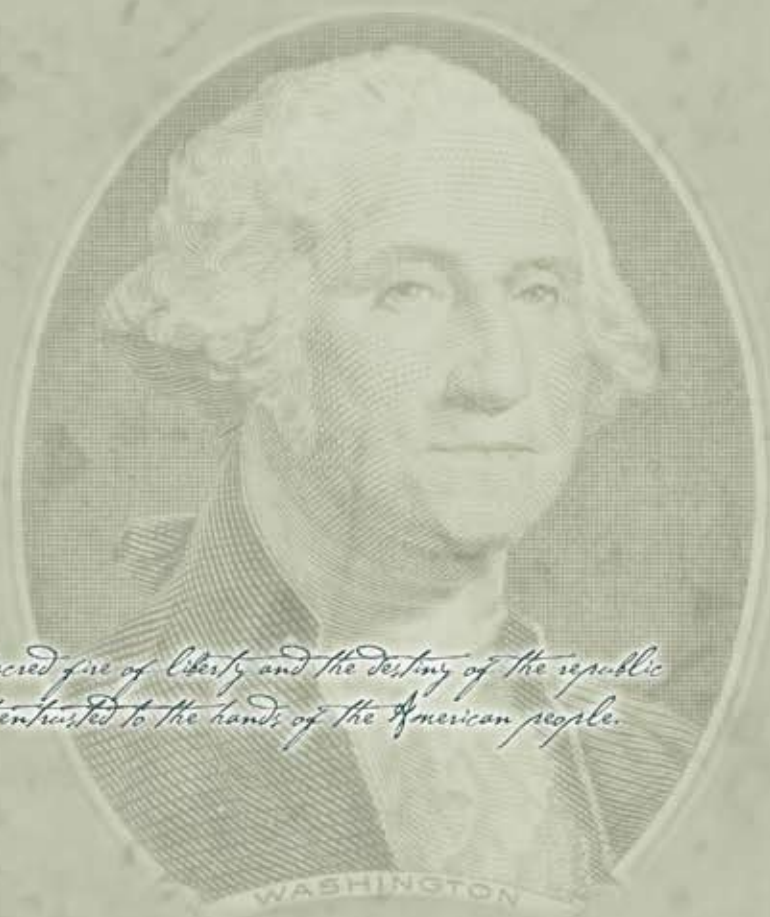


Leadership





The preservation of the sacred fire of Liberty and the destiny of the republic hinge on the experiment entrusted to the hands of the American people.

—George Washington

Perhaps no other American symbolizes leadership quite like the father of our country. Soldier, statesman, patriot, Washington bet it all—his fortune, his property, his life—on his faith in the will of men to be free, and in the wisdom and courage of the American people.

This experiment in government by its citizens has endured for more than two centuries. It is the sweet nectar of freedom which is at the heart of the greatness of our nation. It is our freedom which will shine brightly to light the course of our future. It is our freedom which allows individuals and communities to grow and prosper.

Leading the Way



We've dedicated this annual report to the quality of leadership, because perhaps no other factor has been more important to the growth and success of Synergy Bank.

Synergy is led by an active and engaged board of directors—successful businessmen with a broad range of experience. Their solid advice and sound judgement have allowed the bank to meet or exceed each and every goal in its 5-year business plan.

Synergy people lead in community and charitable causes. In dedicating their time and resources they represent the embodiment of community spirit which makes Synergy Bank unique among Houma-Terrebonne financial institutions.

The Synergy team leads in service. Our accomplishments in this regard are many, not the least of which is Synergy's ongoing recognition by the United States Small Business Administration as one of the top 10 lenders in the State of Louisiana.

Synergy remains a leader in financial strength and stability, as asset growth and profitability remain significantly ahead of the bank's five-year business plan. Your bank ended 2004 with total consolidated assets of \$110.4 million—a growth of \$5.0 million over the previous year. Loans totaled \$78.4 million, funded by deposits of \$99.2 million. In addition, net earnings reached \$1.4 million or \$1.97 per share. We are pleased to report that the Board of Directors declared a

cash dividend of \$0.23 per share, which was paid in January, 2005. It represents the fourth consecutive annual dividend paid to stockholders.

Synergy Bank remains committed to leading the growth and prosperity of Houma-Terrebonne and its citizens. In this regard, your board of directors has announced plans for a third full-service office to be located along the Martin Luther King corridor.

We value the loyalty and support of our customers and shareholders, and renew our promise to create synergy for all. The leadership by the people and the corporate entity that is Synergy Bank fulfills our founding premise that together, we are stronger.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jerry P. Ledet, Jr.".

Jerry P. Ledet, Jr.
President & Chief Executive Officer

A handwritten signature in cursive script, appearing to read "Kerry J. Chauvin".

Kerry J. Chauvin
Chairman of the Board



Philosopher, inventor, businessman, author, publisher, statesman, Benjamin Franklin was America's first free spirit. He was, during his age, an international superstar.

A natural leader, said to have an almost magical ability to bring people together, Franklin helped guide the new nation through its formative years with his wit, his wisdom, and his vision.

Through his writings, Franklin's electric humor and good old-fashioned common sense still light the world today.



*There are three faithful friends
an old wife, an old dog, and ready money.*

—Benjamin Franklin



Business Banking

Franklin had it right—ready money is a good thing.

To a business owner, there's nothing quite like the security that comes from knowing that your bank is in your corner. And that's what Synergy means to businesses throughout Houma-Terrebonne.

Synergy's Business Banking team provides a full range of corporate financial services specifically tailored to individual needs. Synergy professionals know your business and its demands, and can provide options which translate into cost-effective solutions.

From real estate financing, to lines of credit, to equipment financing, to checking accounts and savings plans, Synergy Bank delivers.

"One man with courage makes a majority"

—Andrew Jackson



As president, Andrew Jackson presided over a nation doubling in population, and moving from the age of wood and animal power to that of iron and steam power.

He came to national prominence in winning the Battle of New Orleans, and his popularity was stunning. A complex man, Jackson has been alternately described by historians as pragmatic or dogmatic, a great statesman or a bull in a china shop.

Whichever view is most accurate, Jackson will be remembered as a hero and man of the people. His actions strengthened the idea of the United States as a nation, rather than a collection of states with an agreement to act in concert.





With an array of consumer banking products and services, Synergy is a leader in making banking a little more convenient, and a little more responsive to your needs.

A great example is Internet Banking. Now Synergy clients can take advantage of banking services online—like online bill payment, funds transfer, and account inquiries—all available 24 hours a day, seven days a week. Customers can remain confident that internet banking with Synergy is as safe and secure as banking in person.

And when you're on the move, the Synergy STAR Card (ATM and Visa® check card), is accepted at thousands of locations across the nation,

so you're never far from home.

Synergy Savings Accounts, Certificates of Deposit, and Individual Retirement Accounts pay competitive rates, and Synergy customer service representatives can help design a savings plan to reach your goals.

Synergy has specialty banking products designed just for senior citizens—some free of service charge, and containing other benefits. And, we haven't forgotten about students, with special terms on checking and savings accounts.

All of these services are part of the way that Synergy works to be a leader in our community. Our goal is to be a bank designed to benefit everyone. That's Synergy.



Our greatest happiness does not depend on the condition of life in which chance has placed us, but is always the result of a good conscience, good health, occupation, and freedom in all just pursuits.

—Thomas Jefferson



Author of the Declaration of Independence, Thomas Jefferson voiced the aspirations of a new America as no other individual of his era. His philosophy that the government is the servant, not the master, of the people, is regarded as the charter of universal liberties.



As the third President of the United States, Jefferson presided over the Louisiana Purchase, adding vast territories and enormous natural resources to the expanding nation.



Lending



Synergy Bank is a leader in making our community grow and prosper, and the bank's portfolio of consumer and mortgage loan services offer quick and convenient financing solutions.

As our community grows, it builds. That's why mortgage lending is one of our most popular services. From interim construction to permanent financing, Synergy can make your dream home a reality.

As this community prospers, the needs of expanding families increase. Synergy is here to meet that demand with a wide variety of consumer loans, including auto, boat, home improvement and recreational vehicles. The bank will continue to focus on those financing services tailored to the needs of our clients.

And, because Synergy is a community bank, decisions are made locally, by people you know and trust.

Making dreams come true is one of the things we like to do best. With competitive rates, solid experience, and a variety of financing options, Synergy Bank wants to lend its expertise to you.



ASSETS

| | 2004 | 2003 |
|--|----------------------|----------------------|
| Cash and due from banks | \$2,431,352 | \$3,162,213 |
| Federal funds sold | <u>75,000</u> | <u>5,150,000</u> |
| Cash and cash equivalents | 2,506,352 | 8,312,213 |
| Interest-bearing deposits with banks | 10,422 | 10,071 |
| Securities available-for-sale | 19,063,277 | 22,465,650 |
| Securities held-to-maturity (market values of \$7,488,092 and \$6,146,085, respectively) | 7,514,336 | 6,119,845 |
| Federal Home Loan Bank stock, at cost | 176,400 | 173,400 |
| Loans, less allowance for loan losses of \$1,568,047 and \$1,323,692, respectively | 76,869,264 | 64,863,402 |
| Property and equipment, net | 3,381,232 | 2,598,311 |
| Refundable income taxes | - | 52,744 |
| Deferred income taxes | 394,640 | 294,408 |
| Accrued interest receivable and other assets | 472,800 | 528,230 |
| TOTAL ASSETS | \$110,388,723 | \$105,418,274 |

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

Deposits:

| | | |
|--|-------------------|-------------------|
| Noninterest-bearing | \$16,912,959 | \$14,305,244 |
| Interest-bearing | <u>82,273,433</u> | <u>81,305,377</u> |
| Total deposits | 99,186,392 | 95,610,621 |
| Accrued expenses and other liabilities | 364,354 | 308,927 |

TOTAL LIABILITIES 99,550,746 95,919,548

COMMITMENTS AND CONTINGENT LIABILITIES

STOCKHOLDERS' EQUITY

Common stock - \$2 par value

Authorized - 10,000,000 shares; issued and

| | | |
|---|-----------|-----------|
| outstanding - 720,040 shares and 706,066 shares, respectively | 1,440,080 | 1,412,132 |
| Surplus | 5,812,529 | 5,700,737 |
| Retained earnings | 3,620,073 | 2,385,147 |
| Accumulated other comprehensive income | (34,705) | 710 |

TOTAL STOCKHOLDERS' EQUITY 10,837,977 9,498,726

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY \$110,388,723 \$105,418,274

SYNERGY BANCSHARES, INC. & SUBSIDIARY
Houma, Louisiana

CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended December 31, 2004, 2003, and 2002

| | 2004 | 2003 | 2002 |
|--|--------------------|--------------------|------------------|
| INTEREST INCOME | | | |
| Loans, including fees | \$5,015,118 | \$4,409,881 | \$4,100,703 |
| Debt securities: | | | |
| • Taxable | 279,368 | 257,953 | 308,080 |
| • Tax-exempt | 30,875 | 6,660 | 5,877 |
| Interest on federal funds sold | 37,822 | 53,531 | 43,725 |
| Interest on deposits with other banks | 128 | 3,374 | 2,196 |
| TOTAL INTEREST INCOME | 5,363,311 | 4,731,399 | 4,460,581 |
| INTEREST EXPENSE | | | |
| Deposits | 1,253,321 | 1,173,331 | 1,336,463 |
| NET INTEREST INCOME | 4,109,990 | 3,558,068 | 3,124,118 |
| Provision for loan losses | 279,000 | 243,000 | 263,000 |
| NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES | 3,830,990 | 3,315,068 | 2,861,118 |
| NONINTEREST INCOME | | | |
| Customer service fees | 618,725 | 537,601 | 396,053 |
| Other income | 521,372 | 554,331 | 405,789 |
| TOTAL NONINTEREST INCOME | 1,140,097 | 1,091,932 | 801,842 |
| NONINTEREST EXPENSES | | | |
| Salaries and employee benefits | 1,566,596 | 1,420,108 | 1,270,417 |
| Occupancy and equipment | 306,027 | 300,447 | 273,667 |
| Data processing | 237,052 | 239,518 | 184,425 |
| Other general and administrative | 750,561 | 715,349 | 652,247 |
| TOTAL NONINTEREST EXPENSES | 2,860,236 | 2,675,422 | 2,380,756 |
| INCOME BEFORE INCOME TAXES | 2,110,851 | 1,731,578 | 1,282,204 |
| Applicable income taxes | 710,316 | 597,271 | 438,325 |
| NET INCOME | \$1,400,535 | \$1,134,307 | \$843,879 |
| Per Common Share Data: | | | |
| Net income per share of common stock | \$1.97 | \$1.66 | \$1.26 |
| Cash dividends per share of common stock | \$0.23 | \$0.21 | \$0.18 |
| Average shares outstanding | 712,588 | 682,634 | 667,423 |

SYNERGY BANCSHARES, INC. & SUBSIDIARY
Houma, Louisiana

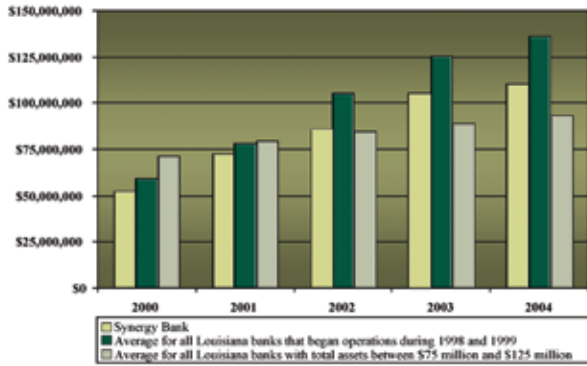
CONSOLIDATED STATEMENTS OF CHANGES IN
STOCKHOLDERS' EQUITY
Years Ended December 31, 2004, 2003, and 2002

| | Common Stock | Surplus | Retained Earnings | AOCI* | TOTAL |
|--|--------------|-------------|-------------------|------------|--------------|
| Balance, December 31, 2001.. | \$1,334,846 | \$5,324,928 | \$673,871 | \$34,269 | \$7,367,914 |
| Comprehensive income: | | | | | |
| Net income | | | 843,879 | | 843,879 |
| Net change in unrealized gain on securities available-for-sale, net of tax of (\$7,487) | | | | (14,534) | (14,534) |
| Comprehensive income | | | | | 829,345 |
| Cash dividends declared | | | (120,136) | | (120,136) |
| Balance, December 31, 2002.. | 1,334,846 | 5,324,928 | 1,397,614 | 19,735 | 8,077,123 |
| Comprehensive income: | | | | | |
| Net income | | | 1,134,307 | | 1,134,307 |
| Net change in unrealized gain on securities available-for-sale, net of tax of (\$9,801) | | | | (19,025) | (19,025) |
| Comprehensive income | | | | | 1,115,282 |
| Issuance of stock (38,643 shares) .. | 77,286 | 375,809 | | | 453,095 |
| Cash dividends declared | | | (146,774) | | (146,774) |
| Balance, December 31, 2003.. | 1,412,132 | 5,700,737 | 2,385,147 | 710 | 9,498,726 |
| Comprehensive income: | | | | | |
| Net income | | | 1,400,535 | | 1,400,535 |
| Net change in unrealized gain on securities available-for-sale, net of tax of (\$18,244) | | | | (35,415) | (35,415) |
| Comprehensive income | | | | | 1,365,120 |
| Issuance of stock (13,974 shares) .. | 27,948 | 111,792 | | | 139,740 |
| Cash dividends declared | | | (165,609) | | (165,609) |
| Balance, December 31, 2004.. | \$1,440,080 | \$5,812,529 | \$3,620,073 | \$(34,705) | \$10,837,977 |

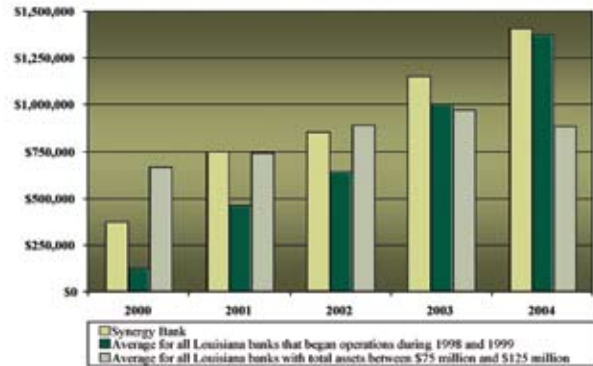
* Accumulated Other Comprehensive Income

Financial Highlights

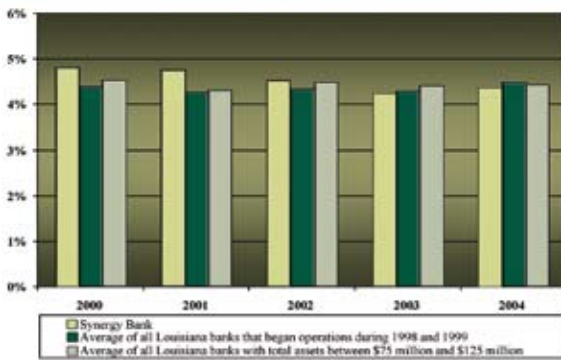
Total Assets



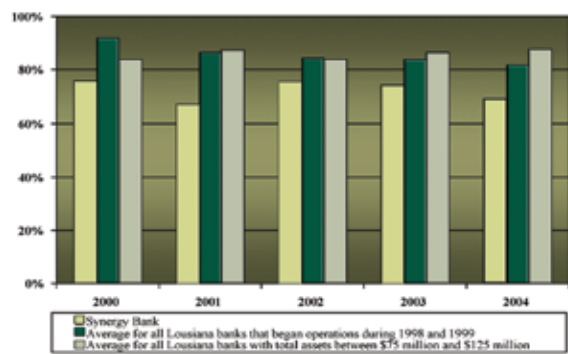
Net Income



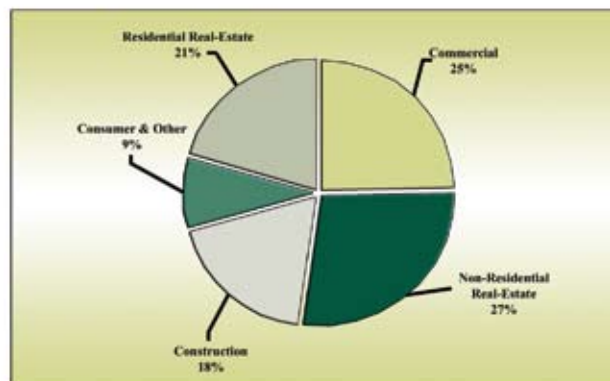
Net Interest Margin



Noninterest Expense to Net Interest Income



Composition of Loan Portfolio





Board of Directors of Synergy Bancshares

Standing, left to right:

Dr. Koti Sangisetty; Terry C. Calongne; F. Jeffrey Teuton;
Jeffery J. Scott; Donald P. Callais; Daniel B. Cannon, Morris P. Hebert

Seated, left to right:

Byron F. Bennett; Kerry J. Chauvin, Jerry P. Ledet, Jr.; Michel H. Claudet

Services

Mortgage Loans

Credit Cards

STAR Card - (Visa® Check Card)

Safe Deposit Boxes

Internet Banking

Bill Payer

Corporate Cash Management Services:

Sweep Accounts

Direct Deposit

Cash Concentration

Personal Checking Accounts

Business Checking Accounts

Savings & Money Market Accounts

Certificates of Deposit

Individual Retirement Accounts

Coverdell Education Savings Accounts

Consumer Loans

Business Loans

Christmas Clubs

officers of
SYNERGY BANK

Jerry P. Ledet, Jr.
President and CEO

Benjamin D. Borne
Executive Vice President and CFO

Marie M. Morris, CRCM
Senior Vice President

John G. Hebert
Vice President

Harvey P. Authement, Jr.
Vice President

Kaye L. Bergeron
Vice President

Russell J. Touchet
Vice President

Denise S. Garofalo
Assistant Vice President

Melanie B. Boquet
Executive Secretary

Synergy Bancshares

1036 West Tunnel Boulevard • 919 Grand Caillou Road
Houma, Louisiana
985.851.3341 • 985.851.2619 • fax 985.851.3352
www.banksynergy.com

