

Letter to Shareholders

Dear Shareholder:

We are pleased to report that Plumas Bancorp has continued its strong earnings performance in 2005. As a result, the Company posted an increase in earnings for the **17th consecutive year**. Net income for 2005 resulted in an impressive increase of 24% over 2004. Diluted earnings per share for 2005 were up 16 cents, or 22%, from last year. In addition, Plumas Bancorp's total assets, loans and deposits all were up substantially at December 31, 2005 versus the end of 2004. Our substantial loan growth in 2005 enhanced our net interest margin, increasing it to 5.06% in 2005 versus 4.77% in 2004. In addition, the growth of non-interest expenses was held to a modest 9.9% through December 31, 2005 over the same period in 2004. All of these elements contributed to the very positive earnings results. As a result, the shareholders earned a return on average equity in 2005 of 15.3%, up significantly from 13.5% in 2004.

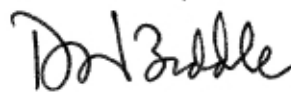
Beyond the financial achievements highlighted above, Plumas Bancorp attained a number of other accomplishments during 2005. In April, Daniel L. Parks joined the company as Senior Vice President and Manager of the Retail Banking Group. Dan has been working with our branch managers to enhance the effectiveness of our customer relationship management and establish service standards throughout our branch network. In May, Plumas Bancorp was the first in the Federal Reserve Bank's 12th District to utilize the technological capabilities of Check 21. By transmitting images of our customer's deposits over dedicated data lines to the Federal Reserve Bank for processing, we gained important cost efficiencies and expanded customer availability to their funds. Also in May, Plumas Bancorp stock began trading on the NASDAQ, under the ticker symbol PLBC. This step has accomplished our goal of expanding the visibility and liquidity of Plumas Bancorp stock. In July, we began construction of our permanent branch office in Truckee. We are looking forward to providing a showcase banking facility to demonstrate our commitment to the Truckee community. We hope to occupy this new site by Fall of 2006.

The Company will actively pursue initiatives that add value to our products and services during 2006 to

better serve our customers and communities. One of these initiatives is the introduction of the "All-In-One" residential construction loan. This all-inclusive loan will increase the ease and convenience of building the home of our customer's dreams. We have also begun the process of identifying an automated loan application processing system to enhance the ease with which our customers can apply for a loan. With such a system, our personnel will take the lead in preparing the customer's application and eliminate much of the "hassle" of dealing with the paperwork.

Finally, we want to recognize two individuals who have played an important role in the success of your company. Jerry V. Kehr retired at the end of 2005 as Chairman of the Board after twenty-five years at the helm. In addition, William E. Elliott, retired in September 2005 after eighteen years as President and Chief Executive Officer. We are grateful for the solid leadership they have provided over the years that has made what Plumas Bancorp is today — a company that has significantly benefited our shareholders, employees and communities. Fortunately, both Jerry and Bill will continue to provide their invaluable expertise by remaining on the Board of Directors. We accept the exciting challenge of building on their vision to continue our company's prosperity into the future and appreciate your continued support.

Sincerely,



Douglas N. Biddle
President
Chief Executive Officer



Daniel E. West
Chairman of the Board



Financial Highlights

For the Year ended December 31,

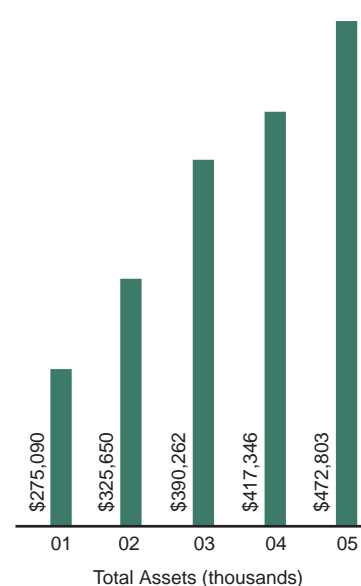
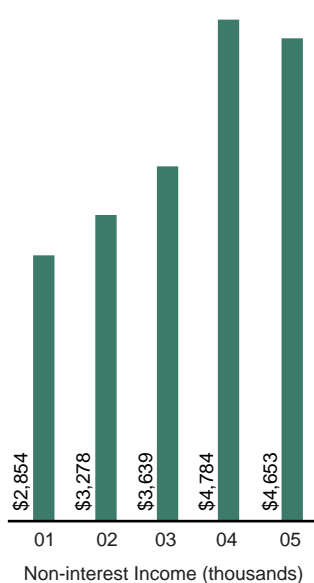
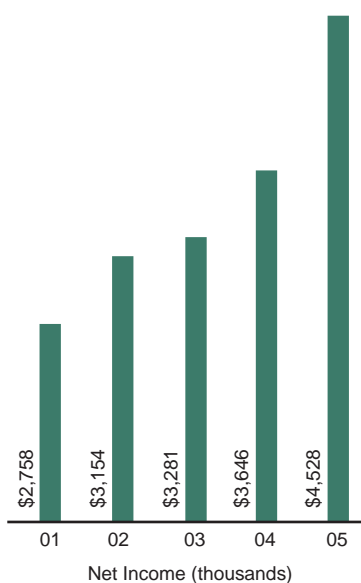
	2001	2002	2003	2004	2005
(dollars in thousands, except per share information)					
Statement of Income					
Interest income	\$ 19,149	\$ 18,389	\$ 18,549	\$ 20,110	\$ 25,497
Interest expense	6,373	4,038	3,013	2,914	4,793
Net interest income	12,776	14,351	15,536	17,196	20,704
Provision for loan losses	725	825	750	750	1,100
Noninterest income	2,854	3,278	3,639	4,784	4,653
Noninterest expense	10,480	11,604	13,126	15,583	17,129
Provision for income taxes	1,667	2,046	2,018	2,001	2,600
Net income	\$ 2,758	\$ 3,154	\$ 3,281	\$ 3,646	\$ 4,528

Performance ratios

Return on average assets	1.07%	1.07%	0.97%	0.89%	1.00%
Return on average equity	14.2%	14.2%	13.3%	13.5%	15.2%
Net interest margin	5.57%	5.48%	5.20%	4.77%	5.06%
Loans to Deposits	72.8%	70.7%	61.3%	70.5%	75.4%
Efficiency ratio	67.1%	65.8%	68.5%	70.9%	67.6%

Per share information

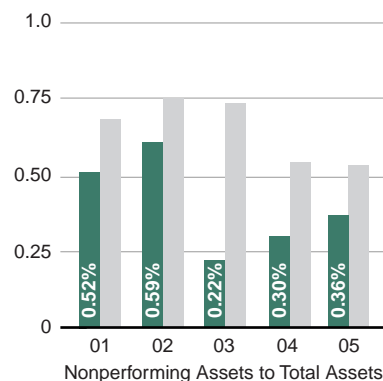
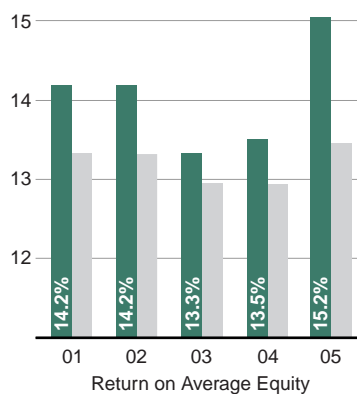
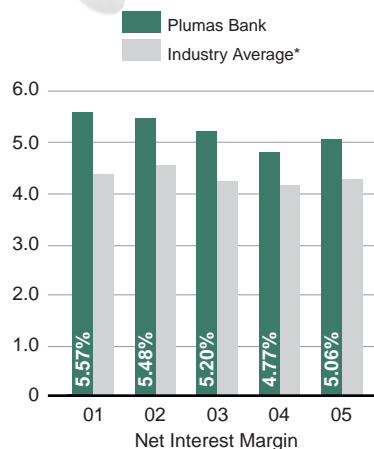
Basic earnings	\$ 0.58	\$ 0.66	\$ 0.68	\$ 0.75	\$ 0.92
Diluted earnings	\$ 0.57	\$ 0.64	\$ 0.66	\$ 0.73	\$ 0.89
Cash dividends	\$ 0.13	\$ 0.18	\$ 0.16	\$ 0.19	\$ 0.22
Dividend payout ratio	23.00%	27.30%	23.70%	25.07%	23.90%



Financial Highlights

For the Year ended December 31,

	2001	2002	2003	2004	2005
(dollars in thousands, except per share information)					
Balance sheet					
Total assets	\$ 275,090	\$ 325,650	\$ 390,262	\$ 417,346	\$ 472,803
Total loans	\$ 183,676	\$ 207,721	\$ 217,957	\$ 266,913	\$ 321,646
Allowance for loan losses	\$ 2,113	\$ 2,431	\$ 2,524	\$ 2,722	\$ 3,256
Total deposits	\$ 252,206	\$ 293,941	\$ 355,842	\$ 378,567	\$ 426,560
Total shareholders' equity	\$ 20,617	\$ 23,286	\$ 25,749	\$ 27,891	\$ 31,137
Capital ratios					
Leverage ratio	7.40%	8.80%	8.40%	7.58%	8.54%
Tier 1 risk-based capital	9.30%	11.80%	10.40%	10.09%	10.29%
Total risk-based capital	10.30%	12.80%	11.30%	10.95%	11.11%
Asset quality ratios					
Nonperforming loans/total loans	0.71%	0.86%	0.40%	0.45%	0.52%
Nonperforming assets/total assets	0.52%	0.59%	0.22%	0.30%	0.36%
Allowance for loan losses/total loans	1.17%	1.19%	1.18%	1.03%	1.01%
Per share information					
Book value	\$ 4.31	\$ 4.84	\$ 5.29	\$ 5.69	\$ 6.26
Common shares outstanding at period end	4,788,502	4,813,975	4,863,040	4,901,197	4,976,654



*Represents over 600 commercial banks in the U.S. with assets between \$300 million and \$500 million as provided by the Federal Deposit Insurance Corporation.



Groundbreaking ceremony for the first Plumas Bank office in Quincy.

It was just a little over 25 years ago when it all began. Jerry Kehr, one of the founders and recently retired Chairman of the Board of Plumas Bank recalls, *"In 1978, a friend*



Jerry Kehr

and I were chatting about how nice it would be if there was a local bank that knew you by name and could offer solutions to your personal and business financial needs." Little did Jerry Kehr know that this casual

conversation would be the first step toward the beginning of Plumas Bank.

Like most success stories, it took a lot of hard work, determination, persistence and downright tenacity of the founders to make Plumas Bank a reality. After the Quincy charter was approved, the real work began! **Founders Jerry Kehr, Jessie Wellenbrock, Bob Schoensee, Ernie Leonhardt, Ev Bey, Bob Moon, Rich DeMars, George Bartlett, Oliver McGill, and Mike Shaw** scrambled to raise \$1 million in capital and there was a deadline to meet. Founder Ernie Leonhardt smiles today as he remembers collecting the last \$350,000 just three days before the deadline!

Plumas Bank proudly opened their doors on December 15, 1980. Jerry Kehr stated at the opening ceremonies, *"I dedicate to you here today that the main thrust of our bank will be personal service."*

1980-2005: History

One year later, Plumas Bank opened its second office in downtown Portola, and a third office in June 1984 in Greenville. Recognizing the need for more skillful leadership, the Board of Directors hired Bill Elliott as president and chief executive officer of Plumas Bank in March 1987. Within his first year, Elliott led Plumas Bank as it entered Lassen County following the closure of Bank of America's Westwood Branch. The Bank continued its northeastern expansion when in 1988, Sierra Security Bank, with offices in Chester and Susanville, was merged into Plumas Bank.

The Bank opened its seventh office in Alturas in 1994. Assets topped \$100 million. In 1998, Plumas Bank purchased two offices of Bank of America in Chester and in Fall River Mills in Shasta County. That same year, assets grew to over \$200 million.

The Truckee Office opened in early 2001 following the Bank's 20th anniversary celebrations. The same year, the Bank's assets soared to over \$250 million



From left to right, Tom Watson, Pat Ross, Stephanie Bosco, Pat Osborne, Lori Day, Bridget Murray, Shelly Wright, Angie Wells, Cathy Preis and Chris McGraw toast their future Plumas Bank site. Employees celebrated the acquisition of a new office site on Donner Pass Road. Construction of a full service banking center is expected to begin mid-summer 2005.

The future Truckee office, currently under construction, will be opening in 2006.

of Plumas Bank

as its web site, www.plumasbank.com, and internet banking were introduced.

In 2002 Plumas Bancorp, a holding company for Plumas Bank, was formed. Assets topped \$300 million.

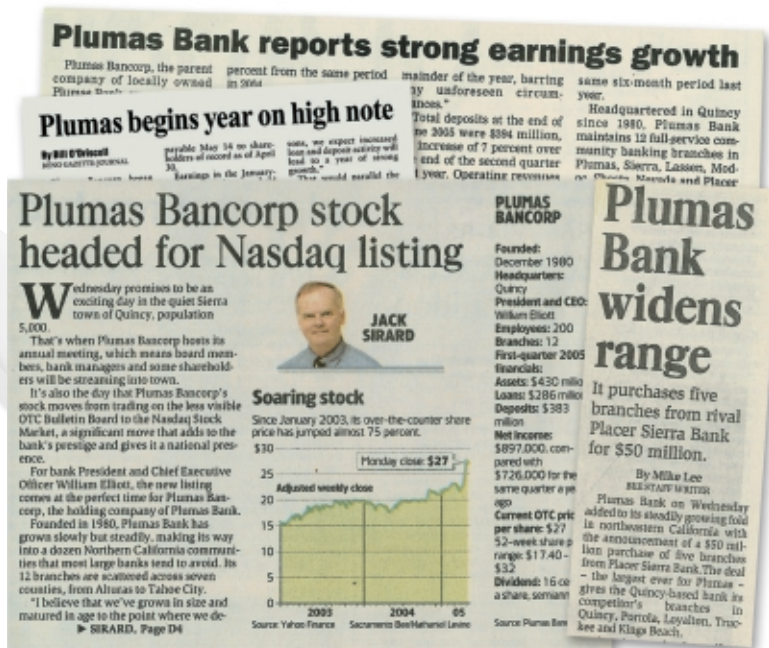
Plumas Bank expanded into Tahoe City and purchased five branches from Placer Sierra Bank in Kings Beach, Loyalton, Truckee, Quincy and Portola in late 2003.

In May 2005 Plumas Bancorp began trading on the NASDAQ, under the ticker symbol PLBC. In October 2005, after over 18 years of dedicated service, Bill Elliott retired, but remains active on the board of directors. Doug Biddle, who has been with the company for over 15 years, has been appointed president and chief executive officer.



Retiring Bill Elliott "passing the ukulele" to new President and Chief Executive Officer, Doug Biddle.

Today, Plumas Bank is 25 years old and thriving with nearly \$500 million in assets. As North-eastern California's leading local community bank, and as one of the area's largest private employers, Plumas Bank takes pride in its 200 employees. The Bank's payroll, along with philanthropy, adds over \$9 million annually to the area's economy.



Newspaper clippings show Plumas Bancorp's growth over the years.

Some of the founders chuckle as they reminisce about what they went through to get the bank off the ground. They each add their own special, yet different highlights about their part in starting the bank. But they all agree, the success of the bank is overwhelmingly due to the fact that Plumas Bank's motto, "*Local people serving local needs,*" continues today as the guiding ideal for all at Plumas Bank.

Plumas Bank recognizes that its most important assets are its customers, employees and stockholders and we thank you for your continued loyalty and support.

Supporting Our Communities

As with most businesses, growth and profitability drive the financial side of our Company, but another key notion remains at the core of our culture. As Plumas Bank continues to grow, we remain committed to our primary objective of providing personalized, quality service to our customers and to supporting the communities we serve through volunteerism and charitable donations.

Our 200 committed employees are active in over 60 different non-profit clubs and organizations for the betterment of the communities we serve:

4-H Clubs	Central Modoc Resource
American Cancer Society	Conservation District
Relay for Life	Chamber of Commerce
American Valley Air Quality	Board Members
Advisory Committee	Children's Fair
Beta Sigma Phi	City Development Building
Boy Scouts and Girl Scouts	Grant Committee
California Farm Bureau	Community Action Association
California Waterfowl	Community Develop Commission
Career Day Participation	Community Work Day
Cattlemen's Association	Ducks Unlimited
Cattlemen's Association	Eastern Shasta Sheriffs

Eastern Star
Elk's Lodges and Lady Elks
Feather River College Foundation
Firesafe Council
Flying Posse
Fort Crook Historical Society
Friends of Hospice
Friends of the Library
GATE Programs
Golden Umbrella
Graeagle Merchants Association
Healthcare Foundation
High School Boosters
Inner Mountain Hospice
Johnsville Jr. Ski Team
Junior Fair Sale Committee
Kings Run
Lassen Community College Board
Lions Club
Little League
Mayers Memorial Hospital
Volunteers

Modoc Co. District Fair Committee
Native Daughters of the
Golden West
Parent Teacher Association
Paul Bunyan Festival
Plumas Arts Commission
Plumas County Horsemen's Asso.
Plumas District Hospital Board
Project Graduation
Quincy Sr. Housing Task Force
Railroad Days Committee
Rodeo Association
Rotary Club
Sierra Cascade Family
Opportunities
Sierra Valley Roping Club
Soroptimist International
System Advisory Board
Tahoe Forest Hospital Board
United Way
Volunteer Fire Departments
Youth Football and Soccer

Joe Egan, Vice President, Ag Services, serves up the beef at an Ag Mixer sponsored by Plumas Bank.



Las Plumas 4-H Club, led by Carol Childers, works together with Vice President, Branch Manager of Portola, Rachelle Ramelli for a successful afternoon event.



Mitch Selking, Vice President, Regional Loan Officer, coaches and umpires for Little League Girls Softball. His coaching efforts were successful for his team won the California District 48 Championship in 2005!



Bankers add up hours for students

By Victoria Metcalf
Staff Writer

School budgets are down; aides for students have been cut. With that in mind one Plumas County-based business has stepped forward to help. Plumas Bank in Quincy is paying a group of its employees to work with fifth- and sixth-grade students at Pioneer Quincy Elementary School. Volunteers were recently trained and are now on the job. For one hour a week, volunteers arrive to assist students with reading. The program is the creation of Plumas Bank Marketing Officer Elizabeth Kasper. As the mother of three children who attended Quincy Elementary and a former PTA member, Kasper understands the importance of volunteering in the schools. Nine Plumas Bank employees are now volunteering to work with students once a week.



From left, Brady Kaumann, Shawn Groll, Suesan Barker and LaToya McCasle work together on fifth-grade reading projects. Kaumann and Groll are two of the employees from Plumas Bank who volunteer their time at Pioneer Quincy Elementary School.

Plumas Bank employees, trained as reading mentors, volunteer at Quincy-Pioneer Elementary School.

Photo credits: Debra Baer Photography

Plumas Bancorp Board of Directors



Photo credit: Martha Flynn Photography

Back row from left: Gerald Fletcher, William Elliott, Douglas Biddle, John Flournoy, Alvin Blickenstaff, and Arthur Grohs. Front row from left: Thomas Watson, Jerry Kehr, Christine McArthur, Daniel West and Terrance Reeson.

Executive Board



Photo credit: Martha Flynn Photography

From left: Andrew Ryback, EVP, Chief Financial Officer; Robert Herr, EVP, Loan Administrator; Douglas Biddle, President and Chief Executive Officer; and Dennis Irvine, EVP, Information Technology Officer.

Plumas Bank Country



Administration • 283-7305
35 S. Lindan Avenue • Quincy • 95971

*Our growth over the past 25 years
is due to the continuing support
of our loyal customers in the
Northeastern California
communities of Plumas, Lassen,
Modoc, Shasta, Sierra, Nevada
and Placer Counties.*

Thank you!



Administration Annex
32 Central Avenue • Quincy • 95971



Quincy • 283-6800
336 West Main Street • 95971



Portola • 832-4405
120 N. Pine Street • 96122



Greenville • 284-6114
121 Crescent Street • 95947



Westwood • 256-3207
315 Birch Street • 96137



Susanville • 257-5013
3000 Riverside Drive • 96130



Chester • 258-4161
255 Main Street • 96020



Alturas • 233-1999
510 N. Main Street • 96101



Fall River Mills • 336-5526
43163 Hwy 299E • 96028



Truckee • 587-4747
11429 Donner Pass Road, Suite 3 • 96161



Tahoe City • 581-2857
243 N. Lake Boulevard • 96145



Kings Beach • 546-7277
8475 N. Lake Boulevard • 96143



Loyalton • 993-0758
604 Main Street • 96118

Photo credits: Carl Raymond Photography, Portola