

your bank :: our community :: stronger together



Where we have been, where we are
and where we are going

Together
Synergy Bancshares • Annual Report 2011

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Letter to Shareholders

Dear Synergy Family:

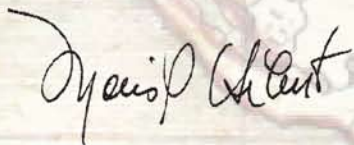
In many ways, 2011 was a hallmark year for your bank, marked by our ability to respond to changing market conditions. There were several accomplishments, as with the opening of our Thibodaux branch and as evidenced by the fact that our Investment Division had its best year ever. But there were diverse challenges, as well.

The 2010 Gulf oil spill continued to deeply affect many in our community, and Synergy was no exception. A sharp decrease in loan demand—caused by the spill and the subsequent drilling moratorium—drove the average total loans to decrease in 2011. While the resulting reduction in interest income on loans put temporary pressure on earnings, we are proud to report that the bank overcame this challenge, successfully rebuilding the portfolio through aggressive sales, marketing and customer service efforts. A tribute to our entire team is the fact that despite this roadblock, the bank managed to exceed net income for the previous year. Moreover, we were once again recognized in the Top 20 Performance Report for Louisiana by the independent Financial Management Consulting Group.

Synergy Bank continues to reach out to this community. Through our participation in the financing of the Bayou Country Children's Museum, our 50+ Club events, our expanding list of commercial and consumer services, and the numerous charitable and non-profit events supported by many members of the Synergy team—we strive to be a good corporate citizen.

We want to thank our employees for their hard work and determination, and our board of directors for its wise leadership. We are grateful to our many loyal and long-term customers and stockholders for their support. We realize that our past, present and future are forever linked to our deep roots in this community and to the success and prosperity of each citizen. This knowledge is the foundation of our commitment: Your Bank. Our Community. Stronger Together.

Sincerely,



Morris P. Hebert
Chairman of the Board



Jerry P. Ledet Jr.
President & CEO





Strategic Expansion Continues

In 2011, Synergy Bank continued its carefully managed strategic growth. With the September 2011 opening of the bank's fifth branch, in Thibodaux, Synergy's workforce expanded to 96 employees.

The Thibodaux location, 209 East Bayou Road, was selected because of its close proximity to a commercial corridor, residential developments and Nicholls State University. The expanding customer base in Thibodaux made the location at the corner of East Bayou Road and Rosedown Drive a natural choice.

The branch is managed by Patrice Oncale, who brings to the office more than 34 years of banking experience.



Investment Services Enjoys Record Year

2011 proved to be yet another record year for Synergy Investment Services. The division, led by Ann Summers CFP® and Brett Means, has continued to experience tremendous growth due to the expansion of the investment program. Ann offers more than 30 years of experience in the banking/investment industry, which provides her the perspective needed to help clients make sound financial decisions. Brett, a Finance graduate of Nicholls State University and a current Executive MBA candidate, joined the Investment Division in 2009. Together they offer a unique perspective on financial markets geared toward helping clients pursue their investment objectives.

The division has extended its reach to serve clients at our Main, Tunnel and Thibodaux locations. Through consultants Ann and Brett, Synergy Investment Services provides clients with a broad selection of financial products and customized options for investment management, insurance, retirement, college and estate planning.



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 Federal Government Agency			

Community Involvement is Good Business

Your Bank. Our Community. Stronger Together.

More than a slogan, it's a philosophy that drives Synergy's community participation in a myriad of ways. Since our founding in 1998, the bank's involvement in and sponsorship of charitable events and community projects has resulted in officers and employees having donated thousands of hours of time to outside organizations.

Most marketing experts agree that these actions represent not only the right thing to do, but that good corporate citizenship is good business. Participation in community events provides networking opportunities, promotes brand affection, and affords sales advantages not found in the normal course of business.

Synergy reaches out to future customers through appearances with mascot Penny D. Pelican at events such as Kids Day and the Lady Bug Ball, and by helping finance projects such as the Bayou Country Children's Museum. The bank encourages financial literacy through its Bank at School program and the Penny Newsletter.

Kasasa Tunes, the Nicholls Tailgate and Concert, and sponsorship of local sports teams are efforts that have successfully strengthened the bank's brand appeal to teens and young adults. In addition, Synergy works closely with four schools to make tuition loans easier to obtain, and its Kasasa products offer an attractive alternative to the higher fees imposed by big banks.

Finally, there is the 50+ Club—a perk for customers 50 years and older—which hosted two events in 2011. In June, members were treated to a Zydeco Shrimp Boil with musical guest Waylon Thibodeaux at the Woodmen of the World Hall in Houma. In December, members celebrated the season with the Ring In The Holidays event, which featured more than 30 local food and retail vendors along with The Victory Big Band's tribute to the music of Glenn Miller.

Synergy will continue to seek ways to connect with the community. For the bank and Synergy team members who generously give their time, and for the community organizations that benefit, it's a win-win situation.





Portfolio of Services

Back when Synergy first opened its doors for business, no one seriously considered the possibility that one day customers would be able to access their bank accounts through their cell phones. But times have changed, and the bank's service portfolio has kept pace. From traditional personal and business banking services, a host of online services, and investment and money market instruments, Synergy continues to evolve in order to meet the growing demands of our dynamic community.

So, whether it's a mortgage loan or retirement planning, a safe deposit box or online bill paying, you can depend on Synergy to stay ahead of the curve. It's simply what you've come to expect from your bank.

- Mortgage Loans
- Credit Cards
- Synergy ATM - Visa® Debit Card
- Safe Deposit Boxes
- Internet Banking/Mobile Banking
- Online Bill Payer
- eStatements
- Corporate Cash Management Services
- Sweep Accounts
- Direct Deposit
- 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 Club
- Health Savings Accounts
- Investment Services
- Minor Savings

Synergy Milestones

• Eleven organizers and initial employees are charged with raising \$5 million. We exceeded \$6.6 million in capital.

1998

• First 19 employees open Synergy Bank to the public with approximately 300 stockholders.

1999

• First dividend paid to stockholders and has been paid annually since.

2001

• East Houma office opens.

2002

2005

• Bank mascot Penny D. Pelican was born to encourage minor accounts.
• Synergy adopts Boudreaux Canal Elementary as a Partner in Education. The adoption of St. Matthews Episcopal and Oakshire Elementary would follow.

2006

• Third office opens, becomes Main Office.
• The first 50+ Club event is held.

2007

• Synergy Bank is named Large Business of the Year by the Houma-Terrebonne Chamber of Commerce.

2008

• U.S. Small Business Administration awards Synergy the first-ever Rising Star Award for the State of Louisiana.
• Fourth office opens in Gray.

• Synergy Bank is named one of the Top Ten Performing Banks in the Country in its size group by the American Bankers Journal (Recognized again in 2010 and 2011).
• Financial Management Consulting Group ranks Synergy fifth in performance out of 132 Louisiana banks (Ranked in the top 12 in 2010 and 2011).

2009-11

Thibodaux Office opens.

2011



Board of Directors

standing left to right:

Gordon E. Dove

Dr. Koti V. Sangisetty

F. Jeffrey Teuton

Jeffery J. Scott

Terry C. Calongne

Donald P. Callais

seated left to right:

Michel H. Claudet

Jerry P. Ledet Jr.

Morris P. Hebert

Kerry J. Chauvin

Daniel B. Cannon

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

Kaye L. Bergeron
Vice President

Denise S. Garofalo
Vice President

John G. Hebert
Vice President

Madonna A. McClennen
Vice President

Patrice L. Oncala
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

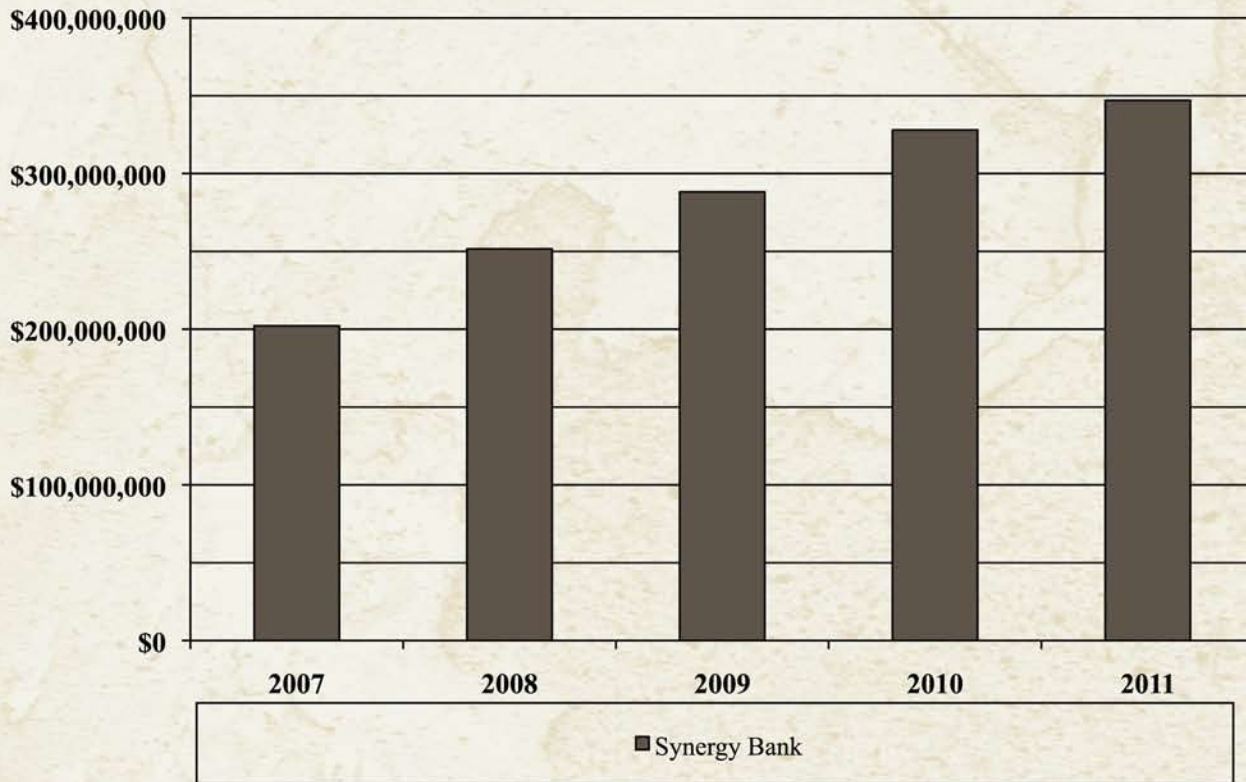
Melanie B. Boquet
Executive Secretary

Rusty P. Bourg
Banking Officer

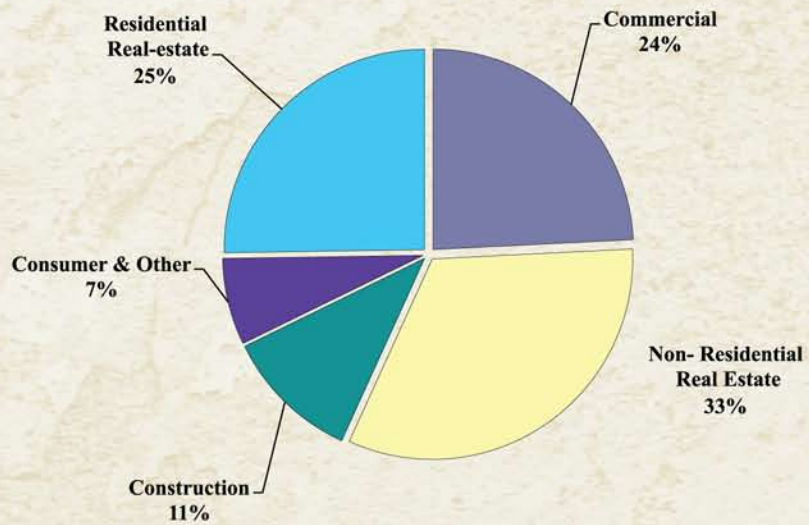
Melissa Z. Hutchinson
Banking Officer

Tina H. LeBoeuf
Banking Officer

TOTAL ASSETS



COMPOSITION OF LOAN PORTFOLIO



SYNERGY BANCSHARES, INC. AND SUBSIDIARY
Houma, Louisiana

CONSOLIDATED BALANCE SHEETS
December 31, 2011 and 2010

ASSETS

	<u>2011</u>	<u>2010</u>
Cash and due from banks	\$ 5,928,058	\$ 3,369,385
Federal funds sold	500,000	500,000
Cash and cash equivalents.....	6,428,058	3,869,385
Interest-bearing deposits in banks	37,618,683	49,188,237
Securities available for sale	24,202,020	19,999,976
Securities held to maturity (fair values of \$20,723,314 in 2011 and \$7,627,295 in 2010)	20,691,697	7,648,502
Federal Home Loan Bank stock, at cost	208,000	207,600
First National Bankers Bankshares, Inc. stock, at cost	595,000	395,000
Loans, net of allowance for loan losses of \$5,174,022 and \$4,766,941, for 2011 and 2010, respectively	242,468,311	233,039,115
Property and equipment, net.....	12,239,570	10,655,566
Other assets	2,575,700	3,022,492
TOTAL ASSETS.....	\$ 347,027,039	\$ 328,025,873

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

Deposits:

Noninterest-bearing	\$ 49,214,517	\$ 50,952,938
Interest-bearing.....	259,584,810	242,454,411
Total deposits	308,799,327	293,407,349
Accrued expenses and other liabilities	919,093	856,248
Total Liabilities.....	309,718,420	294,263,597

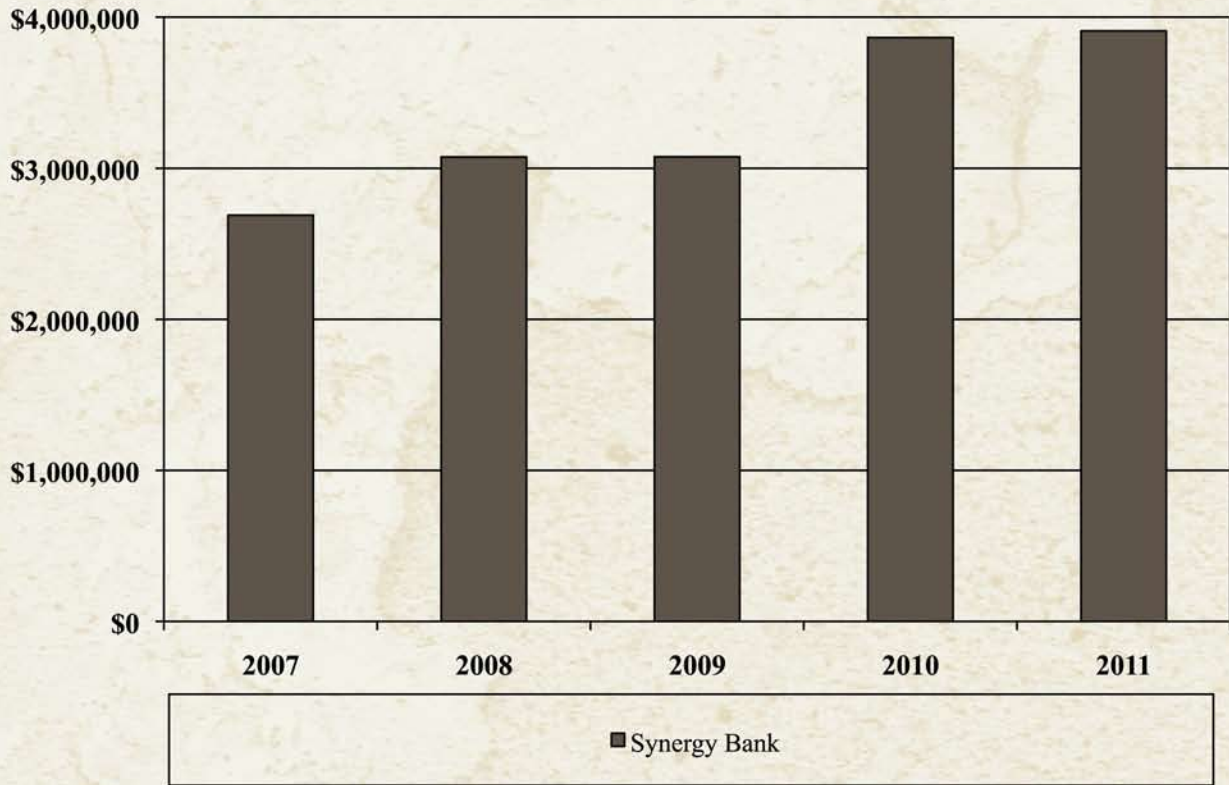
COMMITMENTS AND CONTINGENT LIABILITIES

STOCKHOLDERS' EQUITY

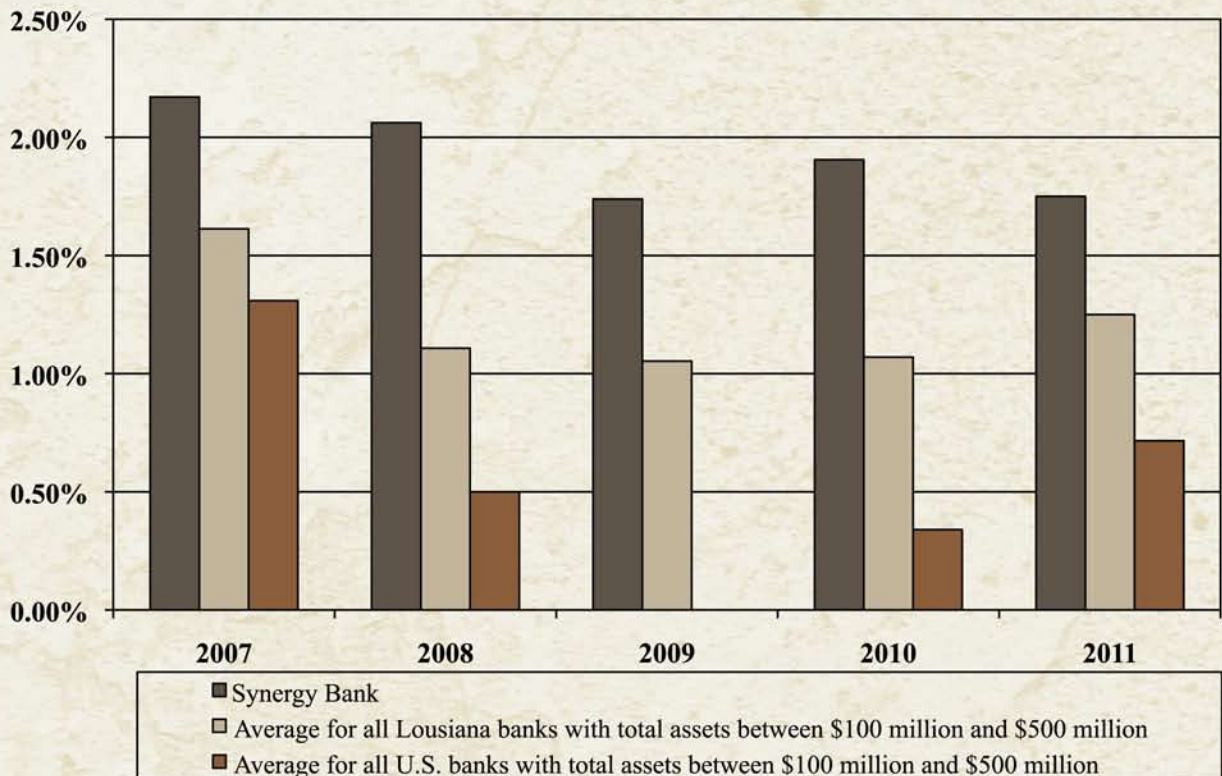
Common stock - \$2 par value:

Authorized - 10,000,000 shares; issued and outstanding - 928,138 shares and 926,708 shares, respectively	1,856,276	1,853,416
Nonvested restricted stock.....	2,910	2,860
Surplus	12,790,726	12,739,701
Retained earnings	22,614,868	19,174,392
Accumulated other comprehensive income (loss).....	43,839	(8,093)
Total Stockholders' Equity	37,308,619	33,762,276
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 347,027,039	\$ 328,025,873

NET INCOME



NET INCOME BEFORE TAXES / AVERAGE ASSETS

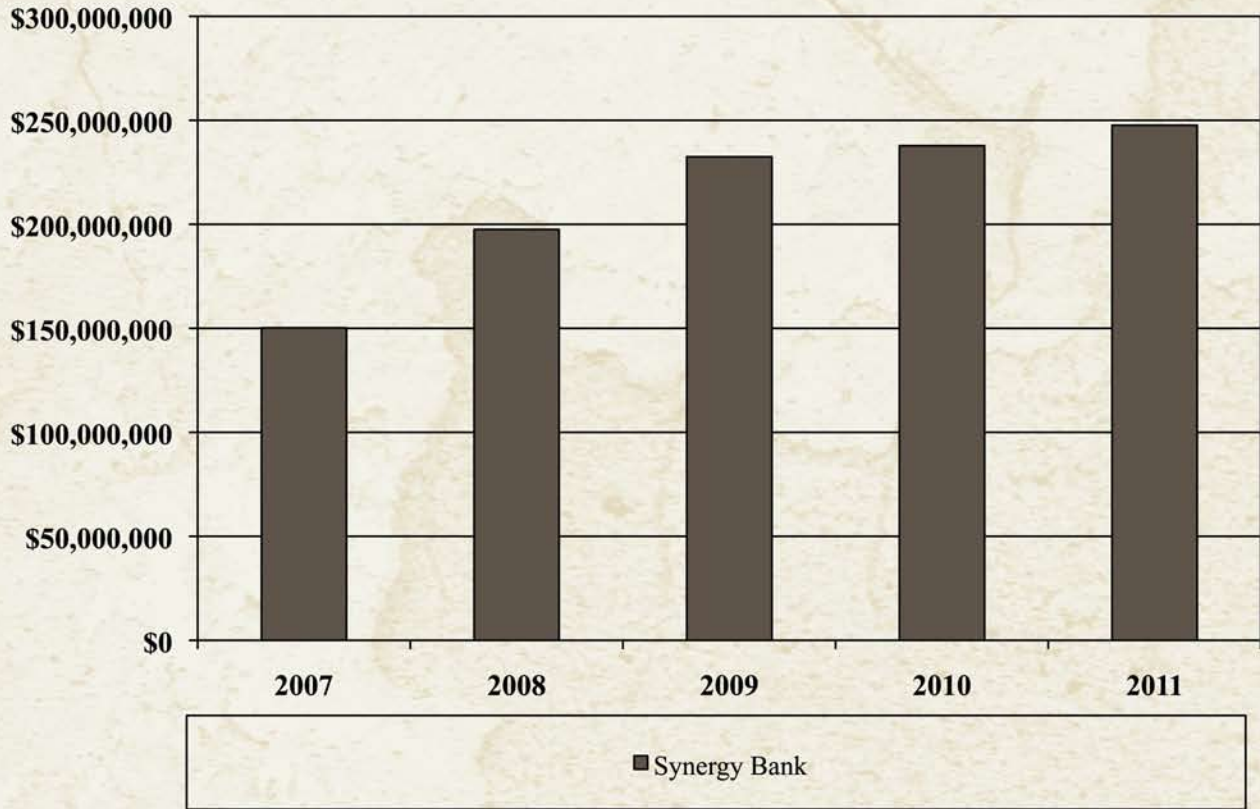


SYNERGY BANCSHARES, INC. AND SUBSIDIARY
Houma, Louisiana

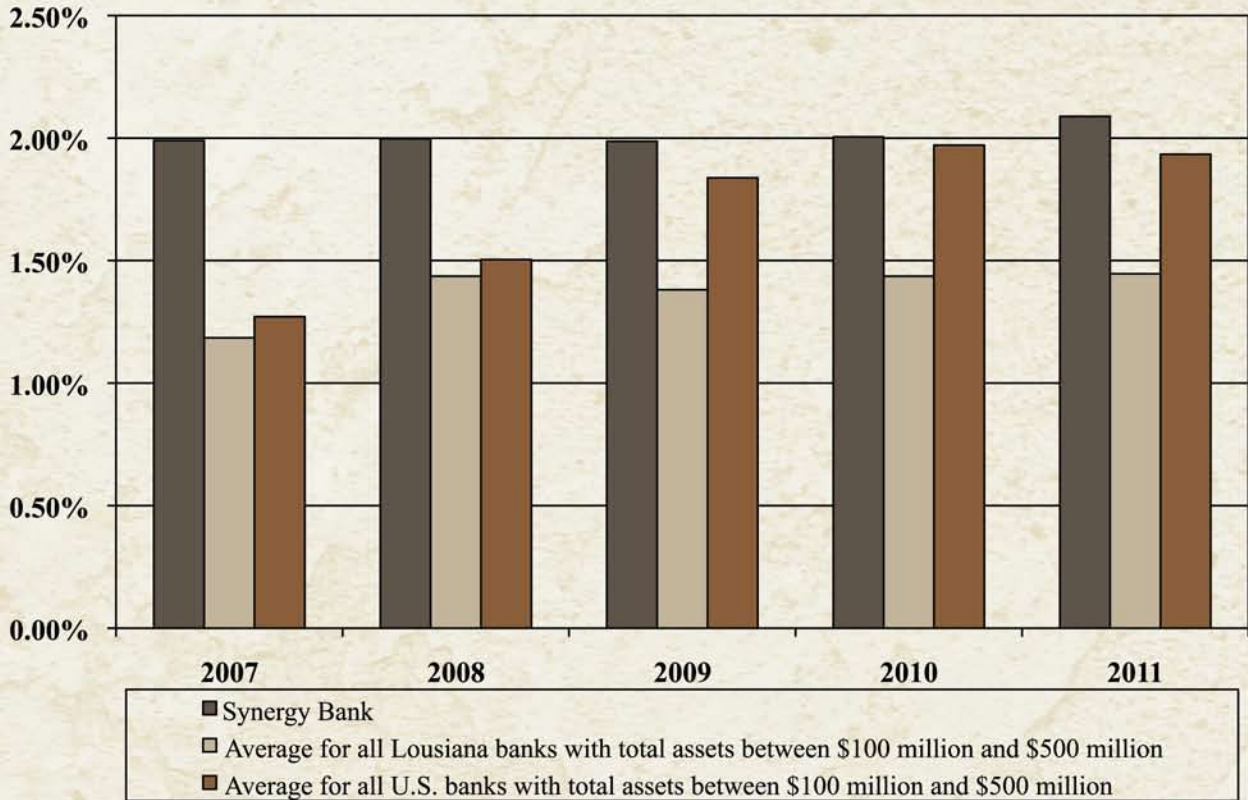
CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended December 31, 2011, 2010, and 2009

	2011	2010	2009
INTEREST INCOME			
Interest and fees on loans	\$ 15,436,144	\$ 15,636,368	\$ 14,302,790
Interest on investment securities:			
Taxable.....	272,434	179,750	445,398
Tax-exempt.....	14,125	14,723	-
Interest on federal funds sold.....	1,028	960	3,146
Interest on deposits with other banks.....	110,588	82,808	20,811
Total interest income	15,834,319	15,914,609	14,772,145
INTEREST EXPENSE			
Interest on deposits.....	3,529,146	4,307,568	4,038,095
NET INTEREST INCOME	12,305,173	11,607,041	10,734,050
Provision for loan losses	757,562	441,999	1,223,286
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	11,547,611	11,165,042	9,510,764
NONINTEREST INCOME			
Service charges on deposit accounts.....	1,171,715	1,129,088	1,070,012
Loan commitment fees and other charges	1,173,107	980,652	942,759
Other income	266,632	202,940	108,139
Total noninterest income	2,611,454	2,312,680	2,120,910
NONINTEREST EXPENSES			
Salaries and employee benefits	4,565,482	4,108,356	3,755,989
Occupancy and equipment	959,704	885,789	872,597
Data processing.....	533,978	476,686	446,902
Other general and administrative.....	2,250,482	2,222,215	2,008,412
Total noninterest expenses	8,309,646	7,693,046	7,083,900
INCOME BEFORE INCOME TAXES	5,849,419	5,784,676	4,547,774
Provision for income taxes	1,989,607	1,958,810	1,514,835
NET INCOME	\$ 3,859,812	\$ 3,825,866	\$ 3,032,939
Per Common Share Data:			
Net income per share of common stock.....	\$ 4.16	\$ 4.62	\$ 4.02
Cash dividends per share of common stock.....	0.45	0.42	0.35
Average shares outstanding	928,138	827,950	754,620

TOTAL LOANS



ALLOWANCE FOR LOAN LOSSES TO TOTAL LOANS



SYNERGY BANCSHARES, INC. AND SUBSIDIARY
Houma, Louisiana

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Years Ended December 31, 2011, 2010, and 2009

	Common Stock	Nonvested Restricted Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2008	\$1,506,212	\$1,400	\$6,203,657	\$12,971,624	\$165,897	\$20,848,790
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						<u>2,889,392</u>
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)
Balance, December 31, 2009	1,509,612	2,130	6,240,761	15,739,257	22,350	23,514,110
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						<u>3,795,423</u>
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
Comprehensive income:						
Net income	-	-	-	3,859,812	-	3,859,812
Net unrealized gain on securities available-for-sale, net of tax of \$26,753	-	-	-	-	51,932	51,932
Comprehensive income						<u>3,911,744</u>
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

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