



ANNUAL REPORT 2010



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# LETTER TO SHAREHOLDERS

Dear Valued Shareholder:

From a profitability standpoint, 2010 was the best year in Synergy Bank's 11-year history. The bank continues to prosper and expand, adding a fifth location in Thibodaux, scheduled to open later in 2011. In an effort to further strengthen our capital position, your bank raised approximately \$6.8 million by offering existing stockholders the opportunity to purchase additional shares. This capital infusion ensures a stable and responsible platform from which to provide banking products and services that will fuel the expansion and prosperity of our community and meet the diverse demands of its citizens.

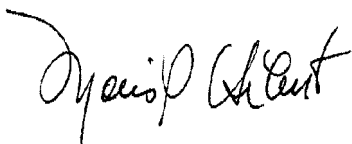
As a testament to the bank's solid performance, Synergy ranks near the top in overall community bank performance. The Louisiana Bank Performance Report Mid Year 2010, published by Kentucky-based Financial Management Consulting Group, listed Synergy as the sixth-best of 131 Louisiana banks. In addition, and for the second consecutive year, Synergy was named one of the top-performing banks according to size by the ABA Journal. We congratulate our directors, officers and employees for their tireless efforts and unrelenting commitment in order to ensure the continued success of the Bank.

Although 2010 proved to be a banner year for your bank, it was not without great challenges. The oil spill in the Gulf of Mexico caused tremendous hardship for many in our area, and our thoughts and prayers go out to all of those who were affected. To help people meet their financial needs, Synergy revamped its product line by offering new, high-interest accounts while remaining competitive on both retail and commercial loans. Our commitment to the region is evidenced by our assistance to numerous non-profit organizations with sponsorships throughout the year, and our participation in more than 60 other charitable or civic events.

The year 2010 met or exceeded every business goal set by your board of directors. Total Consolidated Assets reached \$328 million, a growth of 14% over the previous year. Loans totaled \$238 million, funded by deposits of \$293 million. Net Earnings reached \$3.8 million, or \$4.62 per share.

As we enter 2011, Synergy Bank remains firmly committed to the vision that our founding directors set forth more than a decade ago. Looking ahead, we remain dedicated to continuing our community leadership role and are positioned to expand our market share. We are a sound financial institution and a pillar of integrity, locally owned and managed, and shaped by the values that make our home a wonderful place to work and live.

Sincerely,



Morris P. Hebert  
Chairman of the Board



Jerry P. Ledet Jr.  
President & CEO

## Synergy Expands into Lafourche Parish

In 2010, Synergy's expansion plans included the purchase of a 2.449-acre tract of land on Highway 308 and Rosedown Drive in Thibodaux, the future site of the bank's fifth location. The new branch will be Synergy's first in Lafourche Parish. Construction is under way.

Like the bank's other branches, the new site is strategically and conveniently located between residential, commercial and retail trade areas, and is accessible to residents of the Thibodaux community and surrounding areas within Lafourche Parish. Given that the economies of Terrebonne and Lafourche are largely intertwined, many residents of both parishes commute to the other for employment and educational purposes.

Although the bank currently has locations only in Terrebonne Parish, it has established a significant customer base from Thibodaux and the surrounding area. In addition to providing added convenience to Lafourche Parish customers who already have a relationship with Synergy, the new location will provide significant growth opportunities for the bank and more competitive banking options for other Thibodaux-area residents and businesses.

Managing the new branch will be banking veteran Patrice Oncale, who brings to Synergy 34 years of banking experience in the Thibodaux market.

# NEW LOCATION





### Investment Division Revenues Increasing

Our investment division experienced its best year, revenue-wise, since its inception in 2005. The division is led by Ann Summers, CFP®, who has more than 25 years of experience in banking and financial services. Ann is accompanied by registered representatives Brett Means, also at the Synergy Center Office, and Megan Frost, of the Gray Office. Clients are also seen at the Tunnel Office by appointment.

Synergy Investment Services, through its consultants Ann, Brett and Megan, provide clients with a broad range of financial products and customized options for investment management, insurance, retirement, college and estate planning. A broad range of products are available to address investors' varying needs, such as mutual funds, fixed and variable annuities, real estate investment trusts, and wrap accounts, to name a few.

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

<b>Not FDIC Insured</b>	<b>No Bank Guarantee</b>	<b>May Lose Value</b>	<b>Not A Deposit</b>
<b>Not Insured By Any Federal Government Agency</b>			



### Synergy is First to Offer Kasasa Accounts in Louisiana

In 2010, Synergy introduced its customers to the innovative products of Kasasa, which is a new brand of rewards banking that is only available at select community banks. It allows account-holders to customize the rewards they receive based on what interests them most: high interest, automatic savings, charitable giving and even free iTunes downloads.

From a marketing standpoint, Kasasa enables Synergy to offer an attractive alternative to the "mega bank" experience. It combines free, rewards-based accounts with the personalized customer service for which Synergy is known. Kasasa advertisements create regional brand recognition and allow Synergy to capitalize on exposure in other markets.



## Synergy Ensures that Children Are "Penny-Wise"

Synergy's Children's Banking program has seen steady success with its outreach component, Bank at School, now well-established at three area schools: Boudreaux Canal and Oakshire elementary schools, and St. Matthew's Episcopal School. Bank at School offers age-appropriate lessons in finance and banking, allowing children to interact face-to-face with a Synergy representative.

The Children's Banking brand is instantly recognizable through the character of Penny D. Pelican, who makes appearances at local events and festivals — most notably at Kids Day at the Houma-Terrebonne Civic Center. Penny also has three publications: a newsletter filled with money facts, games and stories; a coloring book; and an illustrated children's book about how Penny came to be such a thrifty bird. All of these elements combine to nurture a child's appreciation and respect for money matters.

The dollars-and-cents marketing success of the campaign has been substantial. In any given year, the program reaches approximately 1,000 students through active participation in the Bank at School lessons, minor account deposits, or through the publications.



## 50+ Club is on the Move

The popularity of our 50+ Program for Synergy Bank customers 50 and older continues to increase. In 2005, the bank initiated this club to provide avenues of education and entertainment for our Baby Boomers and beyond. Statistics show that this is a steadily growing segment of our population. In the past year, the three events staged were very well-attended. In April, *New York Times* bestselling author Dr. Jeffrey Long led a presentation on near-death experiences. In September, the group toured the newest addition to the National World War II Museum in New Orleans. The year culminated in a holiday-themed event that drew almost 200 guests to the Municipal Auditorium in Houma. As the singing group The Victory Belles performed Christmas songs and 1940s-era tunes, guests sampled food from several local restaurants and perused the wares of local retailers.







BOARD OF

DIRECTORS



Gordon E. Dove  
 Dr. Koti V. Sangisetty  
 F. Jeffrey Teuton  
 Jeffery J. Scott  
 Terry C. Calongne  
 Donald P. Callais  
 Michel H. Claudet  
 Jerry P. Ledet Jr.  
 Morris P. Hebert  
 Kerry J. Chauvin  
 Daniel B. Cannon

OFFICERS

Jerry P. Ledet Jr.  
 President & CEO

Angela H. Rodrigue  
 Vice President

Benjamin D. Borne  
 Executive Vice President & CFO

Ann V. Summers, CFP®  
 Vice President

Marie M. Morris, CRCM  
 Senior Vice President

Gerald J. Thibodaux II, CPA  
 Vice President

Harvey P. Authement Jr.  
 Vice President

Russell J. Touchet  
 Vice President

Kaye L. Bergeron  
 Vice President

Julia L. Filce  
 Assistant Vice President

Denise S. Garofalo  
 Vice President

Madonna A. McClennen  
 Assistant Vice President

John G. Hebert  
 Vice President

Sallie L. Preston, PHR  
 Assistant Vice President

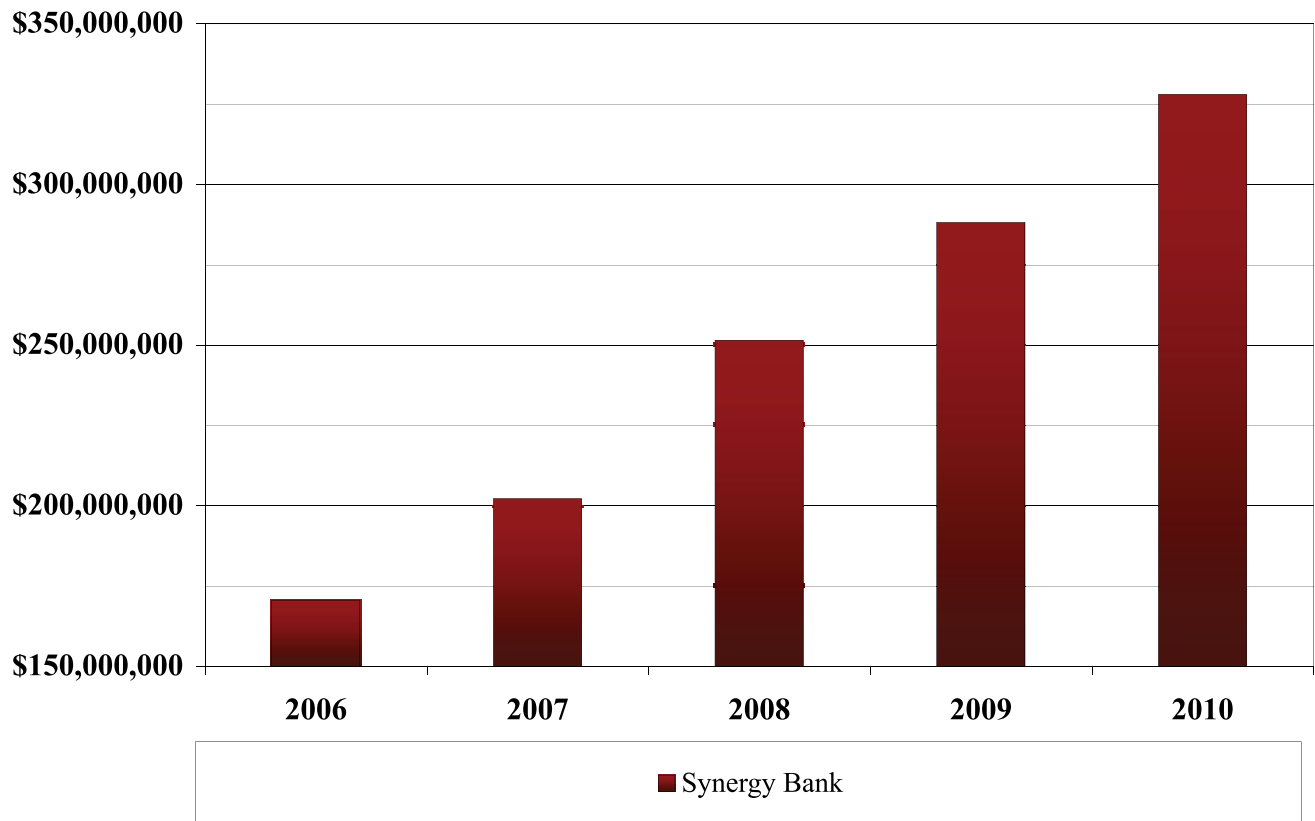
Patrice L. Oncale  
 Vice President

Melanie B. Boquet  
 Executive Secretary

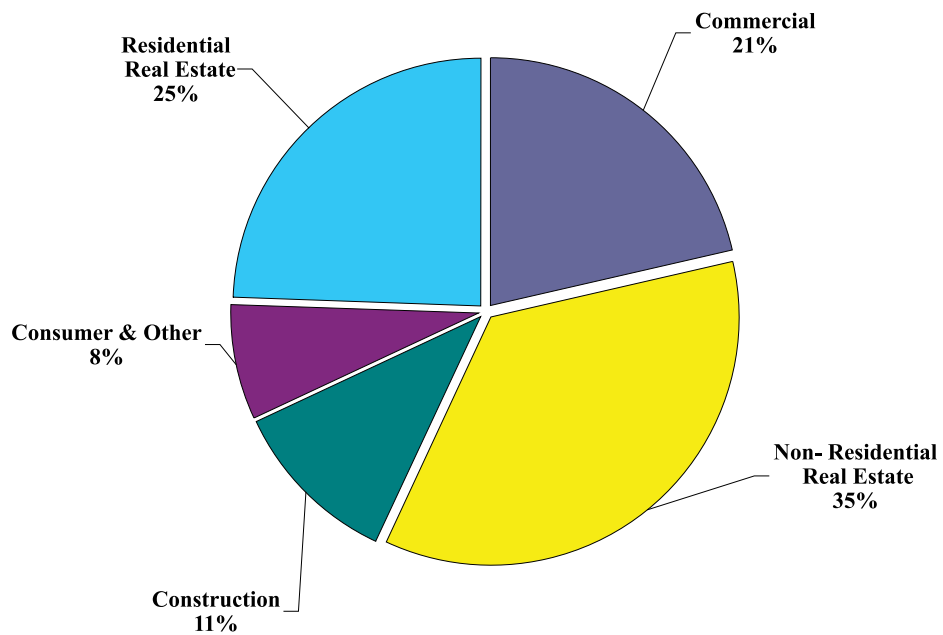
Marla L. Porche  
 Vice President

Melissa Z. Hutchinson  
 Banking Officer

## TOTAL ASSETS



## COMPOSITION OF LOAN PORTFOLIO



ASSETS

	2010	2009
Cash and due from banks	\$3,369,385	\$3,768,703
Federal funds sold	500,000	500,000
Cash and cash equivalents	3,869,385	4,268,703
Interest-bearing deposits in banks	49,188,237	26,375,517
Securities available for sale	19,999,976	11,033,866
Securities held to maturity (fair values of \$7,627,295 in 2010 and \$4,748,125 in 2009)	7,648,502	4,750,000
Federal Home Loan Bank stock, at cost	207,600	207,200
First National Banker's Bankshares, Inc. stock, at cost	395,000	395,000
Loans, net of allowance for loan losses of \$4,766,941 and \$4,619,694, for 2010 and 2009, respectively	233,039,115	227,848,391
Property and equipment, net	10,655,566	10,259,920
Other assets	3,022,492	3,080,820
<b>TOTAL ASSETS</b>	<b>\$328,025,873</b>	<b>\$288,219,417</b>

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

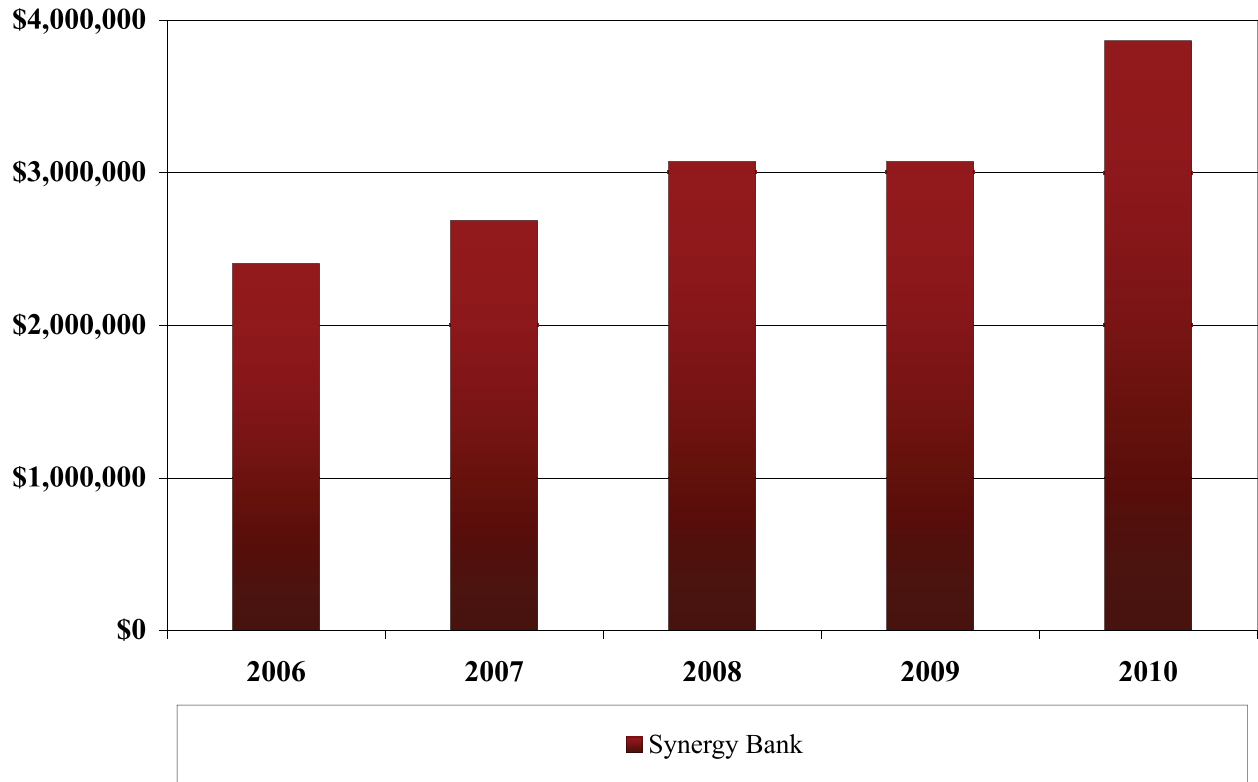
Deposits:		
Noninterest-bearing	\$50,952,938	\$44,139,625
Interest-bearing	242,454,411	219,102,287
Total deposits	293,407,349	263,241,912
Accrued expenses and other liabilities	856,248	1,463,395
<b>TOTAL LIABILITIES</b>	<b>294,263,597</b>	<b>264,705,307</b>

COMMITMENTS AND CONTINGENT LIABILITIES (Notes 18 and 19)

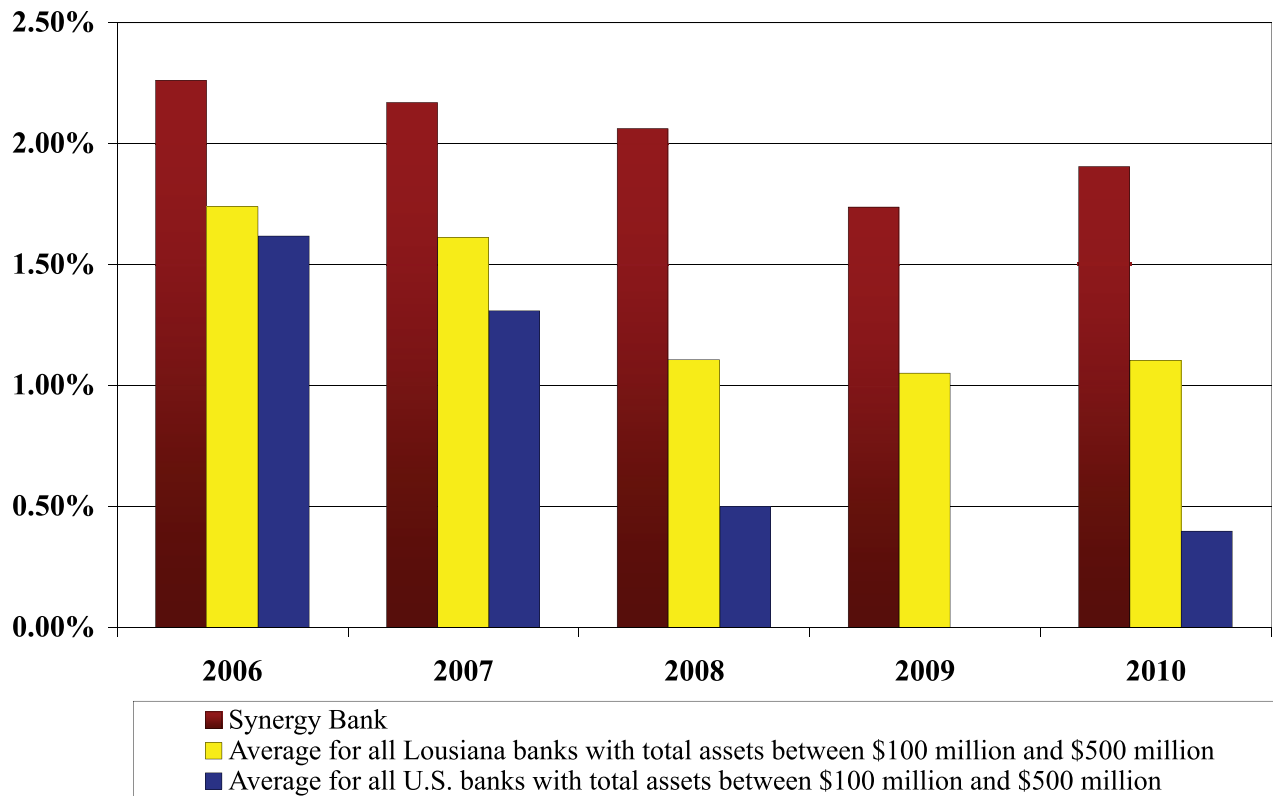
STOCKHOLDERS' EQUITY

Common stock - \$2 par value:		
Authorized - 10,000,000 shares; issued and outstanding - 926,708 shares and 754,806 shares, respectively	1,853,416	1,509,612
Nonvested restricted stock	2,860	2,130
Surplus	12,739,701	6,240,761
Retained earnings	19,174,392	15,739,257
Accumulated other comprehensive income (loss)	(8,093)	22,350
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>33,762,276</b>	<b>23,514,110</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$328,025,873</b>	<b>\$288,219,417</b>

## NET INCOME



## NET INCOME BEFORE TAXES / AVERAGE ASSETS



INTEREST INCOME

	2010	2009	2008
Interest and fees on loans	\$15,636,368	\$14,302,790	\$12,943,198
Interest on investment securities:			
Taxable	179,750	445,398	1,085,215
Tax-exempt	14,723	-	-
Interest on federal funds sold	960	3,146	216,964
Interest on deposits with other banks	82,808	20,811	5,491
<b>Total interest income</b>	<b>15,914,609</b>	<b>14,772,145</b>	<b>14,250,868</b>

INTEREST EXPENSE

Interest on deposits	4,307,568	4,038,095	4,789,880
<b>NET INTEREST INCOME</b>	<b>11,607,041</b>	<b>10,734,050</b>	<b>9,460,988</b>
Provision for loan losses	441,999	1,223,286	973,258
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>11,165,042</b>	<b>9,510,764</b>	<b>8,487,730</b>

NONINTEREST INCOME

Service charges on deposit accounts	1,129,088	1,070,012	859,455
Loan commitment fees and other charges	980,652	942,759	919,745
Other income	202,940	108,139	185,777
	<b>2,312,680</b>	<b>2,120,910</b>	<b>1,964,977</b>

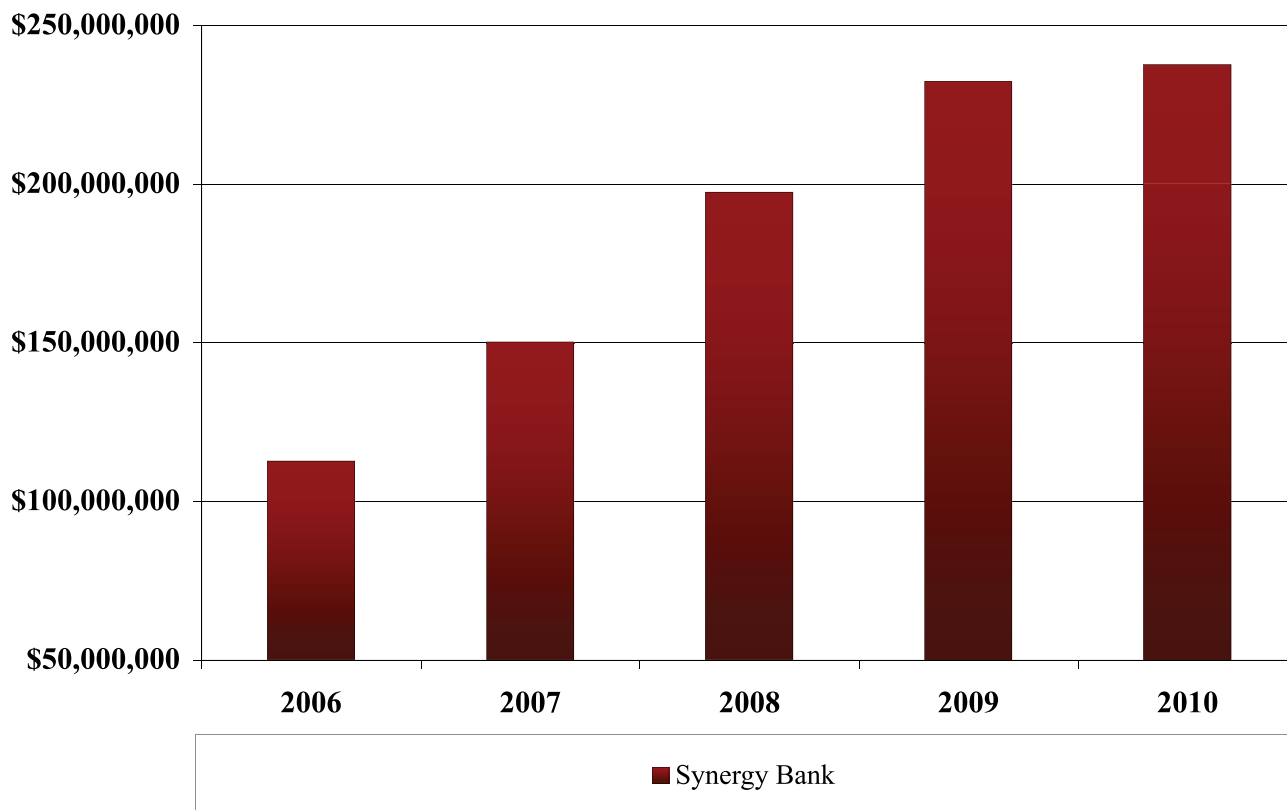
NONINTEREST EXPENSES

Salaries and employee benefits	4,108,356	3,755,989	3,288,091
Occupancy and equipment	885,789	872,597	758,022
Data processing	476,686	446,902	430,451
Other general and administrative	2,222,215	2,008,412	1,464,948
	<b>7,693,046</b>	<b>7,083,900</b>	<b>5,941,512</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>5,784,676</b>	<b>4,547,774</b>	<b>4,511,195</b>
Provision for income taxes	1,958,810	1,514,835	1,454,234
<b>NET INCOME</b>	<b>\$3,825,866</b>	<b>\$3,032,939</b>	<b>\$3,056,961</b>

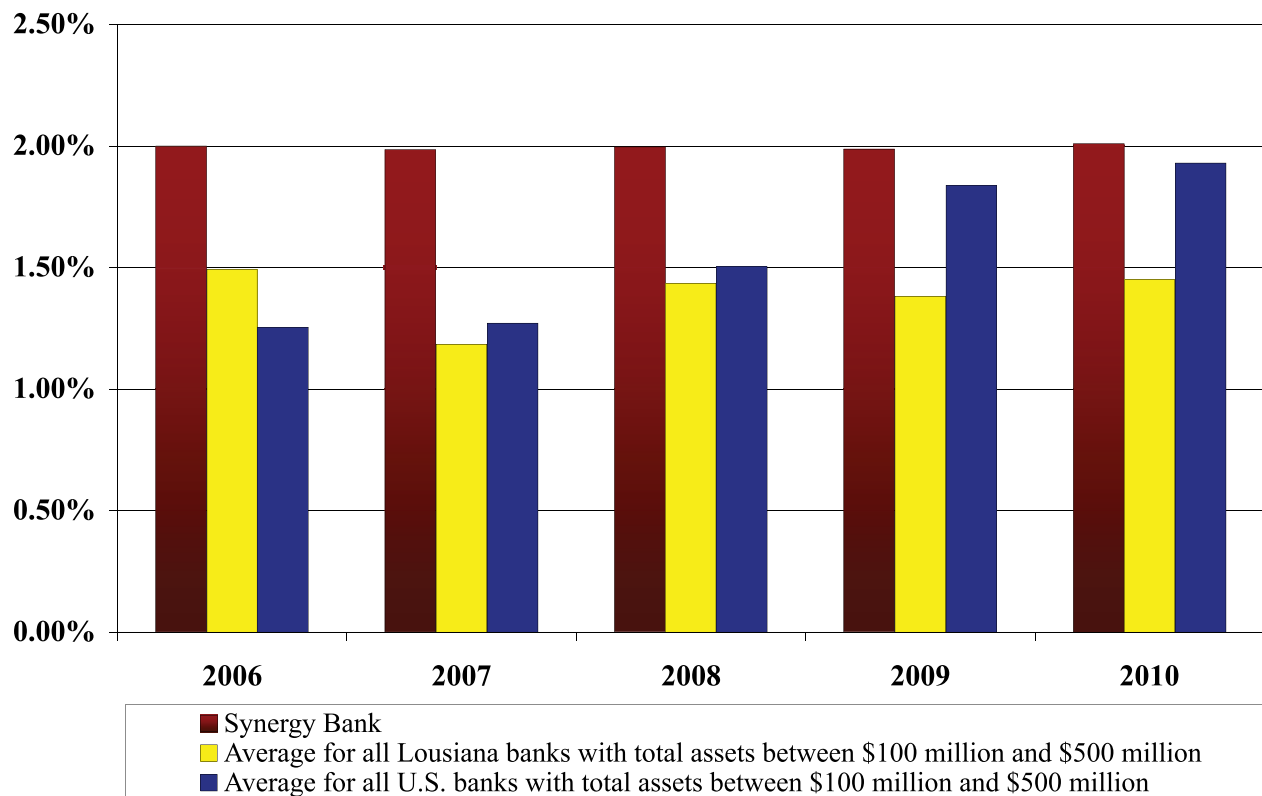
Per Common Share Data:

Net income per share of common stock	\$4.62	\$4.02	\$4.07
Cash dividends per share of common stock	0.420	\$0.350	\$0.350
Average shares outstanding	827,950	754,620	751,587

## TOTAL LOANS



## ALLOWANCE FOR LOAN LOSSES TO TOTAL LOANS



	Common Stock	Nonvested Restricted Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Income	Total
<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>
Comprehensive income:						
Net income	-	-	-	3,056,961	-	3,056,961
Net unrealized gain 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)
<b>Balance, December 31, 2008</b>	<b>1,506,212</b>	<b>1,400</b>	<b>6,203,657</b>	<b>12,971,624</b>	<b>165,897</b>	<b>20,848,790</b>
Comprehensive income:						
Net income	-	-	-	3,032,939	-	3,032,939
Net unrealized loss on securities available-for-sale, net of tax benefit of \$73,948	-	-	-	-	(143,547)	(143,547)
Comprehensive income						2,889,392
Issuance of stock (1,000 shares)	2,000	-	8,000	-	-	10,000
Issuance of vested stock (700 shares)	1,400	(1,400)	-	-	-	-
Nonvested restricted stock (1,065 shares)	-	2,130	32,083	-	-	34,213
Stock issue costs	-	-	(2,979)	-	-	(2,979)
Cash dividends declared	-	-	-	(265,306)	-	(265,306)
<b>Balance, December 31, 2009</b>	<b>1,509,612</b>	<b>2,130</b>	<b>6,240,761</b>	<b>15,739,257</b>	<b>22,350</b>	<b>23,514,110</b>
Comprehensive income:						
Net income	-	-	-	3,825,866	-	3,825,866
Net unrealized loss on securities available-for-sale, net of tax benefit of \$15,683	-	-	-	-	(30,443)	(30,443)
Comprehensive income						3,795,423
Issuance of stock (170,837 shares)	341,674	-	6,491,805	-	-	6,833,479
Issuance of vested stock (1,065 shares)	2,130	(2,130)	-	-	-	-
Nonvested restricted stock (1,430 shares)	-	2,860	45,223	-	-	48,083
Stock issue costs	-	-	(38,088)	-	-	(38,088)
Cash dividends declared	-	-	-	(390,731)	-	(390,731)
<b>Balance, December 31, 2010</b>	<b>\$1,853,416</b>	<b>\$2,860</b>	<b>\$12,739,701</b>	<b>\$19,174,392</b>	<b>\$(8,093)</b>	<b>\$33,762,276</b>

# LOCATIONS

**SYNERGY CENTER OFFICE**  
210 Synergy Center Boulevard  
Houma, Louisiana 70360  
Phone: 985.851.3341  
Fax: 985.851.3352

**EAST HOUMA OFFICE**  
919 Grand Caillou Road  
Houma, Louisiana 70363  
Phone: 985.851.2619  
Fax: 985.851.2024

**TUNNEL OFFICE**  
1036 West Tunnel Boulevard  
Houma, Louisiana 70360  
Phone: 985.851.1879  
Fax: 985.851.2742

**GRAY OFFICE**  
3855 West Park Avenue  
Gray, Louisiana 70359  
Phone: 985.851.2630  
Fax: 985.851.6930

# SERVICES

Mortgage Loans  
Credit Cards  
Synergy ATM - Visa® Debit 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  
Minor Savings

