NEWS RELEASE

# Plumas Bancorp Reports Record Annual Earnings

2006-01-18

QUINCY, CA -- (MARKET WIRE) -- 01/18/06 -- Plumas Bancorp (NASDAQ: PLBC) today announced that annual earnings for 2005 were $4,528,000, up over 24% from the $3,646,000 earned in 2004. This is the seventeenth consecutive year of record earnings. Quarterly earnings rose 14% to $1,300,000 compared to the $1,139,000 earned in the fourth quarter of 2004.

At the end of 2005, net loan totaled $319,156,000, an increase of $55,265,000 or 21% over the December 31, 2004 figure of $263,891,000.

Douglas N. Biddle, president and chief executive officer of Plumas Bancorp and Plumas Bank, commented, "Our record earnings resulted from strong loan growth which positively impacted our net interest margin." He added, "The board of directors and I are very proud of our loan team and all of our 200 employees who worked so hard to make 2005 such a successful year." Biddle concluded, "Barring any unforeseen events, we look forward to solid earnings in 2006 and beyond."

Adjusted for the September 2005 three-for-two stock split, basic earnings per share for the year rose from $0.75 in 2004 to $0.92 in 2005, an increase of 23%. Diluted earnings per share rose from $0.73 in 2004 to $0.89 in 2005, an increase of 22%. Basic earnings per share for the fourth quarter 2005 rose to $0.26 per share, up 13% from $0.23 for the same quarter in 2004. Diluted earnings per share for the fourth quarter 2005 rose to $0.25 up from $0.23 for 2004, an increase of almost 9%.

The Company's assets grew $55,457,000 during 2005 to $472,803,000, up 13% over December 31, 2004. Deposits in 2005 grew $47,993,000 to $426,560,000, up nearly 13% from the December 31, 2004 figure of $378,567,000.

Shareholders' equity at year end was $31,137,000, up almost 12% from the previous year.

Plumas Bank, a wholly owned subsidiary of Plumas Bancorp, currently operates twelve traditional branches plus five independent ATM sites in Northeastern California's Plumas, Lassen, Modoc, Shasta, Sierra, Placer, and Nevada counties. The Bank provides consumer, commercial and agricultural banking services, and various investment and insurance services. Additional financial information can be obtained at **www.plumasbank.com**.

This news release includes forward-looking statements about Plumas Bancorp's financial condition, results of operations, plans, objectives and future performance. A number of factors, many of which are beyond the control of the company, could cause actual results to differ materially from those in the forward-looking statements.

PLUMAS BANCORP
CONDENSED CONSOLIDATED BALANCE SHEET
(In thousands)

| | Unaudited As of December 31, | | Dollar Change | Percentage Change |
|---|---|---|---|---|
| | 2005 | 2004 | | |
| ASSETS | | | | |
| Cash and due from banks | $ 17,271 | $ 11,444 | $ 5,827 | 50.9% |
| Federal funds sold | 7,325 | - | 7,325 | 100.0% |
| Investment securities | 97,844 | 113,252 | (15,408) | -13.6% |
| Loans, less allowance for loan losses of $3,256 at December 31, 2005 and $2,762 at December 31, 2004. | 319,156 | 263,891 | 55,265 | 20.9% |
| Premises and equipment, net | 11,404 | 9,793 | 1,611 | 16.5% |
| Intangible assets, net | 1,638 | 1,939 | (301) | -15.5% |
| Company owned life insurance | 8,930 | 8,362 | 568 | 6.8% |
| Accrued interest receivable and other assets | 9,235 | 8,665 | 570 | 6.6% |
| Total assets | $ 472,803 | $ 417,346 | $ 55,457 | 13.3% |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | |
| Deposits | $ 426,560 | $ 378,567 | $ 47,993 | 12.7% |
| Federal funds purchased | - | 1,035 | (1,035) | -100.0% |
| Accrued interest payable and | | | | |

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|---|---|---|---|---|
| other liabilities | 4,796 | 3,667 | 1,129 | 30.8% |
| Junior subordinated deferrable interest debentures | 10,310 | 6,186 | 4,124 | 66.7% |
| Total liabilities | 441,666 | 389,455 | 52,211 | 13.4% |
| Shareholders' equity | 31,137 | 27,891 | 3,246 | 11.6% |
| Total liabilities and shareholders' equity | $ 472,803 | $ 417,346 | $ 55,457 | 13.3% |

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|---|---|---|
| KEY BALANCE SHEET DATA AND RATIOS | | |
| Nonperforming loans | $ 1,661 | $ 1,207 |
| Nonperforming assets | $ 1,701 | $ 1,240 |
| Nonperforming loans as a percentage of total loans | 0.52% | 0.45% |
| Nonperforming assets as a percentage of total assets | 0.36% | 0.30% |
| Allowance for loan losses as a percentage of total loans | 1.01% | 1.03% |
| Loan to deposit ratio | 75.4% | 70.5% |
| Capital ratios | | |
| Leverage | 8.5% | 7.6% |
| Tier 1 risk-based | 10.3% | 10.1% |
| Total risk-based | 11.1% | 10.9% |

PLUMAS BANCORP
CONDENSED CONSOLIDATED STATEMENT OF INCOME
(In thousands, except per share data)

| | Unaudited For the Three Months Ended December 31 | | | |
|---|---|---|---|---|
| | 2005 | 2004 | Dollar Change | Percentage Change |
| Interest income | $ 7,003 | $ 5,490 | $ 1,513 | 27.6% |
| Interest expense | 1,462 | 798 | 664 | 83.2% |
| Net interest income before provision for loan losses | 5,541 | 4,692 | 849 | 18.1% |
| Provision for loan losses | 200 | 150 | 50 | 33.3% |

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|---|---|---|---|---|
| Net interest income after provision for loan losses | 5,341 | 4,542 | 799 | 17.6% |
| Non-interest income | 1,235 | 1,169 | 66 | 5.6% |
| Non-interest expenses | 4,496 | 3,989 | 507 | 12.7% |
| Income before provision for income taxes | 2,080 | 1,722 | 358 | 20.8% |
| Provision for income taxes | 780 | 583 | 197 | 33.8% |
| Net income | $ 1,300 | $ 1,139 | $ 161 | 14.1% |
| Basic earnings per share | $ 0.26 | $ 0.23 | $ 0.03 | 13.0% |
| Diluted earnings per share | $ 0.25 | $ 0.23 | $ 0.02 | 8.7% |

| | | |
|---|---|---|
| KEY INCOME STATEMENT DATA AND RATIOS | | |
| Net loan charge-offs | $ 233 | $ 113 |
| Net loan charge-offs as a percentage of average loans | 0.29% | 0.17% |
| Return on average assets (annualized) | 1.08% | 1.05% |
| Return on average equity (annualized) | 16.8% | 16.3% |
| Net interest margin | 5.05% | 4.84% |

PLUMAS BANCORP
CONDENSED CONSOLIDATED STATEMENT OF INCOME
(In thousands, except per share data)

| | Unaudited For the Year Ended December 31 | | | |
|---|---|---|---|---|
| | 2005 | 2004 | Dollar Change | Percentage Change |
| Interest income | $ 25,497 | $ 20,110 | $ 5,387 | 26.8% |
| Interest expense | 4,793 | 2,914 | 1,879 | 64.5% |
| Net interest income before provision for loan losses | 20,704 | 17,196 | 3,508 | 20.4% |
| Provision for loan losses | 1,100 | 750 | 350 | 46.7% |

| | | | | |
|---|---|---|---|---|
| Net interest income after provision for loan losses | 19,604 | 16,446 | 3,158 | 19.2% |
| Non-interest income | 4,653 | 4,784 | (131) | -2.7% |
| Non-interest expenses | 17,129 | 15,583 | 1,546 | 9.9% |
| Income before provision for income taxes | 7,128 | 5,647 | 1,481 | 26.2% |
| Provision for income taxes | 2,600 | 2,001 | 599 | 29.9% |
| Net income | $ 4,528 | $ 3,646 | $ 882 | 24.2% |
| Basic earnings per share | $ 0.92 | $ 0.75 | $ 0.17 | 22.7% |
| Diluted earnings per share | $ 0.89 | $ 0.73 | $ 0.16 | 21.9% |

| KEY INCOME STATEMENT DATA AND RATIOS | | |
|---|---|---|
| Net loan charge-offs | $ 567 | $ 552 |
| Net loan charge-offs as a percentage of average loans | 0.19% | 0.24% |
| Return on average assets (annualized) | 1.00% | 0.89% |
| Return on average equity (annualized) | 15.3% | 13.5% |
| Net interest margin | 5.06% | 4.77% |

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