

# FRONTIER FINANCIAL CORPORATION

## Personnel and Compensation Committee Charter

### Purposes:

The purposes of the Personnel and Compensation Committee are to carry out the responsibilities of the Board of Directors relating to personnel decisions and compensation of the Company's executive officers; to approve compensation policies, practices and programs for the Corporation and its affiliates; and to produce an annual report on executive compensation to include in the Company's proxy statement for its annual meeting of shareholders, consistent with applicable rules and regulations.

### Membership:

The Committee will consist of non-employee directors who meet the independence requirements of the NASDAQ. No director may serve on the Committee unless he or she is a "non-employee director" for purposes of Rule 16b-3 under the Securities Exchange Act of 1934 and satisfies the requirements of an outside director for purposes of Section 162(m) of the Internal Revenue Code. The members of the Committee will be those directors appointed by the Board from time to time.

Committee members may be removed at any time by a majority of the Board. The Board may fill vacancy on the Committee.

### Duties and Responsibilities:

The Committee will:

1. Recommend to the Board for approval new executive incentive compensation plans and equity-based plans and significant amendments to existing incentive compensation plans and equity-based plans.
2. Review and approve other compensation plans and programs applicable to the Company's executive officers and other senior management.
3. Review and approve compensation (including employment, change in control and other compensation agreements) for the Company's executive officers and non-employee directors.
4. The Committee and the Board of Directors will review and approve all promotions of senior management, VP and above with a salary of \$100,000 or greater. The Board may from, time to time, revise this dollar amount due to inflation and cost of living increases. In determining the compensation for a particular executive or senior officer, this Committee will be guided by the following objectives:
  - (a) Attracting and retaining highly qualified officers by maintaining competitive compensation packages for officers;
  - (b) Motivating those officers to achieve and maintain superior performance levels;

- (c) Maintaining compensation packages that are equitable relative to efforts, skills, and other responsibilities of the officer when compared to other positions in Frontier Bank;
- (d) Making a portion of each officer's total compensation package at risk and dependent on Company performance and creation of long-term shareholder value and;
- (e) Making total compensation for executive and senior officers sufficiently competitive with compensation paid by financial institutions of similar size, with lines of business, geographic dispersion and marketplace position similar to Frontier Bank, so that the Company can attract and retain qualified officers who will contribute to Frontier Financial Corporation's and Frontier Bank's long term success.