

**Isabella Bank Corporation
Compensation Committee Charter**

**CHARTER OF THE COMPENSATION AND BENEFITS COMMITTEE OF THE
BOARD OF DIRECTORS OF ISABELLA BANK CORPORATION**

I. COMPOSITION

Appointment. Members of the Compensation and Benefits Committee (the "Committee") shall be appointed annually by the Board of Directors of Isabella Bank Corporation. (the "Board"). The members shall serve at the discretion of the Board and until their successors are duly elected and qualified by the Board.

Resignation and Vacancies. Any member of the Committee may resign, effective upon giving written notice to the Chairman of the Board unless the notice specifies a later time for the effectiveness of the resignation. All vacancies of the Committee, however created, may be filled by the Board.

Membership. The Committee shall be composed of at least four members, all of whom must meet the independence requirements of Section 4200(a)(15) of the National Association of Securities Dealers' listing standards and any standards of independence as may be prescribed for purposes of any federal securities, tax or other laws relating to the Committee's duties and responsibilities. Each member of the Committee shall meet both the definition of "non-employee director" under Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the definition of "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended. No member of the Committee shall be an officer of the "Corporation or have been an officer of the Corporation within the prior three years or an "affiliated person" of the Corporation or any of its subsidiaries. No member of the Committee may have any interlocking relationships required to be disclosed under the federal securities laws, including Item 402(j)(3) of Regulation S-K. Fees for service as a director (and as a committee member or committee chair) are the only compensation that a Committee member may receive directly or indirectly from or on behalf of the Corporation.

Committee Chair and Secretary. The Board shall appoint one of the members of the Committee to serve as Committee Chair. The Committee may also appoint a secretary, who need not be a director.

Advisors. The Committee shall have the authority, as it deems necessary or appropriate, to retain independent legal, accounting, or other advisors. The Committee also has the authority, as it deems necessary or appropriate, to request the Corporation to provide the Committee with the support of one or more Corporation employees to assist it in carrying out its duties. The Corporation will provide appropriate funding, as determined solely by the Committee, for payment of compensation to any advisors retained by the Committee.

II. PURPOSE OF THE COMMITTEE

The purpose of the Committee shall be evaluating and approving the executive officer and senior management compensation plans, policies and programs of the Corporation and its affiliates. The Committee shall evaluate and make recommendations to the Board regarding the compensation of the Chief Executive Officer of the Corporation. The Committee shall evaluate and make recommendations regarding the compensation of the Board and directors of affiliate boards, including their compensation for services on Board committees. The Committee is also responsible for producing an annual report on executive compensation for inclusion in the Corporation's proxy statement.

III. RESPONSIBILITIES OF THE COMMITTEE

The Committee shall perform the following responsibilities, which may be supplemented from time to time by any responsibilities expressly delegated to the Committee by the Board:

Executive Compensation

- Establish criteria for the evaluation of the CEO.
- Evaluate CEO at least annually.
- Recommend CEO goals and objectives for the coming calendar year.
- Establish salary ranges for the President of the Corporation & Isabella Bank and its subsidiaries.
- Review and recommend incentive compensation plans and amounts to be paid, if any, to the Board of Directors.
- Review all qualified and nonqualified benefit plans, including costs, effectiveness and recommended changes.
- Establish and recommend to the Board a budgeted percentage increase, as presented by management, on a subsidiary by subsidiary basis and monitor each subsidiary's compliance with the established target.
- Annually review and make recommendations to the Board with respect to the compensation of all officers and other key executives, including grants and awards under any incentive compensation plans and equity-based plans.

Charter Review

- Review and reassess the adequacy of the Committee's charter annually and recommend to the Board any necessary or desirable changes to the charter; and

- Publicly disclose the charter and any amendments to the charter as required by the Securities and Exchange Commission and rules or regulations of any other regulatory body having authority over the Corporation.

The foregoing list of duties is not exhaustive, and the Committee may in addition perform such other functions as may be necessary or appropriate.

Meetings and Procedure

The Committee shall meet as often as necessary, but at least two times each year, to enable it to fulfill its responsibilities. The Committee may meet by telephone conference call or by any other means permitted by law. A majority of the members of the Committee shall constitute a quorum. The Committee shall act on the affirmative vote of a majority of members present at a meeting at which a quorum is present. The Committee shall keep written minutes of its meetings, which shall be recorded or filed with the books and records of the Corporation and will report its actions to the next meeting of the Board.

The Committee may ask members of management, employees, outside counsel or others whose advice and counsel are relevant to the issues then being considered by the Committee to attend any meetings and to provide such pertinent information as the Committee may request.

The Committee Chair shall be responsible for leadership of the Committee, including calling Committee meetings, preparing the agenda, presiding over Committee meetings, making Committee assignments and reporting the Committee's actions to the Board from time to time but at least once each year as requested by the Board.

General

- Form and delegate authority to subcommittees when appropriate;
- Retain and terminate any compensation consultant to be used to assist in the evaluation, review or development of director, CEO or senior executive compensation, compensation plans or arrangements or benefits and have sole authority to approve the consultant's fees and other retention terms. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors. The Corporation shall pay all fees and expenses of legal, accounting or other advisors retained by the Committee.
- Prepare the Compensation Committee report and Compensation Discussion and Analysis sections to be included in the Corporation's proxy statement when and as required by applicable securities laws and regulations; and
- Annually review the performance of the Committee.

In performing their responsibilities, Committee members are entitled to rely in good faith on information, opinions, reports or statements prepared or presented by:

- One or more officers or employees of the Corporation whom the Committee members reasonably believe to be reliable and competent in the matters presented;
- Counsel, independent auditors or other persons as to matters which the Committee members reasonably believe to be within the professional or expert competence of such person; and
- Another committee of the Board as to matters within its designated authority.

Nothing in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Corporation or members of the Committee.