

Bank of Granite Corporation

News

For Release:

September 20, 2005

BANK OF GRANITE CORPORATION INCREASES DIVIDEND FOR 52nd CONSECUTIVE YEAR

Directors of Bank of Granite Corporation have increased the quarterly dividend to 14¢ per share from 13¢ per share, an increase of 7.7%.

The dividend, totaling approximately \$1,826,000, is the largest quarterly dividend in the Company's history and insures that 2005 will mark the 52nd consecutive year of increased dividends to shareholders, a record for any publicly-traded banking company in the country. The dividend is payable on October 31, 2005 to shareholders of record on October 17, 2005.

Charles M. Snipes, President and Chief Executive Officer, said the increased dividend reflected confidence in the future growth in earnings and continued the bank's traditional policy of sharing earnings with its shareholders. He said that long-term prospects for growth, especially in Charlotte and high country offices in Boone and Wilkesboro were excellent. He also said the bank's most recent office in Winston-Salem was doing well. Snipes said the Company anticipates reporting its earnings for the third quarter on October 11, 2005.

Bank of Granite Corporation, parent of Bank of Granite and Granite Mortgage has approximately 13.1 million shares outstanding and the dividend is payable to an estimated 6,900 shareholders. The Company's stock is traded on the national NASDAQ Stock Market® under the symbol "GRAN". The bank operates twenty-one full-service banking offices in seven counties-- Burke, Caldwell, Catawba, Forsyth, Mecklenburg, Watauga and Wilkes. Granite Mortgage, a mortgage banking company headquartered in Winston-Salem, originates home mortgages in the Central and Southern Piedmont, in addition to Bank of Granite's markets. It also recently opened an office in Fayetteville.

-- 0 --

For further information, contact Kirby A. Tyndall, Chief Financial Officer at Voice (828) 496-2026, Fax (828) 496-2010 or Internet: ktyndall@bankofgranite.com

Bank of Granite Corporation, PO Box 128, Granite Falls, NC 28630 www.bankofgranite.com