AmericanWest Bancorporation
and AmericanWest Bank

Corporate Governance Guidelines

The AmericanWest Bancorporation Board of Directors (the "Board") represents the shareholders' interest in perpetuating a successful business (including but not limited to optimizing long term financial returns), and is responsible for determining that AmericanWest Bancorporation (the "Company") and its principal operating subsidiary, AmericanWest Bank[1] (the "Bank"), are each managed in such a way as to ensure this result. This is an active, not a passive, responsibility. The Board has the responsibility to ensure that at all times the organization has the proper strategic plan and the right team in place to execute that plan and that the executive management ("Management") of both the Company and the Bank is capably executing its responsibilities, by regularly monitoring the effectiveness of Management in carrying out the policies and strategies adopted by the respective boards of directors.

In addition to fulfilling its obligations to the shareholders, the Board recognizes that it has certain responsibilities to the Bank's customers, employees and suppliers and the communities where it conducts its activities, all of whom are essential to a successful business. All of these responsibilities, however, are founded upon the successful perpetuation of the business.

The respective boards of directors of the Company and the Bank are also responsible for establishing policies designed to ensure that Management and employees of each operate in a legal and ethically responsible manner.

The Board has adopted the following Corporate Governance Guidelines (the "Guidelines") to assist the Board in the exercise of its duties and responsibilities and to serve the best interests of the Company and its shareholders. The Guidelines should be applied in a manner consistent with all applicable laws and regulations, stock exchange rules and the Company's Articles of Incorporation and Bylaws, each as amended and in effect from time to time. The Guidelines provide a framework for the conduct of the Board's business. The Corporate Governance Committee shall, from time to time as it deems appropriate, review and reassess the adequacy of these Guidelines and recommend any proposed changes to the Board for approval. The Board may modify or

[1] *NOTE: Unless expressly noted otherwise in this policy, all references to "AmericanWest Bank" or "Bank" include the Far West Bank Division of AmericanWest Bank.*

make exceptions to the Guidelines from time to time in its discretion and consistent with its duties and responsibilities to the Company and its shareholders.

The board of directors of the Bank is now (and it is the present intent of the Board that it shall remain) comprised of the same individuals who serve as members of the Board, and each director is expected to comport to the letter and spirit of these Guidelines in his or her capacity as a director of the Bank as well as in the capacity as a director of the Company. Unless the context requires otherwise, hereinafter in these Guidelines use of the terms “Company,” “Board” and “director” shall refer to both AmericanWest Bancorporation and AmericanWest Bank and their respective boards and directors.

A. DIRECTOR RESPONSIBILITIES

1. Oversee Management of the Company

The principal responsibility of the directors is to establish corporate strategy and policy direction of the Company and provide Management oversight generally and, in so doing, serve the best interests of the Company and its shareholders. This responsibility includes:

- Setting corporate goals and objectives in consultation with Management.
- Establishing policies to achieve corporate goals and objectives.
- Reviewing and approving fundamental operating, financial and other corporate plans, strategies and objectives.
- Establishing a corporate environment that promotes timely and effective disclosure, fiscal accountability, high ethical standards and compliance with all applicable laws and regulations.
- Monitoring and evaluating the performance of the Company and its executive management and taking appropriate action, including removal, when warranted.
- Selecting, and establishing the compensation of, the Company’s Chief Executive Officer.
- Reviewing and approving recommendations made by the Company’s Chief Executive Officer on all other executive officers of the Bank delineated in Section 16 of the Securities Exchange Act of 1934 as amended and Rule 16 a-1 promulgated thereunder with respect to their hiring, amount of compensation, termination and any severance or similar termination payments proposed to be made.
- Requiring, approving and implementing executive management succession plans.
- Reviewing and approving material transactions and commitments not entered into in the ordinary course of business.
- Identifying the major risks facing the Company and how to address and mitigate those risks, including the approval of the Company’s operating policies.
- Developing a corporate governance structure that allows and encourages the Board to fulfill its responsibilities.

- Providing advice and assistance to Management, with the understanding that it is the Chief Executive Officer's job to manage the Company.
- Evaluating the overall effectiveness of the Board and its committees.

2. Exercise Business Judgment

In discharging their fiduciary duties of care, loyalty and candor, directors are expected to exercise their independent business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders, on the basis of fully informed and meaningful deliberations.

3. Understand the Company and its Business

Directors have an obligation to become and remain informed about the Company and its business, including the following:

- The principal operational and financial objectives, strategies and plans of the Company.
- The operational results and financial condition of the Company and of its significant subsidiaries and business segments.
- The factors that determine the Company's success.
- The risks and problems that affect the Company's business and prospects.

4. Establish Effective Systems

Directors are responsible for determining that effective systems are in place for the periodic and timely reporting to the Board on important matters concerning the Company, including the following:

- Current business and financial performance, the degree of achievement of approved objectives and the need to address forward-planning issues.
- Future business prospects and forecasts, including actions, facilities, personnel and financial resources required to achieve forecasted results.
- Financial statements, with appropriate segment or divisional breakdowns.
- Adoption, implementation and monitoring of effective compliance programs to assure the Company's compliance with law and corporate policies.
- Material litigation and governmental and regulatory matters.

5. Reliance on Management and Advisors

The directors are entitled to rely on the Company's senior executives and any outside advisors, auditors and legal counsel of the Company, the Board or any committee thereof, except to the extent that any such person's integrity, honesty or competence is in doubt.

B. BOARD COMPOSITION

1. Selection of Chair and Chief Executive Officer

The Board may select the Chair of the Board and the Chief Executive Officer in any way that appears to the Board to be best for the Company at any given point in time.

The offices of Chair of the Board and Chief Executive Officer shall be separate and the Chair of the Board shall be selected from the independent directors, unless otherwise determined by a majority of the Board of Directors.

2. Size of the Board

The Bylaws of the Company provide that the number of directors on the Board shall be not less than five nor more than 25 members. The Board shall periodically review the appropriate size of the Board in accordance with the Company's Bylaws and needs, including transition periods for new directors in anticipation of planned director retirements and potential additions or reductions appropriate to a merger or acquisition.

3. Mix of Inside and Outside Directors

There shall always be a majority of independent directors on the Board. The Chief Executive Officer shall always be a member of the Board. The Board may consider members of Management, in addition to the Chief Executive Officer, as directors if, and at such times, it seems appropriate.

4. Board Definition of What Constitutes Independence for Outside Directors

The Company complies with the Nasdaq National Market Issuer requirements for independent directors (Nasdaq Stock Market Rule 4200). Ownership of a significant amount of the Company’s stock, by itself, does not disqualify a director as an independent director.

5. Board Membership Criteria

The Corporate Governance Committee is responsible for reviewing with the Board from time to time the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board. This assessment should include issues of diversity, age, independence of judgment, skills, geographic representation, business development potential and understanding of banking and finance, all in the context of an assessment of the perceived needs of the Board at that point in time. Board members are expected to rigorously prepare for, attend and participate in all Board and applicable committee meetings. Each Board member is expected to devote the time needed, and to meet as frequently as necessary, to discharge his or her responsibilities properly for the term to which elected, and therefore to ensure that other existing and planned future commitments do not materially interfere with the member’s service as an outstanding director. Each director should be prepared to offer his or her resignation in the event of any significant change in personal circumstances, including a material change in residence or employment, which would adversely affect that director's ability to discharge his or her duties. It is further the belief of the Board that directors can more effectively represent the interests of shareholders if they are also shareholders, and that this alignment occurs when directors have a significant investment in the shares of the Company. Thus, each director is further expected to maintain a significant investment (as shall be defined from time to time by the Board upon the recommendation of the Corporate Governance Committee) in common stock of the Company following a reasonable phase-in period for new directors.

6. Selection of New Director Candidates

The ultimate responsibility for the election of directors resides in the shareholders, and it is the responsibility of the Board to recommend new director candidates for such election. The Board delegates the identification, screening and recommendation process involved to the Corporate Governance Committee for recommendations both for election as directors at the annual meeting of shareholders and of the persons to be elected by the Board to fill any vacancies on the Board. It is expected that the Corporate Governance Committee will have direct input from both the Chair of the Board and the Chief Executive Officer. Any director may make recommendations to the Committee at any time. However, unauthorized approaches to prospective directors can be premature, embarrassing and harmful. Therefore, any extension of a formal invitation to join the Board should be by the Chair of the Board or Chief Executive Officer, as the Board directs, on behalf of the Board. The Board believes that the continuation of a former Chief Executive Officer of the Company on the Board is a matter to be decided in each individual instance by the Board and that, when a Chief Executive Officer resigns from that position, he or she should submit his or her resignation from the Board at the same time. Whether the individual continues to serve on the Board is a matter for discussion at that time with the new Chief Executive Officer and the Board.

The backgrounds and qualifications of the directors considered as a group should provide a significant breadth of experience, knowledge and abilities that shall assist the Board in fulfilling its responsibilities.

The general criteria for nomination as a director are:

- Nominees should have a reputation for integrity, honesty and adherence to high ethical standards.
- Nominees should have demonstrated business acumen, experience and ability to exercise sound judgments in matters that relate to the current and long-term objectives of the Company and should be willing and able to contribute positively to the decision-making process of the Company.
- Nominees should have a commitment to understand the Company and its industry and to regularly attend and participate in meetings of the Board and its committees to which they may be appointed.

- Nominees should have the interest and ability to understand the sometimes conflicting interests of the various constituencies of the Company, which include shareholders, employees, customers, governmental units, creditors and the general public, and to carefully weigh the interests of all stakeholders.
- Nominees should not have, nor appear to have, a conflict of interest that would impair the nominee's ability to represent the interests of all the Company's shareholders and to fulfill the responsibilities of a director.
- Nominees shall not be discriminated against on the basis of race, religion, national origin, sex, disability or any other basis proscribed by law. The value of diversity on the Board should be considered.

7. Application of Criteria to Existing Directors

The renomination of existing directors should not be viewed as automatic, but should be based on continuing qualification under the criteria set forth above. In addition, the Corporate Governance Committee shall consider the existing directors' performance on the Board and any committee.

8. New Director Orientation

The Board and Management shall conduct a mandatory orientation program for new directors. New directors should attend at least one meeting of all Board committees to acquaint them with the work and operations of each committee. After this rotation, new directors may be assigned to particular committees.

9. Continuing Education

Each director is expected to be involved in continuing director education on an ongoing basis to enable him or her to better perform his or her duties and to recognize and deal appropriately with issues that arise. The Company has a policy to pay all reasonable expenses related to continuing director education.

10. Term Limits

The Board does not believe it should establish term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, the concept has the disadvantage of losing the contribution of directors who, over time, have developed increasing insight into the Company and its operations and an institutional memory that benefit the entire membership of the Board as well as Management. As an alternative to term limits, as part of the nomination process for the election of directors at the Annual Meeting of Shareholders the Corporate Governance Committee shall review each director's continuation on the Board. This will allow each director the opportunity to confirm his or her desire to continue as a member of the Board and allow the Company to replace directors who are no longer interested or effective.

11. Retirement Policy

It is the policy of the Board that no director shall be nominated for re-election at an annual meeting of the shareholders, or appointed to fill a vacancy, if his or her 72nd birthday will occur on or after such election or appointment. However, in the event of a merger, the Board may deem it desirable for purposes of achieving continuity to appoint to the Board one or more directors of the merging corporation who has already attained the age of 72. Therefore, upon majority vote, the Board may appoint such person(s) to serve as a Director of the Company until the next annual meeting of shareholders and, in addition, such person(s) may be nominated for election at that annual meeting to serve one additional full term as a Director.

It is also the policy of the Board that inside directors (if any) who also are employees of the Company retire from the Board at the same time they relinquish their corporate officer title.

12. Removal of a Director

Directors are elected by the shareholders to serve until the next Annual Meeting of the Board. Thus, removal of any independent director by other than shareholder action should be reserved for only the most egregious situations, such as (by way of example only) criminal conduct involving moral turpitude. However, the Board reserves its right to take all actions it believes appropriate and in the interest of the shareholders, potentially including removal where warranted.

13. Board Compensation Review

The Corporate Governance Committee shall conduct an annual review of director compensation. Changes in Board compensation, if any, should come at the suggestion of the Corporate Governance Committee, but with full discussion and approval by the Board.

The Board believes that directors should be incentivized to focus on long-term shareholder value. Including equity as part of director compensation helps align the interest of directors with those of the Company’s shareholders.

The Company seeks to attract exceptional talent to its Board. Therefore, the Company’s policy is to compensate directors at least competitively relative to comparable companies. The Board believes that it is appropriate for the Chair of the Board and the chairs and members of the committees to receive additional compensation for their services in those positions.

Directors who are also employees of the Company shall receive no additional compensation for Board or committee service.

14. Board Interaction with Institutional Investors, Press, Customers, Etc.

The Board believes that Management speaks for the Company, with the exception that the Chair of the Board shall speak on behalf of the Company on matters relating to composition of the Board, hiring decisions regarding the Chief Executive Officer and as otherwise directed by the Board. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company, but it is expected that Board members would do this with the knowledge of Management and, absent unusual circumstances or as contemplated by the committee charters, only at the request of Management. It is strongly recommended that each director shall refer all inquiries from institutional investors, analysts, the press, customers or others to the Chief Executive Officer or the Chief Financial Officer.

15. Annual Performance Evaluation of the Board

The Corporate Governance Committee shall oversee an annual self-evaluation of the Board to determine whether it and its committees are functioning effectively. The Committee shall determine the nature of the evaluation, supervise the conduct of the evaluation and prepare an assessment of the Board’s performance, to be discussed with the full Board.

C. BOARD MEETINGS

1. Scheduling and Selection of Agenda Items for Board Meetings

Board meetings are scheduled in advance every month for a full day. Typically, the meetings are held at the Company's headquarters in Spokane, Washington, but occasionally a meeting is held at another Company facility or other location. Special meetings may be called from time to time as determined by the needs of the business, and may be held in any manner authorized by the Company’s Bylaws.

The Chair of the Board and the Chief Executive Officer, with the assistance of the Secretary of the Company, draft the agenda for each Board meeting and distribute it in advance to the Board.

Each Board member is free to suggest the inclusion of items on the agenda and to raise at any Board meeting subjects that are not on the agenda for that meeting.

During at least one meeting each year, the Board shall review the Company’s long-term strategic plans and the principal issues that the Company expects to confront in the future.

2. Executive Sessions

The directors will meet in Executive Session at such times as may be called by the Chair of the Board or at the request of any director. Absent unusual circumstances, these sessions shall be held in conjunction with regular Board meetings. It is the policy of the Board to meet, at the conclusion of each regular Board meeting, with the Chief Executive Officer in Executive Session. The Chair of the Board shall preside at these meetings.

The Board's policy is to schedule at least twice a year, in conjunction with a regularly scheduled Board meeting, a separate meeting time for the independent directors in Executive Session. The Chair of the Board, if an independent director, shall preside at the meetings of the independent directors. In the event the Chair of the Board is not an independent director, the Chair of the Corporate Governance Committee shall preside.

3. Board Material Distributed in Advance

Information and data that is important to the Board's understanding of the business should be distributed in writing to the Board before the Board meets, and directors should review these materials in advance of the meeting.

As a general rule, materials on specific subjects should be sent to the Board members at least four calendar days (where possible) in advance so that Board meeting time may be conserved and discussion time focused on questions that the Board has about the material. Sensitive subject matters may be discussed at the meeting without written materials being distributed in advance or at the meeting.

4. Access to Senior Management and Board Presentations

The Board has full and free access to senior management of the Company. It is assumed that Board members will use judgment to be sure that this contact is not distracting to the business operation of the Company and that such contact, if in writing and not in the context of normal communications to Board committee staff, be copied to the Chief Executive and the Chair of the Board absent unusual circumstances.

The Board encourages Management to schedule managers to be present at Board Meetings who: (a) can provide additional insight into the items being discussed because of personal involvement in these areas, or (b) have future potential that Management believes should be given exposure to the Board. In addition, the General Counsel, Chief Financial Officer and Secretary shall regularly attend Board meetings.

D. BOARD COMMITTEES

1. Number of Committees

In accordance with the Company’s bylaws, the Board believes that it is appropriate to delegate certain duties and authority to Board committees. The current standing Board committees are the Audit and Compliance, Compensation and Corporate Governance Committees. There will, from time to time, be occasions on which the Board may want to form a new standing committee, establish a temporary committee or disband a current standing or temporary committee depending upon the circumstances.

Each committee shall have a charter that has been approved by the Board. [NOTE: The current committee charters may be reviewed by clicking on the following links: <Audit and Compliance Committee> <Compensation Committee> <Corporate Governance Committee>] The Corporate Governance Committee shall, from time to time as it deems appropriate, review and reassess the adequacy of each committee’s charter in consultation with the committee’s Chair, and recommend appropriate changes to the Board.

2. Assignment and Term of Service of Committee Members

The Board is responsible for the appointment of committee members and committee chairs, upon the recommendation of the Corporate Governance Committee after consultation with the Chair of the Board and the Chief Executive Officer and with consideration of both the desires and qualifications of individual Board members. The Board may remove members of any Board committee at any time, with or without cause.

It is desirable that each committee Chair will have had previous service on the applicable committee. Each voting member of the Audit and Compliance Committee, the Compensation Committee and the Corporate Governance Committee shall be “independent” as defined by the applicable rules of NASDAQ.

The Board does not have a practice of automatic rotation of committee chairs and members after a set time period. There are many reasons to maintain an individual director on a specific committee, including continuity and subject matter expertise necessary for an effective committee. However, the Corporate Governance Committee reviews the strengths and expertise of each director, as well as the current and anticipated needs for each committee and, at times, may recommend rotating members based on committee needs.

3. Frequency and Length of Committee Meetings and Committee Agenda

The Chair of each committee, in consultation with the committee members, the Chair of the Board and appropriate members of Management, will determine the frequency and length of committee meetings and develop the committee's agenda. All committee members are free to include additional items on an agenda, which shall be distributed to the full Board prior to the committee meeting whenever possible. The approved meeting minutes of the committees will also be shared with the full Board. Subject to committee discretion in calling an executive session at any time, all Board members are welcome to attend committee meetings.

E. MANAGEMENT REVIEW AND RESPONSIBILITY

1. Formal Evaluation of Chief Executive Officer

The Compensation Committee conducts a performance evaluation annually in connection with the determination of the compensation of the Chief Executive Officer.

2. Succession Planning and Management Development

The Chief Executive Officer shall annually review with the Board succession planning and management development, which shall include transitional Board leadership in the event of an unplanned vacancy. The Chief Executive Officer should at all times make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.