

Guaranty Financial Group Inc.

Form S-1/A

May 30, 2008

Table of Contents

As filed with the Securities and Exchange Commission on May 30, 2008

Registration No. 333-150558

**SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**AMENDMENT NO. 4
to
FORM S-1
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

Guaranty Financial Group Inc.

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

6035

*(Primary Standard Industrial
Classification Code Number)*

74-2421034

*(I.R.S. Employer
Identification Number)*

1300 MoPac Expressway South

Austin, Texas 78746

(512) 434-1000

*(Address, including zip code, and telephone number, including area code,
of registrant's principal executive offices)*

Kenneth R. Dubuque

1300 MoPac Expressway South

Austin, Texas 78746

(512) 434-1000

*(Name, address, including zip code, and telephone number,
including area code, of agent for service)*

Copies to:

Glen Hettinger
Fulbright & Jaworski L.L.P.
2200 Ross Ave, Suite 2800
Dallas, Texas 75201
Tel: (214) 855-8000
Fax: (214) 855-8200

Edward F. Petrosky
Sidley Austin LLP
787 Seventh Avenue
New York, New York 10019
Tel: (212) 839-5300
Fax: (212) 839-5599

Approximate date of commencement of proposed sale to public: As soon as practicable after the Registration Statement is declared effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the Securities Act), check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, and accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated
filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller
reporting company)

Smaller reporting
company

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.

EXPLANATORY NOTE

This registration statement relates to the offer and sale of up to [] shares of common stock, par value \$1.00 per share, of Guaranty Financial Group Inc. The common stock will be offered initially to stockholders in the rights offering. It is expected that shares of common stock unsubscribed for during the rights offering will be sold to the public in an underwritten offering. This registration statement contains two prospectuses a prospectus to be used in connection with the rights offering and a prospectus to be used in any underwritten offering for shares of common stock unsubscribed for in the rights offering.

Table of Contents

PROSPECTUS

Guaranty Financial Group Inc.
Up to [] Shares
of Common Stock Issuable Upon the Exercise of Subscription
Rights at \$[] per Share

We are distributing, at no charge to our stockholders, non-transferable subscription rights to purchase up to an aggregate of [] shares of our common stock. The holders of record as of June 2, 2008, the record date, of our common stock will receive one non-transferable subscription right for each whole share of common stock they own on the record date. The subscription price will be the lesser of (i) \$[] per share, which we refer to as the initial subscription price, and (ii) the initial public offering price determined in the underwritten public offering described below, if any, which we refer to as the adjusted subscription price.

Each subscription right will entitle its holder to purchase [] shares of our common stock, which we refer to as the basic subscription right. If you fully exercise your basic subscription rights and other stockholders do not fully exercise their basic subscription rights, you will be entitled to exercise an over-subscription privilege to purchase, subject to limitations, a portion of the unsubscribed shares of our common stock. To the extent you exercise your over-subscription privilege and pay for an amount of shares that exceeds the number of the unsubscribed shares available to you, any excess subscription amount received by the subscription agent will be returned, without interest, as soon as practicable. The subscription rights will expire if they are not exercised by 5:00 p.m., New York City time, on June 25, 2008, unless we extend the rights offering period.

You should carefully consider, prior to the expiration of the rights offering, whether to exercise your subscription rights. All exercises of subscription rights are irrevocable. Our board of directors is making no recommendation regarding your exercise of the subscription rights. The subscription rights are not transferable and therefore may not be sold, transferred, or assigned. The subscription rights will not be listed for trading on The New York Stock Exchange or any stock exchange or market or on the OTC Bulletin Board.

We expect but are not required to offer the shares of common stock offered but not subscribed for by our stockholders in the rights offering to the public through an underwritten public offering. The initial subscription price of the rights offering may be reduced based upon the price at which common stock is sold in a subsequent underwritten public offering, but there can be no assurance that an underwritten public offering will occur. If we commence an underwritten public offering that results in a reduction to the initial subscription price, you will be notified by mail of the adjusted subscription price as soon as reasonably practicable after completion of the underwritten public offering. If we have not commenced an underwritten public offering within 30 days following the expiration of the rights offering, there will be no adjustment to the initial subscription price, and we will provide notice that an underwritten public offering was not commenced. Once you exercise any subscription rights, you cannot revoke the exercise of your subscription rights, regardless of whether you later learn of information you consider unfavorable or if we decide not to proceed with an underwritten offering. See Underwritten Offering.

Our board of directors may cancel, modify, or amend the rights offering at any time prior to the expiration of the rights offering for any reason. In the event that we cancel the rights offering, all subscription payments received by the

subscription agent will be returned, without interest, as soon as practicable.

Shares of our common stock are traded on The New York Stock Exchange under the ticker symbol GFG. On May 29, 2008, the closing sales price for our common stock was \$6.08 per share. The shares of common stock issued in this rights offering will also be listed on The New York Stock Exchange under the same ticker symbol.

The exercise of your subscription rights for shares of our common stock involves risks. See Risk Factors beginning on page 11 of this prospectus, the section entitled Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2007, our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2008, and all other documents incorporated by reference in this prospectus in their entirety to read about important factors you should consider before exercising your subscription rights.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful, accurate, or complete. Any representation to the contrary is a criminal offense.

These securities are not savings accounts, deposits, or other obligations of any bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

	Per Share	Aggregate
Subscription Price	\$ []	\$ []
Estimated Expenses	\$ []	\$ []
Net Proceeds to Us	\$ []	\$ []

The dealer manager has agreed to use its reasonable efforts to advise and assist us in our efforts to solicit subscriptions of the rights distributed to holders of our common stock and we are offering common stock directly to holders of record on the record date without any underwriting agreement. See Plan of Distribution.

Keefe, Bruyette & Woods

Dealer Manager

The date of this prospectus is June 2, 2008

Table of Contents

**GUARANTY FINANCIAL GROUP INC.
(Retail Branch Locations)**

TABLE OF CONTENTS

<u>QUESTIONS AND ANSWERS</u>	ii
<u>CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	vii
<u>PROSPECTUS SUMMARY</u>	1
<u>SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA</u>	9
<u>RISK FACTORS</u>	11
<u>USE OF PROCEEDS</u>	23
<u>CAPITALIZATION</u>	24
<u>THE RIGHTS OFFERING</u>	25
<u>UNDERWRITTEN OFFERING</u>	35
<u>MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES</u>	36
<u>PLAN OF DISTRIBUTION</u>	37
<u>LEGAL MATTERS</u>	39
<u>EXPERTS</u>	39
<u>INCORPORATION BY REFERENCE</u>	39
<u>Subscription Agent Agreement</u>	
<u>Opinion of Fulbright & Jaworski L.L.P.</u>	
<u>Form of Dealer Manager Agreement</u>	
<u>First Amendment to Investment Agreement</u>	
<u>Consent of Ernst & Young LLP</u>	
<u>Form of Instructions as to Use of Rights Certificates</u>	
<u>Form of Notice of Guaranteed Delivery for Rights Certificates</u>	
<u>Form of Letter to Beneficial Holders</u>	
<u>Form of Letter to Stockholders</u>	
<u>Form of Letter to Clients</u>	
<u>Form of Nominee Holder Certification</u>	
<u>Beneficial Owner Election Form</u>	
<u>Form of Plan Participant Election Form</u>	
<u>Form of Letter to Plan Participants</u>	

You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized anyone to provide you with different information in connection with this offering. The information contained in this prospectus is accurate only as of the date of this prospectus regardless of the time of delivery of this prospectus or the time of any exercise of the subscription rights. Our business, financial condition, results of operations, and prospects may have changed since the date of this prospectus. We are not making an offer of these securities in any state or jurisdiction where the offer is not permitted or in which the person making the offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make the offer or solicitation.

Unless the context indicates otherwise, all references in this prospectus to we, our, us, the company, the registrant, or Guaranty refer to Guaranty Financial Group Inc. and our subsidiaries, including Guaranty Bank and Guaranty Insurance Services, Inc., except that in the discussion of our subscription rights and common stock and related matters, these terms refer solely to Guaranty Financial Group Inc. and not to any of our subsidiaries. Temple-Inland refers to our former parent corporation, Temple-Inland Inc., and Forestar refers to Forestar Real Estate Group Inc., which was spun off of Temple-Inland at the same time as our spin-off.

Table of Contents

QUESTIONS AND ANSWERS

Q. What is this rights offering?

A. This rights offering is a distribution, at no charge, to holders of our common stock of one non-transferable subscription right for each whole share of common stock they own as of 5:00 p.m., New York City time, on June 2, 2008, the rights offering record date. The subscription rights will be evidenced by the rights certificates. Each subscription right will entitle the holder to a basic subscription right and an over-subscription privilege.

Q. What is the basic subscription right?

A. The basic subscription right gives our stockholders the opportunity to purchase [] shares of our common stock per subscription right at the subscription price. We have granted to you, as a stockholder of record as of 5:00 p.m., New York City time, on the record date, one subscription right for each whole share of our common stock you owned at that time. For example, if you owned 100 shares of our common stock as of 5:00 p.m., New York City time, on the record date, you would receive 100 subscription rights and would have the right to purchase [] shares of common stock (rounded down to [] shares, with the total subscription payment being adjusted accordingly, as discussed below) at the initial subscription price of \$[] per full share pursuant to your basic subscription right. You may exercise any number of your basic subscription rights, or you may choose not to exercise any subscription rights at all.

Fractional shares of our common stock resulting from the exercise of the basic subscription right will be eliminated by rounding down to the nearest whole share, with the total subscription payment being adjusted accordingly. Any excess subscription payments that the subscription agent receives will be returned, without interest, as soon as practicable.

Q. What is the over-subscription privilege?

A. In the event that you subscribe for all of the shares of our common stock available to you pursuant to your basic subscription right, you may also choose to subscribe for a portion of any shares of our common stock that are not purchased by our other stockholders through the exercise of their basic subscription rights, subject to limitations on over-subscription privileges. The maximum number of shares of our common stock that you can purchase pursuant to the over-subscription privilege will be determined (subject to certain limitations described below) according to the following formula based on your percentage ownership of our outstanding common stock as of 5:00 p.m., New York City time, on the record date: the total number of unsubscribed shares multiplied by a number equal to two times your ownership percentage of our outstanding common stock at the record date. For example, if you owned 2% of our outstanding common stock on the record date and you properly exercised your basic subscription right in full, you may subscribe to purchase up to 4% of the unsubscribed shares pursuant to your over-subscription privilege.

If sufficient shares of common stock are available, we will seek to honor your over-subscription request in full. If, however, over-subscription requests exceed the shares of common stock available, we will allocate the available shares of common stock among stockholders who over-subscribed by multiplying the number of shares requested by each stockholder through the exercise of their over-subscription privileges by a fraction that equals (x) the number of shares available to be issued through over-subscription privileges divided by (y) the total number of shares requested by all stockholders through the exercise of their over-subscription privileges.

In order to properly exercise your over-subscription privilege, you must deliver the subscription payment related to your over-subscription privilege prior to the expiration of the rights offering. Because we will not know the total

number of unsubscribed shares prior to the expiration of the rights offering, if you wish to maximize the number of shares you purchase pursuant to your over-subscription privilege, you will need to deliver payment in an amount equal to the aggregate initial subscription price for the maximum number of shares of our common stock available to you, pursuant to both your basic subscription right and your over-subscription privilege, assuming that no stockholder other than you has purchased any shares of our common stock.

Table of Contents

Q. Am I required to exercise all of the subscription rights I receive in the rights offering?

A. No. You may exercise any number of your subscription rights, or you may choose not to exercise any subscription rights. If you choose not to exercise your subscription rights in full, however, the relative percentage of our common stock that you own will substantially decrease, and your voting and other rights will be substantially diluted. In addition, if you do not exercise your basic subscription right in full, you will not be entitled to participate in the over-subscription privilege.

Q. How soon must I act to exercise my subscription rights?

A. You may exercise your subscription rights at any time beginning on the date of this prospectus until the expiration date of the rights offering, which is June 25, 2008, at 5:00 p.m., New York City time, unless we extend the rights offering period. If you elect to exercise any rights, the subscription agent must actually receive all required documents and payments from you prior to the expiration of the rights offering. Although we have the option of extending the expiration of the rights offering, we currently do not intend to do so.

Q. Are there any limits on the number of shares I may purchase in the rights offering or own as a result of the rights offering?

A. Yes. Unless we otherwise agree in writing, a person or entity, together with related persons or entities, may not exercise subscription rights (including over-subscription privileges) to purchase shares of our common stock that, when aggregated with their existing ownership, would result in such person or entity, together with any related persons or entities, owning in excess of 9.9% of our issued and outstanding shares of common stock following the closing of the transactions contemplated by this rights offering. See *The Rights Offering Limit on How Many Shares of Common Stock You May Purchase in the Rights Offering*.

In addition, we will not issue shares of our common stock pursuant to the exercise of basic subscription rights or over-subscription privileges to any stockholder who is required to obtain prior clearance or approval from or submit a notice to any state or federal bank regulatory authority to acquire, own, or control such shares if, as of the expiration date, we determine that such clearance or approval has not been satisfactorily obtained or any applicable waiting period has not expired. If we elect not to issue shares in such a case, the unissued shares will become available to satisfy over-subscriptions by other stockholders pursuant to their subscription rights.

Q. May I transfer my subscription rights?

A. No. You may not sell or transfer your subscription rights to any other person or entity. The subscription rights granted to you are transferable only by operation of law.

Q. Are we requiring a minimum subscription to complete the rights offering?

A. No. We are not requiring a minimum subscription to complete the rights offering.

Q. Can our board of directors extend, cancel, or amend the rights offering?

A. Yes. We have the option to extend the rights offering and the period for exercising your subscription rights, although we do not presently intend to do so. Our board of directors may cancel the rights offering at any time prior to the expiration of the rights offering for any reason. In the event that the rights offering is cancelled, all subscription payments that the subscription agent has received will be returned, without interest, as soon as practicable. We also reserve the right to amend or modify the terms of the rights offering.

Q. Has our board of directors made a recommendation to our stockholders regarding the rights offering?

A. No. Our board of directors is making no recommendation regarding your exercise of the subscription rights. Stockholders who exercise subscription rights risk investment loss on new money invested. We cannot assure you that the market price for our common stock will be above the subscription price or that anyone purchasing shares at the subscription price will be able to sell those shares in the future at the same price or a higher price. We urge you to make your decision based on your own assessment of our business and financial condition, our prospects for the future, the terms of this rights offering, and the information in, or incorporated

Table of Contents

by reference into, this prospectus. Please see **Risk Factors** for a discussion of some of the risks involved in investing in our common stock.

Q. Will our directors participate in the rights offering?

A. Yes. Each of our directors, in his or her individual capacity, has indicated the intention to exercise his or her subscription rights in full, with respect to shares of common stock that are beneficially owned and not subject to further conditions. The price per full share paid by our directors for the common stock will be equal to the subscription price paid by our other stockholders in this rights offering.

Q. What will happen if I choose not to exercise my subscription rights?

A. If you do not exercise any subscription rights, the number of shares of our common stock you own will not change. Other stockholders, however, may purchase shares and your percentage ownership of our company may be diluted after the completion of the rights offering.

Q. How do I exercise my subscription rights? What forms and payment are required to purchase the shares of common stock offered pursuant to this rights offering?

A. If you wish to participate in this rights offering, you must take the following steps:

deliver a properly completed rights certificate to the subscription agent before 5:00 p.m., New York City time, on June 25, 2008; and

deliver payment for the full amount of the subscription rights you wish to exercise to Computershare Trust Company, N.A., the subscription agent, using the methods outlined in this prospectus before, 5:00 p.m., New York City time, on June 25, 2008.

Additional details are provided under **The Rights Offering Method of Exercising Subscription Rights** and **The Rights Offering Payment Method**. If you cannot deliver your rights certificate to the subscription agent prior to the expiration of the rights offering, you may follow the guaranteed delivery procedures described under **The Rights Offering Guaranteed Delivery Procedures**.

If you send a payment that is insufficient to purchase the number of shares you requested, or if the number of shares you requested is not specified in the forms, the payment received will be applied to exercise your subscription rights to the fullest extent possible based on the amount of the payment received, subject to the elimination of fractional shares.

Q. What should I do if I want to participate in the rights offering, but I hold my shares in the name of my broker, dealer, custodian bank, or other nominee?

A. If you hold your shares of common stock in the name of a broker, dealer, custodian bank, or other nominee, then your broker, dealer, custodian bank, or other nominee is the record holder of the shares you own. The record holder must exercise the subscription rights on your behalf for the shares of common stock you wish to purchase.

If you wish to purchase shares of our common stock through the rights offering, please promptly contact your broker, dealer, custodian bank, or other nominee that is the record holder of your shares. We will ask your record holder to notify you of the rights offering. You should complete and return to your record holder the form entitled **Beneficial Owner Election Form**. You should receive this form from your record holder with the other rights offering materials.

Q. *When will I receive my new shares?*

A. If you purchase shares of our common stock through the rights offering, you will receive your new shares as soon as practicable after the closing of the rights offering, which we expect to occur as promptly as practicable following expiration of the rights offering.

iv

Table of Contents

Q. After I send in my payment and rights certificate (or Notice of Guaranteed Delivery), may I cancel my exercise of subscription rights?

A. No. All exercises of subscription rights are irrevocable. Once you send in your rights certificate (or Notice of Guaranteed Delivery) to exercise any subscription rights or, in the case of a 401(k) plan participant, once you notify the trustee of your intent to exercise any subscription rights, you cannot revoke the exercise of your subscription rights, even if you later learn information that you consider to be unfavorable and even if the market price of our common stock is below the subscription price. You should not exercise your subscription rights unless you are sure that you wish to purchase additional shares of our common stock at the initial subscription price of \$[] per full share.

Q. How many shares of our common stock will be outstanding after the rights offering?

A. As of May 29, 2008, we had 37,303,180 shares of our common stock issued and outstanding. The number of shares of our common stock that we will issue in this rights offering through the exercise of subscription rights will depend on the number of shares that are subscribed for in the rights offering. We anticipate that we will have a maximum of [] shares of common stock outstanding after consummation of the rights offering.

Q. How much money will the company receive from the rights offering?

A. If all of the subscription rights (including all over-subscription privileges) are exercised in full by our stockholders, we expect the gross proceeds from the rights offering to be approximately \$[] million. We are offering shares in the rights offering to stockholders with no minimum purchase requirement and, as a result, there can be no assurances that we will sell all or any of the shares being offered to existing stockholders.

Q. Are there risks in exercising my subscription rights?

A. Yes. The exercise of your subscription rights involves risks. Exercising your subscription rights involves the purchase of additional shares of our common stock and should be considered as carefully as you would consider any other equity investment. Among other things, you should carefully consider the information in this prospectus, including the risks described under the heading Risk Factors and the documents incorporated by reference in this prospectus.

Q. If the rights offering is not completed, will my subscription payment be refunded to me?

A. Yes. The subscription agent will hold all funds it receives in a segregated bank account until completion of the rights offering. If the rights offering is not completed, all subscription payments that the subscription agent receives will be returned, without interest, as soon as practicable. If you own shares in street name, it may take longer for you to receive payment because the subscription agent will return payments to the record holder of your shares.

Q. Will the subscription rights be listed on a stock exchange or national market?

A. No. The subscription rights may not be sold, transferred, or assigned to any person or entity and will not be listed for trading on The New York Stock Exchange or on any stock exchange or market or on the OTC Bulletin Board. Our common stock will continue to trade on The New York Stock Exchange under the ticker symbol GFG and the shares of our common stock issued upon the exercise of the subscription rights will also be listed on the New York Stock Exchange under the ticker symbol GFG.

Q. What should I do if I want to participate in this rights offering but my shares are held in the Guaranty Financial Group Inc. Savings and Retirement Plan, the Temple-Inland Savings Plan, the Temple-Inland Savings Plan for Union Employees, or the El Morro Corrugated Box Corp. Savings and Investment Plan?

A. If shares of our common stock are held by the Guaranty Financial Group Inc. Savings and Retirement Plan, the Temple-Inland Savings Plan, the Temple-Inland Savings Plan for Union Employees, or the El Morro Corrugated Box Corp. Savings and Investment Plan, referred to herein as the 401(k) plan, for your account under such 401(k) plan, as of 5:00 p.m., New York City time, on the record date, you will be notified of this rights offering. Participants in 401(k) plans that are eligible to receive subscription rights will receive a Plan

Table of Contents

Participant Election Form containing detailed instructions as to procedures to exercise, deadlines, payment requirements, and other procedure from the trustee of their 401(k) plan.

Q. How do I exercise my subscription rights if I live outside the United States?

A. We will not mail this prospectus or the rights certificates to stockholders whose addresses are outside the United States or who have an army post office or foreign post office address. The subscription agent will hold the rights certificates for the accounts of such stockholders. To exercise subscription rights, our foreign stockholders must notify the subscription agent and timely follow the procedures described in Rights Offering Foreign Stockholders.

Q. What fees or charges apply if I purchase shares of the common stock?

A. We are not charging any fee or sales commission to issue subscription rights to you or to issue shares to you if you exercise your subscription rights (other than the subscription price). If you exercise your subscription rights through the record holder of your shares, you are responsible for paying any fees your record holder may charge you.

Q. What are the material U.S. federal income tax consequences of exercising subscription rights?

A. For U.S. federal income tax purposes, you should not recognize income or loss in connection with the receipt or exercise of subscription rights in the rights offering. You should consult your tax advisor as to your particular tax consequences resulting from the rights offering. For a more detailed discussion, see Material U.S. Federal Income Tax Considerations.

Q. To whom should I send my forms and payment?

A. If your shares are held in the name of a broker, dealer, or other nominee, then you should send your subscription documents, rights certificate, notices of guaranteed delivery, and subscription payment to that record holder. If you are the record holder, then you should send your subscription documents, rights certificate, notices of guaranteed delivery, and subscription payment by overnight delivery, first class mail or, courier service to:

By Mail:

Computershare Trust Company, N.A.
Attn: Corporate Actions
P.O. Box 859208
Braintree, MA 02185-9208

By Overnight Carrier:

Computershare Trust Company, N.A.
Attn: Corporate Actions
161 Bay State Drive
Braintree, MA 02184

You are solely responsible for timely completing delivery to the subscription agent of your subscription documents, rights certificate, and payment. We urge you to allow sufficient time for delivery of your subscription materials to the subscription agent.

Q. Whom should I contact if I have other questions?

A. If you have other questions or need assistance, please contact the information agent, D. F. King & Co., Inc., at (800) 290-6426 or (212) 269-5550.

Table of Contents

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements, which can be identified by the use of words such as estimate, could, likely, may, project, believe, intend, anticipate, plan, seek, expect, and words of similar meaning. You should not place undue reliance on any such forward-looking statement. These statements reflect management's views with respect to events as of the date of the forward-looking statement and are subject to risk and uncertainties. These forward-looking statements are inherently subject to significant business, economic, and competitive uncertainties and contingencies, many of which are beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change.

A variety of factors and uncertainties could cause our actual results to differ significantly from the results discussed in the forward-looking statements. Factors and uncertainties that might cause such differences include but are not limited to:

general economic, market, or business conditions;

demand for new housing;

competitive action by other companies;

changes in laws or regulations and actions or restrictions of regulatory agencies;

deposit attrition, customer loss, or revenue loss in the ordinary course of business;

costs or other difficulties related to transitioning as a stand-alone company following our spin-off from Temple-Inland in December 2007;

inability to realize elements of our strategic plans;

changes in the interest rate environment that expand or reduce our margins or adversely affect critical estimates and projected returns on investments;

unfavorable changes in economic conditions affecting housing markets, credit markets, real estate values, or oil and gas prices, either nationally or regionally;

natural disasters in primary market areas that may result in prolonged business disruption or materially impair the value of collateral securing loans;

assumptions and estimates underlying critical accounting policies, particularly allowances for credit losses, that may prove to be materially incorrect or may not be borne out by subsequent events;

current or future litigation, regulatory investigations, proceedings or inquiries;

strategies to manage interest rate risk that may yield results other than those anticipated;

a significant change in the rate of inflation or deflation;

changes in the securities markets;

the ability to complete any merger, acquisition, or divestiture plans; regulatory or other limitations imposed as a result of any merger, acquisition, or divestiture; and the success of our business following any merger, acquisition, or divestiture;

the final resolutions or outcomes with respect to our contingent and other corporate liabilities related to our business and any related actions for indemnification made pursuant to the various agreements with Temple-Inland and Forestar;

changes in the credit and residential housing markets;

the ability to raise capital;

changes in the value of real estate securing our loans; and

Table of Contents

the possibility that our request for an exemption will not be granted by the U.S. Department of Labor, or DOL, on a retroactive basis, effective to the commencement of the rights offering, with respect to the acquisition, holding, and distribution of the subscription rights by our 401(k) plan and participants in our 401(k) plan.

Because of these and other uncertainties, our actual future results may be materially different from the results indicated by these forward-looking statements. New factors emerge from time to time and it is not possible for us to predict all such factors nor can we assess the impact of any such statement on our business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Please see **Risk Factors** beginning on page 11 of this prospectus and the section entitled **Risk Factors** in our Annual Report on Form 10-K for the year ended December 31, 2007 and our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2008. Any forward-looking statement speaks only as of the date which such statement is made, and, except as required by law, we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events.

Table of Contents

PROSPECTUS SUMMARY

This prospectus summary contains basic information about us and this offering. Because it is a summary, it does not contain all of the information that you should consider before deciding whether or not you should exercise your subscription rights. To understand this offering fully, you should carefully read this prospectus, including the Risk Factors section and the information incorporated by reference in this prospectus, including our audited consolidated financial statements and the accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2007, and our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2008.

Our Company

We are a holding company organized in 1986 as a Delaware corporation. Our primary operating entities are Guaranty Bank and Guaranty Insurance Services, Inc. We currently operate in four business segments:

Commercial banking;

Retail banking;

Insurance agency; and

Treasury, corporate, and other.

Guaranty Bank, headquartered in Austin, Texas, is a federally-chartered savings bank that began operations in 1988. Guaranty Bank conducts consumer and business banking activities through a network of over 150 bank branches located in Texas and California and provides commercial banking products and services to diverse geographic markets throughout the United States. Guaranty Bank has consolidated total assets in excess of \$16 billion and is one of the largest financial institutions headquartered in Texas. Guaranty Insurance Services, Inc., headquartered in Austin, Texas, is one of the largest independent insurance agencies nationally and is a full service insurance agency emphasizing property and casualty insurance as well as fixed annuities. This insurance agency operates through 17 offices located in both Texas and California.

Our origins date back to 1938, when the original charter was given to Guaranty Building and Loan in Galveston, Texas. In late 1988, Temple-Inland formed Guaranty Bank by acquiring three institutions, including what was then Guaranty Federal Savings and Loan Association. At that time, Temple-Inland's existing insurance operations, which had begun in the late 1950s, were combined with the banking operations to create a financial services group as a part of Temple-Inland. These banking and insurance agency operations continued to grow during the last two decades, with over 30 acquisitions, and in the late 1990s, began to expand and acquire operations in California. On February 26, 2007, Temple-Inland announced its plans to spin-off Guaranty. We completed our spin-off from Temple-Inland on December 28, 2007. Leveraging years of banking and insurance experience, our management team brings extensive knowledge and expertise to position us to continue to grow and maximize long-term value for stockholders.

Our Strategy

Our primary operating philosophy is to maximize long-term stockholder value by building sustainable client relationships and delivering our products with extraordinary service. We have a long-term commitment to:

create long-term value for our stockholders;

improve the financial success of the people and businesses in the markets we serve;

make a significantly positive impact in the communities where we reside and work; and

attract, develop and retain superior employees.

Table of Contents

Our core values, listed below, describe our corporate culture and how we operate our business:

We conduct our business with the highest degree of integrity, honesty, and efficiency;

We manage our clients' assets with care;

We show mutual respect to our clients, our neighbors, and our fellow employees;

We are passionate about our business;

We are entrepreneurial in our actions; and

We are empowered to make decisions that provide creative solutions for our customers.

Our specific long-term business strategies are to:

Grow our commercial lending franchise. Our commercial lending group has emphasized targeting certain industries and product types in which we have expertise. We will continue to serve niche industries in select markets across the country with experienced personnel who can add value to our customer relationships.

Grow our retail franchise in Texas and California. We will continue to invest in relocating existing bank branches and in opening new branches in the high growth areas of our existing markets. We will also build upon our consumer and small business lending capabilities. We believe these activities along with strategic mergers and acquisitions will enable us to maximize our presence in each of the markets we will serve.

Increase fee income. We will continue to emphasize our deposit services, annuities and mutual funds, insurance products, and other services that can be provided to our clients to deepen the relationship.

Provide distinctive customer service. We will continue to retain and attract individuals who understand the financial challenges of our clients and are experienced and trained to provide customized solutions.

Improve operating efficiency. We must continually review our policies and procedures to assure we are operating as efficiently as possible.

Maintain strong credit and risk standards. We will maintain the strong and effective approach to risk management that has been a foundation of our operating culture.

Near term, we are focusing on capital adequacy, credit quality, and cost containment. We believe our corporate culture and business strategies allow us to distinguish ourselves from other financial institutions operating in Texas and California and successfully attract and retain relationships with businesses and individual customers.

Business Segments

We operate in four business segments.

Commercial banking

Commercial banking operates out of a primary production office in Dallas, with satellite production offices in Houston, Austin, Sacramento, and Irvine. We offer banking services to business and commercial customers including

financing for commercial real estate and homebuilder construction, mortgage warehouse financing, senior housing, middle market businesses and companies engaged in the energy industry. We provide lines of credit; working capital loans; acquisition, expansion and development facilities; borrowing base loans; real estate construction loans; regional and national homebuilder loans; term loans; equipment financing; letters of credit; and other loan products. The commercial loans we provide are diversified by product, industry, and geography. We lend to nationally known corporations, regional companies, oil and gas producers, top tier real estate developers, mortgage lenders, manufacturing and industrial companies, and other businesses. We have processes in place to analyze and evaluate on a regular basis our exposure to industries, products, market changes, and economic trends.

Table of Contents

Our commercial customers are also able to use our corporate investment services, commercial deposit accounts, and treasury management services, including remote deposit capabilities.

Retail banking

We offer a broad range of retail banking services to consumers and small businesses including, deposits, loans and non-deposit investment products. We also offer an array of convenience-centered services, including telephone and Internet banking, debit cards, and direct deposit. We are associated with a nationwide network of automated teller machines of other financial institutions that enables our customers to use ATM facilities throughout the United States and around the globe.

We offer a variety of deposit accounts to our consumers and businesses, including savings, checking, interest-bearing checking, money-market and certificates of deposit. The primary sources of deposits are residents and businesses located in our Texas and California markets. We are the second largest independent bank in Texas by deposits. We have over 100 branches in Texas concentrated in the large and growing metropolitan areas of Austin, Dallas/Fort Worth, Houston, and San Antonio. We have over 50 branches in California concentrated in the Inland Empire and Central Valley regions of that state. Our California office locations are proximally located in or around the cities of San Diego, Palm Springs, Riverside, Sacramento, Stockton, and Bakersfield. These markets have very attractive consumer and business demographics including seven of the top 25 growth markets in the country.

To attract deposits, we employ a marketing plan in our service areas that features a broad product line and competitive rates and services. Our marketing plan includes advertising programs as well as personal solicitation by our employees, officers, and directors. Over 50% of our deposit balances are either checking or money market accounts. Additionally, a large portion of our certificates of deposit accounts represent significant long-term customer relationships. We do not generally raise deposits through brokers.

Insurance agency

Through our 17 branch offices in Texas and California, we offer property and casualty insurance and life insurance. In providing these products, we act as an agent for the third-party insurance companies and their underwriters. We do not underwrite these risks, nor do we provide the insurance coverage. We work with over 400 insurance companies. Our compensation is in the form of a commission paid by the insurance companies. Our agency also sells fixed annuity products through our retail bank branches. The markets served by the insurance agency generally follow the geographic footprint of our retail banking operations.

Treasury, corporate and other

This segment includes activities we perform to manage our liquidity needs and provide attractive risk adjusted returns. We borrow from the Federal Home Loan Bank of Dallas and other third parties and invest in what we believe to be low risk variable rate mortgage-backed securities. This segment also includes expenses we do not allocate to other segments.

Recent Developments

On May 26, 2008, we entered into an investment agreement, which was amended on May 29, 2008, with TRT Financial Holdings, LLC, referred to herein as TRT, and certain affiliates of TRT, to sell 7,423,333 shares of our common stock at a price of \$5.17 per share to TRT for an aggregate purchase price of approximately \$38.4 million. Pursuant to the investment agreement, TRT also agreed to purchase, and we agreed to sell, a number of shares of a series of convertible preferred stock to be designated with the terms and attributes set forth in the investment

agreement and described below, such that TRT will beneficially own 19.9% of the total outstanding common stock, assuming full conversion immediately following such issuance. The per share purchase price of the convertible preferred stock to be purchased pursuant to the investment agreement will be the lower of \$51.70 per share and the per share price at which any class or series of convertible preferred stock is issued by us to any third party on or prior to the expiration of the 120-day period following the issuance of the shares of common stock pursuant to the investment agreement, subject to adjustment for any stock split, reverse stock split, stock dividend, or other combination or division affecting shares of our common stock.