



Time to Reflect. Time to look Forward.
SYNERGY BANCSHARES ANNUAL REPORT 2006



It takes time to build a solid financial institution. Time to gather the right team. Time to get your mix of services just right. Time to install and execute marketing plans. Time to expand the branch structure. Time to assume a leadership role within the community.

In the eight short years that is the history of Synergy Bank, we've met or exceeded every business goal set by your board of directors. The result has been sound and stable growth, excellent profitability, a broad and diverse client base, and overwhelming support of the Houma-Terrebonne community.

The year 2006 was no exception. Synergy Bank had total consolidated assets of \$170.7 million, a growth of 14.4% over the previous year. Loans totaled \$112.8 million, funded by deposits of \$154.2 million. Net earnings reached \$2.4 million, or \$3.21 per share. The board of directors declared a dividend of \$0.275 per share, representing the sixth consecutive dividend paid to shareholders.

The growth and profitability of your bank can be traced to an experienced team of officers and employees working like clockwork in offering a broad product mix and an exceptional level of customer service. They're backed by a proactive board of directors with a rock-solid commitment to the growth and prosperity of our community. We appreciate their diligent efforts and hard work.

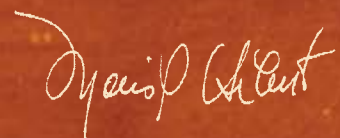
In the pages that follow we'll tell you about a few highlights of last year, and also move the clock forward to consider what the future may hold. As we enter the year 2007, Synergy Bank is firmly positioned to continue its leadership role in meeting the financial needs of our diverse and dynamic community.

We remain resolute in our belief that together we are stronger.

Sincerely,

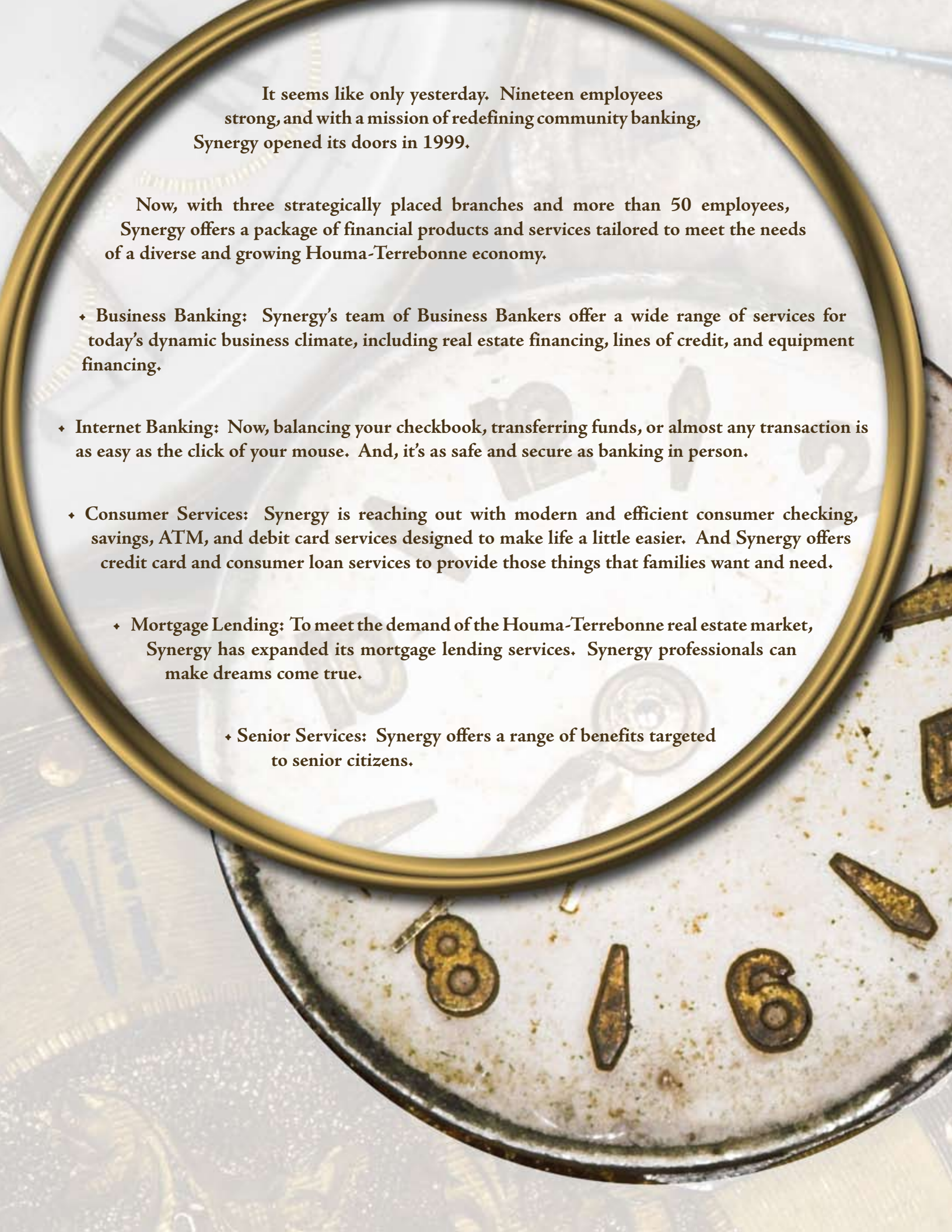


Jerry P. Ledet, Jr.
President and Chief Executive Officer



Morris P. Hebert
Chairman of the Board





It seems like only yesterday. Nineteen employees strong, and with a mission of redefining community banking, Synergy opened its doors in 1999.

Now, with three strategically placed branches and more than 50 employees, Synergy offers 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 offer a wide range of services for today's dynamic business climate, including real estate financing, lines of credit, and equipment financing.
- ♦ **Internet Banking:** Now, 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 those things that families want and need.
- ♦ **Mortgage Lending:** To meet the demand of the Houma-Terrebonne real estate market, Synergy has expanded its mortgage lending services. Synergy professionals can make dreams come true.
- ♦ **Senior Services:** Synergy offers a range of benefits targeted to senior citizens.



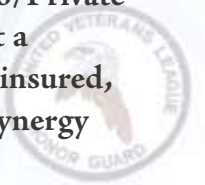


Synergy Investment Services

Synergy's Investment Services Division offers customers access to everything that a brokerage or large financial institution can provide.

The goal is to provide customers with options in accumulating wealth or reaching retirement, college or other financial goals. The division provides access to mutual funds, annuities, securities, insurance, asset management and financial planning services.

Synergy Investment Services is a division of Synergy Bank. Ann Summers is a registered representative with and securities, advisory services and insurance products are offered 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.



Time to give back

To us, it's not enough just to be a solid financial organization. At Synergy we believe it's important to be a good citizen too. Since the beginning, the people of Synergy have been heavily involved in community, civic and charitable causes.

Today, Synergy directors, officers and employees devote their time and energy to a number of worthy volunteer endeavors. You'll find them coaching little league baseball and soccer, giving their time to Synergy's adopted school program, involved in the Chamber of Commerce, United Way, Kiwanis, scouting, church and religious programs, and many more important civic causes.

Penny D. Pelican, Synergy spokesperson for Student Banking, appears at parades, fairs and community events throughout the area, spreading good will and positive images of our community. Her message to parents and students is that it's never too early to learn financial responsibilities and to develop good money management habits that will last a lifetime.

Giving back to the community is a responsibility that we take seriously. We're Stronger Together.



SYNERGY BANCSHARES, INC. AND SUBSIDIARY
Houma, Louisiana

CONSOLIDATED BALANCE SHEETS
December 31, 2006 and 2005

ASSETS		
	2006	2005
Cash and due from banks	\$4,675,026	\$9,907,268
Federal funds sold	<u>150,000</u>	<u>12,425,000</u>
Cash and cash equivalents	4,825,026	22,332,268
Interest-bearing deposits in banks	111,698	110,951
Securities available for sale	27,092,591	23,843,224
Securities held to maturity (fair values of \$17,207,819 and \$11,010,627, for 2006 and 2005)	17,244,129	11,069,346
Federal Home Loan Bank stock, at cost	191,400	182,600
FNBB stock, at cost	245,000	140,000
Loans, net of allowance for loan losses of \$2,256,561 and \$1,769,053	110,540,885	86,672,287
Property and equipment, net	7,387,921	3,677,406
Other assets	<u>3,039,227</u>	<u>1,145,618</u>
TOTAL ASSETS	\$170,677,877	\$149,173,700
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Noninterest-bearing	\$33,212,679	\$31,658,282
Interest-bearing	<u>120,979,374</u>	<u>103,238,090</u>
Total deposits	154,192,053	134,896,372
Accrued expenses and other liabilities	<u>1,171,941</u>	<u>1,205,173</u>
TOTAL LIABILITIES	155,363,994	136,101,545
COMMITMENTS AND CONTINGENT LIABILITIES		
-		
STOCKHOLDERS' EQUITY		
Common stock - \$2 par value		
Authorized - 10,000,000 shares; issued and		
outstanding - 743,495 shares and 740,233 shares, respectively	1,486,990	1,480,466
Surplus	6,100,169	6,074,073
Retained earnings	7,752,943	5,580,012
Accumulated other comprehensive income	(26,219)	(62,396)
Total Stockholders' Equity	<u>15,313,883</u>	<u>13,072,155</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$170,677,877	\$149,173,700

SYNERGY BANCSHARES, INC. AND SUBSIDIARY
Houma, Louisiana

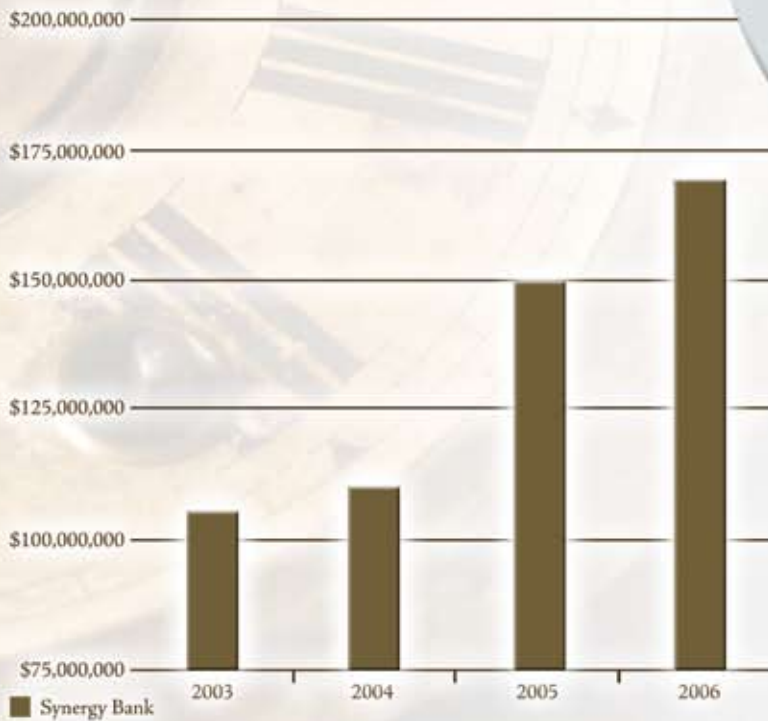
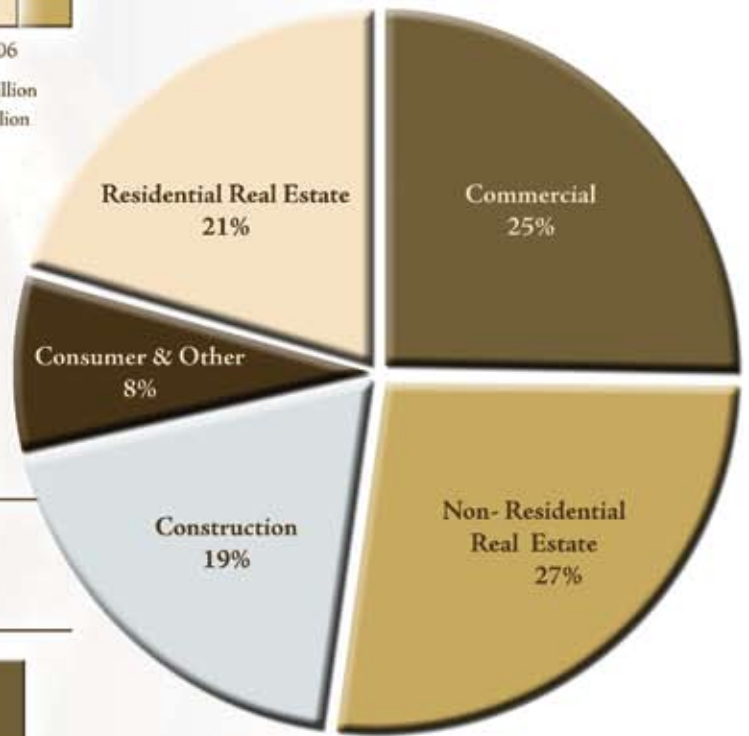
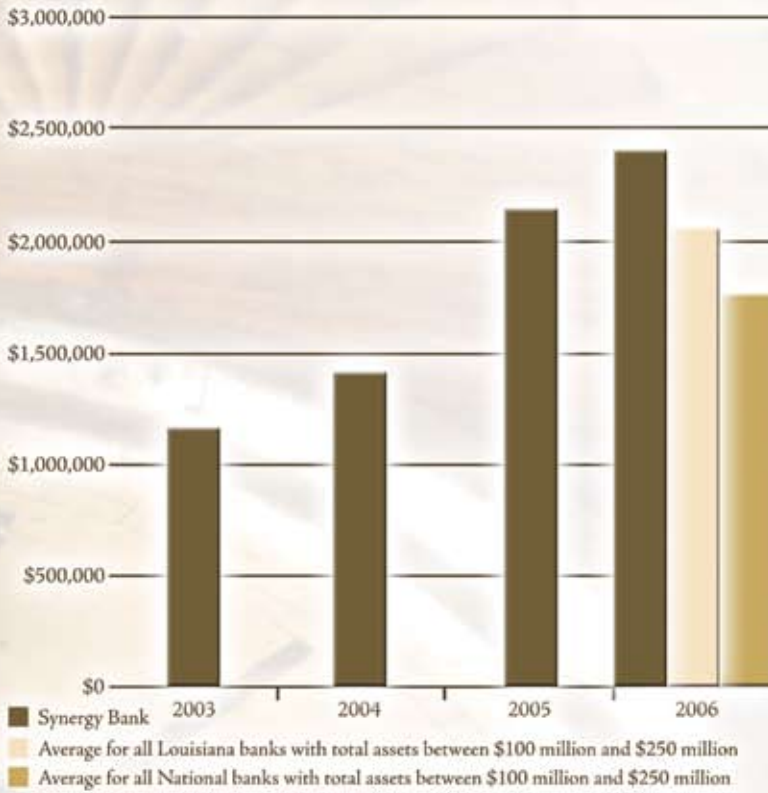
CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended December 31, 2006, 2005, and 2004

	2006	2005	2004
INTEREST INCOME			
Loans	\$7,962,151	\$6,131,537	\$5,015,118
Debt securities:			
Taxable	1,422,596	569,754	279,368
Tax-exempt	14,078	24,332	30,875
Interest on federal funds sold	848,570	214,285	37,822
Interest on deposits with other banks	<u>4,051</u>	<u>2,262</u>	<u>128</u>
TOTAL INTEREST INCOME	10,251,446	6,942,170	5,363,311
INTEREST EXPENSE			
Deposits	<u>3,753,469</u>	<u>2,019,573</u>	<u>1,253,321</u>
NET INTEREST INCOME	6,497,977	4,922,597	4,109,990
Provision for loan losses	<u>503,000</u>	<u>323,000</u>	<u>279,000</u>
NET INTEREST INCOME AFTER PROVISION			
FOR LOAN LOSSES	<u>5,994,977</u>	<u>4,599,597</u>	<u>3,830,990</u>
NONINTEREST INCOME			
Customer service fees	698,023	611,763	618,725
Loan commitment fees and other charges	759,118	616,268	521,263
Other income	<u>110,497</u>	<u>632,336</u>	<u>109</u>
TOTAL NONINTEREST INCOME	<u>1,567,638</u>	<u>1,860,367</u>	<u>1,140,097</u>
NONINTEREST EXPENSES			
Salaries and employee benefits	2,214,001	1,790,189	1,566,596
Occupancy and equipment	429,567	316,597	306,027
Data processing	312,958	252,019	237,052
Other	<u>1,062,916</u>	<u>862,437</u>	<u>750,561</u>
TOTAL NONINTEREST EXPENSES	<u>4,019,442</u>	<u>3,221,242</u>	<u>2,860,236</u>
INCOME BEFORE INCOME TAXES	3,543,173	3,238,722	2,110,851
Applicable income taxes	<u>1,165,781</u>	<u>1,093,725</u>	<u>710,316</u>
NET INCOME	<u>\$2,377,392</u>	<u>\$2,144,997</u>	<u>\$1,400,535</u>
Per Common Share Data:			
Net income per share of common stock	<u>\$3.21</u>	<u>\$2.95</u>	<u>\$1.97</u>
Cash dividends per share of common stock	<u>\$0.275</u>	<u>\$0.25</u>	<u>\$0.23</u>
Average shares outstanding	<u>741,715</u>	<u>727,897</u>	<u>712,588</u>

SYNERGY BANCSHARES, INC. AND SUBSIDIARY
Houma, Louisiana

CONSOLIDATED STATEMENTS OF
CHANGES IN STOCKHOLDERS' EQUITY
Years Ended December 31, 2006, 2005, and 2004

	Common Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance, December 31, 2003	\$1,412,132	\$5,700,737	\$2,385,147	\$710	<u>\$9,498,726</u>
Comprehensive income:					
Net income	-	-	1,400,535	-	1,400,535
Net change in net unrealized gain on securities available-for-sale, net of tax of (\$18,244)	-	-	-	(35,415)	<u>(35,415)</u>
Comprehensive income					<u>1,365,120</u>
Issuance of stock (13,974 shares)	27,948	111,792	-	-	<u>139,740</u>
Cash dividends declared	-	-	<u>(165,609)</u>	-	<u>(165,609)</u>
Balance, December 31, 2004	1,440,080	5,812,529	3,620,073	(34,705)	<u>10,837,977</u>
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)	<u>(27,691)</u>
Comprehensive income					<u>2,117,306</u>
Issuance of stock (20,193 shares)	40,386	261,544	-	-	<u>301,930</u>
Cash dividends declared	-	-	<u>(185,058)</u>	-	<u>(185,058)</u>
Balance, December 31, 2005	1,480,466	6,074,073	5,580,012	(62,396)	<u>13,072,155</u>
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	<u>36,177</u>
Comprehensive income					<u>2,413,569</u>
Issuance of stock (3,262 shares)	6,524	26,096	-	-	<u>32,620</u>
Cash dividends declared	-	-	<u>(204,461)</u>	-	<u>(204,461)</u>
Balance, December 31, 2006	<u>\$1,486,990</u>	<u>\$6,100,169</u>	<u>\$7,752,943</u>	<u>\$(26,219)</u>	<u>\$15,313,883</u>



Board of Directors



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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

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Executive Secretary

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