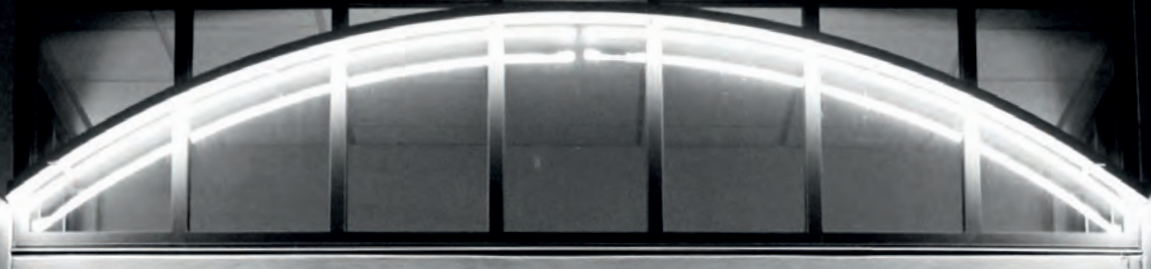


ISABELLA BANK CORPORATION
ANNUAL REPORT
2021



 **ISABELLA
BANK**



Isabella Bank Midland Office, 2222 N. Saginaw Road

Our Vision

is to be recognized as the leading independent community bank.

Mission Statement

To be the preeminent financial services provider benefiting our customers, shareholders, and employees.

Core Values

- ◆ Demonstrate unwavering integrity
 - ◆ Community bank focused
- ◆ Continued stability and independence
- ◆ Exceptional customer service delivered in a personal manner



EQUAL EMPLOYMENT OPPORTUNITY

Isabella Bank Corporation and its subsidiaries adhere to and support the equal employment opportunity clauses in Section 202 of the Executive Order 11246, as amended; 38 USC 4212, Vietnam Era Veterans Readjustment Act of 1974; Section 503 of the Rehabilitation Act of 1973, as amended; relative to equal employment opportunity and implementing rules and regulations of the Secretary of Labor.

by the numbers

\$25.50

**Closing price for ISBA stock on Dec. 31, 2021,
a 30% increase from Dec. 31, 2020.**

\$154 million

**Total amount of Paycheck Protection Program loans
secured and distributed through Isabella Bank.**

55,000+

**Worldwide ATM sites customers can use without a surcharge.
Isabella Bank joined the Allpoint Network in 2021.**

Strategic actions deliver record results

Isabella Bank Corporation delivered across-the-board positive results in 2021, including impressive loan volume, record assets, and assets under management.

An indication that 2021 would be one of the most notable years in our history came in June, with the private placement of \$30 million in subordinated notes. The funds provided low-interest capital to continue executing on the corporation's long-term strategic plan.

A portion of the capital was used to repurchase nearly 400,000 shares of the company's stock through a "modified Dutch auction." The reduction of shares positively influenced financial measurements, including earnings per share. At year's end, ISBA was trading at \$25.50, compared to \$19.57 at the close of 2020.

The corporation achieved major milestones by ending the year with \$2.0 billion in assets and \$2.8 billion in assets under management. Reaching record levels of loans and deposits were the major contributors to these achievements. What's more, Isabella Bank welcomed more than 5,400 new customers across our footprint.

Service improvements included a move to the Allpoint Network of automatic teller machines across the U.S. and worldwide. Customers now have surcharge-free access to their funds at more than 55,000 Allpoint locations and can locate nearby ATMs online or via a mobile app.

The headwinds of 2021 – low interest rates, compressed margins, and continued volatility from the COVID pandemic – clearly continue. However, there are indications that interest rates will increase as we move through 2022, which should aid in improving our margin, combined with solid loan demand and growth of new relationships.

Highlights of the year would be incomplete without extending my deep appreciation for Dave Maness, who skillfully chaired our board of directors for 11 years. He

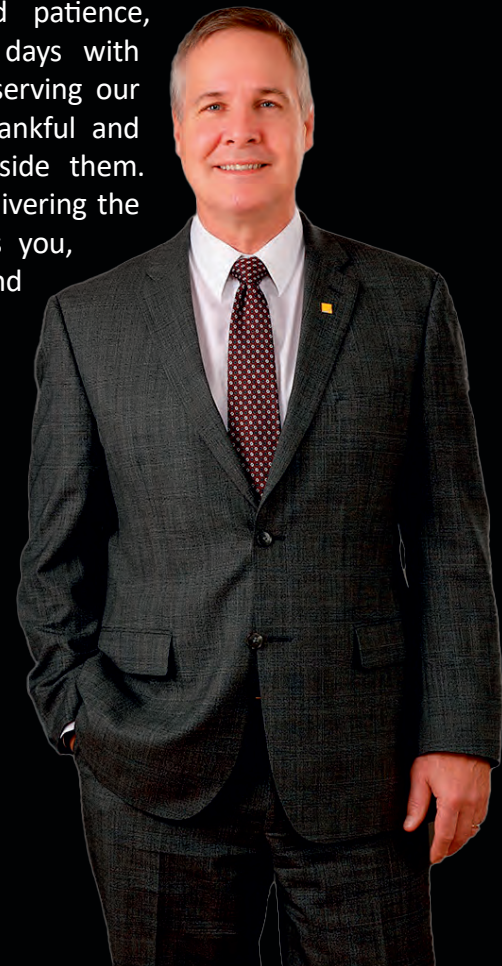
retired as Chair in May 2021 and remains on the board as a director. Isabella Bank saw notable achievements under his leadership, including expansions into Midland, Freeland, Saginaw and Big Rapids; the launch of mobile and online banking; and asset growth exceeding \$800 million.

I also want to recognize Sarah Opperman, who was elected the new board Chair in May. A lifelong mid-Michigan resident and retired executive of The Dow Chemical Company, Sarah delivers strong business acumen and strategic thinking. The board chose Sarah for her calm and collaborative leadership, thoughtful guidance and unwavering commitment to Isabella Bank and the communities we serve.

On a personal note, I close by saluting the bank's employees, who remained nimble, dedicated and upbeat throughout the year. Exuding professionalism and patience, they worked long days with steadfast focus on serving our customers. I am thankful and proud to stand beside them. Together, we are delivering the services and results you, our shareholders and customers, expect.



Jae A. Evans
President and CEO



by the numbers

\$30 million

Isabella Bank Corporation completed a private placement of \$30 million in 3.25% fixed-to-floating rate subordinated notes due in 2031. The Corporation used a portion of the net proceeds in the execution of a strategic tender offer, with the remainder planned for general corporate purposes, including potential repurchases of ISBA stock and/or merger and acquisition activity.

396,577

Shares of ISBA common stock purchased in a tender offer — a “modified Dutch auction” — as part of a five-year plan to improve shareholder value.

Board focus is to enhance shareholder interests through long-term results

Your Board of Directors is dedicated to and focused on the long-term success of this independent community bank. It is a responsibility each of us takes seriously on behalf of you, the shareholder.

Isabella Bank's mission to be the preeminent financial services provider in our region means assuring strong financial results not only for today, but for a sustainable future, as well.

Key decisions and actions in 2021, delivered against the five-year strategic plan, further enhanced the corporation's financial position. Two such Board-approved initiatives were the \$30 million in capital secured through subordinated notes and the modified Dutch auction purchase of nearly 400,000 shares of stock.

The bank grew in 2021 to a record \$1.7 billion in deposits, and investment and trust assets managed by Isabella Wealth hit a record \$516 million. The bank is designated as a well-capitalized institution and entered 2022 in a strong position to explore organic and non-organic growth opportunities.

These results don't happen without a strong, committed team. Isabella Bank has exceptional leaders, including Jae Evans, Neil McDonnell and Jerome Schwind, and talented, dedicated employees across our seven counties. Likewise, the bank has an experienced, engaged Board of Directors, chaired the past 11 years by Dave Maness. I thank Dave for his tremendous leadership and for his mentorship. We are fortunate to have his continued leadership and counsel on our board.

During 2021, the board also appointed two new outstanding directors:

Rick McGuirk is President and Operations Manager of United Apartments and a management consultant for McGuirk Sand and Gravel. Rick brings operational and executive management expertise to the board, as well as deep knowledge of and commitment to our community.

Chad Payton, CPA, is an Officer and the Managing Partner with Roslund, Prestage & Company, CPAs, PC. Chad serves as one of the valued financial experts on the board and continues to serve on Isabella Bank's South Region board as well.

Together, we are a 12-member board of shareholders, customers and community members. The high-quality services and success of Isabella Bank are as personal for us as they are for you. We are proud to represent you, our fellow shareholders, and we remain firmly committed to the continued success of this independent, community bank.



Sarah R. Opperman
Chair



The Strength of a Community Bank: Shareholders, customers, employees all overlap

ISBA shareholders often are more than investors. Many live in the seven counties we serve and are customers. Some are the latest in multiple generations of shareholders. Our employees frequently make a career out of working for Isabella Bank and they, too, become shareholders.

Such interconnections among shareholders, customers and employees are part of the fabric of Isabella Bank and part of our history. Importantly, their stories often reflect the bank's impact on and commitment to individuals and communities.

Chad and Petra Estep

Chad Estep is a loyal Isabella Bank customer and shareholder, and it is because of the hands-on care East Region President Michael Colby showed him 13 years ago.

The recession in 2008-09 hit Estep's company hard.

"I almost lost the whole company," Estep said. "Michael Colby helped me through it."

At the time, Colby worked for a different bank. When Colby joined the Isabella Bank team in 2016, Estep followed him.

Today, Bay Transport, a trucking company in Auburn, has 32 employees, is in its 21st year and "is doing really well," Estep said. It specializes in over-the-road refrigerated trucks and also acts as a freight broker, matching loads to carriers.

It is a family business, with Estep's wife, Petra, serving as controller. They met when Estep was in the Army and stationed in Germany. They moved to the Saginaw area afterward.

Estep started buying ISBA shares two years ago, stating that every six months, he purchases the max that he can.



Bill Hauck



Long before he launched a painting company 31 years ago, Bill Hauck opened a savings account at Isabella Bank to deposit his earnings from the family farm near Rosebush.

Now the owner of Bill Hauck Painting, he depends on Isabella Bank every day.

“I have personal loans and a credit line for the business,” Hauck said. “I also have a business account.”

Hauck is a third-generation shareholder of ISBA. His great-grandfather, Harry Hauck, was a shareholder in Weidman State Bank and his stock transferred when it became part of Isabella Bank.

Hauck prefers banking in person at the main branch in downtown Mt. Pleasant because it gives him a chance to say hello to two friends, Chief Lending Officer and Senior Vice President Dave Reetz and President Jerome Schwind.

It is a classic example of the overlap between shareholders and customers. It also demonstrates why customers and shareholders across generations are loyal to Isabella Bank.

Sarah Bliven

Sarah Bliven knows Shepherd. She grew up in the village, graduated from Shepherd High School and now is manager of the Isabella Bank branch there.

“I love that Isabella Bank is community based,” she said. “I love working in the community I’m from. In 2008, when I was first hired, I felt so honored to be part of this team. The bank has that good of a reputation in the community.”

Bliven, who builds her shares of ISBA stock through an employee program, serves as treasurer of the Shepherd Rotary Club and will lead a craft beer tent fundraiser later this year. Customers also find her volunteering at the annual Maple Syrup Festival.

She is an Isabella Bank customer and a shareholder with her husband, Steve, who owns a drain cleaning business.



“Over the years, Isabella Bank’s products have grown as we have grown; from business accounts that have helped us meet our growth goals to accounts that have grown with our children. We especially have enjoyed teaching our children how to bank using the student checking accounts,” Bliven said.



Behind the numbers: Customer-focused lending plays strong role in record year

Isabella Bank Corporation recorded strong results in every area in 2021. While some mirror national banking trends, many are distinctly tied to how we do business and reflect the corporation reaching the mid-point of a five-year strategic plan to enhance shareholder growth.

For instance, our loan department completed more than 1,800 Paycheck Protection Program (PPP) loans in the past two years — certainly part of the national picture. Key to Isabella Bank, however, is that the lending team, led by Chief Lending Officer and Senior Vice President Dave Reetz, worked with customers to help them understand the complexities of the program, ensured applications were complete, and followed up when it was time to apply for loan forgiveness.

PPP loans exceeded \$154 million, and the bank recorded \$4 million in federal administration fees during 2021 for its role in the process.

About the time PPP loans slowed, commercial lending took off as regional business leaders gained confidence in the economy. They turned to Isabella Bank as their partner, seeking loans for equipment, real estate and other needs. The loan department proactively nurtured a pipeline of customers, closing \$40 million in commercial loans in December alone. Isabella Bank loans — commercial, agriculture, residential, consumer, and PPP — totaled a record \$1.3 billion in 2021.

We continue to see growth in our customer base, in part from individuals and businesses looking to establish new

relationships. These new customers value our history and our future as an independent, full-service, locally owned bank.

Customer acquisition played a role in deposit growth throughout 2021. New clients also were among those who moved assets into Isabella Wealth, where our combined investment and trust management team now manage a record \$516 million, up \$72 million in one year.

118 years lead to achievement of big milestones

Isabella Bank ended 2021 with tremendous results. Total assets for the corporation climbed above \$2 billion, a milestone 118 years in the making. We reached the \$1 billion threshold in 2008, our 105th year in business. Just 13 years later, we doubled that.

Other key numbers include:

- Net income was the highest ever at \$19.5 million.
- \$1.7 billion in deposits produced another high-water mark.
- Earnings per share finished strong at \$2.48 for the year.

A Decade of Growth

Total Assets

2021: \$2.03 billion

2020: \$1.96 billion

2019: \$1.81 billion

2018: \$1.84 billion

2017: \$1.81 billion

2016: \$1.73 billion

2015: \$1.67 billion

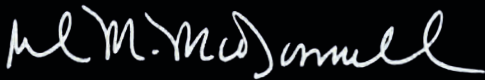
2014: \$1.55 billion

2013: \$1.49 billion

2012: \$1.43 billion

2011: \$1.34 billion

It's an especially exciting time to be part of Isabella Bank, and I always look forward to seeing many of you at our annual shareholders BBQ each fall. While our successful tender offer took 5% of ISBA shares off the market in 2021, most of our longtime, community shareholders retained their stock. We appreciate that deep loyalty, which is the foundation of Isabella Bank and its ongoing success.



Neil M. McDonnell
Chief Financial Officer



ISABELLA BANK CORPORATION
SELECTED FINANCIAL DATA
(Dollars in thousands except per share amounts)

For the years ended	2021	2020	2019
INCOME STATEMENT DATA			
Interest income	\$ 60,113	\$ 64,172	\$ 67,306
Interest expense	7,412	13,825	17,861
Net interest income	52,701	50,347	49,445
Provision for loan losses	(518)	1,665	30
Noninterest income	13,822	14,423	8,039
Noninterest expenses	43,694	51,233	43,050
Federal income tax expense	3,848	987	1,380
Net income	<u>\$ 19,499</u>	<u>\$ 10,885</u>	<u>\$ 13,024</u>
PER SHARE			
Basic earnings	\$ 2.48	\$ 1.37	\$ 1.65
Diluted earnings	\$ 2.45	\$ 1.34	\$ 1.61
Dividends	\$ 1.08	\$ 1.08	\$ 1.05
Tangible book value	\$ 21.61	\$ 21.29	\$ 20.45
Quoted market value			
High	\$ 29.00	\$ 24.50	\$ 24.80
Low	\$ 19.45	\$ 15.60	\$ 22.01
Close ⁽¹⁾	\$ 25.50	\$ 19.57	\$ 24.31
Common shares outstanding ⁽¹⁾	7,532,641	7,997,247	7,910,804
PERFORMANCE RATIOS			
Return on average total assets	0.96 %	0.57 %	0.72 %
Return on average shareholders' equity	8.83 %	4.93 %	6.25 %
Return on average tangible shareholders' equity	11.31 %	6.34 %	8.17 %
Net interest margin yield (fully taxable equivalent)	2.87 %	2.96 %	3.07 %
BALANCE SHEET DATA ⁽¹⁾			
Gross loans	\$ 1,301,037	\$ 1,238,311	\$ 1,186,570
Available-for-sale securities	\$ 490,601	\$ 339,228	\$ 429,839
Total assets	\$ 2,032,158	\$ 1,957,378	\$ 1,814,198
Deposits	\$ 1,710,339	\$ 1,566,317	\$ 1,313,851
Borrowed funds	\$ 99,320	\$ 158,747	\$ 275,999
Shareholders' equity	\$ 211,048	\$ 218,588	\$ 210,182
Gross loans to deposits	76.07 %	79.06 %	90.31 %
ASSETS UNDER MANAGEMENT ⁽¹⁾			
Loans sold with servicing retained	\$ 278,844	\$ 301,377	\$ 259,375
Assets managed by Isabella Wealth	\$ 516,243	\$ 443,967	\$ 436,181
Total assets under management	\$ 2,827,245	\$ 2,702,722	\$ 2,509,754
ASSET QUALITY ⁽¹⁾			
Nonperforming loans to gross loans	0.10 %	0.43 %	0.55 %
Nonperforming assets to total assets	0.08 %	0.31 %	0.40 %
Allowance for loan and lease losses to gross loans	0.70 %	0.79 %	0.67 %
CAPITAL RATIOS ⁽¹⁾			
Shareholders' equity to assets	10.39 %	11.17 %	11.59 %
Tier 1 leverage	7.97 %	8.37 %	9.01 %
Common equity tier 1 capital	12.07 %	12.97 %	12.56 %
Tier 1 risk-based capital	12.07 %	12.97 %	12.56 %
Total risk-based capital	14.94 %	13.75 %	13.18 %

⁽¹⁾ At end of year

ISABELLA BANK CORPORATION
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	December 31		Change	
	2021	2020	\$	%
ASSETS				
Cash and cash equivalents				
Cash and demand deposits due from banks	\$ 25,563	\$ 31,296	\$ (5,733)	(18.32)%
Interest bearing balances due from banks	79,767	215,344	(135,577)	(62.96)%
Total cash and cash equivalents	105,330	246,640	(141,310)	(57.29)%
Available-for-sale securities, at fair value	490,601	339,228	151,373	44.62 %
Mortgage loans available-for-sale	1,735	2,741	(1,006)	(36.70)%
Loans				
Commercial	807,439	756,686	50,753	6.71 %
Agricultural	93,955	100,461	(6,506)	(6.48)%
Residential real estate	326,361	307,543	18,818	6.12 %
Consumer	73,282	73,621	(339)	(0.46)%
Gross loans	1,301,037	1,238,311	62,726	5.07 %
Less allowance for loan and lease losses	9,103	9,744	(641)	(6.58)%
Net loans	1,291,934	1,228,567	63,367	5.16 %
Premises and equipment	24,419	25,140	(721)	(2.87)%
Corporate owned life insurance policies	32,472	28,292	4,180	14.77 %
Equity securities without readily determinable fair values	17,383	17,383	—	—%
Goodwill and other intangible assets	48,302	48,331	(29)	(0.06)%
Accrued interest receivable and other assets	19,982	21,056	(1,074)	(5.10)%
TOTAL ASSETS	\$ 2,032,158	\$ 1,957,378	\$ 74,780	3.82 %
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits				
Noninterest bearing	\$ 448,352	\$ 375,395	\$ 72,957	19.43 %
Interest bearing demand deposits	364,563	302,444	62,119	20.54 %
Certificates of deposit under \$250 and other savings	818,841	781,286	37,555	4.81 %
Certificates of deposit over \$250	78,583	107,192	(28,609)	(26.69)%
Total deposits	1,710,339	1,566,317	144,022	9.19 %
Borrowed funds				
Federal funds purchased and repurchase agreements	50,162	68,747	(18,585)	(27.03)%
Federal Home Loan Bank advances	20,000	90,000	(70,000)	(77.78)%
Subordinated debt, net of unamortized issuance costs	29,158	—	29,158	100.00 %
Total borrowed funds	99,320	158,747	(59,427)	(37.44)%
Accrued interest payable and other liabilities	11,451	13,726	(2,275)	(16.57)%
Total liabilities	1,821,110	1,738,790	82,320	4.73 %
Shareholders' equity				
Common stock — no par value 15,000,000 shares authorized; issued and outstanding 7,532,641 shares (including 105,654 shares held in the Rabbi Trust) in 2021 and 7,997,247 shares (including 59,162 shares held in the Rabbi Trust) in 2020	129,052	142,247	(13,195)	(9.28)%
Shares to be issued for deferred compensation obligations	4,545	4,183	362	8.65 %
Retained earnings	75,592	64,460	11,132	17.27 %
Accumulated other comprehensive income (loss)	1,859	7,698	(5,839)	(75.85)%
Total shareholders' equity	211,048	218,588	(7,540)	(3.45)%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 2,032,158	\$ 1,957,378	\$ 74,780	3.82 %

ISABELLA BANK CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

(Dollars in thousands except per share amounts)

	Year Ended December 31		Change	
	2021	2020	\$	%
Interest income				
Loans, including fees	\$ 51,410	\$ 54,102	\$ (2,692)	(4.98)%
Available-for-sale securities				
Taxable	4,920	5,214	(294)	(5.64)%
Nontaxable	3,077	3,830	(753)	(19.66)%
Federal funds sold and other	706	1,026	(320)	(31.19)%
Total interest income	60,113	64,172	(4,059)	(6.33)%
Interest expense				
Deposits	5,442	8,884	(3,442)	(38.74)%
Borrowings				
Federal funds purchased and repurchase agreements	53	36	17	47.22 %
Federal Home Loan Bank advances	1,302	4,905	(3,603)	(73.46)%
Subordinated debt, net of unamortized issuance costs	615	—	615	100.00 %
Total interest expense	7,412	13,825	(6,413)	(46.39)%
Net interest income	52,701	50,347	2,354	4.68 %
Provision for loan losses	(518)	1,665	(2,183)	(131.11)%
Net interest income after provision for loan losses	53,219	48,682	4,537	9.32 %
Noninterest income				
Service charges and fees	7,614	6,544	1,070	16.35 %
Wealth management fees	3,071	2,578	493	19.12 %
Net gain on sale of mortgage loans	1,694	2,716	(1,022)	(37.63)%
Earnings on corporate owned life insurance policies	800	755	45	5.96 %
Gains from redemption of corporate owned life insurance policies	271	891	(620)	(69.58)%
Net income (loss) on joint venture investment	—	577	(577)	(100.00)%
Other	372	362	10	2.76 %
Total noninterest income	13,822	14,423	(601)	(4.17)%
Noninterest expenses				
Compensation and benefits	23,749	23,772	(23)	(0.10)%
Furniture and equipment	5,462	5,787	(325)	(5.62)%
Occupancy	3,661	3,557	104	2.92 %
Loss on extinguishment of debt	—	7,643	(7,643)	(100.00)%
Other	10,822	10,474	348	3.32 %
Total noninterest expenses	43,694	51,233	(7,539)	(14.72)%
Income before federal income tax expense	23,347	11,872	11,475	96.66 %
Federal income tax expense	3,848	987	2,861	289.87 %
NET INCOME	\$ 19,499	\$ 10,885	\$ 8,614	79.14 %
Earnings per common share				
Basic	\$ 2.48	\$ 1.37	\$ 1.11	81.02 %
Diluted	\$ 2.45	\$ 1.34	\$ 1.11	82.84 %
Cash dividends per common share	\$ 1.08	\$ 1.08	\$ —	—%

ISABELLA BANK CORPORATION
AVERAGE BALANCES, INTEREST RATE, AND NET INTEREST INCOME

(Dollars in thousands)

The following schedules present the daily average amount outstanding for each major category of interest earning assets, non-earning assets, interest bearing liabilities, and noninterest bearing liabilities for the last two years. These schedules also present an analysis of interest income and interest expense for the periods indicated. All interest income is reported on a fully taxable equivalent (FTE) basis using a federal income tax rate of 21%. Loans in nonaccrual status, for the purpose of the following computations, are included in the average loan balances. Federal Reserve Bank and Federal Home Loan Bank (FHLB) restricted equity holdings are included in other interest earning assets.

	Year Ended December 31					
	2021			2020		
	Average Balance	Tax Equivalent Interest	Average Yield / Rate	Average Balance	Tax Equivalent Interest	Average Yield / Rate
INTEREST EARNING ASSETS						
Loans	\$ 1,208,141	\$ 51,410	4.26 %	\$ 1,236,169	\$ 54,102	4.38 %
Taxable investment securities	297,357	4,920	1.65 %	229,468	5,214	2.27 %
Nontaxable investment securities	117,997	4,235	3.59 %	140,665	5,189	3.69 %
Fed funds sold	5	—	0.02 %	4	—	0.06 %
Other	255,246	706	0.28 %	142,717	1,026	0.72 %
Total earning assets	1,878,746	61,271	3.26 %	1,749,023	65,531	3.75 %
NONEARNING ASSETS						
Allowance for loan losses	(9,396)			(8,837)		
Cash and demand deposits due from banks	29,139			24,987		
Premises and equipment	24,760			25,846		
Accrued income and other assets	109,625			118,195		
Total assets	\$ 2,032,874			\$ 1,909,214		
INTEREST BEARING LIABILITIES						
Interest bearing demand deposits	\$ 345,015	\$ 216	0.06 %	\$ 262,188	\$ 357	0.14 %
Savings deposits	558,102	616	0.11 %	456,088	1,212	0.27 %
Time deposits	336,094	4,610	1.37 %	387,881	7,315	1.89 %
Federal funds purchased and repurchase agreements	57,453	53	0.09 %	35,518	36	0.10 %
FHLB advances	69,342	1,302	1.88 %	210,451	4,905	2.33 %
Subordinated debt, net of unamortized issuance costs	17,000	615	3.62 %	—	—	—%
Total interest bearing liabilities	1,383,006	7,412	0.54 %	1,352,126	13,825	1.02 %
NONINTEREST BEARING LIABILITIES						
Demand deposits	416,247			320,820		
Other	12,858			15,613		
Shareholders' equity	220,763			220,655		
Total liabilities and shareholders' equity	\$ 2,032,874			\$ 1,909,214		
Net interest income (FTE)		\$ 53,859			\$ 51,706	
Net yield on interest earning assets (FTE)			2.87 %			2.96 %

Board of Directors



SARAH R. OPPERMAN - Chair
Vice President (retired),
The Dow Chemical Company



THOMAS L. KLEINHARDT
President,
McGuire Chevrolet



JAE A. EVANS
President & Chief Executive Officer,
Isabella Bank Corporation
Chief Executive Officer,
Isabella Bank



DAVID J. MANESS
President,
Maness Petroleum



JEROME E. SCHWIND
President,
Isabella Bank



RICHARD L. MCGUIRK
Operations Manager/President,
Central Management, Inc.



DR. JEFFREY J. BARNES
Physician and Shareholder,
L.O. Eye Care



CHAD R. PAYTON, CPA
Officer and Managing Partner,
Roslund, Prestage & Company, CPA's, PC



JILL BOURLAND, CPA, HCCP
Chief Executive Officer & Partner,
Blystone & Bailey, CPAs, PC



VICKI L. RUPP
Corporate Director (retired),
The Dow Chemical Company



G. CHARLES HUBSCHER
President,
Hubscher and Son, Inc.



GREGORY V. VARNER
Research Director (retired),
Michigan Bean Commission

Senior Officers and Regional Boards

Isabella Bank Corporation Officers

JAE A. EVANS
President & Chief Executive Officer

JEROME E. SCHWIND
Vice President

NEIL M. McDONNELL
Chief Financial Officer

DEBRA A. CAMPBELL
Vice President, Secretary

JENNIFER L. GILL
Vice President, Controller

MICHAEL P. PRISBY
Vice President, Treasurer

Isabella Bank Officers

JAE A. EVANS
Chief Executive Officer

JEROME E. SCHWIND
President

NEIL M. McDONNELL
Chief Financial Officer

DAVID J. REETZ
Chief Lending Officer

PEGGY L. WHEELER
Chief Operations Officer

JON D. CATLIN
Chief Credit Officer

MICHAEL R. COLBY
President, East Region

BRIAN K. GOWARD
President, South Region

DAVID W. SEPPALA
President, West Region

PATRICK J. MEASE, SPHR, SHRM-SCP
Senior Vice President, Human Resources

THOMAS J. WALLACE
Senior Vice President, Retail Credit

JOSHUA A. ELING
Market President, Big Rapids

MICHAEL D. WILLIAMS
Market President, Midland

ERIKA M. ROSS
Vice President, Chief Risk Officer

JULIE A. SMITH, CGEIT, CRISC
Vice President, Chief Technology Officer

KIMBERLY K. BETTS
Vice President, Collections

Isabella Bank Officers Continued

JAMES L. BINDER
Vice President, Commercial Loans

JENN A. BRICK
Vice President, Customer Service Operations

DAVID E. BROWN
Vice President, Commercial Loans

DEBRA A. CAMPBELL
Vice President, Shareholder Relations

MARK K. DENOYELLES
Vice President, Isabella Wealth

RANDY J. DICKINSON, CPA, CTFA
Vice President, Isabella Wealth

JENNIFER L. GILL
Vice President, Controller

THOMAS N. GROSS
Vice President, Commercial Loans

CYNDIA S. HEAP, CRCM, CAMS
Vice President, Compliance

MICHAEL K. HUENEMANN
Vice President, Commercial Loans

JOANNA L. KEENAN
Vice President, Isabella Wealth

KATHY J. KORSON
Vice President, Mortgage Loans

KIMBERLY A. LAMBRIGHT
Vice President, Internal Audit

ROBERT Z. MACLEOD
Vice President, Branch Administration

GREGORY S. MAPES
Vice President, Financial Services

MICHELLE L. MEASE
Vice President, Isabella Wealth

MICHAEL P. PRISBY
Vice President, Treasurer

CARRIE S. SMITH
Vice President, Mortgage Loans

JEFFREY W. SMITH
Vice President, Commercial Loans

LESLIE J. THIELEN
Vice President, Consumer Loans

AMY C. VOGEL
Vice President, Core Systems & Special Projects

TIM M. WILSON
Vice President, Regional Branch Manager

TRACY A. ZAYLER
Vice President, Regional Branch Manager

Regional Boards of Directors

East Region

MICHAEL R. COLBY
MARY F. DRAVES
SMALLWOOD HOLOMAN JR.
CHRISTOPHER J. RADKE
CLARENCE M. RIVETTE
VICKI L. RUPP
JEROME E. SCHWIND

South Region

CINDY M. BOSLEY
BRIAN K. GOWARD
WILLIAM HENDERSON
CHAD R. PAYTON
JEROME E. SCHWIND
JEFFREY E. SHERWOOD
GREGORY V. VARNER

West Region

DR. RALPH P. CREW
MATTHEW L. CURRIE
KEVIN J. DEFEVER
BLAKE R. HOLLENBECK
ALEXANDER R. KEMP
GREGORY D. MILLARD
BRIAN R. SACKETT
JEROME E. SCHWIND
DAVID W. SEPPALA
KATHY J. VANDERLAAN

Northern Advisory

SHARI R. BUCCILLI
MICHAEL L. JENKINS
THOMAS L. KLEINHARDT
JEROME E. SCHWIND
STEVEN L. STARK

As a community bank, we're serious about paying it forward

By 2021, Isabella Bank had served area businesses and residents for 118 years. This statistic represents thousands of employees, thousands of shareholders and tens of thousands of customers — intertwined to forge the communities inherent to our identity.

It should be no surprise then, that we prioritize a role of service across our seven-county region. Isabella Bank team members serve on volunteer boards, are involved in civic groups, participate in and help organize local charitable events and help others through hands-on efforts and financial contributions.

Here are a few of the ways we supported our communities in 2021:

- As we do each October, nearly all of our over 350 employees headed out to participate in a service project in what we call, Compassion into Action. In 2021, one of those projects involved a daylong cleanup and repair project at the West Midland Family Center. We also partnered with other local nonprofit organizations that day such as United Way, Habitat for Humanity, Rock the Block and Underground Railroad.
- We co-sponsored a drive-in movie for families on the first day of spring on the lot of Krapohl Ford & Lincoln, another long-time, locally owned and operated business leader in Mount Pleasant.
- Sponsored the Isabella Bank VIP Club in the new end zone facility at Kelly/Shorts Stadium at Central Michigan University. We support CMU as a key regional employer and an important part of the area's economy.

In addition, Isabella Bank:

- Hosted a blood drive with Versiti Blood Center and TV 9&10.
- Sponsored and participated in Christmas parades in Breckenridge, Ithaca, Greenville and Mount Pleasant.
- Volunteered in July with other groups to package and serve meals at the Saginaw East Side Soup Kitchen.
- Volunteered in May to plant and maintain the planter in front of Berry Funeral Home in Shepherd.
- Sponsored the Sacco Field scoreboard used by Union Township Little League Baseball.
- Remains an active participant at the Mt. Pleasant Farmers' Market and Midland Area Farmers Market.

Employee Recognition



In 2021, we celebrated alongside our employees as they achieved both professional and personal milestones. We recognize the following individuals on their recent promotions, appointments, and retirements.

Officer Promotions

Jennifer Gill
Vice President, Controller

Kim Lambright
Vice President, Internal Audit

Retirements

Sandy Yuncker, 42 years

Don Forster, 36 years

Deb Wiggins, 34 years

Chari Turnwald, 22 years

Mary Olivieri, 21 years

Barb Steffee, 18 years

Barb Place, 15 years

Patricia (Sue) Hardy, 13 years

Greg Matthews, 8 years

by the numbers

4

Directors Nominated for Board Election

96

Years of Combined Service on ISBA Corporate Board

05.03.22 @ 5 p.m.

Please plan to attend our Virtual Annual Meeting as well as vote and submit your questions during the live webcast of the meeting. Visit www.virtualshareholdermeeting.com/ISBA2022 and enter the 16-digit control code number included on your enclosed proxy card.



ISABELLA BANK CORPORATION

401 N. Main St.
Mt. Pleasant, Michigan 48858

NOTICE OF THE ANNUAL MEETING OF SHAREHOLDERS To Be Held May 3, 2022

Notice is hereby given that the Annual Meeting of Shareholders of Isabella Bank Corporation will be held virtually, in lieu of an in-person meeting, on Tuesday, May 3, 2022 at 5:00 p.m. Eastern Daylight Time. The meeting is for the purpose of considering and acting upon the following items of business:

1. The election of four directors.
2. To transact such other business as may properly come before the meeting, or any adjournment or adjournments thereof.

The Board of Directors has fixed March 11, 2022 as the record date for determination of shareholders entitled to notice of, and to vote at, the meeting or any adjournments thereof.

Shareholders can attend, vote, and submit questions at the virtual Annual Meeting via the internet at www.virtualshareholdermeeting.com/ISBA2022 and entering their 16-digit control number included on their proxy card.

By order of the Board of Directors

A handwritten signature in cursive script that reads "Debra Campbell".

Debra Campbell, Secretary

Dated: March 25, 2022

YOUR VOTE IS IMPORTANT! Please vote even if you plan to attend the meeting.

VOTE BY PHONE

Call 800.690.6903 (toll-free), have your proxy form in hand, follow the instructions to vote.

VOTE BY MAIL

Indicate your choice with respect to the matters to be voted upon, sign, date, and return your proxy form in the enclosed envelope.

Please Note: If stock is held in more than one name, all parties should sign the proxy form.

VOTE ONLINE

Visit proxyvote.com, have your proxy form in hand when you access the website and follow the instructions to obtain your records and create an electronic voting instruction form.

ISABELLA BANK CORPORATION

401 N. Main St.
Mt. Pleasant, Michigan 48858

PROXY STATEMENT

General Information

This Proxy Statement is furnished in connection with the solicitation of proxies, to be voted at our Annual Meeting of Shareholders (the “Annual Meeting”) which is to be held virtually, in lieu of an in-person meeting, on Tuesday, May 3, 2022 at 5:00 p.m., or at any adjournment or adjournments thereof, for the purposes set forth in the accompanying Notice of the Annual Meeting of Shareholders and in this Proxy Statement.

Shareholders can attend, vote, and submit questions at the virtual Annual Meeting via the internet at www.virtualshareholdermeeting.com/ISBA2022 and entering their 16-digit control number included on their proxy card.

This Proxy Statement has been mailed on March 25, 2022 to all holders of record of common stock as of the record date. If a shareholder’s shares are held in the name of a broker, bank, or other nominee, then that party should give the shareholder instructions for voting the shareholder’s shares.

Voting at the Meeting

We have fixed the close of business on March 11, 2022 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting and any adjournment or adjournments thereof. We have only one class of common stock and no preferred stock. As of March 11, 2022, there were 7,534,136 shares of stock outstanding. Each outstanding share entitles the holder thereof to one vote on each separate matter presented for vote at the meeting. You may vote on matters that are properly presented at the Annual Meeting by attending the meeting and casting a vote, signing and returning the enclosed proxy, voting on the internet, or voting by phone. You may change your vote or revoke your proxy at any time before it is voted at the Annual Meeting by filing with the Corporation an instrument revoking it, filing a duly executed proxy bearing a later date (including a proxy given over the internet or by phone) or by attending the virtual meeting and electing to vote in person. You are encouraged to vote by mail, internet, or phone.

A quorum must be present in order to hold the Annual Meeting. A quorum is present if a majority of the shares of common stock entitled to vote are represented in person or by proxy. If you execute and return a proxy, those shares will be counted to determine if there is a quorum, even if you abstain or fail to vote on any of the proposals.

Your broker *may not* vote on Proposal 1 if you do not furnish instructions for such proposal. You should use the voting instruction card provided by us to instruct the broker to vote the shares, or else your shares will be considered “broker non-votes.” Broker non-votes are shares held by brokers or nominees as to which voting instructions have not been received from the shares’ beneficial owner or the individual entitled to vote those shares and the broker or nominee does not have discretionary voting power under rules applicable to broker-dealers. Under these rules, Proposal 1 is not an item on which brokerage firms may vote in their discretion on your behalf unless you have furnished voting instructions.

At this year’s Annual Meeting, you will elect four directors to serve for a term of three years. You may vote in favor or withhold your vote with respect to any or all nominees. Directors are elected by a plurality of the votes cast at the Annual Meeting. Abstentions and shares not voted, including broker non-votes, have no effect on the elections.

Proposal 1 - Election of Directors

The Board of Directors (the “Board”) currently consists of twelve (12) members divided into three classes, with the directors in each class being elected for a term of three years. At the Annual Meeting, Thomas L. Kleinhardt, Sarah R. Opperman, Chad R. Payton, and Gregory V. Varner, whose terms expire at the Annual Meeting, have been nominated for election to serve through the 2025 Annual Meeting.

Except as otherwise specified, proxies will be voted for the election of the four nominees. If a nominee becomes unable or unwilling to serve, proxies will be voted for such other person, if any, as shall be designated. However, we know of no reason to anticipate that this will occur. Each of the nominees has agreed to serve as a director if elected.

Nominees and current directors, including their principal occupation for the last five or more years, age, and length of service as a director, are listed below.

We recommend that you vote FOR the election of each of the nominees.

Director Qualifications

Board members are highly qualified and represent your best interests. We select nominees who:

- Have extensive business leadership.
- Bring a diverse perspective and experience.
- Are objective and collegial.
- Have high ethical standards and have demonstrated sound business judgment.
- Are willing and able to commit the significant time and effort to effectively fulfill their responsibilities.
- Are active in and knowledgeable of their respective communities.

Each nominee and current director possesses these qualities and provides a diverse complement of specific business skills and experience. In addition to the general qualifications described above, qualifications are included in the biographical summaries provided below.

The following table identifies individual Board members serving on each of our standing committees:

Director	Audit	Nominating and Corporate Governance	Compensation and Human Resource
Sarah R. Opperman	X ^o	X ^o	X ^o
Dr. Jeffrey J. Barnes		X	
Jill Bourland	X ^c		X ^c
Jae A. Evans			
G. Charles Hubscher		X ^c	
Thomas L. Kleinhardt	X		X
David J. Maness	X	X	
Richard L. McGuirk			
Chad R. Payton	X		
Vicki L. Rupp			
Jerome E. Schwind			
Gregory V. Varner		X	X
C — Chairperson			
O — Ex-Officio			

Director Nominees for Terms Ending in 2025

Thomas L. Kleinhardt (age 67) has been a director of the Bank since 1998 and of Isabella Bank Corporation since 2010. Mr. Kleinhardt is President of McGuire Chevrolet, active in the Clare Kiwanis Club, and the former coach of the girls Varsity Basketball team for both Farwell High School and Clare High School. Mr. Kleinhardt's years of experience in managing a successful automobile dealership and understanding the financing needs of customers are valuable to the Board.

Sarah R. Opperman (age 62) has been a director of Isabella Bank Corporation and of the Bank since 2012 and has served as chair of both boards since May 2021. Ms. Opperman previously was employed for 28 years by The Dow Chemical Company, where she held leadership roles in public and government affairs. She served as interim President and Chief Executive Officer of the Midland Business Alliance from March 1 to December 2018. Ms. Opperman is a member of the Central Michigan University Advancement Board and MyMichigan Health Foundation. Ms. Opperman's business and leadership expertise, as well as her depth of community relationships, benefit Board discussions and decisions.

Chad R. Payton (age 53) has been a director of Isabella Bank Corporation and of the Bank since March 2021. Mr. Payton is a Certified Public Accountant and Partner of Roslund, Prestage & Company, PC, with over 30 years of tax and accounting experience. Mr. Payton is a member of the American Institute of Certified Public Accountants and Michigan Association of Certified Public Accountants. Mr. Payton has served as a member of an Isabella Bank regional advisory board since 2019. Mr. Payton's expertise in accounting and business experience are valuable to the Board.

Gregory V. Varner (age 67) has been a director of Isabella Bank Corporation and of the Bank since 2015. Mr. Varner was the Research Director for the Michigan Bean Commission for 40 years and retired in 2019. He received a Bachelor of Science in Agricultural Education and a Master of Science in Crop Science from Michigan State University. Mr. Varner's knowledge and years of experience in the agricultural field is an asset to the Board.

Current Directors with Terms Ending in 2023

Dr. Jeffrey J. Barnes (age 59) has been a director of the Bank since 2007 and of Isabella Bank Corporation since 2010. Dr. Barnes is a physician and shareholder in L.O. Eye Care, P.C. He is a former member of the Central Michigan Community Hospital Board of Directors. Dr. Barnes has experience in business operations and management, as well as knowledge of the communities we serve, which adds value to the Board.

G. Charles Hubscher (age 68) has been a director of the Bank since 2004 and of Isabella Bank Corporation since 2010. Mr. Hubscher is President of Hubscher and Son, Inc., a sand and gravel producer. He is a former director of the National Stone, Sand and Gravel Association, the Michigan Aggregates Association, and served on the Mt. Pleasant Area Community Foundation Board of Trustees for 20 years. Mr. Hubscher is a former member of the Zoning Board of Appeals for Deerfield Township. Mr. Hubscher brings his experience in business operations and management to the Board as well as his knowledge of the communities we serve.

David J. Maness (age 68) has been a director of the Bank since 2003 and of Isabella Bank Corporation since 2004. Mr. Maness served as Chairman of the Board for the Corporation and the Bank from 2010 to May 2021. He is President of Maness Petroleum, a geological and geophysical consulting services company. Mr. Maness is currently serving as a director for the Michigan Oil & Gas Association, and he previously served on the Mt. Pleasant Public Schools Board of Education. The business experience and community involvement that Mr. Maness brings to the Board is invaluable.

Vicki L. Rupp (age 62) has been a director of Isabella Bank Corporation and of the Bank since 2019. Ms. Rupp retired from The Dow Chemical Company after a successful thirty-five year career in various positions, including her final position of Corporate Director of Business Services. Her experience included specialty research & development, environmental, health and safety, global corporate service management, mergers & acquisition implementation, and organizational management. Ms. Rupp owns her own consulting company, Vicki Rupp Consulting, for companies seeking operational improvements. She also serves on the Saginaw Valley State University Foundation Board and Saginaw Valley State University Board of Control as chair. Ms. Rupp serves her community as a member of the executive committee of United Way and as a DOW/Saginaw Valley State University Affinity Network leader. Ms. Rupp brings experience in operations and strategic development and a commitment to community involvement.

Current Directors with Terms Ending in 2024

Jill Bourland (age 51) has been a director of Isabella Bank Corporation and of the Bank since 2017. Ms. Bourland is CEO and Partner of Blystone & Bailey, CPAs, P.C. Ms. Bourland is a graduate of Central Michigan University, a Certified Public Accountant, and a Housing Credit Certified Professional. She has over 25 years of audit, tax and accounting experience with a concentration in small business and affordable housing sectors. She currently serves as Treasurer of the William and Janet Strickler Nonprofit Center. She formerly served as President of the Mt. Pleasant Area Community Foundation and also as Treasurer and Chair of its Finance Committee. She is involved with the Gratiot-Isabella Technical Education Center Accounting/Business Advisory Committee. She is also a member of the American Institute of Certified Public Accountants, Michigan Association of Certified Public Accountants and Home Builders Association. Ms. Bourland has expertise in accounting, business experience and a strong commitment to community involvement.

Jae A. Evans (age 65) has been a director of Isabella Bank Corporation and of the Bank since 2014. He has been President and Chief Executive Officer of the Corporation since 2014 and Chief Executive Officer of the Bank since 2018. Mr. Evans has been employed by the Corporation since 2008 and served as Chief Operations Officer of the Bank from 2011 to 2013 and President of the Greenville Division of the Bank from 2008 to 2011. He is a graduate of Central Michigan University and has over 45 years of banking experience. Mr. Evans currently serves as a board member for The Community Bankers of Michigan, United Bankers Bank, and the Central Michigan University Advancement Board. Mr. Evans is also past Chair of the EightCap, Inc. Governing Board, past Vice Chair of the Carson City Hospital, past board member of the McLaren Central Michigan Hospital, was president of the Greenville Rotary Club, and past Chair of The Community Bankers of Michigan. Mr. Evans provides the Board with executive leadership, knowledge of commercial banking, and strong community involvement.

Richard L. McGuirk (age 50) was appointed a director of Isabella Bank Corporation and of the Bank at the February 24, 2021 Board meeting, effective March 31, 2021. Mr. McGuirk is the President and Operations Manager of Central Management, Inc. and a management consultant for McGuirk Sand-Gravel, Inc. Mr. McGuirk is a graduate of Central Michigan University and is a licensed real estate broker and builder. He currently serves as a board member for the Mt. Pleasant Area Community Foundation and the Central Michigan University Advancement Board. Mr. McGuirk has expertise in business, and a strong commitment to community involvement.

Jerome E. Schwind (age 55) has been a director of Isabella Bank Corporation and of the Bank since 2017. Mr. Schwind is President of the Bank and Vice President of the Corporation. He has been employed by the Bank since 1999 and has served in various roles at the Bank including Executive Vice President and Chief Operations Officer. Mr. Schwind received his undergraduate degree from Ferris State University and his MBA from Lake Superior State University. He is also a graduate of the Dale Carnegie Executive Development program, the Graduate School of Banking at the University of Wisconsin-Madison, and the Rollie Denison Leadership Institute. He currently serves as the Chair for the Middle Michigan Development Corporation, is a member of the Finance Advisory Board for the Ferris State University College of Business, the Michigan Bankers Association Grassroots Advocacy Committee, the Perry School of Banking Board, the Michigan Bankers Association Board, and also the Great Lakes Bay Alliance Board. Mr. Schwind brings his experience in banking and his many years at Isabella Bank to the Board in addition to his knowledge of the markets we serve.

Each of the directors has been engaged in their stated professions for more than five years unless otherwise stated.

Other Executive Officers

Neil M. McDonnell (age 58), Chief Financial Officer of Isabella Bank Corporation and of the Bank, joined Isabella Bank Corporation on January 30, 2018. Mr. McDonnell has over 30 years of banking experience and has served as chief financial officer, controller, treasurer, compliance & risk officer, and director of finance at large international banks, local community banks, as well as de novo banks. Prior to joining the Corporation, Mr. McDonnell was the Executive Vice President and Chief Financial Officer at Patriot Bank, N.A. located in Stamford, CT from January 2016 to May 2017.

David J. Reetz (age 61), Chief Lending Officer of the Bank, has over 35 years of lending experience and has been employed by the Bank since 1987, serving in his current role since 2003. He is a past President of the Exchange Club of Isabella County, served as Treasurer of the Isabella County Co-Expo Board and serves as a member of the Summit Clubhouse Advisory Board.

Peggy L. Wheeler (age 62), Chief Operations Officer of the Bank, has been employed by the Bank since 1977. She has over 40 years of banking experience with Isabella Bank, holding various positions including customer service, accounting, Controller, and Senior Vice President of Operations. She is a member of the grant review committee for the Mt. Pleasant Area Community Foundation and a member of the Optimist Club in Mt. Pleasant.

Corporate Governance

Director Independence

We have adopted the director independence standards as defined under the NASDAQ listing requirements. We have determined that Dr. Jeffrey J. Barnes, Jill Bourland, G. Charles Hubscher, Thomas L. Kleinhardt, David J. Maness, Richard L. McGuirk, Sarah R. Opperman, Chad R. Payton, Vicki L. Rupp, and Gregory V. Varner are independent directors. Jae A. Evans is not independent as he is employed as President and CEO of Isabella Bank Corporation and CEO of Isabella Bank. Jerome E. Schwind is not independent as he is employed as President of Isabella Bank and Vice President of Isabella Bank Corporation.

Board Leadership Structure and Risk Oversight

Our Governance Policy provides that only directors who are deemed to be independent as set forth by the NASDAQ listing requirements and SEC rules are eligible to hold the office of chairperson. Additionally, the chairpersons of Board established committees must also be independent directors. It is our belief that having a separate chairperson and CEO best serves the interest of the shareholders. The Board elects its chairperson at the first Board meeting following the Annual Meeting. Independent members of the Board meet without inside directors at least twice per year.

Management is responsible for our day-to-day risk management and the Board's role is to engage in informed oversight. The Board utilizes committees to oversee risks associated with compensation, and governance. The Isabella Bank Board of Directors is responsible for overseeing credit, investment, information technology, interest rate, and trust risks. The chairpersons of the respective boards or committees report on their activities on a regular basis.

Our Audit Committee is responsible for overseeing the integrity of our consolidated financial statements, the independent auditors' qualifications and independence, the performance of our internal audit function and those of independent auditors, our system of internal controls, our financial reporting and system of disclosure controls, and our compliance with legal and regulatory requirements and with our Code of Conduct and Business Ethics.

Committees of the Board of Directors and Meeting Attendance

The Board met 14 times during 2021. No current member of the Board attended less than 75% of the aggregate meetings of the Board and all committees on which such director served during 2021. The Board has an Audit Committee, a Nominating and Corporate Governance Committee, and a Compensation and Human Resource Committee.

Audit Committee

The Audit Committee is composed of independent directors. Information regarding the functions performed by the Audit Committee, its membership, and the number of meetings held during the year, is set forth in the "Audit Committee Report" included in this Proxy Statement. The Audit Committee is governed by a written charter approved by the Board, which is available on the Bank's website: www.isabellabank.com.

In accordance with the provisions of the Sarbanes-Oxley Act of 2002, director Bourland and director Payton met the requirements of Audit Committee Financial Expert and have been so designated. The Audit Committee also consists of directors Kleinhardt, Maness, and Opperman (ex-officio).

Nominating and Corporate Governance Committee

We have a standing Nominating and Corporate Governance Committee consisting of independent directors Barnes, Hubscher, Maness, Opperman (ex-officio), and Varner. The Nominating and Corporate Governance Committee held two meetings in 2021, with all committee members attending each meeting for which they were a member. The Board has approved a Nominating and Corporate Governance Committee Charter which is available on the Bank's website: www.isabellabank.com.

The Nominating and Corporate Governance Committee is responsible for evaluating and recommending individuals for nomination to the Board for approval. This Committee, in evaluating nominees, including incumbent directors and any nominees put forth by shareholders, considers business experience, skills, character, judgment, leadership experience, and their knowledge of the geographical markets, business segments or other criteria the Committee deems relevant and appropriate based on the current composition of the Board. This Committee considers diversity in identifying members with respect to our geographical markets served, the industry knowledge and experience of the nominee, and community relations of the nominee.

The Nominating and Corporate Governance Committee will consider, as potential nominees, persons recommended by shareholders. Recommendations should be submitted in writing to the Secretary of the Corporation, 401 N. Main St., Mt. Pleasant, Michigan 48858 and include the shareholder's name, address and number of shares of the Corporation owned by the shareholder. The recommendation should also include the name, age, address and qualifications of the candidate.

Recommendations for the 2023 Annual Meeting of Shareholders should be delivered no later than November 25, 2022. The Nominating and Corporate Governance Committee evaluates all potential director nominees in the same manner, whether the nominations are received from a shareholder, or otherwise.

Compensation and Human Resource Committee

The Compensation and Human Resource Committee is responsible for reviewing and recommending to the Board the compensation of directors and the compensation of the President and CEO, Bank President, and CFO, including benefit plans. This Committee consists of independent directors Bourland, Kleinhardt, Opperman (ex-officio), and Varner. The Compensation and Human Resource Committee held five meetings during 2021. This Committee is governed by a written charter approved by the Board that is available on the Bank's website: www.isabellabank.com.

Communications with the Board

Shareholders may communicate with the Board by sending written communications to the attention of the Corporation's Secretary, Isabella Bank Corporation, 401 N. Main St., Mt. Pleasant, Michigan 48858. Communications will be forwarded to the Board or the appropriate committee, as soon as practicable.

Code of Ethics

Our Code of Conduct and Business Ethics, which is applicable to the CEO, CFO, and Controller, is available on the Bank's website: www.isabellabank.com.

Audit Committee Report

The Audit Committee oversees the financial reporting process on behalf of the Board. The 2021 Audit Committee consisted of directors Bourland, Kleinhardt, Maness, Opperman (ex-officio), and Payton.

The Audit Committee is responsible for pre-approving all auditing services and permitted non-audit services by our independent auditors, or any other auditing or accounting firm, if those fees are reasonably expected to exceed 5.0% of the current year agreed upon fee for independent audit services. The Audit Committee has established general guidelines for the permissible scope and nature of any permitted non-audit services in connection with its annual review of the audit plan and reviews the guidelines with the Board.

Management has the primary responsibility for the consolidated financial statements and the reporting process including the systems of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed the audited consolidated financial statements in the Annual Report with management including a discussion of the acceptability of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the consolidated financial statements. The Audit Committee also reviewed with management and the independent auditors, management's assertion on the design and effectiveness of our internal control over financial reporting as of December 31, 2021.

The Audit Committee reviewed with our independent auditors, who are responsible for expressing an opinion on the conformity of those audited consolidated financial statements with accounting principles generally accepted in the United States of America, their judgments as to the acceptability of our accounting principles and such other matters as are required to be discussed with the Audit Committee by the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), including those described in Auditing Standard No. 1301, "Communications with Audit Committees", as may be modified or supplemented. In addition, the Audit Committee has received the written disclosures and the letter from the independent auditors required by PCAOB Rule 3526, "Communication with Audit Committees Concerning Independence", as may be modified or supplemented, and has discussed this issue with the independent auditors.

The Audit Committee discussed with our internal and independent auditors the overall scope and plans for their respective audits. The Audit Committee meets with the internal and external independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of our internal controls, and the overall quality of our financial reporting process. The Audit Committee held five meetings during 2021.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors (and the Board has approved) that the audited consolidated financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2021 for filing with the Securities and Exchange Commission. The Audit Committee has appointed Rehmann Robson LLC as the independent auditors for the 2022 audit.

Respectfully submitted,

Jill Bourland, Audit Committee Chairperson
Thomas L. Kleinhardt
David J. Maness
Sarah R. Opperman (ex-officio)
Chad R. Payton

Executive Officers

Executive officers are compensated in accordance with their employment with the applicable entity. The following table shows information on compensation earned in each of the last two fiscal years ended December 31, 2021, for the CEO, CFO, and our next most highly compensated executive officer.

Summary Compensation Table

Name and principal position	Year	Salary \$(1)	Bonus \$(2)	Stock Awards \$(3)	Change in pension value and nonqualified deferred compensation earnings \$(4)	All other compensation \$(5)	Total (\$)
Jae A. Evans	2021	463,000	89,250	—	—	50,387	602,637
President and CEO of Isabella Bank Corporation and CEO of Isabella Bank	2020	449,250	74,366	74,366	—	49,918	647,900
Neil M. McDonnell	2021	275,687	30,946	—	—	149,832	456,465
CFO of Isabella Bank Corporation and Isabella Bank ⁽⁶⁾	2020	266,773	46,253	46,253	—	22,379	381,658
Jerome E. Schwind	2021	349,209	44,616	—	(4,000)	51,263	441,088
President of Isabella Bank and Vice President of Isabella Bank Corporation	2020	332,661	50,731	50,731	14,000	49,557	497,680

⁽¹⁾ Executive officer salary includes compensation voluntarily deferred under our 401(k) plan. Director fees are also included and are displayed in the following table for each of the last two years ended December 31, 2021:

Name	Director fees (\$)	
	2021	2020
Jae A. Evans	28,000	24,250
Jerome E. Schwind	28,000	24,250

⁽²⁾ Includes payouts granted pursuant to the Isabella Bank Corporation Employee Cash Incentive Plans.

⁽³⁾ Includes shares granted pursuant to the Isabella Bank Corporation Stock Award Incentive Plan.

⁽⁴⁾ Includes the aggregate non-cash change in the actuarial present value of the noted executive's accumulated benefit under the Isabella Bank Corporation Pension Plan.

⁽⁵⁾ For all named executives, all other compensation includes 401(k) matching contributions and auto allowance. For Neil M. McDonnell all other compensation includes relocation payment.

⁽⁶⁾ Neil M. McDonnell served as Interim Controller from November 5, 2020 to March 1, 2021.

Outstanding Equity Awards at Fiscal Year-End Table

The following table provides information on the unvested shares of restricted stock pursuant to the Isabella Bank Corporation Restricted Stock Plan as of December 31, 2021:

Name	Grant Date	Stock awards	
		Number of shares or units of stock that have not vested #(1)	Market value of shares or units of stock that have not vested \$(2)
Jae A. Evans	4/1/2021	8,000	174,000
Jae A. Evans	6/24/2020	2,427	42,500
Neil M. McDonnell	4/1/2021	3,184	69,250
Neil M. McDonnell	6/24/2020	952	16,673
Jerome E. Schwind	4/1/2021	4,281	93,120
Jerome E. Schwind	6/24/2020	1,279	22,383

⁽¹⁾ Shares of restricted stock are subject to a three year vesting period from the date of issuance.

⁽²⁾ Based on the closing price of the Corporation's common stock as of the grant date.

Pension Benefits

Defined Benefit Pension Plan. We sponsor the Isabella Bank Corporation Pension Plan (“Defined Benefit Pension Plan”), a frozen defined benefit pension plan. The curtailment, which was effective March 1, 2007, froze the current participant’s accrued benefits as of that date and limited participation in the plan to eligible employees as of December 31, 2006. Due to the curtailment of the plan, the number of years of credited service was frozen. As such, the years of credited service for the plan may differ from the participant’s actual years of service.

Annual contributions are made to the plan as required by accepted actuarial principles, applicable federal tax laws, and to pay expenses related to operating and maintaining the plan. The amount of contributions on behalf of any one participant cannot be separately or individually computed.

Pension plan benefits are based on years of service and the employees’ five highest consecutive years of compensation out of the last ten years of service, through December 31, 2006.

A participant may earn a benefit for up to 35 years of accredited service. Earned benefits are 100% vested after five years of service. Benefit payments normally start when a participant reaches age 65. A participant with more than five years of service may elect to take early retirement benefits anytime after reaching age 55. Benefits payable under early retirement are reduced actuarially for each month prior to age 65 in which benefits begin.

Under the provisions of the plan, participants are eligible for early retirement after reaching the age of 55 with at least five years of service. The early retirement benefit amount is the accrued benefit payable at normal retirement date reduced by 5/9% for each of the first 60 months and 5/18% for each of the next 60 months that the benefit commencement date precedes the normal retirement date.

Retirement Bonus Plan. We sponsor the Isabella Bank Corporation Retirement Bonus Plan (“Retirement Bonus Plan”). This nonqualified plan is intended to provide eligible employees with additional retirement benefits. To be eligible, the employee needed to be an employee on January 1, 2007, and be a participant in our frozen Executive Supplemental Income Agreement. Participants were also required to be an officer with at least 10 years of service as of December 31, 2006. We have sole and exclusive discretion to add new participants to the Retirement Bonus Plan by authorizing such participation pursuant to action of the Board.

An initial amount was credited for each eligible employee as of January 1, 2007. Subsequent amounts have been credited on each allocation date thereafter as defined in the Retirement Bonus Plan. The amount of the initial allocation and the annual allocation shall be determined pursuant to the payment schedule adopted at our sole and exclusive discretion, as set forth in the Retirement Bonus Plan.

Under the provisions of the Retirement Bonus Plan, participants are eligible for early retirement upon attaining 55 years of age. There is no difference between the calculation of benefits payable upon early retirement and normal retirement; however, the participant would not receive their full benefit under early retirement.

Nonqualified Deferred Compensation

Directors Plan. Under the Isabella Bank Corporation and Related Companies Deferred Compensation Plan for Directors (“Directors Plan”), directors, including named executive officers who serve as directors, are required to invest at least 25% of their board fees in our common stock and may invest up to 100% of their earned fees based on their annual election. These amounts are reflected in footnote 1 to the Summary Compensation Table on the previous page. These stock investments can be made either through deferred fees or through the purchase of shares through the Isabella Bank Corporation Stockholder Dividend Reinvestment and Employee Stock Purchase Plan (“DRIP Plan”). Deferred fees, under the Directors Plan, are converted on a quarterly basis into stock units of our common stock based on the fair value of a share of our common stock as of the relevant valuation date. Stock units credited to a participant’s account are eligible for stock and cash dividends as paid. DRIP Plan shares are purchased pursuant to the DRIP Plan.

Distribution of deferred fees from the Directors Plan occurs when the participant retires from the Board or upon the occurrence of certain other events. The participant is eligible to receive distributions in the form of shares of our common stock of all of the stock units that are then in his or her account, and any unconverted cash will be converted to and rounded up to a whole share of stock and distributed, as well. Any common stock issued from deferred fees under the Directors Plan will be considered restricted stock under the Securities Act of 1933, as amended. Common stock purchased through the DRIP Plan are not considered restricted stock under the Securities Act of 1933, as amended.

SERP. Under the supplemental executive retirement plan (“SERP”), we may promise deferred compensation benefits to employees who are members of a select group of management or highly compensated employees, which may include the named executive officers. The SERP authorizes us to make annual and discretionary credits to a participant’s SERP account pursuant to a participation agreement with the participant that sets forth the amount and timing of any annual credits and the vesting, payment, “clawback” and other terms to which the credits are subject.

The SERP provides default terms that may be modified by a participant’s participation agreement, including default vesting, interest and payment terms. Under the SERP’s default vesting terms, a participant is initially unvested in the participant’s SERP account and becomes 100% vested upon attaining normal retirement age, retirement, involuntary separation from service without cause, death, disability or a change in control. Special vesting rules apply to amounts that are credited after a change in control. Under the SERP’s interest rule, a participant’s account balance is credited with interest annually, the rate of which may be changed and is based on Federated Investor’s Institutional Money Market Management Fund yield (MMPXX) for the current plan year, updated annually. Under the SERP’s default payment terms, a participant’s vested and nonforfeited account balance will be paid in a single cash lump sum within 90 days after the first to occur of the participant’s separation from service (subject to a six-month delay for a “specified employee”), death, disability, or any date specified in the participant’s participation agreement. The SERP also includes restrictive covenants that restrict a participant’s ability to compete with us and certain other activities.

Executive Cash Incentive Plan. On June 24, 2020, we amended and restated the Isabella Bank Corporation Employee Cash Incentive Plans to create two separate plans: one for non-executive employees and the other, the Isabella Bank Corporation Executive Cash Incentive Plan for executive employees. The executive plan provides separate potential payouts for the President and CEO, Bank President and CFO based on achievement of personal and corporate goals. The maximum potential payouts under the plan range from 20% to 30% of the employee’s annual salary. The Compensation and Human Resource Committee is responsible for establishing personal goals and measuring the achievement of personal goals for the President and CEO. This Committee also reviews the performance of the President and CEO. The President and CEO recommends to the Compensation and Human Resource Committee the measurement and achievement of personal and corporate goals for the Bank President and CFO.

Restricted Stock Plan. On June 24, 2020 the Board of Directors adopted the Isabella Bank Corporation Restricted Stock Plan (“RSP”), an equity-based bonus plan. The primary purpose of the plan is to promote our growth and profitability by attracting and retaining executive officers and key employees of outstanding competence through ownership of equity that provides them with incentives to achieve corporate objectives. In connection with the adoption of the RSP, the Isabella Bank Corporation Stock Award Incentive Plan was terminated.

The RSP authorizes the issuance of unvested restricted stock to an eligible employee with a maximum award ranging from 25% to 40% of the employee’s annual salary, on a calendar year basis. Under the RSP, the Board of Directors may grant restricted stock awards to eligible employees on an annual basis based on satisfactory achievement of performance targets and measures established by the Board of Directors. If these grant conditions are not satisfied, then the award of restricted shares will lapse or be adjusted appropriately, at the discretion of the Board of Directors. Restricted stock awards granted are not fully transferable or vested until certain conditions are met, as stated in the plan.

Potential Payments Upon Termination or Change in Control

The estimated amounts payable to each named executive officer upon severance from employment, retirement, termination upon death or disability or termination following a change in control are described below. For all termination scenarios, the amounts assume such termination took place as of December 31, 2021.

Any Severance of Employment

Regardless of the manner in which a named executive officer's employment terminates, he or she is entitled to receive amounts earned during his or her term of employment. Such amounts include:

- Amounts accrued and vested through the Defined Benefit Pension Plan.
- Amounts accrued and vested through the Retirement Bonus Plan.
- Amounts credited and vested through the SERP.
- Amounts deferred in the Directors Plan.
- Amounts vested through the Stock Award Incentive Plan.
- Amounts granted and vested through the Restricted Stock Plan.
- Eligible unused vacation and short-term disability pay.

Retirement

In the event of the retirement of an executive officer, the officer would receive the benefits identified above.

Death or Disability

In the event of death or disability of an executive officer, in addition to the benefits listed above, the executive officer will also receive payments under our life insurance plan or under our disability plan as appropriate.

Change in Control

We currently do not have a change in control agreement with any of the executive officers. Under the SERP, each participant would become 100% vested in their SERP account upon a change in control. Under certain conditions, following a change in control, if a participant is involuntarily terminated without cause or voluntarily terminates for good reason all uncredited annual credits would be credited to his or her SERP account. If termination took place on December 31, 2021, that would have resulted in an additional credit to Jae A. Evans' SERP account of \$0, Neil M. McDonnell's SERP account of \$195,000, and Jerome E. Schwind's SERP account of \$490,500 and a total credit for each individual of \$837,633, \$250,683, and \$602,903, respectively.

Under the RSP, each participant would become 100% vested in their RSP account upon a change in control. Under certain conditions, following a change in control, if a participant is involuntarily terminated without cause or voluntarily terminates for good reason all nonvested shares would be fully vested. If termination took place on December 31, 2021, that would have resulted in vested shares to Jae A. Evans' RSP account of 10,427 (\$216,500), Neil M. McDonnell's RSP account of 4,136 (\$85,923), and Jerome E. Schwind's RSP account of 5,560 (\$115,503).

Director Compensation

The following table summarizes the compensation of each non-employee director who served on the Board during 2021.

<u>Name</u>	<u>Fees paid in cash (\$)(1)</u>	<u>Fees deferred under Directors Plan (\$)(1)</u>	<u>Total fees earned (\$)</u>
Dr. Jeffrey J. Barnes	1,475	30,375	31,850
Jill Bourland	40,900	—	40,900
G. Charles Hubscher	—	31,850	31,850
Thomas L. Kleinhardt	—	40,700	40,700
David J. Maness	—	44,000	44,000
Richard L. McGuirk	8,550	2,850	11,400
Sarah R. Opperman	51,434	—	51,434
Chad R. Payton	12,950	9,000	21,950
Vicki L. Rupp	36,600	—	36,600
Gregory V. Varner	34,162	11,388	45,550

(1) Directors electing to receive all fees in cash, resulting in no contributions to the Directors Plan, invest at least 25% of their board fees in our common stock under the DRIP Plan as described in our Directors Plan within the “Executive Officers” section.

We paid \$1,500 per board meeting plus a retainer of \$10,000 to each member during 2021. Members of the Audit Committee were paid \$750 per Audit Committee meeting attended. Members of the Nominating and Corporate Governance Committee were paid \$350 per meeting attended. Members of the Compensation and Human Resource Committee were paid \$350 per meeting attended. The chairperson of the Board is paid a retainer of \$35,000, and the chairperson for the Audit Committee is paid a retainer of \$6,000.

Under the Directors Plan, upon a participant’s retirement from the Board, or the occurrence of certain other events, the participant is eligible to receive a distribution in the form of shares of our common stock of all of the stock units that are then credited to the participant’s account. The plan does not allow for cash settlement. Stock issued under the Directors Plan is restricted stock under the Securities Act of 1933, as amended.

We established a Rabbi Trust to supplement the Directors Plan. The Rabbi Trust is an irrevocable grantor trust to which we may contribute assets for the limited purpose of funding a nonqualified deferred compensation plan. Although we may not reach the assets of the Rabbi Trust for any purpose other than meeting its obligations under the Directors Plan, the assets of the Rabbi Trust remain subject to the claims of our creditors. We may contribute cash or common stock to the Rabbi Trust from time to time for the sole purpose of funding the Directors Plan. The Rabbi Trust will use any cash that we may contribute to purchase shares of our common stock on the open market.

We transferred \$1,095,300 to the Rabbi Trust in 2021, which held 105,654 shares of our common stock for settlement as of December 31, 2021. As of December 31, 2021, there were 83,710 stock units credited to participants’ accounts; such credits are unfunded as of such date to the extent that they are in excess of the stock and cash that has been credited to the Rabbi Trust. All amounts are unsecured claims against our general assets. The net cost of this benefit was \$198,824 in 2021.

The following table displays the cumulative number of stock units of our common stock credited to the accounts of current directors pursuant to the terms of the Directors Plan as of March 11, 2022:

<u>Name</u>	<u># of stock units credited</u>
Dr. Jeffrey J. Barnes	21,049
Jill Bourland	1,111
Jae A. Evans	2,546
G. Charles Hubscher	29,048
Thomas L. Kleinhardt	40,179
David J. Maness	44,475
Richard L. McGuirk	166
Sarah R. Opperman	5,265
Chad R. Payton	1,346
Vicki L. Rupp ⁽¹⁾	—
Jerome E. Schwind	9,058
Gregory V. Varner	15,625

⁽¹⁾ Vicki L. Rupp has elected to receive all fees in cash, resulting in no contributions to the Directors Plan. Ms. Rupp invests at least 25% of her board fees in our common stock under the DRIP Plan as described in our Directors Plan within the “Executive Officers” section.

Indebtedness of and Transactions with Management

Certain directors and officers and members of their families were loan customers of the Bank, or have been directors or officers of corporations, members or managers of limited liability companies, or partners of partnerships which have had transactions with the Bank. In our opinion, all such transactions were made in the ordinary course of business and were substantially on the same terms, including collateral and interest rates, as those prevailing at the same time for comparable transactions with customers not related to the Bank. These transactions do not involve more than normal risk of collectability or present other unfavorable features. Total loans to these customers were approximately \$22,558,000 and \$2,977,000 as of December 31, 2021, and 2020.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information as of March 11, 2022 as to our common stock owned beneficially by the only persons known by us to be beneficial owners of more than 5% of our common stock.

<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership (1)</u>	<u>Percent of Class</u>
Richard L. McGuirk	386,071	5.12 %
P.O. Box 222		
Mt. Pleasant, MI 48804		

⁽¹⁾ Based on information contained in Schedule 13D filed with the SEC on November 5, 2021.

The following table sets forth certain information as of March 11, 2022 as to our common stock owned beneficially by: 1) each director and director nominee, 2) by each named executive officer, and 3) by all directors, director nominees and executive officers as a group.

<u>Name of Owner</u>	<u>Amount and Nature of Beneficial Ownership (1)</u>	<u>Percent of Class</u>
Dr. Jeffrey J. Barnes	8,844	0.12 %
Jill Bourland	1,927	0.03 %
Jae A. Evans	18,863	0.25 %
G. Charles Hubscher	201,237	2.67 %
Thomas L. Kleinhardt	56,596	0.75 %
David J. Maness	7,633	0.10 %
Neil M. McDonnell	1,652	0.02 %
Richard L. McGuirk	386,071	5.12 %
Sarah R. Opperman	14,012	0.19 %
Chad R. Payton	1,460	0.02 %
Vicki L. Rupp	3,905	0.05 %
Jerome E. Schwind	5,767	0.08 %
Gregory V. Varner	8,193	0.11 %
All Directors, nominees and Executive Officers as a Group (13) persons	<u>716,160</u>	<u>9.51 %</u>

⁽¹⁾ Beneficial ownership is defined by rules of the SEC and includes shares that the person has or shares voting or investment power over and shares that the person has a right to acquire within 60 days from March 11, 2022. Consequently, with respect to shares acquired under the Directors Plan, participants may not be eligible to convert their stock units to shares within 60 days from March 11, 2022 as a result of distribution elections and plan conditions. For stock units credited to each participant's account as of March 11, 2022, refer to the "Director Compensation" section of this report.

Independent Registered Public Accounting Firm

The Audit Committee has appointed Rehmann Robson LLC as our independent auditors for the year ending December 31, 2022.

A representative of Rehmann Robson LLC is expected to be present at the Annual Meeting to respond to appropriate questions from shareholders and to make any comments Rehmann Robson LLC believes are appropriate.

Fees for Professional Services Provided by Rehmann Robson LLC

The following table shows the aggregate fees billed by Rehmann Robson LLC for the audit and other services provided for:

	2021	2020
Audit fees	\$ 335,579	\$ 321,310
Audit related fees	18,250	25,025
Tax fees	36,425	25,010
All other fees	2,250	—
Total	<u>\$ 392,504</u>	<u>\$ 371,345</u>

The audit fees were for performing the integrated audit of our consolidated annual financial statements and the internal control report related to the Federal Deposit Insurance Corporation Improvement Act, reviews of interim quarterly financial statements included in our Quarterly Reports on Form 10-Q, and services that are normally provided by Rehmann Robson LLC in connection with statutory and regulatory filings or engagements.

The audit related fees are typically for various discussions related to the adoption and interpretation of new accounting pronouncements. During 2021, this included fees for procedures related to nonrecurring regulatory filings. Also included are fees for auditing of our employee benefit plans.

The tax fees were for the preparation of our state and federal income tax returns and for consultation on various tax matters. All other fees were training and consultant related services.

The Audit Committee has considered whether the services provided by Rehmann Robson LLC, other than the audit fees, are compatible with maintaining Rehmann Robson LLC's independence and believes that the other services provided are compatible.

Pre-Approval Policies and Procedures

All non-audit services to be performed by Rehmann Robson LLC must be approved in advance by the Audit Committee if those fees are reasonably expected to exceed 5.0% of the current year agreed upon fee for independent audit services, so long as such services were recognized by the Corporation at the time of engagement to be non-audit services, and such services are promptly brought to the attention of the Audit Committee subsequent to completion of the audit. As permitted by SEC rules, the Audit Committee has authorized its chairperson to pre-approve audit, audit-related, tax and non-audit services, provided that such approved service is reported to the full Audit Committee at its next meeting.

As early as practicable in each calendar year, the independent auditor provides to the Audit Committee a schedule of the audit and other services that the independent auditor expects to provide or may provide during the next twelve months. The schedule will be specific as to the nature of the proposed services, the proposed fees, timing, and other details that the Audit Committee may request. The Audit Committee will by resolution authorize or decline the proposed services. Upon approval, this schedule will serve as the budget for fees by specific activity or service for the next twelve months.

A schedule of additional services proposed to be provided by the independent auditor, or proposed revisions to services already approved, along with associated proposed fees, may be presented to the Audit Committee for their consideration and approval at any time. The schedule will be specific as to the nature of the proposed service, the proposed fee, and other details that the Audit Committee may request. The Audit Committee will by resolution authorize or decline authorization for each proposed new service.

Applicable SEC rules and regulations permit waiver of the pre-approval requirements for services other than audit, review or attest services if certain conditions are met. Out of the services characterized above as audit-related, tax and other professional services, none were billed pursuant to these provisions in 2021 and 2020 without pre-approval.

Shareholder Proposals

Any proposals which you intend to present at the next Annual Meeting must be received before November 25, 2022 to be considered for inclusion in our Proxy Statement and proxy for that meeting. Proposals should be made in accordance with Securities and Exchange Commission Rule 14a-8.

Directors' Attendance at the Annual Meeting of Shareholders

Our directors are encouraged to attend the Annual Meeting. At the 2021 Annual Meeting, all directors, with the exception of Mr. Kleinhardt, were in attendance.

Other Matters

We will bear the cost of soliciting proxies. In addition to solicitation by mail, officers and other employees may solicit proxies by telephone or in person, without compensation other than their regular compensation.

As to Other Business Which May Come Before the Meeting

We do not intend to bring any other business before the meeting for action. However, if any other business should be presented for action, it is the intention of the persons named in the enclosed form of proxy to vote in accordance with their judgment on such business.

By order of the Board of Directors

A handwritten signature in cursive script that reads "Debra Campbell".

Debra Campbell, Secretary

SHAREHOLDERS' INFORMATION

Financial Information and Annual Report on Form 10-K

Copies of the 2021 Annual Report, Isabella Bank Corporation Annual Report on Form 10-K, and other financial information not contained herein are available on the Bank's website (www.isabellabank.com) under the Invest in Us tab, or may be obtained, without charge, by writing to:

Debra Campbell
Secretary
Isabella Bank Corporation
401 N. Main St.
Mt. Pleasant, Michigan 48858

Stock Information

Isabella Bank Corporation common stock is traded in the over-the-counter market. The common stock is quoted on the OTCQX tier of the OTC Markets Group, Inc.'s electronic quotation system (otcmmarkets.com) under the symbol "ISBA". Other trades in the common stock occur in privately negotiated transactions from time to time of which the Corporation may have limited or no information. Current stock price and availability can be obtained by contacting Shareholder Services, Isabella Wealth, Boenning & Scattergood, Inc. or a licensed broker.

Shareholder Services

For more information, contact Debra Campbell
(989) 779-6237 | 401 North Main Street, Mt. Pleasant, MI 48858
or www.isbellabank.com ➔ Invest in Us

Transfer Agent

Isabella Bank Corporation
(989) 779-6237 | 401 North Main Street, Mt. Pleasant, MI 48858

Investor Relations Firm

Renmark Financial Communications, LLC
(404) 806-1393 | 5 Concourse Pkwy. 30th Floor, Atlanta, GA 30328
or www.renmarkfinancial.com

Public Relations Firm

Paladin Communications
(734) 277-5843 | 2718 Sable Ct., Mt. Pleasant, MI 48858
or www.paladincomm.net

Corporate Broker

Boenning & Scattergood, Inc.
(866) 326-8113 | 9922 Brewster Lane, Powell, OH 43065
or www.boenninginc.com

Legal Counsel

Foster Swift Collins & Smith, PC
313 South Washington Square, Lansing, MI 48933
or www.fosterswift.com

Independent Certified Public Accounting Firm

Rehmann Robson LLC
5800 Gratiot Rd. Suite 201, Saginaw, MI 48638
or www.rehmann.com

This report includes forward-looking statements. To the extent that the foregoing information refers to matters that may occur in the future, please be aware that such forward-looking statements may differ materially from actual results. Additional information concerning some of the factors that could cause materially different results is included in the sections entitled "Risk Factors" and "Forward Looking Statements" set forth in Isabella Bank Corporation's filings with the Securities and Exchange Commission, which are available from the Securities and Exchange Commission's Public Reference facilities and from its website at www.sec.gov.



401 NORTH MAIN STREET, MT. PLEASANT, MI 48858