

# **GUARANTY BANCSHARES, INC. CORPORATE GOVERNANCE GUIDELINES**

**As adopted by the Board of Directors**

## **Overview**

The following Corporate Governance Guidelines have been adopted by the Board of Directors (the “Board of Directors” or the “Board”) of Guaranty Bancshares, Inc. (“Guaranty”) to assist the Board of Directors in the exercise of its responsibilities. These Corporate Governance Guidelines are not intended to change or interpret any federal or state law or regulation, including the Texas Business Organizations Code, or Guaranty’s certificate of formation, as amended, restated or supplemented from time to time (the “Certificate of Formation”), or Guaranty’s bylaws, as amended, restated or supplemented from time to time (the “Bylaws”). These Corporate Governance Guidelines are subject to modification from time to time by the Board of Directors. Unless the context otherwise requires, all references to Guaranty in these Corporate Governance Guidelines will include the subsidiaries and affiliates of the Guaranty Bancshares, Inc.

## **Roles of Board of Directors and Management**

The business of Guaranty is conducted by its employees and officers, under the direction of the Chief Executive Officer and the oversight of the Board of Directors, to enhance the long-term value of Guaranty for its shareholders. The Board of Directors acts as the ultimate decision-making body of Guaranty, except with respect to those matters reserved to or shared with the shareholders of Guaranty under its Certificate of Formation or the laws of the State of Texas. The Board of Directors’ goal is to enhance the long-term value for Guaranty for the benefit of its shareholders. The Board of Directors also recognizes that the interests of Guaranty’s shareholders also will be advanced by responsibly taking into account the concerns of its other constituencies, including customers, employees, the communities in which Guaranty does business, the public at large and the governmental entities which regulate our businesses.

## **Critical Functions of the Board of Directors**

The Board of Directors will monitor both the performance of Guaranty (in relation to its goals, strategy and competitors) and the performance of the Chief Executive Officer and other members of senior management of Guaranty. In furtherance of this oversight, the Board of Directors is responsible for the following matters, among other things:

- Selecting, evaluating and compensating the Chief Executive Officer;
- Advising and overseeing the Chief Executive Officer in the selection, evaluation and compensation of other senior executive officers;
- Planning for succession to the position of Chief Executive Officer as well as certain other senior management positions;
- Considering and approving Guaranty’s fundamental business strategies and major corporate actions;

- Reviewing the major risks facing Guaranty and helping develop policies and strategies to address those risks;
- Implementing and overseeing the operation of information and reporting systems or controls designed to identify risks;
- Enhancing Guaranty's integrity and reputation by ensuring that the corporation establishes, implements and maintains policies, practices and procedures for full compliance with all applicable laws and for meeting the high ethical standards that the Board of Directors and the public expect of a leading financial institution.

### **Size of the Board of Directors**

Pursuant to the Certificate of Formation and the Bylaws, the Board of Directors is authorized to fix the exact number of members of the Board by resolution of the Board of Directors (unless shareholders amend the Certificate of Formation to amend that provision). The Board of Directors should have diversity of experience without hindering effective discussion or diminishing individual accountability. Upon recommendation by the Corporate Governance and Nominating Committee, the Board of Directors will periodically review the appropriate size of the Board of Directors based on Guaranty's circumstances and the availability of outstanding candidates.

### **Selection of New Directors**

The Board of Directors will be responsible for nominating members for election to the Board of Directors and for filling vacancies on the Board of Directors that may occur between annual meetings of shareholders. The Corporate Governance and Nominating Committee is responsible for identifying, screening and recommending candidates for membership on the Board of Directors. When formulating its membership recommendations for the Board of Directors, the Corporate Governance and Nominating Committee may also consider advice and recommendations from others as it deems appropriate.

The Corporate Governance and Nominating Committee will also consider candidates recommended by shareholders as formally submitted. In considering candidates submitted by shareholders, the Corporate Governance and Nominating Committee will take into consideration the same criteria and factors utilized by the Corporate Governance and Nominating Committee in assessing and considering nominees for recommendation to the Board of Directors. The procedures to be followed by shareholders in submitting candidates are set forth in the Bylaws. The Corporate Governance and Nominating Committee may, from time to time, recommend changes to or establish additional procedures regarding shareholder submission of director candidates.

### **Membership Criteria for the Board of Directors**

The Corporate Governance and Nominating Committee will be responsible for assessing the appropriate balance of criteria, including the skills, experience and other attributes required for members of the Board of Directors. The Corporate Governance and Nominating Committee may apply several criteria in selecting nominees. It is the view of the Board of Directors that the members of the Board of Directors should possess the highest personal and professional ethics

and integrity and be devoted to representing the best interests of Guaranty and its shareholders. Members of the Board of Directors are expected to act in a manner consistent with the duties of care and loyalty owed to Guaranty. Other factors significant to a director's qualification for membership on our Board of Directors include background and experience working for or serving on the boards of directors of commercial and community banks or other corporate boards of directors, an ability to serve as a significant and active resource for referrals and business development and an ability to work together with other members of the Board of Directors. In addition, members of the Board of Directors who serve on the Audit Committee must have the attributes required of members of the Audit Committee of the Board of Directors by the listing standards of The NASDAQ Stock Market LLC (the "Listed Company Rules"), the rules and regulations of the Securities and Exchange Commission (the "SEC") or under other applicable law, rules and regulations. In addition, each member of the Board of Directors must be prepared and able to expend the time and effort to discharge appropriately the duties and responsibilities of a director of Guaranty. The Corporate Governance and Nominating Committee also may seek to have the Board of Directors represent a diversity of backgrounds and experience.

### **Independence of the Board of Directors**

The Board of Directors will be comprised of a majority of directors who qualify as independent directors ("Independent Directors") under the Listed Company Rules. The Board of Directors will review periodically the relationships that each director has with Guaranty (either directly or as a partner, member, manager, shareholder, officer or director of an organization that has a relationship with Guaranty). Following such review, only those directors who the Board of Directors affirmatively determines continue to qualify as Independent Directors will continue to be considered Independent Directors, subject to any additional qualifications prescribed under the Listed Company Rules, the rules and regulations of the SEC or under other applicable law, rules and regulations. In the event that a director becomes aware of any change in circumstances that may result in such director no longer being considered an Independent Director, the director will promptly inform the Chairman of the Corporate Governance and Nominating Committee.

### **Director Tenure; Retirement**

In connection with each director nomination recommendation, the Corporate Governance and Nominating Committee will consider the issue of continuing director tenure and take steps as may be appropriate to ensure that the Board of Directors maintains an openness to new ideas and a willingness to critically re-examine the status quo. An individual director's re-nomination is dependent upon such director's performance evaluation, as well as a suitability review, each to be conducted by the Corporate Governance and Nominating Committee in connection with each director nomination recommendation. Generally, the Board does not believe that arbitrary term limits on directors' service or a mandatory director retirement policy are appropriate, as they may result in losing the contribution of directors who have been able to develop, over a period of time, increasing insight into Guaranty and its operations and, therefore, provide an increasing contribution to the Board as a whole, but the Corporate Governance and Nominating Committee will periodically review the continuing effectiveness of each director and take appropriate action as necessary to maintain a strong and active board.

## **Other Public Company Directorships**

Guaranty does not have a policy limiting the number of public company board of directors upon which a director may sit. However, the Corporate Governance and Nominating Committee will consider the number of other public company boards and other boards (or comparable governing bodies) on which a prospective nominee or a director is a member in evaluating the qualifications of that person to serve on the Board. Although Guaranty does not impose a limit on outside directorships, in recognition of the enhanced time commitments and responsibilities associated with membership on a public company's audit committee, no member of the Audit Committee may serve simultaneously on the audit committee of more than two other public companies.

## **Directors Who Change Their Present Job Responsibility**

A director who retires from his or her present principal employment, or whose job responsibilities change materially from when the director became a member of the Board of Directors, is expected to promptly notify the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee will review the continued appropriateness of the affected director remaining on the Board of Directors under the circumstances and make a recommendation to the full Board of Directors regarding whether the director should be requested to submit their resignation as a director of Guaranty or otherwise remove such director. If the Board of Directors requests a director to submit his or her resignation as a director of Guaranty, the affected director is expected to honor the Board of Directors' request. If the director subject to the review is a member of the committee, such director will recuse himself or herself from the committee's review process and deliberations relating to that director.

## **Resignation for Majority Withheld Vote**

As long as cumulative voting is not in effect, in an uncontested election of directors (*i.e.*, an election where the only nominees are those recommended by the Board of Directors), any nominee for director who receives a greater number of votes "against" his or her election than votes "for" his or her election (a "Majority Withheld Vote") will promptly tender his or her resignation to the Chairman of the Board following certification of the shareholder vote. The Corporate Governance and Nominating Committee will promptly consider the tendered resignation and will recommend to the Board whether to accept or reject the tendered resignation no later than 60 days following the date of the shareholders' meeting at which the election occurred (the "Shareholders' Meeting Date"). In considering whether to accept or reject the tendered resignation, the Corporate Governance and Nominating Committee will consider factors deemed relevant by the Committee members including, without limitation, the director's length of service, the director's particular qualifications and contributions to Guaranty, the reasons underlying the Majority Withheld Vote (if known) and whether these reasons can be cured, and compliance with the Listed Company Rules and these Corporate Governance Guidelines.

The Board will act on the Corporate Governance and Nominating Committee's recommendation no later than 90 days following the Shareholders' Meeting Date. In considering

the Corporate Governance and Nominating Committee's recommendation, the Board will consider the factors considered by the Committee and such additional information and factors the Board believes to be relevant. Following the Board's decision on the Corporate Governance and Nominating Committee's recommendation, Guaranty will promptly publicly disclose the Board's decision whether to accept the resignation as tendered (providing a full explanation of the process by which the decision was reached and, if applicable, the reasons for rejecting the tendered resignation) in a Current Report on Form 8-K filed with the Securities and Exchange Commission.

If one or more directors' resignations are accepted by the Board, the Corporate Governance and Nominating Committee will recommend to the Board whether to fill such vacancy or vacancies or to reduce the size of the Board. Any director who tenders his or her resignation pursuant to this provision will not participate in the Corporate Governance and Nominating Committee recommendation or Board consideration regarding whether to accept or reject the tendered resignation. If a majority of the members of the Corporate Governance and Nominating Committee received a Majority Withheld Vote at the same election, then the Independent Directors who are on the Board who did not receive a Majority Withheld Vote (or who were not standing for election) will automatically be appointed a special Board committee solely for the purpose of considering the tendered resignations and will recommend to the Board whether to accept or reject them.

This Corporate Governance Guideline will be summarized or included in each proxy statement relating to an election of directors of Guaranty.

### **Director Compensation**

The Compensation Committee will periodically review the level and form of Guaranty's director compensation, including how such compensation relates to director compensation of companies of comparable size, industry and complexity. In performing this review, the committee will take into consideration the responsibilities of service as a director and may rely on information regarding director compensation policies or practices of companies of comparable size, industry and complexity, as determined by the committee; information provided by external compensation consultants or counsel; or any other information that it deems appropriate. Such review will also include a review of both direct and indirect forms of compensation to Guaranty's directors, including any charitable contributions by Guaranty to organizations in which a director is affiliated and consulting or other similar arrangements between Guaranty and a director. The Board of Directors will make all final determinations as to the form and amount of director compensation.

Director's fees (including any additional amounts paid to chairs of committees and to members of committees of the Board of Directors) are the only compensation a member of the Audit Committee may receive from Guaranty; provided, however, that a member of the Audit Committee may also receive fixed amounts of compensation under a retirement plan (including deferred compensation) from Guaranty for prior service with Guaranty so long as such compensation is not contingent in any way on continued service. In addition, in affirmatively determining the independence of any director who will serve on the Compensation Committee, the Board of Directors must consider all factors specifically relevant to determining whether a

director has a relationship to Guaranty which is material to that director's ability to be independent from management in connection with the duties of a Compensation Committee member, including, but not limited to: (a) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by Guaranty to such director; and (b) whether such director is affiliated with Guaranty, a subsidiary of Guaranty, or an affiliate of a subsidiary of Guaranty. When considering the sources of a director's compensation for purposes of Compensation Committee membership, the Board should consider whether the director receives compensation from any person or entity that would impair the director's ability to make independent judgments about Guaranty's executive compensation.

### **Board of Directors Leadership Structure**

The Board of Directors will have a Chairman, elected annually by the directors of Guaranty, who is eligible to serve as an executive officer or employee of Guaranty in addition to his or her role as Chairman of the Board of Directors. The Board has no formal policy with respect to the separation of the offices of Chairman and the Chief Executive Officer. Guaranty believes that this issue should be decided by the Board of Directors, from time to time, in its business judgment after considering all relevant factors, including the specific needs of the business, that it determines to be in the best interests of Guaranty and its shareholders. However, to promote the independent operation of the Board of Directors, at any time that the Chairman is not independent, the Independent Directors will designate a lead independent director ("Lead Independent Director"). The Lead Independent Director will coordinate the activities of the Independent Directors, chair executive sessions of the Independent Directors, facilitate information flow and communication between the Independent Directors and the Chairman, and perform such other duties as the Board or the Independent Directors may prescribe.

### **Separate Sessions of Non-Management Directors**

The non-management directors of Guaranty will meet in executive session without management on a regularly scheduled basis, but no less than two times a year. The designated Lead Independent Director will lead these executive sessions. In the event that the non-management directors include directors who are not Independent Directors, Guaranty should, at least once a year, schedule an executive session including only such Independent Directors. Additional executive sessions of the Independent Directors may be convened by the Lead Independent Director at his or her discretion and will be convened if requested by any other Independent Director. For the convenience of the directors, these meetings may, but need not, be scheduled to coincide with the dates of regular Board meetings. The Lead Independent Director or his designee will preside at all executive sessions and provide feedback to the Chairman of the Board as appropriate.

### **Self-Evaluation by the Board of Directors**

From time to time, at the direction and in the discretion of the Board of Directors, the Corporate Governance and Nominating Committee will oversee self-assessment of the Board of Directors' performance as well as the performance of each member and each committee of the Board of Directors, the results of which will be discussed with the full Board of Directors and each committee. The assessment should include a review of any areas in which the Board of

Directors or management believes the Board of Directors can make a better contribution to Guaranty. The Corporate Governance and Nominating Committee will utilize the results of this self-evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board of Directors and making recommendations to the Board of Directors with respect to the assignment of members of the Board of Directors to various committees.

### **Director Access to Officers, Employees and Independent Advisors**

Directors have full and free access to officers and employees, and books and records, of Guaranty, as well as Guaranty's outside auditors, legal counsel and other professional advisors, for any purpose reasonably related to the Board's responsibilities. Any meetings or contacts that a director wishes to initiate may be arranged through the Chief Executive Officer or the Secretary or directly by the director. Directors should use their judgment to ensure that any such contact is not disruptive to the business operations of Guaranty. The Board expects that directors will keep the Chief Executive Officer informed of communications between a director and an officer, employee or advisor of Guaranty, as appropriate. The Board welcomes the attendance of personnel of Guaranty at any Board meeting at which their presence and expertise would assist the Board have a more complete understanding of matters being considered. The Chief Executive Officer will extend such invitations on behalf of the Board.

The main responsibility for providing assistance to the Board rests with the management and staff of Guaranty and by Guaranty's independent auditors. However, the Board and its committees have the authority at any time to retain independent advisors, including accountants, legal counsel or other experts. Guaranty will provide appropriate funding, as determined by the Board or any committee, to compensate these independent advisors, as well as to cover the ordinary administrative expenses incurred by the Board and its committees in carrying out their duties.

### **Meeting Materials Distributed in Advance**

Information and materials that are important to the Board of Directors' understanding of the agenda items and other topics to be considered at a Board of Directors meeting should be distributed sufficiently in advance of the meeting to permit prior review by the directors. In the event of a pressing need for the Board of Directors to meet on short notice or if such materials would otherwise contain highly confidential or sensitive information, it is recognized that written materials may not be available in advance of the meeting.

### **Board of Directors' Interaction with Institutional Investors, Analysts, Press, Shareholders and Customers**

The Board of Directors believes that management generally should speak on behalf of Guaranty. Accordingly, it is suggested that each director will refer all inquiries from institutional investors, analysts, the press or customers to management. Individual directors may, from time to time at the request of management, meet or otherwise communicate with various constituencies that are involved with Guaranty. If comments from the Board of Directors are

appropriate, they should, in most circumstances, come from the Chairman of the Board of Directors.

### **Shareholder Communications to the Board**

The Board of Directors has established the following procedure to enable anyone who has a concern regarding Guaranty to communicate that concern directly to an individual director, the Board as a group, or a specified committee or group, including the independent directors as a group. Any such communication should be made in the following manner:

c/o Corporate Secretary  
Guaranty Bancshares, Inc.  
100 West Arkansas Street  
Mount Pleasant, Texas 75455

Each communication should specify the applicable addressee or addressees to be contacted as well as the general topic of the communication. Communications may be confidential or anonymous. Guaranty will initially receive and process communications before forwarding them to the addressee. Communications may also be referred to other departments within Guaranty. Guaranty generally will not forward to the directors a communication that it determines to be primarily commercial in nature or related to an improper or irrelevant topic, or that requests general information about Guaranty.

Concerns about questionable accounting or auditing matters or possible violations of the Code of Business Conduct should be reported under the procedures outlined in the Code, which is available on Guaranty's website ([www.gnty.com](http://www.gnty.com)).

### **Board of Directors' Orientation and Continuing Education**

Guaranty will provide new directors with a director orientation program to familiarize such directors with, among other things, Guaranty's business, strategic plans, financial condition, significant financial, accounting and risk management issues, compliance programs, conflicts policies, code of business conduct and ethics, corporate governance guidelines, principal officers, internal auditors and independent auditors. Each director is expected to participate in continuing educational programs in order to maintain the necessary level of expertise to perform his or her responsibilities as a director.

## **Director Attendance**

A director is expected to spend the time and effort necessary to properly discharge his or her duties and responsibilities as a member of the Board of Directors and each of the committees of the Board of Directors on which he or she sits. Accordingly, a director is expected to prepare for and attend meetings of the Board of Directors and all committees of the Board of Directors on which such director sits (including separate meetings of non-management directors and the Independent Directors). Attendance in person is preferred, but attendance by teleconference is permitted if necessary.

Directors are expected to attend Guaranty's annual meeting of shareholders unless they have good cause for not doing so. A director who is unable to attend a meeting is expected to notify the Chairman of the Board of Directors, in the case of a Board of Directors meeting or the annual meeting of shareholders, or the chair of the appropriate committee, in the case of a Board of Directors committee meeting, in advance of such meeting.

## **Activities by Non-Management Directors**

The Board of Directors desires for the Board of Directors to include persons who are familiar with banking activities and have been or currently involved in the financial services industry. Accordingly, it is not a conflict of interest for a member of our board of directors to be active in the financial services industry, except that approval of the Corporate Governance and Nominating Committee should be sought prior to any director becoming involved in any transactions that could be considered competitive with Guaranty's operations, that could present a conflict of interest or in which the director is actively contemplating becoming associated with a financial institution that is a direct competitor of Guaranty in the market areas where Guaranty operates. In addition, directors should advise the Chairman of the Board and the Chair of the Corporate Governance and Nominating Committee in advance of accepting an invitation to serve on the board of directors of another FDIC-insured financial institution or its holding company.

## **Confidentiality; Conflict of Interest**

Matters discussed at Board of Directors and committee meetings and materials provided to the Board of Directors and committee members are generally confidential and should only be disclosed to non-members of the Board of Directors after consultation with the Chief Executive Officer unless there is a compelling need based on the best interests of Guaranty. Directors must disclose to other directors any potential conflicts of interest that they may have with respect to any matter under discussion and, if appropriate, refrain from voting on a matter in which they have a conflict.

## **Frequency of Board of Directors' Meetings**

Regularly scheduled meetings of the Board of Directors will be scheduled in advance throughout the year. At least one meeting of the Board of Directors will be held each quarter, and each committee of the Board of Directors shall meet as set forth in such committee's charter. The Board will review Guaranty's long-term strategic plans and the most significant financial, accounting and risk management issues facing Guaranty during at least one Board meeting each year.

## **Selection of Agenda Items for Board of Directors Meetings**

The Chairman of the Board of Directors, in consultation with other members of management to the extent deemed appropriate by the Chairman, will prepare a draft agenda for each meeting of the Board of Directors.

Upon completion, a copy of the agenda will be provided to the entire Board of Directors. Each member of the Board of Directors will be free to suggest inclusion of items on the agenda as well as free to raise at any meeting of the Board of Directors subjects that are not specifically on the agenda for that meeting.

## **Selection of Agenda Items for Committee Meetings**

The Chairman of each Committee, in consultation with the appropriate members of the committee and management (as determined by such Chairman), will prepare a draft agenda for each committee meeting.

Upon completion, a copy of the agenda will be provided to all members of the relevant committee. Each committee member will be free to suggest inclusion of items on the agenda as well as free to raise at any committee meeting subjects that are not specifically on the agenda for that meeting.

## **Number and Names of Board of Directors Committees**

The Board at all times will have an Audit Committee, a Compensation Committee, and a Corporate Governance and Nominating Committee, each of which will be composed solely of Independent Directors that meet the independence criteria then in effect and as established by applicable law and the Listed Company Rules. Each independent committee will have its own charter, which will set forth the purposes and responsibilities of the committee as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The Board may, from time to time, add new committees or remove existing committees as necessary or appropriate. Committee members will be appointed by the Board upon recommendation of the Corporate Governance and Nominating Committee with consideration of the desires and qualifications of individual directors.

## **Assignment and Rotation of Committee Members**

The Corporate Governance and Nominating Committee will be responsible, after consultation with the Chairman of the Board of Directors, for making recommendations to the Board of Directors with respect to the assignment of members to the Board of Directors to various committees. After reviewing the Corporate Governance and Nominating Committee's recommendations, the Board of Directors will be responsible for appointing the chairman and members to the committees on an annual basis.

The Corporate Governance and Nominating Committee will annually review the committee assignments. Although the Board does not feel that committee rotation should be mandated, the Board will periodically consider the rotation of the chairperson and committee

members with a view toward balancing the benefits derived from continuity against the benefits derived from the diversity of experience and viewpoints of the various directors.

### **Dual Committees**

When deemed appropriate or necessary, a Board committee of Guaranty may perform the same services within the scope of its authority for any of Guaranty's chartered bank subsidiaries or other subsidiaries that do not then have such a committee of its own. Committees acting in such dual capacities may meet simultaneously as committees of Guaranty and of the relevant subsidiary, though they should hold separate sessions if necessary to address issues that are relevant to one entity but not the other or to consider transactions or other matters where Guaranty and the relevant subsidiary may have different interests. In addition, any such committee should consult with internal or outside counsel if, in the opinion of the committee, any matter under consideration by the committee has the potential for any conflict between the interests of Guaranty and those of the subsidiary in order to ensure that appropriate procedures are established for addressing any such potential conflict and for ensuring compliance with Guaranty's policies regarding Sections 23A and 23B of the Federal Reserve Act.

### **Selection and Evaluation of Chief Executive Officer; Succession Planning**

The Board of Directors will be responsible for identifying potential candidates for, and selecting, Guaranty's Chief Executive Officer. In identifying potential candidates for, and selecting, Guaranty's Chief Executive Officer, the Board of Directors will consider, among other things, a candidate's experience, and understanding of Guaranty's business environment, leadership qualities, knowledge, skills, expertise, integrity, and reputation in the business community.

At least annually, the Independent Directors of Guaranty, in conjunction with the Compensation Committee, will review the Chief Executive Officer's performance in light of Guaranty's goals and objectives and, based on that review, make determinations as to the appropriate compensation of the Chief Executive Officer.

The Board of Directors views management succession planning as one of its most important responsibilities. The Board, together with the Chief Executive Officer and Compensation Committee, will review at least annually Guaranty's succession plan, which will cover identification of internal candidates, development plans for internal candidates, and identification of external candidates as appropriate, and then inform the Board on the overall plan. At this time, the offices of Chief Executive Officer and President are held by separate persons, although the Board has no formal policy with respect to the separation of the offices of Chief Executive Officer and President and may consider various alternatives in the context of succession planning. The criteria used to evaluate potential Chief Executive Officer candidates are formulated based on Guaranty's business strategies, and consider strategic vision, leadership and operational execution. As a part of its succession planning, the Board considers succession in the ordinary course of business and contingency planning in case of unexpected events. In the context of succession planning, the Chief Executive Officer is expected to make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals. In addition, the Board of Directors will,

in consultation with the Chief Executive Officer and the Compensation Committee, devise and oversee a satisfactory system for education, development, and orderly succession of senior and mid-level managers throughout Guaranty.

### **Independence of Outside Auditor**

The Audit Committee must approve any decision to hire any person who, within the prior two years, served as a senior member of the audit team of the independent registered public accounting firm auditing Guaranty's consolidated financial statements.

### **Code of Business Conduct**

Guaranty has adopted a Code of Business Conduct, which sets forth Guaranty's commitment to integrity and ethical behavior in all aspects of its business activity. The Code is applicable to all directors, officers and employees of Guaranty and its subsidiaries. The Code addresses several areas, including compliance with law, conflicts of interest, confidentiality of information, protection and proper use of corporate assets and the reporting of any illegal or unethical behavior. Each director, officer and employee is expected to be familiar with and follow the Code. Guaranty has also adopted a Code of Ethics for Chief Executive Officer and Senior Financial Officers, which applies to Guaranty's Chief Executive Officer, Chief Financial Officer and any other senior officer, if any, serving in a financial function with Guaranty.

### **Performance Evaluation**

From time to time, at the direction and in the discretion of the Board of Directors, the Corporate Governance and Nominating Committee will evaluate the performance and effectiveness of the Board and each of its members, as well as the Board's committees. Evaluation results are reported to the Board. The Corporate Governance and Nominating Committee's report should generally include an assessment of the Board's compliance with the principles set forth in these Guidelines, as well as identification of areas in which the Board or management believes that the Board could improve. Each committee's report should generally include an assessment of the committee's compliance with the principles set forth in these Guidelines and the committee's charter, as well as identification of areas in which the committee could improve its performance.

### **Amendment, Modification and Waiver**

The Corporate Governance and Nominating Committee and the Board will review and revise these Guidelines and related documents as and when appropriate. Waivers from compliance with these Guidelines may be made by the Board under exceptional circumstances, provided that such waivers will not violate any applicable laws or regulations applicable to Guaranty.

### **Disclosure of Corporate Governance Materials**

Guaranty will post in the Investor Relations section of its website copies of the current versions of these Guidelines, the Code of Business Conduct, the Code of Ethics for Chief

Executive Officer and Senior Financial Officers, and the charters of the Audit, Corporate Governance and Nomination, and Compensation Committees.

*[End of Guidelines]*