

Letter to Shareholders

Dear Valued Plumas Bancorp Shareholder:

Plumas Bancorp reported excellent financial results in 2006. In fact, 2006 marked the 18th consecutive year of record earnings! The organization reported earnings of \$5.2 million for the year ended December 31, 2006, up 15% from the \$4.5 million earned during 2005. Basic earnings per share increased 13% to \$1.04 for 2006 as compared to \$0.92 earned during 2005. Diluted earnings per share increased to \$1.02 for 2006 from \$0.89 in 2005, an increase of almost 15%. The Board is very proud of the Company's record performance for the year 2006.

Speaking of record performances, we are pleased to share that Rose Dembosz, who was the very first employee of Plumas Bank and hired over 26 years ago, has been promoted to Executive Vice President and Manager of the Bank Operations Group. This promotion was well deserved and we truly appreciate Rose's valuable contributions, loyalty and dedication to the Bank.

As this annual report denotes, Plumas Bancorp is expanding our vision in various ways; through market expansion, escalated community contributions, and increased employee training. It is our goal to continue to be proactive in finding ways to become more valuable to our shareholders and our customers.

In December 2006 we opened a commercial real estate loan office in Reno, Nevada. We believe that this marketplace will provide us with excellent growth opportunities in 2007 and beyond. The office is managed by an experienced loan team consisting of Roger Kadz and Nate Stehura. We have also set our sights on expanding into Redding, California. We have hired Elizabeth Gowen as Vice President to lead the Bank's expansion efforts into this dynamic growth area. The office is expected to open in the third quarter of 2007, pending regulatory approval. It will be the Company's thirteenth full-service office. See page 5 for more details.

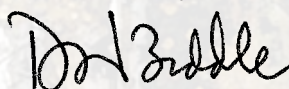
We realize that our growth is due to the support and loyalty of our customers. To show our appreciation, we have established a Community Contribution Program to enhance the economic vitality of the areas in which we serve. Financial support has been given to locally-based organizations that provide valuable services in the areas of economic development, affordable housing, education and healthcare to improve the quality of life in our communities. You can read more about this new program on page 6 of this report.

We continue to make significant advancements on our product and service delivery to ensure that expectations are exceeded and new, higher standards are consistently set. Last summer we hired a Training and Development Officer to design and implement an expanded training program to enhance our employees' effectiveness in serving our customers. We have also implemented a Customer Relationship Management system that improves our knowledge of our customers so we can better anticipate their financial needs. We are also planning to offer remote deposit capture service later this year to enhance the banking experience for our business customers.

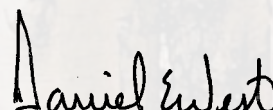
In closing, we would like to pay tribute and acknowledge with sadness the passing of founding director Ernie Leonhardt on February 1, 2007. Ernie was one of the solid pillars upon which the current success of Plumas Bancorp is built and his presence will be greatly missed.

As always, if you have any comments or questions, feel free to contact us at 530.283.7305. We thank you for your confidence in Plumas Bancorp.

Sincerely,



Douglas N. Biddle
President
Chief Executive Officer



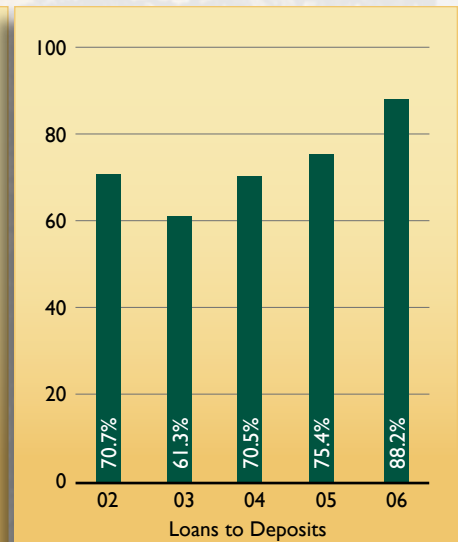
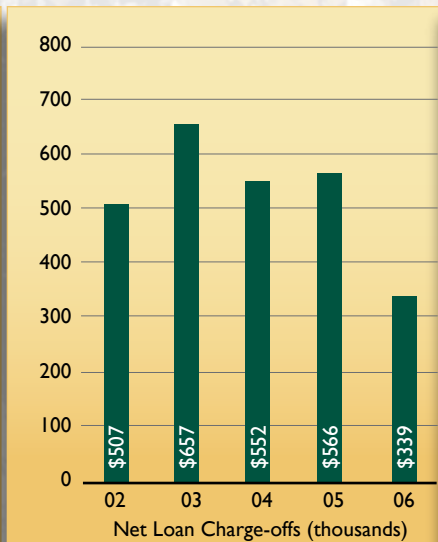
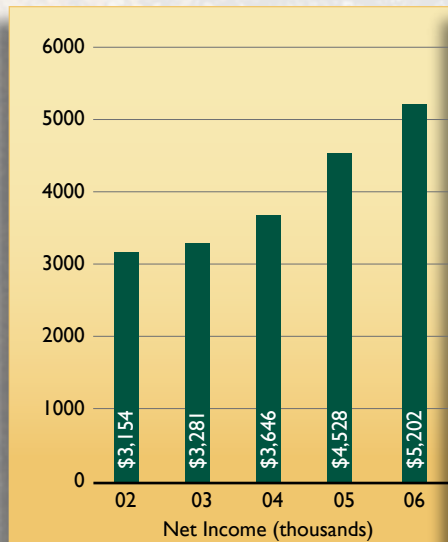
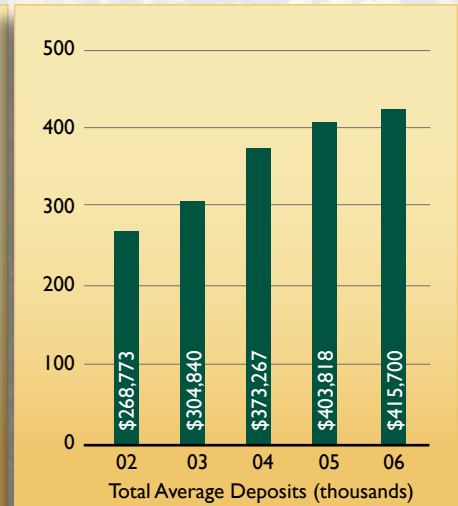
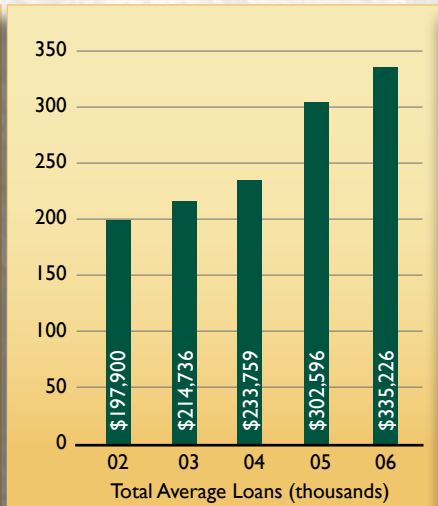
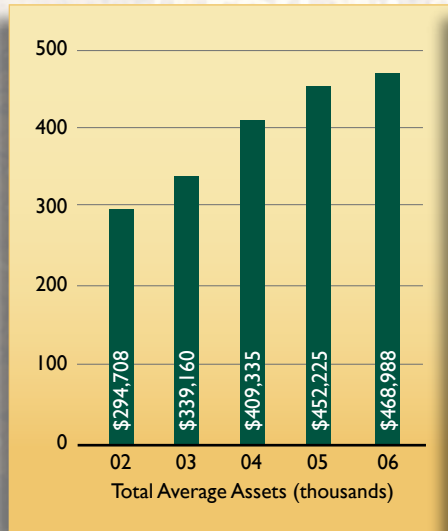
Daniel E. West
Chairman of the Board



Financial Highlights

	At or for the year ended December 31,				
	2002	2003	2004	2005	2006
	(dollars in thousands except per share information)				
Statement of Income					
Interest income	\$ 18,389	\$ 18,549	\$ 20,110	\$ 25,497	\$ 29,483
Interest expense	4,038	3,013	2,914	4,793	6,954
Net interest income	14,351	15,536	17,196	20,704	22,529
Provision for loan losses	825	750	750	1,100	1,000
Noninterest income	3,278	3,639	5,099	5,073	5,159
Noninterest expense	11,604	13,126	15,898	17,549	18,290
Provision for income taxes	2,046	2,018	2,001	2,600	3,196
Net income	\$ 3,154	\$ 3,281	\$ 3,646	\$ 4,528	\$ 5,202
Balance sheet (end of period)					
Total assets	\$ 325,650	\$ 390,262	\$ 417,346	\$ 472,803	\$ 473,239
Total loans	\$ 207,721	\$ 217,957	\$ 266,913	\$ 321,646	\$ 354,712
Allowance for loan losses	\$ 2,431	\$ 2,524	\$ 2,722	\$ 3,256	\$ 3,917
Total deposits	\$ 293,941	\$ 355,842	\$ 378,567	\$ 426,560	\$ 402,176
Total shareholders' equity	\$ 23,286	\$ 25,749	\$ 27,891	\$ 31,137	\$ 35,852
Balance sheet (period average)					
Total assets	\$ 294,708	\$ 339,160	\$ 409,335	\$ 452,225	\$ 468,988
Total loans	\$ 197,900	\$ 214,736	\$ 233,759	\$ 302,596	\$ 335,226
Total deposits	\$ 268,773	\$ 304,840	\$ 373,267	\$ 403,818	\$ 415,700
Total shareholders' equity	\$ 22,184	\$ 24,558	\$ 26,829	\$ 29,548	\$ 33,682
Capital ratios					
Leverage ratio	8.8%	8.4%	7.6%	8.5%	9.5%
Tier I risk-based capital	11.8%	10.4%	10.1%	10.3%	10.9%
Total risk-based capital	12.8%	11.3%	10.9%	11.1%	11.8%
Asset quality ratios					
Nonperforming loans/total loans	0.86%	0.40%	0.45%	0.52%	0.29%
Nonperforming assets/total assets	0.59%	0.22%	0.30%	0.36%	0.22%
Allowance for loan losses/total loans	1.19%	1.18%	1.03%	1.01%	1.10%
Net loan charge-offs	\$ 507	\$ 657	\$ 552	\$ 566	\$ 339
Performance ratios					
Return on average assets	1.07%	0.97%	0.89%	1.00%	1.11%
Return on average equity	14.2%	13.3%	13.5%	15.2%	15.4%
Net interest margin	5.48%	5.20%	4.77%	5.06%	5.32%
Loans to Deposits	70.7%	61.3%	70.5%	75.4%	88.2%
Efficiency ratio	65.8%	68.5%	71.3%	68.1%	66.1%
Per share information					
Basic earnings	\$ 0.66	\$ 0.68	\$ 0.75	\$ 0.92	\$ 1.04
Diluted earnings	\$ 0.64	\$ 0.66	\$ 0.73	\$ 0.89	\$ 1.02
Cash dividends	\$ 0.18	\$ 0.16	\$ 0.19	\$ 0.22	\$ 0.26
Dividend payout ratio	27.3%	23.7%	25.1%	23.9%	25.0%
Book value	\$ 4.84	\$ 5.29	\$ 5.69	\$ 6.26	\$ 7.14
Common shares outstanding at period end	4,813,975	4,863,040	4,901,197	4,976,654	5,023,205

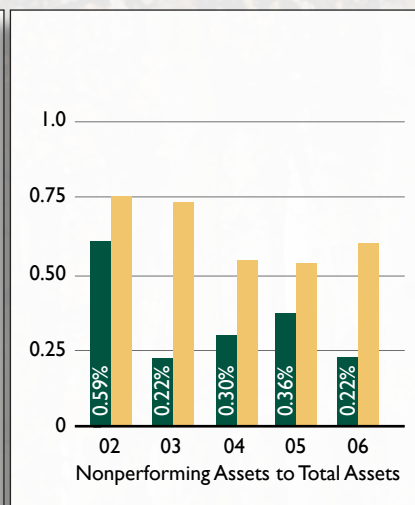
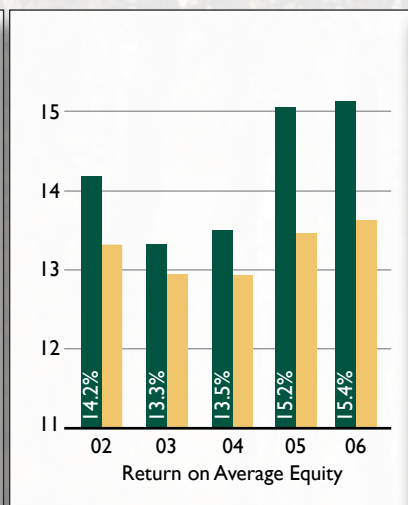
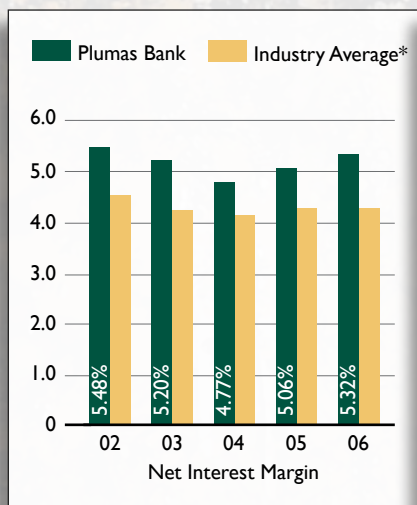
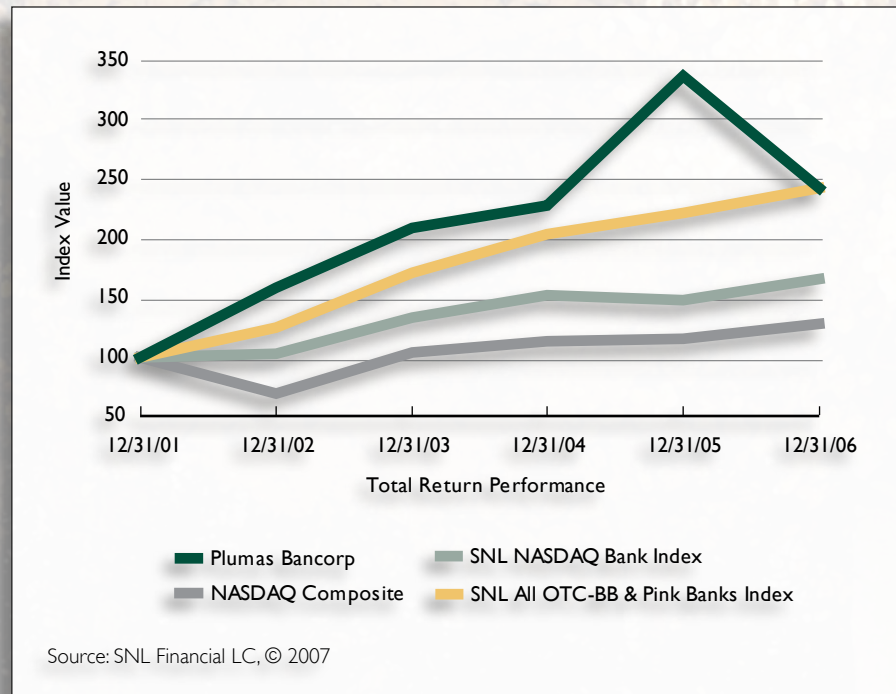
Financial Highlights



Pride in Performance

The graph below compares the cumulative total shareholder return on Plumas Bancorp's (Plumas Bank's prior to June 2002) common stock to the cumulative total return of the NASDAQ Composite Index, a broad market index of all stocks traded on the NASDAQ Exchange; the SNL NASDAQ Bank Index, a cumulative total of almost 400 banks traded on the NASDAQ Exchange; and the SNL OTC-BB & Pink Banks Index, a cumulative total of over 600 banks traded on either the Over-The-Counter Bulletin Board or Pink Sheets. These Indexes were prepared by SNL Financial LC. The graph assumes that a \$100 investment was made in the Company's Common Stock as well as the other indexes on December 31, 2001 and that all dividends

were reinvested. The chart represents the average closing price for the month of December in each of the years presented. It should be noted that historical performance information is no guarantee of future performance.



*Represents over 700 commercial banks in the U.S. with assets between \$300 million and \$500 million as provided by the Federal Deposit Insurance Corporation.

Expanding Our Services

With open arms, the townspeople of Truckee welcomed Plumas Bank into their community in 2001. Over the last six years, we have been an active and enthusiastic community supporter and have gained a reputation for providing our customers with solid and dependable financial support and expertise. Thanks to our customers' confidence, we have grown. As we grew, so did the needs of our customers; so in October, 2006 we opened a state-of-the-art facility in a brand new building (pictured below) located at 11638 Donner Pass Road. The new office offers design elements such as a digital information center, coffee bar, cyber-banking station and a fireplace to enhance the comfort and convenience of doing business at Plumas Bank.

Photo by: Eric Asisi, Truckee



In December, 2006 we began operating a Commercial Real Estate Loan Office in Reno, Nevada. Doug Biddle, president and chief executive officer commented, "Over the past 26 years, we have built a brand that centers around customer service and providing solutions for clients. Bringing our philosophy and practices to Northern Nevada is the next step in continuing the proud tradition of Plumas Bank."

An experienced loan team consisting of Roger Kadz and Nate Stehura is managing the Reno loan office. They specialize in working with builders and developers to finance the construction of residential and commercial properties. They also assist business owners by providing financing for their business properties.

Roger Kadz is the Senior Vice President, Real Estate Manager for our Reno real estate loan office. Kadz has over thirty years experience in real estate lending. He is a member of the Builders Association of Northern Nevada, and for the past ten years, has served as the treasurer for the Northern Nevada Chapter of the Certified Commercial Investment Members (CCIM). He is a graduate of the University of Redlands with a Bachelor of Arts degree in Economics and Business Administration.



Photo by: Jeff Ross Photography, Reno

Nate Stehura joins Plumas Bank as the Vice President, Commercial Loan Officer in Reno. He has eight years experience in the commercial real estate industry. Stehura received his Bachelor of Science degree in Business Finance and Marketing from Miami University.



Photo by: Jeff Ross Photography, Reno

Elizabeth Gowen has been hired as Vice President to lead our expansion efforts into the Redding, California market. The Redding office is expected to open in the third quarter of 2007, pending regulatory approval, and will be the Company's thirteenth full-service office.

Gowen is very excited to join Plumas Bank because of our strong, community-oriented reputation. She commented, "I'm very familiar with the financial needs and concerns of my friends and neighbors as I have lived in the Redding community for 36 years and have worked in banking for 28 years. I am confident that Plumas Bank will offer the families and businesses of Redding the real hometown personal banking service that they need and deserve."



Photo by: Martha Flynn Photography, Quincy

Extending a Helping Hand to Our Communities

Community involvement has been a cornerstone of Plumas Bank's mission since its inception in 1980. A Community Contribution Program has been established to demonstrate goodwill by tangibly contributing to the economic vitality of the areas the Bank serves. Monetary support is given to local community-based organizations that provide valuable services in the areas of economic development, affordable housing, education and healthcare.

Last fall, Plumas Bank awarded \$50,000 to Feather River College toward an Allied Health Building. At a presentation to the Feather River College Board, (shown below) Doug Biddle, President and Chief Executive Officer, commented, "It is an honor and privilege to present this gift knowing this investment we make together will advance the education of our students as well as enhance the health care opportunities in our communities. Retaining health care professionals in our communities is challenging; our hope is that this program will enhance recruitment and retention of trained health care professionals for the 8 hospitals and clinics in our northeastern region." He concluded, "It is because of the support and loyalty of our customers that we are able to share our success and make these valuable investments back into our communities."

More recently, Plumas Bank presented \$5,000 to the Feather River Land Trust (FRLT) in support of the Learning Landscapes Initiative educational program. The goal of the Learning Landscapes Initiative is to protect a natural outdoor landscape within a five to ten minute walk of every public school within the FRLT service area. Clare Churchill, Vice President, Compliance & Community Reinvestment Officer shown below with FRLT Directors Paul Hardy and Susan Kelley, noted, "By educating our youth in natural resource management, the benefits will be long term, both ecologically and educationally."



Board of Directors



From left:
Douglas Biddle,
President & Chief
Executive Officer;
Daniel West, Chairman
of the Board; and
Jerry Kehr.

From left:
William Elliott,
Alvin Blickenstaff,
Arthur Grohs and
Gerald Fletcher.



From left:
Terrance Reeson,
Christine McArthur,
Thomas Watson,
and John Flournoy.

Executive Management



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

Photos by: Martha Flynn Photography, Quincy

In Memoriam... *Ernest G. Leonhardt*

April 25, 1915 – February 1, 2007

Ernie Leonhardt devoted over 65 years to local business and community endeavors. His experience in commercial and industrial expansion, insurance, cattle ranching and real estate, helped him learn first-hand the value of sound and reliable financing and its importance for continued success and improvement. As a founding director of Plumas Bank from 1980 – 1997, he was dedicated to providing value to the people. He was instrumental in building the first branch office in Quincy and, over the years, with great pride, he watched our Company grow.



Plumas Bank Director 1980 – 1997



Photos provided by: The Leonhardt Family