Form **8937** (December 2017) Department of the Treasury Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

OMB No. 1545-0123

Part I Reporting Issuer

1 Issuer's name: Guaranty Bancshares, Inc.	2 Issuer's employer identification number (EIN): 75-1656431
3 Name of contact for additional information: Clifton A. Payne 4 Telephone No. of contact: 903-434-4221	5 Email address of contact: cpayne@gnty.com
6 Number and street (or P.O. box if mail is not delivered to street address) of contact: 100 W. Arkansas St.	7 City, town, or post office, state, and ZIP code of contact: Mount Pleasant, TX 75455
8 Date of action: June 1, 2018 9 Classification and description: Common Stock	
10 CUSIP number: 400764106 11 Serial number(s): n/a 12 Ticker symbol: GNTY	13 Account number(s): n/a

Part II Organizational Action

Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ See attachment.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ See attachment.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ See attachment.

Part II **Organizational Action** *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attachment.

18 Can any resulting loss be recognized? ▶ See attachment.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attachment.

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶ Clifton A Payne Date ▶ 7/20/18

Print your name ▶ Clifton A. Payne Title ▶ SEVP / CFO

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

ATTACHMENT TO FORM 8937
REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES

Guaranty Bancshares, Inc.
EIN: 75-0308240

Part II, Line 14: Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action.

Effective June 1, 2018, Guaranty Bancshares, Inc. ("GNTY") acquired Westbound Bank ("WBB") through the merger of WBB with and into GNTY's wholly-owned bank subsidiary, Guaranty Bank & Trust, N.A. ("GBT"), with GBT surviving (the "Merger") as set forth in the Agreement and Plan of Merger dated as of January 29, 2018 (the "Merger Agreement").

Pursuant to the Merger Agreement, at the effective time, each issued and outstanding share of WBB capital stock (including shares of common and preferred stock) were canceled and converted into the right to receive (i) $2.30 per share in cash and (ii) 0.38928 shares of GNTY common stock. Of the $2.30 per share cash consideration, $0.76 per share is being held back by GNTY for up to 3 years and may be distributed to former WBB shareholders (in full or in part) during the 3-year escrow period depending on the performance of certain specified loans in accordance with the terms of an escrow agreement executed at closing.

Each former WBB shareholder who would have otherwise been entitled to receive a fractional share of GNTY common stock instead received cash in lieu of such fractional share in an amount equal to such fractional share multiplied by the price of a share of GNTY common stock.

The Merger is intended to qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended.

Part II, Line 15: Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.

As a result of the Merger, each former WBB shareholder may recognize gain, but not loss. The gain, if any, recognized by a former WBB shareholder will equal the lesser of (a) the excess, if any, of (i) the amount of cash plus the fair market value of the Guaranty common stock (including any fractional share) received in the Merger over (ii) the aggregate adjusted tax basis in the shares of Westbound stock surrendered, and (b) the amount of cash consideration received. A former WBB shareholder must calculate gain separately for each identifiable block of WBB shares surrendered by such shareholder in the Merger.

The aggregate tax basis of the GNTY common shares received by former WBB shareholders (including any fractional share interest deemed received and redeemed for cash) will be the same as the aggregate tax basis of the WBB shares surrendered in exchange therefor, reduced by the amount of cash received on the exchange (excluding cash received in lieu of fractional shares) and increased by the amount of any gain recognized upon the exchange (excluding any gain resulting from the deemed receipt and redemption of fractional shares).

A former WBB shareholder must allocate the tax basis so calculated across the total number of the shareholder's new GNTY common shares received in the Merger. The actual tax basis will differ with respect to each separate former WBB shareholder and, additionally, tax basis may differ with respect to separate and distinct blocks of common shares owned by a former WBB shareholder.

To the extent that a former WBB shareholder received cash in lieu of a fractional GNTY common share, the former WBB shareholder will be treated as having received a fractional share of GNTY stock and then having exchanged the fractional share of GNTY stock for cash. As a result, the former WBB shareholder generally will recognize gain or loss equal to the difference between the cash received and the shareholder's basis in the fractional share of GNTY common stock as determined above.

Part II, Line 16: Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates.

See the description in Part II, Line 15 above. One method of calculating the fair market value of one share of GNTY common would be to utilize the "Determination Date VWAP" used for purposes of calculating the Merger consideration under the Merger Agreement, which amount is $32.8980. Other reasonable methods may exist, however, and former WBB shareholders should consult their tax advisors.

Part II, Line 17: List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.

The Merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Code. In general, the tax treatment of former WBB shareholders is determined under the IRS Code sections 354, 356, 358, and 1221.

Part II, Line 18: Can any resulting loss be recognized?

Former WBB shareholders generally will not recognize loss for income tax purposes by reason of the Merger, except with respect to cash received in lieu of a fractional share of GNTY common stock. If a former WBB shareholder receives cash in lieu of a fractional share of GNTY common stock, the former WBB shareholder will be treated as having received a fractional share of GNTY stock and then having exchanged the fractional share of GNTY stock for cash. As a result, the former WBB shareholder generally will recognize gain or loss equal to the difference between the cash received and the shareholder's basis in the fractional share of GNTY common stock as determined above.

Part II, Line 19: Provide any other information necessary to implement the adjustment, such as the reportable tax year.

The Merger became effective on June 1, 2018. The adjustment to basis occurs in the tax year of the former WBB shareholder which includes June 1, 2018 (e.g., 2018 for calendar year taxpayers).