

THERE'S NO PLACE LIKE TEXAS

2021 ANNUAL REPORT

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We believe there's no better place to live and thrive than our home state of Texas. And we couldn't be more proud to celebrate the extraordinary boom Texas continues to experience. Here is a look back at the bountiful economic opportunities Texas, and in turn Guaranty clients, enjoyed in 2021.

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TEXAS SHINES BRIGHT

A LETTER FROM OUR CEO



TY ABSTON

CHAIRMAN OF THE
BOARD & CEO

DEAR FELLOW SHAREHOLDERS,

Guaranty Bancshares reported very positive results for 2021, and prospects are good for a strong 2022. As this report highlights, Texas is thriving in many ways. Guaranty has not only benefited from the presence of our statewide banking footprint but is uniquely positioned to help our customers and communities continue to grow and prosper.

We are pleased with our Company's performance in 2021. We achieved record net earnings of \$39.8 million in 2021, a 45.3% increase over 2020 net earnings of \$27.4 million, which was lower primarily due to a \$13.2 allowance for credit losses provision that we set aside for possible negative effects of COVID-19. Core earnings (which are defined on page 15) during 2021 were \$39.0 million, slightly below our record 2020 core earnings of \$40.3 million. Loans and deposits grew to record levels of \$1.91 and \$2.67 billion, respectively, a 2.1% and 16.8% increase over 2020. We opened 14,548 new checking and savings accounts across our statewide banking footprint, further building our core deposit franchise and developing new customer relationships.

More importantly, we are well positioned to further benefit from the tremendous growth our great state is experiencing.

Many existing companies are prospering, and new companies continue to relocate here. The 2021 One-Way U-Haul Growth Index listed Texas as the #1 state in the country for net migrations of people, as shown in the chart on page 11. Opportunities for growth continue, and we are optimistic about the near- and long-term prospects for the state and for our Company.

The global pandemic has certainly changed the way we all go about our days. While variants of the COVID-19 virus have caused cases to spike, I am encouraged that we are learning to live with the virus and hopeful that we will move from a pandemic to an endemic stage in the coming months. It is likely that 2022 will be the year we all get back to a more normal daily environment.

For many customers and employees of our Bank, that "more normal" environment will actually contain some "new normal" elements. We have implemented a flexible work schedule for employees whose positions are conducive to those types of arrangements in order to enhance work-life balance with our staff and to maintain our constant focus on ways to strengthen Guaranty's culture. Further, an increasing number of customers have used and embraced digital technology in 2020, with that number continuing to grow in 2021. Our Bank is committed to finding or developing technology that provides innovative and useful bank products so that any customer can conduct banking business through either digital or in-person methods, even outside of normal operating hours when needed. Technology and digital financial tools are evolving quickly, and our technology strategy team, led by our Chief Digital Officer, continues to evaluate and implement new digital banking tools.

"Opportunities for growth continue, and we are optimistic about the near- and long-term prospects for the State and for our Company."

In another new normal, the stock market was again very volatile in 2021. Even with the prospect of rising rates and the effects of the pandemic on credit quality, bank stocks in general held their value. Overall, Nasdaq bank stocks were up 34.61% in 2021, as measured by the KBW NASDAQ Bank Stock Index, while GNTY stock total return was up 40.96%, adjusted for the 10% stock dividend declared in the first quarter of 2021. Our stock performed well last year, and our five-year average total return of 13.24% compares very favorably to peer indexes. Additionally, the record high annual dividend of \$0.80 per share represents 35 consecutive

years of shareholder dividends that has grown at a compound annual rate of 9.30%.

While 2022 also promises to be a busy year for our Company, we achieved several key objectives within our strategic plan in 2021, including the following achievements:

- ☆ **Grew total assets from \$2.74 billion to \$3.09 billion, an increase of \$345 million or 12.6% over 2020.**
- ☆ **Maintained stellar asset quality with net charge-offs of only 0.08% of average loans and a low problem asset ratio of 0.09% of total assets.**
- ☆ **Continued to assist our small-business customers and our communities through origination of \$101 million in additional Paycheck Protection Program (PPP) loans to 1,349 borrowers, bringing our total PPP originations to over \$300 million to more than 3,000 borrowers.**
- ☆ **Gave back to our communities through monetary and volunteer efforts to local charities, with more than \$300,000 and over 3,000 employee volunteer hours donated to 131 different organizations.**
- ☆ **Relocated our primary Denton bank location to a new facility at 1200 University Drive to accommodate our continued growth in that market.**
- ☆ **Opened new bank locations in Georgetown and Lakeway to further our expansion and growth in the vibrant Austin MSA region.**
- ☆ **Added more cybersecurity software and controls, including an independent offsite data facility that further protects the bank and our customers from ransomware attacks.**
- ☆ **Enhanced our online account opening software to provide ability to open a deposit account on any mobile device in just five minutes.**
- ☆ **Released an updated mobile banking app and online banking platform that enhances our customers' digital banking experience.**

These successes have led to our Company being recognized in the industry and beyond in several ways, one of which was Guaranty being named one of Texas Monthly's Best Companies to Work for in Texas for the 13th consecutive year.

PLANS FOR THE COMING YEAR

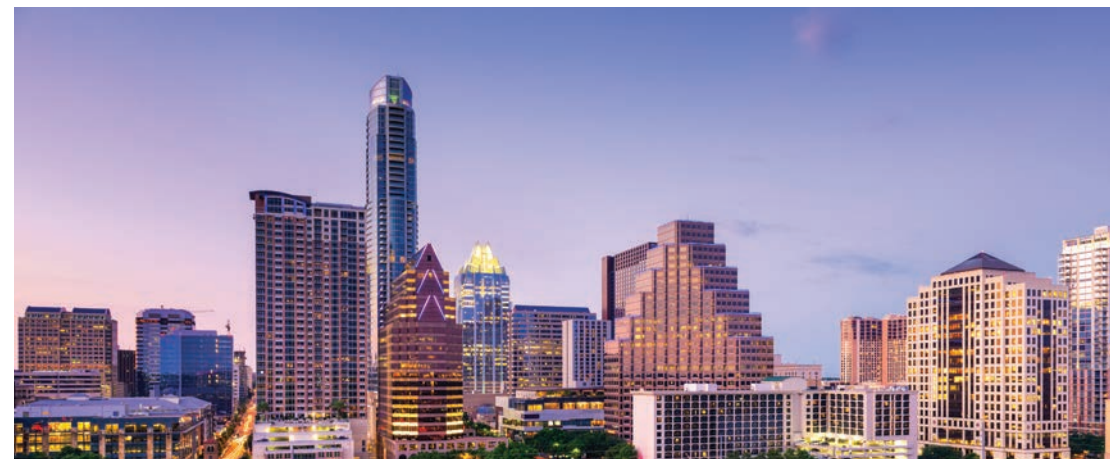
During 2022, we will continue to execute our recently updated strategic plan, which includes continued growth of our new and existing bank locations in all of our regions, further enhancement of our digital product and technology offerings, and seeking acquisition opportunities in markets that fit Guaranty's banking model, while continuing to build value for our shareholders.

Thank you, fellow shareholders, for your continued investment, support, and confidence in Guaranty Bancshares and Guaranty Bank & Trust.



TY ABSTON

CHAIRMAN OF THE BOARD & CEO



LEADING THE WAY

GUARANTY BANCSHARES, INC. BOARD OF DIRECTORS



ROW 1 - LEFT TO RIGHT

RICKY BAKER

KRB Investments, LLC

TY ABSTON

Chairman of the Board & CEO
Guaranty Bancshares, Inc.

MOLLY CURL

Retired Partner
Grant Thornton, LLC

BILL PRIEFERT

Chairman & CEO
Priefert Manufacturing, Inc.

ROW 2 - LEFT TO RIGHT

CAPPY PAYNE

Senior Executive Vice
President & CFO
Guaranty Bancshares, Inc.

JEFF BROWN

Managing Partner
RoseRock

BRAD DRAKE

CEO
Lamar Companies, LLC

JIM BUNCH

President & CEO
BWI, Inc.

KIRK LEE

President
Guaranty Bancshares, Inc.

CARL JOHNSON, JR.

Principal
Baker & Johnson, CPA

MIKE NOLAN

Investments

CHRIS ELLIOTT

President
Elliott Auto Group

2021 STARRING TEXAS

YEAR IN REVIEW

- ☆ Achieved record earnings in 2021, despite net interest margin headwinds and continued economic and health effects of COVID-19. Our net earnings were \$39.8 million, up from \$27.4 million in 2020.
- ☆ Despite the low interest rate environment, maintained a solid net interest margin, fully tax equivalent, of 3.51% in 2021.
- ☆ Continued to pay increasing dividends. Shareholders received \$0.80 per share in 2021, up from \$0.71 per share in 2020.
- ☆ GNTY stock outperformed the annual KBW NASDAQ Bank Index and the S&P U.S. SmallCap Banks Index on total return performance.
- ☆ We've increased tangible book value per share 45% since our IPO five years ago, from \$15.28 at Dec. 31, 2017 to \$22.09 at Dec. 31, 2021.
- ☆ Adjusted to continually changing guidance for COVID-19 workplace best practices and adopted work strategies that keep our employees and customers safe, while allowing for efficiencies to be gained in certain bank processes.
- ☆ We were named one of Texas Monthly's Best Companies to Work for in Texas for the 13th straight year.

STATE OF GROWTH

THE TEXAS ECONOMY IN 2021



49 FORTUNE 500 COMPANIES

Headquartered in Texas in 2021 (Fortune Magazine)

95 FORTUNE 1000 COMPANIES

Headquartered in Texas in 2021 (Fortune Magazine)

TEXAS IS A
TRADE TITAN

Texas has been the nation's top exporting state for 19 years in a row with exports valued at \$276.3 billion in 2020. (Texas Economic Development Corporation)

GATEWAY TO
GLOBAL TRADE

Texas has more airports, miles of public roadways, state highways, freight railways and FTZs than any other state in the nation. (Texas Economic Development Corporation)

TEXAS NAMED
"STATE OF THE DECADE" IN 2020 BY BUSINESS FACILITIES

(Texas Economic Development Corporation)

TEXAS RECEIVED
AREA DEVELOPMENT MAGAZINE'S "2021 GOLDEN SHOVEL AWARD"

(Texas Economic Development Corporation)

TEXAS NAMED
"BEST STATE FOR BUSINESS" FOR THE 17TH CONSECUTIVE YEAR BY CHIEF EXECUTIVE

(Texas Economic Development Corporation)

TEXAS IS THE
#1 JOB CREATOR IN THE NATION

from 2010-2020 with 1.98 million jobs. (Texas Economic Development Corporation)

TEXAS RANKED
#1 IN POPULATION GROWTH

within the last year for the number of residents added from 2020-2021, which worked out to an estimated 850 new residents per day. (abc13.com)

#1 FASTEST-GROWING STATE ECONOMY

(U.S. Bureau of Economic Analysis 2020)

#1 STATE FOR GROWTH PROSPECTS

(Forbes 2019)

#1 IN THE NATION IN POPULATION GROWTH

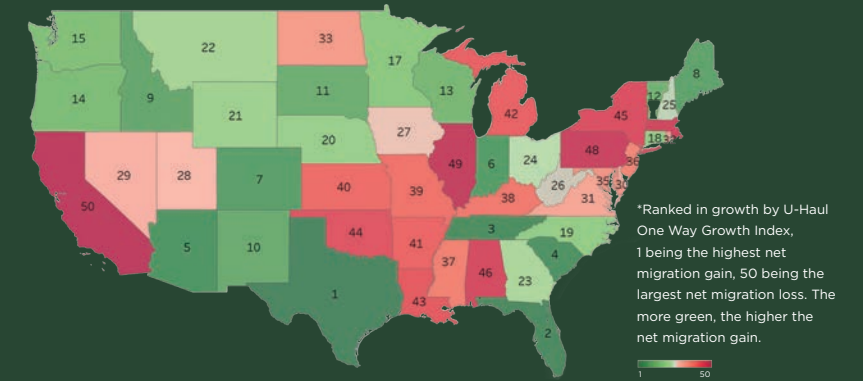
in 2021, adding 310,288 people. (U.S. Census Bureau)

TEXAS IS THE
TOP EXPORTING STATE

and accounts for 20% of all U.S. exports in 2021. (Dallas Federal Reserve)

2021 ONE-WAY U-HAUL GROWTH INDEX SHOWS ACCELERATION IN PRE-COVID MIGRATION TRENDS

The Lone Star State earned bragging rights as the leading growth state of 2021, narrowly besting Florida for tops honors, according to transactional data compiled for the annual U-Haul Growth Index. Texas reclaims the No. 1 growth state status it held from 2016-18. It ranked second to Florida in 2019 and Tennessee in 2020. (U-Haul Study)



2nd MOST POPULOUS STATE IN 2021

(U.S. Census Bureau)

2nd RICHEST STATE IN TERMS OF GDP

(World Population Review)

1ST IN STATE POPULATION GROWTH
TEXAS HAD THE LARGEST ANNUAL AND CUMULATIVE NUMERIC GAIN IN POPULATION IN 2021.

(U.S. Census Bureau)

TEXAS' GDP IS
\$1.8 TRILLION

(World Population Review)

TEXAS IS WHERE OPPORTUNITY LIVES

That's why the Lone Star State leads the nation in job creation over the last 10 years and in population growth over the last 14. As the 9th largest economy among the nations of the world, Texas offers a business-friendly climate—with no corporate or personal income tax—along with a highly skilled workforce, easy access to global markets, robust infrastructure and predictable regulations. (Texas Economic Development Corporation)

Texas led the nation in high tech exports for the 8th consecutive year, 44.8B in 2020 alone. (Texas Economic Development Corporation)

Texas is the leading destination for companies relocating from other states. (Texas Economic Development Corporation)



Texas employment forecasts predicted 2021 growth from about 3.1 to 5.3 percent, Texas has a diverse workforce made up of 14 million workers. (Dallas Federal Reserve)

Texas is the largest energy-producing state in the nation. (Texas Economic Development Corporation)

FOR THE 7TH CONSECUTIVE YEAR,

Texas attracted more than 500,000 new residents from out of state. The Census also estimated 435,000 - 471,000 Texans moved to other states, yielding a net gain of approximately 100,000 people. The Lone Star State also welcomed approximately 192,000 - 222,000 new residents from outside the United States in 2019. (Texas Realtors, Texas Relocation Report 2021 Edition)

FOR THE 6TH CONSECUTIVE YEAR,

the 2020 Texas housing market broke records in terms of the number of homes sold (393,615) and median price (\$259,230), while inventory levels hit a critical all-time low, according to the 2020 Texas Real Estate Year in Review report released February 25 by Texas Realtors. (Texas Realtors)

2021 BY THE NUMBERS

GUARANTY STOCK PRICE, EARNINGS PER SHARE, AND DIVIDENDS



* Earnings per share and dividends per share prior to 2021 have been adjusted to effect the 10% stock dividend in the first quarter of 2021.
 **2014 dividends paid excludes a \$1.00 special dividend paid to shareholders in connection with the termination of subchapter S election.
 *** Pre-IPO stock prices are based on third-party valuations as of December 31 of each respective year.

IN THE SPOTLIGHT

(IN THOUSANDS, EXCEPT PER SHARE DATA)

FINANCIAL HIGHLIGHTS

OPERATING RESULTS	2017	2018	2019	2020	2021
Net interest income	\$59,630	\$68,916	\$78,870	\$89,982	\$95,558
Provision for loan losses	2,850	2,250	1,250	13,200	(1,700)
Non-interest income	14,279	15,303	16,973	23,037	24,576
Net realized gain (loss) on securities	167	(50)	(22)	—	—
Non-interest expense	48,832	56,774	62,525	66,522	73,278
Earnings before provision for income taxes	22,677	25,195	32,057	33,297	48,556
Income tax provision	8,238	4,599	5,778	5,895	8,750
Net earnings	14,439	20,596	26,279	27,402	39,806
Core earnings ⁽¹⁾	25,530	27,445	33,307	40,261	39,034

AT YEAR END	2017	2018	2019	2020	2021
Total assets	\$1,962,624	\$2,266,970	\$2,318,444	\$2,740,832	\$3,086,070
Loans and loans held for sale, net of allowance	1,349,675	1,647,239	1,693,162	1,837,279	1,880,205
Investments in securities	407,056	396,139	368,174	380,795	526,469
Total deposits	1,676,320	1,871,480	1,956,804	2,286,390	2,670,827
Stockholders' equity ⁽²⁾	207,345	244,583	261,551	272,643	302,214
Weighted average common shares outstanding ⁽³⁾	11,254	12,719	12,803	12,219	12,065

OTHER FINANCIAL DATA	2017	2018	2019	2020	2021
Return on average total assets	0.76%	0.97%	1.13%	1.07%	1.36%
Return on average stockholders' equity	7.78%	9.03%	10.37%	10.39%	13.72%
Loans to deposits	81.10%	88.68%	87.20%	81.65%	70.24%
Loan loss reserves to loans	0.95%	0.88%	0.95%	1.80%	1.59%
Net interest margin	3.38%	3.49%	3.68%	3.74%	3.47%
Tier 1 capital to average assets	10.53%	10.16%	10.29%	9.13%	9.18%
Efficiency ratio	65.61%	67.37%	65.23%	58.86%	61.00%
Charge-offs net of recoveries	\$1,475	\$458	\$(301)	\$331	\$1,486

PER SHARE DATA	2017	2018	2019	2020	2021
Net income ⁽³⁾	\$1.28	\$1.62	\$2.05	\$2.25	\$3.30
Market price (value based on year end numbers)	30.65	29.82	32.88	29.95	37.58
Tangible book value ⁽³⁾	15.28	15.96	17.76	19.74	22.09
Cash dividends ⁽³⁾	0.48	0.55	0.64	0.71	0.80

(1) Pre-tax, pre-provision, pre-securities gain (loss) and pre-PPP related extraordinary income

(2) Reflects the total shareholders' equity of the Company after giving effect to the KSOP Repurchase Right Termination

(3) Periods prior to the stock dividend issued during the first quarter of 2021 have been adjusted to give effect to the 10% stock dividend

EYEING THE FUTURE

10 YEAR ASSET GROWTH CHART



TRENDING UP

5 YEAR GROWTH TRENDS



DALLAS / FORT WORTH REGION

Dallas
Addison
Denton (2)
Fort Worth
Rockwall
Royse City

EAST TEXAS REGION

Bogata
Commerce
Hallsville
Longview
Mount Pleasant (2)
Mount Vernon
New Boston
Paris (2)
Pittsburg
Sulphur Springs
Texarkana (3)

CENTRAL TEXAS REGION

Austin
Georgetown
Lakeway
Bryan
College Station (2)

HOUSTON REGION

Houston
Houston Galleria
Conroe
Katy



THE PLACES WE CALL HOME

Approximately 86% of the total Texas population is located in counties along and to the east of I-35. (U.S. Census Bureau, 2019 Population Estimates)

EVOLVING WITH THE LANDSCAPE

Emerging technology and changing consumer and business needs and wants are re-shaping traditional banking. Digital banking is the name of the game with consumers that expect to have banking service access any place any time on a variety of electronic devices. Fintech's are partnering with banks and other financial services companies to provide consumers with new and innovative products and financial tools. Guaranty has made great progress in preparing for the digital banking future and will continue to do so in the years to come. Highlighted below are examples of recent and future investments.

RECENT DIGITAL ENHANCEMENTS

- Launched an updated GNTY.com website that provides a greater user experience with improved content, workflows and ADA compliance. The back-end content management system also allows for quick website updates and agile responses, while the mobile experience is more responsive for both current and prospective customers.
- Released a new mobile banking app with a fresh, more modern look and feel. The new app includes more functionality such as bill-payment management within the app, facial recognition for Android users and set-up of recurring money transfers, among others.
- Improved the user experience for online banking, also with a more modern look and feel, that includes a convenient transaction summary for all accounts and allows for account groups for our commercial customers. We added "My Spending" budgeting and financial tools to help consumers with planning, cash flow management and goal setting.

ROADMAP FOR THE FUTURE

- Migrate internal servers to the cloud to improve speed, security and redundancy
- Provide consumers and businesses the ability to quickly and easily apply for a loan and receive a decision online
- Closely follow blockchain payment and crypto-currency developments so we're able to implement and offer related banking services when technology is more fully developed and secure
- Improve back-office operations and efficiency by incorporating robotic process automation (RPA) tools for standard and repetitive processes



TY ABSTON
Chairman of the Board
& CEO



KIRK LEE
Vice Chairman & Chief
Credit Officer



CHUCK COWELL
Vice Chairman



RICKY BAKER
KRB Investments, LLC



JOSH BRAY
District Manager
Sanitation Solutions



JEFF BROWN
Managing Partner
RoseRock



JIM BUNCH
President & CEO
BWI, Inc.



BRAD DRAKE
CEO
Lamar Companies, LLC



CHRIS ELLIOTT
President
Elliott Auto Group



CARL JOHNSON, JR.
Principal
Baker & Johnson, CPA



BRIAN MASON
Managing Director
Boone Creek Investments, LLC



MIKE NOLAN
Investments



BILL PRIEFERT
Chairman & CEO
Priefert Manufacturing, Inc.



CARL SMITH
General Contractor
Heritage Constructors

GUARANTY BANK & TRUST BOARD OF DIRECTORS





Born with natural markings identical to our Guaranty "G" logo. Only in Texas!

DELIVERY OF ANNUAL REPORT

This Annual Report is being delivered to shareholders of Guaranty Bancshares, Inc. (the "Company") in connection with the 2022 Annual Meeting of Shareholders and should be read with the Company's proxy statement for the meeting and Annual Report on Form 10-K, copies of which accompany this Annual Report and have been filed with the Securities and Exchange Commission ("SEC"). This Annual Report is also available on our website www.gnty.com under the heading "Investors - Financial Information." The Company will mail additional copies of this Annual Report to its shareholders upon request.

FORWARD-LOOKING STATEMENTS

This Annual Report may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect our current views with respect to, among other things, future events and our results of operations, financial condition and financial performance. 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 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. Such factors include, without limitation, the "Risk Factors" referenced in our most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q, other risks and uncertainties listed from time to time in our reports and documents filed with the SEC, and the following factors: business and economic conditions generally and in the financial services industry, nationally and within our current and future geographic market areas; economic, market, operational, liquidity, credit and interest rate risks associated with our business; natural disasters and adverse weather, acts of terrorism, cyber-attacks, an outbreak of hostilities, a public health outbreak (such as COVID-19) or other international or domestic calamities, and other matters beyond our control; the composition of our loan portfolio, including deteriorating asset quality and higher loan charge-offs; the laws and regulations applicable to our business; our ability to achieve organic loan and deposit growth and the composition of such growth; increased competition in the financial services industry, nationally, regionally or locally; our ability to maintain our historical earnings trends; our ability to raise additional capital to execute our business plan; acquisitions and integrations of acquired businesses; systems failures or interruptions involving our information technology and telecommunications systems or third-party services; the composition of our management team and our ability to attract and retain key personnel; the fiscal position of the U.S. federal government and the soundness of other financial institutions; and the amount of nonperforming and classified assets we hold. We can give no assurance that any goal or plan or expectation set forth in forward-looking statements can be achieved and readers are cautioned not to place undue reliance on such statements. The forward-looking statements are made as of the date of this Annual Report, and we do not intend, and assume no obligation, to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events or circumstances, except as required by applicable law.

DIVIDENDS CALENDAR

Dividends on Guaranty Bancshares, Inc. common stock are payable, if paid, quarterly.

INDEPENDENT AUDITORS

Whitley Penn
8343 Douglas Avenue
Suite 400
Dallas, Texas 75225

TRANSFER AGENT

Computer Investor Services
P. O. Box 50500
Louisville, KY 40233
Shareholder Services
800-962-4284





Guaranty
Bancshares, Inc.

GNTY.COM