

2012 Annual Report
Working With You - For You



Synergy
Bancshares

INCORPORATED

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Synergy Bancshares

I N C O R P O R A T E D



Letter to Shareholders

Dear Synergy Family:

As part of our mission, Synergy believes that there is strength in community. We strive to work with our community, fostering the growth and prosperity of our area, while also working for the community by addressing the unique needs of the people we serve.

While faced with the challenging economic times of 2012, your bank responded with the ability to fulfill the diverse financial objectives of our community and remained dedicated to the progress of our region. There were several accomplishments throughout the year to note, such as continuing a sustained and profitable growth while providing loans to businesses and individuals.



Working With You - For You.

By successfully adapting to the prolonged low interest rate environment, Synergy reached consolidated assets of \$391 million and increased earnings to \$4.3 million. Synergy continues to provide employment to over 100 individuals in our community, while maintaining efficiency levels well above the industry norm, even in light of increased cost of government regulations and higher maintenance requirements.

We experienced continued growth of market share in both Lafourche and Terrebonne parishes. Despite being less than 14 years old, Synergy has the second largest market share in Terrebonne. Our enhanced electronic banking products and services, such as remote deposit capture, enable our customers to work more efficiently.

Synergy Bank remains a leader in our community, sponsoring and spearheading local events such as Kids Day and Kasasa Winter Wonderland. Our employees continue to reach out to the community, volunteering thousands of hours to numerous charitable and non-profit events. Through our 50+ Club events, Bank at School program, and our expanding list of commercial and consumer services, we continue to cater to our customers and future customers through unique methods unparalleled by other financial institutions.

Our officers and employees remain committed to providing our customers with friendly and knowledgeable service, while our Board of Directors remains faithful in its dedication to provide sensible guidance and vision. We thank our customers and stockholders for their loyalty and support. It is our pledge that we will continue to do our part to help strengthen our community by working with you and for you.

Sincerely,

Handwritten signature of Morris P. Hebert in black ink.

Morris P. Hebert
Chairman of the Board

Handwritten signature of Jerry P. Ledet, Jr. in black ink.

Jerry P. Ledet, Jr.
President & CEO

Departments & Locations

At Synergy Bank's core, there are over 100 employees that work to serve your banking needs. Perhaps you have been into one of our offices to open a checking account, make a deposit, or sign for a loan, but there are plenty of smiling Synergy faces you haven't seen. Rest assured that our dedication extends well past the front line.



Internal Auditing
(Pictured Above)

eBanking Services

Deposit Operations

Marketing



Information Technology

Investments

Accounting

Loan Operations

Credit Analysis
(Pictured Above)

Call Center

Human Resources

Loan Processing

Synergy Center Office

210 Synergy Center Boulevard
Houma, LA 70360
Phone: 985.851.3341
Fax: 985.851.3352

Tunnel Office

1036 West Tunnel Boulevard
Houma, LA 70360
Phone: 985.851.1879
Fax: 985.851.2742

East Houma Office

919 Grand Caillou Road
Houma, LA 70363
Phone: 985.851.2619
Fax: 985.851.2024

Gray Office

3855 West Park Avenue
Gray, LA 70359
Phone: 985.851.2630
Fax: 985.851.6930

Thibodaux Office

209 East Bayou Road
Thibodaux, LA 70301
Phone: 985.446.8442
Fax: 985.446.6301



Board of Directors



Donald P. Callais
USI Insurance Services
Insurance Executive

Terry C. Calongne
Gem-Trim of Houma • Co-Owner
Calongne Investment LLC

Daniel B. Cannon
Valerus Compression Services
The Homestead of Houma

Kerry J. Chauvin
Gulf Island Fabrication
Co-Founder



Michel H. Claudet
Terrebonne Parish
President

Gordon E. Dove
Louisiana State Representative
Vacco, Inc. • President

Morris P. Hebert
Morris P. Hebert, Inc. • Founder
Synergy Bancshares Chairman

Jerry P. Ledet, Jr.
Synergy Bank
President & CEO



Koti V. Sangisetty, MD
Urology Heath Center • Founder
Terrebonne Health Park

Jeffery J. Scott
Scottcos • Founder
Retired

F. Jeffrey Teuton
Southland Dodge • President
Southland International
Co-Founder

Officers

Jerry P. Ledet, Jr.
President & CEO

Benjamin D. Borne
Executive Vice President & CFO

Marie M. Morris, CRCM
Senior Vice President

Harvey P. Authement, Jr.
Vice President

Denise S. Garofalo
Vice President

John G. Hebert
Vice President

Madonna A. McClennen
Vice President

Patrice L. Oncale
Vice President

Marla L. Porche
Vice President

Angela H. Rodrigue
Vice President

Ann V. Summers, CFP®
Vice President

Russell J. Touchet
Vice President

Julia L. Filce
Assistant Vice President

Sallie L. Preston, PHR
Assistant Vice President

Wade J. Richard
Assistant Vice President

Melanie B. Boquet
Executive Secretary

Rusty P. Bourg
Banking Officer

Melissa Z. Hutchinson
Banking Officer

Brigitte S. Kinsella
Banking Officer

Tina H. LeBoeuf
Banking Officer

Investments



Ann Summers, CFP®

The investment division posted another strong year in spite of volatile financial markets and a challenging political environment. Ann Summers and Brett Means remained steadfast in their approach to help customers pursue their financial goals.

With over 30 years of experience in banking and financial services, Ann Summers, CFP® offers perspective on investment management and provides comprehensive advice in order to help clients make sound decisions. Ann continues to serve clients at our Main, Tunnel, and Thibodaux locations.

Synergy Investment Services, through its Financial Consultant Ann, provides clients with access to a broad range of financial products and services for investment management, insurance, retirement, college and estate planning.

Looking ahead to 2013, Synergy Investment Services stands ready to assist customers in pursuing their investment objectives.

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	No Bank Guarantee	May Lose Value	Not a Deposit
Not Insured By Any Government Agency			

Portfolio of Services



Synergy Bank is dedicated to remaining innovative with the creation of new products and services, including Business Remote Deposit Capture and the uSave Club account. Created with customer flexibility in mind, both of these products help to service the ever-changing financial landscape. Coupled with exceptional customer service, you can always count on Synergy to be on the forefront of your banking expectations.

While we still look to grow our product and service offerings, Synergy keeps a focus on our core suite in order to make sure you are always getting the most out of your bank. You will not find a bank more dedicated to ensuring we service all of your banking needs.

- Business Remote Deposit Capture
- Mortgage Loans
- Consumer & Business Credit Cards
- Safe Deposit Boxes
- Online Banking / Mobile Banking
- eStatements
- Online Bill Payer
- Kasasa® Checking Accounts
- Sweep Accounts
- Direct Deposit & ACH for Businesses
- uSave Club Accounts
- Business Checking Accounts
- Health Savings Accounts
- Certificates of Deposit
- Corporate Cash Management
- Individual Retirement Accounts
- Investment Services
- Minor Savings Accounts
- Consumer & Business Loans
- Personal Checking Accounts
- Savings & Money Market Accounts

Serving the Community



It has always been a philosophy of Synergy to give back to the community. Our employees give up several weekends throughout the year to donate their time to local events. In 2012, our employees participated in more than 60 local events, accounting for thousands of hours volunteered.

Synergy Bank is also a proud supporter of the Bayou Country Children's Museum, which broke ground this year in Thibodaux. Synergy served as one of four community banks that came together to help finance the construction of the museum.



Grassroots Events

To promote our partnership with Kasasa, Synergy strived to create a memorable event for the community to enjoy. Through its grassroots efforts, Synergy hosted its largest event to date with the Kasasa Winter Wonderland at Southdown Plantation in December.

Thousands of children and families played in real snow, a rare sighting in South Louisiana. They also ice skated, slid down a snow-capped hill, jumped in the world's tallest snowman bounce house, and took a ride on a train. Children also made their very own snow globe ornaments, Santa faces, and Rudolph puppets to take home. Entrance to the event and all of the activities were free, which allowed children who may not normally have the opportunity to do these types of activities around the holidays to do so.



Synergy 50+ Club

The popularity of our 50+ Club continues to grow. In 2012, there were three events where customers could socialize, eat delicious food, and view great entertainment. As part of Synergy's 50+ Club, members were treated to a Grammy Award-winning band, traveled to the Mahalia Jackson Theater in New Orleans for a theatrical production of Disney's *The Lion King*, and celebrated the holiday season with the Third Annual Ring in the Holidays event. The 50+ Club is open to all Synergy Bank customers 50 years of age and older.



Financial Education



In an effort to reach out to future customers, Synergy utilizes the bank mascot Penny D. Pelican to connect with children and students through appearances at local events and schools. Through Partners in Education, Synergy reaches out to local students at Boudreaux Canal Elementary, Oakshire Elementary, Thibodaux Elementary, and St. Matthew's Episcopal School. By giving lessons on money and banking, Synergy teaches children the basics of personal finance and provides a solid foundation for financial literacy. In addition, Synergy also hosted an "Improve My School" Contest, where local schools submitted their ideas for projects that could improve the quality of life at their schools. A prize of \$500 was awarded to the winner, Honduras Elementary School, to help pay for two new play sets.



SYNERGY BANCSHARES, INC. AND SUBSIDIARY

Houma, Louisiana

CONSOLIDATED BALANCE SHEETS

December 31, 2012 and 2011

ASSETS

	2012	2011
Cash and due from banks	\$ 5,921,064	\$ 5,928,058
Federal funds sold	500,000	500,000
Cash and cash equivalents	6,421,064	6,428,058
Interest-bearing deposits in banks	63,181,481	37,618,683
Securities available for sale	24,037,732	24,202,020
Securities held to maturity (fair values of \$8,999,549 in 2012 and \$20,723,314 in 2011)	8,991,610	20,691,697
Federal Home Loan Bank stock, at cost	208,400	208,000
First National Bankers Bancshares, Inc. stock, at cost	595,000	595,000
Loans, net of allowance for loan losses of \$6,235,875 and \$5,174,022, for 2012 and 2011, respectively	272,915,025	242,468,311
Property and equipment, net	11,960,243	12,239,570
Other assets	2,903,047	2,575,700
TOTAL ASSETS	\$ 391,213,602	\$ 347,027,039

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

Deposits:

Noninterest-bearing	\$ 68,154,301	\$ 49,214,517
Interest-bearing	280,181,811	259,584,810
Total Deposits	348,336,112	308,799,327
Accrued expenses and other liabilities	1,784,379	919,093
Total Liabilities	350,120,491	309,718,420

COMMITMENTS AND CONTINGENT LIABILITIES

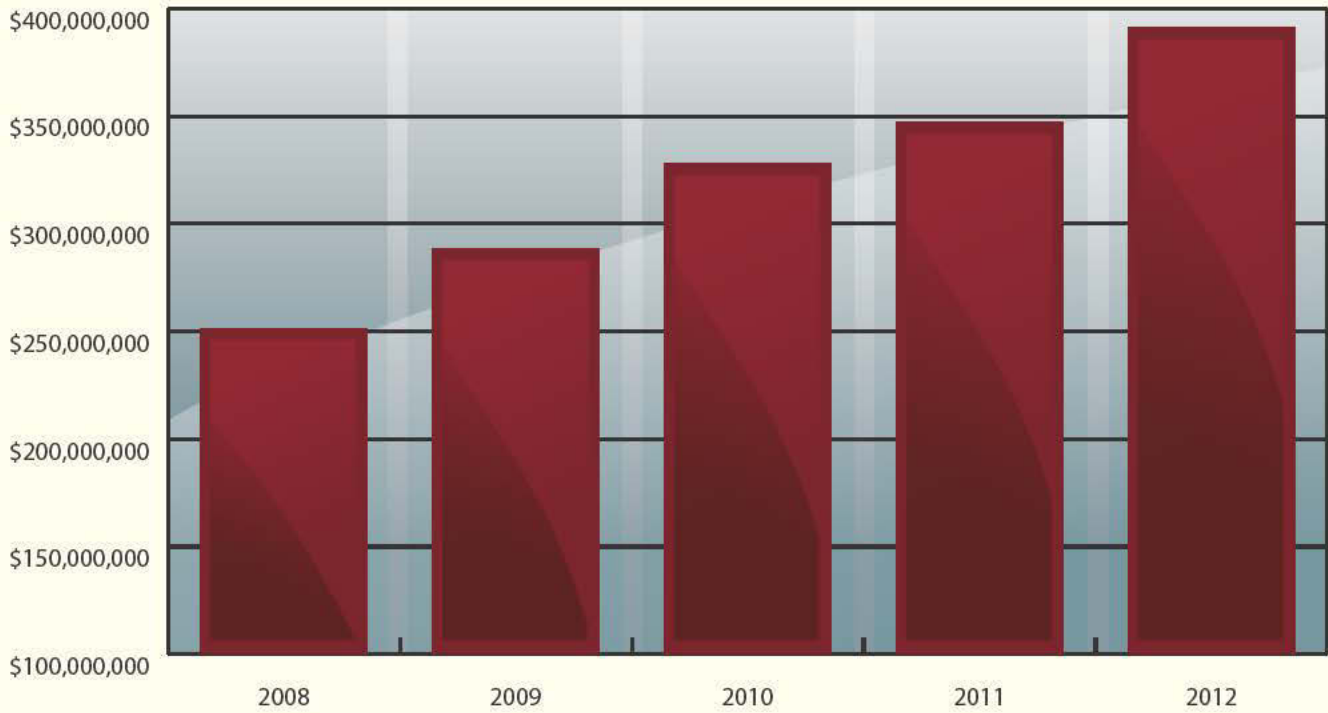
STOCKHOLDERS' EQUITY

Common stock - \$2 par value:

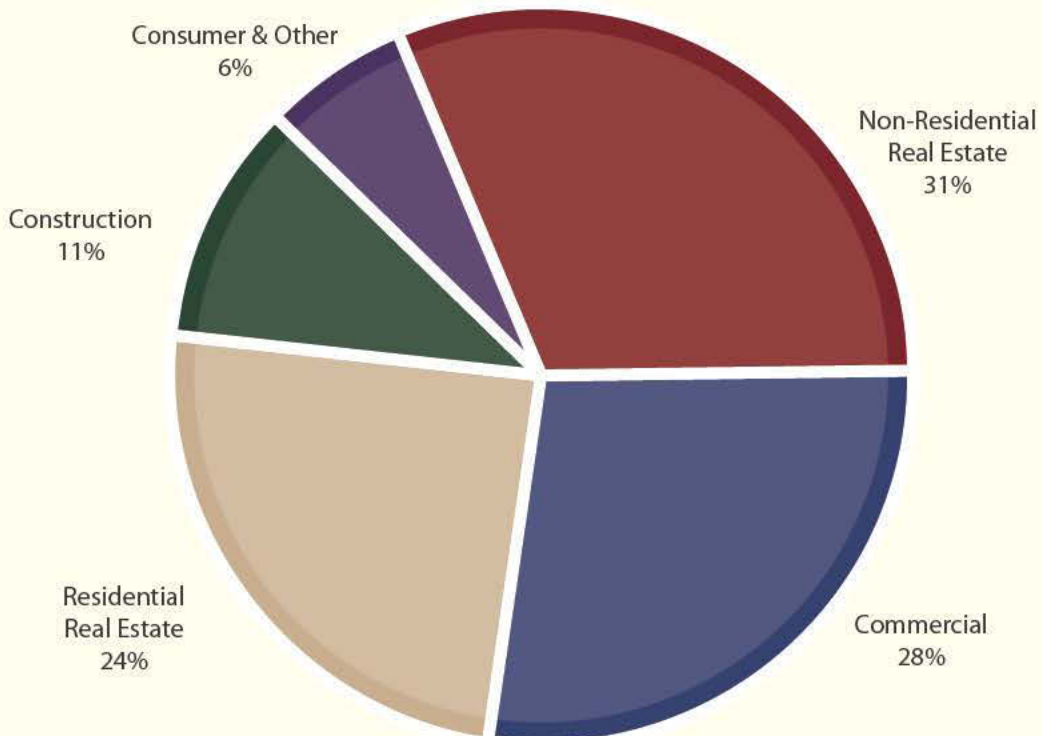
Authorized - 10,000,000 shares; issued and outstanding - 929,593 shares and 928,138 shares, respectively	1,859,186	1,856,276
Nonvested restricted stock	2,990	2,910
Surplus	12,847,358	12,790,726
Retained earnings	26,406,573	22,614,868
Accumulated other comprehensive income	12,355	43,839
Treasury stock, 800 shares	(35,351)	-
Total Stockholders' Equity	41,093,111	37,308,619
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 391,213,602	\$ 347,027,039

The financial statements presented herein are extracted from the audited 2012 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 STATEMENTS OF OPERATIONS
Years Ended December 31, 2012, 2011, and 2010

	2012	2011	2010
INTEREST INCOME			
Interest and fees on loans	\$ 16,533,568	\$ 15,436,144	\$ 15,636,368
Interest on investment securities:			
Taxable	242,118	272,434	179,750
Tax-exempt	26,865	14,125	14,723
Interest on federal funds sold	1,112	1,028	960
Interest on deposits with other banks	127,097	110,588	82,808
Total interest income	16,930,760	15,834,319	15,914,609
INTEREST EXPENSE			
Interest on deposits	2,910,471	3,529,146	4,307,568
NET INTEREST INCOME	14,020,289	12,305,173	11,607,041
Provision for loan losses	1,222,846	757,562	441,999
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	12,797,443	11,547,611	11,165,042
NONINTEREST INCOME			
Service charges on deposit accounts	1,114,349	1,171,715	1,129,088
Loan commitment fees and other charges	1,386,174	1,173,107	980,652
Other income	282,740	266,632	202,940
	2,783,263	2,611,454	2,312,680
NONINTEREST EXPENSES			
Salaries and employee benefits	5,132,092	4,565,482	4,108,356
Occupancy and equipment	1,083,417	959,704	885,789
Data processing	601,072	533,978	476,686
Other general and administrative	2,251,023	2,250,482	2,222,215
	9,067,604	8,309,646	7,693,046
INCOME BEFORE INCOME TAXES	6,513,102	5,849,419	5,784,676
Provision for income taxes	2,208,182	1,989,607	1,958,810
NET INCOME	\$ 4,304,920	\$ 3,859,812	\$ 3,825,866
Per Common Share Data:			
Net income per share of common stock	\$ 4.63	\$ 4.16	\$ 4.62
Cash dividends per share of common stock	0.55	0.45	0.42
Average shares outstanding	929,537	928,138	827,950

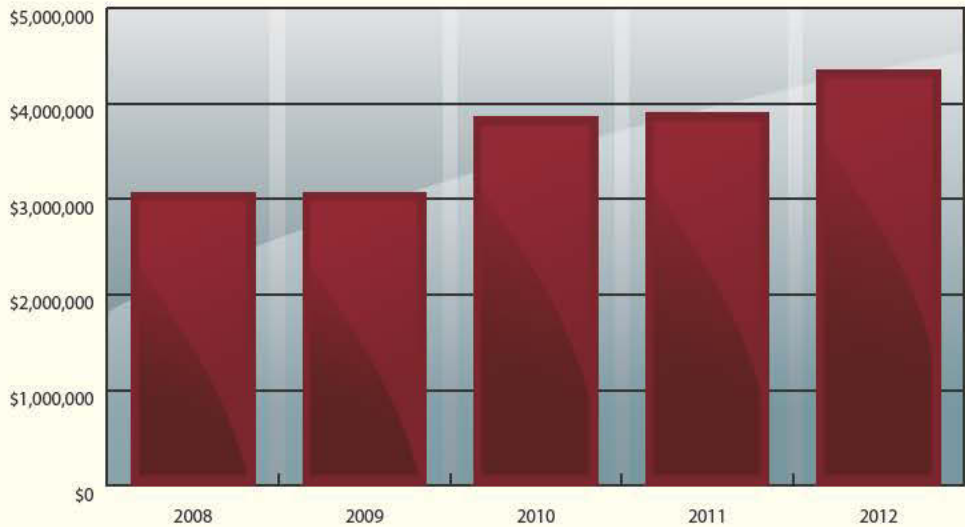
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SYNERGY BANCSHARES, INC. AND SUBSIDIARY
Houma, Louisiana

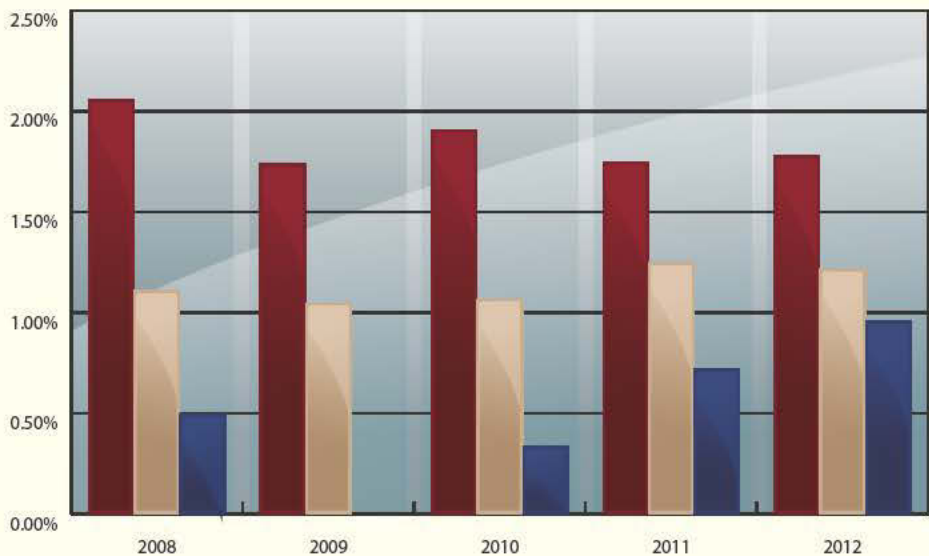
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years Ended December 31, 2012, 2011, and 2010

	<u>2012</u>	<u>2011</u>	<u>2010</u>
NET INCOME	\$ 4,304,920	\$ 3,859,812	\$ 3,825,866
OTHER COMPREHENSIVE INCOME			
Unrealized holding gains (losses) on available-for-sale securities arising during the period, net of tax	<u>(31,484)</u>	<u>51,932</u>	<u>(30,443)</u>
COMPREHENSIVE INCOME	<u><u>\$ 4,273,436</u></u>	<u><u>\$ 3,911,744</u></u>	<u><u>\$ 3,795,423</u></u>

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Net Income



Net Income Before Taxes / Average Assets

- Synergy Bank
- Average for all Louisiana banks with total assets between \$100 million and \$500 million
- Average for all U.S. banks with total assets between \$100 million and \$500 million

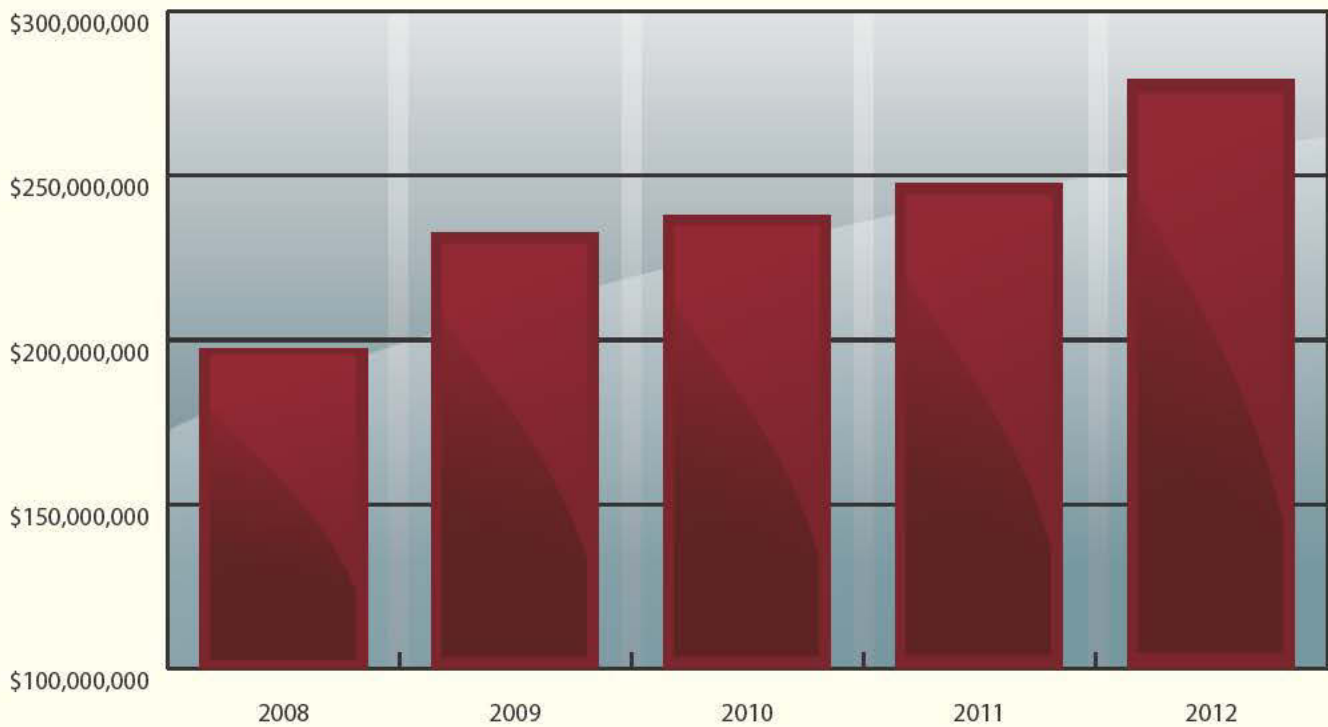
SYNERGY BANCSHARES, INC. AND SUBSIDIARY
Houma, Louisiana

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Years Ended December 31, 2012, 2011, and 2010

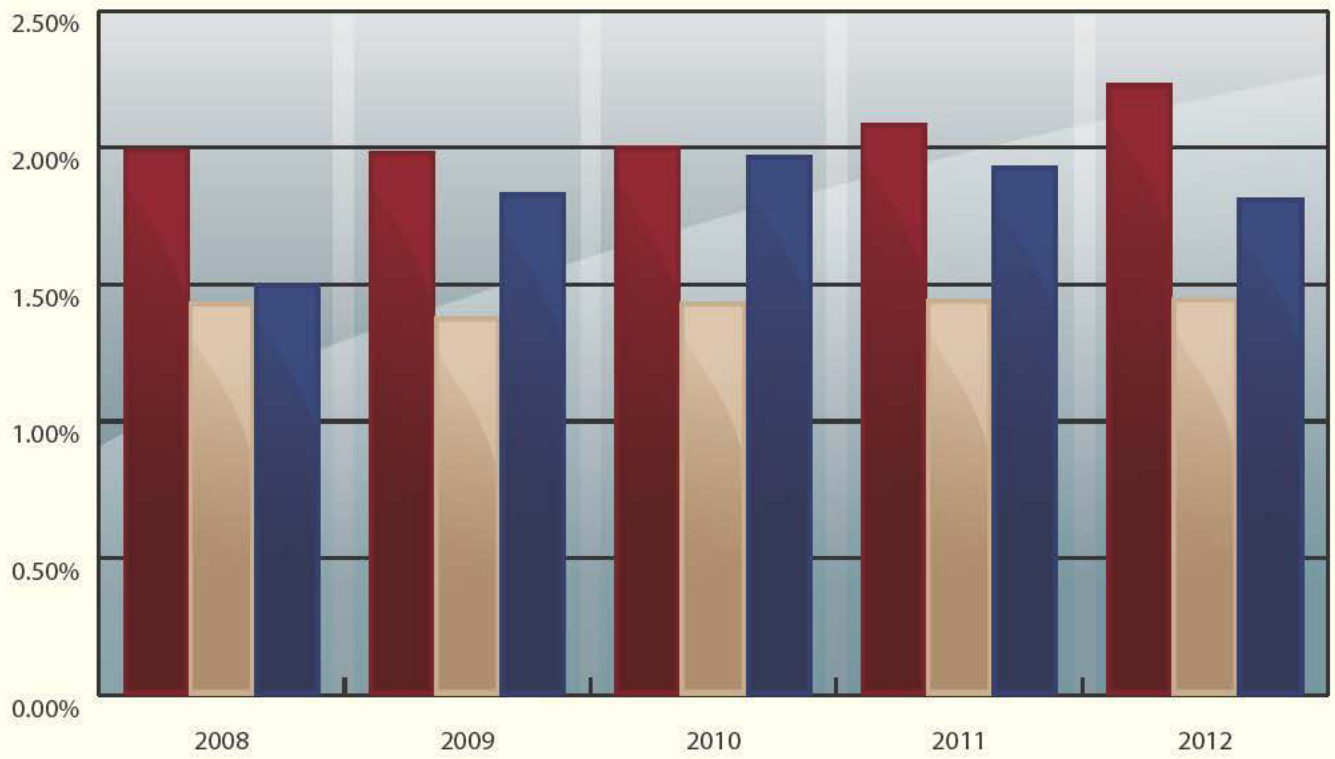
	Common Stock	Nonvested Restricted Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balance, December 31, 2009	\$ 1,509,612		\$ 6,240,761	\$ 15,739,257	\$ 22,350	\$ -	\$ 23,514,110
Net income	-	-	-	3,825,866	-	-	3,825,866
Change in other comprehensive income, net of tax benefit of \$15,683	-	-	-	-	(30,443)	-	(30,443)
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)
Balance, December 31, 2010	1,853,416	2,860	12,739,701	19,174,392	(8,093)	-	33,762,276
Net income	-	-	-	3,859,812	-	-	3,859,812
Change in other comprehensive income, net of tax of \$26,753	-	-	-	-	51,932	-	51,932
Issuance of vested stock (1,430 shares)	2,860	(2,860)	-	-	-	-	-
Nonvested restricted stock (1,455 shares)	-	2,910	51,025	-	-	-	53,935
Cash dividends declared	-	-	-	(419,336)	-	-	(419,336)
Balance, December 31, 2011	1,856,276	2,910	12,790,726	22,614,868	43,839	-	37,308,619
Net income	-	-	-	4,304,920	-	-	4,304,920
Change in other comprehensive income, net of tax benefit of \$16,219	-	-	-	-	(31,484)	-	(31,484)
Issuance of vested stock (1455 shares)	2,910	(2,910)	-	-	-	-	-
Nonvested restricted stock (1,495 shares)	-	2,990	56,632	-	-	-	59,622
Purchase of 800 shares of common stock for the treasury	-	-	-	-	-	(35,351)	(35,351)
Cash dividends declared	-	-	-	(513,215)	-	-	(513,215)
Balance, December 31, 2012	\$ 1,859,186	\$ 2,990	\$ 12,847,358	\$ 26,406,573	\$ 12,355	\$ (35,351)	\$ 41,093,111

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Total Loans



Allowance for Loan Losses to Total Loans



- Synergy Bank
- Average for all Louisiana banks with total assets between \$100 million and \$500 million
- Average for all U.S. banks with total assets between \$100 million and \$500 million



851.2217

banksynergy.com