

Placer Sierra Bancshares
Placer Sierra Bank
AUDIT COMMITTEE CHARTER
Original Adopted on December 19, 2002
Last Revision Adopted on January 25, 2005

I. PURPOSE

The Audit Committee's purpose is overseeing the accounting and financial reporting processes and the audits of the financial statements of Placer Sierra Bancshares ("PLSB") and its wholly owned subsidiary Placer Sierra Bank (PLSB and Placer Sierra Bank referred to collectively as the "Company"), and is appointed by the Board to assist the Board in monitoring (1) the integrity of the financial statements of the Company (2) the independent auditor's qualifications and independence, (3) the performance of the Company's internal audit function and independent auditors, and (4) the compliance by the Company with legal and regulatory requirements.

The Audit Committee shall prepare the report required by the rules of the Securities and Exchange Commission (the "Commission") to be included in the Company's annual proxy statement.

II. COMMITTEE MEMBERSHIP

The Audit Committee shall be comprised of at least three directors, each of whom (i) is "independent" under the rules of the Nasdaq Stock Market, Inc., except as permitted by Nasdaq rule 4350(d) and the Sarbanes-Oxley Act of 2002, and the rules promulgated thereunder, (ii) does not accept any consulting, advisory or other compensatory fee from the Company other than in his or her capacity as a member of the Board or any committee of the Board, (iii) is not an "affiliate" of the Company or any subsidiary of the Company, as such term is defined in Rule 10A-3 under the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and (iv) does not own or control 20% or more of the Company's voting securities. All members of the Audit Committee must be able to read and understand fundamental financial statements, including a company's balance sheet, income statement, and cash flow statement. At least one member of the Audit Committee shall be an "Audit Committee Financial Expert" as defined in the Exchange Act, or in the event that no member of the Committee qualifies as an Audit Committee Financial Expert, at least one member of the Committee shall be "financially sophisticated" as defined in applicable Nasdaq Stock Market Rules.

The members of the Audit Committee shall be appointed by the Board on the recommendation of the Corporate Governance Committee and shall serve at the pleasure of the Board and for such term or terms as the Board may determine.

III. MEETINGS

The Audit Committee shall meet once every fiscal quarter, or more frequently if circumstances dictate. The Audit Committee shall meet periodically with management, the internal auditors and the independent auditor in separate executive sessions. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee.

IV. COMMITTEE AUTHORITY AND RESPONSIBILITIES

The Audit Committee shall have the sole authority to directly appoint, retain (subject, if applicable, to shareholder ratification), determine funding for and oversee the Company's independent auditor. The Audit Committee shall be directly responsible for oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit Committee.

The Audit Committee shall pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Audit Committee prior to the completion of the audit. The Audit Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant preapprovals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant preapprovals shall be presented to the full Audit Committee at its next scheduled meeting.

The Audit Committee shall have the authority, to the extent it deems necessary or appropriate and without seeking approval of the Board or management, to retain independent legal, accounting or other advisors. The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Audit Committee.

The Audit Committee shall make regular reports to the Board. The Audit Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Audit Committee shall annually review the Audit Committee's own performance. Such review shall be in the form of a self-assessment of the activities scheduled to be performed on an annual basis the extent to which such activities have been fully performed during such period.

The Audit Committee, to the extent it deems necessary or appropriate, shall:

A. Financial Statement and Disclosure Matters

1. Review and discuss with management and the independent auditor the annual audited financial statements, including disclosures made in the Company's Form 10-K, and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.
2. Review and discuss with management and the independent auditor the Company's quarterly financial statements prior to the filing of its Form 10-Q, including the results of the independent auditor's review of the quarterly financial statements.
3. Review with management, the independent public accountants and Company counsel any certification provided by the Chief Executive Officer and the Chief Financial Officer related to the Company's financial statements. Review with

management, the independent public accountants and Company counsel management's assertion regarding the design effectiveness and operation efficiency of the Company's internal control over financial reporting and compliance with applicable laws and regulations.

4. Review disclosures made to the Audit Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.
5. Discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.
6. Obtain from the independent auditors, review and discuss a timely report relating to the Company's annual audited financial statements and quarterly reports relating to the Company's quarterly unaudited financial statements on:
 - a. All critical accounting policies and practices to be used.
 - b. All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor.
 - c. Other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
7. Discuss with management the Company's earnings press releases, including financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made).
8. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives.
9. Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.
10. Consider any reports or communications (and management's responses thereto) submitted to the Audit Committee by the independent auditor required by or referred to in SAS 61 (as codified by AU Section 380), as it may be modified or supplemented.

11. Review and approve all related party transactions of the Company.
12. Inquire of the Company's chief executive officer and chief financial officer as to the existence of any significant deficiencies in the design or operation of internal controls that could adversely affect the Company's ability to record, process, summarize and report financial data, any material weakness in internal controls, and any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.

B. Oversight of the Company's Relationship with the Independent Auditor

1. Obtain and review a report from the independent auditor at least annually (it being understood that the independent auditor is responsible for the accuracy and completeness of this report) regarding (a) the independent auditor's internal quality-control procedures and (b) all relationships between the independent auditor and the Company, including each non-audit service provided to the Company, and the matters set forth in Independence Standards Board No. 1. The Audit Committee shall present its conclusions with respect to the independent auditor to the Board.
2. Ensure the rotation of the audit partner having primary responsibility for the audit, the audit partner responsible for reviewing the audit and any other active audit engagement team partner, as required by law.
3. Recommend to the Board policies for the Company's hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Company.
4. Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit.
5. The independent auditors shall submit to the Audit Committee annually a formal written statement of the fees billed in each of the last two fiscal years for each of the following categories of services rendered by the independent auditors: (i) the audit of the Company's annual financial statements and the reviews of the financial statements included in the Company's Quarterly Reports on Form 10-Q or services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements; (ii) assurance and related services not included in clause (i) that are reasonably related to the performance of the audit or review of the Company's financial statements, in the aggregate and by each service; (iii) tax compliance, tax advice and tax planning services, in the aggregate and by each service and (iv) all other products and services rendered by the independent auditor, in the aggregate and by each service.

C. Oversight of the Company's Risk Management and Internal Audit Function

The Audit Committee shall have the sole authority to appoint, evaluate or replace the Company's outside independent internal auditor's function. The Audit Committee shall be directly responsible for the compensation and oversight of the work of these individuals.

1. Review the appointment and replacement of the senior internal auditing executive (Risk Manager) who shall report directly to the Audit Committee.
2. Review the significant reports to management prepared by the outside independent internal auditor's function and the Company's Risk Manager and management's responses.
3. Discuss with the independent auditor and Risk Manager the Company's internal audit function and its responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit function.
4. With respect to the outside independent auditor's function:
 - a. Ensure that the independent internal auditors present a Statement of Independence each year.
 - b. Instruct the outside independent internal auditors to deliver each exam report to the Audit Committee and that they are accountable directly to the Audit Committee of the Board; and

D. Compliance Oversight Responsibilities

1. Obtain reports from management, the Company's Risk Manager and the independent auditor that the Company is in conformity with applicable legal requirements and the Company's Code of Business Conduct and Ethics. Review reports and disclosures of insider and affiliated party transactions. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Business Conduct and Ethics.
2. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
3. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Company's financial statements or accounting policies.
4. Discuss with the Company's legal counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies.

V. LIMITATION OF AUDIT COMMITTEE'S ROLE

The function of the Audit Committee is oversight. Management of the Company is responsible for the preparation, presentation and integrity of the Company's financial statements. Management and the internal auditors are responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures that provide for compliance with accounting standards and applicable laws and regulations. The independent auditor is responsible for planning and carrying out a proper audit of the Company's annual financial statements, reviews of the Company's quarterly financial statements prior to the filing of each quarterly report on Form 10-Q, and other procedures. In fulfilling their responsibilities hereunder, it is recognized that members of the Audit Committee are not full-time employees of the Company and are not, and do not represent themselves to be, performing the functions of auditors or accountants. As such, it is not the duty or the responsibility of the Audit Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures or to set auditor independence standards.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations.