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## Granite Bancshares, Inc. Increases Reserves Related to Real Estate Development Loans, Announces Restatement of Fourth Quarter and Year-End 2007 Results

Granite Bancshares, Inc. (OTCBB: GBSI) today reported the Company has restated its earnings for the fourth quarter and year ended December 31, 2007, to reflect an increase in reserves related to real estate development loans.

After year end, and subsequent to the Company's previous earnings release, information became available that the collateral values for some real estate development loans had declined to a point where the collateral may no longer fully support the loan balance.

The Company concluded the most appropriate approach was to restate its 2007 financial results and increase the allocation for loan and lease loss reserves, recognizing the potential increased risk of loss in these assets.

The Company has reduced its previously reported earnings by a net after-tax amount of \$853,540 resulting in net income for the year ended December 31, 2007 of \$275,460, or \$0.20 per basic share. Earnings for the year ended December 31, 2006, were \$1,262,970 or \$0.94 per basic share. The change reduced fourth quarter 2007 results to a net loss of \$759,713 or \$0.56 per basic share. Earnings for the fourth quarter of 2006 were \$425,000 or \$0.32 per basic share.

"The Company views this charge to its 2007 earnings as appropriate, conservative, and an isolated event," stated David Kaiser, CEO. "The decline in land values in South Placer County California has impacted what were initially conservatively underwritten projects. While we have not recognized losses on these projects, the potential for loss has increased due to declining market values. By increasing our loss reserves at this time we are better prepared to manage through this economic cycle."

Granite Bancorp, Inc. is the parent holding company of Granite Community Bank, N.A., which is headquartered in Granite Bay, California and has three offices serving the South Placer County region of Northern California. For further information, please contact David Kaiser, President CEO, at (916) 780-5605.

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