

SMART IDEAS. SMART NUMBERS.

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Thinking Outside the Bank



Good innovations seem to have always been there. They make sense, and before long it's hard to imagine life without them.

Synergy's history has been one of customer-based innovation — pushing the envelope of client service. This philosophy results in financial products and services that meet the needs of the bank's broad, dynamic, and diverse client base.

The year 2005 marked another year of innovation for Synergy, spanning a broad spectrum of pace-setting achievements — from expanded student banking, to unique internet services, to financial planning to health savings accounts. Each of these services have been met with enthusiastic support by our clients, and soon it will be hard to imagine life without them.

Synergy's board of directors is a distinguished group of local leaders with a broad range of business experience. Their active participation and vision has positioned the bank to meet or exceed each and every goal of its long-term business plan.

Your bank ended 2005 with total consolidated assets of \$149.2 million—a growth of \$38.8 million over the previous year. Loans totaled \$88.4 million, funded by deposits of \$134.9 million. In addition, net earnings reached \$2.1 million or \$2.95 per share. We are pleased to report that the board of directors declared a cash dividend of \$0.25 per share, which was paid in January, 2006. It represents the fifth 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, construction is under way on a modern, expansive office which will serve as the bank's headquarters. This, our third full-service location, is located along the Martin Luther King Boulevard, the fastest growing retail corridor in the state.

The aftermath of hurricanes Katrina and Rita has presented unique challenges for our community and for our entire region. Your board of directors extends its sincere appreciation to our officers, employees and customers for their loyalty and support through this time of change for our community. Together we remain stronger.

Sincerely,

A handwritten signature in black ink, appearing to read "Jerry P. Ledet, Jr.".

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

A handwritten signature in black ink, appearing to read "Kerry J. Chauvin".

Kerry J. Chauvin
Chairman of the Board



Something's fishy around here.

Certainly the year's most colorful innovation is Penny D. Pelican, spokesperson for Synergy's student banking program. This highly animated and very stylish bird made her debut at Houma's Kids Day in July, and was a smash hit with young and old alike. Penny has her own newsletter, is soon to be the star of her own television commercial, and even has her own theme song. Not bad for a bird from the bayous of South Louisiana.



Penny's newsletter, *Synergy Cents* published twice each year, is 100% targeted at school-age children. The newsletter uses word-games, riddles, and fun facts to provide a basic understanding of saving options, and to teach investment and banking terms.

Despite all the fun, Penny is serious business. Educators say that it is never too early to begin to establish a sound financial foundation. An early understanding of money and economic reasoning teaches young people how to take charge of their own assets and to become significantly more responsible with their own money—patterns which will last a lifetime.

From a bank marketing standpoint, Penny is a brand which establishes instant name recognition among a new generation of consumers and their parents—name identification which will foster long-term customer relationships and further link Synergy to the communities which it serves.

Expect to see a lot of Penny at parades, festivals and community events throughout the year.

Synergy
Cents

Synergy Bank's Student Banking
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Penny D. Pelican





SYNERGY BANK

DEPOSITS

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NEW ORLEANS
HORNETS
NEW ORLEANS
HORNETS



A New Place to Call Home

Synergy Bank has begun the construction of its third branch office which will also serve as the new main office. The site is on Martin Luther King Boulevard, which has been ranked as one of the fastest growing commercial corridors in Louisiana by the Louisiana Department of Transportation.

“The retail potential of this intersection and the many surrounding neighborhoods makes this an ideal opportunity,” said Jerry P. Ledet Jr., President. “It will allow us to offer the Synergy brand of banking to a whole new market.”

According to the Terrebonne Master Plan, published by the Terrebonne Parish council, the growth of Martin Luther King represents a tremendous economic boom. Numerous retail chains and businesses have located or committed to building in this thriving area.

The new Synergy Bank main office will encompass more than 17,000 square feet. The two-story building with plenty of room for expansion, will also house Synergy Investment Services.

With the addition of this third office, Synergy will be strategically located throughout Houma. From east to west, Synergy is committed to providing customers convenient banking solutions.





Synergy Financial Services

Innovation takes what already works one step further. Synergy has expanded its portfolio of financial services to include Synergy Investment Services. This division offers customers access to everything that a brokerage firm or large financial institution can provide.

Financial Consultant Ann Summers explains, “Our goal is to provide customers with access to financial products and advisory services in an easy one-stop fashion. My focus is helping customers sort through all of the options available for reaching a particular goal—such as accumulating a retirement nest egg—then helping them choose the appropriate investment vehicle that aligns with their time horizon and risk profile.”

Ann Summers is a registered representative with, and offers securities, advisory services and insurance products through Linsco/Private Ledger, member NASD/SIPC.

Investment products are not a deposit, no bank guarantee, may lose value, not FDIC insured, and not insured by any federal government agency.

Synergy Bank is not affiliated with Linsco/Private Ledger.

Synergy Investment Services offers access to mutual funds, annuities, individual securities, insurance, asset management, and financial planning services.



CONSUMER SERVICES

Synergy Bank is an innovator 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.



HEALTH SAVINGS

If you’re self-employed, innovation is a natural part of your business survival. Health Savings Accounts may offer significant tax savings on health care benefits.

INTERNET BANKING

Now, Synergy customers 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.

Serious Business

In business, ready money isn't an innovation, it's a necessity.

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 company needs. Synergy professionals know your business and its demands, and can provide options which translate into solid strategic plans for your business.

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



SYNERGY BANCSHARES, INC. AND SUBSIDIARY
Houma, Louisiana

CONSOLIDATED BALANCE SHEETS
December 31, 2005 and 2004

ASSETS		
	2005	2004
Cash and due from banks	\$9,907,268	\$2,431,352
Federal funds sold	12,425,000	75,000
Cash and cash equivalents	22,332,268	2,506,352
Interest-bearing deposits in banks	110,951	10,422
Securities available for sale	23,843,224	19,063,277
Securities held to maturity (fair values approximate \$11,010,000 and \$7,348,000, for 2005 and 2004)	11,069,346	7,374,336
Federal Home Loan Bank stock, at cost	182,600	176,400
FNBB stock, at cost	140,000	140,000
Loans, net of allowance for loan losses of \$1,769,053 and \$1,568,047	86,672,287	76,869,264
Property and equipment, net	3,677,406	3,381,232
Other assets	1,145,618	867,440
TOTAL ASSETS	\$149,173,700	\$110,388,723
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Noninterest-bearing	\$31,658,283	\$16,912,959
Interest-bearing	103,238,090	82,273,433
Total deposits	134,896,373	99,186,392
Accrued expenses and other liabilities	1,205,173	364,354
TOTAL LIABILITIES	136,101,546	99,550,746
COMMITMENTS AND CONTINGENT LIABILITIES	-	-
STOCKHOLDERS' EQUITY		
Common stock - \$2 par value		
Authorized - 10,000,000 shares; issued and outstanding - 740,233 shares and 720,040 shares, respectively	1,480,466	1,440,080
Surplus	6,074,073	5,812,529
Retained earnings	5,580,011	3,620,073
Accumulated other comprehensive income	(62,396)	(34,705)
Total Stockholders' Equity	13,072,154	10,837,977
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$149,173,700	\$110,388,723

SYNERGY BANCSHARES, INC. AND SUBSIDIARY
Houma, Louisiana

CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended December 31, 2005, 2004, and 2003

	2005	2004	2003
INTEREST INCOME			
Loans, including fees	\$6,131,537	\$5,015,118	\$4,409,881
Debt securities:			
Taxable	569,754	279,368	257,953
Tax-exempt	24,332	30,875	6,660
Interest on federal funds sold	214,285	37,822	53,531
Interest on deposits with other banks	2,262	128	3,374
TOTAL INTEREST INCOME	6,942,170	5,363,311	4,731,399
INTEREST EXPENSE			
Deposits	2,019,573	1,253,321	1,173,331
NET INTEREST INCOME	4,922,597	4,109,990	3,558,068
Provision for loan losses	323,000	279,000	243,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	4,599,597	3,830,990	3,315,068
NONINTEREST INCOME			
Customer service fees	611,763	618,725	537,601
Other income	1,248,604	521,372	554,331
TOTAL NONINTEREST INCOME	1,860,367	1,140,097	1,091,932
NONINTEREST EXPENSES			
Salaries and employee benefits	1,790,189	1,566,596	1,420,108
Occupancy and equipment	316,597	306,027	300,447
Data processing	252,019	237,052	239,518
Other	862,438	750,561	715,349
TOTAL NONINTEREST EXPENSES	3,221,243	2,860,236	2,675,422
INCOME BEFORE INCOME TAXES	3,238,721	2,110,851	1,731,578
Applicable income taxes	1,093,725	710,316	597,271
NET INCOME	\$2,144,996	\$1,400,535	\$1,134,307
Per Common Share Data:			
Net income per share of common stock	\$2.95	\$1.97	\$1.66
Cash dividends per share of common stock	\$0.25	\$0.23	\$0.21
Average shares outstanding	727,897	712,588	682,634

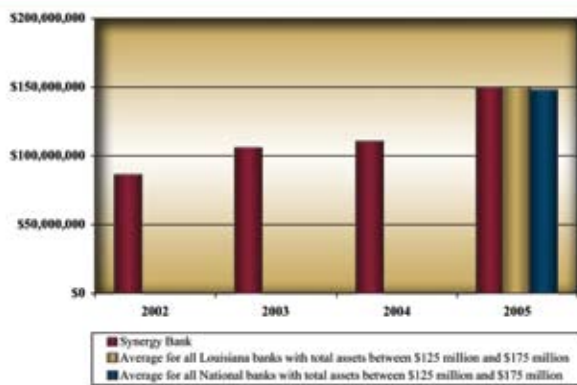
SYNERGY BANCSHARES, INC. AND SUBSIDIARY
Houma, Louisiana

CONSOLIDATED STATEMENTS OF
CHANGES IN STOCKHOLDERS' EQUITY
Years Ended December 31, 2005, 2004, and 2003

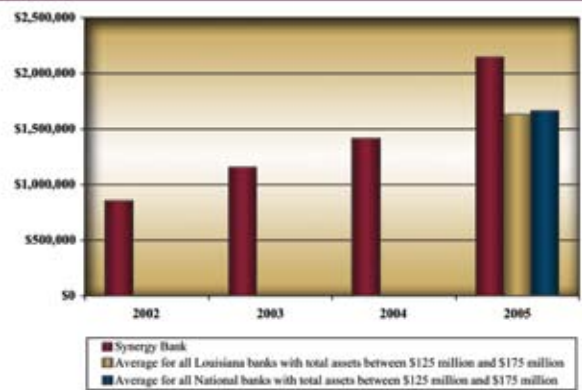
	Common Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance, December 31, 2002	\$1,334,846	\$5,324,928	\$1,397,614	\$19,735	\$8,077,123
Comprehensive income:					
Net income	-	-	1,134,307	-	1,134,307
Net change in net unrealized gain on securities available-for-sale, net of tax of (\$9,801)	-	-	-	(19,025)	(19,025)
Comprehensive income					<u>1,115,282</u>
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 net unrealized loss on securities available-for-sale, net of tax of (\$18,244)	-	-	-	(35,415)	(35,415)
Comprehensive income					<u>1,365,120</u>
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
Comprehensive income:					
Net income	-	-	2,144,996	-	2,144,996
Net change in net unrealized loss on securities available-for-sale, net of tax of (\$14,265)	-	-	-	(27,691)	(27,691)
Comprehensive income					<u>2,117,305</u>
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	\$5,580,011	(\$62,396)	\$13,072,154

Financial Highlights

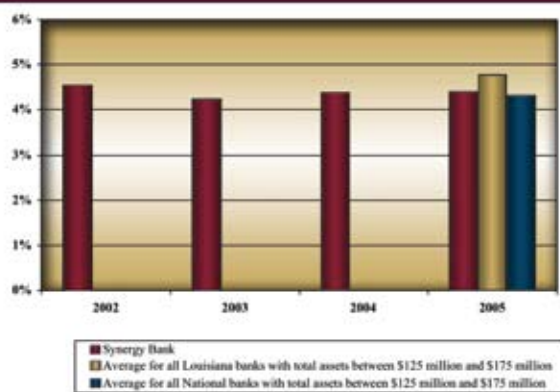
Total Assets



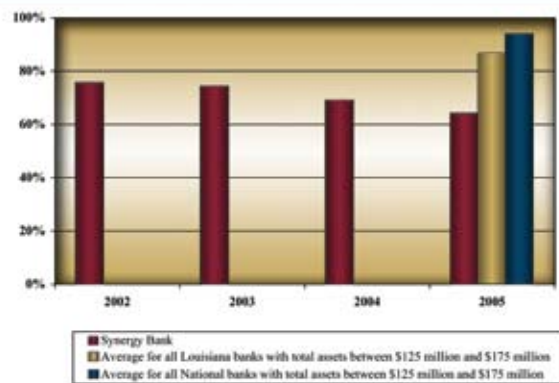
Net Income



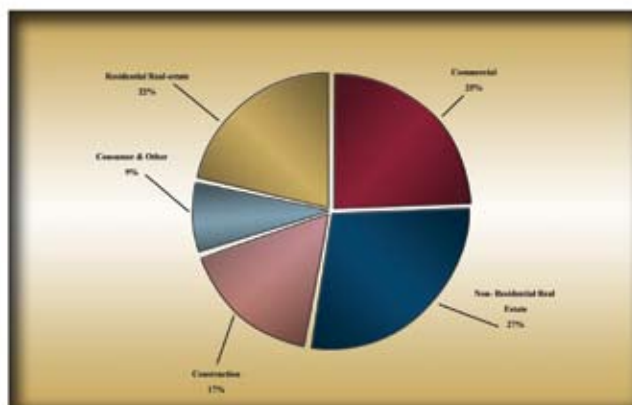
Net Interest Margin



Noninterest Expense to Net Interest Income



Composition of Loan Portfolio



Board of Directors of Synergy Bancshares



Byron F. Bennett



Donald P. Callais



Terry C. Calongne



Daniel B. Cannon



Kerry J. Chauvin



Michel H. Claudet



Gordon E. Dove, Sr.



Morris P. Hebert



Jerry P. Ledet, Jr.



Dr. Koti Sangisetty



Jeffery J. Scott



F. Jeffrey Teuton

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

Health Savings Accounts

Investment Services

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

Ann V. Summers
Vice President

Russell J. Touchet
Vice President

Denise S. Garofalo
Assistant Vice President

Melanie B. Boquet
Executive Secretary



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