

PUBLIC DISCLOSURE

January 16, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Guaranty Bank & Trust, National Association Charter Number: **25053**

> 100 W. Arkansas Mt. Pleasant, TX 75455

Office of the Comptroller of the Currency

1800 NW Loop 281 Suite 306 Longview, TX 75604-2516

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

Institution's CRA Rating: This institution is rated Satisfactory.

The following table indicates the performance level of **Guaranty Bank & Trust, National Association** (Guaranty Bank) with respect to the lending, investment, and service tests:

	Guaranty Bank & Trust National Association Performance Tests								
Performance Levels	Lending Test* Investment Test Servic								
Outstanding	X								
High Satisfactory			X						
Low Satisfactory		X							
Needs to Improve									
Substantial Noncompliance									

* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- Guaranty Bank's distribution of loans inside/outside of its assessment areas (AA) is excellent. A substantial majority of the loans made during the evaluation period originated inside the AAs of the bank.
- The geographic distribution of small loans to businesses in the Northeast (NE) Texas AA is excellent in low-income census tracts (CT) and good in moderate-income CTs.
- The distribution of small loans to businesses with annual revenues of \$1 million or less is good in the NE Texas AA and adequate in the Dallas and Texarkana AAs.
- The geographic distribution of home purchase loans is excellent for the NE Texas and Dallas AAs and adequate for the Texarkana AA for 2017 and excellent for 2015-2016.
- The distribution of home purchase loans by income level of the borrower is good in the NE Texas AA.
- Community development lending in the NE Texas and Dallas AAs had a positive impact on the lending test, while community development lending in the Texarkana AA had a neutral impact.
- Guaranty Bank's investment performance is adequate in the NE Texas and Texarkana AAs and excellent in the Dallas AA.
- Guaranty Bank's delivery systems are accessible to geographies and individuals of different income levels throughout all AAs.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: Affordable housing (including multifamily rental housing) for lowor moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderateincome geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder' and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Description of Institution

Guaranty Bank is headquartered in Mount Pleasant, Texas and is one of the largest community banks in the area. Total assets equaled \$1.92 billion, as of September 30, 2017.

Guaranty Bank is wholly owned by Guaranty Bancshares, Inc., a one-bank holding company. Guaranty Bank is a full service community bank providing financial products and services to consumers and businesses. The bank offers a wide array of loan and deposit products to its customers and employs bilingual Spanish speaking employees to assist a growing Hispanic community. Guaranty Bank has twenty-six locations in eighteen cities throughout East Texas. In addition, the bank has forty-three automatic teller machines, fourteen that are stand alone.

Guaranty Bank's business hours are equitable and do not hinder any particular group or class of individuals. Eight of the bank's branches and eighteen ATMs are located in low- and moderate-income census tracts and three branches and five ATMs are located in distressed, middle-income tracts.

The bank's market encompasses a large portion of Northeast Texas. Major markets served include the Longview metropolitan statistical area (MSA) (portions of Gregg County), the Dallas-Plano-Irving Metropolitan Division (MD) (all of Hunt and Rockwall Counties, as well as portions of Collin, Dallas, and Denton Counties), the Texarkana TX-AR MSA (Bowie County, Texas and Miller County, Arkansas), the Bryan-College Station MSA (Brazos County) and numerous communities located outside MSAs. Our assessment included three full scope AAs for the purposes of analyzing the bank's performance under the Community Reinvestment Act (CRA). These AAs are identified as the Northeast Texas AA (Cass, Camp, Delta, Franklin, Harrison, Hopkins, Lamar, Morris, Red River, and Titus Counties), the Dallas AA, and the Texarkana AA.

As of September 30, 2017, Guaranty Bank's loan portfolio totaled \$1.3 billion with reported deposits of \$1.6 billion. The bank's average loan-to-deposit ratio since the last CRA Examination equaled 77.74 percent. The chart below reflects the distribution of loans by category as of September 30, 2017.

Loan Category	\$ (000)	%
Residential Real Estate	\$436,095	33.27%
Commercial	\$677,015	51.64%
Consumer Loans	\$53,742	4.10%
Agricultural Loans	\$84,545	6.45%
Other Loans	\$59,509	4.54%
Total	\$1,310,906	100.00%

Scope of the Evaluation

Evaluation Period/Products Evaluated

This Performance Evaluation assesses Guaranty Bank's performance under the Lending, Investment, and Service Tests. In evaluating the lending performance, we reviewed small loans to businesses and residential mortgage loans subject to filing under HMDA. The evaluation period for the Lending Test for small loans to businesses and home mortgage loans was January 1, 2015 through September 30, 2017. There was a U.S. Census change to demographics in 2014, therefore the data was compared to the U.S. Census 2014 updated demographic data.

For community development loans, and the Investment and Service Tests, the evaluation period was from December 31, 2014 through January 16, 2018. The Investment Test included a review of investments, donations, and grants originated in the AAs that met the definition of community development investments. The Service Test included a review of retail and community development services provided in the AAs.

The demographic comparators used in the tables in Appendix D for home mortgage products are from the 2010 U.S. Census Bureau and U.S. Department of Housing and Urban Development (HUD) information for 2017. It also includes updated 2014 U.S. Census Bureau data for geographic demographic information. The small loans to businesses tables in Appendix D used demographic comparators from 2017 Dun & Bradstreet data.

Data Integrity

Prior to this CRA examination, OCC personnel verified the accuracy of data available to the public in accordance with the HMDA and the CRA regulation. This public data included HMDA reportable lending and small loans to businesses. We originally concluded the 2015 CRA data had geocode errors. The bank corrected all data, and performed an audit of 2015, 2016 and 2017 data. The corrected 2015 CRA data was re-filed. OCC personnel validated the audit and further verified the 2017 data by reviewing an additional sample of 62 loans. It was concluded that the CRA data was reliable. There were no issues with the HMDA data. This evaluation was based on reliable data.

Selection of Areas for Full-Scope Review

The full-scope areas for this evaluation will be NE Texas AA, the Dallas AA and the Texarkana AA. As of June 30, 2017, the bank had 52 percent of its deposits and 38 percent of its branches in the NE Texas AA. There are 18 percent of deposits and 27 percent of branches in the Dallas AA and there are 17 percent of deposits and 19 percent of branches in the Texarkana AA.

The bank has two limited scope AAs. These are the Bryan/College Station AA, which accounts for 10 percent of the bank's deposits and 12 percent of its branches and the Longview AA, which accounts for 3 percent of the deposits and 4 percent of the branches.

Ratings

The bank's overall rating was primarily based on the performance in the NE Texas AA, with some weight given to the Dallas and Texarkana AAs. All three of these areas received a full scope review. The NE Texas AA has the majority of the deposits at 52 percent and 66 percent of the reportable loans, therefore, the overall rating was heavily weighted based on the NE Texas AA performance. Small loans to businesses is the primary product, and performance for these types of loans will have more weight in the final lending test rating. Guaranty Bank had 51 percent of its reportable loans to businesses and 35 percent were reported under the HMDA. The HMDA data reflected 68 percent of home mortgage loans were made in NE Texas AA. Based on this information, the NE Texas AA HMDA data will carry more weight for home mortgage products. Of the three HMDA products, home purchase is the most significant in all three of the full scope geographies. Home purchase loans represent 71 percent of HMDA reportable loans in NE Texas, 68 percent in the Dallas AA, and 72 percent in the Texarkana AA, respectively. Therefore, for this performance evaluation, home purchase loans will be the only HMDA reportable product discussed and bearing any weight in the overall rating. Small loans to farms are not a primary lending product of the bank and analysis of this product would not have been meaningful. Guaranty Bank had 14 percent of the reportable loans originated for small loans to farms.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test is rated **Outstanding**.

Based on full-scope reviews, the bank's performance in the NE Texas AA is excellent. The performance in the Dallas AA is good and in the Texarkana AA adequate.

Lending Activity

Refer to Table 1 Lending Volume and Other tables in appendix D for the facts and data used to evaluate the bank's lending activity.

Distribution of Loans by Income Level of the Geography

The bank offers traditional mortgage loans, as well as loans sold on the secondary market. Mortgage loans represent 35 percent of the total reportable loans. Mortgage loans carry less weight in the overall rating.

Home Mortgage Loans

Refer to Tables 2, 3, 4 and 5 in appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases. There was a census tract change in 2017 that affected the location of low- and moderate-income CTs, therefore, we analyzed 2015-2016 data separate from 2017 data.

NE Texas AA

Home Purchase Loans

The geographic distribution of home purchase loans is excellent.

According to the 2010 census information, 17.78 percent of households in the NE Texas AA live below the poverty level. The median housing value is reported at \$92,458. There is low volume of available housing stock in low-income tracts and better availability in moderate-income tracts. The low-income tracts have 0.86 percent and the moderate-income tracts have 13.21 percent of the owner-occupied housing units in the AA. Refer to the **Market Profile** section of this Performance Evaluation for additional factors in the area.

2017 Performance

The percentage of loan originations to borrowers located in low-income CTs at 1.55 percent is excellent and exceeds the percent of owner occupied units located in low-income CTs. The bank did not have a notable market share for low-income CTs. The percentage of loan originations to borrowers located in moderate-income CTs at 12.89 percent is good and is near to the 13.21 percent of owner occupied units located in moderate-income CTs. Guaranty

Bank's market share for moderate-income CTs at 16.59 percent exceeds its overall market share of 11.69 percent by geography. Home purchase loans represent 71 percent of home mortgage products in the NE Texas AA.

2015-2016 Performance

The AA did not have any low-income CTs during this time period. The percentage of loan originations to borrowers located in moderate-income CTs at 14.41 percent is excellent and exceeds the 9.54 percent of owner occupied units located in moderate-income CTs.

Multifamily Loans

Guaranty Bank originated seven multifamily loans in the NE Texas AA during the evaluation period. The bank had excellent penetration in moderate-income CTs for this product. This product represents less than 1 percent of the reportable loans. This product will not have any weight in the overall Lending Test rating. Refer to the **Community development** section of this Performance Evaluation, as some of the loans qualified as community development loans.

Dallas AA

Home Purchase Loans

The distribution of home purchase loans by income level of the geography is excellent.

According to the 2010 census information, 12.38 percent of households in the Dallas AA live below the poverty level. The median housing value is reported at \$216,120. There is low volume of available housing stock in low-income CTs and better availability in moderate-income tracts. The low-income tracts have 3.0 percent and the moderate-income tracts have 14.96 percent of the owner-occupied housing units in the AA. Refer to the **Market Profile** section of this Performance Evaluation for additional factors in the area.

2017 Performance

The percentage of loan originations to borrowers located in low-income CTs at 6.06 percent is excellent and exceeds the percent of owner occupied units located in low-income CTs. Guaranty Bank's market share for low-income CTs at 0.46 percent exceeds its overall market share of 0.08 percent by geography. The percentage of loan originations to borrowers located in moderate-income CTs at 21.21 percent is also excellent and exceeds the 15.01 percent of owner occupied units located in moderate-income CTs. Guaranty Bank's market share for moderate-income CTs at 0.07 percent is consistent with its overall market share of 0.08 percent by geography. Home purchase loans represent 68 percent of home mortgage products in the Dallas AA.

2015-2016 Performance

The percentage of loan originations to borrowers located in low-income CTs at 14.29 percent is excellent and exceeds the percent of owner occupied units located in low-income CTs. The percentage of loan originations to borrowers located in moderate-income CTs at 14.29 percent is good and near to the 14.54 percent of owner occupied units located in moderate-income CTs.

Multifamily Loans

Guaranty Bank originated two multifamily loans in the Dallas AA during the evaluation period. The bank had excellent penetration in moderate-income CTs for this product, with one of the two reported loans located in a moderate-income CT. This product represents 1 percent of the reportable loans. This product will not have any weight in the overall Lending Test rating. Refer to the **Community Development** section of this Performance Evaluation, as some of the loans qualified as community development loans.

Texarkana AA

Home Purchase Loans

The distribution of home purchase loans by income level of the geography is good.

According to the 2010 census information, 18.81 percent of households in the Texarkana AA live below the poverty level. The median housing value is reported at \$100,557. There is low volume of available housing stock in low-income CTs and better availability in moderate-income tracts. The low-income tracts have 0.87 percent and the moderate-income tracts have 14.71 percent of the owner-occupied housing units in the AA. Refer to the **Market Profile** section of this Performance Evaluation for additional factors in the area.

2017 Performance

The bank did not originate any home purchase loans in low-income geographies. The percentage of loan originations to borrowers located in moderate-income CTs at 14.71 percent is excellent and is consistent with the 14.72 percent of owner occupied units located in moderate-income CTs. Guaranty Bank's market share for moderate-income CTs at 4.41 percent substantially met its overall market share of 5.12 percent by geography. Home purchase loans represent 68 percent of home mortgage products in the Texarkana AA.

2015-2016 Performance

The percentage of loan originations to borrowers located in low-income CTs at 3.66 percent is good and near to the 4.17 percent of owner occupied units located in moderate-income CTs. The percentage of loan originations to borrowers located in moderate-income CTs at 6.81 percent is excellent and exceeds the 5.91 percent of owner occupied units located in moderate in come CTs.

Multifamily Loans

Guaranty Bank originated two multifamily loans in the Texarkana AA during the evaluation period. Neither of these loans were located in a low- or moderate-income geography. This product represents less than 1 percent of the reportable loans. This product will not have any weight in the overall Lending Test rating. Refer to the **Community development** section of this Performance Evaluation, as some of the loans qualified as community development loans.

Small Loans to Businesses

Refer to Table 6 of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses. There was a census tract change in 2017 that affected the location of low- and moderate-income CTs, therefore, we analyzed 2015-2016 data separate from 2017 data.

Small loans to businesses are Guaranty Bank's primary loan product (51 percent of reportable loans). More weight was given to this product in the Lending Test rating.

NE Texas AA

2017 Performance

It is important to note that the NE Texas AA only has approximately 2.42 percent of its area businesses located in low-income CTs. Any penetration in these tracts would be notable.

The geographic distribution of small loans to businesses in the NE Texas AA is good, with excellent performance in low-income CTs.

The percentage of loans originated in low-income CTs at 5.32 percent is excellent and exceeds the percentage of businesses of 2.42 percent located in low-income CTs. The bank did not have a notable market share in low-income CTs. The percentage of loans in moderate-income CTs of 21.49 percent is near to the percentage of businesses located in moderate-income CTs of 22.29 percent. Guaranty Bank's market share of 13.72 percent substantially meets its overall market share of 15.07 percent for loans to small businesses located in moderate-income tracts. Small loans to businesses represent 62 percent of the total reportable loans in the NE Texas AA. The most weight was assigned to this product in the final rating.

2015-2016 Performance

The AA did not have any low-income CTs during this time period. The percentage of loans in moderate-income CTs of 16.44 percent is near to the percentage of businesses located in moderate-income CTs of 18.14 percent.

Dallas AA

2017 Performance

It is important to note that the Dallas AA only has approximately 5.87 percent of its area businesses located in low-income CTs.

The geographic distribution of small loans to businesses in the Dallas AA is excellent.

The percentage of loans originated in low-income CTs at 8.41 percent is excellent and exceeds the percentage of businesses of 5.87 percent located in low-income CTs. In addition, Guaranty Bank's market share of 0.17 percent exceeds its overall market share of 0.16 percent for loans to small businesses located in low-income tracts. The percentage of loans in moderate-income CTs at 7.48 percent is somewhat lower than the percentage of businesses located in moderate-income CTs of 13.0 percent. Guaranty Bank's market share of 0.19 percent exceeds its overall market share of 0.16 percent exceeds its overall market share of 0.19 percent exceeds its overall market share of 0.16 percent for loans to small businesses located in moderate-income tracts. Small loans to businesses represent 68 percent of the total reportable loans in the Dallas AA. The most weight was assigned to this product in the final rating.

2015-2016 Performance

The percentage of loans originated in low-income CTs at 9.17 percent is excellent and exceeds the percentage of businesses of 6.10 percent located in low-income CTs. The percentage of loans in moderate-income CTs at 16.51 percent is excellent and exceeds the percentage of businesses located in moderate-income CTs of 12.73 percent.

Texarkana AA

2017 Performance

It is important to note that the Texarkana AA only has approximately 0.88 percent of its area businesses located in low-income CTs.

The geographic distribution of small loans to businesses in the Texarkana AA is adequate.

The bank did not originate any loans to small businesses in low-income CTs. The percentage of loans in moderate-income CTs at 20.00 percent is somewhat lower than the percentage of businesses located in moderate-income CTs of 26.43 percent. Guaranty Bank's market share of 8.13 percent exceeds its overall market share of 7.87 percent for loans to small businesses located in moderate-income tracts. Small loans to businesses represent 56 percent of the total reportable loans in the Texarkana AA. The most weight was assigned to this product in the final rating.

2015-2016 Performance

The percentage of loans in low-income CTs at 3.71 percent is lower than the percentage of businesses located in low-income CTs of 10.64 percent. The percentage of loans in moderate-income CTs at 6.10 percent is somewhat lower than the percentage of businesses located in moderate-income CTs of 8.04 percent.

Small Loans to Farms

Small loans to farms are not a primary lending product of the bank and analysis of this product would not have been meaningful. Only 14 percent of the reportable loans were small loans to farms.

Refer to Table 7 in Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

Lending Gap Analysis

We reviewed reports detailing Guaranty Bank's lending activity over the evaluation period for home mortgage loan products and small loans to businesses to identify gaps in the geographic distribution of these loans. We did not identify any unexplained, conspicuous gaps.

Inside/Outside Ratio

Guaranty Bank's distribution of loans inside/outside of its AAs is excellent. A substantial majority of the loans made during the evaluation period were originated inside the bank's AAs. Eighty-nine percent of the number and 82 percent of the dollar volume were originated within the AAs. By loan product and number of loans, 91 percent of small loans to businesses and

85 percent of home mortgage loans were originated within the AAs. The excellent distribution of loans originating inside the AAs factored positively in the overall Lending Test rating.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

Refer to Tables 8, 9 and 10 in appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

NE Texas AA

Home Purchase Loans

The distribution of home purchase loans by income level of the borrower is good.

The percentage of loan originations to low-income borrowers at 7.67 percent is poor and lower than the 21.56 percent of the families designated as low-income. Guaranty Bank has a 14.56 percent market share for low-income borrowers, which exceeds its overall market share of 12.88 percent. The percentage of loan originations to moderate-income borrowers at 16.62 percent is good and near to the 18.85 percent of the families designated as moderate-income. Guaranty Bank has a 14.91 percent market share for moderate-income borrowers, which exceeds its overall market share of 12.88 percent. Guaranty Bank has a 14.91 percent market share for moderate-income borrowers, which exceeds its overall market share of 12.88 percent. Guaranty Bank is ranked as the number one lender by volume of home mortgage loans in the NE Texas AA. The NE Texas AA home purchase loan performance had the most weight for this product, as Guaranty Bank originated 68 percent of its HMDA reportable loans in this AA.

Dallas AA

Home Purchase Loans

The distribution of home purchase loans by income level of the borrower is poor.

The percentage of loan originations to low-income borrowers at 7.14 percent is poor and lower than the 22.39 percent of the families designated as low-income. Guaranty Bank has a 0.26 percent market share for low-income borrowers, which exceeds its overall market share of 0.06 percent. The percentage of loan originations to moderate-income borrowers at 5.71 percent is poor and lower than the 15.54 percent of the families designated as moderate-income borrowers, which is lower than its overall market share of 0.06 percent. The Dallas AA home purchase loan performance had no weight in the final rating, as Guaranty Bank only originated 9 percent of its HMDA reportable loans in this AA.

Texarkana AA

Home Purchase Loans

The distribution of home purchase loans by income level of the borrower is adequate.

The percentage of loan originations to low-income borrowers at 3.07 percent is poor and lower than the 22.46 percent of the families designated as low-income. Guaranty Bank has a 3.51 percent market share for low-income borrowers, which is somewhat lower than its overall market share of 5.25 percent. The percentage of loan originations to moderate-income borrowers at 10.96 percent is adequate and somewhat lower than the 16.23 percent of the families designated as moderate-income. Guaranty Bank did not have a notable market share in the Texarkana AA. The Texarkana AA home purchase loan performance had very little weight for this product, as Guaranty Bank only originated 23 percent of its HMDA reportable loans in this AA.

Small Loans to Businesses

Refer to Table 11 in appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

NE Texas AA

The distribution of small loans to businesses with annual revenues of \$1 million or less is good.

During the evaluation period, the percentage of bank loans originated to businesses in the NE Texas AA with revenues of \$1 million or less was 76.74 percent, and is near to the percentage of businesses in the AA that reported gross annual revenues of \$1 million or less at 81.30 percent. In addition, the bank's market share of 25.47 percent exceeds its overall market share of 15.07 percent. Guaranty is ranked as the number one lender by volume of small loans to businesses in the NE Texas AA. The NE Texas AA small loans to businesses performance had the most weight for this product, as Guaranty Bank originated 65 percent of its small loans to businesses in this AA.

Dallas AA

The distribution of small loans to businesses with annual revenues of \$1 million or less is adequate.

During the evaluation period, the percentage of bank loans originated to businesses in the Dallas AA with revenues of \$1 million or less was 50.0 percent, and is somewhat lower than the percentage of businesses in the AA that reported gross annual revenues of \$1 million or less at 85.13 percent. In addition, the bank's market share of 0.20 percent exceeds its overall market share of 0.16 percent. The Dallas AA small loans to businesses performance had very little weight for this product, as Guaranty Bank originated only 12 percent of its small loans to businesses in this AA.

Texarkana AA

The distribution of small loans to businesses with annual revenues of \$1 million or less is adequate.

During the evaluation period, the percentage of bank loans originated to businesses in the Texarkana AA with revenues of \$1 million or less was 62.96 percent, and is somewhat lower

than the percentage of businesses in the AA that reported gross annual revenues of \$1 million or less at 79.88 percent. In addition, the bank's market share of 12.98 percent exceeds its overall market share of 7.87 percent. The Texarkana AA small loans to business performance had very little weight for this product, as Guaranty Bank only originated 18 percent of its small loans to businesses in this AA.

Small Loans to Farms

Small loans to farms are not a primary lending product of the bank and analysis of this product would not have been meaningful. Guaranty Bank had 14 percent of the reportable loans, which were small loans to farms.

Refer to Table 12 in appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to farms.

Community Development Lending

Community development lending in the NE Texas and Dallas AAs had a positive impact on the overall lending test, while community development lending in the Texarkana AA had a neutral impact. Community development lending represented 21.76 percent of allocated Tier 1 capital in the NE Texas AA, 122.21 percent in the Dallas AA, and 10.59 percent in the Texarkana AA.

Refer to Table 1 Lending Volume in appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all community development loans, including multifamily loans that also qualify as community development loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as community development loans. However, Table 5 does not separately list community development loans.

Following are examples of loans originated during this evaluation period.

NE Texas AA

- <u>Affordable Housing:</u> Four loans totaling \$2.6 million were originated during this evaluation period. All four loans funded affordable housing apartment complexes.
- <u>Economic Development:</u> Eleven loans totaling \$18.8 million were originated that supported small businesses and the creation of jobs.

Dallas AA

- <u>Affordable Housing:</u> One loan totaling \$570 thousand was originated to fund an affordable housing apartment complex.
- <u>Economic Development:</u> Seven loans totaling \$42.1 million were originated that supported small businesses and the creation of jobs.

Texarkana AA

- <u>Affordable Housing</u>: One loan totaling \$328 thousand was originated to fund an affordable housing apartment complex.
- <u>Economic Development:</u> Two loans totaling \$3.0 million were originated that supported small businesses and the creation of jobs.

Product Innovation and Flexibility

Guaranty Bank has made a concerted effort to reach low- and moderate-income (LMI) borrowers and those residing in LMI geographies, and provide financing to promote economic development. The innovation, flexibility and complexity found in the following products underscore the bank's commitment to affordable housing and serving the bank's AAs.

Guaranty Bank participates in a program with the Texas State Affordable Housing Corporation (TSAHC) to provide down payment assistance and 30-year fixed rate loans to low- and moderate-income families. The down payment and closing cost assistance grant covers up to 5 percent of the loan amount. This product is also available to borrowers who exceed established income limits, but are located in distressed CTs or areas of chronic economic distress as defined by TSAHC. Six loans have been originated under this program totaling \$818 thousand.

Guaranty Bank also participates in the Federal Home Loan Bank's grant programs (SNAP and HELP). These programs offer grants to assist low-income families for repairs to existing homes due to structural or safety issues and provide down-payment and closing costs assistance. While no grants have been funded in the HELP program, Guaranty Bank has assisted in the funding of 19 grants totaling \$93 thousand under the SNAP program.

Guaranty Bank has continued its partnership with the Housing Authority of Texarkana, Texas (HATT) to assist low- and moderate-income individuals with home purchases. The new homes built through this program are a part of the revitalization effort in the Rose Hill neighborhood of Texarkana, which is in a low-income census tract. During this evaluation period, Guaranty Bank originated six loans totaling \$348 thousand.

Guaranty Bank has also pledged to loan up to \$100 thousand per year in partnership with the Mount Pleasant Main Street Revitalization Low Interest Loan Program. This program encourages property and small business owners to rebuild and revitalize commercial buildings within the Main Street district. The bank has originated one loan under this program totaling \$50 thousand.

Finally, Guaranty Bank participates in SBA's 504 program. This program provides financing to small businesses to promote business growth and job creation. Long term, fixed rate financing is available to acquire fixed assets for expansion or modernization. Sixteen SBA 504 loans are currently funded totaling \$6.6 million. Guaranty Bank also offers 7(a) loans through SBA.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Bryan-College Station AA is not inconsistent with the bank's overall "High Satisfactory" rating. In the Longview AA the bank's performance is weaker than the bank's overall performance. This is attributable to adequate performance to small businesses in the Longview AA for the borrower distribution test. Refer to the Tables 1 through 11 in appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

Guaranty Bank's performance under the Investment Test is rated Low Satisfactory.

Based on the full-scope reviews, the bank's performance is adequate in the NE Texas and Texarkana AAs and excellent in the Dallas AA. Refer to Table 14 in appendix D for the facts and data used to evaluate the bank's level of qualified investments.

Qualifying investments are investments, deposits, membership shares, or grants that have as their primary purpose, community development, as defined in the CRA regulation. The definition includes investments and contributions meeting the definition of community development.

Community development qualified investments represented 3.54 percent of allocated Tier 1 Capital in the NE Texas AA, 17.85 percent in the Dallas AA, and 3.13 percent in the Texarkana AA.

Investments

Guaranty Bank's investments are centered in municipal bonds with a primary purpose of community infrastructure improvements and investments in small business investment companies (SBIC) that offer financing to small businesses and support underserved communities. During this evaluation period, the following investments were purchased.

NE Texas AA

Guaranty Bank purchased one local school district bond where the majority of students were designated as disadvantaged economically.

Dallas AA

Guaranty Bank purchased three municipal bonds totaling \$2.5 million that provided needed infrastructure to low- and moderate-income geographies.

Texarkana AA

No qualified investments were purchased in the Texarkana AA during this evaluation period. However, Guaranty Bank does have one prior period investment to a local school district where the majority of students were designated as disadvantaged economically.

Donations and Contributions

NE Texas AA

Guaranty Bank made 45 qualified grants and donations totaling \$59 thousand in the NE Texas AA during the evaluation period. Qualified donations were made to local nonprofit organizations that provide community services targeted to LMI families and support economic development. The qualifying donations are not complex or innovative.

Dallas AA

Guaranty Bank made eight qualified grants and donations totaling \$6 thousand in the Dallas AA during the evaluation period. Qualified donations were made to local nonprofit organizations that provide community services targeted to LMI families and support economic development. The qualifying donations are not complex or innovative.

Texarkana AA

Guaranty Bank made 17 qualified grants and donations totaling \$20 thousand in the Texarkana Texas AA during the evaluation period. Qualified donations were made to local nonprofit organizations that provide community services targeted to LMI families and support economic development. The qualifying donations are not complex or innovative.

Prior Period Investments

The bank had eight prior period investments totaling \$7.9 million and included investments in SBICs, school bonds with the majority of students designated as economically disadvantaged, and municipal bonds for community infrastructure.

Broader Statewide or Regional Area

Guaranty Bank had six investments totaling \$5.2 million that benefited the broader statewide area that included Guaranty Bank's AAs. These investments were centered in SBICs licensed by the Small Business Association. These companies support underserved communities and provide financing for small businesses. These investments had a positive impact on the broader statewide or regional area that includes all of Guaranty Bank's AAs.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Investment Test for the Longview AA is consistent with the bank's overall performance of Low Satisfactory. The bank bank's performance for Bryan/College Station exceeds the bank's overall performance. Refer to Table 14 in appendix D for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test in Texas is rated **High Satisfactory**. Based on full-scope reviews, the bank's performance in the NE Texas and Dallas is good and adequate in the Texarkana AA.

Retail Banking Services

Refer to Table 15 in appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system, and branch openings and closings.

Guaranty Bank's delivery systems are accessible to geographies and individuals of different income levels throughout all AAs. Additionally, the bank has partnered with Allpoints ATM to offer no cost use of ATMs within the nationwide network. Branch openings and closings have not affected accessibility. Following is a discussion of branch distribution for each AA.

NE Texas AA

Delivery systems are accessible to all geographies and individuals of different income levels. The bank has ten branches and 21 ATMs within the NE Texas AA. The NE Texas AA includes one low-income tract, 12 moderate-income tracts, 34 middle-income tracts, and eight upper-income tracts. Three of the bank's branches and eight ATMS are located in moderate-income tracts, while three branches and three ATMs are located in tracts identified as distressed middle-income tracts. Other locations offer easy access to all other low- and moderate-income tracts. Branch hours and services are consistent throughout and do not vary in a way that would negatively impact any low- or moderate-income tracts.

Dallas AA

Delivery systems are accessible to all geographies and individuals of different income levels. The bank has seven branches and six ATMs within the Dallas AA. The Dallas AA includes 50 low-income tracts, 89 moderate-income tracts, 121 middle-income tracts, 173 upper-income tracts, and five tracts that are not designated. One of the bank's branches and one ATM is located in a low-income tract and one branch and two ATMs are located in moderate-income tracts. Branch hours and services are consistent throughout and do not vary in a way that would negatively impact any low- or moderate-income tracts.

Texarkana AA

Delivery systems are accessible to all geographies and individuals of different income levels. The bank has five branches and six ATMs within the Texarkana AA. The Texarkana AA includes one low-income tract, nine moderate-income tracts, 14 middle-income tracts, five upper-income tracts, and one tract that is not designated. One of the bank's branches and one ATM is located in a moderate-income tract with other locations offering easy access to all low-and moderate-income tracts. Branch hours and services are consistent throughout and do not vary in a way that would negatively impact any low- or moderate-income tracts.

Community Development Services

Community development services had a positive impact on the overall service test.

Guaranty Bank demonstrated good performance in providing community development services in the NE Texas and Texarkana AAs, and adequate performance in the Dallas AA. Bank employees participated in a variety of organizations and partnerships that benefited LMI individuals, promoted economic development, and provided community services. In addition, employees provided technical assistance on financial and banking related matters to community groups, including low- and moderate-income persons and families.

During the evaluation period, Guaranty Bank employees were active in 41 different organizations that promoted community development. These organizations included area Chambers of Commerce, hospitals, and child welfare advocacy groups. Bank employees also provided financial literacy training to low- and moderate-income individuals, as well as school financial literacy programs. Finally, bank employees participated in other community development programs through such organizations as Habitat for Humanity and the United Way.

NE Texas AA

Guaranty Bank demonstrated good performance in providing community development services in the NE Texas AA. During this evaluation period, bank employees provided community development services to 23 different organizations within the NE Texas AA. Some specific examples are listed below:

- An employee serves as chairman for the finance committee of a local foundation that offers scholarships in the health care field for low- and moderate-income persons. The foundation also provides funds for senior citizens to obtain medicines and other health services.
- An employee served on the board of a local economic development corporation that promoted economic development within the community.

Dallas AA

Guaranty Bank demonstrated adequate performance in providing community development services in the Dallas AA. During this evaluation period, bank employees provided community development services to three different organizations within the Dallas AA. Specific examples include:

- Employees presented financial literacy programs for area school districts that are considered economically disadvantaged.
- One employee serves as treasurer of a local organization that provides services to needy families.

Texarkana AA

Guaranty Bank demonstrated good performance in providing community development services in the Texarkana AA. During this evaluation period, bank employees provided community development services to 12 different organizations within the Texarkana AA. Specific examples include:

 Guaranty Bank partnered with the Housing Authority of Texarkana, Texas (HATT) to provide home buying assistance to low- and moderate-income individuals. Financial literacy training provided included training for homeownership and credit management skills. • One employee serves on the Budget Committee for a local economic development corporation.

Conclusions for Area Receiving Limited-Scope Reviews

The bank's performance under the Service Test in the Bryan/College Station AA is not inconsistent with the overall **High Satisfactory** performance. The performance in the Bryan/College Station AA is a result of branch distribution within the AAs. Two of the three branches in the AA are located in moderate-income tracts. Refer to Table 15 in appendix D for the facts and data, which support this conclusion.

The bank's performance under the Service Test in the Longview AA is weaker than the overall High Satisfactory performance. Weaker performance in the Longview AA is a result of adequate community development services and branch distribution within the AAs. Performance differences in this area are not significant enough to impact the bank's overall rating based on the bank's limited market share and presence in the limited-scope AAs. Refer to Table 15 in appendix D for the facts and data, which support this conclusion.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term "full-scope") and those that received a less comprehensive review (designated by the term "limited-scope").

Time Period Reviewed	09/3 Investment and Service T	ommunity development Loans): (01/01/2015 to 0/2017) Sests and community development Loans: 01/2015 to 01/16/2018)
Financial Institution	-	Products Reviewed
Guaranty Bank & Trust, National Asso Mount Pleasant, TX 75455	ociation	Small Business and HMDA loans
Affiliate(s)	Affiliate Relationship	Products Reviewed
None		
List of Assessment Areas and Type of		
Assessment Area	Type of Exam	Other Information
NE Texas AA Dallas, Tx Texarkana, Tx Bryan/College Station, Tx Longview, Tx	Full-Scope Full-Scope Full-Scope Limited-Scope Limited-Scope	

Appendix B: Summary of State Ratings

RA	ATINGS Guara	nty Bank & Trust, N	lational Association	1		
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State Rating		
Texas	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory		
State:		·	•	·		
Arkansas	No Branches – No rating					

(*) The lending test is weighted more heavily than the investment and service tests in the overall rating.

Appendix C: Market Profiles for Full-Scope Areas

Northeast Texas AA

Demographic Inform	nation for Ful	l-Scope Area	: Northeast	Гexas AA		
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	55	1.82	21.82	61.82	14.55	0.00
Population by Geography	222,768	1.74	16.95	61.30	20.01	0.00
Owner-Occupied Housing by Geography	58,788	0.86	13.21	63.50	22.44	0.00
Businesses by Geography	12,265	2.42	22.29	55.24	20.05	0.00
Farms by Geography	841	0.24	11.18	67.78	20.81	0.00
Family Distribution by Income Level	59,651	21.56	18.85	19.02	40.57	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	24,107	2.54	21.27	62.23	13.96	0.00
Median Family Income HUD Adjusted Median Family Income for 2017 Households Below the Poverty Level	= \$52,076 = \$54,200 =18%		Median Hous Unemployme 2015 ACS U	ent Rate	= \$92,458 = 4.57%	

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2015 ACS U.S. Census, and 2017 FFIEC updated MFI.

The NE Texas AA consists of the counties of Camp, Cass, Delta, Franklin, Hopkins, Lamar, Morris, Red River, and Titus in their entirety and four census tracts in Harrison County. The AA contains 55 census tracts, of which one or 1.82 percent is low-income and 12 or 21.82 percent are moderate-income census tracts. In addition there are 16 distressed, middle-income census tracts. All areas consist of whole geographies, do not reflect illegal discrimination, and do not arbitrarily exclude low- or moderate-income geographies. Approximately 51.71 percent of the bank's deposits are located in this AA. In addition, 10 branches and 21 ATMs are located in this AA. The AA delineation meets the requirements of the CRA.

The total population in the AA is 222,768. Larger cities within the AA include Paris, Mount Pleasant, and Sulphur Springs. The AA has a relatively diverse economy and is considered stable with an unemployment rate of 4.57 percent. Major industries and employers in the AA include Pilgrim's Pride, Priefert Manufacturing, health care services, retail, and local school districts.

As part of this review, an interview with a community contact was performed. The contact indicated that there has been stable growth within the AA. The community contact noted that local financial institutions do a good job of meeting the credit needs of the community.

Dallas AA

Demographic	Information for	r Full-Scope	Area: Dallas	AA		
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	438	11.42	20.32	27.63	39.50	1.14
Population by Geography	2,012,773	11.71	20.68	29.38	37.82	0.41
Owner-Occupied Housing by Geography	409,899	3.00	14.96	29.39	52.35	0.30
Businesses by Geography	199,811	5.87	13.00	28.82	50.79	1.51
Farms by Geography	3,447	4.09	13.98	30.49	50.48	0.96
Family Distribution by Income Level	482,977	22.39	15.54	17.10	44.97	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	183,188	21.09	29.86	29.32	19.34	0.39
Median Family Income HUD Adjusted Median Family Income for 2017 Households Below the Poverty Level	= \$71,149 = \$73,400 =12%		Median Hous Unemployme 2015 ACS US	nt Rate	= \$216,120 = 4.59%	

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2015 ACS U.S. Census, and 2017 FFIEC updated MFI.

The Dallas AA consists of the counties of Hunt and Rockwall in their entirety and portions of Dallas, Collin, and Denton Counties. This AA is within the Dallas-Plano-Irving MD. The AA contains 438 census tracts consisting of 50 low-income tracts, 89 moderate-income tracts, 121 middle-income tracts, 173 upper-income tracts and 5 tracts with no income designation. All areas consist of whole geographies, do not reflect illegal discrimination, and do not arbitrarily exclude low- or moderate-income geographies. Approximately 18.34 percent of the bank's deposits are located in this AA. There are seven branches and six ATMs located in the AA. The AA delineation meets the requirements of the CRA.

The total population in the AA is 2,012,773. Larger cities within the AA include Dallas, Plano and Denton. The AA has a diverse economy and is considered stable with an unemployment rate of 4.59 percent. Major employers in the AA include American Airlines Group, AT&T, Inc., Bank of America, NA, Baylor Scott & White Health, JP Morgan Chase, Kroger, Walmart Stores, Inc., and Texas Instruments. There is significant competition from other financial institutions in the area.

As part of this review, an interview with a community contact was performed. The contact indicated there was not a specific need in the community and that there has been stable growth. The community contact noted that local financial institutions do a good job of meeting the credit needs of the community.

Texarkana AA

Demographic II	nformation for F	Full-Scope A	rea: Texarka	na AA		
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	30	3.33	30.00	46.67	16.67	3.33
Population by Geography	136,807	1.55	21.48	53.63	23.30	0.04
Owner-Occupied Housing by Geography	32,975	0.87	14.71	57.37	27.01	0.04
Businesses by Geography	8,285	0.88	26.43	48.56	23.92	0.21
Farms by Geography	279	0.00	9.68	61.29	29.03	0.00
Family Distribution by Income Level	34,302	22.46	16.23	19.22	42.09	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	13,271	2.74	29.25	53.91	14.09	0.00
Median Family Income HUD Adjusted Median Family Income for 2017 Households Below the Poverty Level	= \$51,151 = \$52,600 =19%		Median Hous Unemployme 2015 ACS US	nt Rate	= \$100,557 = 4.93%	

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2015 ACS U.S. Census, and 2017 FFIEC updated MFI.

The Texarkana AA consists of the counties of Bowie County, TX and Miller County, AR in their entirety. This AA is within the Texarkana TX-AR MSA. The AA contains 30 census tracts consisting of one low-income tract, nine moderate-income tracts, 14 middle-income tracts, five upper-income tracts and 1 tract with no income designation. Approximately 16.53 percent of the bank's deposits are located in this AA. There are five branches and six ATMs located in the AA. All areas consist of whole geographies, do not reflect illegal discrimination, and do not arbitrarily exclude low- or moderate-income geographies. The AA delineation meets the requirements of the CRA.

The total population in the AA is 136,807. Larger cities within the AA include Texarkana, TX and Texarkana, AR. The AA has a diverse economy and is considered stable with an unemployment rate of 4.93 percent. Major employers in the AA include Red River Army Depot & Tenants, Cooper Tire & Rubber Company, Christus St. Michael Health System, AECOM/URS, and Southern Refrigerated Transport. There is significant competition from other financial institutions in the area.

As part of this review, an interview with a community contact was performed. The contact indicated that financial education is a great need in the community. They stated that Guaranty Bank assists in conducting classes for homebuyer education and that in general, the financial institutions do a moderate job of meeting the local credit needs.

Content of Standardized Tables

References to the "bank" include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1.Lending Volume Presents the number and dollar amount of reportable loans originated
and purchased by the bank over the evaluation period by MA/assessment area. Community
development loans to statewide or regional entities or made outside the bank's assessment
area may receive positive CRA consideration. See Interagency Q&As __.12 (i) 5 and 6
for guidance on when a bank may receive positive CRA consideration for such loans.
Refer to the CRA section of the Compliance Policy intranet page for guidance on table
placement.
- Table 1.Other Products Presents the number and dollar amount of any unreported category of
loans originated and purchased by the bank over the evaluation period by MA/assessment
area. Examples include consumer loans or other data that a bank may provide, at its option,
concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2.Geographic Distribution of Home Purchase Loans Compares the percentage
distribution of the number of loans originated and purchased by the bank in low-,
moderate-, middle-, and upper-income geographies to the percentage distribution of owner-
occupied housing units throughout those geographies. The table also presents market share
information based on the most recent aggregate market data available.
- **Table 3.Geographic Distribution of Home Improvement Loans** See Table 3.
- Table 4.Geographic Distribution of Home Mortgage Refinance Loans See Table 4.
- Table 5.Geographic Distribution of Multifamily Loans Compares the percentage distribution of
the number of multifamily loans originated and purchased by the bank in low-, moderate-,
middle-, and upper-income geographies to the percentage distribution of multifamily
housing units throughout those geographies. The table also presents market share
information based on the most recent aggregate market data available.

- Table 6.Geographic Distribution of Small Loans to Businesses The percentage distribution of
the number of small loans (less than or equal to \$1 million) to businesses originated and
purchased by the bank in low-, moderate-, middle-, and upper-income geographies
compared to the percentage distribution of businesses (regardless of revenue size)
throughout those geographies. The table also presents market share information based on
the most recent aggregate market data available. Because small business data are not
available for geographic areas smaller than counties, it may be necessary to use geographic
areas larger than the bank's assessment area.
- **Table 7. Geographic Distribution of Small Loans to Farms** The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8.Borrower Distribution of Home Purchase Loans Compares the percentage distribution
of the number of loans originated and purchased by the bank to low-, moderate-, middle-,
and upper-income borrowers to the percentage distribution of families by income level in
each MA/assessment area. The table also presents market share information based on the
most recent aggregate market data available.
- **Table 9.Borrower Distribution of Home Improvement Loans** See Table 9.
- Table 10.Borrower Distribution of Refinance Loans See Table 10.
- Table 11.Borrower Distribution of Small Loans to Businesses Compares the percentage
distribution of the number of small loans (less than or equal to \$1 million) originated and
purchased by the bank to businesses with revenues of \$1 million or less to the percentage
distribution of businesses with revenues of \$1 million or less. In addition, the table
presents the percentage distribution of the number of loans originated and purchased by the
bank by loan size, regardless of the revenue size of the business. Market share information
is presented based on the most recent aggregate market data available.
- **Table 12. Borrower Distribution of Small Loans to Farms** Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 13.Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) For
geographic distribution, the table compares the percentage distribution of the number of
loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income
geographies to the percentage distribution of households within each geography. For
borrower distribution, the table compares the percentage distribution of the number of loans

originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

Table 15.Distribution of Branch Delivery System and Branch Openings/Closings - Compares the
percentage distribution of the number of the bank's branches in low-, moderate-, middle-,
and upper-income geographies to the percentage of the population within each geography
in each MA/AA. The table also presents data on branch openings and closings in each
MA/AA.

State of Texas (Arkansas will not receive a separate rating as all of the branches are in the State of Texas)

LENDING VOLUME			Geography: GUA	hy: GUARANTY BANK Evaluation Period: JANUARY 1, 2015 TO SEPTEMBER 30, 2017								
	% of Rated Area Loans	Home	Mortgage	Small Loans	to Businesses	Small Lo	ans to Farms	Community development Loans**		Total Reported Loans		% of Rated Area Deposits
	(#) in MA/AA*	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	in MA/AA***
Assessment Area (2017):												
Full Review:												
	65.63	1,070	138,861	1,711	112,838	1,071	51,402	15	21,406	3,867	324,507	51.71
NE Texas AA												
	9.16	151	38,787	326	47,642	55	2,048	8	42,628	540	131,105	18.34
Dallas AA												
Texarkana AA	15.55	360	54,463	467	42,696	86	3,793	3	3,328	916	104,280	16.53
Limited Review:												
Bryan College Station AA	7.76	381	95,762	66	10,035	7	1,634	3	12,499	457	119,930	10.17
Longview AA	1.90	32	11,718	78	14,531	1	60	1	776	112	27,085	3.24

Table 1. Lending Volume

Loan Data as of September 30, 2017. Rated area refers to either state or multi-state MA rating area.
 The evaluation period for Community development Loans is from December 31, 2014 to January 16, 2018.
 Deposit Data as of January 16, 2018. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Geographic Distribution: H		Geography: GUARANTY BANK						Evaluation Period: JANUARY 1, 2015 TO SEPTEMBER 30, 2017							
	Total Home Purchase Loans		Low-I Geogr		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
MA/Assessment Area:	#	% of Total ^{**}	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full Review:															
2017 NE Texas AA	194	50.65	0.86	1.55	13.21	12.89	63.50	68.04	22.44	17.53	11.69	0.00	16.59	13.21	6.74
2017 Dallas AA	33	8.62	3.01	6.06	15.01	21.21	29.48	36.36	52.51	36.36	0.08	0.46	0.07	0.14	0.04
2017 Texarkana AA	68	17.75	0.87	0.00	14.72	14.71	57.39	57.35	27.02	27.94	5.12	11.76	4.41	4.46	5.83
2015-16 NE Texas AA	562	53.99	0.00	0.00	9.54	14.41	70.52	68.15	19.94	17.44	11.69	0.00	16.59	13.21	6.74
2015-16 Dallas AA	70	6.72	3.01	14.29	14.54	14.29	28.48	38.57	53.96	32.86	0.08	0.46	0.07	0.14	0.04
2015-16 Texarkana AA	191	18.35	4.17	3.66	5.91	6.81	59.87	42.93	30.05	46.60	5.12	11.76	4.41	4.46	5.83
Limited Review:															
2017 College Station AA	81	21.15	2.26	3.70	27.55	18.52	23.56	24.69	46.63	53.09	2.93	6.51	5.60	2.27	2.51
2017 Longview AA	7	1.83	1.99	0.00	17.05	0.00	49.59	42.86	31.36	57.14	0.48	0.00	0.47	0.00	0.86
2015-16 College Station AA	207	19.88	6.02	8.70	15.76	16.43	31.10	27.54	47.13	47.34	2.93	6.51	5.60	2.27	2.51
2015-16 Longview AA	11	1.06	2.44	0.00	24.85	18.18	33.89	18.18	38.82	63.64	0.48	0.00	0.47	0.00	0.86

Table 2. Geographic Distribution of Home Purchase Loans

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* Based on 2016 Peer Mortgage Data: US and PR. * Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area. ** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 2015 ACS Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT					Geogr	aphy: GUA	RANTY BAN	Evaluation Period: JANUARY 1, 2015 TO SEPTEMBER 30, 2017						17	
MA/Assessment Area:	Improv	Total Home Low-Income Improvement Geographies Loans			Moderate-Income Middle-Income Geographies Geographies			Upper- Geogr	Market Share (%) by Geography*						
	#	% of Total ^{**}	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
Full Review:															
NE Texas AA	76	66.67	0.86	1.32	13.21	19.74	63.50	59.21	22.44	19.74	12.97	0.00	22.22	13.04	8.47
Dallas AA	8	7.02	3.01	12.50	15.01	12.50	29.48	25.00	52.51	50.00	0.03	0.00	0.00	0.00	0.05
Texarkana AA	24	21.05	0.87	0.00	14.72	4.17	57.39	45.83	27.02	50.00	3.95	0.00	0.00	1.54	8.54
Limited Review:															
Bryan College Station AA	6	5.26	2.26	0.00	27.55	16.67	23.56	16.67	46.63	66.67	0.93	0.00	0.00	0.00	1.67
Longview AA	0	0.00	1.99	0.00	17.05	0.00	49.59	0.00	31.36	0.00	0.00	0.00	0.00	0.00	0.00

^{*} Based on 2016 Peer Mortgage Data: US and PR. * Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area. ** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 2015 ACS Census information.

Geographic Distribution:	ographic Distribution: HOME MORTGAGE REFINANCE Total Home Low-Income Mortgage Geographies Refinance Loans				C	Geography: C	GUARANTY	BANK	Evaluati	on Period: J	ANUARY 1	, 2015 TO	SEPTEM	BER 30, 2	.017	
MA/Assessment Area:	Mort	tgage				e-Income aphies	Middle- Geogr			Income aphies	Ma	Market Share (%) by G			Geography [*]	
	#	% of Total ^{**}	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp	
Full Review:																
NE Texas AA	231	52.26	0.86	0.43	13.21	13.85	63.50	56.71	22.44	29.00	10.34	0.00	29.31	11.15	5.69	
Dallas AA	38	8.60	3.01	2.63	15.01	15.79	29.48	28.95	52.51	52.63	0.07	0.20	0.04	0.09	0.06	
Texarkana AA	75	16.97	0.87	0.00	14.72	4.00	57.39	54.67	27.02	41.33	2.44	5.00	0.00	2.60	2.28	
Limited Review:																
Bryan College Station AA	86	19.46	2.26	6.98	27.55	19.77	23.56	19.77	46.63	53.49	1.85	1.85	2.48	2.29	1.55	
Longview AA	12	2.71	1.99	0.00	17.05	8.33	49.59	50.00	31.36	41.67	0.18	0.00	0.00	0.63	0.00	

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

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^{*} Based on 2016 Peer Mortgage Data: US and PR.

[&]quot;Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area. "Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 2015 ACS Census information.

Table 5. Geographic Distribution of Multifamily Loans	Table 5.	Geographic	Distribution	of Multifamily	Loans
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Geographic Distribution:	MULTIFA	MILY			Geography:	GUARANTY	' BANK		Evaluati	o n Period : JA	NUARY 1	2015 TO	SEPTEME	3ER 30, 20	17
MA/Assessment Area:	Multi	otal family ans		ncome aphies	Moderate Geogr	e-Income aphies		-Income aphies	Upper- Geogr	Income aphies	Ma	ırket Shar	e (%) by Geography*		
	#	% of Total ^{**}	% of MF Units ^{***}	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
Full Review:		11		II											
NE Texas AA	7	50.00	8.50	0.00	34.77	42.86	46.70	28.57	10.03	28.57	27.27	0.00	33.33	33.33	0.00
Dallas AA	2	14.29	26.65	0.00	21.43	50.00	26.79	0.00	25.13	50.00	0.00	0.00	0.00	0.00	0.00
Texarkana AA	2	14.29	5.85	0.00	30.81	0.00	46.24	100.00	17.10	0.00	9.09	0.00	0.00	10.00	0.00
Limited Review:															
Bryan College Station AA	1	7.14	33.65	100.00	37.50	0.00	15.70	0.00	13.15	0.00	3.45	0.00	12.50	0.00	0.00
Longview AA	2	14.29	10.02	0.00	10.48	50.00	48.57	50.00	30.93	0.00	0.00	0.00	0.00	0.00	0.00
															i i

^{*} Based on 2016 Peer Mortgage Data: US and PR. ** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area. *** Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 2015 ACS Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution	eographic Distribution: SMALL LOANS TO BUSINESSES Total Small Low-Income Business Geographies					Geography	: GUARANTY	BANK	Evaluation Period: JANUARY 1, 2015 TO SEPTEMBER 30, 2017)17
MA/Assessment Area:	Bus		Low-Inco Geograph		Moderate-I Geograp		Middle-In Geograp		Upper-Inc Geograp		Ma	Market Share (%) by Geo			
	#	% of Total ^{**}	% of Businesses ^{**}	% BANK Loans	% of Businesses* **	% BANK Loans	% of Businesses* **	% BANK Loans	% of Businesses** *	% BANK Loans	Overall	Overall Low Mo			Upp
Full Review:															
2017 NE Texas AA	470	65.83	2.42	5.32	22.29	21.49	55.24	57.02	20.05	16.17	15.07	0.00	13.72	18.88	10.15
2017 Dallas AA	107	14.99	5.87	8.41	13.00	7.48	28.82	56.07	50.79	28.04	0.16	0.17	0.19	0.30	0.09
2017 Texarkana AA	90	12.61	0.88	0.00	26.43	20.00	48.56	45.56	23.92	34.44	7.87	4.57	8.13	9.34	7.24
2015-16 NE Texas AA	562	53.99	0.00	0.00	9.54	14.41	70.52	68.15	19.94	17.44	11.69	0.00	16.59	13.21	6.74
2015-16 Dallas AA	70	6.72	3.01	14.29	14.54	14.29	28.48	38.57	53.96	32.86	0.08	0.46	0.07	0.14	0.04
2015-16 Texarkana AA	191	18.35	4.17	3.66	5.91	6.81	59.87	42.93	30.05	46.60	5.12	11.76	4.41	4.46	5.83
Limited Review:															
2017 College Station AA	23	3.22	7.43	0.00	28.71	13.04	26.45	26.09	36.99	60.87	0.85	0.41	0.69	0.90	0.98
2017 Longview AA	24	3.36	12.69	12.50	14.72	8.33	42.99	33.33	29.27	45.83	0.89	0.00	0.96	0.36	1.59
2015-16 College Station AA	207	19.88	6.02	8.70	15.76	16.43	31.10	27.54	47.13	47.34	2.93	6.51	5.60	2.27	2.51
2015-16 Longview AA	11	1.06	2.44	0.00	24.85	18.18	33.89	18.18	38.82	63.64	0.48	0.00	0.47	0.00	0.86

"Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area. "Source Data - Dun and Bradstreet 2017.

^{*} Based on 2016 Peer Small Business Data: US and PR.

Geographic Distribution: S	SMALL	LOANS TC) FARMS		Geog	graphy: GU	ARANTY BA	NK	Evalua	tion Period:	January 1,	2015 TO S	EPTEMBE	R 30, 201	7
		ıl Small n Loans		ncome aphies		e-Income aphies		-Income aphies	Upper- Geogr	Income aphies	Mar	ket Share	(%) by G	eography	*
MA/Assessment Area:	#	% of Total ^{**}	% of Farms ^{***}	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:	1														
NE Texas AA	1,07 1	87.79	0.24	0.00	11.18	7.47	67.78	76.10	20.81	16.43	72.22	0.00	73.91	76.85	48.61
Dallas AA	55	4.51	4.09	7.27	13.98	20.00	30.49	69.09	50.48	3.64	4.80	15.79	8.77	6.15	0.63
Texarkana AA	86	7.05	0.00	0.00	9.68	0.00	61.29	73.26	29.03	26.74	21.83	0.00	0.00	27.55	11.11
Limited Review:															
Bryan College Station AA	7	0.57	2.88	0.00	22.36	14.29	26.68	0.00	47.84	85.71	1.67	0.00	0.00	0.00	2.50
Longview AA	1	0.08	3.27	0.00	11.76	0.00	51.63	0.00	33.33	100.00	2.78	0.00	0.00	0.00	5.26
											ľ				

Table 7. Geographic Distribution of Small Loans to Farms

^{*} Based on 2016 Peer Small Business Data: US and PR.

[&]quot;Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area. "Source Data - Dun and Bradstreet 2017.

Borrower Distribution: HO	Distribution: HOME PURCHASE Total Home Low-Income Purchase Borrowers					: GUARAN	TY BANK		Evaluation	Period: JAN	JARY 1, 20	015 TO SE	PTEMBEI	R 30, 2017	1
MA/Assessment Area:	Pur				Moderate Borro		Middle-I Borrov		Upper-Ii Borrov			Market Share*			
	#	% of Total ^{**}	% Families ^{***}	% BANK Loans ^{*****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{*****}	% Families ^{***}	% BANK Loans ^{****}	Overa ll	Low	Mod	Mid	Upp
Full Review:	•												•		
NE Texas AA	756	53.09	21.56	7.67	18.85	16.62	19.02	23.72	40.57	51.99	12.88	14.56	14.91	12.64	12.36
Dallas AA	103	7.23	22.39	7.14	15.54	5.71	17.10	14.29	44.97	72.86	0.06	0.26	0.02	0.04	0.06
Texarkana AA	259	18.19	22.46	3.07	16.23	10.96	19.22	21.05	42.09	64.91	5.25	3.51	4.44	2.55	6.97
Limited Review:															
Bryan College Station AA	288	20.22	24.54	3.83	15.82	9.36	16.87	12.77	42.77	74.04	2.92	3.23	2.55	1.94	3.20
Longview AA	18	1.26	23.20	7.14	16.51	28.57	19.45	21.43	40.85	42.86	0.52	0.00	0.00	0.76	0.61

^{*} Based on 2016 Peer Mortgage Data: US and PR. * Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area. *** Percentage of Families is based on the 2015 ACS Census information. **** As a percentage of loans with borrower income information available. No information was available for 12.1% of loans originated and purchased by Bank.

Table 9	Borrower	Distribution	of Home I	mprovement I	Loans
I unic >		Distinution	or monite r	mprovemente i	104110

Borrower Distribution: H	orrower Distribution: HOME IMPROVEMENT Total Home Low-Income Borrowe Improvement					hy: GUAR.	ANTY BANK		Evaluation I	Period: JANU	JARY 1, 20)15 TO SE	PTEMBER	R 30, 2017	
MA/Assessment Area:	Imp		Low-Income	Borrowers	Moderate- Borrov		Middle-I Borrov		Upper-Ii Borrov			Market Share*			
	#	% of Total ^{**}	% Families ^{***}	% BANK Loans ^{*****}	Overa ll	Low	Mod	Mid	Upp						
Full Review:	•														
NE Texas AA	76	66.67	21.56	9.72	18.85	6.94	19.02	26.39	40.57	56.94	12.90	12.50	2.78	12.50	15.48
Dallas AA	8	7.02	22.39	0.00	15.54	0.00	17.10	12.50	44.97	87.50	0.03	0.00	0.00	0.00	0.05
Texarkana AA	24	21.05	22.46	0.00	16.23	10.53	19.22	5.26	42.09	84.21	3.24	0.00	0.00	0.00	5.65
Limited Review:															
Bryan College Station AA	6	5.26	24.54	0.00	15.82	0.00	16.87	0.00	42.77	100.00	0.51	0.00	0.00	0.00	0.69
Longview AA	0	0.00	23.20	0.00	16.51	0.00	19.45	0.00	40.85	0.00	0.00	0.00	0.00	0.00	0.00

^{*} Based on 2016 Peer Mortgage Data: US and PR. * Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area. ** Percentage of Families is based on the 2015 ACS Census information. *** As a percentage of loans with borrower income information available. No information was available for 8.8% of loans originated and purchased by Bank.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: H	IOME M	ORTGAGE	E REFINANCE		Ge	eography: C	JUARANTY B	ANK	Evaluation I	Period: JANL	JARY 1, 20	15 TO SE	PTEMBEF	8 30, 2017	
MA/Assessment Area:	Мо	l Home rtgage nce Loans	Low-Income	Borrowers	Moderate Borrov		Middle-I Borrov		Upper-In Borroy			Market Share [*]			
	#	% of Total ^{**}	% Families ^{***}	% BANK Loans ^{*****}	Overa ll	Low	Mod	Mid	Upp						
Full Review:															
NE Texas AA	231	52.26	21.56	5.58	18.85	13.95	19.02	17.21	40.57	63.26	12.55	9.68	16.67	15.45	11.52
Dallas AA	38	8.60	22.39	3.33	15.54	0.00	17.10	20.00	44.97	76.67	0.06	0.00	0.00	0.07	0.07
Texarkana AA	75	16.97	22.46	4.41	16.23	13.24	19.22	14.71	42.09	67.65	3.15	0.00	3.90	1.99	3.61
Limited Review:															
Bryan College Station AA	86	19.46	24.54	1.33	15.82	2.67	16.87	13.33	42.77	82.67	1.92	0.00	1.18	0.60	2.32
Longview AA	12	2.71	23.20	0.00	16.51	0.00	19.45	11.11	40.85	88.89	0.25	0.00	0.00	0.00	0.44

^{*} Based on 2016 Peer Mortgage Data: US and PR. * Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area. *** Percentage of Families is based on the 2015 ACS Census information. **** As a percentage of loans with borrower income information available. No information was available for 10.2% of loans originated and purchased by Bank.

Borrower Distribution: SN	IALL LO	ANS TO B	USINESSES		Geography: G	UARANTY BANK Eva	luation Period: JANUARY 1, 2	015 TO SEPTEMB	ER 30, 2017
	Loa	Small ans to nesses	Businesses W of \$1 milli		Loans b	y Original Amount Regardles	s of Business Size	Ma	rket Share [*]
	#	% of Total ^{**}	% of Businesses ^{**}	% BANK Loans ^{****}	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
MA/Assessment Area: Full Review:			*						
NE Texas AA	1,711	64.61	81.30	76.74	85.86	8.53	5.61	15.07	25.47
Dallas AA	326	12.31	85.13	50.00	63.19	18.40	18.40	0.16	0.20
Texarkana AA	467	17.64	79.88	62.96	79.87	10.92	9.21	7.87	12.98
Limited Review:									
Bryan College Station AA	66	2.49	79.95	74.24	65.15	18.18	16.67	0.85	1.44
Longview AA	78	2.95	79.15	44.87	47.44	30.77	21.79	0.89	0.98

Table 11. Borrower Distribution of Small Loans to Businesses

^{*} Based on 2016 Peer Small Business Data: US and PR.

Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
 Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B – 2017).
 Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 7.55% of small loans to businesses originated and purchased by the Bank.

Borrower Distribution: SM	IALL LO.	ANS TO FA	ARMS		Geography: GUA	ARANTY BANK Eva	luation Period: JANUARY 1, 2	2015 TO SEPTEME	ER 30, 2017
		Small to Farms		evenues of \$1 or less	Loans	by Original Amount Regardle	ess of Farm Size	Ma	rket Share [*]
MA/Assessment Area:	#	% of Total ^{**}	% of Farms ^{***}	% BANK Loans ^{****}	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
Full Review:	•				I				I
NE Texas AA	1,071	87.79	97.50	87.30	89.26	7.56	3.17	72.22	82.09
Dallas AA	55	4.51	95.01	72.73	90.91	9.09	0.00	4.80	9.05
Texarkana AA	86	7.05	95.34	86.05	90.70	8.14	1.16	21.83	24.37
	-								
Limited Review:									
		0.57	02.51	42.07	20.57	14.00	F7.14	1/7	2/2
Bryan College Station AA	7	0.57	93.51	42.86	28.57	14.29	57.14	1.67	2.63
Longview AA	1	0.08	97.39	100.00	100.00	0.00	0.00	2.78	3.70

Table 12. Borrower Distribution of Small Loans to Farms

^{*} Based on 2016 Peer Small Business Data: US and PR.

Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
 Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2017).
 Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 9.34% of small loans to farms originated and purchased by Bank.

Table 14. Qualified Investments

QUALIFIED INVESTMEN	VTS		Geography:	GUARANTY BANH	K Eval	Evaluation Period: DECEMBER 31, 2014 TO JANUARY 16, 2018								
MA/Assessment Area:	Prior Perio	d Investments*	Current Perio	d Investments		Total Investments	Unfunded Commitments**							
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)					
Full Review:														
NE Texas AA	1	264	46	532	47	796	4.78	0	0					
Dallas AA	1	2,719	12	2,556	13	5,275	31.68	0	0					
Texarkana AA	1	105	17	20	18	125	0.75	0	0					
Statewide	3	1,592	3	3,605	6	5,197	31.22							
Limited Review:														
Bryan College Station AA	2	3,307	16	1,930	18	5,237	31.46	0	0					
Longview AA	0	0	6	19	6	19	0.11	0	0					

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^{&#}x27; 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date. " 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

DISTRIBUTION O	F BRANCH	DELIVERY	SYSTEM AN	ID BRA	NCH OP	ENINGS	S/CLOSII	NGS Geograp	hy: GUARA	NTY BA	NK Ev	aluation 1	P eriod : JA	NUARY 1, 2	015 TO SE	PTEMBER	30, 2017
MA/Assessment Area: Full Review:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits	# of % of BANK Rated Branches Area Branches		Location of Branches by Income of Geographies (%)			# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			% of Population within Each Geography					
	in AA		in AA	Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
NE Texas AA	0.00	10	38.46	0	3	5	2	0	0	0	0	0	0	1.74	16.95	61.30	20.01
		10	26.92	0	3	-		0	-		-	+3	-		20.68		37.82
Dallas AA	0.00	-			1	3	2	6	0	0	+1		+2	11.71		29.38	
Texarkana AA	0.00	5	19.23	0		2	2	0	0	0	0	0	0	1.55	21.48	53.63	23.30
Limited Review:	•							•	•					•			
Bryan College Station AA	0.00	3	11.54	0	2	0	1	1	0	0	+1	0	0	11.30	34.64	21.71	27.94
Longview AA	0.00	1	3.85	0	0	1	0	0	1	0	0	-1	0	4.48	21.03	49.83	24.66
					1		1										

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings