

GUARANTY BANCSHARES INC /TX/  
Form 10-Q  
November 14, 2003

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2003.

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_

COMMISSION FILE NUMBER: 000-24235

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

TEXAS  
(State or other jurisdiction of  
incorporation or organization)

75-16516431  
(I.R.S. Employer  
Identification No.)

**100 W. ARKANSAS**  
**MT. PLEASANT, TEXAS 75455**  
(Address of principal executive offices, including zip code)

**903-572-9881**  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12 b-2 of the Exchange Act).

Yes  No

As of November 12, 2003, there were 2,921,928 shares of the registrant's Common Stock, par value \$1.00 per share, outstanding.

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**GUARANTY BANCSHARES, INC.**  
**INDEX TO FORM 10-Q**

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**PART I FINANCIAL INFORMATION**  
**ITEM 1. INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**GUARANTY BANCSHARES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**(DOLLARS IN THOUSANDS)**

	<b>September 30, 2003</b>	<b>December 31, 2002</b>
	<b>(Unaudited)</b>	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 30,261	\$ 18,055
Interest-bearing deposits	210	189
	<hr/>	<hr/>
Total cash and cash equivalents	30,471	18,244
Interest-bearing time deposits	6,776	
Federal funds sold		1,530
Securities available for sale	107,219	106,992
Loans held for sale	3,034	5,727
Loans, net of allowance for loan losses of \$3,840 and \$3,692, respectively	349,954	356,196
Premises and equipment, net	13,255	13,565
Other real estate	810	1,111
Accrued interest receivable	2,775	3,002
Goodwill	2,338	2,338
Other assets	9,607	9,263
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	<u>September 30, 2003</u>	<u>December 31, 2002</u>
Total assets	\$ 526,239	\$ 517,968
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
Liabilities		
Deposits		
Noninterest-bearing	\$ 74,617	\$ 68,514
Interest-bearing	346,107	356,436
	<u>420,724</u>	<u>424,950</u>
FHLB advances and federal funds purchased	55,590	42,763
Company obligated mandatorily redeemable preferred securities of subsidiary trusts	10,000	10,000
Other liabilities	4,328	5,611
	<u>490,642</u>	<u>483,324</u>
Shareholders equity		
Preferred stock, \$5.00 par value, 15,000,000 shares authorized, no shares issued		
Common stock, \$1.00 par value, 50,000,000 shares authorized, 3,252,016 issued at September 30, 2003 and at December 31, 2002	3,252	3,252
Additional capital	12,725	12,725
Retained earnings	23,407	21,149
Treasury stock, 330,088 and 320,088 shares, respectively, at cost	(3,981)	(3,820)
Accumulated other comprehensive income	194	1,338
	<u>35,597</u>	<u>34,644</u>
Total liabilities and shareholders equity	<u>\$ 526,239</u>	<u>\$ 517,968</u>

See accompanying Notes to Consolidated Financial Statements.

**GUARANTY BANCSHARES, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF EARNINGS  
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)  
(UNAUDITED)**

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Interest income				
Loans	\$ 5,788	\$ 6,069	\$ 17,707	\$ 17,947
Securities	891	1,229	2,978	3,518
Federal funds sold	9	59	38	164

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	Three Months Ended September 30,		Nine Months Ended September 30,	
Interest-bearing deposits	34		42	2
Total interest income	6,722	7,357	20,765	21,631
Interest expense				
Deposits	1,647	2,408	5,772	7,542
FHLB advances and federal funds purchased	516	462	1,492	1,193
Minority interest expense-trust preferred securities	250	191	749	565
Total interest expense	2,413	3,061	8,013	9,300
Net interest income	4,309	4,296	12,752	12,331
Provision for loan losses	250	335	775	1,035
Net interest income after provision for loan losses	4,059	3,961	11,977	11,296
Noninterest income				
Service charges	715	780	2,122	2,185
Other operating income	478	400	1,586	1,187
Realized gain on securities available for sale	16	47	187	364
Total noninterest income	1,209	1,227	3,895	3,736
Noninterest expense				
Employee compensation and benefits	2,313	2,140	6,997	6,354
Occupancy expenses	501	490	1,509	1,450
Other operating expenses	1,149	1,053	3,526	2,943
Total noninterest expenses	3,963	3,683	12,032	10,747
Earnings before income taxes	1,305	1,505	3,840	4,285
Provision for income taxes	370	413	1,085	1,118
Net earnings	\$ 935	\$ 1,092	\$ 2,755	\$ 3,167
Basic earnings per common share	\$ 0.32	\$ 0.36	\$ 0.94	\$ 1.06
Diluted earnings per common share	\$ 0.32	\$ 0.36	\$ 0.94	\$ 1.05

See accompanying Notes to Consolidated Financial Statements.

**GUARANTY BANCSHARES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES**  
**IN SHAREHOLDERS' EQUITY**  
**(DOLLARS IN THOUSANDS)**  
**(UNAUDITED)**

Three Months Ended  
September 30,

Nine Months Ended  
September 30,

	2003	2002	2003	2002
Balance at beginning of period	\$ 35,510	\$ 33,746	\$ 34,644	\$ 31,827
Net income	935	1,092	2,755	3,167
Cash dividends declared on common stock			(497)	(450)
Purchases of treasury stock			(161)	(130)
Proceeds from stock option exercises				19
Change in accumulated other comprehensive income, net of tax	(848)	146	(1,144)	551
Balance at end of period	\$ 35,597	\$ 34,984	\$ 35,597	\$ 34,984

See accompanying Notes to Consolidated Financial Statements.

**GUARANTY BANCSHARES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(DOLLARS IN THOUSANDS)**  
**(UNAUDITED)**

	Nine Months Ended September 30,	
	2003	2002
Net cash from operating activities	\$ 7,306	\$ 6,115
Cash flows from investing activities		
Purchase of interest-bearing time deposits	(6,776)	
Securities available for sale		
Purchases	(93,781)	(64,831)
Sales	43,403	28,013
Maturities, calls, and principal repayments	47,290	23,355
Net increase in loans	4,431	(24,068)
Purchases of premises and equipment	(454)	(462)
Proceeds from sale of other real estate	1,335	2,941
Net change in federal funds sold	1,530	(21,260)
Net cash from investing activities	(3,022)	(56,312)
Cash flows from financing activities		
Net change in deposits	(4,226)	32,606
Net change in short-term FHLB advances	10,500	20,000
Net change in long-term FHLB advances	(258)	(245)
Net change in federal funds purchased	2,585	
Stock options exercised		19
Purchase of treasury stock	(161)	(130)
Dividends paid	(497)	(450)

Nine Months  
Ended September 30,

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Net cash from financing activities