



**SYNERGY BANCSHARES
ANNUAL REPORT 2018**





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Dear
SYNERGY FAMILY


Since our formation in 1998, the Board of Directors of Synergy Bancshares has built Synergy Bank on a strategic pillar of unwavering customer service. We recognize our success is inseparably linked to fulfilling the needs of our customers. By providing a broad array of banking and financial services while leveraging a deep understanding of our local markets, we have enabled businesses to thrive; helped our friends and neighbors realize their financial goals; and given back to our community through our numerous philanthropic and civic endeavors. The success of this strategy is greatly attributable to our employees. They form the character of our bank and connect with customers to develop strong lasting relationships that allow us to adapt to changes in the economy while steadily growing the organization.

At the end of 2018, our consolidated assets equaled \$514,499,277. Through earnings, our shareholders' equity strengthened to \$63,897,344, representing 12.4% of total assets. We remain focused on growing our shareholders' value through sound and disciplined decisions. As the economy in our region slowly recovers, coupled with the provisions we imposed in previous years to allow for loan losses, we are pleased to report 2018 net earnings of \$5,425,056 or \$5.83 per share. These earnings increased the book value of our stock to \$68.67 per share, an increase of \$4.67 from a year earlier.

Net loans totaled \$341,406,996 at the end of 2018 funded by deposits of \$448,997,613. We remain committed to meeting the credit needs of individuals and businesses within our community. On the deposit side, we continue to provide outstanding products and services that adapt to meet the financial needs of our customers. In the first quarter of 2018, we launched the new Synergy Select Checking account and introduced the add-on product, the Perk Club. Synergy Select is a premium checking account that offers benefits such as credit monitoring, accidental death and dismemberment insurance and cell phone protection. The Perk Club replaced our SWELL plan and now offers identity protection, cell phone protection and health savings to customers. We believe these new products will allow for further opportunities for growth and new account acquisition going forward.

As we look to 2019 and the 20th Anniversary of our opening, we remain resolute in fulfilling our mission of growing our bank and our community. Our consistent discipline and steadfast dedication to service allows us to be a better bank stimulating positive change in our community now and well into our future. •


Morris P. Hebert
Chairman of the Board


Jerry P. Ledet, Jr.
President and CEO

at a glance

SYNERGY BANCSHARES

ASSETS	NET LOANS	DEPOSITS	EQUITY CAPITAL
\$514,499,277	\$341,406,996	\$448,997,613	\$63,897,344

our

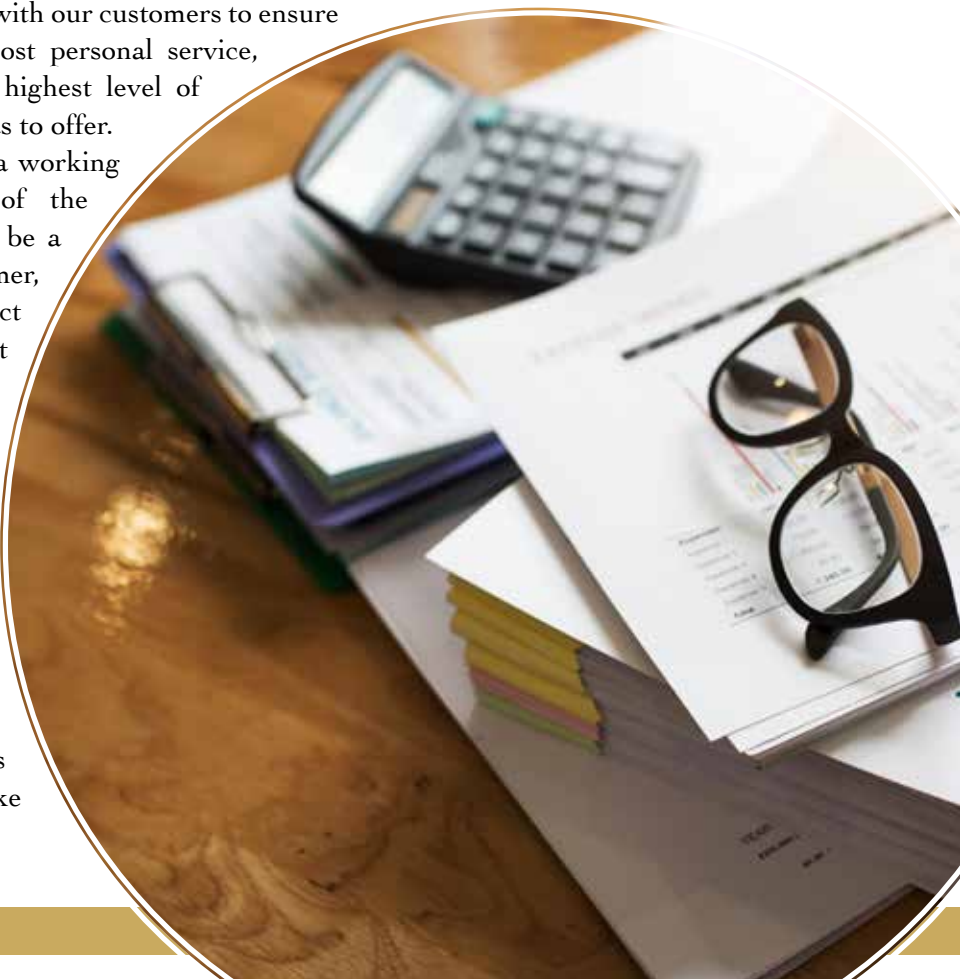
MISSION

At Synergy Bank, we believe that there is strength in community. We are deeply committed to fostering the growth, development and prosperity of our area. Synergy Bank was formed specifically to address the unique needs of the people we serve — with the vision of banking for, by and with the community.

To do this, our mission is to work with our customers to ensure that they consistently receive the most personal service, the best-targeted products, and the highest level of expertise that the banking industry has to offer.

Further, our mission is to foster a working environment in which members of the community will want to work — to be a part of Synergy, not just as a customer, but as a team member. We respect and value each team member; not only as an employee, but also as a representative individual from the community we serve. In addition, we strive to faithfully represent the shareholders, who made Synergy possible.

Synergy was founded for our community by the industries and individuals that form our community. We recognize and embrace the fact that the strength of our association is derived from our diversity, much like our community itself. •





portfolio of **SERVICES**

Synergy Bank offers a full range of financial services. Synergy's management team continuously monitors industry trends to insure that we are offering the best products and services for our customers. •

CONSUMER AND BUSINESS

- Checking Accounts
- Savings and Money Market Accounts
- Certificates of Deposit
- Sweep Accounts
- Safe Deposit Boxes
- Online Banking
- Mobile Banking
- Mobile App
- Mobile Deposit
- eStatements
- Online Bill Payer
- Loans
- Credit Cards

CONSUMER

- Kasasa® Checking Accounts
- Synergy Select
- uSave Accounts
- Investment Services
- Health Savings Accounts
- Minor Savings Accounts
- Mortgage Loans
- Individual Retirement Accounts

BUSINESS

- Corporate Cash Management Services
- Direct Deposit and ACH
- Remote Deposit Capture



the Synergy **TEAM LEADERS**

At Synergy, we remain committed to growing our greatest asset, our team. From our formation, Synergy was dedicated to creating a bank with exceptional customer service. Our 120 employees continuously fulfill that mission each day. Synergy's dedicated team of professionals' value building relationships, giving back to our community and assisting customers with all their financial needs. •



Back Row: Kerry J. Chauvin; Terry C. Calongne, Vice Chairman of the Board; Frank J. "Jeff" Teuton; Daniel B. Cannon; Donald P. Callais; Jeffery J. Scott; Gordon E. Dove; Front Row: Jerry P. Ledet, Jr.; Morris P. Hebert, Chairman of the Board; Michel H. Claudet

board of **DIRECTORS**

Critical to our success as a bank is the experience and varied talent of our Board of Directors. Synergy's Board is comprised of dedicated Directors with exceptional talents across numerous industries in our area. With their economic and business knowledge, each Director brings a unique aspect to the overall strategic and prudent planning for the Bank. Their combined exceptional competencies have proven to be an invaluable asset in growing Synergy Bank. •

BANKING OFFICERS

Jerry P. Ledet, Jr.
Benjamin D. Borne
Marie Morris, CRCM
Harvey P. Authement, Jr.
Denise S. Garofalo
John G. Hebert
Marla L. Porche
Russell J. Touchet
Ann V. Summers, CFP®
Angela H. Rodrigue
Patricia L. Oncale
Madonna A. McClennen
Julia L. Filce
Wade J. Richard
Kassie A. Barrancotto
Brett M. Means
Peggy P. Fazzio
Melissa Z. Hutchinson
Brigitte S. Kinsella
Elmy W. Savoie
Michel K. Hebert
Rusty P. Bourg
Jéré H. Voisin
Sarah B. Rhodes
Candace C. Frederick



serving the **COMMUNITY**

GIVING BACK

Synergy Bank employees live and work in the neighborhoods that surround our offices and we believe in helping our friends and neighbors fulfill their financial dreams. We recognize that by supporting nonprofit, civic and educational organizations in our areas, we are building stronger communities for our families.

During 2018, Synergy Bank donated to over 60 community organizations including United Way, The Haven, Terrebonne Foundation for Academic Excellence, Lafourche and Terrebonne Chambers of Commerce, Nicholls State University, and Fletcher Technical Community College. At the end of the year, Synergy launched the Spirit of Synergy Facebook campaign, donating to several charities in the area. Most notably were the \$2500 donation to the Lafourche and Terrebonne Parish Foodbanks to help feed families during the holiday season and those affected by the government shutdown. •



SERVICE

Synergy Bank's employees are committed to volunteering their time and expertise to numerous community and civic organizations in the areas we serve. Ranging from serving on Chamber committees to teaching financial literacy in schools, Synergy's employees ongoing advocacy have served the community well. They have represented the Bank and donated hundreds of hours of their time and expertise reaffirming Synergy's mission of giving back to our community.

Many of Synergy's programs focus on the children of our community. Each year, Synergy Bank sponsors the Annual Kid's Day at the Houma Terrebonne Civic Center, where our volunteers bring fun interactive activities for the children. Another is Lemonade Day, where we encourage and teach young entrepreneurs about owning their own business. Our most notable program, however, is our Partners in Education program, where employees visit six local schools monthly to teach financial literacy. Hundreds of students benefit from the program with discussions that include: how to make a budget, prudent spending and the importance of savings. •



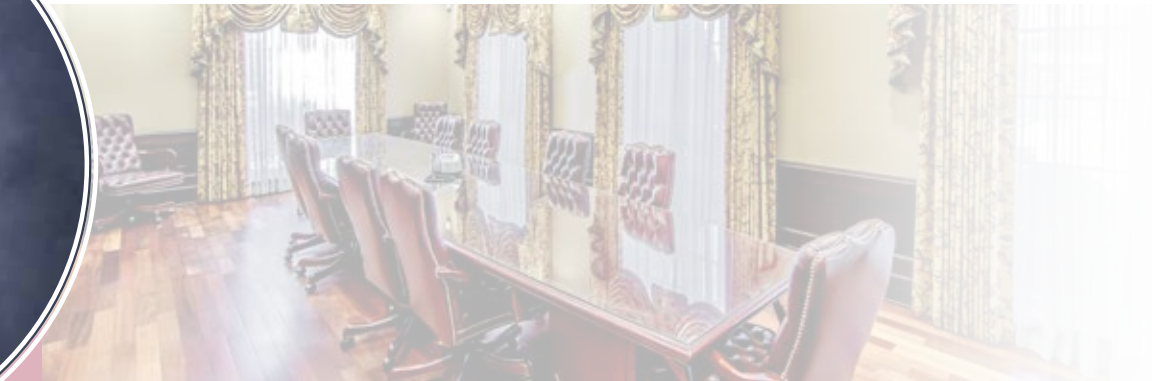
Synergy Investment Services

a division of synergy bank

Synergy Investment Services enjoyed another year of gaining new client relationships, growing revenues and increasing assets under management.

LPL Program Manager and Financial Advisor Ann Summers has a primary focus of working with individuals as they near one of life's most exciting milestones, retirement! Investors benefit by working with a professional advisor whose skills will provide guidance on portfolio construction, generating income and knowing how and when to draw those assets strategically for tax efficiency. Advisors also provide guidance through challenging market conditions as well.

For more information or to schedule a consultation with Ann, call today at 985-851-5459. •



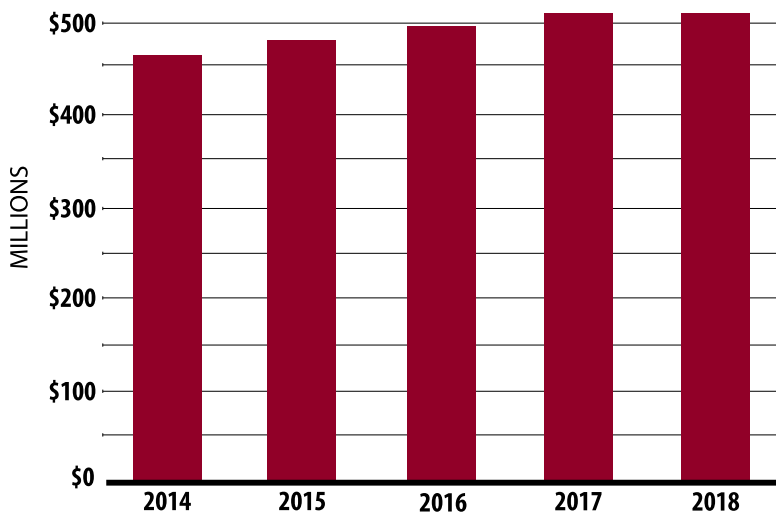
ANN SUMMERS, CFP®, RICP®

Securities offered through LPL Financial, member FINRA/SIPC. Insurance products offered through LPL Financial and its licensed affiliates. Synergy Bank and Synergy Investment Services are not registered broker/dealers and not affiliated with LPL Financial.

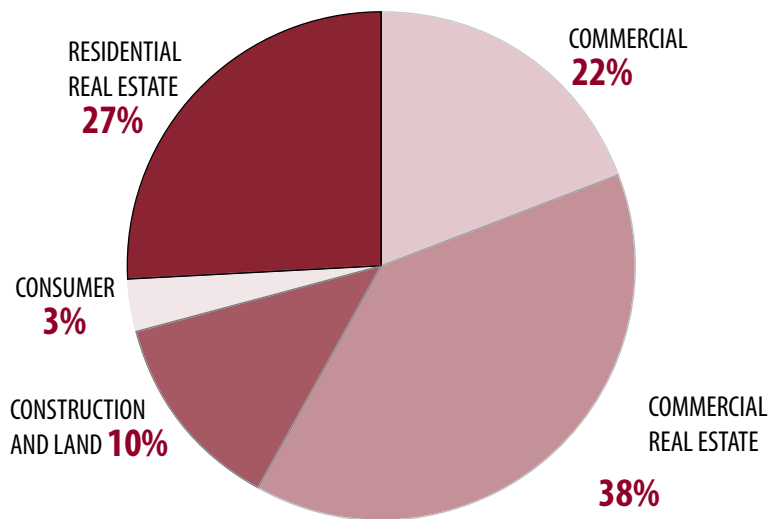
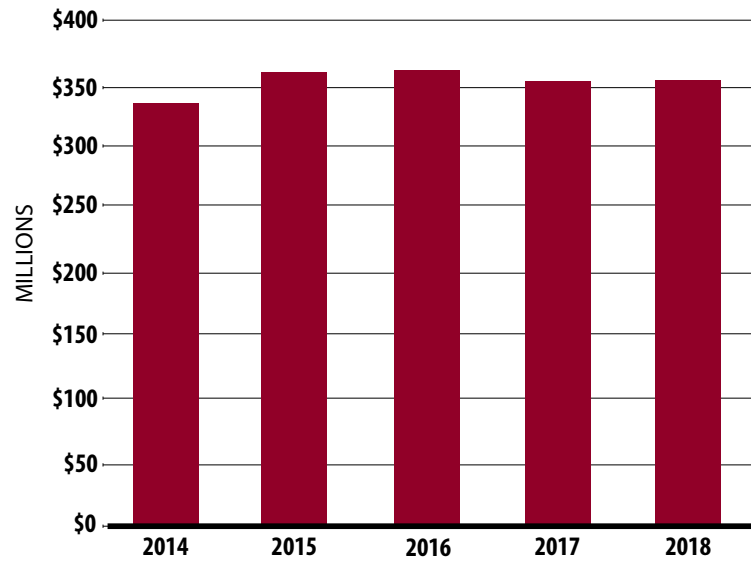
Not FDIC insured • Not Bank Guaranteed • May Lose Value
Not Insured by Any Federal Government Agency • Not a Bank Deposit

SYNERGY BANCSHARES FINANCIAL HIGHLIGHTS

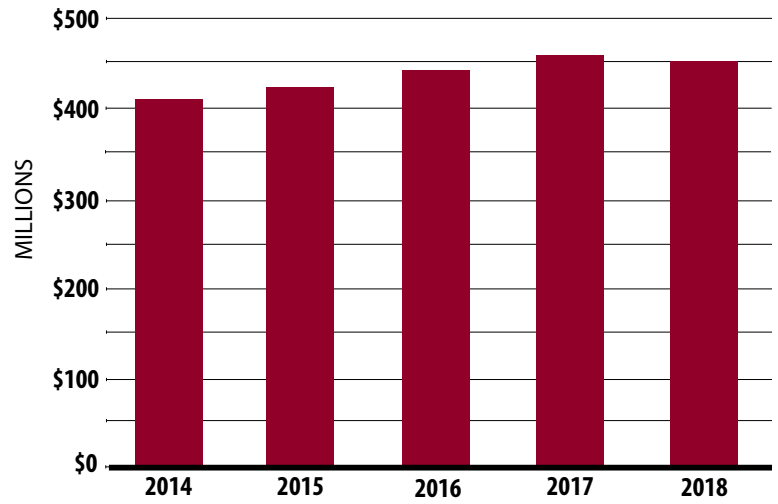
	2018	2017	2016	2015	2014
Selected financial condition data:					
Total assets	\$ 514,499,277	\$ 513,513,298	\$ 495,390,318	\$ 482,643,459	\$ 465,824,666
Loans, net	341,406,996	342,672,568	342,979,753	347,357,114	319,954,157
Investment securities	128,223,011	104,163,678	88,955,632	76,754,554	77,751,796
Deposits	448,997,613	452,756,556	436,725,238	426,549,107	414,661,513
Shareholders' equity	63,897,344	59,528,155	57,574,066	55,516,858	50,687,391
Selected operations data:					
Interest income	\$ 22,847,491	\$ 21,288,328	\$ 20,636,101	\$ 20,494,910	\$ 19,198,020
Interest expense	3,333,160	2,797,887	2,380,840	2,215,405	2,170,115
Net interest income	19,514,331	18,490,441	18,255,261	18,279,505	17,027,905
Provision for loan losses	1,968,546	2,425,480	4,467,482	836,595	328,084
Net interest income after provision for loan losses	17,545,785	16,064,961	13,787,779	17,442,910	16,699,821
Noninterest income	3,292,999	3,166,638	3,451,650	2,963,252	3,088,520
Noninterest expense	14,046,386	13,888,401	12,651,914	11,518,781	10,774,847
Income before income taxes	6,792,398	5,343,198	4,587,515	8,887,381	9,013,494
Income tax expense	1,367,342	2,192,747	1,418,562	2,959,835	3,023,535
Net income	<u>\$ 5,425,056</u>	<u>\$ 3,150,451</u>	<u>\$ 3,168,953</u>	<u>\$ 5,927,546</u>	<u>\$ 5,989,959</u>
Dividends	\$ 1,168,873	\$ 1,028,129	\$ 1,027,167	\$ 1,025,451	\$ 1,027,786
Per share data:					
Earnings per share	\$ 5.83	\$ 3.38	\$ 3.41	\$ 6.37	\$ 6.44
Cash dividends per share	1.25	1.10	1.10	1.10	1.10
Book value	68.67	64.00	61.92	59.81	54.46
Performance ratios:					
Return on average assets	1.05 %	0.61 %	0.63 %	1.22 %	1.31 %
Return on average shareholders' equity	8.77	5.32	5.50	11.09	12.37
Dividend payout ratio	21.55	32.65	32.41	17.33	17.16
Net interest margin	3.97	3.79	3.81	3.90	3.90
Efficiency ratio	61.59	64.13	58.29	54.22	53.56
Capital ratios:					
Leverage ratio	12.32 %	11.52 %	11.40 %	11.35 %	10.75 %
Common equity ratio	18.36	17.04	16.51	15.75	15.78
Tier 1 capital ratio	18.36	17.04	16.51	15.75	15.78
Total risk-based capital ratio	19.62	18.30	17.78	17.01	17.04
Equity to assets	12.42	11.59	11.62	11.50	10.88
Asset quality:					
Nonperforming loans	\$ 4,697,376	\$ 9,416,186	\$ 13,027,930	\$ 4,500,602	\$ 642,280
Nonperforming assets	5,996,018	12,309,286	13,664,181	5,836,853	1,928,531
Allowance for loan losses	7,102,706	7,273,635	11,463,79	37,162,340	6,772,535
Net loan charge-offs (recoveries)	2,139,475	6,615,638	166,029	446,790	(158,275)
Nonperforming loans to total loans	1.35 %	2.69 %	3.68 %	1.27 %	0.20 %
Nonperforming assets to total assets	1.17	2.40	2.76	1.21	0.41
Net charge-offs (recoveries) to average loans	0.62	1.86	0.05	0.13	(0.05)
Allowance for loan losses to total loans	2.04	2.08	3.23	2.02	2.07
Other data:					
Banking locations	6	6	6	5	5
Full-time equivalent employees	123	121	120	108	106



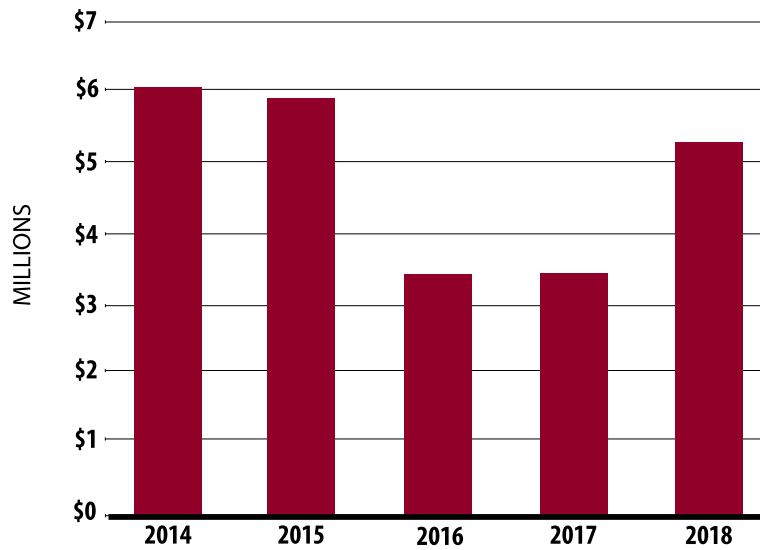
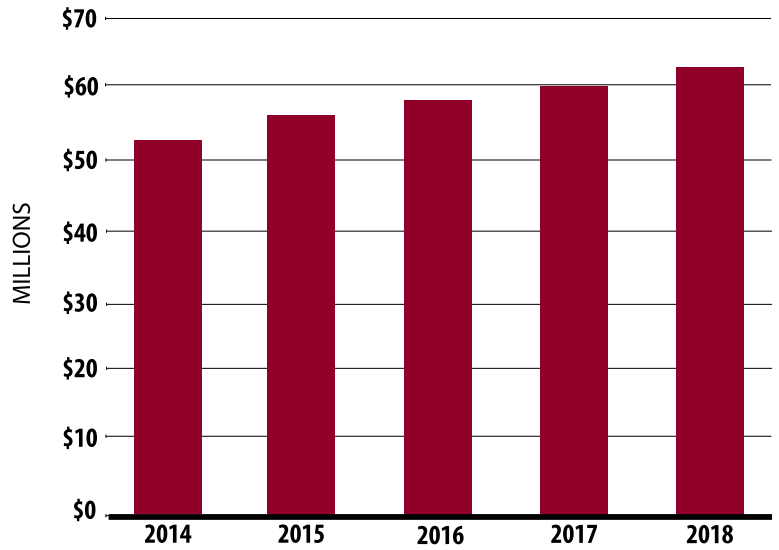
LOANS



DEPOSITS



SHAREHOLDER'S EQUITY



NET INCOME

