



**AMERICANWEST BANCORPORATION
AUDIT & COMPLIANCE COMMITTEE CHARTER**

Revised and Adopted March 28, 2006

One committee of the Board of Directors of AmericanWest Bancorporation (“Board” and “Company,” respectively) will be known as the Audit & Compliance Committee (for brevity hereinafter, either “Audit Committee” or “Committee”). Only independent directors will serve on the Audit Committee. “Independent director” shall have the same meaning as defined in National Association of Securities Dealers, Inc., (“NASD”) Rule 4200. All members of the Audit Committee shall be able to read and understand fundamental financial statements, including the Company’s income statement, balance sheet and cash flow statement. At least one member of the Audit Committee shall have accounting or related financial management expertise as prescribed by NASD Rule 4350(d). Also, each member of the Audit Committee shall be and remain free of any relationship that could influence his or her judgment as a committee member. An independent director may not be associated with a major vendor to, or large loan customer of, the Company. When there is some doubt about independence, as when a member of the Committee has a short-term consulting contract with a major customer, the director should excuse himself from any decisions that might be influenced by that relationship.

The primary function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities in matters relating to:

- The reliability and integrity of financial information and related disclosures provided to the shareholders and other external parties;
- The qualifications and independence of the external and internal auditors;
- The performance of the external and the internal auditors ;
- The adequacy of the systems of internal control from time to time established by the Board, including compliance with the provisions of the Sarbanes-Oxley Act of 2002;
- Work performed by other external and internal examination parties, such as credit quality examiners, and
- Compliance with all applicable laws and regulations.

GENERAL RESPONSIBILITIES

1. The Audit Committee shall provide open avenues of communication among the internal auditors, the external auditor and the Board.
2. Minutes of all Committee proceedings shall be maintained and regularly submitted to the Board. The Audit Committee shall make regular reports of its actions, and may make appropriate recommendations, to the full Board.
3. The Audit Committee has the power to conduct or authorize investigations into matters within the scope of its responsibilities. The Audit Committee is authorized to retain and determine the source of funding for independent counsel, auditors, accountants or other professional advisors to the extent it deems necessary or appropriate to carry out its duties.
4. The Audit Committee shall meet as often as it determines necessary, but not less than quarterly. The Audit Committee chairman has the power to call a committee meeting whenever he or she thinks there is a need. An Audit Committee member shall not vote on any matter with respect to which he or she is not independent. The Audit Committee may ask members of management or others to attend any meeting of the Committee and is authorized to receive all pertinent information from management.
5. Each member of the Audit Committee will maintain or enhance his or her familiarity with finance and accounting by participating in appropriate educational programs as he or she deems necessary.
6. The Audit Committee will establish and maintain procedures for the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls or auditing matters, including the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters.

RESPONSIBILITIES FOR ENGAGING THE EXTERNAL AUDITOR AND APPOINTING THE INTERNAL AUDITOR

1. The Audit Committee has the sole authority and responsibility to appoint, determine the fees and terms of engagement of, oversee and, where appropriate, dismiss the public accounting firm to be used as the Company's external auditor, and shall periodically evaluate its independence and effectiveness. The external auditor is ultimately accountable to the Audit Committee, as the representative of the shareholders.
2. The Audit Committee will review and have veto power over the appointment, replacement, reassignment or dismissal of the Chief Internal Auditor.

3. The Audit Committee will confirm and assure the independence of the external auditor. It will receive and review a formal written statement from the external auditor delineating all relationships between the auditor and the Company, consistent with Independence Standards Board Statement 1. The Audit Committee will actively discuss with the external auditor any disclosed relationships or services that may affect its objectivity and independence, and will take any appropriate actions to ensure the independence of the auditor.
4. The Audit Committee will evaluate the quality of the external auditor. This may include, but not be limited to: its quality control processes, any peer review results and corrective action taken on identified weaknesses, the nature and use of approved non-audit services, partner rotation on the engagement, and the opinions of management and the Chief Internal Auditor.
5. The Audit Committee will approve before use all external audit services and any non-audit services of the external auditor as may be permitted by Section 10A of the Security Exchange Act of 1934. Management shall not have authority to engage the external auditor for any services without prior approval of the Audit Committee. The Committee may pre-approve a reasonable amount for minor services, so as not to unnecessarily hinder the timely performance of minor projects, with the condition that the fees for these services are approved in advance by senior management, and that the ultimate billing and scope of work are approved by the Committee.
6. The Audit Committee will consider, in consultation with the external auditor and the Chief Internal Auditor, the audit scope, procedures and plans recommended by the internal auditors and the external auditor, and will ensure that the internal and external auditors coordinate coverage to reduce redundancy and use audit resources effectively.
7. The Audit Committee will consider all recommendations of management or the primary external auditor if either thinks there might be a need to engage additional auditors. The Audit Committee will decide whether to engage an additional firm and, if so, which one.

**RESPONSIBILITIES FOR REVIEWING INTERNAL AUDITS,
THE ANNUAL EXTERNAL AUDIT AND THE REVIEW OF QUARTERLY
AND ANNUAL FINANCIAL STATEMENTS**

1. The Audit Committee will ascertain that the external auditor views the Audit Committee as its client, that it will be available to the full Board at least annually and that it will provide the Audit Committee with timely analysis of significant financial reporting issues. The Audit Committee will resolve any disagreements between the external auditor and management regarding financial reporting.

2. The Audit Committee will ask management, the Chief Internal Auditor and the external auditor about significant risks and exposures and will assess management's steps to minimize them.
3. The Audit Committee will review the following with the external auditor and the Chief Internal Auditor.
 - i) The adequacy of the Company's internal controls, including computerized information system controls and security.
 - ii) Any significant findings and recommendations made by the external auditor or internal auditing, together with management's responses to them.
 - iii) The results of the annual assessment of internal controls and the testing performed by the Company's personnel and Internal Auditor, and the subsequent assessment and testing performed by the external auditor, pursuant to the requirements of the Sarbanes-Oxley Act.
4. Shortly after the annual audit is completed, the Audit Committee will review the following with management and the external auditor:
 - i) The Company's annual financial statements and related footnotes.
 - ii) The external auditor's audit of and report on the financial statements.
 - iii) Any serious difficulties or disputes with management encountered during the course of the audit.
5. The Audit Committee will consider and review with management and the Chief Internal Auditor:
 - i) Audit and loan review reports (whether internal or external), related significant findings during the year and management's responses to them.
 - ii) Any difficulties the internal auditor encountered while conducting audits, including any restrictions on the scope of their work or access to required information.
 - iii) Changes to the scope of the internal audit plan proposed by the Audit Committee.
 - iv) The internal auditing department's budget and staffing.
 - v) The internal auditing department's charter.

6. The Audit Committee will review with the external auditor and management prior to filing the annual filings with the SEC and other published documents containing the Company's financial statements, including any disclosures made in management's discussion and analysis. Such review shall include an assessment of whether the information in the filings is consistent with the information in the financial statements. Based upon this review, the Audit Committee will recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.
7. The Audit Committee (or an appointed Audit Committee member) will timely review and discuss with the external auditor and management the Company's interim financial reports before those interim reports are filed with the SEC or other regulators. Such discussions should include critical accounting policies and practices, alternative treatments within GAAP including the external auditor's preferred treatment, the schedule of unadjusted differences, and any management letter or other communications significantly bearing on the content and presentation of the financial statements.
8. The Audit Committee will prepare a letter for inclusion in the annual report or related proxy statement that describes its composition and responsibilities and how the responsibilities were fulfilled.
9. The Audit Committee will review with management, the external auditor, the internal auditor and Company counsel any certification provided by management related to the Company's financial statements, including 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.
10. Review with management and the external 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 material issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.
11. Review with management and the external auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.

PERIODIC RESPONSIBILITIES

1. Review and update the Audit Committee Charter annually, and present any recommended changes therein to the Board for its approval.
2. Review policies and procedures covering officer's expense accounts and perquisites, including their use of corporate assets, and consider the results of any review of those areas by the internal auditor or the external auditor.

3. Review, with the Chief Internal Auditor and the external auditor, the results of their examination of compliance with the Company's code of conduct.
4. Review legal and regulatory matters, including without limitation:
 - compliance policies and programs;
 - activities of the Compliance Management Committee;
 - results of compliance self-assessments;
 - Suspicious Activity Report summaries; and
 - reports from regulators and the external auditor.
5. Meet with the Chief Internal Auditor, the external auditor and management in separate executive sessions to discuss matters the Committee or these others believe should be discussed privately with the Audit Committee.
6. Perform an annual self-evaluation of the Committee's activities to assess its skills, competence and independence, performance of its duties and any areas where the Committee can better fulfill its responsibilities to the Board of Directors and the Company's shareholders.