



# AT OUR CORE

SYNERGY BANCSHARES  
ANNUAL REPORT 2017

# SUCCESS IN LIFE MEANS LIVING BY YOUR VALUES.

**At our core, you'll find four distinct values - Service, Teamwork, Accountability, and Respect. It's these standards that we employ each day and serve as a cornerstone for our success.**

Nineteen years ago, we began to build the first Synergy Bank on Tunnel Boulevard in Houma. While the outside of the building began to take shape, the real foundation of our bank - its heart, character and philosophy were already set into motion.

Our founders wanted to build a different kind of bank - one that had a true sense of local identity that focused on customer service and celebrated the value and traditions of our communities.

From day one, our mission was to provide excellence in customer service, foster a team work environment, be accountable to our stakeholders and respect the

diversity of our employees and customers. These are the standards embedded in our mission that our employees strive to live by every day.

To honor our mission and renew the promise of our founders, we penned our "Core Values" in 2017. Our Synergy Team has incorporated those values of service, teamwork, accountability, and respect in all aspects of the responsibilities at the Bank.

They serve as our Core and a reminder, a reaffirmation of Synergy Bank's commitment to our customers and our communities for generations to come.



## TABLE OF CONTENTS

Letter to Shareholders	2
2017 At A Glance	3
Core Values	4 - 5
Community	6 - 7
Portfolio of Services	8
Leadership	9
Investments Division	10
Financial Highlights	11-12
Financial Report	13+





# DEAR SYNERGY FAMILY,

2017 can best be described as a transitional year for Synergy Bancshares. Through deposit growth, Synergy Bank surpassed the half a billion asset mark, a major milestone for the Bank. Consequently, we ended 2017 with consolidated assets of \$513,513,298, an increase of \$18,122,980 or 3.7% from the previous year. While we continue to face economic challenges in the region, we remained profitable with net earnings totaling \$3,150,452 or \$3.38 per share. Through earnings, our capital position has remained strong, with shareholders' equity totaling \$59,528,156 or 11.6% of total assets at the end of the year.

As a result of the enactment of the federal Tax Cuts and Jobs Act in December of 2017, the value of the net deferred tax asset on our books was written down by \$446,649 based on the lower tax rate of 21%, with an offsetting one-time charge to income tax expense. We expect to fully make up this charge in 2018 due to the lower tax rate going forward.

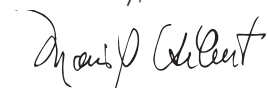
At the end of 2017, our net loans totaled \$342,672,568, funded by total deposits of \$452,756,555. In 2016, we significantly increased our allowance for loan losses to cover marine loan exposure, and in 2017, recognized substantial charge-offs on those loans. We continue to make additional provisions as appropriate.

Our ability to adapt to the confluence of change is essential to the health and well-being of Synergy Bank. Despite all

the transitions, we remain committed to our mission of growing the bank and our community. This year, we focused on reaffirming that mission with the development of our Core Values. Our employees championed the task of penning those values to define our culture and the character of our bank. We felt that it was important in this year's annual to share those values with you so that you may have a better understanding of their commitment to growing the bank. As our champions, Synergy employees pledged to incorporate the STAR (Service, Teamwork, Accountable, and Respect) Core Values in every aspect of operations for the success, not only of our bank, but ultimately our community.

Synergy Bank – Your Bank. Our Community. Stronger Together.

Sincerely,



Morris P. Hebert  
Chairman of the Board



Jerry P. Ledet, Jr.  
President & CEO



**ASSETS**  
\$513,513,298

**NET LOANS**  
\$342,672,568

**DEPOSITS**  
\$452,756,555

**EQUITY CAPITAL**  
\$59,528,156

## **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.

# **SYNERGY BANCSHARES AT A GLANCE**

### **Main Office**

210 Synergy Center Boulevard  
Houma, LA 70360  
Phone: 985-851-3341

### **East Houma Office**

919 Grand Caillou Road  
Houma, LA 70363  
Phone: 985-851-2619

### **Thibodaux Office**

209 East Bayou Road  
Thibodaux, LA 70301  
Phone: 985-446-8442

### **Tunnel Office**

1036 West Tunnel Boulevard  
Houma, LA 70360  
Phone: 985-851-1879

### **Gray Office**

3855 West Park Avenue  
Gray, LA 70359  
Phone: 985-851-2630

### **South Acadia Office**

1070 South Acadia Road  
Thibodaux, LA 70301  
Phone: 985-446-2622

Telebanking: 844-SYN-BANK | PO Box 2166 | Houma, LA 70361

It all started with our mission. As it served as a basis for our culture for the last 19 years, it was only natural to derive our core values from the ideology initially created by our founders.

By developing a set of guiding principles, we lay the groundwork for a culture that benefits our employees and helps grow the community.





# CORE VALUES

## **Preserving company culture for generations to come.**

Our Core Values, which don the acronym of “STAR,” have been incorporated in all aspects of Synergy. From the initial interview of a prospective employee to day-to-day operations, Synergy employees commit themselves to being a “STAR” within their lives. Our values are in the first person so that our employees can live them and share with others.

## **SERVICE**

I am committed to providing the best banking experience to our customers and recognize the importance of giving back to our community.

## **TEAMWORK**

I am an appreciated member of our Synergy Team. I value the diversity within our team and will work together to reach our common goals.

## **ACCOUNTABLE**

By continuing to learn and develop my skills, I will fulfill my role in growing the bank. I am accountable for my own success and happiness.

## **RESPECT**

I have respect for everyone I will come in contact with, including customers, fellow coworkers, and beyond the bank. I will listen, care, serve others, and speak kindly.

**Above all, I recognize that if we work together, we are truly stronger. A stronger person. A stronger bank. A stronger community.**

**“Our core values have taught me to provide exceptional service to all walks of life. These values are not only how we strive to be professionally, but they carry over to all aspects of our lives.”**

**Ashley Matthews  
Customer Service Representative; East Houma Office**



# COMMUNITY OUTREACH

Giving back to the community is a cornerstone of our beliefs as a bank. We believe that we are only as strong as our community. Synergy Bank proudly sponsors many local non-profit organizations throughout our region. Our employees also give selflessly of themselves as committee members, board of directors, and volunteers to hundreds of organizations and events.



Synergy is proud to host local Lemonade Day events for children of both Terrebonne and Lafourche parishes.

At the event, children can learn first hand about owning their own business by operating a lemonade stand for the community.

Along with learning the ins and outs of a business, the young entrepreneurs also learn financial responsibility, the value of a dollar, budgeting, customer service, and many other important life skills.





Our Synergy Team members are leaders in the community as volunteers. At nearly every non-profit event in our area, you can find our employees with a bright red Team Synergy shirt with a smile on their face lending a helping hand. Local organizations such as South Louisiana Wetlands Discovery Center, Terrebonne Foundation for Academic Excellence, Bayou Country Children's Museum, and Terrebonne Historical and Cultural Society all rely on Synergy volunteers to help achieve their goals.

**"Volunteering is a way that I can feel like I am a leader in my community and that I am truly making a difference," Missy Hutchinson, Banking Officer, said. "Being able to represent the bank while giving back to the community is such a joy."**

In addition to teaching financial literacy through our Bank at School Program, our employees also spearhead the annual Pack the Bus School Supply Drive. Through partnerships with United Way for South Louisiana and local businesses, Synergy collects school supply donations for our local public schools in Terrebonne and Lafourche parishes. The supplies are then given to students so that they can feel prepared and ready to learn, which in turn helps them to thrive and succeed.



# PORTFOLIO OF SERVICES

Our products and services continually evolve with our customers' needs in mind.

While still offering the hometown customer service our customers have come to expect, we also provide a variety of enhanced online and mobile services for those who need banking service at their fingertips.

Whether an individual is looking for their first home or if a business is looking to expand, we have knowledgeable loan officers to walk you through the process.

Regardless if it is your first checking account or you are saving for retirement, we can help you reach your goals with our full range of products and services.

## 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





## Board of Directors

Synergy Bank is led by a Board of Directors with a diverse business background in industries such as seafood, oil and gas, government, automobile, and more. With their extensive knowledge, the board guides our policies, administration, and direction of our bank.

## STRONG LEADERSHIP



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

## Banking Officers

Jerry P. Ledet, Jr.  
Benjamin D. Borne  
Marie M. 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  
Patrice 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  
Jere' H. Voisin



# Synergy Investment Services

a division of synergy bank

By keeping clients' objectives in focus, staying in contact with them throughout all market conditions and making investment adjustments as economic or lifestyle conditions warrant, Synergy Investment Services maintains a constant commitment to putting service first.

Synergy Investment Services had another successful year of growing revenues, cultivating customer relationships, and acquiring new clients. As a full-service brokerage office of LPL Financial located at Synergy Bank, program manager and financial consultant Ann Summers offers clients non-proprietary insurance and investment options, client portfolio management, portfolio analysis, retirement income planning and estate planning to name a few.

Michelle Himel, Administrative Assistant  
Ann Summers, CFP®, RICP®



## Investment Services

For more information or to schedule an appointment, call Ann at 985-851-5459.

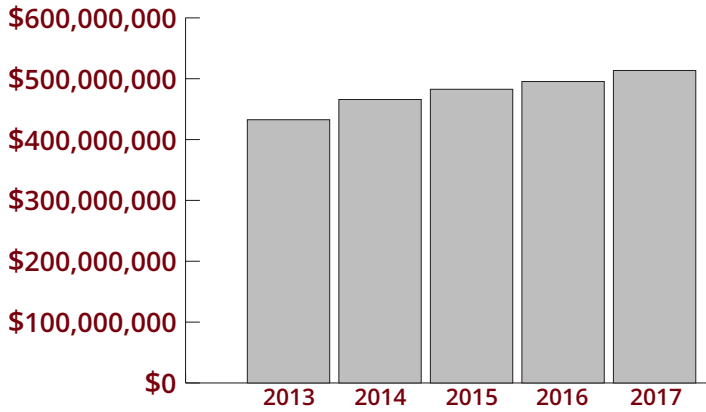
Synergy Investment Services is a division of Synergy Bank. Ann Summers is a registered representative with and securities, advisory services, offered through LPL Financial, A Registered Investment Advisor, Member FINRA/SIPC. Insurance products offered through LPL or its licensed affiliates. Synergy Bank and Synergy Investment Services are not registered broker/dealers and are not affiliated with LPL Financial.

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

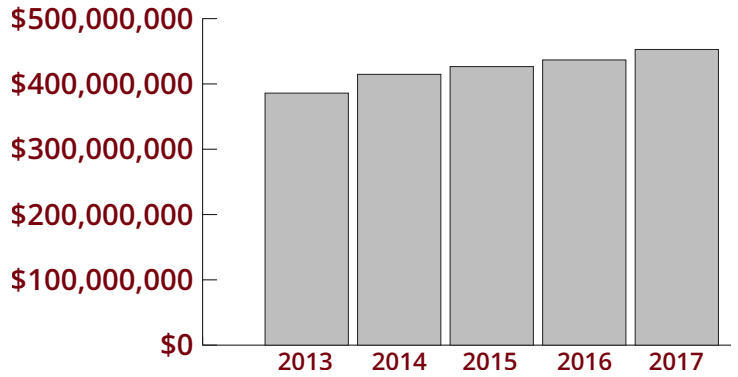
# SYNERGY BANCSHARES FINANCIAL HIGHLIGHTS

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Selected financial condition data:</b>					
Total assets	\$ 513,513,298	\$495,390,318	\$ 482,643,459	\$ 465,824,666	\$432,583,051
Loans, net	342,672,568	342,979,753	347,357,114	319,954,157	284,403,968
Investment securities	104,163,678	88,955,632	76,754,554	77,751,796	66,638,134
Deposits	452,756,555	436,725,238	426,549,107	414,661,513	385,927,659
Shareholders' equity	59,528,156	57,574,066	55,516,858	50,687,391	45,564,106
<b>Selected operations data:</b>					
Interest income	\$ 21,288,328	\$ 20,636,101	\$ 20,494,910	\$ 19,198,020	\$ 18,088,002
Interest expense	<u>2,797,887</u>	<u>2,380,840</u>	<u>2,215,405</u>	<u>2,170,115</u>	<u>2,256,114</u>
Net interest income	18,490,441	18,255,261	18,279,505	17,027,905	15,831,888
Provision for loan losses	<u>2,425,480</u>	<u>4,467,482</u>	<u>836,595</u>	<u>328,084</u>	<u>233,172</u>
Net interest income after provision for loan losses	16,064,961	13,797,779	17,442,910	16,699,821	15,598,716
Noninterest income	3,166,638	3,451,650	2,963,252	3,088,520	2,909,114
Noninterest expense	<u>13,888,400</u>	<u>12,651,914</u>	<u>11,518,781</u>	<u>10,774,847</u>	<u>10,032,975</u>
Income before income taxes	5,343,199	4,587,515	8,887,381	9,013,494	8,474,855
Income tax expense	<u>2,192,747</u>	<u>1,418,562</u>	<u>2,959,835</u>	<u>3,023,535</u>	<u>2,851,438</u>
Net income	<u>\$ 3,150,452</u>	<u>\$ 3,168,953</u>	<u>\$ 5,927,546</u>	<u>\$ 5,989,959</u>	<u>\$ 5,623,417</u>
<b>Per share data:</b>					
Earnings per share	\$ 3.38	\$ 3.41	\$ 6.37	\$ 6.44	\$ 6.05
Cash dividends per share	1.10	1.10	1.10	1.10	1.00
Book value	64.00	61.92	59.81	54.46	49.03
<b>Performance ratios:</b>					
Return on average assets	0.61 %	0.63 %	1.22 %	1.31 %	1.36 %
Return on average shareholders' equity	5.32	5.50	11.09	12.37	12.91
Dividend payout ratio	32.65	32.41	17.33	17.16	16.60
Net interest margin	3.79	3.81	3.90	3.90	3.98
Efficiency ratio	64.13	58.29	54.22	53.56	53.53
<b>Capital ratios:</b>					
Leverage ratio	11.52 %	11.40 %	11.35 %	10.75 %	10.43 %
Common equity ratio	17.04	16.51	15.75	15.78	16.11
Tier 1 capital ratio	17.04	16.51	15.75	15.78	16.11
Total risk-based capital ratio	18.30	17.78	17.01	17.04	17.37
Equity to assets	11.59	11.62	11.50	10.88	10.53
<b>Asset quality:</b>					
Nonperforming loans	\$ 9,416,186	\$ 13,027,930	\$ 4,500,602	\$ 642,280	\$ 2,454,157
Nonperforming assets	12,309,286	13,664,181	5,836,853	1,928,531	2,879,057
Allowance for loan losses	7,273,635	11,463,793	7,162,340	6,772,535	6,286,176
Net loan charge-offs (recoveries)	6,615,638	166,029	446,790	(158,275)	182,871
Nonperforming loans to total loans	2.69 %	3.68 %	1.27 %	0.20 %	0.84 %
Nonperforming assets to total assets	2.40	2.76	1.21	0.41	0.67
Net charge-offs (recoveries) to average loans	1.86	0.05	0.13	(0.05)	0.06
Allowance for loan losses to total loans	2.08	3.23	2.02	2.07	2.16
<b>Other data:</b>					
Banking locations	6	6	5	5	5
Full-time equivalent employees	121	120	108	106	105

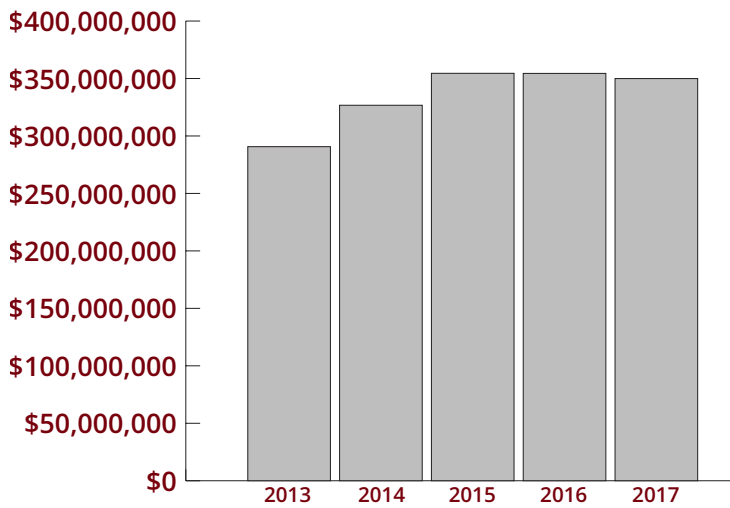
## ASSETS



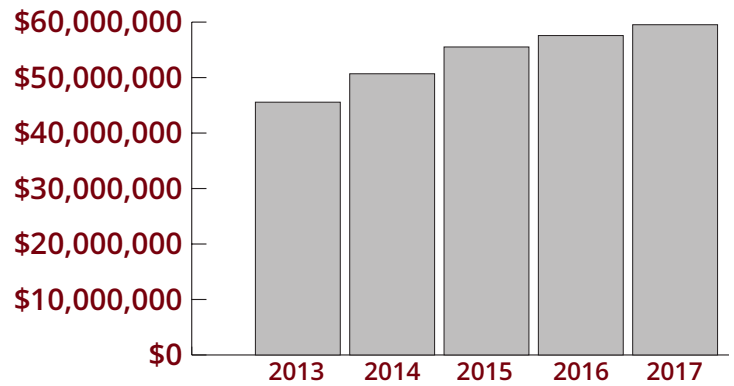
## DEPOSITS



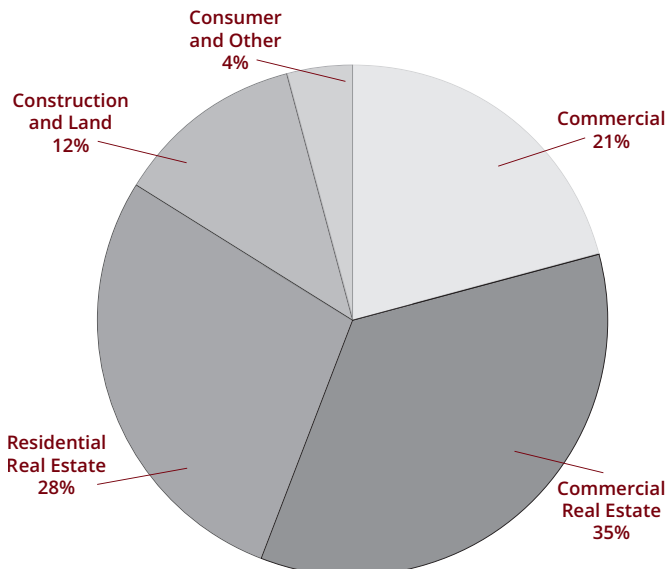
## LOANS



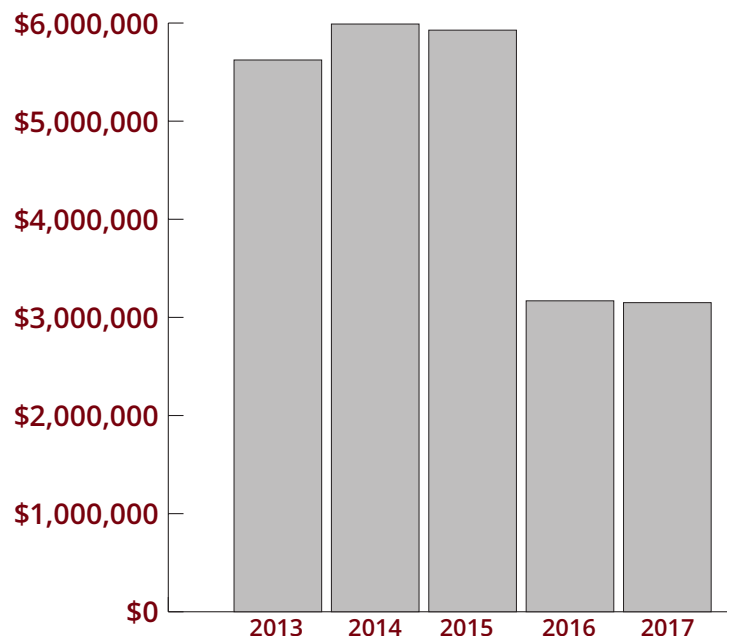
## SHAREHOLDERS' EQUITY



## LOAN PORTFOLIO



## NET INCOME







[BANKSYNERGY.COM](http://BANKSYNERGY.COM)