UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______to ______.
Commission File Number: 001-38087

GUARANTY BANCSHARES, INC.
(Exact name of registrant as specified in its charter)

Texas	**001-38087**	**75-1656431**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)
16475 Dallas Parkway, Suite 600 **Addison, Texas**		**75001**
(Address of Principal Executive Offices)		(Zip Code)

(888) 572 - 9881
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, par value $1.00 per share	GNTY	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 1, 2024, there were 11,404,568 outstanding shares of the registrant's common stock, par value $1.00 per share.

GUARANTY BANCSHARES, INC.

PART I — FINANCIAL INFORMATION

PART II — OTHER INFORMATION

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

GUARANTY BANCSHARES, INC.
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share amounts)

	(Unaudited) June 30, 2024	(Audited) December 31, 2023
ASSETS		
Cash and due from banks	$ 45,016	$ 47,744
Federal funds sold	40,475	36,575
Interest-bearing deposits	4,721	5,205
Total cash and cash equivalents	90,212	89,524
Securities available for sale	242,662	196,195
Securities held to maturity	347,992	404,208
Loans held for sale	871	976
Loans, net of allowance for credit losses of $29,282 and $30,920, respectively	2,185,247	2,290,881
Accrued interest receivable	12,397	13,143
Premises and equipment, net	57,475	57,018
Other real estate owned	15,184	—
Cash surrender value of life insurance	42,369	42,348
Core deposit intangible, net	1,206	1,418
Goodwill	32,160	32,160
Other assets	53,842	56,920
Total assets	$ 3,081,617	$ 3,184,791
LIABILITIES AND EQUITY		
Liabilities		
Deposits		
Noninterest-bearing	$ 820,430	$ 852,957
Interest-bearing	1,805,732	1,780,289
Total deposits	2,626,162	2,633,246
Securities sold under agreements to repurchase	25,173	25,172
Accrued interest and other liabilities	32,860	32,242
Line of credit	—	4,500
Federal Home Loan Bank advances	45,000	140,000
Subordinated debt, net	43,852	45,785
Total liabilities	2,773,047	2,880,945
Commitments and contingencies (see Note 10)		
Equity		
Preferred stock, $5.00 par value, 15,000,000 shares authorized, no shares issued	—	—
Common stock, $1.00 par value, 50,000,000 shares authorized, 14,269,032 and 14,242,328 shares issued, and 11,417,270 and 11,540,644 shares outstanding, respectively	14,269	14,242
Additional paid-in capital	229,793	228,986
Retained earnings	165,489	156,878
Treasury stock, 2,851,762 and 2,701,684 shares, respectively, at cost	(75,911)	(71,484)
Accumulated other comprehensive loss	(25,597)	(25,322)
Equity attributable to Guaranty Bancshares, Inc.	308,043	303,300
Noncontrolling interest	527	546
Total equity	308,570	303,846
Total liabilities and equity	$ 3,081,617	$ 3,184,791

See accompanying notes to consolidated financial statements.

GUARANTY BANCSHARES, INC.
CONSOLIDATED STATEMENTS OF EARNINGS (Unaudited)
(Dollars in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Interest income				
Loans, including fees	$ 35,009	$ 33,591	$ 70,500	$ 65,748
Securities				
Taxable	3,506	2,841	6,725	5,655
Nontaxable	1,093	1,195	2,258	2,499
Nonmarketable equity securities	280	301	528	720
Federal funds sold and interest-bearing deposits	825	806	1,454	1,256
Total interest income	40,713	38,734	81,465	75,878
Interest expense				
Deposits	14,824	9,946	29,283	17,601
FHLB advances and federal funds purchased	1,207	3,349	3,127	7,123
Subordinated debt	511	535	1,028	1,075
Other borrowed money	291	201	560	214
Total interest expense	16,833	14,031	33,998	26,013
Net interest income	23,880	24,703	47,467	49,865
Reversal of provision for credit losses	(1,200)	—	(1,450)	—
Net interest income after reversal of provision for credit losses	25,080	24,703	48,917	49,865
Noninterest income				
Service charges	1,098	1,056	2,167	2,133
Net realized loss on sales of securities available for sale	—	(322)	—	(229)
Net realized gain on sale of loans	227	473	499	787
Merchant and debit card fees	2,122	2,121	3,828	3,795
Other income	1,152	4,545	3,363	6,292
Total noninterest income	4,599	7,873	9,857	12,778
Noninterest expense				
Employee compensation and benefits	11,723	11,939	24,160	24,203
Occupancy expenses	2,924	2,754	5,671	5,584
Other expenses	5,955	5,778	11,463	10,651
Total noninterest expense	20,602	20,471	41,294	40,438
Income before income taxes	9,077	12,105	17,480	22,205
Income tax provision	1,654	2,529	3,376	4,352
Net earnings	$ 7,423	$ 9,576	$ 14,104	$ 17,853
Net loss attributable to noncontrolling interest	12	5	19	9
Net earnings attributable to Guaranty Bancshares, Inc.	$ 7,435	$ 9,581	$ 14,123	$ 17,862
Basic earnings per share	$ 0.65	$ 0.82	$ 1.23	$ 1.51
Diluted earnings per share	$ 0.65	$ 0.81	$ 1.22	$ 1.50

See accompanying notes to consolidated financial statements.

GUARANTY BANCSHARES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)
(Dollars in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net earnings	$ 7,423	$ 9,576	$ 14,104	$ 17,853
Other comprehensive income (loss):				
Unrealized gains (losses) on securities:				
Unrealized holding gains (losses) arising during the period, net of tax	1,599	(1,822)	46	(1,859)
Reclassification adjustment for net losses included in net earnings, net of tax	—	254	—	181
Change in net unrealized loss on available for sale securities transferred to held to maturity, net of tax	(154)	(227)	(321)	(567)
Unrealized gains (losses) on securities, net of tax	1,445	(1,795)	(275)	(2,245)
Total other comprehensive income (loss)	1,445	(1,795)	(275)	(2,245)
Comprehensive income	8,868	7,781	13,829	15,608
Less comprehensive loss attributable to noncontrolling interest	12	5	19	9
Comprehensive income attributable to Guaranty Bancshares, Inc.	$ 8,880	$ 7,786	$ 13,848	$ 15,617

See accompanying notes to consolidated financial statements.

GUARANTY BANCSHARES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Unaudited)
(Dollars in thousands, except per share data)

	Attributable to Guaranty Bancshares, Inc.							
	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total Equity
For the Six Months Ended June 30, 2024								
Balance at December 31, 2023	$ —	$ 14,242	$ 228,986	$ 156,878	$ (71,484)	$ (25,322)	$ 546	$ 303,846
Net earnings	—	—	—	14,123	—	—	(19)	14,104
Other comprehensive loss	—	—	—	—	—	(275)	—	(275)
Exercise of stock options	—	25	539	—	—	—	—	564
Purchase of treasury stock	—	—	—	—	(4,427)	—	—	(4,427)
Restricted stock grants	—	2	(2)	—	—	—	—	—
Stock based compensation	—	—	270	—	—	—	—	270
Cash dividends:								
Common - $0.48 per share	—	—	—	(5,512)	—	—	—	(5,512)
Total equity at June 30, 2024	$ —	$ 14,269	$ 229,793	$ 165,489	$ (75,911)	$ (25,597)	$ 527	$ 308,570
For the Three Months Ended June 30, 2024								
Balance at March 31, 2024	$ —	$ 14,248	$ 229,187	$ 160,797	$ (71,819)	$ (27,042)	$ 539	$ 305,910
Net earnings	—	—	—	7,435	—	—	(12)	7,423
Other comprehensive income	—	—	—	—	—	1,445	—	1,445
Exercise of stock options	—	22	473	—	—	—	—	495
Purchase of treasury stock	—	—	—	—	(4,092)	—	—	(4,092)
Restricted stock grants	—	(1)	1	—	—	—	—	—
Stock based compensation	—	—	132	—	—	—	—	132
Cash dividends:								
Common - $0.24 per share	—	—	—	(2,743)	—	—	—	(2,743)
Total equity at June 30, 2024	$ —	$ 14,269	$ 229,793	$ 165,489	$ (75,911)	$ (25,597)	$ 527	$ 308,570

See accompanying notes to consolidated financial statements.

	Attributable to Guaranty Bancshares, Inc.							
	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total Equity
For the Six Months Ended June 30, 2023								
Balance at December 31, 2022	$ —	$ 14,209	$ 227,727	$ 137,565	$ (60,257)	$ (24,260)	$ 574	$ 295,558
Net earnings	—	—	—	17,862	—	—	(9)	17,853
Other comprehensive loss	—	—	—	—	—	(2,245)	—	(2,245)
Exercise of stock options	—	8	217	—	—	—	—	225
Purchase of treasury stock	—	—	—	—	(8,850)	—	—	(8,850)
Restricted stock grants	—	1	(1)	—	—	—	—	—
Stock based compensation	—	—	298	—	—	—	—	298
Cash dividends:								
Common - $0.46 per share	—	—	—	(5,412)	—	—	—	(5,412)
Total equity at June 30, 2023	$ —	$ 14,218	$ 228,241	$ 150,015	$ (69,107)	$ (26,505)	$ 565	$ 297,427
For the Three Months Ended June 30, 2023								
Balance at March 31, 2023	$ —	$ 14,218	$ 228,091	$ 143,102	$ (61,001)	$ (24,710)	$ 570	$ 300,270
Net earnings	—	—	—	9,581	—	—	(5)	9,576
Other comprehensive loss	—	—	—	—	—	(1,795)	—	(1,795)
Purchase of treasury stock	—	—	—	—	(8,106)	—	—	(8,106)
Stock based compensation	—	—	150	—	—	—	—	150
Dividends:								
Common - $0.23 per share	—	—	—	(2,668)	—	—	—	(2,668)
Total equity at June 30, 2023	$ —	$ 14,218	$ 228,241	$ 150,015	$ (69,107)	$ (26,505)	$ 565	$ 297,427

See accompanying notes to consolidated financial statements.

GUARANTY BANCSHARES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(Dollars in thousands)

	For the Six Months Ended June 30, 2024	2023
Cash flows from operating activities		
Net earnings	$ 14,104	$ 17,853
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	2,036	2,028
Amortization	352	376
Deferred taxes	312	(1,157)
Premium amortization, net of discount accretion	851	1,240
Net realized loss on sales of securities available for sale	—	229
Gain on sale of loans	(499)	(787)
Reversal of provision for credit losses	(1,450)	—
Origination of loans held for sale	(16,347)	(22,127)
Proceeds from loans held for sale	16,951	25,275
Write-down of other real estate and repossessed assets	900	—
Net gain on sale of premises, equipment, other real estate owned and other assets	(9)	(2,945)
Stock based compensation	270	298
Net change in accrued interest receivable and other assets	3,503	(982)
Net change in accrued interest payable and other liabilities	529	2,251
Net cash provided by operating activities	$ 21,503	$ 21,552
Cash flows from investing activities		
Securities available for sale:		
Purchases	$ (857,736)	$ (484,132)
Proceeds from sales	—	21,268
Proceeds from maturities and principal repayments	811,023	482,114
Securities held to maturity:		
Proceeds from maturities and principal repayments	55,348	70,637
Net repayments of loans	90,851	43,363
Purchases of premises and equipment	(2,593)	(3,888)
Proceeds from sale of premises, equipment, other real estate owned and other assets	161	3,492
Net cash provided by investing activities	$ 97,054	$ 132,854

See accompanying notes to consolidated financial statements.

GUARANTY BANCSHARES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(Dollars in thousands)

	For the Six Months Ended June 30, 2024	2023
Cash flows from financing activities		
Net change in deposits	$ (7,084)	$ (78,337)
Net change in securities sold under agreements to repurchase	1	13,311
Proceeds from FHLB advances	1,125,000	1,725,000
Repayment of FHLB advances	(1,220,000)	(1,820,000)
Proceeds from line of credit	—	12,000
Repayment of line of credit	(4,500)	—
Repayments of debentures	(2,000)	(1,500)
Purchase of treasury stock	(4,427)	(8,850)
Exercise of stock options	564	225
Cash dividends paid	(5,423)	(5,371)
Net cash used in financing activities	$ (117,869)	$ (163,522)
Net change in cash and cash equivalents	688	(9,116)
Cash and cash equivalents at beginning of period	89,524	106,467
Cash and cash equivalents at end of period	$ 90,212	$ 97,351
Supplemental disclosures of cash flow information		
Interest paid	$ 33,624	$ 24,150
Income taxes paid	4,225	4,080
Supplemental schedule of noncash investing and financing activities		
Cash dividends accrued	$ 2,743	$ 2,668
Lease right of use assets obtained in exchange for lease liabilities	—	568
Transfer of loans to other real estate owned and repossessed assets	16,233	—

See accompanying notes to consolidated financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: Guaranty Bancshares, Inc. ("Guaranty") is a bank holding company headquartered in Mount Pleasant, Texas that provides, through its wholly-owned subsidiary, Guaranty Bank & Trust, N.A. (the "Bank"), a broad array of financial products and services to individuals and corporate customers, primarily in its markets of East Texas, Dallas/Fort Worth, Greater Houston and Central Texas. The terms "the Company," "we," "us" and "our" mean Guaranty and its subsidiaries, when appropriate. The Company's main sources of income are derived from granting loans throughout its markets and investing in securities issued or guaranteed by the U.S. Treasury, U.S. government agencies and state and political subdivisions. The Company's primary lending products are real estate, commercial and consumer loans. Although the Company has a diversified loan portfolio, a substantial portion of its debtors' abilities to honor contracts is dependent on the economy of the State of Texas and primarily the economies of East Texas, Dallas/Fort Worth, Greater Houston and Central Texas. The Company primarily funds its lending activities with deposit operations. The Company's primary deposit products are checking accounts, money market accounts and certificates of deposit.

Principles of Consolidation: The consolidated financial statements in this Quarterly Report on Form 10-Q (this "Report") include the accounts of Guaranty, the Bank and indirect subsidiaries that are wholly-owned or controlled. Subsidiaries that are less than wholly owned are fully consolidated if they are controlled by Guaranty or one of its subsidiaries, and the portion of any subsidiary not owned by Guaranty is reported as noncontrolling interest. All significant intercompany balances and transactions have been eliminated in consolidation. The Bank has eight wholly-owned or controlled non-bank subsidiaries, Guaranty Company, Inc., G B COM, INC., 2800 South Texas Avenue LLC, Pin Oak Realty Holdings, Inc., Pin Oak Asset Management, LLC, Guaranty Bank & Trust Political Action Committee, White Oak Aviation, LLC and Caliber Guaranty Private Account, LLC, the entity which has a noncontrolling interest. The accounting and financial reporting policies followed by the Company conform, in all material respects, to accounting principles generally accepted in the United States of America ("GAAP") and to general practices within the financial services industry.

Basis of Presentation: The consolidated financial statements in this report have not been audited by an independent registered public accounting firm, but in the opinion of management, reflect all adjustments necessary for a fair presentation of the Company's financial position and results of operations. All such adjustments were of a normal and recurring nature. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q adopted by the Securities and Exchange Commission ("SEC"). Accordingly, the financial statements do not include all of the information and footnotes required by GAAP for complete financial statements and should be read in conjunction with the Company's consolidated financial statements, and notes thereto, for the year ended December 31, 2023, included in Guaranty's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on March 14, 2024. Operating results for the interim periods disclosed herein are not necessarily indicative of the results that may be expected for a full year or any future period.

All dollar amounts referenced and discussed in the notes to the consolidated financial statements in this report are presented in thousands, unless noted otherwise.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates and assumptions may also affect disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

(Continued)

(Dollars in thousands, except per share amounts)

NOTE 2 - MARKETABLE SECURITIES

The following tables summarize the amortized cost and fair value of available for sale and held to maturity securities as of June 30, 2024 and December 31, 2023 and the corresponding amounts of gross unrealized gains and losses:

June 30, 2024	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available for sale:				
Corporate bonds	$ 29,842	$ —	$ 2,473	$ 27,369
Municipal securities	2,320	90	—	2,410
Mortgage-backed securities	212,663	821	15,888	197,596
Collateralized mortgage obligations	16,964	2	1,679	15,287
Total available for sale	$ 261,789	$ 913	$ 20,040	$ 242,662
Held to maturity:				
U.S. government agencies	$ 9,370	$ —	$ 1,058	$ 8,312
Treasury securities	29,665	—	565	29,100
Municipal securities	158,734	316	7,459	151,591
Mortgage-backed securities	114,702	—	15,665	99,037
Collateralized mortgage obligations	35,521	—	7,238	28,283
Total held to maturity	$ 347,992	$ 316	$ 31,985	$ 316,323

December 31, 2023	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available for sale:				
Corporate bonds	$ 29,882	$ —	$ 3,077	$ 26,805
Municipal securities	2,322	182	—	2,504
Mortgage-backed securities	164,419	1,014	15,621	149,812
Collateralized mortgage obligations	18,757	19	1,702	17,074
Total available for sale	$ 215,380	$ 1,215	$ 20,400	$ 196,195
Held to maturity:				
U.S. government agencies	$ 9,292	$ —	$ 1,066	$ 8,226
Treasury securities	69,432	—	1,038	68,394
Municipal securities	168,175	923	6,123	162,975
Mortgage-backed securities	119,872	—	15,105	104,767
Collateralized mortgage obligations	37,437	—	7,276	30,161
Total held to maturity	$ 404,208	$ 923	$ 30,608	$ 374,523

From time to time, we have reclassified certain securities from available for sale to held to maturity. Such transfers are made at fair value at the date of transfer. The unrealized holding gains and losses at the date of transfer are retained in accumulated other comprehensive loss and in the carrying value of the held to maturity securities and are amortized or accreted over the remaining life of the security. During the second quarter of 2022, we transferred $106,157 of securities from available for sale to held to maturity, which included a net unrealized loss on the date of transfer of $13,186. During the third quarter of 2021, we transferred $172,292 of securities from available for sale to held to maturity, which included a net unrealized gain on the date of transfer of $10,235. These unamortized unrealized losses and unaccreted unrealized gains on our transferred securities are included in accumulated other comprehensive loss on our balance sheet and they netted to an unrealized loss of $7,285 at June 30, 2024 compared to an unrealized loss of $6,964 at December 31, 2023. This amount will continue to be amortized and accreted out of accumulated other comprehensive loss over the remaining life of the underlying securities as an adjustment of the yield on those securities.

There is no allowance for credit losses recorded for our available for sale or held to maturity debt securities as of June 30, 2024 or December 31, 2023.

(Continued)

(Dollars in thousands, except per share amounts)

Information pertaining to securities available for sale with gross unrealized losses as of June 30, 2024 and December 31, 2023, for which no allowance for credit losses has been recorded, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position is detailed in the following tables:

June 30, 2024	Less Than 12 Months		12 Months or Longer		Total	
	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value
Available for sale:						
Corporate bonds	$ —	$ —	$ (2,473)	$ 27,369	$ (2,473)	$ 27,369
Mortgage-backed securities	(594)	47,685	(15,294)	105,806	(15,888)	153,491
Collateralized mortgage obligations	(1)	101	(1,678)	12,496	(1,679)	12,597
Total available for sale	$ (595)	$ 47,786	$ (19,445)	$ 145,671	$ (20,040)	$ 193,457

December 31, 2023	Less Than 12 Months		12 Months or Longer		Total	
	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value
Available for sale:						
Corporate bonds	$ —	$ —	$ (3,077)	$ 26,805	$ (3,077)	$ 26,805
Mortgage-backed securities	(742)	13,308	(14,879)	101,889	(15,621)	115,197
Collateralized mortgage obligations	—	—	(1,702)	13,976	(1,702)	13,976
Total available for sale	$ (742)	$ 13,308	$ (19,658)	$ 142,670	$ (20,400)	$ 155,978

There were 280 investments in an unrealized loss position at June 30, 2024, of which 89 were available for sale debt securities in an unrealized loss position with no recorded allowance for credit losses. The available for sale securities in a loss position included corporate bonds, mortgage-backed securities and collateralized mortgage obligations. Management evaluates available for sale debt securities in an unrealized loss position to determine whether the impairment is due to credit-related factors or noncredit-related factors. With respect to the collateralized mortgage obligations and mortgage-backed securities issued by the U.S. government and its agencies, the Company has determined that the decline in fair value is not due to credit-related factors. The Company monitors the credit quality of other debt securities through the use of credit ratings and other factors specific to an individual security in assessing whether or not the decline in fair value of municipal or corporate securities, relative to their amortized cost, is due to credit-related factors. Triggers to prompt further investigation of securities when the fair value is less than the amortized cost are when a security has been downgraded and falls below an A credit rating, and the security's unrealized loss exceeds 20% of its book value. Consideration is given to (1) the extent to which fair value is less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the security for a period of time sufficient to allow for any anticipated recovery in fair value. Based on evaluation of available evidence, management believes the unrealized losses on the securities as of June 30, 2024 and December 31, 2023 are not credit-related. Management does not have the intent to sell any of these securities and believes that it is more likely than not the Company will not have to sell any such securities before recovery of cost. The fair values are expected to recover as the securities approach their maturity date or repricing date or if market yields for the investments decline. Accordingly, no allowance for credit losses has been recorded for these securities.

Management assesses held to maturity securities sharing similar risk characteristics on a collective basis for expected credit losses under the current expected credit losses ("CECL") methodology. As of June 30, 2024 and December 31, 2023, our held to maturity securities consisted of U.S. government agencies, municipal bonds, treasury securities, collateralized mortgage obligations and mortgage-backed securities issued by the U.S. government and its agencies. With regard to the treasuries, collateralized mortgage obligations and mortgage-backed securities issued by the U.S. government, or agencies thereof, it is expected that the securities will not be settled at prices less than the amortized cost bases of the securities as such securities are backed by the full faith and credit of and/or guaranteed by the U.S. government. Mortgage-backed securities and collateralized mortgage obligations are backed by pools of mortgages that are insured or guaranteed by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association or the government National Mortgage Association. For municipal securities, management reviewed key risk indicators, including ratings by credit agencies when available, and determined that there is no current expectation of credit loss. Accordingly, no allowance for credit losses has been recorded for these securities.

(Continued)

(Dollars in thousands, except per share amounts)

As of June 30, 2024, there were no holdings of securities of any one issuer, other than the collateralized mortgage obligations, treasuries and mortgage-backed securities issued by the U.S. government and its agencies, in an amount greater than 10% of total equity attributable to Guaranty Bancshares, Inc.

Securities with fair values of approximately $285,748 and $317,112 at June 30, 2024 and December 31, 2023, respectively, were pledged to secure public fund deposits and for other purposes as required or permitted by law.

The proceeds from sales of available for sale securities and the associated gains and losses are listed below for the:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Proceeds from sales	$ —	$ 14,029	$ —	$ 21,268
Gross gains	—	65	—	184
Gross losses	—	(387)	—	(413)

The contractual maturities at June 30, 2024 of available for sale and held to maturity securities at carrying value and estimated fair value are shown below. Expected maturities may differ from contractual maturities because borrowers and/or issuers may have the right to call or prepay their obligation with or without call or prepayment penalties.

	Available for Sale		Held to Maturity	
June 30, 2024	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due within one year	$ 7,498	$ 7,413	$ 33,497	$ 32,917
Due after one year through five years	2,033	1,926	41,514	39,518
Due after five years through ten years	22,631	20,440	86,505	83,041
Due after ten years	—	—	36,253	33,527
Mortgage-backed securities	212,663	197,596	114,702	99,037
Collateralized mortgage obligations	16,964	15,287	35,521	28,283
Total securities	$ 261,789	$ 242,662	$ 347,992	$ 316,323

(Continued)

(Dollars in thousands, except per share amounts)

NOTE 3 - LOANS AND ALLOWANCE FOR CREDIT LOSSES

The following table summarizes the Company's loan portfolio by type of loan as of:

	June 30, 2024	December 31, 2023
Commercial and industrial	$ 264,058	$ 287,565
Real estate:		
Construction and development	231,053	296,639
Commercial real estate	899,120	923,195
Farmland	180,126	186,295
1-4 family residential	526,650	514,603
Multi-family residential	47,507	44,292
Consumer	53,642	57,059
Agricultural	12,506	12,685
Overdrafts	335	243
Total loans	2,214,997	2,322,576
Net of:		
Deferred loan fees, net	(468)	(775)
Allowance for credit losses	(29,282)	(30,920)
Total net loans[(1)]	$ 2,185,247	$ 2,290,881

(1) Excludes accrued interest receivable on loans of $8.8 million and $9.5 million as of June 30, 2024 and December 31, 2023, respectively, which is presented separately on the consolidated balance sheets.

(Continued)

(Dollars in thousands, except per share amounts)

The Company's estimate of the allowance for credit losses ("ACL") reflects losses expected over the remaining contractual life of the assets, adjusted for expected prepayments when appropriate. The contractual term does not consider possible extensions, renewals or modifications. The following tables present the activity in the ACL by class of loans for the six months ended June 30, 2024, for the year ended December 31, 2023 and for the six months ended June 30, 2023:

For the Six Months Ended June 30, 2024	**Commercial and industrial**	**Construction and development**	**Commercial real estate**	**Farmland**	**1-4 family residential**	**Multi-family residential**	**Consumer**	**Agricultural**	**Overdrafts**	**Total**
Allowance for credit losses:										
Beginning balance	$ 3,719	$ 3,623	$ 12,257	$ 2,231	$ 7,470	$ 521	$ 945	$ 152	$ 2	$ 30,920
(Reversal of) provision for credit losses	(477)	(717)	(78)	(154)	(69)	19	(41)	(12)	79	(1,450)
Loans charged-off	(230)	—	—	—	—	—	(85)	—	(110)	(425)
Recoveries	174	—	—	—	—	—	29	2	32	237
Ending balance	$ 3,186	$ 2,906	$ 12,179	$ 2,077	$ 7,401	$ 540	$ 848	$ 142	$ 3	$ 29,282

For the Year Ended December 31, 2023	**Commercial and industrial**	**Construction and development**	**Commercial real estate**	**Farmland**	**1-4 family residential**	**Multi-family residential**	**Consumer**	**Agricultural**	**Overdrafts**	**Total**
Allowance for credit losses:										
Beginning balance	$ 4,382	$ 4,889	$ 12,658	$ 2,008	$ 6,617	$ 490	$ 778	$ 149	$ 3	$ 31,974
(Reversal of) provision for credit losses	(209)	(1,266)	(124)	223	853	31	238	4	250	—
Loans charged-off	(473)	—	(277)	—	—	—	(139)	(3)	(312)	(1,204)
Recoveries	19	—	—	—	—	—	68	2	61	150
Ending balance	$ 3,719	$ 3,623	$ 12,257	$ 2,231	$ 7,470	$ 521	$ 945	$ 152	$ 2	$ 30,920

For the Six Months Ended June 30, 2023	**Commercial and industrial**	**Construction and development**	**Commercial real estate**	**Farmland**	**1-4 family residential**	**Multi-family residential**	**Consumer**	**Agricultural**	**Overdrafts**	**Total**
Allowance for credit losses:										
Beginning balance	$ 4,382	$ 4,889	$ 12,658	$ 2,008	$ 6,617	$ 490	$ 778	$ 149	$ 3	31,974
(Reversal of) provision for credit losses	(102)	(470)	136	97	82	—	155	(3)	105	—
Loans charged-off	(20)	—	(87)	—	—	—	(72)	(3)	(136)	(318)
Recoveries	12	—	—	—	—	—	58	2	31	103
Ending balance	$ 4,272	$ 4,419	$ 12,707	$ 2,105	$ 6,699	$ 490	$ 919	$ 145	$ 3	$ 31,759

(Continued)

We recorded a reverse provision for credit losses of $1.2 million and $250,000 during the second and first quarters of 2024, respectively. Our gross loan balances decreased by $50.3 million during the second quarter and by $107.6 million during the first half of 2024, while overall credit quality trends and economic forecast assumptions remained relatively stable.

The Company uses the weighted-average remaining maturity ("WARM") method as the basis for the estimation of expected credit losses. The WARM method uses a historical average annual charge-off rate containing loss content over a historical lookback period and is used as a foundation for estimating the credit loss reserve for the remaining outstanding balances of loans in a segment at the balance sheet date. The average annual charge-off rate is applied to the contractual term, further adjusted for estimated prepayments, to determine the unadjusted historical charge-off rate. The calculation of the unadjusted historical charge-off rate is then adjusted, using qualitative factors, for current conditions and for reasonable and supportable forecast periods. Qualitative loss factors are based on the Company’s judgment of company, market, industry or business specific data, differences in loan-specific risk characteristics such as underwriting standards, portfolio mix, risk grades, delinquency level, or term. These qualitative factors serve to compensate for additional areas of uncertainty inherent in the portfolio that are not reflected in our historic loss factors. Additionally, we have adjusted for changes in expected environmental and economic conditions, such as changes in unemployment rates, property values, and other relevant factors over the next 12 to 24 months. Management adjusted the historical loss experience for these expectations. No reversion adjustments were necessary, as the starting point for the Company’s estimate was a cumulative loss rate covering the expected contractual term of the portfolio.

The ACL is measured on a collective segment basis when similar risk characteristics exist. Our loan portfolio is segmented first by regulatory call report code, and second, by internally identified risk grades for our commercial loan segments and by delinquency status for our consumer loan segments. We also have separate segments for our internally originated SBA loans and for our SBA loans acquired from Westbound Bank. Consistent forecasts of the loss drivers are used across the loan segments. For loans that do not share general risk characteristics with segments, we estimate a specific reserve on an individual basis. A reserve is recorded when the carrying amount of the loan exceeds the discounted estimated cash flows using the loan's initial effective interest rate or the fair value of collateral for collateral-dependent loans.

Assets are graded “pass” when the relationship exhibits acceptable credit risk and indicates repayment ability, tolerable collateral coverage and reasonable performance history. Lending relationships exhibiting potentially significant credit risk and marginal repayment ability and/or asset protection are graded “special mention.” Assets classified as “substandard” are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified must have a well-defined weakness that jeopardizes the liquidation of the debt. Substandard graded loans are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected. Assets graded “doubtful” are substandard graded loans that have added characteristics that make collection or liquidation in full improbable. Loans that are on nonaccrual status are generally classified as substandard.

In general, the loans in our portfolio have low historical credit losses. The Company closely monitors economic conditions and loan performance trends to manage and evaluate the exposure to credit risk. Key factors tracked by the Company and utilized in evaluating the credit quality of the loan portfolio include trends in delinquency ratios, the level of nonperforming assets, borrower’s repayment capacity, and collateral coverage.

(Continued)

(Dollars in thousands, except per share amounts)

The following table summarizes the credit exposure in the Company's loan portfolio, by year of origination, as of June 30, 2024:

June 30, 2024	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost	Total
Commercial and industrial:								
Pass	$ 15,342	$ 35,793	$ 61,181	$ 34,395	$ 11,410	$ 18,853	$ 84,918	$ 261,892
Special mention	—	—	—	79	—	—	—	79
Substandard	38	365	180	30	612	544	10	1,779
Nonaccrual	—	30	181	—	6	91	—	308
Total commercial and industrial loans	$ 15,380	$ 36,188	$ 61,542	$ 34,504	$ 12,028	$ 19,488	$ 84,928	$ 264,058
Charge-offs	$ —	$ (7)	$ (7)	$ —	$ (216)	$ —	$ —	$ (230)
Recoveries	—	—	—	—	—	174	—	174
Current period net	$ —	$ (7)	$ (7)	$ —	$ (216)	$ 174	$ —	$ (56)
Construction and development:								
Pass	$ 31,445	$ 63,291	$ 62,209	$ 42,803	$ 6,769	$ 17,754	$ 2,880	$ 227,151
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	3,762	—	—	67	—	3,829
Nonaccrual	73	—	—	—	—	—	—	73
Total construction and development loans	$ 31,518	$ 63,291	$ 65,971	$ 42,803	$ 6,769	$ 17,821	$ 2,880	$ 231,053
Charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Recoveries	—	—	—	—	—	—	—	—
Current period net	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial real estate:								
Pass	$ 20,168	$ 47,136	$ 345,141	$ 140,798	$ 79,022	$ 208,168	$ 14,933	$ 855,366
Special mention	—	—	23,260	2,528	—	4,467	—	30,255
Substandard	—	—	5,893	7,011	—	29	—	12,933
Nonaccrual	—	—	399	—	—	167	—	566
Total commercial real estate loans	$ 20,168	$ 47,136	$ 374,693	$ 150,337	$ 79,022	$ 212,831	$ 14,933	$ 899,120
Charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Recoveries	—	—	—	—	—	—	—	—
Current period net	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

(Continued)

(Dollars in thousands, except per share amounts)

June 30, 2024	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost	Total
Farmland:								
Pass	$ 8,727	$ 20,874	$ 71,441	$ 44,503	$ 7,786	$ 17,756	$ 6,251	$ 177,338
Special mention	—	1,686	—	—	—	141	—	1,827
Substandard	—	—	—	46	—	73	—	119
Nonaccrual	—	—	—	306	97	439	—	842
Total farmland loans	$ 8,727	$ 22,560	$ 71,441	$ 44,855	$ 7,883	$ 18,409	$ 6,251	$ 180,126
Charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Recoveries	—	—	—	—	—	—	—	—
Current period net	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
1-4 family residential:								
Pass	$ 32,609	$ 59,658	$ 139,748	$ 113,008	$ 40,714	$ 114,663	$ 20,074	$ 520,474
Special mention	—	—	1,136	—	—	21	1,018	2,175
Substandard	—	—	—	—	—	—	—	—
Nonaccrual	—	342	143	186	256	2,911	163	4,001
Total 1-4 family residential loans	$ 32,609	$ 60,000	$ 141,027	$ 113,194	$ 40,970	$ 117,595	$ 21,255	$ 526,650
Charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Recoveries	—	—	—	—	—	—	—	—
Current period net	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Multi-family residential:								
Pass	$ 760	$ 1,959	$ 25,644	$ 14,938	$ 1,356	$ 2,813	$ 37	$ 47,507
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Nonaccrual	—	—	—	—	—	—	—	—
Total multi-family residential loans	$ 760	$ 1,959	$ 25,644	$ 14,938	$ 1,356	$ 2,813	$ 37	$ 47,507
Charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Recoveries	—	—	—	—	—	—	—	—
Current period net	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

(Continued)

(Dollars in thousands, except per share amounts)

June 30, 2024	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost	Total
Consumer and overdrafts:								
Pass	$ 13,870	$ 17,894	$ 10,056	$ 4,216	$ 1,673	$ 2,401	$ 3,586	$ 53,696
Special mention	5	15	10	11	—	5	—	46
Substandard	—	—	—	—	—	—	—	—
Nonaccrual	—	73	79	25	21	37	—	235
Total consumer loans and overdrafts	$ 13,875	$ 17,982	$ 10,145	$ 4,252	$ 1,694	$ 2,443	$ 3,586	$ 53,977
Charge-offs	$ (110)	$ (38)	$ (38)	$ —	$ —	$ (9)	$ —	$ (195)
Recoveries	33	—	—	14	3	11	—	61
Current period net	$ (77)	$ (38)	$ (38)	$ 14	$ 3	$ 2	$ —	$ (134)
Agricultural:								
Pass	$ 1,551	$ 1,288	$ 1,536	$ 814	$ 542	$ 736	$ 5,798	$ 12,265
Special mention	—	—	22	—	—	—	—	22
Substandard	—	—	—	—	—	19	—	19
Nonaccrual	—	—	29	—	—	171	—	200
Total agricultural loans	$ 1,551	$ 1,288	$ 1,587	$ 814	$ 542	$ 926	$ 5,798	$ 12,506
Charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Recoveries	—	—	—	—	—	2	—	2
Current period net	$ —	$ —	$ —	$ —	$ —	$ 2	$ —	$ 2
Total loans:								
Pass	$ 124,472	$ 247,893	$ 716,956	$ 395,475	$ 149,272	$ 383,144	$ 138,477	$ 2,155,689
Special mention	5	1,701	24,428	2,618	—	4,634	1,018	34,404
Substandard	38	365	9,835	7,087	612	732	10	18,679
Nonaccrual	73	445	831	517	380	3,816	163	6,225
Total loans	$ 124,588	$ 250,404	$ 752,050	$ 405,697	$ 150,264	$ 392,326	$ 139,668	$ 2,214,997
Charge-offs	$ (110)	$ (45)	$ (45)	$ —	$ (216)	$ (9)	$ —	$ (425)
Recoveries	33	—	—	14	3	187	—	237
Total current period net (charge-offs) recoveries	$ (77)	$ (45)	$ (45)	$ 14	$ (213)	$ 178	$ —	$ (188)

(Continued)

(Dollars in thousands, except per share amounts)

The following table summarizes the credit exposure in the Company's loan portfolio, by year of origination, as of December 31, 2023:

December 31, 2023	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost	Total
Commercial and industrial:								
Pass	$ 42,646	$ 72,376	$ 38,328	$ 12,864	$ 8,249	$ 12,524	$ 96,215	$ 283,202
Special mention	—	16	132	958	147	—	250	1,503
Substandard	—	190	—	370	370	153	—	1,083
Nonaccrual	—	129	1,528	7	—	79	34	1,777
Total commercial and industrial loans	$ 42,646	$ 72,711	$ 39,988	$ 14,199	$ 8,766	$ 12,756	$ 96,499	$ 287,565
Charge-offs	$ (79)	$ —	$ (25)	$ (41)	$ (31)	$ (4)	$ (293)	$ (473)
Recoveries	—	—	—	—	—	4	15	19
Current period net	$ (79)	$ —	$ (25)	$ (41)	$ (31)	$ —	$ (278)	$ (454)
Construction and development:								
Pass	$ 86,641	$ 112,347	$ 62,548	$ 7,074	$ 5,915	$ 12,504	$ 9,237	$ 296,266
Special mention	—	—	—	—	—	—	—	—
Substandard	—	189	—	—	—	67	—	256
Nonaccrual	—	73	—	—	—	44	—	117
Total construction and development loans	$ 86,641	$ 112,609	$ 62,548	$ 7,074	$ 5,915	$ 12,615	$ 9,237	$ 296,639
Charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Recoveries	—	—	—	—	—	—	—	—
Current period net	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial real estate:								
Pass	$ 46,655	$ 368,933	$ 149,536	$ 81,765	$ 54,100	$ 176,509	$ 15,065	$ 892,563
Special mention	—	7,000	—	—	—	333	—	7,333
Substandard	—	15,831	6,950	—	49	337	—	23,167
Nonaccrual	—	—	—	—	32	100	—	132
Total commercial real estate loans	$ 46,655	$ 391,764	$ 156,486	$ 81,765	$ 54,181	$ 177,279	$ 15,065	$ 923,195
Charge-offs	$ (190)	$ —	$ —	$ —	$ —	$ (87)	$ —	$ (277)
Recoveries	—	—	—	—	—	—	—	—
Current period net	$ (190)	$ —	$ —	$ —	$ —	$ (87)	$ —	$ (277)

(Continued)

(Dollars in thousands, except per share amounts)

December 31, 2023	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost	Total
Farmland:								
Pass	$ 25,009	$ 77,371	$ 46,817	$ 8,556	$ 5,599	$ 15,850	$ 6,849	$ 186,051
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	27	53	—	80
Nonaccrual	—	—	—	—	—	164	—	164
Total farmland loans	$ 25,009	$ 77,371	$ 46,817	$ 8,556	$ 5,626	$ 16,067	$ 6,849	$ 186,295
Charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Recoveries	—	—	—	—	—	—	—	—
Current period net	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
1-4 family residential:								
Pass	$ 57,348	$ 143,992	$ 120,964	$ 42,535	$ 28,764	$ 95,198	$ 22,146	$ 510,947
Special mention	—	—	—	—	—	863	—	863
Substandard	—	—	—	—	—	—	—	—
Nonaccrual	—	—	1,249	53	175	1,316	—	2,793
Total 1-4 family residential loans	$ 57,348	$ 143,992	$ 122,213	$ 42,588	$ 28,939	$ 97,377	$ 22,146	$ 514,603
Charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Recoveries	—	—	—	—	—	—	—	—
Current period net	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Multi-family residential:								
Pass	$ 1,984	$ 18,041	$ 16,496	$ 2,363	$ 3,862	$ 1,492	$ 54	$ 44,292
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Nonaccrual	—	—	—	—	—	—	—	—
Total multi-family residential loans	$ 1,984	$ 18,041	$ 16,496	$ 2,363	$ 3,862	$ 1,492	$ 54	$ 44,292
Charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Recoveries	—	—	—	—	—	—	—	—
Current period net	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

(Continued)

(Dollars in thousands, except per share amounts)

December 31, 2023	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost	Total
Consumer and overdrafts:								
Pass	$ 26,161	$ 15,181	$ 5,840	$ 2,449	$ 589	$ 2,307	$ 4,488	$ 57,015
Special mention	6	26	5	—	—	—	—	37
Substandard	—	—	—	—	—	—	—	—
Nonaccrual	19	52	75	25	42	37	—	250
Total consumer loans and overdrafts	$ 26,186	$ 15,259	$ 5,920	$ 2,474	$ 631	$ 2,344	$ 4,488	$ 57,302
Charge-offs	$ (346)	$ (38)	$ (51)	$ (11)	$ (5)	$ —	$ —	$ (451)
Recoveries	61	—	4	1	—	23	40	129
Current period net	$ (285)	$ (38)	$ (47)	$ (10)	$ (5)	$ 23	$ 40	$ (322)
Agricultural:								
Pass	$ 1,857	$ 1,962	$ 1,078	$ 685	$ 236	$ 604	$ 5,879	$ 12,301
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	25	—	25
Nonaccrual	—	—	256	—	74	29	—	359
Total agricultural loans	$ 1,857	$ 1,962	$ 1,334	$ 685	$ 310	$ 658	$ 5,879	$ 12,685
Charge-offs	$ —	$ —	$ —	$ —	$ —	$ (3)	$ —	$ (3)
Recoveries	—	—	—	—	—	2	—	2
Current period net	$ —	$ —	$ —	$ —	$ —	$ (1)	$ —	$ (1)
Total loans:								
Pass	$ 288,301	$ 810,203	$ 441,607	$ 158,291	$ 107,314	$ 316,988	$ 159,933	$ 2,282,637
Special mention	6	7,042	137	958	147	1,196	250	9,736
Substandard	—	16,210	6,950	370	446	635	—	24,611
Nonaccrual	19	254	3,108	85	323	1,769	34	5,592
Total loans	$ 288,326	$ 833,709	$ 451,802	$ 159,704	$ 108,230	$ 320,588	$ 160,217	$ 2,322,576
Charge-offs	$ (615)	$ (38)	$ (76)	$ (52)	$ (36)	$ (94)	$ (293)	$ (1,204)
Recoveries	61	—	4	1	—	29	55	150
Total current period net charge-offs	$ (554)	$ (38)	$ (72)	$ (51)	$ (36)	$ (65)	$ (238)	$ (1,054)

There were no loans classified in the “doubtful” or “loss” risk rating categories as of June 30, 2024 or December 31, 2023.

There were no individually evaluated collateral-dependent loans within the ACL model as of June 30, 2024.

The following table presents the amortized cost basis of individually evaluated collateral-dependent loans within the ACL model as of December 31, 2023.

December 31, 2023	Real Estate	Non-RE	Total	Allowance for Credit Losses Allocation
Commercial and industrial	$ —	$ 217	$ 217	$ 217
Real estate:				
Commercial real estate	14,527	—	14,527	—
Total	$ 14,527	$ 217	$ 14,744	$ 217

(Continued)

(Dollars in thousands, except per share amounts)

The following tables summarize the payment status of loans in the Company's total loan portfolio, including an aging of delinquent loans and loans 90 days or more past due continuing to accrue interest as of:

June 30, 2024	30 to 59 Days Past Due	60 to 89 Days Past Due	90 Days or Greater Past Due	Total Past Due	Current	Total Loans	Recorded Investment > 90 Days and Accruing
Commercial and industrial	$ 1,037	$ 31	$ 61	$ 1,129	$ 262,929	$ 264,058	$ —
Real estate:							
Construction and development	2,735	—	—	2,735	228,318	231,053	—
Commercial real estate	21	52	399	472	898,648	899,120	—
Farmland	1,046	—	415	1,461	178,665	180,126	—
1-4 family residential	805	2,670	1,515	4,990	521,660	526,650	—
Multi-family residential	—	—	—	—	47,507	47,507	—
Consumer	191	74	158	423	53,219	53,642	—
Agricultural	91	12	29	132	12,374	12,506	—
Overdrafts	—	—	—	—	335	335	—
Total	$ 5,926	$ 2,839	$ 2,577	$ 11,342	$ 2,203,655	$ 2,214,997	$ —

December 31, 2023	30 to 59 Days Past Due	60 to 89 Days Past Due	90 Days or Greater Past Due	Total Past Due	Current	Total Loans	Recorded Investment > 90 Days and Accruing
Commercial and industrial	$ 621	$ 30	$ 1,656	$ 2,307	$ 285,258	$ 287,565	$ —
Real estate:							
Construction and development	315	288	117	720	295,919	296,639	—
Commercial real estate	356	—	132	488	922,707	923,195	—
Farmland	226	84	—	310	185,985	186,295	—
1-4 family residential	2,827	1,110	1,612	5,549	509,054	514,603	—
Multi-family residential	—	—	—	—	44,292	44,292	—
Consumer	169	77	162	408	56,651	57,059	—
Agricultural	16	—	—	16	12,669	12,685	—
Overdrafts	—	—	—	—	243	243	—
Total	$ 4,530	$ 1,589	$ 3,679	$ 9,798	$ 2,312,778	$ 2,322,576	$ —

The following table presents information regarding nonaccrual loans as of:

	June 30, 2024	December 31, 2023
Commercial and industrial	$ 308	$ 1,777
Real estate:		
Construction and development	73	117
Commercial real estate	566	132
Farmland	842	164
1-4 family residential	4,001	2,793
Consumer and overdrafts	235	250
Agricultural	200	359
Total	$ 6,225	$ 5,592

There were no commitments to lend additional funds to borrowers whose loans were classified as nonaccrual. There were no nonaccrual loans for which there was no related allowance at June 30, 2024.

(Continued)

(Dollars in thousands, except per share amounts)

Modifications to Borrowers Experiencing Financial Difficulty

The following table presents the amortized cost basis of loans made to borrowers experiencing financial difficulty that were modified during the six months ended June 30, 2024 and 2023.

For the Six Months Ended June 30, 2024	**Term Extension**	**Interest Rate Reduction**	**Total Class of Financing Receivable**
Commercial and industrial	$ 43	$ 11	0.02 %
Agricultural	—	102	0.82 %
Total loans	$ 43	$ 113	0.01 %

For the Six Months Ended June 30, 2023	**Term Extension**	**Interest Rate Reduction**	**Total Class of Financing Receivable**
1-4 family residential	$ 60	$ —	0.01 %
Consumer	64	—	0.11 %
Total loans	$ 124	$ —	0.01 %

The following tables present the financial effect of the loan modifications presented above to borrowers experiencing financial difficulty during the six months ended June 30, 2024 and 2023:

For the Six Months Ended June 30, 2024 **Term Extension**	**Financial Effect**
Commercial and industrial	Amortization period was reduced by a weighted-average period of 0.67 years.

Interest Rate Reduction	**Financial Effect**
Commercial and industrial	Reduced weighted-average contractual interest rate from 8.5% to 0.0%.
Agricultural	Reduced weighted-average contractual interest rate from 8.5% to 0.0%.

For the Six Months Ended June 30, 2023 **Term Extension**	**Financial Effect**
1-4 family residential	Amortization period was extended by a weighted-average period of 5.00 years.
Consumer	Amortization period was extended by a weighted-average period of 5.49 years.

The following table provides an age analysis of loans made to borrowers experiencing financial difficulty that have been modified during the last twelve months and continue to experience financial difficulty as of June 30, 2024:

	Current	**30 to 89 Days Past Due**	**90 Days or Greater Past Due**
Commercial and industrial	$ 491	$ —	$ —
Agricultural	102	—	—
Total loans	$ 593	$ —	$ —

As of June 30, 2024, the Company did not have any loans made to borrowers experiencing financial difficulty that were modified during the six months ended June 30, 2024 and 2023 that subsequently defaulted.

NOTE 4 - SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE AND OTHER DEBT

Securities sold under agreements to repurchase were $25,173 and $25,172 as of June 30, 2024 and December 31, 2023, respectively, and are secured by mortgage-backed securities and collateralized mortgage obligations.

The Company has an unsecured $25,000 revolving line of credit, which had no outstanding balance at June 30, 2024 and a $4,500 outstanding balance at December 31, 2023, bears interest at the greater of (i) the prime rate, which was 8.50% at June 30, 2024, or (ii) the rate floor of 3.50%, with interest payable quarterly, and matures in March 2025. The Company also maintains two federal funds lines of credit with commercial banks that provide for the availability to borrow up to an aggregate $75,000 in federal funds for short term contingent funding if necessary, of which the rate is agreed upon at the

(Continued)

(Dollars in thousands, except per share amounts)

time of each advance. There were no funds under these lines of credit outstanding as of June 30, 2024 and December 31, 2023.

Federal Home Loan Bank (FHLB) advances bear interest based on a fixed or variable rate, payable monthly, with all principal due at maturity. The following table presents the scheduled maturities of fixed and variable rate FHLB advances and their weighted average rates, as of June 30, 2024:

Year	Current Weighted Average Rate	Principal Due
Fixed rate advances		
2024	5.16 %	$ 45,000
Total FHLB advances		$ 45,000

NOTE 5 - SUBORDINATED DEBT

Subordinated debt was made up of the following as of:

	June 30, 2024	December 31, 2023
Trust III Debentures	$ 2,062	$ 2,062
DCB Trust I Debentures	5,155	5,155
Subordinated note	34,635	34,568
Other debentures	2,000	4,000
	$ 43,852	$ 45,785

As of June 30, 2024, the Company has two active trusts, Guaranty (TX) Capital Trust III (“Trust III”) and DCB Financial Trust I (“DCB Trust I”). Upon formation, the Trusts issued pass-through securities (“TruPS”) with a liquidation value of $1,000 per share to third parties in private placements. Concurrently with the issuance of the TruPS, the Trusts (composed of Trust III and DCB Trust I) issued common securities to the Company. The Trusts invested the proceeds of the sales of securities to the Company (“Debentures”). The Debentures mature approximately 30 years after the formation date, which may be shortened if certain conditions are met (including the Company having received prior approval of the Board of Governors of the Federal Reserve System (the "Federal Reserve") and any other required regulatory approvals).

	Trust III	DCB Trust I
Formation date	July 25, 2006	March 29, 2007
Capital trust pass-through securities		
Number of shares	2,000	5,000
Original liquidation value	$ 2,000	$ 5,000
Common securities liquidation value	62	155

The securities held by the Trusts qualify as Tier 1 capital for the Company under Federal Reserve Board guidelines. The Federal Reserve’s guidelines restrict core capital elements (including trust preferred securities and qualifying perpetual preferred stock) to 25% of all core capital elements, net of goodwill less any associated deferred tax liability. Because the Company’s aggregate amount of trust preferred securities is less than the limit of 25% of Tier 1 capital, net of goodwill, the full amount is includable in Tier 1 capital at June 30, 2024 and December 31, 2023. Additionally, the terms provide that trust preferred securities would no longer qualify for Tier 1 capital within five years of their maturity, but would be included as Tier 2 capital. However, the trust preferred securities would be amortized out of Tier 2 capital by one-fifth each year and excluded from Tier 2 capital completely during the year prior to maturity of the junior subordinated debentures.

With certain exceptions, the amount of the principal and any accrued and unpaid interest on the Debentures are subordinated in right of payment to the prior payment in full of all senior indebtedness of the Company. Interest on the Debentures is payable quarterly. The interest is deferrable on a cumulative basis for up to five consecutive years following

(Continued)

(Dollars in thousands, except per share amounts)

a suspension of dividend payments on all other capital stock. No principal payments are due until maturity for each of the Debentures.

	Trust III Debentures	DCB Trust I Debentures
Original amount	$ 2,062	$ 5,155
Maturity date	October 1, 2036	June 15, 2037
Interest due	Quarterly	Quarterly

In accordance with ASC 810, "*Consolidation,*" the junior subordinated debentures issued by the Company to the subsidiary trusts are shown as liabilities in the consolidated balance sheets and interest expense associated with the junior subordinated debentures is shown in the consolidated statements of earnings.

Trust III Debentures

Interest is payable at a variable rate per annum, reset quarterly, equal to 3-month Secured Overnight Financing Rate ("SOFR") plus 1.93%.

On any interest payment date on or after October 1, 2016 and prior to maturity date, the debentures are redeemable for cash at the option of the Company, on at least 30, but not more than 60 days' notice, in whole or in part, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption.

DCB Trust I Debentures

Interest is payable at a variable rate per annum, reset quarterly, equal to 3-month SOFR plus 2.06%.

On any interest payment date on or after June 15, 2012 and prior to maturity date, the debentures are redeemable for cash at the option of the Company, on at least 30, but not more than 60 days' notice, in whole or in part, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption.

Subordinated Note

In March 2022, the Company completed a private placement of $35,000 aggregate principal amount of its fixed-to-floating rate subordinated note due April 1, 2032. The subordinated note initially bears a fixed interest rate of 3.625% per year, due semi-annually in arrears on April 1 and October 1. Commencing on April 1, 2027, the interest rate on the subordinated note will reset each quarter at a floating interest rate equal to the then-current three-month term SOFR plus 192 basis points. The Company may at its option redeem in whole or in part the subordinated note on or after March 4, 2027 without a premium. The subordinated note is treated as Tier 2 capital for regulatory purposes (subject to reductions in the amount includable as Tier 2 capital in the final five years prior to maturity), and is presented net of related unamortized issuance costs on the consolidated balance sheets.

Other Debentures

In May 2020, the Company issued $10,000 in debentures to directors and other related parties. The debentures were issued at a par value of $500 each with fixed annual rates between 1.00% and 4.00% and maturity dates between November 1, 2020 and November 1, 2024. Various of these debentures have matured since issuance and $2,000 remains as of June 30, 2024. At the Company's option, and with 30 days advanced notice to the holder, the entire principal amount and all accrued interest may be paid to the holder on or before the maturity date of any debenture. The redemption price is equal to 100% of the face amount of the debenture redeemed, plus all accrued interest.

(Continued)

(Dollars in thousands, except per share amounts)

The scheduled principal payments and weighted average rates of the Debentures, the subordinated note and other debentures are as follows:

Year	Current Weighted Average Rate	Principal Due
2024	4.00 %	$ 2,000
2025 - 2028	—	—
Thereafter	4.27 %	42,217
Total scheduled principal payments		44,217
Unamortized debt issuance costs		(365)
		$ 43,852

NOTE 6 – EQUITY AWARDS

The Company's 2015 Equity Incentive Plan (the "Plan") was adopted by the Company and approved by its shareholders in April 2015. The maximum number of shares of common stock that may be issued pursuant to stock-based awards under the Plan equals 1,100,000 shares, all of which may be subject to incentive stock option treatment. Option awards are generally granted with an exercise price equal to the market price of the Company's common stock at the date of grant; those option awards have vesting periods ranging from 5 to 10 years and have 10-year contractual terms. Restricted stock awards vest under the period of restriction specified within their respective award agreements as determined by the Company. Forfeitures are recognized as they occur, subject to a 90-day grace period for vested options.

The fair value of each option award is estimated on the date of grant using a closed form option valuation (Black-Scholes) model that uses the assumptions noted in the table below. Expected volatilities are based on historical volatilities of the Company's common stock and similar peer group averages. The Company uses historical data to estimate option exercise and post-vesting termination behavior. The expected term of options granted is based on historical data and represents the period of time that options granted are expected to be outstanding, which takes in to account that the options are not transferable. The dividend yield is the total dividends per share paid during the period divided by the average of the Company's stock price on each date a grant was issued. The risk-free interest rate for the expected term of the option is based on U.S. Treasury yield curve in effect at the time of the grant.

A summary of stock option activity in the Plan during the six months ended June 30, 2024 and 2023 follows:

Six Months Ended June 30, 2024	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life in Years	Aggregate Intrinsic Value
Outstanding at beginning of year	465,680	$ 28.12	5.46	$ 2,782
Granted	59,000	28.86		
Exercised	(24,650)	22.88		
Forfeited	(18,600)	34.25		
Balance, June 30, 2024	481,430	$ 28.24	5.62	$ 1,993
Exercisable at end of period	282,310	$ 26.63	3.80	$ 1,532

(Continued)

(Dollars in thousands, except per share amounts)

Six Months Ended June 30, 2023	Number of Shares		Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life in Years		Aggregate Intrinsic Value
Outstanding at beginning of year	497,820	$	28.07	5.87	$	3,402
Granted	28,500		27.74			
Exercised	(8,800)		25.57			
Forfeited	(27,690)		30.65			
Balance, June 30, 2023	489,830	$	27.95	5.59	$	884
Exercisable at end of period	283,270	$	25.65	4.04	$	713

A summary of nonvested stock option activity in the Plan during the six months ended June 30, 2024 and 2023 follows:

Six Months Ended June 30, 2024	Number of Shares		Weighted-Average Grant Date Fair Value
Nonvested at beginning of year	182,570	$	6.10
Granted	59,000		6.36
Vested	(25,950)		5.56
Forfeited	(16,500)		7.71
Balance, June 30, 2024	199,120	$	6.18

Six Months Ended June 30, 2023	Number of Shares		Weighted-Average Grant Date Fair Value
Nonvested at beginning of year	216,480	$	5.95
Granted	28,500		5.45
Vested	(27,460)		5.80
Forfeited	(10,960)		13.53
Balance, June 30, 2023	206,560	$	5.89

Information related to stock options in the Plan is as follows for the six months ended:

		June 30, 2024		June 30, 2023
Intrinsic value of options exercised	$	213	$	17
Cash received from options exercised		564		225
Weighted average fair value of options granted		6.36		5.45

Restricted Stock Awards

A summary of restricted stock activity in the Plan during the six months ended June 30, 2024 and 2023 follows:

Six Months Ended June 30, 2024	Number of Shares		Weighted-Average Grant Date Fair Value
Nonvested at beginning of year	15,390	$	28.87
Granted	2,388		30.49
Vested	(3,511)		28.52
Forfeited	(334)		33.43
Balance, June 30, 2024	13,933	$	29.12

Six Months Ended June 30, 2023	Number of Shares		Weighted-Average Grant Date Fair Value
Nonvested at beginning of year	18,930	$	27.51
Granted	2,056		34.10
Vested	(2,970)		27.50
Forfeited	(1,051)		28.81
Balance, June 30, 2023	16,965	$	28.23

(Continued)

Restricted stock granted to employees typically vests over five years, but vesting periods may vary. Compensation expense for these grants will be recognized over the vesting period of the awards based on the fair value of the stock at the issue date.

As of June 30, 2024, there was $1,430 of total unrecognized compensation expense related to nonvested stock options granted under the Plan. The expense is expected to be recognized over a weighted-average period of 3.29 years.

The Company granted options under the Plan during the first six months of 2024 and 2023. Expense of $270 and $298 was recorded during the six months ended June 30, 2024 and 2023, respectively, which represents the fair value of shares, restricted stock and stock options vested during those periods.

NOTE 7 - EMPLOYEE BENEFITS

KSOP

The Company maintains an Employee Stock Ownership Plan containing Section 401(k) provisions covering substantially all employees (“KSOP”). The plan provides for a matching contribution of up to 5% of a participant’s qualified compensation starting January 1, 2016. Guaranty’s total contributions accrued or paid during the six months ended June 30, 2024 and 2023 totaled $830 and $868, respectively, and is included in employee compensation and benefits on the Company’s consolidated statements of earnings.

Upon separation from service or other distributable event, a participant’s account under the KSOP may be distributed in kind in the form of the Guaranty common shares allocated to his or her account (with the balance payable in cash), or the entire account can be liquidated and distributed in cash.

As of June 30, 2024, the number of shares held by the KSOP was 1,024,012. There were no unallocated shares to plan participants as of June 30, 2024, and all shares held by the KSOP were treated as outstanding.

Executive Incentive Retirement Plan

The Company established a nonqualified, non-contributory executive incentive retirement plan covering a selected group of key personnel to provide benefits equal to amounts computed under an “award criteria” at various targeted salary levels as adjusted for annual earnings performance of the Company. The plan is non-funded.

In connection with the Executive Incentive Retirement Plan, the Company has purchased life insurance policies on the respective officers. The cash surrender value of life insurance policies held by the Company totaled $42,369 and $42,348 as of June 30, 2024 and December 31, 2023, respectively.

Expense related to these plans totaled $571 and $551 for the six months ended June 30, 2024 and 2023, respectively. This expense is included in employee compensation and benefits on the Company’s consolidated statements of earnings. The recorded liability totaled approximately $6,665 and $6,050 as of June 30, 2024 and December 31, 2023, respectively and is included in accrued interest and other liabilities on the Company’s consolidated balance sheets.

Bonus Plan

The Company has a bonus plan that rewards officers and employees based on performance of individual business units of the Company. Earnings and growth performance goals for each business unit and for the Company as a whole are established at the beginning of the calendar year and approved annually by Guaranty’s board of directors. The bonus plan provides for a predetermined bonus amount to be contributed to the employee bonus pool based on (i) earnings target and growth for individual business units and (ii) achieving certain pre-tax return on average equity and pre-tax return on average asset levels for the Company as a whole. These bonus amounts are established annually by Guaranty’s board of directors. The bonus expense under this plan for the six months ended June 30, 2024 and 2023 totaled $1,603 and $1,900, respectively. This expense is included in employee compensation and benefits on the consolidated statements of earnings.

(Continued)

(Dollars in thousands, except per share amounts)

NOTE 8 – LEASES

The Company has operating leases for bank locations, ATMs, corporate offices, and certain other arrangements, which have remaining lease terms of 1 year to 11 years. Some of the Company's operating leases include options to extend the leases for up to 10 years.

Operating leases in which we are the lessee must be recorded as right-of-use assets with corresponding lease liabilities. The right-of-use asset represents our right to utilize the underlying asset during the lease term, while the lease liability represents the present value of the obligation of the Company to make periodic lease payments over the life of the lease. The associated operating lease costs are composed of the amortization of the right-of-use asset and the implicit interest accreted on the lease liability, which is recognized on a straight-line basis over the life of the lease. As of June 30, 2024, operating lease right-of-use assets were $11,452 and liabilities were $12,110, and as of December 31, 2023, lease assets and liabilities were $12,485 and $13,128, respectively, and were included within the accompanying consolidated balance sheets as components of other assets and accrued interest and other liabilities, respectively.

Cash paid for operating leases was $1,154 and $1,132 for the six months ended June 30, 2024 and 2023, respectively. Operating lease expense for operating leases accounted for under ASC 842 for the six months ended June 30, 2024 and 2023 was approximately $1,168 and $1,147, respectively, and is included as a component of occupancy expenses within the accompanying consolidated statements of earnings.

The table below summarizes other information related to our operating leases as of:

	June 30, 2024	December 31, 2023
Operating leases		
Operating lease right-of-use assets	$ 11,452	$ 12,485
Operating lease liabilities	12,110	13,128
Weighted average remaining lease term		
Operating leases	7 years	7 years
Weighted average discount rate		
Operating leases	2.29 %	2.28 %

The Company leases some of its banking facilities under non-cancelable operating leases expiring in various years through 2028 and thereafter. Minimum future lease payments under these non-cancelable operating leases as of June 30, 2024, are as follows:

Year Ended December 31,	Amount
2024	$ 1,133
2025	2,134
2026	1,897
2027	1,735
2028	1,688
Thereafter	3,856
Total lease payments	12,443
Less: interest	(333)
Present value of lease liabilities	$ 12,110

As of June 30, 2024, the Company had an additional operating lease that has not yet commenced with future minimum lease payments of approximately $1,201. This operating lease is expected to commence in September 2024 with a lease term of 10 years.

NOTE 9 - INCOME TAXES

Income tax expense was as follows for:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Income tax expense for the period	$ 1,654	$ 2,529	$ 3,376	$ 4,352
Effective tax rate	18.22 %	20.89 %	19.31 %	19.60 %

(Continued)

(Dollars in thousands, except per share amounts)

The effective tax rates differ from the statutory federal tax rate of 21% for the three and six months ended June 30, 2024 and 2023 largely due to tax exempt interest income earned on certain investment securities and loans.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company enters into various transactions, which, in accordance with GAAP, are not included in its consolidated balance sheets. These transactions are referred to as “off-balance sheet commitments.” The Company enters into these transactions to meet the financing needs of its customers. These transactions include commitments to extend credit and letters of credit, which involve elements of credit risk in excess of the amounts recognized in the consolidated balance sheets. The Company minimizes its exposure to loss under these commitments by subjecting them to credit approval and monitoring procedures.

The Company enters into contractual commitments to extend credit, normally with fixed expiration dates or termination clauses, at specified rates and for specific purposes. Customers use credit commitments to ensure that funds will be available for working capital purposes, for capital expenditures and to ensure access to funds at specified terms and conditions. Substantially all of the Company’s commitments to extend credit are contingent upon customers maintaining specific credit standards at the time of loan funding. Management considers the likelihood of commitments and letters of credit to be funded, along with credit related conditions present in the loan agreements when estimating an ACL for off-balance sheet commitments. Loan agreements executed in connection with construction loans and commercial lines of credit have standard conditions which must be met prior to the Company being required to provide additional funding, including conditions precedent that typically include: (i) no event of default or potential default has occurred; (ii) that no material adverse events have taken place that would materially affect the borrower or the value of the collateral, (iii) that the borrower remains in compliance with all loan obligations and covenants and has made no misrepresentations; (iv) that the collateral has not been damaged or impaired; (v) that the project remains on budget and in compliance with all laws and regulations; and (vi) that all management agreements, lease agreements and franchise agreements that affect the value of the collateral remain in force. If the conditions precedent have not been met, the Company retains the option to cease current draws and/or future funding. As a result of these conditions within our loan agreements, management has determined that credit risk is minimal and there is no recorded ACL with respect to these commitments as of June 30, 2024 and December 31, 2023.

Letters of credit are written conditional commitments issued by the Company to guarantee the performance of a customer to a third party. The Company’s policies generally require that letters of credit arrangements contain security and debt covenants similar to those contained in loan agreements. In the event the customer does not perform in accordance with the terms of the agreement with the third party, the Company would be required to fund the commitment. The maximum potential amount of future payments the Company could be required to make is represented by the contractual amount shown in the table below. If the commitment were funded, the Company would be entitled to seek recovery from the customer. Our credit risk associated with issuing letters of credit is essentially the same as the risk involved in extending loan facilities to our customers. As of June 30, 2024 and December 31, 2023, no amounts have been recorded as an ACL for the Bank’s potential obligations under these guarantees.

Commitments and letters of credit outstanding were as follows as of:

	Contract or Notional Amount	
	June 30, 2024	December 31, 2023
Commitments to extend credit	$ 307,719	$ 336,036
Letters of credit	8,783	7,536

<u>Litigation</u>
The Company is involved in certain claims and lawsuits occurring in the normal course of business. Management, after consultation with legal counsel, does not believe that the outcome of these actions, if determined adversely, would have a material impact on the consolidated financial statements of the Company.

<u>FHLB Letters of Credit</u>
At June 30, 2024, the Company had letters of credit of $5,000 pledged to secure public deposits, repurchase agreements, and for other purposes required or permitted by law.

(Continued)

NOTE 11 - REGULATORY MATTERS

The Company on a consolidated basis and the Bank are subject to various regulatory capital requirements administered by federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company’s financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company must meet specific capital guidelines that involve quantitative measures of the Company’s assets, liabilities, and certain off balance sheet items as calculated under regulatory accounting practices. The Company’s capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

The Basel III Capital Rules, a comprehensive capital framework for U.S. banking organizations, became effective for the Company and Bank on January 1, 2015, with certain transition provisions that were fully phased in on January 1, 2019. Quantitative measures established by the Basel III Capital Rules to ensure capital adequacy require the maintenance of minimum amounts and ratios (set forth in the table below) of Common Equity Tier 1 capital, Tier 1 capital and Total capital (as defined in the regulations) to risk-weighted assets (as defined), and or Tier 1 capital to adjusted quarterly average assets (as defined). Management believes, as of June 30, 2024 and December 31, 2023, that the Bank met all capital adequacy requirements to which it was subject.

The Basel III Capital Rules, among other things, (i) introduced a new capital measure called “Common Equity Tier 1” (“CET1”), (ii) specified that Tier 1 capital consist of CET1 and “Additional Tier 1 Capital” instruments meeting specified requirements, (iii) defined CET1 narrowly by requiring that most deductions/adjustments to regulatory capital measures be made to CET1 and not to the other components of capital, (iv) expanded the scope of the deductions/adjustments as compared to existing regulations, and (v) imposed a "capital conservation buffer" of 2.5% above minimum risk-based capital requirements, below which an institution would be subject to limitations on certain activities including payment of dividends, share repurchases and discretionary bonuses to executive officers.

As of June 30, 2024 and December 31, 2023, the Company’s capital ratios exceeded those levels necessary to be categorized as “well capitalized” under the regulatory framework for prompt corrective action. To be categorized as “well capitalized”, the Company must maintain minimum capital ratios as set forth in the table. There are no conditions or events since June 30, 2024 that management believes have changed the Company’s category.

The Federal Reserve’s guidelines regarding the capital treatment of trust preferred securities limits restricted core capital elements (including trust preferred securities and qualifying perpetual preferred stock) to 25% of all core capital elements, net of goodwill less any associated deferred tax liability. Because the Company’s aggregate amount of trust preferred securities is less than the limit of 25% of Tier 1 capital, net of goodwill, the rules permit the inclusion of $7,217 of trust preferred securities in Tier 1 capital as of both June 30, 2024 and December 31, 2023. Additionally, the rules provide that trust preferred securities would no longer qualify for Tier 1 capital within five years of their maturity, but would be included as Tier 2 capital. However, the trust preferred securities would be amortized out of Tier 2 capital by one-fifth each year and excluded from Tier 2 capital completely during the year prior to maturity of the subordinated debentures.

(Continued)

(Dollars in thousands, except per share amounts)

A comparison of the Company's and Bank's actual capital amounts and ratios to required capital amounts and ratios are presented in the following tables as of:

	Actual		Minimum Required For Capital Adequacy Purposes		Minimum Required Under Basel III (Including Buffer)		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
June 30, 2024								
Total capital to risk-weighted assets:								
Consolidated	$ 371,678	15.98%	$ 186,123	8.00%	$ 244,287	10.50%	$ 232,654	10.00%
Bank	373,375	16.07%	185,894	8.00%	243,986	10.50%	232,368	10.00%
Tier 1 capital to risk-weighted assets:								
Consolidated	307,968	13.24%	139,593	6.00%	197,756	8.50%	139,593	6.00%
Bank	344,327	14.82%	139,421	6.00%	197,513	8.50%	185,894	8.00%
Tier 1 capital to average assets:(1)								
Consolidated	307,968	9.85%	125,070	4.00%	125,070	4.00%	n/a	
Bank	344,327	11.05%	124,693	4.00%	124,693	4.00%	155,867	5.00%
Common equity tier 1 capital to risk-weighted assets:								
Consolidated	300,751	12.93%	104,694	4.50%	162,858	7.00%	n/a	
Bank	344,327	14.82%	104,566	4.50%	162,658	7.00%	151,039	6.50%

(1) The Tier 1 capital ratio (to average assets) is not impacted by the Basel III Capital Rules; however, the Federal Reserve and the FDIC may require the Consolidated Company and the Bank, respectively, to maintain a Tier 1 capital ratio (to average assets) above the required minimum.

	Actual		Minimum Required For Capital Adequacy Purposes		Minimum Required Under Basel III (Including Buffer)		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2023								
Total capital to risk-weighted assets:								
Consolidated	$ 367,526	15.22%	$ 193,232	8.00%	$ 253,617	10.50%	$ 241,540	10.00%
Bank	373,778	15.49%	193,035	8.00%	253,359	10.50%	241,294	10.00%
Tier 1 capital to risk-weighted assets:								
Consolidated	302,757	12.53%	144,924	6.00%	205,309	8.50%	144,924	6.00%
Bank	343,607	14.24%	144,777	6.00%	205,100	8.50%	193,035	8.00%
Tier 1 capital to average assets:(1)								
Consolidated	302,757	9.47%	127,878	4.00%	127,878	4.00%	n/a	
Bank	343,607	10.78%	127,531	4.00%	127,531	4.00%	159,414	5.00%
Common equity tier 1 capital to risk-weighted assets:								
Consolidated	295,540	12.24%	108,693	4.50%	169,078	7.00%	n/a	
Bank	343,607	14.24%	108,582	4.50%	168,906	7.00%	156,841	6.50%

(1) The Tier 1 capital ratio (to average assets) is not impacted by the Basel III Capital Rules; however, the Federal Reserve and the FDIC may require the Consolidated Company and the Bank, respectively, to maintain a Tier 1 capital ratio (to average assets) above the required minimum.

Dividends paid by Guaranty are mainly provided by dividends from its subsidiaries. However, certain regulatory restrictions exist regarding the ability of its bank subsidiary to transfer funds to Guaranty in the form of cash dividends, loans or advances. The amount of dividends that a subsidiary bank organized as a national banking association, such as the Bank, may declare in a calendar year is the subsidiary bank's net profits for that year combined with its retained net profits for the preceding two years. Retained net profits, as defined by the Office of the Comptroller of the Currency, consist of net income less dividends declared during the period.

(Continued)

NOTE 12 - FAIR VALUE

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1 - Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 - Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Company used the following methods and significant assumptions to estimate fair value:

Marketable Securities: The fair values for marketable securities are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2). For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3).

Loans Held For Sale: Loans held for sale are carried at the lower of cost or fair value, which is evaluated on a pool-level basis. The fair value of loans held for sale is determined using quoted prices for similar assets, adjusted for specific attributes of that loan or other observable market data, such as outstanding commitments from third party investors (Level 2).

Other Real Estate Owned: Assets acquired through or instead of loan foreclosure are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. Fair value is commonly based on recent real estate appraisals which are updated no less frequently than annually. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Real estate owned properties are evaluated on a quarterly basis for additional impairment and adjusted accordingly (Level 3).

Individually Evaluated Collateral Dependent Loans: The fair value of individually evaluated collateral dependent loans is generally based on the fair value of collateral, less costs to sell. The fair value of real estate collateral is determined using recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are usually significant (Level 3). Non-real estate collateral may be valued using an appraisal, net book value per the borrower's financial statements, or aging reports, adjusted or discounted based on management's historical knowledge, changes in market conditions from the time of the valuation, and management's expertise and knowledge of the client and client's business (Level 3).

(Continued)

(Dollars in thousands, except per share amounts)

The following tables summarize quantitative disclosures about the fair value measurements for each category of financial assets (liabilities) carried at fair value:

June 30, 2024	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets at fair value on a recurring basis:				
Available for sale securities:				
Mortgage-backed securities	$ 197,596	$ —	$ 197,596	$ —
Collateralized mortgage obligations	15,287	—	15,287	—
Municipal securities	2,410	—	2,410	—
Corporate bonds	27,369	—	27,369	—
Loans held for sale	871	—	—	871
Cash surrender value of life insurance	42,369	—	42,369	—
SBA servicing assets	574	—	—	574
Assets at fair value on a nonrecurring basis:				
Other real estate owned	15,184	—	—	15,184

December 31, 2023	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets at fair value on a recurring basis:				
Available for sale securities:				
Mortgage-backed securities	$ 149,812	$ —	$ 149,812	$ —
Collateralized mortgage obligations	17,074	—	17,074	—
Municipal securities	2,504	—	2,504	—
Corporate bonds	26,805	—	26,805	—
Loans held for sale	976	—	—	976
Cash surrender value of life insurance	42,348	—	42,348	—
SBA servicing assets	691	—	—	691
Assets at fair value on a nonrecurring basis:				
Individually evaluated collateral dependent loans	14,527	—	—	14,527

There were no transfers between Level 2 and Level 3 during the six months ended June 30, 2024 or during the year ended December 31, 2023.

Nonfinancial Assets and Nonfinancial Liabilities

Nonfinancial assets measured at fair value on a nonrecurring basis include certain foreclosed assets which, upon initial recognition, are remeasured and reported at fair value through a charge-off (if applicable) to the allowance for credit losses and certain foreclosed assets which, subsequent to their initial recognition, are remeasured at fair value through a write-down included in current earnings. The fair value of a foreclosed asset is estimated using Level 2 inputs based on observable market data or Level 3 inputs based on customized discounting criteria.

(Continued)

(Dollars in thousands, except per share amounts)

The following table presents foreclosed assets that were remeasured and recorded at fair value as of June 30, 2024. There were no foreclosed assets that were remeasured and recorded at fair value as of June 30, 2023, or December 31, 2023.

	June 30, 2024
Other real estate owned remeasured at initial recognition:	
Carrying value of other real estate owned prior to remeasurement	$ —
Charge-offs recognized in the allowance for credit losses	—
Fair value of other real estate owned remeasured at initial recognition	$ —
Other real estate owned remeasured subsequent to initial recognition:	
Carrying value of other real estate owned prior to remeasurement	$ 14,900
Write-downs included in collection and other real estate owned expense	(900)
Fair value of other real estate owned remeasured subsequent to initial recognition	$ 14,000

The following table presents quantitative information about nonrecurring Level 3 fair value measurements as of June 30, 2024. There were no nonrecurring level 3 fair value measurements requiring quantitative information as of December 31, 2023.

June 30, 2024	Fair Value	Valuation Technique(s)	Unobservable Input(s)	Range (Weighted Average)
Other real estate owned	$ 15,184	Income approach; Market approach	Capitalization rate; Appraised value less selling costs	6.50%; 26.00%

The following table presents information on individually evaluated collateral dependent loans included in the ACL model as of December 31, 2023. There were no individually evaluated collateral dependent loans included in the ACL model as of June 30, 2024.

	Fair Value Measurements Using			
December 31, 2023	Level 1	Level 2	Level 3	Total Fair Value
Real estate:				
Commercial real estate	$ —	$ —	$ 14,527	$ 14,527
Total	$ —	$ —	$ 14,527	$ 14,527

The carrying amounts and estimated fair values of financial instruments not previously discussed in this note, as of June 30, 2024 and December 31, 2023, are as follows:

		Fair value measurements as of June 30, 2024 using:			
	Carrying Amount	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Financial assets:					
Cash, due from banks, federal funds sold and interest-bearing deposits	$ 90,212	$ 90,212	$ —	$ —	$ 90,212
Marketable securities held to maturity	347,992	—	316,323	—	316,323
Loans, net	2,185,247	—	—	2,099,172	2,099,172
Accrued interest receivable	12,397	—	12,397	—	12,397
Nonmarketable equity securities	21,105	—	21,105	—	21,105
Financial liabilities:					
Deposits	$ 2,626,162	$ 1,898,737	$ 728,789	$ —	$ 2,627,526
Securities sold under repurchase agreements	25,173	—	25,173	—	25,173
Accrued interest payable	5,646	—	5,646	—	5,646
Federal Home Loan Bank advances	45,000	—	44,972	—	44,972
Subordinated debt	43,852	—	44,490	—	44,490

(Continued)

(Dollars in thousands, except per share amounts)

	Carrying Amount	Fair value measurements as of December 31, 2023 using: Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Financial assets:					
Cash, due from banks, federal funds sold and interest-bearing deposits	$ 89,524	$ 89,524	$ —	$ —	$ 89,524
Marketable securities held to maturity	404,208	—	374,523	—	374,523
Loans, net	2,290,881	—	—	2,187,669	2,187,669
Accrued interest receivable	13,143	—	13,143	—	13,143
Nonmarketable equity securities	24,128	—	24,128	—	24,128
Financial liabilities:					
Deposits	$ 2,633,246	$ 1,928,063	$ 706,074	$ —	$ 2,634,137
Securities sold under repurchase agreements	25,172	—	25,172	—	25,172
Accrued interest payable	5,272	—	5,272	—	5,272
Federal Home Loan Bank advances	140,000	—	139,963	—	139,963
Subordinated debt	45,785	—	46,433	—	46,433

The methods and assumptions, not previously presented, used to estimate fair values are described as follows:

Cash and Cash Equivalents: The carrying amounts of cash and short-term instruments approximate fair values (Level 1).

Marketable Securities Held to Maturity: The fair values for marketable securities held to maturity are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2).

Loans, net: The fair value of fixed-rate loans and variable-rate loans that reprice on an infrequent basis is estimated by discounting future cash flows using the current interest rates at which similar loans with similar terms would be made to borrowers of similar credit quality (Level 3).

Nonmarketable Equity Securities: It is not practical to determine the fair value of Independent Bankers Financial Corporation, Federal Home Loan Bank, Federal Reserve Bank and other stock due to restrictions placed on its transferability.

Deposits and Securities Sold Under Repurchase Agreements: The fair values disclosed for demand deposits (e.g., interest and non-interest checking, passbook savings, and certain types of money market accounts) are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amount) (Level 1). The fair values of deposit liabilities with defined maturities are estimated by discounting future cash flows using interest rates currently offered for deposits of similar remaining maturities (Level 2).

Other Borrowings: The fair value of borrowings, consisting of lines of credit, Federal Home Loan Bank advances and subordinated debt is estimated by discounting future cash flows using currently available rates for similar financing (Level 2).

Accrued Interest Receivable/Payable: The carrying amounts of accrued interest approximate their fair values (Level 2).

Off-balance Sheet Instruments: Fair values for off-balance sheet, credit-related financial instruments are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standing. The fair value of commitments is not material.

NOTE 13 - EARNINGS PER SHARE

Basic earnings per share is computed by dividing net earnings available to common shareholders by the weighted-average common shares outstanding for the period. Net losses attributable to the noncontrolling interest during the three and six months ended June 30, 2024 and 2023 were $12 and $5, and $19 and $9, respectively, and are excluded from this calculation. Diluted earnings per share reflects the maximum potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock and would then share in the net earnings of the Company. Dilutive share equivalents include stock-based awards issued to employees.

Stock options granted by the Company are treated as potential shares in computing diluted earnings per share. Diluted shares outstanding include the dilutive effect of in-the-money awards which is calculated based on the average share price

(Continued)

(Dollars in thousands, except per share amounts)

for each fiscal period using the treasury stock method. Under the treasury stock method, the amount that the employee must pay for exercising stock options, the amount of compensation cost for future service that the Company has not yet recognized, and the amount of tax impact that would be recorded in additional paid-in capital when the award becomes deductible are assumed to be used to repurchase shares.

The computations of basic and diluted earnings per share for the Company were as follows for the:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Numerator:				
Net earnings attributable to Guaranty Bancshares, Inc.	$ 7,435	$ 9,581	$ 14,123	$ 17,862
Denominator:				
Weighted-average shares outstanding (basic)	11,483,091	11,735,475	11,511,129	11,836,970
Effect of dilutive securities:				
Common stock equivalent shares from stock options	42,413	21,037	49,734	44,464
Weighted-average shares outstanding (diluted)	11,525,504	11,756,512	11,560,863	11,881,434
Net earnings attributable to Guaranty Bancshares, Inc. per share				
Basic	$ 0.65	$ 0.82	$ 1.23	$ 1.51
Diluted	$ 0.65	$ 0.81	$ 1.22	$ 1.50

(Continued)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and notes thereto appearing in Item 1 of Part I of this Quarterly Report on Form 10-Q (this "Report") and any subsequent Quarterly Reports on Form 10-Q, the risk factors appearing in Item 1A of Part II of this Report, and the other risks and uncertainties listed from time to time in our reports and documents filed with the SEC, including our Annual Report on Form 10-K for the year ended December 31, 2023. Unless the context indicates otherwise, references in this Report to "we," "our," "us," and the "Company" refer to Guaranty Bancshares, Inc., a Texas corporation, and its consolidated subsidiaries. References in this Report to "Guaranty Bank & Trust" and the "Bank" refer to Guaranty Bank & Trust, N.A., a national banking association and our wholly-owned consolidated subsidiary.

General

We were incorporated in 1990 to serve as the holding company for Guaranty Bank & Trust. Since our founding, we have built a reputation based on financial stability and community leadership. In May 2017, we consummated an initial public offering of our common stock, which began trading on the Nasdaq Global Select Market until March 7, 2023, at which time our listing was transferred to the New York Stock Exchange, where our common stock continues to trade under the symbol "GNTY".

We currently operate 33 banking locations in the East Texas, Dallas/Fort Worth, Houston and Central Texas regions of the state. Our principal executive office is located at 16475 Dallas Parkway, Suite 600, Addison, Texas, 75001 and our telephone number is (888) 572-9881. Our website address is www.gnty.com. Information contained on our website does not constitute a part of this Report and is not incorporated by reference into this filing or any other report.

As a bank holding company that operates through one segment, we generate most of our revenue from interest on loans and investments, customer service and loan fees, fees related to the sale of mortgage loans, and trust and wealth management services. We incur interest expense on deposits and other borrowed funds, as well as noninterest expense, such as salaries and employee benefits and occupancy expenses. We analyze our ability to maximize income generated from interest-earning assets and control the interest expenses of our liabilities, measured as net interest income, through our net interest margin and net interest spread. Net interest income is the difference between interest income on interest-earning assets, such as loans and securities, and interest expense on interest-bearing liabilities, such as deposits and borrowings, which are used to fund those assets. Net interest margin is a ratio calculated as net interest income divided by average interest-earning assets. Net interest spread is the difference between rates earned on interest-earning assets and rates paid on interest-bearing liabilities.

Changes in market interest rates and the interest rates we earn on interest-earning assets or pay on interest-bearing liabilities, as well as in the volume and types of interest-earning assets, interest-bearing and noninterest-bearing liabilities and shareholders' equity, are usually the largest drivers of periodic changes in net interest spread, net interest margin and net interest income. Fluctuations in market interest rates are driven by many factors, including governmental monetary policies, inflation, deflation, macroeconomic developments, changes in unemployment, the money supply, political and international conditions and conditions in domestic and foreign financial markets. Periodic changes in the volume and types of loans in our loan portfolio are affected by, among other factors, economic and competitive conditions in Texas, as well as developments affecting the real estate, technology, financial services, insurance, transportation, manufacturing and energy sectors within our target markets and throughout the State of Texas.

QUARTERLY HIGHLIGHTS

- **Growing Earnings and Improving NIM.** Net interest margin, on a fully taxable equivalent basis, continued to improve in the second quarter, increasing to 3.26%, compared to 3.16% in the first quarter and 3.19% in the prior year quarter. Earnings also improved compared to the prior quarter, due to the improved net interest margin, reverse credit loss provisions, and lower employee and compensation expenses. The net interest improvements resulted primarily from a slow-down in deposit cost increases, while earning assets have continued to reprice upward.
- **Good Asset Quality.** We have experienced some risk rating downgrades as we work with certain borrowers that are experiencing cash flow and other challenges. However, we believe overall credit quality remains strong and the expected losses on deteriorating credits are low primarily due to the Bank's equity position and/or strong guarantor support. Nonperforming assets as a percentage of total assets were 0.71% at June 30, 2024, compared to 0.68% at March 31, 2024 and 0.11% at June 30, 2023. Net charge-offs (annualized) to average loans were 0.01% for the

(Continued)

quarter ended June 30, 2024, compared to 0.02% for the quarter ended March 31, 2024, and 0.03% for the quarter ended June 30, 2023.

There was a reverse provision to the allowance for credit losses of $1.2 million during the second quarter, in addition to the $250,000 reverse provision in the first quarter. Changes to historical and qualitative factors have been minimal during the first half of 2024, therefore the decrease in the allowance for credit losses is due primarily to the decreases in outstanding loan balances of $107.6 million, or 4.6%, since January 1, 2024, which were partially offset by an increase in special mention and substandard loans during the same period as we continue to work with some stressed borrowers.

Nonperforming assets consist of both nonaccrual loans and other real estate owned (ORE). Nonaccrual loans represent 0.28% of total outstanding loan balances as of June 30, 2024 and consist primarily of smaller dollar consumer and small business loans. In the first quarter, we foreclosed on a multi-purpose commercial real estate loan in a vibrant location in the South Austin area and recorded other real estate owned of $14.9 million. As the property was prepared for sale and marketing in the second quarter, management applied a more conservative capitalization rate to estimate current value and applied a $900,000 valuation allowance during the quarter, which is included in other noninterest income on the income statement and explains the quarter-over-quarter decrease in that balance. During the second quarter, we also foreclosed on a single-family residential property with a fair value of $1.2 million. At this time, we do not expect additional valuation allowances or losses on the ORE.

Commercial real estate (CRE) loans, particularly office related loans, have received increased scrutiny in recent months. As of June 30, 2024, our CRE loans and real estate C&D loans represent 40.6% and 10.4% of the total loan portfolio, respectively, and office-related loans represent 5.5% of the total loan portfolio with an average balance of $551,000.

•**Granular and Consistent Core Deposit Base.** As of June 30, 2024, we have 89,370 total deposit accounts with an average account balance of $29,385. We have a historically reliable core deposit base, with strong and trusted banking relationships. Total deposits decreased slightly by $1.7 million during the second quarter. DDA balances decreased $11.1 million, savings and MMDA balances decreased $21.9 million while time deposits increased $31.3 million. Excluding public funds and Bank-owned accounts, our uninsured deposits as of June 30, 2024 were 25.7% of total deposits.

Interest rates paid on deposits during the quarter stabilized with minimal increases. Despite the decrease in DDA during the quarter, noninterest-bearing deposits still represent 31.2% of total deposits. Our cost of interest-bearing deposits increased seven basis points during the quarter from 3.25% in the prior quarter to 3.32%. This increase was primarily due to renewals of maturing certificates of deposit into new CDs paying higher rates and the shift from noninterest-bearing balances to interest-bearing. Our cost of total deposits for the second quarter of 2024 increased five basis points from 2.23% in the prior quarter to 2.28%†.

•**Healthy Capital and Liquidity.** Our capital and liquidity ratios, as well as contingent liquidity sources, remain very healthy. During the second quarter of 2024, we repurchased 138,427 shares of our common stock, or 1.21% of our average shares outstanding during the period, at an average price of $29.56 per share. Our liquidity ratio, calculated as cash and cash equivalents and unpledged investments divided by total liabilities, was 13.6% as of June 30, 2024, compared to 12.9% as of June 30, 2023. Our total available contingent liquidity, net of current outstanding borrowings, was $1.3 billion, consisting of FHLB, FRB and correspondent bank fed funds and revolving lines of credit. Finally, our total equity to average quarterly assets as of June 30, 2024 was 9.9%. If we had to recognize our entire net unrealized losses on both AFS and HTM securities, our total equity to average assets ratio would be 9.1%†, which we believe represents a strong capital level under regulatory requirements.

† Non-GAAP financial metric. Calculations of this metric and reconciliations to GAAP are included in subsequent sections of this MD&A.

Discussion and Analysis of Results of Operations for the Six Months Ended June 30, 2024 and 2023

Results of Operations

The following discussion and analysis compares our results of operations for the six months ended June 30, 2024 with the six months ended June 30, 2023. The results of operations for the six months ended June 30, 2024 are not necessarily indicative of the results of operations that may be expected for the year ending December 31, 2024.

(Continued)

Net earnings attributable to Guaranty Bancshares, Inc. (which excludes the minority interest of consolidated subsidiaries) were $14.1 million for the six months ended June 30, 2024, as compared to $17.9 million for the six months ended June 30, 2023. The following table presents key earnings data for the periods indicated:

	Six Months Ended June 30,	
(dollars in thousands, except per share data)	**2024**	**2023**
Net earnings attributable to Guaranty Bancshares, Inc.	$ 14,123	$ 17,862
Net earnings attributable to Guaranty Bancshares, Inc. per common share		
-basic	1.23	1.51
-diluted	1.22	1.50
Net interest margin(1)	3.24 %	3.23 %
Net interest rate spread(2)	2.13 %	2.29 %
Return on average assets	0.90 %	1.09 %
Return on average equity	9.42 %	12.12 %
Average equity to average total assets	9.56 %	9.01 %
Cash dividend payout ratio	39.02 %	30.46 %

(1) Net interest margin is equal to net interest income divided by average interest-earning assets.

(2) Net interest rate spread is the average yield on interest-earning assets minus the average rate on interest-bearing liabilities.

Net Interest Income

Our operating results depend primarily on our net interest income. Fluctuations in market interest rates impact the yield and rates paid on interest-earning assets and interest-bearing liabilities, respectively. Changes in the amount and type of interest-earning assets and interest-bearing liabilities also impact our net interest income. To evaluate net interest income, we measure and monitor (1) yields on our loans and other interest-earning assets, (2) the costs of our deposits and other funding sources, (3) our net interest spread and (4) our net interest margin. Because noninterest-bearing sources of funds, such as noninterest-bearing deposits and shareholders' equity also fund interest-earning assets, net interest margin includes the benefit of these noninterest-bearing sources.

Net interest income, before the provision for credit losses, for the six months ended June 30, 2024 and 2023 was $47.5 million and $49.9 million, respectively, a decrease of $2.4 million, or 4.8%. The decrease in net interest income resulted primarily from an increase in interest expense of $8.0 million, or 30.7%, partially offset by a $5.6 million, or 7.4%, increase in interest income.

The $8.0 million increase in interest expense for the six months ended June 30, 2024 was primarily related to a $11.7 million, or 66.4%, increase in interest on deposits, despite a $153.5 million, or 9.4%, increase in average interest-bearing deposits. The increase in deposit-related interest expense was due to a 112 basis point increase in average rate paid on these deposits over the same period in 2023. Additionally, there was a $4.0 million decrease in interest on FHLB advances.

The increase in interest income for the six months ended June 30, 2024 was primarily related to an increase in interest income on loans of $4.8 million, or 7.2%, during the six months ended June 30, 2024 compared to the same period in 2023.

For the six months ended June 30, 2024, net interest margin on a fully taxable equivalent basis and net interest spread were 3.21% and 2.13%, respectively, compared to 3.22% and 2.29% for the same period in 2023, which reflects a 63 basis point increase in the yield on interest-earning assets offset by a 79 basis point increase in the rate on interest-bearing liabilities from the same period of the prior year. The increase in rates was primarily due to market rate conditions during the six months ended June 30, 2024 compared to the same period of the prior year.

Average Balance Sheet Amounts, Interest Earned and Yield Analysis

The following table presents an analysis of net interest income and net interest spread for the periods indicated, including average outstanding balances for all major categories of interest-earning assets and interest-bearing liabilities, the interest earned or paid on such amounts, and the average rates earned or paid on such assets or liabilities, respectively. The table also sets forth the net interest margin on average total interest-earning assets for the same periods. Interest earned on loans that are classified as nonaccrual is not recognized in income; however, the balances are reflected in average outstanding balances for the period. For the six months ended June 30, 2024 and 2023, the amount of interest

(Continued)

income not recognized on nonaccrual loans was not material. Any nonaccrual loans have been included in the table as loans carrying a zero yield.

	Six Months Ended June 30,					
	2024			2023		
(dollars in thousands)	Average Outstanding Balance	Interest Earned/ Interest Paid	Average Yield/ Rate	Average Outstanding Balance	Interest Earned/ Interest Paid	Average Yield/ Rate
ASSETS						
Interest-earning assets:						
Total loans[1]	$ 2,268,323	$ 70,500	6.25 %	$ 2,375,533	$ 65,748	5.58 %
Securities available for sale	230,803	4,118	3.59	179,984	2,273	2.55
Securities held to maturity	375,158	4,865	2.61	479,063	5,881	2.48
Nonmarketable equity securities	23,840	528	4.45	28,658	720	5.07
Interest-bearing deposits in other banks	52,007	1,454	5.62	48,650	1,256	5.21
Total interest-earning assets	2,950,131	81,465	5.55	3,111,888	75,878	4.92
Allowance for credit losses	(30,643)			(31,922)		
Noninterest-earning assets	235,769			218,868		
Total assets	$ 3,155,257			$ 3,298,834		
LIABILITIES AND EQUITY						
Interest-bearing liabilities:						
Interest-bearing deposits	$ 1,792,538	$ 29,283	3.29 %	$ 1,639,003	$ 17,601	2.17 %
Advances from FHLB and fed funds purchased	115,824	3,127	5.43	285,963	7,123	5.02
Line of credit	420	18	8.62	3,696	64	3.49
Subordinated debt	45,143	1,028	4.58	48,675	1,075	4.45
Securities sold under agreements to repurchase	42,665	542	2.55	17,937	150	1.69
Total interest-bearing liabilities	1,996,590	33,998	3.42	1,995,274	26,013	2.63
Noninterest-bearing liabilities:						
Noninterest-bearing deposits	820,964			977,738		
Accrued interest and other liabilities	36,201			28,706		
Total noninterest-bearing liabilities	857,165			1,006,444		
Equity	301,502			297,116		
Total liabilities and equity	$ 3,155,257			$ 3,298,834		
Net interest rate spread[2]			2.13 %			2.29 %
Net interest income		$ 47,467			$ 49,865	
Net interest margin[3]			3.24 %			3.23 %
Net interest margin, fully taxable equivalent[4]			3.21 %			3.22 %

(1) Includes average outstanding balances of loans held for sale of $761,000 and $1.5 million for the six months ended June 30, 2024 and 2023, respectively.

(2) Net interest spread is the average yield on interest-earning assets minus the average rate on interest-bearing liabilities.

(3) Net interest margin is equal to net interest income divided by average interest-earning assets, annualized.

(4) Net interest margin on a fully taxable equivalent basis is equal to net interest income adjusted for nontaxable income divided by average interest-earning assets, annualized, using a marginal tax rate of 21%.

The following table presents the change in interest income and interest expense for the periods indicated for all major components of interest-earning assets and interest-bearing liabilities and distinguishes between the changes

(Continued)

attributable to changes in volume and interest rates. For purposes of this table, changes attributable to both rate and volume that cannot be segregated have been allocated to rate.

	For the Six Months Ended June 30, 2024 vs. 2023		
	Increase (Decrease) Due to Change in		
(in thousands)	**Volume**	**Rate**	**Total Increase (Decrease)**
Interest-earning assets:			
Total loans	$ (2,975)	$ 7,727	$ 4,752
Securities available for sale	644	1,201	1,845
Securities held to maturity	(1,281)	265	(1,016)
Nonmarketable equity securities	(121)	(71)	(192)
Interest-earning deposits in other banks	87	111	198
Total (decrease) increase in interest income	$ (3,646)	$ 9,233	$ 5,587
Interest-bearing liabilities:			
Interest-bearing deposits	$ 1,657	$ 10,025	$ 11,682
Advances from FHLB	(4,247)	251	(3,996)
Line of credit	(57)	11	(46)
Subordinated debt	(78)	31	(47)
Securities sold under agreements to repurchase	208	184	392
Total (decrease) increase in interest expense	(2,517)	10,502	7,985
Decrease in net interest income	$ (1,129)	$ (1,269)	$ (2,398)

Provision for Credit Losses

The provision for credit losses is a charge to income in order to bring our allowance for credit losses to a level deemed appropriate by management based on factors such as historical loss experience, trends in classified and past due loans, volume and growth in the loan portfolio, current economic conditions in our markets and value of the underlying collateral. Loans are charged off against the allowance for credit losses when determined appropriate. Although management believes it uses the best information available to make determinations with respect to the provision for credit losses, future adjustments may be necessary if economic conditions differ from the assumptions used in making the determination.

During the six months ended June 30, 2024, we recorded a $1.5 million reversal to the provision for credit loss, compared to no provision recorded during the same period in 2023. Our gross loan balances decreased by $50.3 million during the second quarter and by $107.6 million during the first half of 2024, while overall credit quality trends and economic forecast assumptions remained relatively stable. As of June 30, 2024, our allowance for credit losses as a percentage of total loans was 1.32%.

As of June 30, 2024, there were $11.3 million in loan balances past due 30 or more days, including $3.4 million in loan balances for nonperforming (nonaccrual) loans, compared to $9.8 million and $4.2 million, respectively, as of December 31, 2023, and $5.6 million and $1.3 million, respectively, as of June 30, 2023.

Noninterest Income

Our primary sources of recurring noninterest income are service charges on deposit accounts, merchant and debit card fees, fiduciary income, gains on the sale of both mortgage and SBA loans, and income from bank-owned life insurance. Noninterest income does not include loan origination fees to the extent they exceed the direct loan origination costs, which are generally recognized over the life of the related loan as an adjustment to yield using the interest method.

(Continued)

The following table presents components of noninterest income for the six months ended June 30, 2024 and 2023 and the period-over-period variations in the categories of noninterest income:

(in thousands)	Six Months Ended June 30, 2024	2023	Increase (Decrease) 2024 vs. 2023
Noninterest income:			
Service charges	$ 2,167	$ 2,133	$ 34
Net realized loss on securities transactions	—	(229)	229
Gain on sale of loans	499	787	(288)
Fiduciary and custodial income	1,306	1,268	38
Bank-owned life insurance income	501	425	76
Merchant and debit card fees	3,828	3,795	33
Loan processing fee income	254	276	(22)
Mortgage fee income	84	118	(34)
Other noninterest income	1,218	4,205	(2,987)
Total noninterest income	$ 9,857	$ 12,778	$ (2,921)

Total noninterest income decreased $2.9 million, or 22.9%, for the six months ended June 30, 2024 compared to the same period in 2023. Material changes in the components of noninterest income are discussed below.

Net Realized Loss on Securities Transactions. We sell securities from time-to-time, which results in gains or losses being recognized in the income statement as noninterest income. During the six months ended June 30, 2023 we sold securities for a net loss of $229,000. No securities were sold during the six months ended June 30, 2024.

Gain on Sale of Loans. We originate long-term fixed-rate mortgage loans and Small Business Administration (SBA) loans for resale into the secondary market. We sold 70 mortgage loans for $15.8 million during the six months ended June 30, 2024 compared to 95 mortgage loans for $25.3 million for the six months ended June 30, 2023, which is consistent with the industry-wide decline in overall mortgage volumes attributable to increased mortgage loan rates. Gain on sale of loans was $499,000 for the six months ended June 30, 2024, a decrease of $288,000, or 36.6%, compared to $787,000 for the six months ended June 30, 2023. The gain reported in the current period was attributable to the gain on sale of mortgage loans of $411,000 and gain on SBA 7(a) loan sales of $88,000, while the gain during the same period in the prior year consisted of $654,000 in mortgage loan sales and $133,000 in SBA 7(a) loan sales.

Bank-Owned Life Insurance Income. We invest in bank-owned life insurance due to its attractive nontaxable return and protection against the loss of our key employees. We record income based on the growth of the cash surrender value of these policies as well as the annual yield net of fees and charges, including mortality charges. Income from bank-owned life insurance increased $76,000, or 17.9%, during the six months ended June 30, 2024 compared to the six months ended June 30, 2023. The increase in income was primarily due to additional policies purchased on the lives of existing officers of the Company and an increase in yield crediting rates for certain carriers.

Mortgage Fee Income. Mortgage fee income consists of lender processing fees such as underwriting fees, administrative fees and funding fees that are collected from mortgage loans that the Bank intends to sell on the secondary market. The decrease of $34,000, or 28.8%, from June 30, 2023 was primarily due to a lower volume of mortgage purchases and refinances during the six months ended June 30, 2024.

Other. This category includes a variety of other income producing activities, including loan origination fees, wire transfer fees, loan administration fees, and other fee income. Other noninterest income decreased $3.0 million, or 71.0%, for the six months ended June 30, 2024, compared to the same period in 2023, primarily due to a one-time gain on the sale of nonmarketable correspondent bank stock of $2.8 million in the prior year quarter and a $900,000 ORE valuation allowance during the second quarter of 2024.

Noninterest Expense

Generally, noninterest expense is composed of all employee expenses and costs associated with operating our facilities, obtaining and retaining customer relationships and providing bank services. The largest component of noninterest expense is salaries and employee benefits. Noninterest expense also includes operational expenses, such as occupancy expenses, depreciation and amortization of our facilities and our furniture, fixtures and office equipment, professional and regulatory fees, including FDIC assessments, data processing expenses, and advertising and promotion expenses.

(Continued)

For the six months ended June 30, 2024, noninterest expense totaled $41.3 million, an increase of $856,000, or 2.1%, compared to $40.4 million for the six months ended June 30, 2023. The following table presents, for the periods indicated, the major categories of noninterest expense:

(in thousands)	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Increase (Decrease) 2024 vs. 2023
Employee compensation and benefits	$ 24,160	$ 24,203	$ (43)
Non-staff expenses:			
Occupancy expenses	5,671	5,584	87
Legal and professional fees	1,613	1,568	45
Software and technology	3,295	2,927	368
Amortization	285	310	(25)
Director and committee fees	398	400	(2)
Advertising and promotions	377	536	(159)
ATM and debit card expense	1,394	1,338	56
Telecommunication expense	332	354	(22)
FDIC insurance assessment fees	725	823	(98)
Other noninterest expense	3,044	2,395	649
Total noninterest expense	$ 41,294	$ 40,438	$ 856

Material changes in the components of noninterest expense are discussed below.

Software and Technology. Software and technology expenses increased $368,000, or 12.6%, from $2.9 million for the six months ended June 30, 2023 to $3.3 million for the six months ended June 30, 2024. The increase is attributable primarily to additional technology investments and an increase in the cost of our core processing software resulting from a higher asset tier adjustment in 2023.

Advertising and Promotions. Advertising and promotion-related expenses were $377,000 and $536,000 for the six months ended June 30, 2024 and 2023, respectively, a decrease of $159,000, or 29.7%. The decrease was primarily due to decreased advertising and vendor costs in the current period compared to the same period in the prior year.

ATM and Debit Card Expense. We pay processing fees related to the activity of our customers' ATM and debit card usage. ATM and debit card expenses were $1.4 million for the six months ended June 30, 2024, an increase of $56,000, or 4.2%, compared to the same period in 2023, as a result of increased ATM and debit card usage by our customers.

FDIC Insurance Assessment Fees. FDIC insurance assessment fees were $725,000 for the six months ended June 30, 2024, compared to $823,000 for the same period in 2023. The decrease of $98,000, or 11.9%, was primarily due to an increase in the insurance assessment rate resulting from changes in certain financial ratios used in the calculation and an overall increase in our assessment base, which is calculated as average total assets less average tangible equity.

Other. This category includes operating and administrative expenses, such as stock option expense, expenses related to repossession of assets, small hardware and software purchases, expense of the value of stock appreciation rights, losses incurred on problem assets, losses on sale of other real estate owned and other assets, other real estate owned expense and write-downs, business development expenses (i.e., travel and entertainment, charitable contributions and club memberships), insurance and security expenses. Other noninterest expense increased $649,000, or 27.1%, from $2.4 million for the six months ended June 30, 2023 to $3.0 million for the six months ended June 30, 2024 primarily due to an increase in other real estate owned activity during the current year compared to the prior year, along with various smaller dollar increases in general operating costs during the six months ended June 30, 2024.

Income Tax Expense

The amount of income tax expense we incur is influenced by the amounts of our pre-tax income, tax-exempt income and other nondeductible expenses. Deferred tax assets and liabilities are reflected at current income tax rates in effect for the period in which the deferred tax assets and liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

For the six months ended June 30, 2024 and 2023, income tax expense totaled $3.4 million and $4.4 million, respectively. The decrease in income tax expense was primarily due to a decrease in net earnings before taxes of $4.7 million. Our effective tax rates for the six months ended June 30, 2024 and 2023 were 19.31% and 19.60%, respectively.

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Discussion and Analysis of Results of Operations for the Three Months Ended June 30, 2024 and 2023

Results of Operations

The following discussion and analysis of our results of operations compares our results of operations for the three months ended June 30, 2024 with the three months ended June 30, 2023. The results of operations for the three months ended June 30, 2024 are not necessarily indicative of the results of operations that may be expected for the year ending December 31, 2024.

Net earnings attributable to Guaranty Bancshares Inc. were $7.4 million for the three months ended June 30, 2024, as compared to $9.6 million for the three months ended June 30, 2023. Basic earnings attributable to Guaranty Bancshares, Inc. per share were $0.65 for the three months ended June 30, 2024 compared to $0.82 during the same period in 2023.

The following table presents key earnings data for the periods indicated:

	Quarter Ended June 30,	
(dollars in thousands, except per share data)	**2024**	**2023**
Net earnings attributable to Guaranty Bancshares, Inc.	$ 7,435	$ 9,581
Net earnings attributable to Guaranty Bancshares, Inc. per common share		
-basic	0.65	0.82
-diluted	0.65	0.81
Net interest margin(1)	3.29 %	3.21 %
Net interest rate spread(2)	2.18 %	2.22 %
Return on average assets	0.95 %	1.17 %
Return on average equity	9.91 %	12.87 %
Average equity to average total assets	9.64 %	9.13 %
Cash dividend payout ratio	36.92 %	28.05 %

(1) Net interest margin is equal to net interest income divided by average interest-earning assets.

(2) Net interest rate spread is the average yield on interest-earning assets minus the average rate on interest-bearing liabilities.

Net Interest Income

Net interest income, before the provision for credit losses, in the second quarter of 2024 and 2023 was $23.9 million and $24.7 million, respectively, a decrease of $823,000, or 3.3%. The decrease in net interest income resulted from an increase in interest expense of $2.8 million, or 20.0%, compared to the prior year quarter, which was partially offset by an increase in interest income of $2.0 million, or 5.1%, from the same quarter in the prior year. The increase in interest expense was due primarily to a $4.9 million increase in deposit interest resulting from higher interest rates between the two periods. Interest expense was also somewhat impacted by a shift from noninterest-bearing to interest-bearing deposit accounts, which resulted in increased expense in the second quarter of 2024 compared to the prior year quarter. The increase in interest income was primarily due to an increase in loan interest of $1.4 million, or 4.2%, during the current quarter compared to the prior year quarter.

Net interest margin, on a fully taxable equivalent basis, for the second quarter of 2024 and 2023 was 3.26% and 3.19%, respectively.

Average Balance Sheet Amounts, Interest Earned and Yield Analysis

The following table presents an analysis of net interest income and net interest spread for the periods indicated, including average outstanding balances for each major category of interest-earning assets and interest-bearing liabilities, the interest earned or paid on such amounts, and the average rate earned or paid on such assets or liabilities, respectively.

The table also sets forth the net interest margin on average total interest-earning assets for the same periods. Interest earned on loans that are classified as nonaccrual is not recognized in income; however, the balances are reflected in average outstanding balances for the period. For the three months ended June 30, 2024 and 2023, the amount of interest income not recognized on nonaccrual loans was not material. Any nonaccrual loans have been included in the table as loans carrying a zero yield.

(Continued)

(dollars in thousands)	Quarter Ended June 30, 2024 Average Outstanding Balance	2024 Interest Earned/ Interest Paid	2024 Average Yield/ Rate	2023 Average Outstanding Balance	2023 Interest Earned/ Interest Paid	2023 Average Yield/ Rate
ASSETS						
Interest-earning assets:						
Total loans[1]	$ 2,237,469	$ 35,009	6.29 %	$ 2,363,158	$ 33,591	5.70 %
Securities available for sale	245,309	2,267	3.72	175,447	1,205	2.75
Securities held to maturity	356,922	2,332	2.63	455,626	2,831	2.49
Nonmarketable equity securities	23,243	280	4.85	28,931	301	4.17
Interest-bearing deposits in other banks	58,341	825	5.69	62,165	806	5.20
Total interest-earning assets	2,921,284	40,713	5.61	3,085,327	38,734	5.04
Allowance for credit losses	(30,407)			(31,909)		
Noninterest-earning assets	240,707			219,532		
Total assets	$ 3,131,584			$ 3,272,950		
LIABILITIES AND EQUITY						
Interest-bearing liabilities:						
Interest-bearing deposits	$ 1,795,958	$ 14,824	3.32 %	$ 1,653,237	$ 9,946	2.41 %
Advances from FHLB and fed funds purchased	90,055	1,207	5.39	262,088	3,349	5.13
Line of credit	—	—	—	7,352	64	3.49
Subordinated debt	44,489	511	4.62	48,192	535	4.45
Securities sold under agreements to repurchase	44,059	291	2.66	24,823	137	2.21
Total interest-bearing liabilities	1,974,561	16,833	3.43	1,995,692	14,031	2.82
Noninterest-bearing liabilities:						
Noninterest-bearing deposits	818,290			948,083		
Accrued interest and other liabilities	36,931			30,480		
Total noninterest-bearing liabilities	855,221			978,563		
Equity	301,802			298,695		
Total liabilities and equity	$ 3,131,584			$ 3,272,950		
Net interest rate spread[2]			2.18 %			2.22 %
Net interest income		$ 23,880			$ 24,703	
Net interest margin[3]			3.29 %			3.21 %
Net interest margin, fully taxable equivalent[4]			3.26 %			3.19 %

(1) Includes average outstanding balances of loans held for sale of $817,000 and $1.4 million for the quarter ended June 30, 2024 and 2023, respectively.

(2) Net interest spread is the average yield on interest-earning assets minus the average rate on interest-bearing liabilities.

(3) Net interest margin is equal to net interest income divided by average interest-earning assets, annualized.

(4) Net interest margin on a fully taxable equivalent basis is equal to net interest income adjusted for nontaxable income divided by average interest-earning assets, annualized, using a marginal tax rate of 21%.

(Continued)

The following table presents the change in interest income and interest expense for the periods indicated for each major component of interest-earning assets and interest-bearing liabilities and distinguishes between the changes attributable to changes in volume and interest rates. For purposes of this table, changes attributable to both rate and volume that cannot be segregated have been allocated to rate.

	For the Three Months Ended June 30, 2024 vs. 2023		
	Increase (Decrease) Due to Change in		
(in thousands)	Volume	Rate	Total Increase (Decrease)
Interest-earning assets:			
Total loans	$ (1,781)	$ 3,199	$ 1,418
Securities available for sale	478	584	1,062
Securities held to maturity	(611)	112	(499)
Nonmarketable equity securities	(59)	38	(21)
Interest-earning deposits in other banks	(49)	68	19
Total (decrease) increase in interest income	$ (2,022)	$ 4,001	$ 1,979
Interest-bearing liabilities:			
Interest-bearing deposits	$ 855	$ 4,023	$ 4,878
Advances from FHLB	(2,194)	52	(2,142)
Line of credit	(64)	—	(64)
Subordinated debt	(41)	17	(24)
Securities sold under agreements to repurchase	106	48	154
Total (decrease) increase in interest expense	(1,338)	4,140	2,802
Decrease in net interest income	$ (684)	$ (139)	$ (823)

Provision for Credit Losses

We recorded a $1.2 million reversal to our provision for credit losses during the second quarter of 2024. Our gross loan balances decreased by $50.3 million during the second quarter and by $107.6 million during the first half of 2024, while overall credit quality trends and economic forecast assumptions remained relatively stable. As of June 30, 2024 and December 31, 2023, our allowance for credit losses as a percentage of total loans was 1.32% and 1.33%, respectively.

Noninterest Income

The following table presents components of noninterest income for the three months ended June 30, 2024 and 2023 and the period-over-period variations in the categories of noninterest income:

	Quarter Ended June 30,		Increase (Decrease)
(in thousands)	2024	2023	2024 vs. 2023
Noninterest income:			
Service charges	$ 1,098	$ 1,056	$ 42
Net realized loss on securities transactions	—	(322)	322
Gain on sale of loans	227	473	(246)
Fiduciary and custodial income	657	630	27
Bank-owned life insurance income	250	211	39
Merchant and debit card fees	2,122	2,121	1
Loan processing fee income	136	142	(6)
Mortgage fee income	43	50	(7)
Other noninterest income	66	3,512	(3,446)
Total noninterest income	$ 4,599	$ 7,873	$ (3,274)

Total noninterest income decreased $3.3 million, or 41.6%, for the three months ended June 30, 2024 compared to the same period in 2023. Material changes in the components of noninterest income are discussed below.

Net Realized Loss on Securities Transactions. We sell securities from time-to-time, which results in gains or losses being recognized in the income statement as noninterest income. During the three months ended June 30, 2023 we sold securities for a net loss of $322,000. No securities were sold during the three months ended June 30, 2024.

Gain on Sale of Loans. We sold 43 mortgage loans for $8.8 million during the three months ended June 30, 2024 compared to 51 mortgage loans for $12.6 million during the three months ended June 30, 2023. Gain on sale of loans was

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$227,000 for the three months ended June 30, 2024, a decrease of $246,000, or 52.0%, compared to $473,000 for the same period in 2023. The total gain on loans sold during the quarter ended June 30, 2024 consisted of a gain of $227,000 in mortgage loans and no SBA 7(a) loans sold, compared to a gain of $340,000 in mortgage loans and a gain of $133,000 on SBA loans sold, respectively, during the quarter ended June 30, 2023.

Bank-Owned Life Insurance Income. We invest in bank-owned life insurance due to its attractive nontaxable return and protection against the loss of our key employees. We record income based on the growth of the cash surrender value of these policies as well as the annual yield net of fees and charges, including mortality charges. Income from bank-owned life insurance increased by $39,000, or 18.5%, during the quarter ended June 30, 2024 compared to the quarter ended June 30, 2023. The increase in income was primarily due to $3.0 million in additional policies on executive officers that began affecting income during the third quarter of 2023, and an increase in yield crediting rates for certain carriers.

Mortgage Fee Income. Mortgage fee income consists of lender processing fees such as underwriting fees, administrative fees and funding fees that are collected from mortgage loans that the Bank intends to sell on the secondary market. Mortgage fee income decreased $7,000, or 14.0%, from June 30, 2023 primarily due to a lower volume of mortgage purchases and refinances during the quarter ended June 30, 2024.

Other. This category includes a variety of other income producing activities, including mortgage loan origination fees, wire transfer fees, loan administration fees, and other fee income. Other noninterest income decreased $3.4 million, or 98.1%, compared to the same period in 2023. The decrease in other noninterest income was primarily due to a one-time gain on the sale of nonmarketable correspondent bank stock of $2.8 million in the prior year quarter and a $900,000 ORE valuation allowance during the second quarter of 2024.

Noninterest Expense

For the three months ended June 30, 2024, noninterest expense totaled $20.6 million, an increase of $131,000, or 0.6%, compared to $20.5 million for the three months ended June 30, 2023. The following table presents, for the periods indicated, the major categories of noninterest expense:

	Quarter Ended June 30,		Increase (Decrease)
(in thousands)	**2024**	**2023**	**2024 vs. 2023**
Employee compensation and benefits	$ 11,723	$ 11,939	$ (216)
Non-staff expenses:			
Occupancy expenses	2,924	2,754	170
Legal and professional fees	841	985	(144)
Software and technology	1,653	1,531	122
Amortization	142	149	(7)
Director and committee fees	198	201	(3)
Advertising and promotions	208	269	(61)
ATM and debit card expense	785	739	46
Telecommunication expense	159	171	(12)
FDIC insurance assessment fees	365	522	(157)
Other noninterest expense	1,604	1,211	393
Total noninterest expense	$ 20,602	$ 20,471	$ 131

Material changes in the components of noninterest expense are discussed below.

Employee Compensation and Benefits. Salaries and employee benefits are the largest component of noninterest expense and include payroll expense, the cost of incentive compensation, benefit plans, health insurance and payroll taxes. Salaries and employee benefits were $11.7 million for the three months ended June 30, 2024, a decrease of $216,000, or 1.8%, compared to $11.9 million for the same period in 2023. The decrease resulted primarily from a $308,000 decrease in bonus expense, which is tied to earnings, offset by a $104,000 increase in officer salary expense during the quarter ended June 30, 2024.

Occupancy Expense. Occupancy expenses are mainly composed of depreciation expense on fixed assets and lease expense related to ASC 842 accounting. Occupancy expenses increased $170,000, or 6.2%, compared to the same quarter of the prior year. The increase was primarily due to an increase in common area maintenance costs incurred on leased properties and machine service costs to service our ATMs during the quarter ended June 30, 2024 compared to the prior year quarter.

(Continued)

Legal and Professional Fees. Legal and professional fees, which include audit, loan review and regulatory assessments other than FDIC insurance assessment fees, were $841,000 and $985,000 for the quarters ended June 30, 2024 and 2023, respectively, a decrease of $144,000, or 14.6%. The decrease was primarily due to recruiting and additional proxy-related fees during the quarter ended June 30, 2023 not present in the same quarter of 2024.

Software and Technology. Software and technology expenses increased $122,000, or 8.0%, from $1.5 million for the quarter ended March 31, 2023 to $1.7 million for the quarter ended June 30, 2024. The increase was due to continued investments in digital banking software, tools to improve efficiencies for customers and operational departments and for cybersecurity enhancements.

Advertising and Promotions. Advertising and promotion-related expenses were $208,000 and $269,000 for the three months ended June 30, 2024 and 2023, respectively, a decrease of $61,000, or 22.7%. The decrease was primarily due to decreased advertising and vendor costs in the current period compared to the same period in the prior year.

FDIC Insurance Assessment Fees. FDIC insurance assessment fees were $365,000 for the three months ended June 30, 2024, compared to $522,000 for the same period in 2023. The decrease of $157,000, or 30.1%, was primarily due to a decrease in the insurance assessment rate resulting from changes in certain financial ratios used in the calculation and an overall decrease in our assessment base, which is calculated as average total assets, less average tangible equity.

Other. This category includes operating and administrative expenses, such as stock option expense, expenses related to repossession of assets, small hardware and software purchases, expense of the value of stock appreciation rights, losses incurred on problem assets, losses on sale of other real estate owned and other assets, other real estate owned expense and write-downs, business development expenses (i.e., travel and entertainment, charitable contributions and club memberships), insurance and security expenses. Other noninterest expense increased $393,000, or 32.5%, primarily due to an increase in other real estate owned activity and various smaller dollar increases in general operating costs during the second quarter of 2024, compared to the prior year quarter.

Income Tax Expense

For the three months ended June 30, 2024 and 2023, income tax expense totaled $1.7 million and $2.5 million, respectively. The effective tax rates for the three months ended June 30, 2024 and 2023 were 18.22% and 20.89%, respectively. The effective tax rates differ from the statutory federal tax rate of 21% for the three months ended June 30, 2024 and 2023, largely due to tax exempt interest income earned on certain investment securities and loans and the nontaxable earnings on bank-owned life insurance.

Discussion and Analysis of Financial Condition as of June 30, 2024

Assets

Our total assets decreased $103.2 million, or 3.2%, from $3.18 billion as of December 31, 2023 to $3.08 billion as of June 30, 2024. The decline was primarily due to a decrease in gross loans of $107.6 million, or 4.6%, and a $9.7 million, or 1.6%, decrease in total investment securities during the period.

Loan Portfolio

Our primary source of income is derived through interest earned on loans to small- to medium-sized businesses, commercial companies, professionals and individuals located in our primary market areas. A substantial portion of our loan portfolio consists of commercial and industrial loans and real estate loans secured by commercial real estate properties located in our primary market areas. Our loan portfolio represents the highest yielding component of our earning asset base.

Our loan portfolio is the largest category of our earning assets. As of June 30, 2024 and December 31, 2023 total loans held for investment were $2.21 billion and $2.32 billion, respectively, a decrease of $107.6 million between periods. Additionally, $871,000 and $976,000 in loans were classified as held for sale as of June 30, 2024 and December 31, 2023, respectively.

Total loans, excluding those held for sale, as a percentage of deposits, were 84.3% and 88.2% as of June 30, 2024 and December 31, 2023, respectively. Total loans, excluding those held for sale, as a percentage of total assets, were 71.9% and 72.9% as of June 30, 2024 and December 31, 2023, respectively.

(Continued)

The following table summarizes our loan portfolio by type of loan and dollar change and percentage change from December 31, 2023 to June 30, 2024:

(dollars in thousands)	As of June 30, 2024	As of December 31, 2023	Increase (Decrease)	Percent Change
Commercial and industrial	$ 264,058	$ 287,565	$ (23,507)	(8.17%)
Real estate:				
Construction and development	231,053	296,639	(65,586)	(22.11%)
Commercial real estate	899,120	923,195	(24,075)	(2.61%)
Farmland	180,126	186,295	(6,169)	(3.31%)
1-4 family residential	526,650	514,603	12,047	2.34%
Multi-family residential	47,507	44,292	3,215	7.26%
Consumer and overdrafts	53,977	57,302	(3,325)	(5.80%)
Agricultural	12,506	12,685	(179)	(1.41%)
Total loans held for investment	$ 2,214,997	$ 2,322,576	$ (107,579)	(4.63%)
Total loans held for sale	$ 871	$ 976	$ (105)	(10.76%)

The contractual maturity ranges of loans in our loan portfolio and the amount of such loans with fixed and floating interest rates in each maturity range as of June 30, 2024 are summarized in the following table:

	As of June 30, 2024				
(in thousands)	One Year or Less	After One Through Five Years	After Five Through Fifteen Years	After Fifteen Years	Total
Commercial and industrial	$ 109,173	$ 93,284	$ 59,070	$ 2,531	$ 264,058
Real estate:					
Construction and development	101,878	43,599	54,400	31,176	231,053
Commercial real estate	66,307	203,519	324,071	305,223	899,120
Farmland	28,662	69,126	38,175	44,163	180,126
1-4 family residential	26,889	38,954	179,116	281,691	526,650
Multi-family residential	19,676	6,439	16,602	4,790	47,507
Consumer	14,233	37,216	1,111	1,417	53,977
Agricultural	7,921	4,170	415	—	12,506
Total loans	$ 374,739	$ 496,307	$ 672,960	$ 670,991	$ 2,214,997
Amounts with fixed rates	$ 209,403	$ 383,718	$ 36,499	$ 33,027	$ 662,647
Amounts with adjustable rates	$ 165,336	$ 112,589	$ 636,461	$ 637,964	$ 1,552,350

Nonperforming Assets

Loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due. Loans are placed on nonaccrual status when, in management's opinion, the borrower may be unable to meet payment obligations as they become due, as well as when required by regulatory provisions. Loans may be placed on nonaccrual status regardless of whether or not such loans are considered past due. In general, we place loans on nonaccrual status when they become 90 days past due. We also place loans on nonaccrual status if they are less than 90 days past due if the collection of principal or interest is in doubt. When interest accrual is discontinued, all unpaid accrued interest is reversed from income. Interest income is subsequently recognized only to the extent cash payments are received in excess of principal due. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are, in management's opinion, reasonably assured.

We believe our conservative lending approach and focused management of nonperforming assets has resulted in sound asset quality and timely resolution of problem assets. We have several procedures in place to assist us in maintaining the overall quality of our loan portfolio. We have established underwriting guidelines to be followed by our bankers, and we also monitor our delinquency levels for any negative or adverse trends. There can be no assurance, however, that our loan portfolio will not become subject to increasing pressures from deteriorating borrower credit due to general economic conditions.

Nonperforming assets as a percentage of total loans were 0.98% at June 30, 2024, compared to 0.25% at December 31, 2023. The Bank's nonperforming assets consist primarily of other real estate owned and nonaccrual loans. The increase in nonperforming assets was primarily due to the foreclosure of a multi-purpose commercial real estate loan

(Continued)

in the South Austin area during the first quarter of 2024. We expect little or no loss on the sale of this other real estate owned.

The following table presents information regarding nonperforming assets and loans as of:

(dollars in thousands)	June 30, 2024	December 31, 2023
Nonaccrual loans	$ 6,225	$ 5,592
Accruing loans 90 or more days past due	—	—
Total nonperforming loans	6,225	5,592
Other real estate owned:		
Residential real estate	15,184	—
Total other real estate owned	15,184	—
Repossessed assets owned	331	234
Total other assets owned	15,515	234
Total nonperforming assets	$ 21,740	$ 5,826
Ratio of nonaccrual loans to total loans(1)	0.28 %	0.24 %
Ratio of nonperforming loans to total loans(1)	0.28 %	0.24 %
Ratio of nonperforming assets to total loans(1)	0.98 %	0.25 %
Ratio of nonperforming assets to total assets	0.71 %	0.18 %

(1) Excludes loans held for sale of $871,000 and $976,000 as of June 30, 2024 and December 31, 2023, respectively.

The following table presents nonaccrual loans by category as of:

(in thousands)	June 30, 2024	December 31, 2023
Commercial and industrial	$ 308	$ 1,777
Real estate:		
Construction and development	73	117
Commercial real estate	566	132
Farmland	842	164
1-4 family residential	4,001	2,793
Consumer and overdrafts	235	250
Agricultural	200	359
Total	$ 6,225	$ 5,592

Potential Problem Loans

From a credit risk standpoint, we classify loans in one of five risk ratings: pass, special mention, substandard, doubtful or loss. Within the pass rating, we classify loans into one of the following five subcategories based on perceived credit risk, including repayment capacity and collateral security: superior, excellent, good, acceptable and acceptable/watch. The classifications of loans reflect a judgment about the risks of default and loss associated with the loan. We review the ratings on credits monthly. Ratings are adjusted to reflect the degree of risk and loss that is believed to be inherent in each credit as of each monthly reporting period. Our methodology is structured so that specific ACL allocations are increased in accordance with deterioration in credit quality (and a corresponding increase in risk and loss) or decreased in accordance with improvement in credit quality (and a corresponding decrease in risk and loss).

Credits rated special mention show clear signs of financial weaknesses or deterioration in creditworthiness; however, such concerns are not so pronounced that we generally expect to experience significant loss within the short-term. Such credits typically maintain the ability to perform within standard credit terms and credit exposure is not as prominent as credits with a lower rating.

Credits rated substandard are those in which the normal repayment of principal and interest may be, or has been, jeopardized by reason of adverse trends or developments of a financial, managerial, economic or political nature, or important weaknesses which exist in collateral. A protracted workout on these credits is a distinct possibility. Prompt corrective action is therefore required to reduce exposure and to assure that adequate remedial measures are taken by the borrower. Credit exposure becomes more likely in such credits and a serious evaluation of the secondary support to the credit is performed.

Credits rated as doubtful have the weaknesses of substandard assets with the additional characteristic that the weaknesses make collection or liquidation in full questionable and there is a high probability of loss based on currently existing facts, conditions and values.

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Credits rated as loss are charged off. We have no expectation of the recovery of any payments in respect of credits rated as loss.

The following tables summarize the internal ratings of our performing, classified and nonaccrual (as well as substandard) loans, by category, as of:

	June 30, 2024						
(in thousands)	**Pass**	**Special Mention**	**Substandard**	**Doubtful**	**Loss**	**Nonaccrual**	**Total**
Commercial and industrial	$ 261,892	$ 79	$ 1,779	$ —	$ —	$ 308	$ 264,058
Real estate:							
Construction and development	227,151	—	3,829	—	—	73	231,053
Commercial real estate	855,366	30,255	12,933	—	—	566	899,120
Farmland	177,338	1,827	119	—	—	842	180,126
1-4 family residential	520,474	2,175	—	—	—	4,001	526,650
Multi-family residential	47,507	—	—	—	—	—	47,507
Consumer and overdrafts	53,696	46	—	—	—	235	53,977
Agricultural	12,265	22	19	—	—	200	12,506
Total	$ 2,155,689	$ 34,404	$ 18,679	$ —	$ —	$ 6,225	$ 2,214,997

	December 31, 2023						
(in thousands)	**Pass**	**Special Mention**	**Substandard**	**Doubtful**	**Loss**	**Nonaccrual**	**Total**
Commercial and industrial	$ 283,202	$ 1,503	$ 1,083	$ —	$ —	$ 1,777	$ 287,565
Real estate:							
Construction and development	296,266	—	256	—	—	117	296,639
Commercial real estate	892,563	7,333	23,167	—	—	132	923,195
Farmland	186,051	—	80	—	—	164	186,295
1-4 family residential	510,947	863	—	—	—	2,793	514,603
Multi-family residential	44,292	—	—	—	—	—	44,292
Consumer and overdrafts	57,015	37	—	—	—	250	57,302
Agricultural	12,301	—	25	—	—	359	12,685
Total	$ 2,282,637	$ 9,736	$ 24,611	$ —	$ —	$ 5,592	$ 2,322,576

Loans risk rated as substandard increased $7.4 million during the quarter, from $11.3 million as of March 31, 2024 to $18.7 million as of June 30, 2024. The increase was primarily due to a few loan relationships downgraded during the period, however minimal if any losses are expected at this time.

Allowance for Credit Losses

We maintain an allowance for credit losses (“ACL”) that represents management’s best estimate of the appropriate level of losses and risks inherent in our applicable financial assets under the current expected credit loss model. The amount of the allowance for credit losses should not be interpreted as an indication that charge-offs in future periods will necessarily occur in those amounts, or at all. The determination of the amount of allowance involves a high degree of judgment and subjectivity.

For available for sale debt securities in an unrealized loss position, the Company evaluates the securities at each measurement date to determine whether the decline in the fair value below the amortized cost basis (impairment) is due to credit-related factors or noncredit-related factors. Any impairment that is not credit related is recognized in other comprehensive income, net of applicable taxes. Credit-related impairment is recognized as an ACL on the balance sheet, limited to the amount by which the amortized cost basis exceeds the fair value, with a corresponding adjustment to earnings through provision for credit loss expense. As of June 30, 2024, the Company determined that all available for sale securities that experienced a decline in fair value below the amortized costs basis were due to noncredit-related factors, therefore no related ACL was recorded and there was no related provision expense recognized during the six months ended June 30, 2024.

For held to maturity debt securities, the Company evaluates expected credit losses on a collective basis by major security type with each type sharing similar risk characteristics, and considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts. With regard to U.S. Treasury and residential mortgage-backed securities issued by the U.S. governments, or agencies thereof, it is expected that the securities will not be settled at prices less than the amortized cost bases of the securities as such securities are backed by the full faith and

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credit of and/or guaranteed by the U.S. government. Accordingly, no allowance for credit losses has been recorded for these securities. With regard to municipal securities, management considers 1) issuer bond ratings, 2) whether issuers continue to make timely principal and interest payments under the contractual terms of the securities, 3) internal forecasts and 4) whether or not such securities are guaranteed by the Texas Permanent School Fund or pre-refunded by the issuers. As of June 30, 2024, the Company determined there were no credit related concerns that warrant an ACL for the held to maturity portfolio.

In determining the ACL for loans held for investment, we primarily estimate losses on segments of loans with similar risk characteristics and where the potential loss can be identified and reasonably determined. For loans that do not share similar risk characteristics with our existing segments, they are evaluated individually for an ACL. Our portfolio is segmented by regulatory call report codes, with additional segments for SBA loans acquired from Westbound Bank and for SBA loans originated by us. The segments are further disaggregated by internally assigned risk rating classifications. The balance of the ACL is determined using the current expected credit loss model, which considers historical loan loss rates, changes in the nature of our loan portfolio, overall portfolio quality, industry concentrations, delinquency trends, current economic factors and reasonable and supportable forecasts of the impact of future economic conditions on loan loss rates. Please see "*Critical Accounting Policies - Allowance for Credit Losses*."

In connection with the review of our loan portfolio, we consider risk elements attributable to particular loan types or categories in assessing the quality of individual loans. Some of the risk elements we consider include:

- for commercial and industrial loans, the debt service coverage ratio (income from the business in excess of operating expenses compared to loan repayment requirements), the operating results of the commercial, industrial or professional enterprise, the borrower's business, professional and financial ability and expertise, the specific risks and volatility of income and operating results typical for businesses in that category and the value, nature and marketability of collateral;
- for commercial mortgage loans and multifamily residential loans, the debt service coverage ratio, operating results of the owner in the case of owner-occupied properties, the loan-to-value ratio, the age and condition of the collateral and the volatility of income, property value and future operating results typical of properties of that type;
- for 1-4 family residential mortgage loans, the borrower's ability to repay the loan, including a consideration of the debt-to-income ratio and employment and income stability, the loan-to-value ratio, and the age, condition and marketability of the collateral; and
- for construction and development loans, the perceived feasibility of the project including the ability to sell developed lots or improvements constructed for resale or the ability to lease property constructed for lease, the quality and nature of contracts for presale or prelease, if any, experience and ability of the developer and loan-to-value ratio.

As of June 30, 2024, the allowance for credit losses totaled $29.3 million, or 1.32%, of total loans, excluding those held for sale. As of December 31, 2023, the allowance for credit losses totaled $30.9 million, or 1.33%, of total loans, excluding those held for sale.

(Continued)

The following table presents, as of and for the periods indicated, an analysis of the allowance for credit losses and other related data:

(dollars in thousands)	As of and For The Six Months Ended June 30, 2024	2023	As of and For The Year Ended December 31, 2023
Average loans outstanding[1]	$ 2,268,323	$ 2,375,533	$ 2,352,154
Gross loans outstanding at end of period[2]	2,214,997	2,333,901	2,322,576
Allowance for credit losses at beginning of the period	30,920	31,974	31,974
Reversal of provision for credit losses	(1,450)	—	—
Charge offs:			
Commercial and industrial	230	20	473
Real estate:			
Commercial real estate	—	87	277
Consumer	85	72	139
Agriculture	—	3	3
Overdrafts	110	136	312
Total charge-offs	425	318	1,204
Recoveries:			
Commercial and industrial	174	12	19
Consumer	29	58	68
Agriculture	2	2	2
Overdrafts	32	31	61
Total recoveries	237	103	150
Net charge-offs	188	215	1,054
Allowance for credit losses at end of period	$ 29,282	$ 31,759	$ 30,920
Ratio of allowance to end of period loans[2]	1.32%	1.36%	1.33%
Ratio of net charge-offs to average loans[1]	0.01%	0.01%	0.04%
Total nonaccrual loans	$ 6,225	$ 3,550	$ 5,592
Ratio of allowance to nonaccrual loans	470.4%	894.6%	552.9%

(1) Includes average outstanding balances of loans held for sale of $761,000, $1.5 million and $1.2 million for the six months ended June 30, 2024 and 2023, and for the year ended December 31, 2023, respectively.

(2) Excludes loans held for sale of $871,000, $795,000 and $976,000 for the six months ended June 30, 2024 and 2023, and for the year ended December 31, 2023, respectively.

The ratio of allowance for credit losses to nonperforming loans decreased from 552.9% at December 31, 2023 to 470.4% at June 30, 2024. Nonperforming loans increased to $6.2 million at June 30, 2024, compared to $5.6 million at December 31, 2023.

The following table shows the ratio of net charge-offs (recoveries) to average loans outstanding by loan category for the dates indicated:

	Six Months Ended June 30, 2024	2023
Commercial and industrial	0.02%	—
Real estate:		
Commercial real estate	—	0.01%
Consumer	0.10%	0.02%
Agricultural	(0.02%)	0.01%
Overdrafts	22.16%	26.65%
Net charge-offs to total loans	0.01%	0.01%

Although we believe that we have established our allowance for credit losses in accordance with GAAP and that the allowance for credit losses was adequate to provide for known and inherent losses in the portfolio at all times shown above, future provisions for credit losses will be subject to ongoing evaluations of the risks in our loan portfolio. If our primary market areas experience economic declines, if asset quality deteriorates or if we are successful in growing the size of our loan portfolio, our allowance could become inadequate and material additional provisions for credit losses could be required.

The following table shows the allocation of the allowance for credit losses among loan categories and certain other information as of the dates indicated. The allocation of the allowance for credit losses as shown in the table should neither be interpreted as an indication of future charge-offs, nor as an indication that charge-offs in future periods will necessarily

(Continued)

occur in these amounts or in the indicated proportions. The total allowance is available to absorb losses from any loan category.

(dollars in thousands)	As of June 30, 2024 Amount	Percent to Total Loans	As of December 31, 2023 Amount	Percent to Total Loans
Commercial and industrial	$ 3,186	10.88 %	$ 3,719	12.03 %
Real estate:				
Construction and development	2,906	9.92 %	3,623	11.72 %
Commercial real estate	12,179	41.59 %	12,257	39.64 %
Farmland	2,077	7.09 %	2,231	7.22 %
1-4 family residential	7,401	25.27 %	7,470	24.16 %
Multi-family residential	540	1.84 %	521	1.68 %
Total real estate	25,103	85.71 %	26,102	84.42 %
Consumer and overdrafts	851	2.92 %	947	3.06 %
Agricultural	142	0.49 %	152	0.49 %
Total allowance for credit losses	$ 29,282	100.00 %	$ 30,920	100.00 %

Securities

We use our securities portfolio to provide a source of liquidity, provide an appropriate return on funds invested, manage interest rate risk, meet collateral requirements and meet regulatory capital requirements. As of June 30, 2024, the carrying amount of our investment securities totaled $590.7 million, a decrease of $9.7 million, or 1.6%, compared to $600.4 million as of December 31, 2023. Investment securities represented 19.2% and 18.9% of total assets as of June 30, 2024 and December 31, 2023, respectively.

As of June 30, 2024, securities available for sale totaled $242.7 million and securities held to maturity totaled $348.0 million. As of December 31, 2023, securities available for sale totaled $196.2 million and securities held to maturity totaled $404.2 million.

The carrying values of our investment securities classified as available for sale are adjusted for unrealized gain or loss, and any gain or loss is reported on an after-tax basis as a component of other comprehensive income in equity. As of June 30, 2024, the Company determined that all available for sale securities that experienced a decline in fair value below their amortized cost basis were impacted by noncredit-related factors and that securities held to maturity have not experienced credit deterioration; therefore, the Company carried no ACL with respect to our securities portfolio at June 30, 2024.

From time to time, we have reclassified certain securities from available for sale to held to maturity. Such transfers are made at fair value at the date of transfer. The net unrealized holding gains or losses at the date of transfer are retained in accumulated other comprehensive income and in the carrying value of the held to maturity securities and are amortized over the remaining life of the security. The net unamortized, unrealized loss remaining on transferred securities included in accumulated other comprehensive loss in the accompanying balance sheets totaled $7.3 million at June 30, 2024, compared to a net unamortized, unrealized loss of $7.0 million at December 31, 2023. This amount will be amortized out of accumulated other comprehensive loss over the remaining life of the underlying securities as an adjustment of the yield on those securities.

The following tables summarize the amortized cost and estimated fair value of our investment securities:

	As of June 30, 2024			
(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government agencies	$ 9,370	$ —	$ 1,058	$ 8,312
Treasury securities	29,665	—	565	29,100
Corporate bonds	29,842	—	2,473	27,369
Municipal securities	161,054	406	7,459	154,001
Mortgage-backed securities	327,365	821	31,553	296,633
Collateralized mortgage obligations	52,485	2	8,917	43,570
Total	$ 609,781	$ 1,229	$ 52,025	$ 558,985

(Continued)

(in thousands)	Amortized Cost	As of December 31, 2023 Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government agencies	$ 9,292	$ —	$ 1,066	$ 8,226
Treasury securities	69,432	—	1,038	68,394
Corporate bonds	29,882	—	3,077	26,805
Municipal securities	170,497	1,105	6,123	165,479
Mortgage-backed securities	284,291	1,014	30,726	254,579
Collateralized mortgage obligations	56,194	19	8,978	47,235
Total	$ 619,588	$ 2,138	$ 51,008	$ 570,718

We do not hold any Fannie Mae or Freddie Mac preferred stock, collateralized debt obligations, structured investment vehicles or second lien elements in our investment portfolio. As of June 30, 2024 and December 31, 2023, our investment portfolio did not contain any securities that are directly backed by subprime or Alt-A mortgages, non-U.S. agency mortgage-backed securities or corporate collateralized mortgage obligations.

The following tables set forth the fair value of available for sale securities and the amortized cost of held to maturity securities, expected maturities and approximated weighted average yield based on estimated annual income divided by the average amortized cost of our securities portfolio as of the dates indicated.

	As of June 30, 2024									
	Within One Year		After One Year but Within Five Years		After Five Years but Within Ten Years		After Ten Years		Total	
(dollars in thousands)	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Total	Yield
U.S. government agencies	$ —	—	$ 9,370	1.35%	$ —	—	$ —	—	$ 9,370	1.35%
Treasury securities	29,665	2.92%	—	—	—	—	—	—	29,665	2.92%
Corporate bonds	7,413	3.30%	1,927	4.13%	18,029	4.00%	—	—	27,369	3.84%
Municipal securities	11,006	2.86%	37,683	2.88%	77,020	2.97%	35,435	3.10%	161,144	2.98%
Mortgage-backed securities	—	—	61,019	2.31%	209,481	3.23%	41,798	4.14%	312,298	3.18%
Collateralized mortgage obligations	1,819	2.81%	19,418	3.29%	26,423	1.32%	3,148	1.37%	50,808	2.07%
Total	$ 49,903	2.96%	$ 129,417	2.57%	$ 330,953	3.07%	$ 80,381	3.52%	$ 590,654	3.02%

	As of December 31, 2023									
	Within One Year		After One Year but Within Five Years		After Five Years but Within Ten Years		After Ten Years		Total	
(dollars in thousands)	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Total	Yield
U.S. government agencies	$ —	—	$ 9,292	1.35%	$ —	—	$ —	—	$ 9,292	1.35%
Treasury securities	39,969	2.21%	29,463	2.92%	—	—	—	—	69,432	2.51%
Corporate bonds	1,980	3.31%	7,228	3.40%	17,597	4.00%	—	—	26,805	3.80%
Municipal securities	8,568	3.63%	43,517	2.90%	68,044	3.06%	50,550	3.17%	170,679	3.08%
Mortgage-backed securities	—	—	46,823	1.80%	187,027	2.87%	35,834	3.42%	269,684	2.76%
Collateralized mortgage obligations	1,577	2.89%	17,623	2.77%	30,595	1.48%	4,716	2.81%	54,511	2.10%
Total	$ 52,094	2.51%	$ 153,946	2.46%	$ 303,263	2.84%	$ 91,100	3.25%	$ 600,403	2.78%

The contractual maturity of mortgage-backed securities and collateralized mortgage obligations is not a reliable indicator of their expected life because borrowers have the right to prepay their obligations at any time. Mortgage-backed securities and collateralized mortgage obligations are typically issued with stated principal amounts and are backed by pools of mortgage loans and other loans with varying maturities. The term of the underlying mortgages and loans may vary significantly due to the ability of a borrower to prepay. Monthly pay downs on mortgage-backed securities typically cause the average life of the securities to be much different than the stated contractual maturity. During a period of increasing

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interest rates, fixed rate mortgage-backed securities do not tend to experience heavy prepayments of principal, and, consequently, the average life of this security is typically lengthened. If interest rates begin to fall, prepayments may increase, thereby shortening the estimated life of this security. The weighted average life of our investment portfolio was 5.55 years with an estimated effective duration of 4.34 years as of June 30, 2024.

As of June 30, 2024 and December 31, 2023, respectively, we did not own securities of any one issuer, other than the U.S. government and its agencies, for which aggregate adjusted cost exceeded 10.0% of equity.

The average yield of our securities portfolio was 3.02% and 2.78% as of June 30, 2024 and December 31, 2023, respectively. Average yield went up 24 basis points primarily due to a 41 basis point increase in yield on treasury securities and a 42 basis point increase in yield on mortgage-backed securities, which were partially offset by a 10 basis point decrease in yield on municipal securities. As of June 30, 2024, the fair value of available for sale and amortized cost of held to maturity mortgage-backed securities and municipal securities comprised 52.9% and 27.3% of the portfolio, respectively. As of December 31, 2023, mortgage-backed securities and municipal securities comprised 44.9% and 28.4% of the portfolio, respectively.

Deposits

We offer a variety of deposit products, which have a wide range of interest rates and terms, including demand, savings, money market and time accounts. We rely primarily on competitive pricing policies, convenient locations and personalized service to attract and retain these deposits.

Average total deposits for the six months ended June 30, 2024 were $2.61 billion, a decrease of $10.2 million, or 5.5%, compared to $2.62 billion for the year ended December 31, 2023. The average rate paid on total interest-bearing deposits was 3.29% and 2.65% for the six months ended June 30, 2024 and year ended December 31, 2023, respectively. The increase in average rates between periods was driven primarily by the continued repricing of lower rate deposits for higher rates.

The following table presents the average balance of, and rate paid on, deposits for the periods indicated:

	Six Months Ended June 30,			
	2024		2023	
(dollars in thousands)	Average Balance	Average Rate Paid	Average Balance	Average Rate Paid
NOW and interest-bearing demand accounts	$ 227,685	1.17%	$ 287,631	0.96%
Savings accounts	121,049	0.75%	137,167	0.75%
Money market accounts	713,483	3.23%	730,664	2.45%
Certificates and other time deposits	730,321	4.42%	483,541	2.75%
Total interest-bearing deposits	1,792,538	3.29%	1,639,003	2.17%
Noninterest-bearing demand accounts	820,964	0.00%	948,083	0.00%
Total deposits	$ 2,613,502	2.25%	$ 2,587,086	1.35%

The following table presents the average balances on deposits for the periods indicated:

(dollars in thousands)	For the Six Months Ended June 30, 2024	For the Year Ended December 31, 2023	Increase (Decrease) ($)	Increase (Decrease) (%)
NOW and interest-bearing demand accounts	$ 227,686	$ 260,297	$ (32,611)	(12.53%)
Savings accounts	121,049	134,409	(13,360)	(9.94%)
Money market accounts	713,482	707,840	5,642	0.80%
Certificates and other time deposits	730,321	596,212	134,109	22.49%
Total interest-bearing deposits	1,792,538	1,698,758	93,780	5.52%
Noninterest-bearing demand accounts	820,964	924,945	(103,981)	(11.24%)
Total deposits	$ 2,613,502	$ 2,623,703	$ (10,201)	(0.39%)

The ratio of average noninterest-bearing deposits to average total deposits for the six months ended June 30, 2024 and year ended December 31, 2023 was 31.2% and 35.3%, respectively.

Total deposits as of June 30, 2024 were $2.63 billion, a decrease of $7.1 million, or 0.3%, compared to $2.63 billion as of December 31, 2023.

Noninterest-bearing deposits as of June 30, 2024 were $820.4 million compared to $853.0 million as of December 31, 2023, a decrease of $32.5 million, or 3.8%.

(Continued)

Total interest-bearing deposits as of June 30, 2024 and December 31, 2023 were $1.81 billion and $1.78 billion, respectively, which represented a slight increase of $25.4 million, or 1.4%.

The aggregate amount of certificates and other time deposits in denominations greater than $250,000 as of June 30, 2024 and December 31, 2023 was $301.2 million and $279.0 million, respectively.

The amount of uninsured certificates of deposit will differ from the total amount of certificates of deposit greater than $250,000 due to various factors, including joint account ownership. The following table sets forth the amount of uninsured certificates of deposit greater than $250,000 by time remaining until maturity as of June 30, 2024.

(dollars in thousands)	**June 30, 2024**
Under 3 months	$ 54,641
3 to 6 months	105,108
6 to 12 months	78,271
Over 12 months	3,003
Total	$ 241,023

Borrowings

We utilize short-term and long-term borrowings to supplement deposits to fund our lending and investment activities, each of which is discussed below.

Federal Home Loan Bank (FHLB) Advances. The FHLB allows us to borrow on a blanket floating lien status collateralized by certain securities and loans. As of June 30, 2024 and December 31, 2023, total borrowing capacity of $1,045.0 million and $939.8 million, respectively, was available under this arrangement. Our outstanding FHLB advances mature within one year. As of June 30, 2024, approximately $1.93 billion in real estate loans were pledged as collateral for our FHLB borrowings. We utilize these borrowings to meet liquidity needs and to hedge interest rate risk.

The following table presents our FHLB borrowings by maturity and weighted average rate as of June 30, 2024:

(dollars in thousands)	**Balance**	**Weighted Average Interest Rate**
Less than 90 days	$ 45,000	5.16%
Total	$ 45,000	5.16%

Federal Reserve Bank of Dallas. The Federal Reserve Bank of Dallas has an available borrower in custody arrangement, which allows us to borrow on a collateralized basis. Certain commercial and industrial and consumer loans are pledged under this arrangement. We maintain this borrowing arrangement to meet liquidity needs pursuant to our contingency funding plan. As of June 30, 2024 and December 31, 2023, $227.2 million and $222.2 million, respectively, were available under this arrangement. As of June 30, 2024 and December 31, 2023, approximately $270.5 million and $290.7 million, respectively, in consumer and commercial and industrial loans were pledged as collateral. As of June 30, 2024 and December 31, 2023, no borrowings were outstanding under this arrangement.

Subordinated Debt, Trust Preferred Securities and Other Debentures. We have issued subordinated debentures relating to the issuance of trust preferred securities. In July 2006, we formed Guaranty (TX) Capital Trust III, which issued $2.0 million in trust preferred securities to a third party in a private placement. Concurrent with the issuance of the trust preferred securities, the trust issued common securities to the Company in the aggregate liquidation value of $62,000. The trust invested the total proceeds from the sale of the trust preferred securities and the common securities in $2.1 million of the Company’s junior subordinated debentures, which will mature on October 1, 2036.

In March 2015, we acquired DCB Trust I, which issued $5.0 million in trust preferred securities to a third party in a private placement. Concurrent with the issuance of the trust preferred securities, the trust issued common securities to the Company in the aggregate liquidation value of $155,000. The trust invested the total proceeds from the sale of the trust preferred securities and the common securities in $5.2 million of the Company’s junior subordinated debentures, which will mature on June 15, 2037.

With certain exceptions, the amount of the principal and any accrued and unpaid interest on the debentures are subordinated in right of payment to the prior payment in full of all of our senior indebtedness. The terms of the debentures are such that they qualify as Tier 1 capital under the Federal Reserve’s regulatory capital guidelines applicable to bank holding companies. Interest on the Trust III Debentures is payable at a variable rate per annum, reset quarterly, equal to the then-current three month term Secured Overnight Financing Rate ("SOFR") plus 1.93%. Interest on the DCB Trust I

(Continued)

Debentures is payable at a variable rate per annum, reset quarterly, equal to 3-month SOFR plus 2.06%. The interest is deferrable on a cumulative basis for up to five consecutive years following a suspension of dividend payments on all other capital stock. No principal payments are due until maturity for each of the debentures.

Both the DCB Trust I Debentures and the Trust III Debentures are redeemable, in whole or in part, at our option after at least 30, but not more than 60, days' notice, on any interest payment date, at a redemption price equal to 100% of the amount to be redeemed, plus accrued interest to the date of redemption.

On March 4, 2022, the Company completed a private placement of $35.0 million aggregate principal amount of its fixed-to-floating rate subordinated note due April 1, 2032. The subordinated note initially bears a fixed interest rate of 3.625% per year, due semi-annually in arrears on April 1 and October 1. Commencing on April 1, 2027, the interest rate on the subordinated note will reset each quarter at a floating interest rate equal to the then-current three month term SOFR plus 192 basis points. The Company may at its option redeem in whole or in part the subordinated note on or after March 4, 2027 without a premium. The subordinated note is treated as Tier 2 Capital for regulatory purposes (subject to reductions in the amount includable as Tier 2 capital in the final five years prior to maturity), and is presented net of $365,000 in related unamortized issuance costs on the consolidated balance sheets.

On May 1, 2020, the Company issued $10.0 million in debentures to directors and other related parties. The debentures have stated maturity dates between November 1, 2020 and November 1, 2024, and bear interest at fixed annual rates between 1.00% and 4.00%. The Company pays interest semi-annually on May 1st and November 1st in arrears during the term of the debentures. Various portions of these debentures have matured since issuance and $2.0 million remains outstanding as of June 30, 2024. The debentures are redeemable by the Company at its option, in whole or in part, at any time on or before the due date of any debenture. The redemption price is equal to 100% of the face amount of the debenture redeemed, plus all accrued but unpaid interest.

Other Borrowings. We have historically used a line of credit with a correspondent bank as a source of funding for working capital needs, the payment of dividends when there is a temporary timing difference in cash flows, and repurchases of equity securities. In March 2017, we entered into an unsecured revolving line of credit for $25.0 million, and we renewed that line of credit in March 2024. The line of credit bears interest at the prime rate (8.50% as of June 30, 2024) subject to a floor of 3.50%, with quarterly interest payments, and matures in March 2025. As of June 30, 2024, there was no outstanding balance on the line of credit.

Liquidity and Capital Resources

Liquidity

Liquidity involves our ability to raise funds to support asset growth and acquisitions or reduce assets to meet deposit withdrawals and other payment obligations, to maintain reserve requirements and otherwise to operate on an ongoing basis and manage unexpected events. For the six months ended June 30, 2024 and the year ended December 31, 2023, liquidity needs were primarily met by core deposits, security and loan maturities and amortizing investment and loan portfolios. Although access to purchased funds from correspondent banks and overnight or longer term advances from the FHLB and the Federal Reserve Bank of Dallas are available, and have been utilized on occasion to take advantage of investment opportunities, we do not generally rely on these external funding sources. As of June 30, 2024 and December 31, 2023, we maintained two federal funds lines of credit with commercial banks that provide for the availability to borrow up to an aggregate $75.0 million in federal funds. There were no funds under these lines of credit outstanding as of June 30, 2024 and December 31, 2023.

Contingent liquidity sources and availability as of June 30, 2024 are provided below. The table below shows our total lines of credit and current borrowings as of June 30, 2024 and total amounts available for future borrowings, if necessary.

	June 30, 2024		Total Available for Future Liquidity
(dollars in thousands)	**Line of Credit**	**Borrowings**	
FHLB advances	$ 1,089,968	$ 45,000	$ 1,044,968
Federal Reserve discount window	227,153	—	227,153
Federal funds lines of credit	75,000	—	75,000
Correspondent bank line of credit	25,000	—	25,000
Total liquidity lines			$ 1,372,121

(Continued)

The following table illustrates, during the periods presented, the composition of our funding sources and the average assets in which those funds are invested as a percentage of average total assets for the period indicated. Average assets were $3.16 billion for the six months ended June 30, 2024 and $3.25 billion for the year ended December 31, 2023.

	Six Months Ended June 30, 2024	Year Ended December 31, 2023
Sources of Funds:		
Deposits:		
Noninterest-bearing	26.02 %	28.45 %
Interest-bearing	56.81 %	52.25 %
Advances from FHLB	3.67 %	6.96 %
Line of credit	0.01 %	0.13 %
Subordinated debt	1.43 %	1.47 %
Securities sold under agreements to repurchase	1.35 %	0.63 %
Accrued interest and other liabilities	1.15 %	0.96 %
Equity	9.56 %	9.15 %
Total	100.00 %	100.00 %
Uses of Funds:		
Loans	70.92 %	71.38 %
Securities available for sale	7.31 %	5.61 %
Securities held to maturity	11.89 %	13.81 %
Nonmarketable equity securities	0.76 %	0.84 %
Federal funds sold	1.47 %	1.41 %
Interest-bearing deposits in other banks	0.17 %	0.18 %
Other noninterest-earning assets	7.48 %	6.77 %
Total	100.00 %	100.00 %
Average noninterest-bearing deposits to average deposits	31.41 %	35.25 %
Average loans to average deposits	86.79 %	89.65 %

Our primary source of funds is deposits, and our primary use of funds is loans. We do not expect a change in the primary source or use of our funds in the foreseeable future. Our average loans, including average loans held for sale, decreased $107.2 million, or 4.5%, for the six months ended June 30, 2024 compared to the same period in 2023, while our average deposits decreased $3.2 million, or 0.1%, for the same time period. We predominantly invest excess deposits in overnight deposits with our correspondent banks, federal funds sold, securities, interest-bearing deposits at other banks or other short-term liquid investments until needed to fund loan growth.

As of June 30, 2024, we had $307.7 million in outstanding commitments to extend credit and $8.8 million in commitments associated with outstanding standby and commercial letters of credit. As of December 31, 2023, we had $336.0 million in outstanding commitments to extend credit and $7.5 million in commitments associated with outstanding standby and commercial letters of credit. Since commitments associated with letters of credit and commitments to extend credit may expire unused, the total outstanding may not necessarily reflect the actual future cash funding requirements.

As of June 30, 2024 and December 31, 2023, we had no exposure to future cash requirements associated with known uncertainties or capital expenditures of a material nature. As of June 30, 2024, we had cash and cash equivalents of $90.2 million, compared to $89.5 million as of December 31, 2023. The increase was primarily due to an increase in federal funds sold of $3.9 million, which is used for liquidity purposes.

Capital Resources

Total equity increased to $308.6 million as of June 30, 2024, compared to $303.8 million as of December 31, 2023, an increase of $4.7 million, or 1.6%. The increase from December 31, 2023 was due to net earnings attributable to Guaranty Bancshares, Inc. of $14.1 million and a positive shift in our net unrealized losses on securities compared to prior periods. These increases were somewhat offset by the payment of dividends of $5.5 million and a higher volume of stock share repurchases of $4.4 million during the six months ended June 30, 2024 compared to the same period in 2023.

Capital management consists of providing equity and other instruments that qualify as regulatory capital to support current and future operations. Banking regulators view capital levels as important indicators of an institution’s financial soundness. As a general matter, FDIC-insured depository institutions and their holding companies are required to maintain minimum capital relative to the amount and types of assets they hold. We are subject to certain regulatory capital requirements at the bank holding company and bank levels. As of June 30, 2024 and December 31, 2023, we were in

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compliance with all applicable regulatory capital requirements at the bank and bank holding company levels, and the Bank was classified as "well capitalized," for purposes of the prompt corrective action regulations. As we deploy our capital, our regulatory capital levels may decrease depending on our level of earnings and provisions for credit losses. However, we expect to closely monitor our loan portfolio, operating expenses and overall capital levels in order to remain in compliance with all regulatory capital standards applicable to us.

The following table presents our regulatory capital ratios as of:

	June 30, 2024		December 31, 2023	
(dollars in thousands)	**Amount**	**Ratio**	**Amount**	**Ratio**
Guaranty Bancshares, Inc. (consolidated)				
Total capital (to risk-weighted assets)	$ 371,678	15.98 %	$ 367,526	15.22 %
Tier 1 capital (to risk-weighted assets)	307,968	13.24 %	302,757	12.53 %
Tier 1 capital (to average assets)	307,968	9.85 %	302,757	9.47 %
Common equity tier 1 capital (to risk-weighted assets)	300,751	12.93 %	295,540	12.24 %
Guaranty Bank & Trust, N.A.				
Total capital (to risk weighted assets)	$ 373,375	16.07 %	$ 373,778	15.49 %
Tier 1 capital (to risk weighted assets)	344,327	14.82 %	343,607	14.24 %
Tier 1 capital (to average assets)	344,327	11.05 %	343,607	10.78 %
Common equity tier 1 capital (to risk-weighted assets)	344,327	14.82 %	343,607	14.24 %

Contractual Obligations

The following table summarizes contractual obligations and other commitments to make future payments as of June 30, 2024, which consist of future cash payments associated with our contractual obligations.

	As of June 30, 2024				
(in thousands)	**1 year or less**	**More than 1 year but less than 3 years**	**3 years or more but less than 5 years**	**5 years or more**	**Total**
Time deposits	$ 702,598	$ 21,333	$ 3,494	$ —	$ 727,425
Advances from FHLB	45,000	—	—	—	45,000
Subordinated debt	2,000	—	—	42,217	44,217
Operating leases	2,260	3,786	3,209	3,188	12,443
Total	$ 751,858	$ 25,119	$ 6,703	$ 45,405	$ 829,085

Off-Balance Sheet Items

In the normal course of business, we enter into various transactions, which, in accordance with GAAP, are not included in our consolidated balance sheets. We enter into these transactions to meet the financing needs of our customers. These transactions include commitments to extend credit and standby and commercial letters of credit, which involve, to varying degrees, elements of credit risk and interest rate risk in excess of the amounts recognized in our consolidated balance sheets.

Our commitments associated with outstanding standby and commercial letters of credit and commitments to extend credit expiring by period as of June 30, 2024 are summarized below. Since commitments associated with letters of credit and commitments to extend credit may expire unused, the amounts shown do not necessarily reflect the actual future cash funding requirements.

	As of June 30, 2024				
(in thousands)	**1 year or less**	**More than 1 year but less than 3 years**	**3 years or more but less than 5 years**	**5 years or more**	**Total**
Standby and commercial letters of credit	$ 6,452	$ 701	$ —	$ 1,630	$ 8,783
Commitments to extend credit	205,789	47,045	19,301	35,584	307,719
Total	$ 212,241	$ 47,746	$ 19,301	$ 37,214	$ 316,502

Standby and commercial letters of credit are conditional commitments issued by us to guarantee the performance of a customer to a third party. In the event of nonperformance by the customer, we have rights to the underlying collateral, which can include commercial real estate, physical plant and property, inventory, receivables, cash and/or marketable

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securities. Our credit risk associated with issuing letters of credit is essentially the same as the risk involved in extending loan facilities to our customers. Management evaluated the likelihood of funding the standby and commercial letters of credit as of June 30, 2024, and determined the likelihood to be improbable. Therefore, no ACL was recorded for standby and commercial letters of credit as of June 30, 2024.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being fully drawn upon, the total commitment amounts disclosed above do not necessarily represent future cash requirements. We evaluate each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if considered necessary by us, upon extension of credit, is based on management's credit evaluation of the customer.

Loan agreements executed in connection with construction loans and commercial lines of credit have standard conditions which must be met prior to the Company being required to provide additional funding, including conditions precedent that typically include: (i) no event of default or potential default has occurred; (ii) that no material adverse events have taken place that would materially affect the borrower or the value of the collateral, (iii) that the borrower remains in compliance with all loan obligations and covenants and has made no misrepresentations; (iv) that the collateral has not been damaged or impaired; (v) that the project remains on budget and in compliance with all laws and regulations; and (vi) that all management agreements, lease agreements and franchise agreements that affect the value of the collateral remain in force. If the conditions precedent have not been met, the Company retains the option to cease current draws and/or future funding. As a result of these conditions within our loan agreements, management believes the credit risk of these off balance sheet items is minimal and we recorded no ACL with respect to these loan agreements as of June 30, 2024.

Interest Rate Sensitivity and Market Risk

As a financial institution, our primary component of market risk is interest rate volatility. Our asset liability and funds management policy provides management with the guidelines for effective funds management, and we have established a measurement system for monitoring our net interest rate sensitivity position. We have historically managed our sensitivity position within our established guidelines.

Inflation in the U.S. remains high, primarily as a result of lingering effects from the COVID-19 pandemic and related governmental policies, as well as other geo-political factors. However, unlike many industrial companies, substantially all of our assets and liabilities are monetary in nature, which means that interest rates have a more significant impact on our performance than the effects of general levels of inflation.

To combat record levels of inflation, the Federal Reserve approved its first interest rate increase in the current cycle in March 2022, and has since raised interest rates by 525 basis points through June 30, 2024. If the Federal Reserve continues to increase interest rates, we expect those increases to have a negative impact on our net income in the short term due to timing differences in asset and liability repricing, but ultimately a net positive impact on our net income, despite likely absolute increases in our operating expenses due to inflation.

Fluctuations in interest rates will ultimately impact both the level of income and expense recorded on most of our assets and liabilities, and the market value of all interest-earning assets and interest-bearing liabilities, other than those which have a short term to maturity. Interest rate risk is the potential of economic losses due to future interest rate changes. These economic losses can be reflected as a loss of future net interest income and/or a loss of current fair market values. The objective is to measure the effect on net interest income and to adjust the balance sheet to minimize the inherent risk while at the same time maximizing income.

We manage our exposure to interest rates by structuring our balance sheet in the ordinary course of business. We do not enter into instruments such as leveraged derivatives, financial options, financial future contracts or forward delivery contracts for the purpose of reducing interest rate risk. Based upon the nature of our operations, we are not subject to foreign exchange or commodity price risk. We do not own any trading assets.

Our exposure to interest rate risk is managed by the asset-liability committee of the Bank, in accordance with policies approved by its board of directors. The committee formulates strategies based on appropriate levels of interest rate risk. In determining the appropriate level of interest rate risk, the committee considers the impact on earnings and capital on the current outlook on interest rates, potential changes in interest rates, regional economies, liquidity, business strategies and other factors. The committee meets regularly to review, among other things, the sensitivity of assets and liabilities to interest rate changes, the book and market values of assets and liabilities, unrealized gains and losses, purchase and sale activities, commitments to originate loans and the maturities of investments and borrowings. Additionally, the committee

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reviews liquidity, cash flow flexibility, maturities of deposits and consumer and commercial deposit activity. Management employs methodologies to manage interest rate risk, which include an analysis of relationships between interest-earning assets and interest-bearing liabilities and an interest rate shock simulation model.

We use interest rate risk simulation models and shock analyses to test the interest rate sensitivity of net interest income and fair value of equity, and the impact of changes in interest rates on other financial metrics. Contractual maturities and re-pricing opportunities of loans are incorporated in the model as are prepayment assumptions, maturity data and call options within the investment portfolio. Average life of non-maturity deposit accounts are based on standard regulatory decay assumptions and are incorporated into the model. The assumptions used are inherently uncertain and, as a result, the model cannot precisely measure future net interest income or precisely predict the impact of fluctuations in market interest rates on net interest income. Actual results will differ from the model's simulated results due to timing, magnitude and frequency of interest rate changes as well as changes in market conditions and the application and timing of various management strategies.

On a quarterly basis, we run two simulation models including a static balance sheet and dynamic growth balance sheet. These models test the impact on net interest income and fair value of equity from changes in market interest rates under various scenarios. Under the static and dynamic growth models, rates are shocked instantaneously and ramped rate changes over a twelve-month horizon based upon parallel and non-parallel yield curve shifts. Parallel shock scenarios assume instantaneous parallel movements in the yield curve compared to a flat yield curve scenario. Non-parallel simulation involves analysis of interest income and expense under various changes in the shape of the yield curve. Our internal policy regarding internal rate risk simulations currently specifies that for instantaneous parallel shifts of the yield curve, estimated net income at risk for the subsequent one-year period should not decline by more than 10.0% for a 100 basis point shift, 15.0% for a 200 basis point shift and 25.0% for a 300 basis point shift.

The following table summarizes the simulated change in net interest income and fair value of equity over a 12-month horizon as of:

	June 30, 2024		December 31, 2023	
Change in Interest Rates (Basis Points)	**Percent Change in Net Interest Income**	**Percent Change in Fair Value of Equity**	**Percent Change in Net Interest Income**	**Percent Change in Fair Value of Equity**
+300	(2.91%)	(14.99%)	(2.31%)	(19.90%)
+200	(2.00%)	(8.89%)	(1.64%)	(12.07%)
+100	(1.36%)	(4.15%)	(1.13%)	(5.77%)
Base	—	—	—	—
-100	(0.31%)	2.12%	(0.57%)	2.67%
-200	0.36%	2.21%	0.07%	3.13%

The results are primarily due to behavior of demand, money market and savings deposits during such rate fluctuations. We have found that, historically, interest rates on these deposits change more slowly than changes in the discount and federal funds rates. This assumption is incorporated into the simulation model and is generally not fully reflected in a gap analysis. The assumptions incorporated into the model are inherently uncertain and, as a result, the model cannot precisely measure future net interest income or precisely predict the impact of fluctuations in market interest rates on net interest income. Actual results will differ from the model's simulated results due to timing, magnitude and frequency of interest rate changes as well as changes in market conditions and the application and timing of various strategies.

Impact of Inflation

Our consolidated financial statements and related notes included elsewhere in this Report have been prepared in accordance with GAAP. GAAP requires the measurement of financial position and operating results in terms of historical dollars, without considering changes in the relative value of money over time due to inflation or deflation.

Unlike many industrial companies, substantially all of our assets and liabilities are monetary in nature. As a result, interest rates have a more significant impact on our performance than the effects of general levels of inflation. Interest rates may not necessarily move in the same direction or in the same magnitude as the prices of goods and services. However, other operating expenses do reflect general levels of inflation.

Non-GAAP Financial Measures

Our accounting and reporting policies conform to GAAP and the prevailing practices in the banking industry. However, we also evaluate our performance based on certain additional financial measures discussed in this Report as

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being non-GAAP financial measures. We classify a financial measure as being a non-GAAP financial measure if that financial measure excludes or includes amounts, or is subject to adjustments that have the effect of excluding or including amounts, that are included or excluded, as the case may be, in the most directly comparable measure calculated and presented in accordance with GAAP as in effect from time to time in the United States in our statements of income, balance sheets or statements of cash flows. Non-GAAP financial measures do not include operating and other statistical measures or ratios or statistical measures calculated using exclusively either financial measures calculated in accordance with GAAP, operating measures or other measures that are not non-GAAP financial measures or both. We consider the use of select non-GAAP financial measures and ratios to be useful for financial and operational decision making and useful in evaluating period-to-period comparisons. We believe that these non-GAAP financial measures provide meaningful supplemental information regarding our performance by excluding certain expenditures or assets that we believe are not indicative of our primary business operating results or by presenting certain metrics on a fully taxable equivalent basis. We believe that management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning, forecasting, analyzing and comparing past, present and future periods.

The non-GAAP financial measures that we discuss in this Report should not be considered in isolation or as a substitute for the most directly comparable or other financial measures calculated in accordance with GAAP. Moreover, the manner in which we calculate the non-GAAP financial measures that we discuss in this Report may differ from that of other companies reporting measures with similar names. It is important to understand how other banking organizations calculate their financial measures with names similar to the non-GAAP financial measures we have discussed in this Report when comparing such non-GAAP financial measures.

The following tables reconcile, as of and for the dates set forth below, the following financial measures:

Net Unrealized Loss on Securities, Tax Effected, as a Percentage of Total Equity

(dollars in thousands)		**June 30, 2024**
Total equity[1]	$	308,570
Less: net unrealized loss on HTM securities, tax effected		(25,019)
Total equity, including net unrealized loss on AFS and HTM securities	$	283,551
Net unrealized loss on AFS securities, tax effected		15,110
Net unrealized loss on HTM securities, tax effected		25,019
Net unrealized loss on AFS and HTM securities, tax effected	$	40,129
Net unrealized loss on securities as % of total equity[1]		13.0%
Total equity before impact of unrealized losses	$	323,680
Net unrealized loss on securities as % of total equity before impact of unrealized losses		12.4%
Total average assets	$	3,131,584
Total equity to average assets		9.9%
Total equity, adjusted for tax effected net unrealized loss, to average assets		9.1%

(1) Includes the net unrealized loss on AFS securities, tax effected, of $15.1 million.

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Cost of Total Deposits

(dollars in thousands)	Quarter Ended June 30, 2024	March 31, 2024	June 30, 2023
Average interest-bearing deposits			
Certificates and other time deposits	$ 736,394	$ 724,248	$ 556,022
Other interest-bearing deposits	1,059,564	1,064,871	1,097,215
Total average interest-bearing deposits	$ 1,795,958	$ 1,789,119	$ 1,653,237
Adjustments:			
Noninterest-bearing deposits	818,290	823,638	948,083
Total average deposits	$ 2,614,248	$ 2,612,757	$ 2,601,320
Deposit-related interest expense			
Certificates and other time deposits	$ 8,215	$ 7,820	$ 4,511
Other interest-bearing deposits	6,609	6,639	5,435
Total deposit-related interest expense	$ 14,824	$ 14,459	$ 9,946
Average cost of certificates and other time deposits	4.49 %	4.34 %	3.25 %
Average cost of other interest-bearing deposits	2.51 %	2.51 %	1.99 %
Average cost of interest-bearing deposits	3.32 %	3.25 %	2.41 %
Average cost of total deposits	2.28	2.23	1.53

Cautionary Notice Regarding Forward-Looking Statements

This Report, our other filings with the SEC, and other press releases, documents, reports and announcements that we make, issue or publish may contain statements that we believe are “forward-looking statements” within the meaning of section 27A of the Securities Act of 1933, as amended, and section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements reflect our current views with respect to, among other things, future events and our financial performance, including our future revenues, income, expenses, provision for taxes, effective tax rate, earnings per share and cash flows, our future capital expenditures and dividends, our future financial condition and changes therein, including changes in our loan portfolio and allowance for credit losses, our future capital structure or changes therein, the plan and objectives of management for future operations, our future or proposed acquisitions, the future or expected effect of acquisitions on our operations, results of the operations and financial condition, our future economic performance and the statements of the assumptions underlying any such statement. These statements are often, but not always, made through the use of words or phrases such as “may,” “should,” “could,” “predict,” “potential,” “believe,” “will likely result,” “expect,” “continue,” “will,” “anticipate,” “seek,” “estimate,” “intend,” “plan,” “projection,” “would” and “outlook,” or the negative version of those words or other comparable words or phrases of a future or forward-looking nature. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry, management’s beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements.

There are or will be important factors that could cause our actual results to differ materially from those indicated in these forward-looking statements, including, but not limited to, the following:

- our ability to prudently manage our growth and execute our strategy;
- risks associated with our acquisition and de novo branching strategy;
- business and economic conditions generally and in the financial services industry, nationally and within our primary Texas markets;
- concentration of our business within our geographic areas of operation in Texas;
- deterioration of our asset quality and higher loan charge-offs;
- changes in the value of collateral securing our loans;
- inaccuracies in the assumptions and estimate we make in establishing the allowance for credit losses reserve and other estimates;
- changes in management personnel and our ability to attract, motivate and retain qualified personnel;
- liquidity risks associated with our business;
- interest rate risk associated with our business that could decrease net interest income;
- our ability to maintain important deposit customer relationships and our reputation;

(Continued)

- operational risks associated with our business;
- volatility and direction of market interest rates;
- change in regulatory requirements to maintain minimum capital levels;
- increased competition in the financial services industry, particularly from regional and national institutions;
- institution and outcome of litigation and other legal proceeding against us or to which we become subject;
- changes in the laws, rules, regulations, interpretations or policies relating to financial institution, accounting, tax, trade, monetary and fiscal matters;
- further government intervention in the U.S. financial system;
- changes in the scope and cost of FDIC insurance and other coverage;
- natural disasters and adverse weather, acts of terrorism (including cyberattacks), an outbreak of hostilities or public health outbreaks (such as COVID-19), or other international or domestic calamities, and other matters beyond our control;
- risks that the financial institutions we may acquire or de novo branches we may open will not be integrated successfully, or the integrations may be more time consuming or costly than expected;
- technology related changes are difficult to make or are more expensive than expected; and
- the other factors that are described under the caption "Risk Factors" or referenced in this report, our Annual Report on Form 10-K for the year ended December 31, 2023, and other risks included in the Company's filings with the SEC.

The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included in this Report. If one or more events related to these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may differ materially from what we anticipate. Accordingly, you should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made, and we do not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. New factors emerge from time to time, and it is not possible for us to predict which will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company manages market risk, which, as a financial institution is primarily interest rate volatility, through the Asset-Liability Committee of the Bank, in accordance with policies approved by its board of directors. The Company uses an interest rate risk simulation model and shock analysis to test the interest rate sensitivity of net interest income and fair value of equity, and the impact of changes in interest rates on other financial metrics. See "Management's Discussion and Analysis of Financial Condition and Results of Operations-Interest Rate Sensitivity and Market Risk" herein for a discussion of how we manage market risk.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures:

As of the end of the period covered by this Report, the Company carried out an evaluation, under the supervision and with the participation of its management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management was required to apply judgment in evaluating its controls and procedures. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective as of the end of the period covered by this Report.

Changes in internal control over financial reporting:

There were no changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

(Continued)

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is from time to time subject to claims and litigation arising in the ordinary course of business. These claims and litigation may include, among other things, allegations of violation of banking and other applicable regulations, competition law, labor laws and consumer protection laws, as well as claims or litigation relating to intellectual property, securities, breach of contract and tort. The Company intends to defend itself vigorously against any pending or future claims and litigation.

At this time, in the opinion of management, the likelihood is remote that the impact of such proceedings, either individually or in the aggregate, would have a material adverse effect on the Company’s combined results of operations, financial condition or cash flows. However, one or more unfavorable outcomes in any claim or litigation against the Company could have a material adverse effect for the period in which they are resolved. In addition, regardless of their merits or their ultimate outcomes, such matters are costly, divert management’s attention and may materially adversely affect the Company’s reputation, even if resolved in the Company’s favor.

Item 1A. Risk Factors

In evaluating an investment in the Company’s common stock, investors should consider carefully, among other things, the risk factors previously disclosed under the caption “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023, and other risks included in the Company’s filings with the SEC. The Company’s business could be harmed by any of these risks. The trading price of the Company’s common stock could decline due to any of these risks, and you may lose all or part of your investment. There have been no material changes in the Company’s risk factors from those disclosed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On April 21, 2022, the Company announced the adoption of a stock repurchase program that authorized the repurchase of up to 1,000,000 shares of the Company common stock, which was effective until April 21, 2024. On March 13, 2024, the Company approved a new stock repurchase program that authorized the repurchase of up to 1,250,000 shares of the Company common stock. The new stock repurchase program became effective on April 21, 2024 and will continue to be in effect until the earlier of April 21, 2026, or the date all shares authorized for repurchase under the program have been repurchased, unless shortened or extended by the board of directors. The repurchase plan permits shares to be acquired from time to time in the open market or negotiated transactions at prices management considers to be attractive and in the best interest of both the Company and its shareholders, subject to compliance with applicable laws and regulations, general market and economic conditions, the financial and regulatory condition of the Company, liquidity and other factors.

The table below contains information regarding all shares repurchased by the Company during the periods indicated.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
April, 2024	35,900	$ 28.75	35,900	988,100
May, 2024	27,129	29.55	27,129	960,971
June, 2024	75,398	29.94	75,398	885,573
Total	138,427	$ 29.56	138,427	

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

(Continued)

Item 5. Other Information

(a)Not applicable.

(b)Not applicable.

(c)During the three months ended June 30, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

Item 6. Exhibits

Exhibit Number	Description of Exhibit
3.1	Amended and Restated Certificate of Formation of Guaranty Bancshares, Inc. (incorporated by reference to Exhibit 3.1 to Amendment No. 1 to the Company's Registration Statement on Form S-1 filed May 1, 2017).
3.2	Amended and Restated Bylaws of Guaranty Bancshares, Inc. (incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-1 filed April 6, 2017).
4.1	Specimen common stock certificate (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1 filed with the SEC on April 6, 2017).
	The other instruments defining the rights of the long-term debt securities of Guaranty Bancshares, Inc. and its subsidiaries are omitted pursuant to section (b)(4)(iii)(A) of Item 601 of Regulation S-K. Guaranty Bancshares, Inc. hereby agrees to furnish copies of these instruments to the SEC upon request.
10.1	Guaranty Bancshares, Inc. Executive Officer Long Term Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on June 13, 2024).
31.1*	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents*
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)*

† Represents a management contract or a compensatory plan or arrangement.
* Filed with this Quarterly Report on Form 10-Q
** Furnished with this Quarterly Report on Form 10-Q

(Continued)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	GUARANTY BANCSHARES, INC.
	(Registrant)
Date: August 7, 2024	/s/ Tyson T. Abston
	Tyson T. Abston
	Chairman of the Board & Chief Executive Officer
Date: August 7, 2024	/s/ Shalene A. Jacobson
	Shalene A. Jacobson
	Chief Financial Officer

EXHIBIT 31.1

CERTIFICATION

I, Tyson T. Abston, certify that:

1.I have reviewed this Quarterly Report on Form 10-Q of Guaranty Bancshares, Inc. for the six months ended June 30, 2024;

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c)Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d)Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2024

/s/ Tyson T. Abston
Tyson T. Abston
Chairman of the Board & Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Shalene A. Jacobson, certify that:

1.I have reviewed this Quarterly Report on Form 10-Q of Guaranty Bancshares, Inc. for the six months ended June 30, 2024;

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c)Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d)Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2024

/s/ Shalene A. Jacobson
Shalene A. Jacobson
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION

In connection with the Quarterly Report on Form 10-Q of Guaranty Bancshares, Inc. (the “Company”) for the six months ended June 30, 2024 (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, I, Tyson T. Abston, Chairman of the Board & Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Tyson T. Abston
Tyson T. Abston
Chairman of the Board & Chief Executive Officer
Date: August 7, 2024

EXHIBIT 32.2

CERTIFICATION

In connection with the Quarterly Report on Form 10-Q of Guaranty Bancshares, Inc. (the “Company”) for the six months ended June 30, 2024 (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, I, Clifton A. Payne, Chief Financial Officer & Director of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1.The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2.The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Shalene A. Jacobson
Shalene A. Jacobson
Chief Financial Officer
Date: August 7, 2024