

SYNERGY BANCSHARES ANNUAL REPORT 2007

*Branching Out*



# *Contents*

## *PAGE 2*

Letter from the Chairman & the President

## *PAGE 3*

New Branch in Gray

## *PAGE 4*

Product Synopsis

## *PAGE 5*

eStatements

## *PAGE 6*

Children's Banking Program

## *PAGE 7-12*

Financial Data

## *PAGE 14*

Board of Directors & Officers

## *BACK COVER*

Branch Information







*Deeply Rooted  
in our Community*

Dear Synergy Family,

The theme of our 2007 annual report reflects Synergy's continued efforts to reach out to our growing community. In addition to our new office planned for Gray, Synergy continues to strive to provide banking products and services that will fuel the expansion and prosperity of our community and meet the diverse needs of its citizens.

Recognition of this commitment has led to Synergy Bank being named Large Business of the Year by the Houma-Terrebonne Chamber of Commerce. This honor is a testament to the effort and dedication of every member of the Synergy team. It validates our vision of community banking.

The year 2007 met or exceeded every business goal set by your board of directors. Total consolidated assets reached \$202.2 million, a growth of 18.5% over the previous year. Loans totaled \$150.3 million, funded by deposits of \$183.6 million. Net earnings reached \$2.7 million, or \$3.57 per share.

The pages herein are a snapshot of our progress as we extend our roots in the Bayou region. As we enter the year 2008, Synergy Bank is firmly committed to 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.*

A handwritten signature in black ink, appearing to read "Morris P. Hebert". The signature is written in a cursive style with a large initial "M".

Morris P. Hebert, Chairman of the Board

A handwritten signature in black ink, appearing to read "Jerry P. Ledet Jr.". The signature is written in a cursive style with a large initial "J".

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

# Connecting Gray with Synergy Service

In keeping with the rapid expansion of Houma, Synergy Bank will open a new branch office in the community of Gray.

It was a natural fit that Gray would serve as our fourth location. In the past few years, Gray has experienced tremendous growth in residential and commercial development - both retail and industrial. The area has never had a financial institution, and Synergy is proud to be the first. Importantly, the new branch office will position us closer to Schriever, Bayou Blue and Thibodaux.

Statistics show that Houma is rated the nation's third-fastest growing city in terms of per capita income.

But economic potential is only one reason for the area's viability. Respondents to a recent survey listed several features that make Houma-Terrebonne a great place to live, including short commute times, outdoor sporting, the area's cultural climate and rich Cajun history, plenty of festivals, high-quality schools, and a variety of shopping opportunities.

As Terrebonne-Lafourche grows, so grows Synergy Bank. This new office will be located north of Troop C and is expected to open in late 2008. It's just the latest step as we branch out, connecting the area with Synergy Service.





With deep roots in the community, Synergy continues to reach for the sky, offering 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.

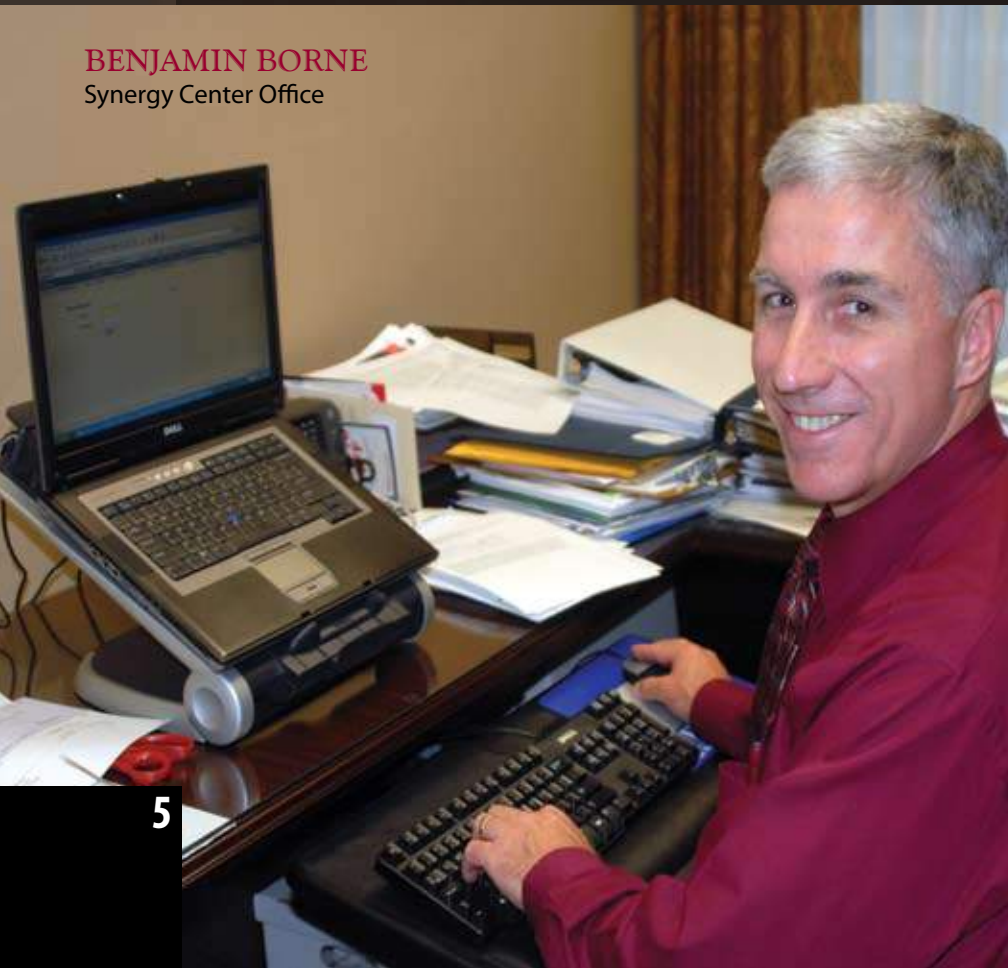


# eStatements

- eStatements allow you to view your bank statements online in a safe, secure Internet environment.
- eStatements allow you to receive your bank statements much quicker than by mail.
- Email notifications alert you when your statement is available for viewing.
- You can view bank statements online as far back as 18 months and download statements to your own computer.
- If you need to print a statement or a check, simply print using Adobe Reader®.

MEMBER  
**FDIC**

**BENJAMIN BORNE**  
Synergy Center Office



Synergy has launched eStatements that allow our customers to view bank statements online in a safe, secure Internet environment.

Instead of our customers waiting for statements to come in the mail, an email is sent, normally within two business days of the statement cutoff date, notifying account-holders that the statement is ready to view. Statements are archived as far back as 18 months, giving customers more freedom and flexibility in managing their accounts.



**TRUDY MATHERNE**  
East Houma Office

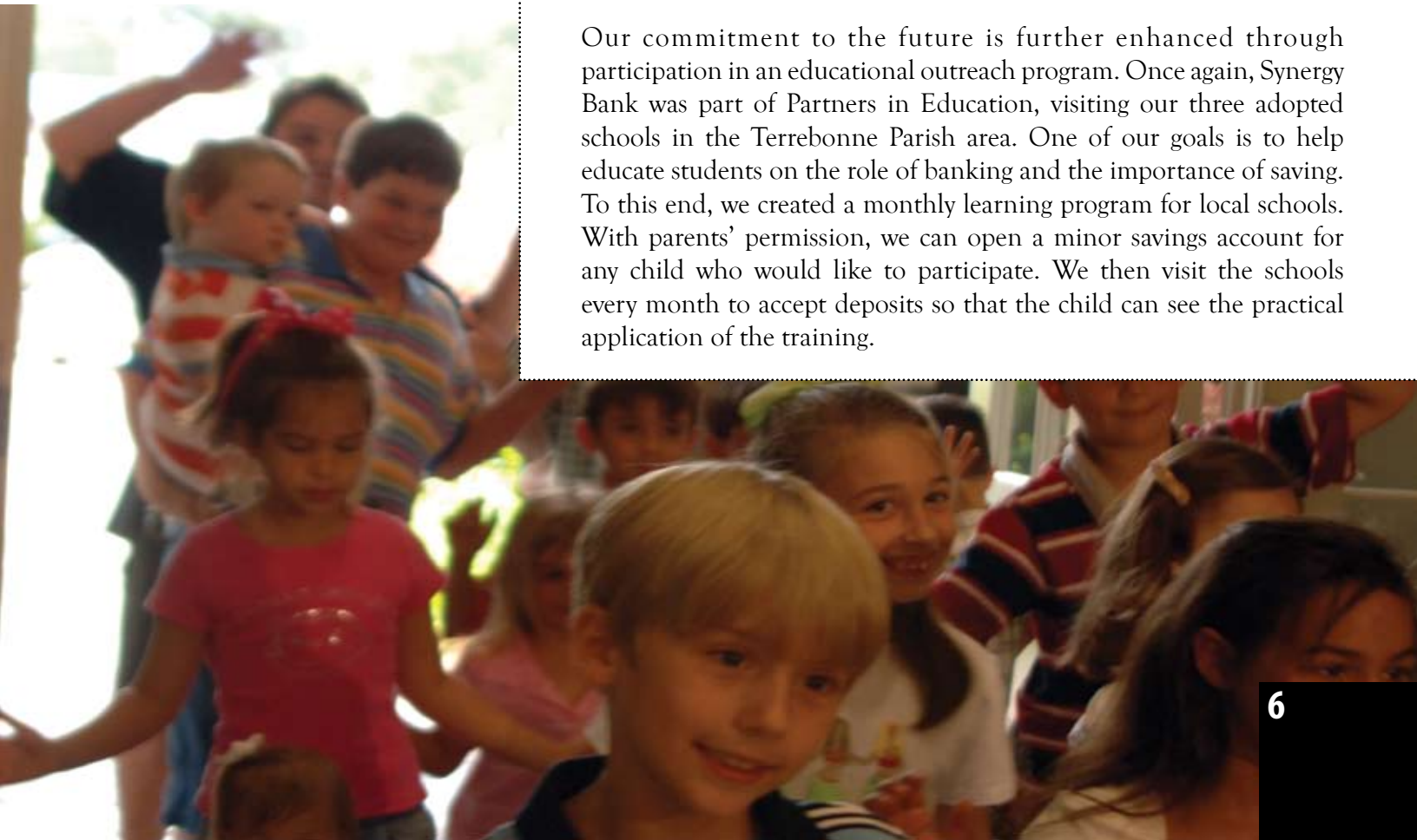
**PENNY D. PELICAN**  
Spokesbird, Children's Banking



When we picture the future, we see our children – grown up and making smart decisions. Penny's Club, part of Synergy's children's banking program, puts young people on the road to financial responsibility by teaching them the value of saving. In 2007, the program continued its expansion. Popular spokesbird Penny D. Pelican tells her story in a book now available to all participating customers. This colorful paperback is beautifully illustrated with a message tailored for children. It tells them that precious pennies can grow into powerful assets capable of taking them anywhere they want to go.



Our commitment to the future is further enhanced through participation in an educational outreach program. Once again, Synergy Bank was part of Partners in Education, visiting our three adopted schools in the Terrebonne Parish area. One of our goals is to help educate students on the role of banking and the importance of saving. To this end, we created a monthly learning program for local schools. With parents' permission, we can open a minor savings account for any child who would like to participate. We then visit the schools every month to accept deposits so that the child can see the practical application of the training.



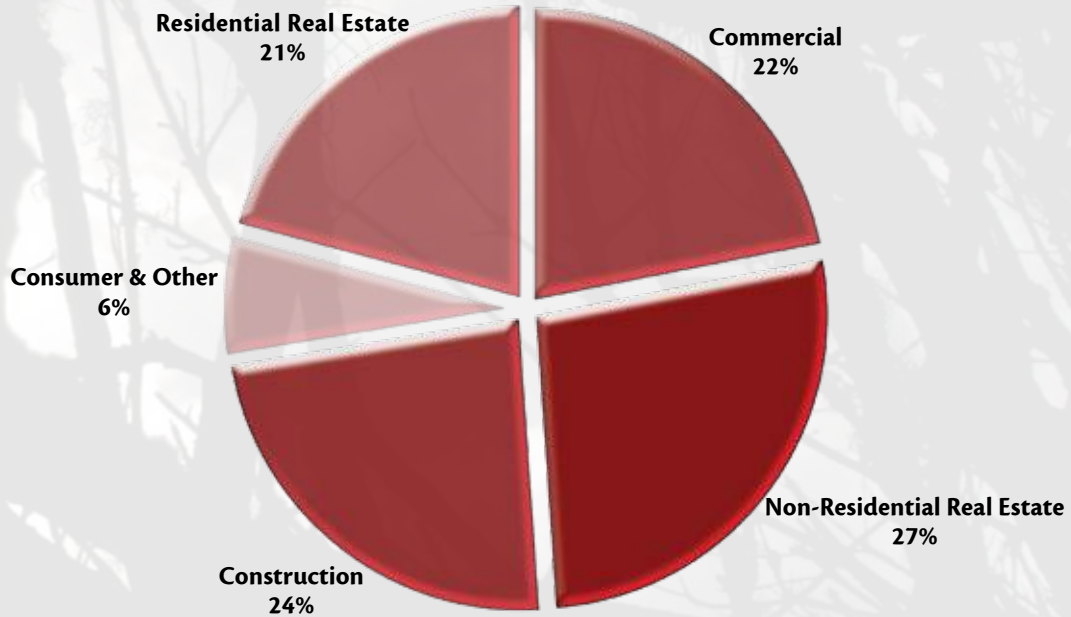


# Financial Data

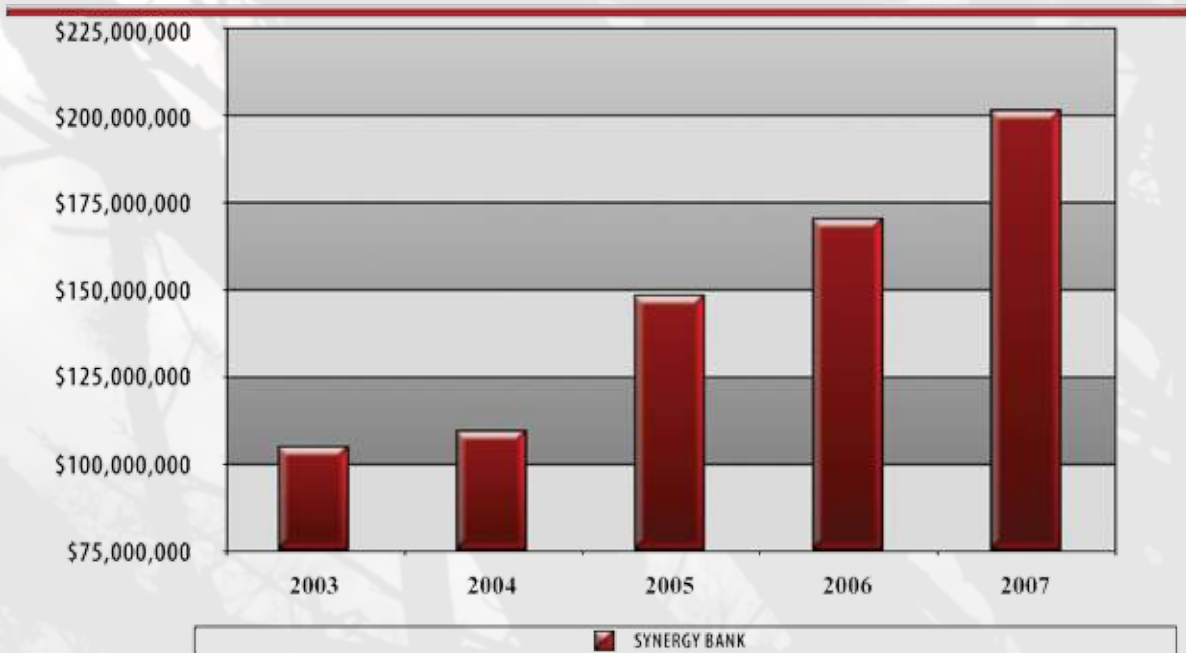
SYNERGY BANCSHARES, INC. AND SUBSIDIARY Houma, Louisiana	CONSOLIDATED BALANCE SHEETS December 31, 2006 and 2005	
ASSETS		
	2007	2006
Cash and due from banks	\$6,124,936	\$4,675,026
Federal funds sold	<u>7,225,000</u>	<u>150,000</u>
Cash and cash equivalents	<b>13,349,936</b>	<b>4,825,026</b>
Interest-bearing deposits in banks	110,468	111,698
Securities available for sale	20,777,129	27,092,591
Securities held to maturity (fair values of \$11,531,210 and \$17,207,819, for 2007 and 2006)	11,496,009	17,244,129
Federal Home Loan Bank stock, at cost	201,300	191,400
FNBB stock, at cost	245,000	245,000
Loans, net of allowance for loan losses of \$2,982,289 and \$2,256,561	147,273,787	110,540,885
Property and equipment, net	7,581,148	7,387,921
Other assets	<u>1,162,809</u>	<u>3,039,227</u>
<b>TOTAL ASSETS</b>	<b>\$202,197,586</b>	<b>\$170,677,877</b>
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Noninterest-bearing	\$38,994,587	\$33,212,679
Interest-bearing	<u>144,593,553</u>	<u>120,979,374</u>
Total deposits	183,588,140	154,192,053
Accrued expenses and other liabilities	<u>740,949</u>	<u>1,171,941</u>
<b>TOTAL LIABILITIES</b>	<b>184,329,089</b>	<b>155,363,994</b>
COMMITMENTS AND CONTINGENT LIABILITIES	-	-
STOCKHOLDERS' EQUITY		
Common stock - \$2 par value		
Authorized - 10,000,000 shares; issued and outstanding - 749,256 shares and 743,495 shares, respectively	1,498,512	1,486,990
Nonvested Restricted Stock	700	-
Surplus	6,155,620	6,100,169
Retained earnings	10,179,107	7,752,943
Accumulated other comprehensive income	<u>34,558</u>	<u>(26,219)</u>
<b>Total Stockholders' Equity</b>	<u>17,868,497</u>	<u>15,313,883</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$202,197,586</b>	<b>\$170,677,877</b>



# COMPOSITION OF LOAN PORTFOLIO



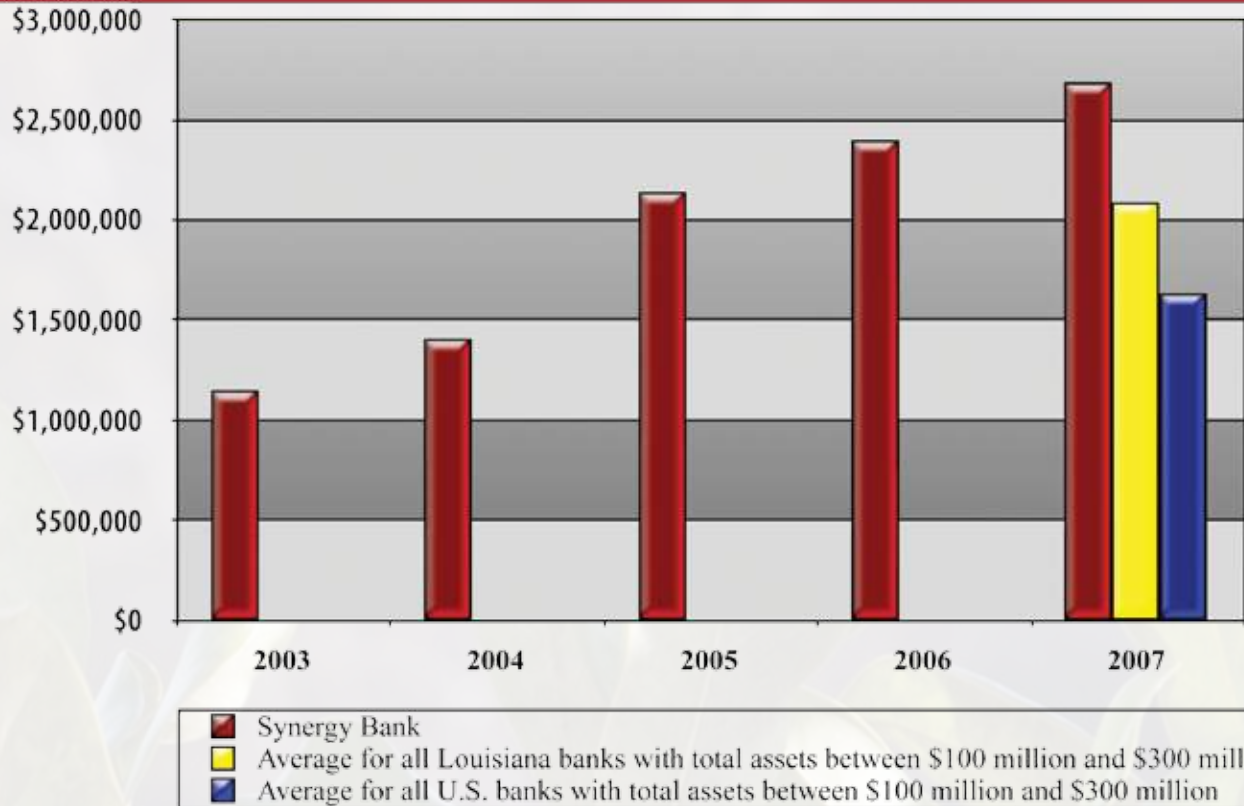
## TOTAL ASSETS



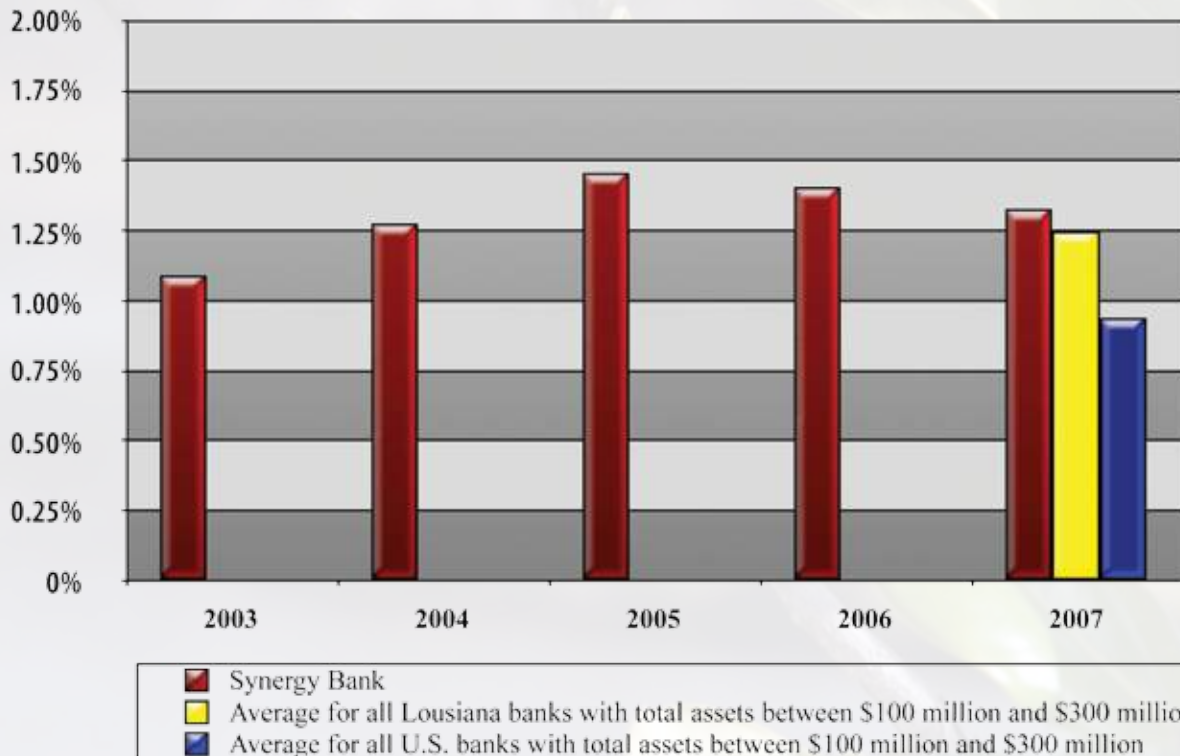
	2007	2006	2005
<b>INTEREST INCOME</b>			
Loans	\$11,143,135	\$7,962,151	\$6,131,537
Debt securities:			
Taxable	1,638,753	1,422,596	569,754
Tax-exempt	3,891	14,078	24,332
Interest on federal funds sold	366,246	848,570	214,285
Interest on deposits with other banks	<u>4,987</u>	<u>4,051</u>	<u>2,262</u>
<b>TOTAL INTEREST INCOME</b>	<b>13,157,012</b>	<b>10,251,446</b>	<b>6,942,170</b>
<b>INTEREST EXPENSE</b>			
Deposits	<u>5,161,075</u>	<u>3,753,469</u>	<u>2,019,573</u>
<b>NET INTEREST INCOME</b>	7,995,937	6,497,977	4,922,597
Provision for loan losses	<u>703,268</u>	<u>503,000</u>	<u>323,000</u>
<b>NET INTEREST INCOME AFTER PROVISION</b>			
<b>FOR LOAN LOSSES</b>	<b><u>7,292,669</u></b>	<b><u>5,994,977</u></b>	<b><u>4,599,597</u></b>
<b>NONINTEREST INCOME</b>			
Customer service fees	853,786	698,023	611,763
Loan commitment fees and other charges	865,055	759,118	616,268
Other income	<u>194,236</u>	<u>110,497</u>	<u>632,336</u>
<b>TOTAL NONINTEREST INCOME</b>	<b>1,913,077</b>	<b>1,567,638</b>	<b>1,860,367</b>
<b>NONINTEREST EXPENSES</b>			
Salaries and employee benefits	2,807,263	2,214,001	1,790,189
Occupancy and equipment	703,728	429,567	316,597
Data processing	404,168	312,958	252,019
Other	<u>1,309,994</u>	<u>1,062,916</u>	<u>862,437</u>
<b>TOTAL NONINTEREST EXPENSES</b>	<b>5,225,153</b>	<b>4,019,442</b>	<b>3,221,242</b>
<b>INCOME BEFORE INCOME TAXES</b>	3,980,593	3,543,173	3,238,722
Applicable income taxes	<u>1,321,726</u>	<u>1,165,781</u>	<u>1,093,725</u>
<b>NET INCOME</b>	<b><u>\$2,658,867</u></b>	<b><u>\$2,377,392</u></b>	<b><u>\$2,144,997</u></b>
Per Common Share Data:			
Net income per share of common stock	<u>\$3.57</u>	<u>\$3.21</u>	<u>\$2.95</u>
Cash dividends per share of common stock	<u>\$0.310</u>	<u>\$0.275</u>	<u>\$0.250</u>
Average shares outstanding	744,311	741,715	727,897



# NET INCOME



# NET INCOME / TOTAL ASSETS



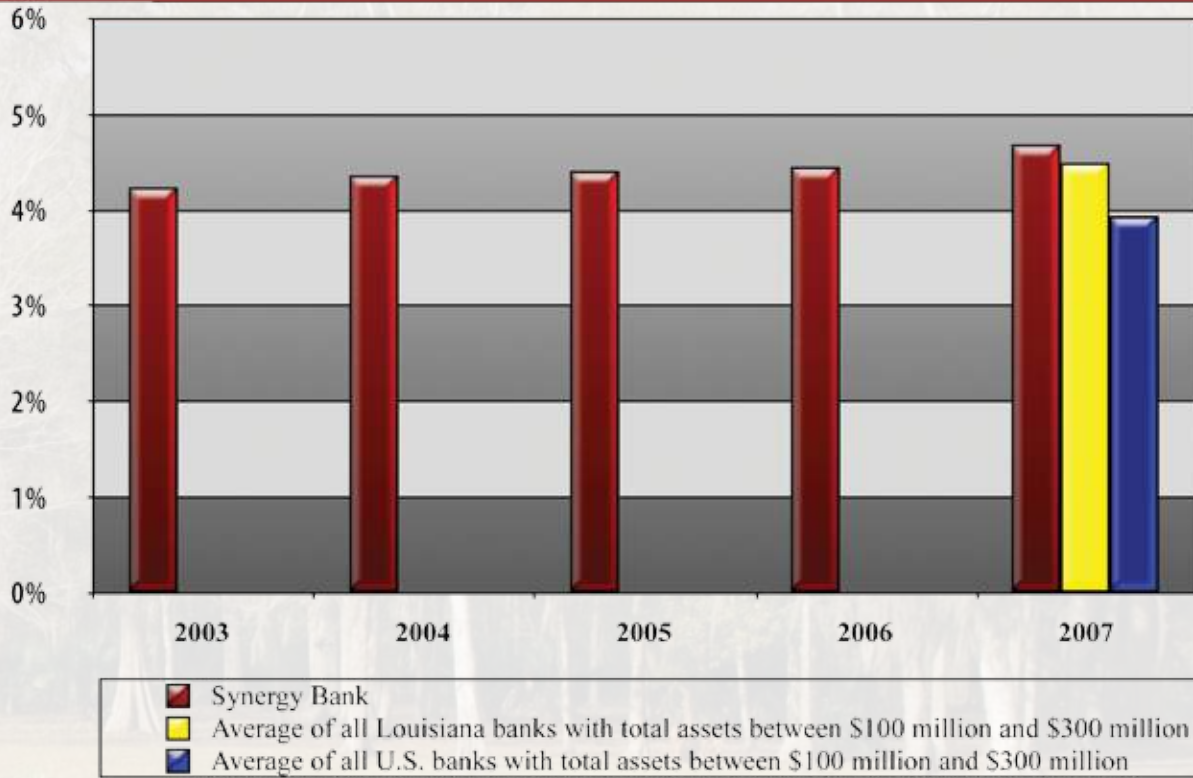
**SYNERGY BANCSHARES, INC. AND SUBSIDIARY**  
**Houma, Louisiana**

**CONSOLIDATED STATEMENTS OF CHANGES IN  
STOCKHOLDERS' EQUITY**  
**Years Ended December 31, 2007, 2006, and 2005**

	COMMON STOCK	NONVESTED RESTRICTED STOCK	SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL
Balance, December 31, 2004	\$1,440,080	-	\$5,812,529	\$3,620,073	\$(34,705)	\$10,837,977
Comprehensive income:						
Net income	-	-	-	2,144,997	-	2,144,997
Net change in net unrealized loss on securities available-for-sale, net of tax of (\$14,265)	-	-	-	-	(27,691)	(27,691)
Comprehensive income						2,117,306
Issuance of stock (20,193 shares)	40,386	-	261,544	-	-	301,930
Cash dividends declared	-	-	-	(185,058)	-	(185,058)
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)
<b>Balance, December 31, 2007</b>	<b>\$1,498,512</b>	<b>\$700</b>	<b>\$6,155,620</b>	<b>\$10,179,107</b>	<b>\$34,558</b>	<b>\$17,868,497</b>



# NET INTEREST MARGIN



## Sound Advice in Challenging Times

Synergy Investment Services is one of the bank's fastest-growing services.

It provides our clients with strategies and financial products and services to meet long-term goals.

**Investment**  
**Synergy Services**  
 a division of synergy bank



# Reaching Out

Synergy is branching out in a variety of ways to market the bank and to expand our reach. Newsletters and print advertisements are important marketing tools that keep clients and prospects informed, and further brand Synergy as a financial institution with firm ties to the community.

- Mortgage Loans
- Credit Cards
- STAR ATM - Visa® Check Card
- Safe Deposit Boxes
- Internet Banking
- Online Bill Payer
- eStatements
- 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
- Health Savings Accounts
- Investment Services





# Directors



Donald P. Callais



Terry C. Calongne



Daniel B. Cannon



Kerry J. Chauvin



Michel H. Claudet



Gordon E. Dove



Morris P. Hebert



Jerry P. Ledet Jr.



Dr. Koti V. Sangisetty



Jeffery J. Scott



F. Jeffrey Teuton

# Officers

Jerry P. Ledet Jr.  
President & CEO

Marie M. Morris  
Senior Vice President & CRCM

Harvey P. Authement Jr.  
Vice President

Kaye L. Bergeron  
Vice President

Benjamin D. Borne  
Executive Vice President & CFO

John G. Hebert  
Vice President

Marla L. Porche  
Vice President

Ann V. Summers  
Vice President & CFP

Russell J. Touchet  
Vice President

Denise S. Garofalo  
Vice President

Ann M. Walton  
Vice President

Julia L. Filce  
Assistant Vice President

Melissa Z Hutchinson  
Banking Officer

Gerald J. Thibodaux II  
Banking Officer & CPA

Melanie B. Boquet  
Executive Secretary



## **SYNERGY BANCSHARES INCORPORATED**

---

### **SYNERGY CENTER OFFICE**

210 Synergy Center Boulevard  
Houma, Louisiana 70360

Phone: 985.851.3341  
Fax: 985.851.3352

### **TUNNEL OFFICE**

1036 West Tunnel Boulevard  
Houma, Louisiana 70360

Phone: 985.851.1879  
Fax: 985.851.2742

### **EAST HOUMA OFFICE**

919 Grand Caillou Road  
Houma, Louisiana 70363

Phone: 985.851.2619  
Fax: 985.851.2024