

Management's Financial Review

2008 was an unprecedented year in the global economy and the world financial markets. Guaranty Bancorp, Inc. and Subsidiary (Woodsville Guaranty Savings Bank), the Company, was not immune to the disruptions in the capital markets. The Company recorded impairment charges on its holdings of Fannie Mae, Freddie Mac and Lehman Brothers. The impact to earnings and capital, net of taxes, amounted to \$3,039,646. While these charges had a big impact on our earnings for 2008 and capital, the Company, and the Bank, remain "well capitalized" under FDIC standards, the highest capital rating a bank can achieve.

Net earnings for the year before impairment charges amounted to \$1,746,428, or \$1.80 per share. This compares to \$2,096,831, or \$2.56 per share for the prior year. 2007 included \$477,796 in security gains.

At December 31, 2008, the Company had total assets of \$359,119,537, an increase of \$36,409,088, or 11.3%. Loans at December 31, 2008 amounted to \$272,905,225 compared to \$235,790,611 at December 31, 2007, an increase of \$37,114,614, or 15.7%. Deposits at December 31, 2008 amounted to \$261,410,060 compared to \$228,050,849 at December 31, 2007, an increase of \$33,359,211, or 14.6%. Total equity at December 31, 2008 amounted to \$24,498,363 compared to \$28,282,369 at December 31, 2007.

Guaranty Bancorp, Inc. and Subsidiary
Consolidated Statements of Condition (unaudited)

<i>As of December 31,</i>	2008	2007	2006
ASSETS			
Cash and due from banks	\$5,425,354	\$8,012,489	\$10,692,319
Interest bearing deposits with banks	16,636,054	2,370,529	415,259
Federal funds sold	0	2,525,000	8,315,000
Cash and cash equivalents	22,061,408	12,908,018	19,422,578
Certificates of deposit	115,000	150,000	0
Securities available-for-sale	42,012,096	55,161,309	41,822,655
Loans, net	270,042,132	233,228,392	219,662,217
Bank premises and equipment, net	9,818,843	9,919,680	8,879,077
Accrued interest receivable	1,361,000	1,512,017	1,336,529
Federal Home Loan Bank stock	3,448,500	3,024,400	2,516,300
Other real estate owned	223,043	0	125,000
Other assets	10,037,415	6,806,633	6,237,992
Total Assets	\$359,119,537	\$322,710,449	\$300,002,348
LIABILITIES			
Deposits:			
Demand	\$27,304,118	\$25,260,227	\$28,476,713
NOW accounts	34,302,479	31,745,467	34,552,055
Savings	60,507,088	52,239,964	55,002,140
Time, \$100,000 and over	23,855,494	22,170,802	21,272,774
Other time	115,440,881	96,634,389	88,387,603
	261,410,060	228,050,849	227,691,285
Securities sold under repurchase agreements	7,496,587	8,287,290	9,955,225
Other borrowings	0	0	0
Accrued interest and other liabilities	2,212,595	2,483,256	2,330,317
Long term debt	63,501,932	55,606,685	33,573,251
	334,621,174	294,428,080	273,550,078
STOCKHOLDERS' EQUITY			
Common stock, \$.20 par value, 2,000,000 shares authorized; 971,787 shares issued and outstanding	194,357	194,357	194,357
Additional paid-in capital	582,163	582,163	582,163
Guaranty fund	4,000,000	4,000,000	4,000,000
Retained earnings	21,316,492	23,224,288	21,691,093
Accumulated other comprehensive income (loss)	(1,594,649)	281,561	(15,343)
	24,498,363	28,282,369	26,452,270
Total Liabilities & Stockholders' Equity	\$359,119,537	\$322,710,449	\$300,002,348

Standby Letters of Credit were \$2,528,000, \$2,650,000 and \$175,000 as of December 31, 2008, 2007 and 2006 respectively.

Guaranty Bancorp, Inc. and Subsidiary
Consolidated Statements of Income (unaudited)

<i>For the Year Ended December 31,</i>	2008	2007	2006
Interest Income:			
Interest and fees on loans	\$16,043,204	\$15,570,752	\$14,563,313
Interest on investment securities			
U. S. Government and federal agencies	1,195,234	1,348,664	1,007,858
Other	824,557	616,577	556,138
Dividends on stock	521,159	254,408	225,577
Interest on deposits with banks	174,229	92,088	74,387
Interest on federal funds sold	85,428	189,018	63,690
	<u>18,843,811</u>	<u>18,071,507</u>	<u>16,490,963</u>
Interest expense:			
Interest on deposits	5,109,390	5,685,646	4,354,891
Interest on securities sold under repurchase agreements	99,949	269,285	243,915
Interest on other borrowings	64	19,610	58,294
Interest on long term debt	2,521,680	1,844,381	1,512,701
	<u>7,731,083</u>	<u>7,818,922</u>	<u>6,169,801</u>
Net interest income	11,112,728	10,252,585	10,321,162
Provision for possible loan losses	445,000	70,000	300,000
Net interest income after provision for possible loan losses	<u>10,667,728</u>	<u>10,182,585</u>	<u>10,021,162</u>
Other income:			
Service fees	1,698,093	1,680,493	1,565,777
Security gains (losses)	(5,031,816)	477,795	577,550
Gain (loss) on sale of other real estate owned	0	1,058	24,426
Gain (loss) on sale of other property	7,289	(1,650)	9,178
Other	177,343	304,370	281,369
	<u>(3,149,091)</u>	<u>2,462,066</u>	<u>2,458,300</u>
Other expenses:			
Salaries and wages	4,409,558	4,102,916	3,829,213
Pension and other employee benefits	1,363,274	1,260,187	1,163,785
Occupancy expense	954,165	757,253	628,343
Equipment expense	802,020	774,179	769,325
Other operating expense	3,200,062	3,251,536	3,103,693
	<u>10,729,079</u>	<u>10,146,071</u>	<u>9,494,359</u>
Income before taxes	(3,210,442)	2,498,580	2,985,103
Income tax expense (benefit)	(1,917,224)	401,748	493,142
Net income (Loss)	<u>(\$1,293,218)</u>	<u>\$2,096,832</u>	<u>\$2,491,961</u>
Earnings Per Share	(\$1.33)	\$2.16	\$2.56