

A photograph of a bank lobby with a large, ornate chandelier hanging from the ceiling. In the background, a sign on a dark wall reads "Synergy Bank". The scene is partially obscured by a semi-transparent gold overlay.

Synergy Bank

# SYNERGY

PEOPLE | PASSION | PURPOSE

SYNERGY BANCSHARES ANNUAL REPORT 2016

# SYNERGY BANCSHARES AT A GLANCE

As of December 31, 2016:

Assets | \$495,390,318

Net Loans | \$342,979,753

Deposits | \$436,725,238

Equity Capital | \$57,574,066

Synergy Bancshares Incorporated is a \$495 million community bank holding company with headquarters in Houma, Louisiana servicing Terrebonne and Lafourche Parishes.

Opened in 1999, Synergy Bank is a full service community bank with six locations offering innovative banking products and services with local market knowledge and experience.

Visit our website [banksynergy.com](http://banksynergy.com) to hear more stories about Synergy's people, passion, and purpose.

Dear Synergy Family:

The year 2016 presented both challenges and triumphs for Synergy Bank and South Louisiana as a whole.

We are happy to report that our team delivered steady results despite the economic challenges reverberating throughout the state. Synergy Bancshares ended 2016 with consolidated total assets of \$495,390,318, an increase of \$12,746,859 or 2.64% from the previous year. Net loans totaled \$342,979,753, funded by deposits of \$436,725,238, and earnings totaled \$3,168,953 or \$3.41 per share.

As a local bank in South Louisiana, we recognize the importance of a loan portfolio that is diverse and includes varying industries outside of oil and gas such as medical, seafood, construction, and real estate. However, Synergy's portfolio does include marine loans and loans to small businesses that provide much needed services to the oil industry. While the outlook for the oil and gas industry is improving, the downturn over the past two years has resulted in an increase in nonperforming loans. The bank increased its allowance for loan losses at the end of 2016 to appropriately cover the exposure, thus reducing net income. These measures were taken to insure our continued stability for our stakeholders and to position Synergy Bank for continued growth in the future, and we are encouraged by the improving economic outlook for the upcoming year.

Beyond our financial performance, Synergy Bank remains committed to growing the Bayou Region and proudly opened our sixth location at the end of the year. The new South Acadia Office in Thibodaux brings the same level of community spirit and service that customers have come to expect from Synergy. It is this dedication to customer service that serves as the foundation for our success.

Synergy Bank and our employees recognize the importance of social engagement because it connects us closer to our communities. It's our passion to help others, whether that's donating to our local community college to help with their new financial aid center or helping schools damaged after the record floods in central Louisiana this past year. Our team recognizes that by actively supporting charitable organizations, we are assisting those who directly affect the economic well-being of our communities.

Looking to the upcoming year, Synergy Bank will remain steadfast in our dedication to the community. It is through our committed employees that we will continue to serve the people of our parishes. Through their passion of service to others, we will continue our purpose of growing together.

Sincerely,



Morris P. Hebert  
Chairman of the Board



Jerry P. Ledet, Jr.  
President and CEO



Board of Directors (L to R): Terry C. Calongne, Vice Chairman; Gordon E. Dove; Jeffery J. Scott; F. Jeffrey Teuton; Daniel B. Cannon; Jerry P. Ledet, Jr.; Morris P. Hebert, Chairman; Donald P. Callais; Michel H. Claudet; and Kerry J. Chauvin



# WE BUILT THE BANK ON A COMMITMENT TO CUSTOMER SERVICE.

Other financial institutions may say they are focused on customer service, but we live it each day.

It lives in our commitment and the dedication of our people. Through their shared passion for bettering our community, we have a profound purpose of growing the Bayou Region together.

- Jerry Ledet, President and CEO

As a local bank, we understand the unique culture of South Louisiana. While offering the latest in banking technology, our Synergy Team believes in the importance of providing excellence in customer service, whether it is face-to-face, by telephone, or online. It's our commitment to providing quality, personalized service that allows us to set the standard in our industry.

A photograph of a middle-aged man with grey hair, wearing a dark pinstriped suit jacket, a light blue shirt, and a red and blue striped tie. He is sitting in a dark leather chair at a dark wooden desk, with his hands clasped in front of him. The background is a dark wood wall with a framed picture hanging above him.

# I AM VERY PROUD OF THE SERVICE THAT SYNERGY BANK BRINGS TO OUR COMMUNITIES.

Our goal was to provide true community banking services and principles to the Bayou Region. There was a definite need. The Board of Directors certainly felt the community deserved to have someone who was truly devoted to this community and to provide them with a level of service they so richly deserved.

- Morris Hebert, Chairman of Board of Directors

Our knowledgeable Board of Directors continues to lead Synergy Bank with a strong vision for the future. Continuing to provide the highest level of support to customers remains a priority, as well as growing the bank's footprint in

surrounding parishes, where Synergy can continue to bring the same level of community spirit and community service to help their business leaders and citizens.



# SYNERGY IS LIKE FAMILY TO ME.

I was one of the original hires when we started the bank. I love my job and look forward to coming to the bank every day. I get to know our customers on a personal level. I feel like a lot of them have become close friends of mine.

- Linda Milligan, Customer Service Representative

Synergy Bank employees are a group of dedicated banking professionals with a commitment to providing excellence in service to both our customers and our community.

At Synergy Bank, the value of our people is so important to us that it is the cornerstone of our mission. Our employees are our customers, friends, and family. They are our community.

A woman with short, curly grey hair and black-rimmed glasses is smiling broadly. She is wearing a white t-shirt. She is standing under a red canopy tent. In the background, there are trees and a white car. The overall scene is outdoors and appears to be a community event.

# YOU CAN'T FIND A BETTER COMMUNITY PARTNER.

When it comes to volunteering, Synergy Bank is a very strong partner with United Way. Synergy is very passionate about the community. They believe in their community, they live in our community, and they believe in a strong and fruitful community where everyone deserves a hand up if needed.

- Alina Merlos, United Way for South Louisiana Executive Director

A crucial element of Synergy Bank is the way we give back to our communities through the volunteer efforts of our employees. It is our passion, beyond the loans and services that fuel economic growth in our region, to support local non-profit organizations that have a direct impact to the citizens of our parishes. Whether it's sponsoring community events or cooking food for a local festival, Synergy remains dedicated to improving the lives of our customers and neighbors.



# SYNERGY MAKES IT FUN TO LEARN ABOUT MONEY.

Synergy Bank taught us how to make a budget and how to save money. They also teach us how to manage our money so that when we're older and make money of our own, we'll know what to do.

- Eli Hunter, Student

Through Synergy Bank's Partners in Education financial literacy program, we have touched the lives of thousands of local students. Research shows that teaching financial skills early positively

influences how students will manage their finances in the future. Synergy's literacy program is another example of our passion for the social well-being of our community.





# SYNERGY GAVE US THE OPPORTUNITY OF A LIFETIME.

A local bank listens to us, they are one-on-one. We had ideas that we were trying to implement that others didn't want to listen. We felt that Synergy Bank gave us the chance and has really made a difference in our business. They conduct business in the manner of where people like us can really understand banking and help us to grow.

- Lance and Bobbie Lee Bernuchaux, Bernuchaux Contractors

Synergy Bank's purpose is to bring true community banking services and principles to our community. Our extensive commercial products and the ability to make decisions locally allows us to cater to local businesses directly and on a personal level. Our lenders understand the needs of the local economy and our goal is to help your business grow and prosper. By working together, we can help our community flourish.



EQUAL HOUSING  
LENDER

# THEY KNOW US PERSONALLY AND BY FIRST NAME.

We continue to bank with Synergy Bank because of the environment we get when we walk through the door. It's very family oriented. All of the employees greet you and treat you with a lot of respect. They make us feel like we are an asset and they value our relationship with the bank.

- Toney and Cherelle Edison, Customers

Personalized service is what we do best at Synergy. Our team gets to know our customers on a personal level and takes a genuine interest in them. We want everyone to feel at home when walking through our doors.

We are here for our customers every step of the way to help them achieve whatever their goals may be. Whether it is buying a new home or simply saving money, we want to help you succeed.





**AS AN LPL FINANCIAL ADVISOR, IT IS MY GOAL TO HELP CUSTOMERS DEVELOP STRATEGIES TO CREATE WEALTH FOR A SUSTAINABLE RETIREMENT INCOME.**

- Ann Summers, Synergy Investment Services  
Financial Consultant, CFP®, RICP®

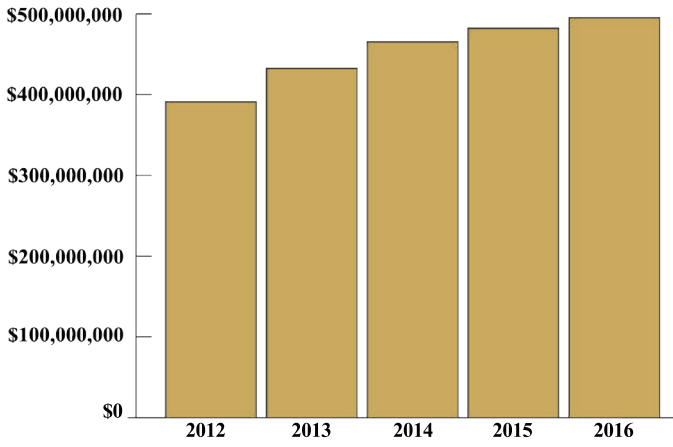
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Not FDIC Insured • Not Bank Guaranteed • May Lose Value  
Not Insured by Any Federal Government Agency • Not A Bank Deposit

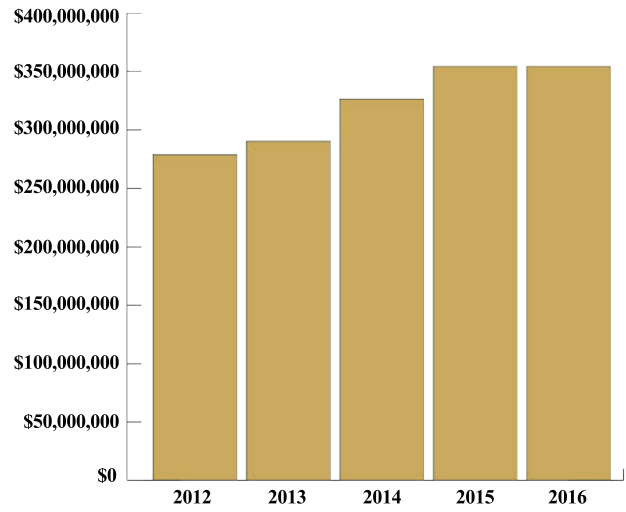
# 2016 SYNERGY BANCSHARES FINANCIAL HIGHLIGHTS

	2016	2015	2014	2013	2012
<b>Selected financial condition data:</b>					
Total assets	\$ 495,390,318	\$ 482,643,459	\$ 465,824,666	\$ 432,583,051	\$ 391,213,602
Loans, net	342,979,753	347,357,114	319,954,157	284,403,968	272,915,025
Investment securities	88,955,632	76,754,554	77,751,796	66,638,134	33,029,342
Deposits	436,725,238	426,549,107	414,661,513	385,927,659	348,336,112
Shareholders' equity	57,574,066	55,516,858	50,687,391	45,564,106	41,093,111
<b>Selected operations data:</b>					
Interest income	\$ 20,636,101	\$ 20,494,910	\$ 19,198,020	\$ 18,088,002	\$ 16,930,760
Interest expense	2,380,840	2,215,405	2,170,115	2,256,114	2,910,471
Net interest income	18,255,261	18,279,505	17,027,905	15,831,888	14,020,289
Provision for loan losses	4,467,482	836,595	328,084	233,172	1,222,846
Net interest income after provision for loan losses	13,797,779	17,442,910	16,699,821	15,598,716	12,797,443
Noninterest income	3,451,650	2,963,252	3,088,520	2,909,114	2,801,673
Noninterest expense	12,651,914	11,518,781	10,774,847	10,032,975	9,086,014
Income before income taxes	4,587,515	8,887,381	9,013,494	8,474,855	6,513,102
Income tax expense	1,418,562	2,959,835	3,023,535	2,851,438	2,208,182
Net income	\$ 3,168,953	\$ 5,927,546	\$ 5,989,959	\$ 5,623,417	\$ 4,304,920
<b>Per share data:</b>					
Earnings per share	\$ 3.41	\$ 6.37	\$ 6.44	\$ 6.05	\$ 4.63
Cash dividends per share	1.10	1.10	1.10	1.00	0.55
Book value	61.92	59.81	54.46	49.03	44.24
<b>Performance ratios:</b>					
Return on average assets	0.63 %	1.22 %	1.31 %	1.36 %	1.17 %
Return on average shareholders' equity	5.50	11.09	12.37	12.91	10.97
Dividend payout ratio	32.41	17.33	17.16	16.60	11.92
Net interest margin	3.81	3.90	3.90	3.98	3.97
Efficiency ratio	58.29	54.22	53.56	53.53	54.01
<b>Capital ratios:</b>					
Leverage ratio	11.40 %	11.35 %	10.75 %	10.43 %	10.34 %
Common equity ratio	16.51	15.75	15.78	16.11	15.63
Tier 1 capital ratio	16.51	15.75	15.78	16.11	15.63
Total risk-based capital ratio	17.78	17.01	17.04	17.37	16.89
Equity to assets	11.62	11.50	10.88	10.53	10.50
<b>Asset quality:</b>					
Non-performing loans	\$ 13,027,930	\$ 4,500,602	\$ 642,280	\$ 2,454,157	\$ 2,959,384
Non-performing assets	13,664,181	5,836,853	1,928,531	2,879,057	3,224,384
Allowance for loan losses	11,463,793	7,162,340	6,772,535	6,286,176	6,235,875
Net loan charge-offs (recoveries)	166,029	446,790	(158,275)	182,871	160,993
Non-performing loans to total loans	3.68 %	1.27 %	0.20 %	0.84 %	1.06 %
Non-performing assets to total assets	2.76	1.21	0.41	0.67	0.82
Net charge-offs (recoveries) to average loans	0.05	0.13	(0.05)	0.06	0.06
Allowance for loan losses to total loans	3.23	2.02	2.07	2.16	2.23
<b>Other data:</b>					
Banking locations	6	5	5	5	5
Full-time equivalent employees	120	108	106	105	100

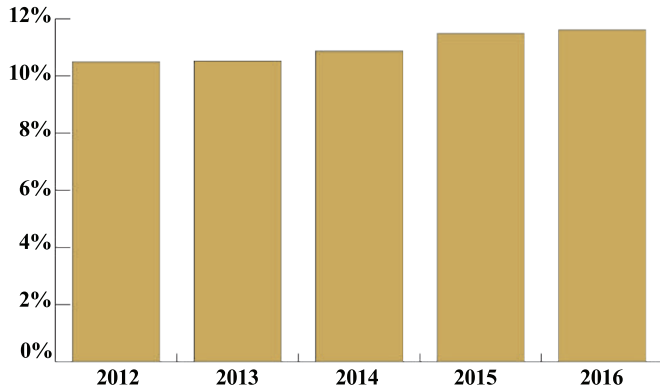
### TOTAL ASSETS



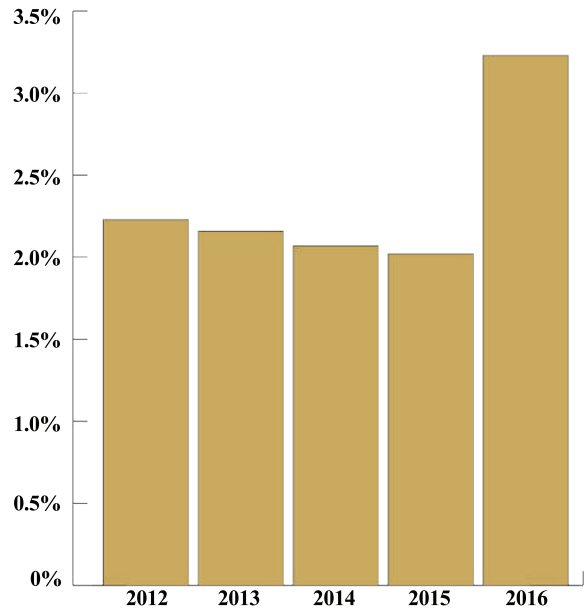
### TOTAL LOANS



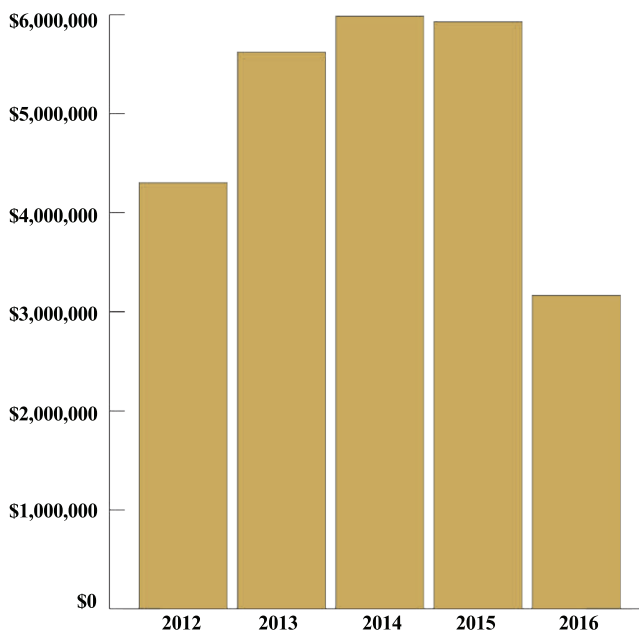
### CONSOLIDATED EQUITY / TOTAL ASSETS



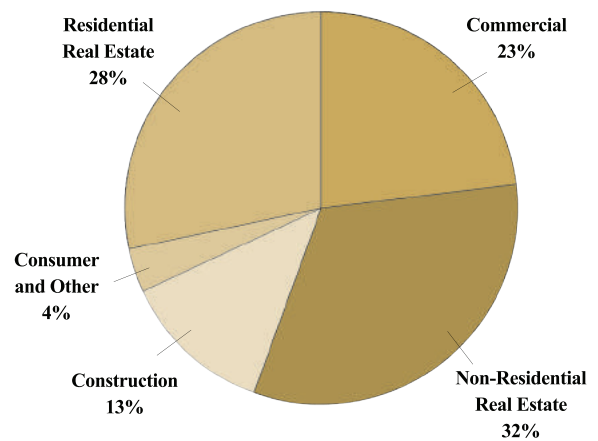
### ALLOWANCE FOR LOAN LOSS TO TOTAL LOANS



### NET INCOME



### COMPOSITION OF LOAN PORTFOLIO





“Synergy” means that when two or more people work together you can accomplish greater things than if you worked alone. It’s that combined effort that gives us Synergy.





MAIN OFFICE

210 Synergy Center Boulevard | Houma, LA 70360

GRAY OFFICE

3855 West Park Avenue | Houma, LA 70359

TUNNEL OFFICE

1036 West Tunnel Boulevard | Houma, LA 70360

THIBODAUX OFFICE

209 East Bayou Road | Thibodaux, LA 70301

EAST HOUMA OFFICE

919 Grand Caillou Road | Houma, LA 70363

SOUTH ACADIA OFFICE

1070 South Acadia Road | Thibodaux, LA 70301

TELEBANKING

844.SYN.BANK

MAILING ADDRESS

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