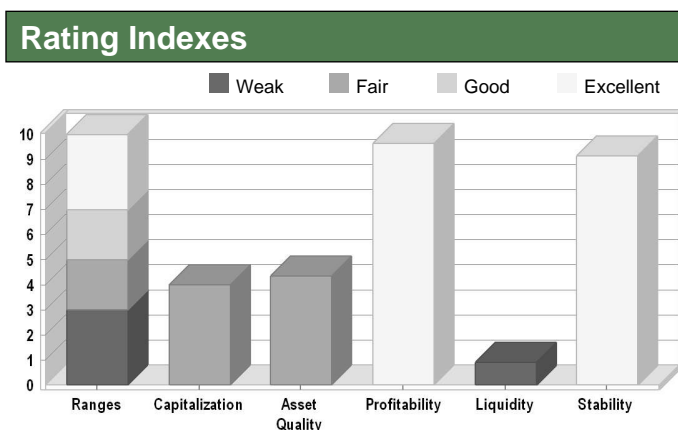


Company	FRONTIER BK
Group Affiliation	FRONTIER FINANCIAL CORP., EVERETT WA
Safety Rating	B- (Good Financial Strength)
Address	332 SW Everett Mall Way, Everett, WA 98204
Date Reviewed	June 20, 2008 (Downgraded) based on data through March 31, 2008
Next Review Date	September 2008

The B- rating means that, in our opinion, this institution offers good financial security and has the resources to deal with a variety of adverse economic conditions. It comfortably exceeds the minimum levels for all of our rating criteria and is likely to remain healthy for the near future. Nevertheless, in the event of a severe recession or major financial crisis, we feel this assessment should be reviewed to make sure the institution is still maintaining adequate financial strength.

TheStreet.com Financial Strength Ratings represent a completely independent, unbiased opinion of an institutions financial strength. The ratings are derived, for the most part, from quarterly financial statements filed with state and federal regulators.

Ratings are assigned by our analysts based on a complex analysis of hundreds of factors that are synthesized into five indexes: capitalization, asset quality, profitability, liquidity and stability. These indexes are then used to arrive at a letter grade rating. The primary components of TheStreet.com Financial Strength Rating are as follows:



- **Capitalization Index** gauges capital adequacy in terms of each institutions cushion to absorb future operating losses under various potential business and economic scenarios as they may impact the companys net interest margin, securities values, and the collectibility of its loans.
- **Asset Quality Index** measures the quality of the institutions past underwriting and investment practices, as well as its loss reserve coverage.
- **Profitability Index** measures the soundness of the companys operations and the contribution of profits to the companys financial strength.
- **Liquidity Index** values a companys ability to raise the necessary cash to satisfy creditors and honor depositor withdrawals.
- **Stability Index** integrates a number of sub-factors that affect consistency (or lack thereof) in maintaining financial strength over time. Sub-factors include 1) risk diversification in terms of company size and loan diversification; 2) deterioration of operations as reported in critical asset, liability, income and expense items, such as an increase in loan delinquency rates or a sharp increase in loan originations; 3) years in operation; 4) former problem areas where, despite recent improvement, the company has yet to establish a record of stable performance; and 5) relationships with holding companies and affiliates.

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