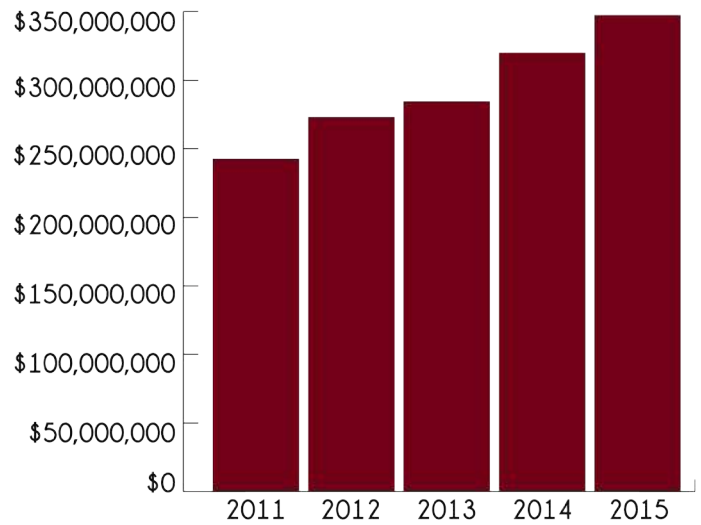
NET INCOME



COMPOSITION OF LOAN PORTFOLIO



NET
LOANS



ALLOWANCE FOR LOAN LOSSES TO TOTAL LOANS

