



Charter of the Board of Directors

Approved:02/24/2016

Overview

The Board of Directors of Isabella Bank Corporation (the "Corporation") has the responsibility for creating shareholder wealth while encouraging its subsidiaries and employees to be outstanding corporate citizens of the communities served. The Board has the overall responsibilities for determining the Corporation's long term goals and objectives and approving strategic plans which are in alignment with its goals and objectives.

General

Every director owes a duty of care and loyalty to the Corporation and is expected to act in the best interests of its shareholders.

The Chairman of the Corporation and its subsidiaries shall be an independent director (see attached definition in Exhibit A).

The audit, nominating and corporate governance and compensation committees shall consist entirely of independent directors.

A majority of the Board of Directors shall consist of directors who are independent.

Specifically the Board has responsibility for:

Governance

- z Electing a Chairman.
- z Appointing a President and a CEO.
- z Developing high ethical corporate business practice standards and communicating those standards through-out the organization, including, but not limited to, maintenance of the Code of Business Conduct and Ethics.
- z Ensuring that the actions of the Board of Directors and senior management of its subsidiaries are in alignment with the Corporation's shareholders' interests.
- z Ensuring honest and open communications with shareholders, employees, regulators, and the public in general.
- z Periodically reviewing individual director and overall board performance.
- z Considering the qualifications, diversity, integrity, and reputation of nominees to the Corporation's Board of Directors and the boards of its subsidiaries.
- z Approving, when needed, changes to the Corporation's Bylaws and recommending changes to its Articles of Incorporation to shareholders.
- z Approving the charters of the audit, nominating and corporate governance, compensation and benefits committees, and all other committees deemed necessary by the Chairman.
- z Reviewing the qualifications of committee nominees in light of legal, technical, and business needs and confirming their nominations.
- z Determining the size of the Board of Directors, the insider/outsider composition, the number of meetings, dates and times.

Operational

- z Determining the Corporation's structure and reporting lines of authority.
- z Reviewing and approving needed policies.

- z Approving the duties and authority of the CEO.
- z Approving appointment of corporate officers.
- z Reviewing and approving the nominating and corporate governance committee's recommendations for membership on each subsidiary board of directors and each subsidiary's President and the CEO.
- z Performing an annual evaluation of the Corporation's CEO.
- z Determining compensation and incentive plans for all of the Corporation's and subsidiaries' President and the CEO.
- z Reviewing and, when appropriate, adopting changes recommended by its committees or subsidiary boards.
- z Approving acquisitions and subsidiary recommendations for the expansion of current businesses, additional locations and new lines of business.
- z Approving the disposal of any subsidiary or significant line of business.
- z Being knowledgeable of and assuring compliance with, the main provisions of SEC regulations, including those governing insider trading.

Financial

- z Setting and approving cash and stock dividends and stock splits.
- z Annually establishing targets for growth, profitability, and capital ratios.
- z Monitoring the financial performance of each subsidiary and requesting subsidiary boards to develop and present plans for improved performance when their performance is unacceptable.
- z Reviewing and approving annually the operating budgets of the Corporation and its subsidiaries, including proposed capital acquisition.
- z Understanding and monitoring interest rate, credit, reputation, cyber-security and compliance risk and taking appropriate action when risk levels are unacceptable.
- z Understanding the Corporation's financial position and through its audit committee assuring that financial statements released publicly are in substantial compliance with generally accepted accounting principles and SEC regulations.
- z Ensuring there are sufficient resources, policies, and management oversight to safeguard the Corporation's assets from misappropriation or undue business risks.
- z Reviewing investment securities purchases and sales and approving, in advance, equity investments.
- z Reviewing, at least annually, insurance coverages.
- z Approving origination or purchase of loan proposals to be held by the Corporation.

In general, the Board of Directors of Isabella Bank Corporation is responsible for setting the overall direction of the Corporation and, through its actions and communications, to foster sound ethical business practices.