

2023



ISABELLA  
BANK  
CORPORATION

*Impact Report*



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# A Message From Our CEO

Isabella Bank cares about the customers and communities we serve, and our core values are the foundation of that service. We have delivered on that commitment for 120 years, and we are committed to continuing that performance.

As we look to the future, our focus on the Bank's impact with our communities, customers, employees, and shareholders will continue to drive our strategy.

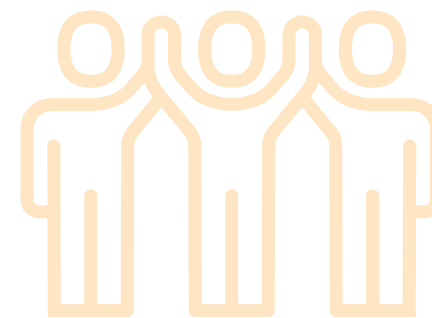
As a community bank, we recognize our important role as a catalyst for innovation and sustainability within our organization and with other organizations in our footprint. As a trusted partner of the communities we serve, we must and do hold ourselves to a high ethical standard.

This 2023 Impact Report is a reflection of our continuing commitment to the communities and individuals we are honored to serve.



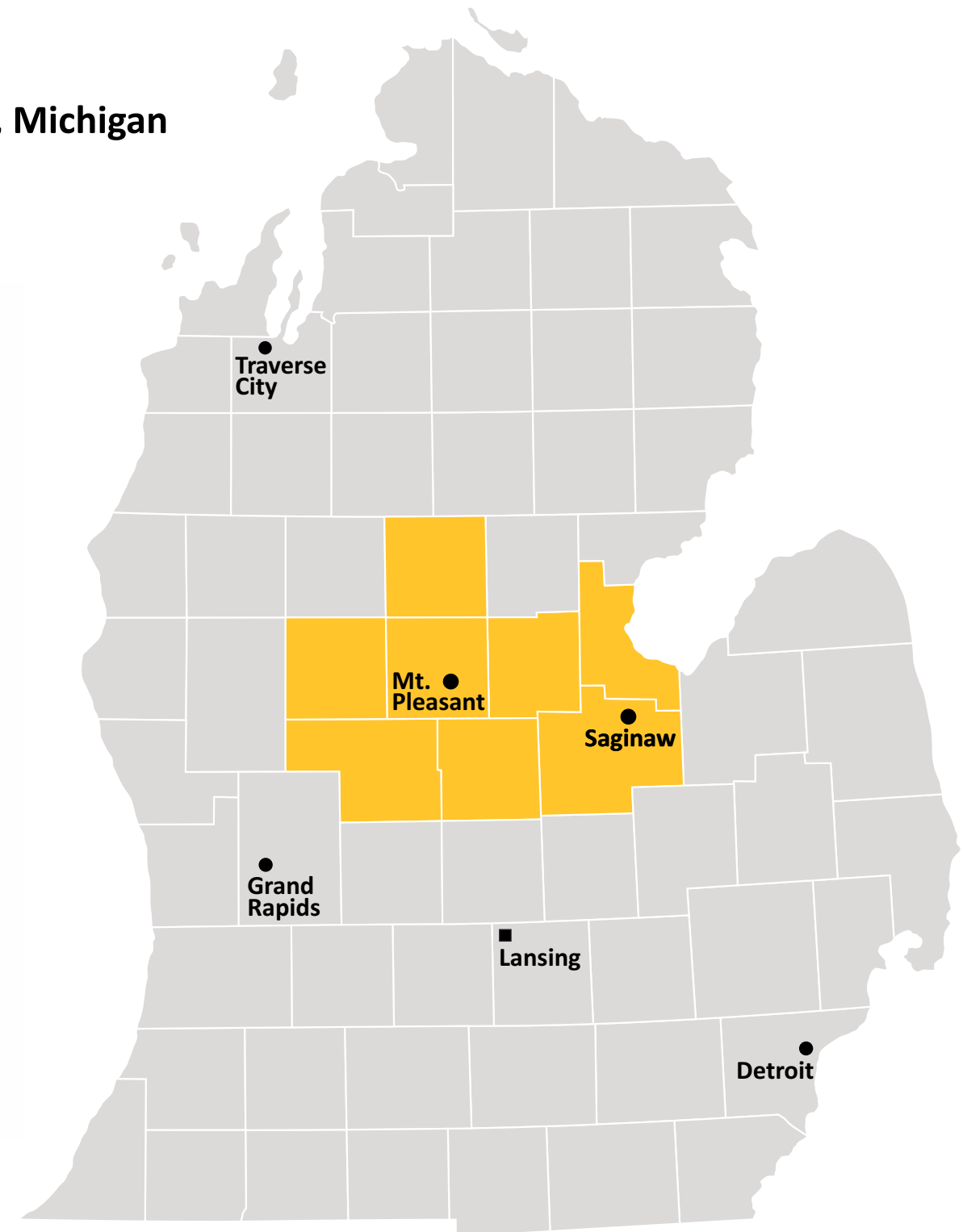
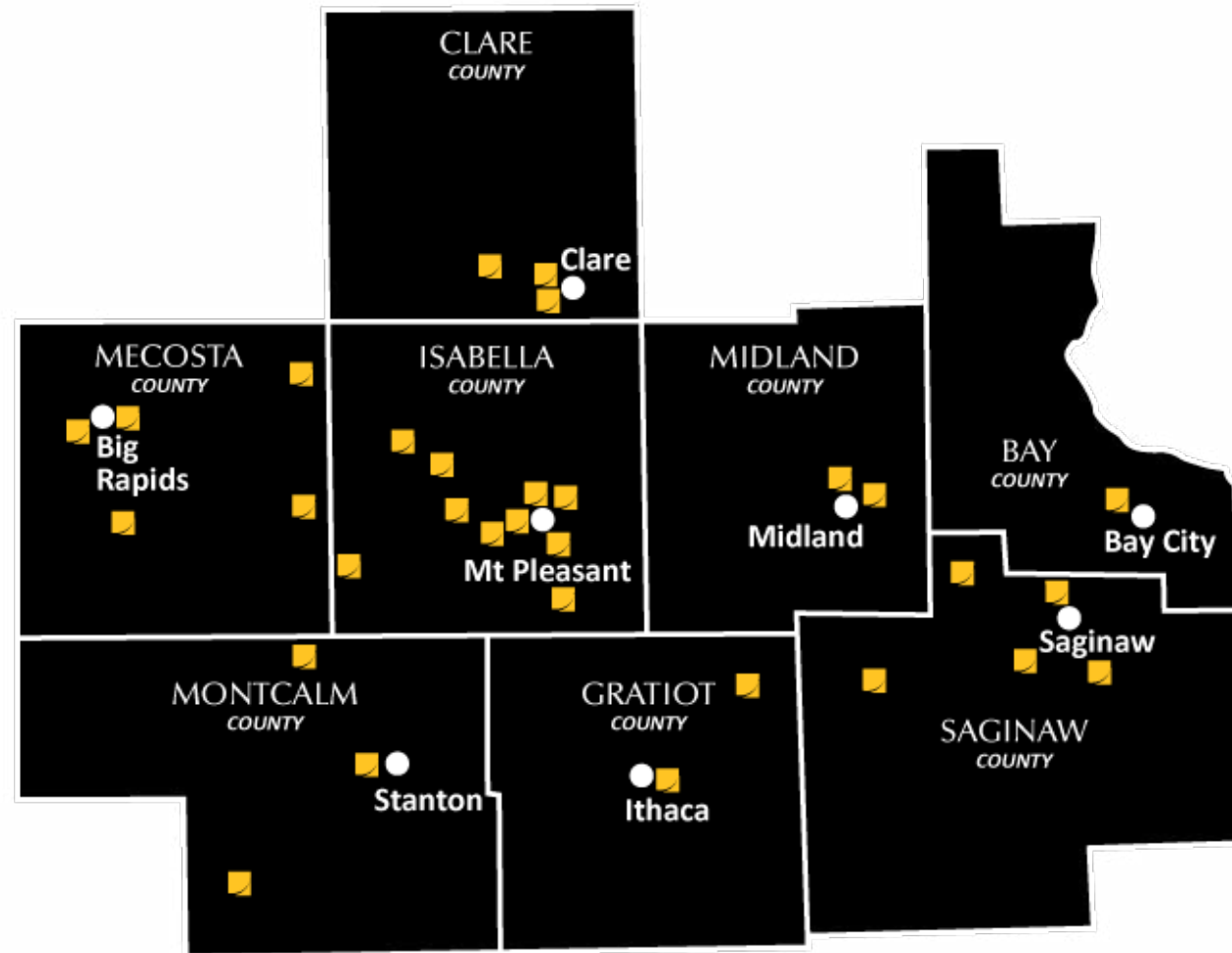
A stylized, handwritten signature in black ink.

**Jerome E. Schwind**  
Chief Executive Officer  
Isabella Bank Corporation



# Isabella Bank Overview

- Founded in **1903**
- **State-chartered** community bank
- **\$2 billion** in assets
- Over **370 employees**
- Headquartered in **Mount Pleasant, Michigan**
- **31 locations** throughout eight mid-Michigan counties







## COMMITTED TO YOU

Since 1903, we have been committed to serving the local banking needs of our communities. Over the years, our products and services have evolved to fit the changing banking needs of our customers, but our core values as a community bank continue to be the foundation of our company.

When it comes to banking, you deserve a partner committed to putting their customers and communities first. We believe in local decision-making and helping our customers make solid financial decisions.

## DEDICATED TO YOUR COMMUNITY

Whether we are providing monetary support to a local organization or volunteering our time, we believe that together, we can help build stronger communities. When you bank with us, your money stays here, doing good things in our community every day.

## OUR VISION

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



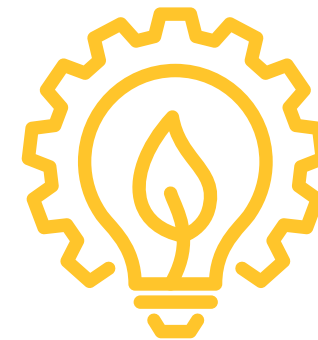
# *Environmental*

*At Isabella Bank, we are committed to minimizing our environmental impact by promoting sustainable practices in our operations.*

From reducing our carbon footprint and conserving natural resources to utilizing the latest technology, we continuously look for ways to contribute to a healthier and more sustainable planet for future generations.

# Energy Efficiency & Management

*We have many programs and initiatives to reduce our environmental impact. We completed an energy study in 2022 to further understand our consumption and look for opportunities to optimize energy consumption, conserve energy use, and reduce costs.*



- Programmable thermostats
- HVAC systems purchased with 95% efficiency
- Energy Star compliant computers are 92% energy efficient
- Remote work/meetings/training – to reduce travel for employees
- LED bulb replacement plan
- Occupancy sensors for lighting
- Branch signs converted to LED lighting
- Virtualization technology
- Monitors set to sleep mode after 15 minutes of inactivity
- Phone Displays set to sleep mode from 7pm-6am daily

*As of December 31, 2023.*



# Paperless Initiatives & Recycling

*We are also working to reduce our carbon footprint. This includes an increase in electronic transactions, and we expect to see a rise in the number of digital payments in the future. We continue to monitor and look for opportunities to further drive our green workplace initiatives.*

- Electronic document imaging system stores over 2 million documents
- Workflow system to route electronic documents: about 2,000 tasks run daily
- Electronic Signature for loan and deposit functions
- Virtual tickets for teller transactions
- **Community Shred Days:** We provide a safe way for our community members to discard personal, medical, financial, and tax information to help prevent identity theft.
- **Recycle paper documents:** We shred and recycle all paper materials, and our vendor recycles the paper into secondary paper products like napkins, toilet tissue, and paper plates.
- **Repurpose furniture by donating to local non-profit organizations**
- **Recycle IT equipment through a Michigan based asset management organization**

*As of December 31, 2023.*

## BY THE NUMBERS

**74%**  
of all bank deposit  
transactions were  
digital

Electronic Deposits  
**1,267,446**  
9% increase from 2022

**33 Tons** of paper recycled

Electronic Payments  
**9,850,437**  
10% increase from 2022

**61%**  
of households  
have at least one  
E-Statement





# *Social*

*Our employees and community members are the heart of our organization.*

Our vision is to foster a culture that builds strength in our differences, creating an atmosphere that allows for education, growth, and success that extends beyond the workplace and into the communities we serve. We actively listen to our employees and communities, and are committed to developing initiatives to help support and generate positive impact and achievement. We believe that together, we can help build a stronger, more inclusive and innovative future for everyone.

# Community Involvement

## FINANCIAL DONATIONS

**\$696,578**

Donations

**324**

Organizations

## VOLUNTEERISM

**7,721**

Hours

**327**

Organizations

**368**

Volunteers

**1,827**

Activities



*As of December 31, 2023.*



# Community Involvement

## BLOOD DRIVES



**99**  
Pints Donated

## FOUNDATION SCHOLARSHIPS

**\$17,500**  
Scholarship and Donations  
for Endowment Funds

## COMPASSION INTO ACTION

**11 Organizations    317 Staff**  
**6 Counties    1,740 Hours**



*As of December 31, 2023.*





# Sharing Financial Literacy



## BY THE NUMBERS

**Cemark Booklets:**  
**53** Sponsored Schools  
**4,136** Students\*

**Community  
Compass:**  
**1,077**  
 Program Users

**Junior Achievement & Reality Store:**  
**200+ Hours**

- Junior Achievement: 16 Classrooms, 480 Students
- Reality Stores: 6 Reality Stores, 950 Students

*As of December 31, 2023. \*Number of students is based on both the 2022-2023 and 2023-2024 academic years.*



# *Diversity, Equity, & Inclusion*

**Vision:** Our vision is to foster a culture that supports and respects the differences in others, in order to create an atmosphere which allows for individual career growth and company success. Creating a diverse and inclusive culture begins with our Board of Directors and CEO, and extends to all staff members.

**Purpose and Mission:** To support and promote our vision and culture, Isabella Bank developed a (DEI) Committee to develop initiatives to educate, build awareness, and improve communication.

**Goal:** To continue building a diverse organization that reflects the communities and customers we serve.

## BY THE NUMBERS

**1,028 Hours**  
of DEI education  
completed this year



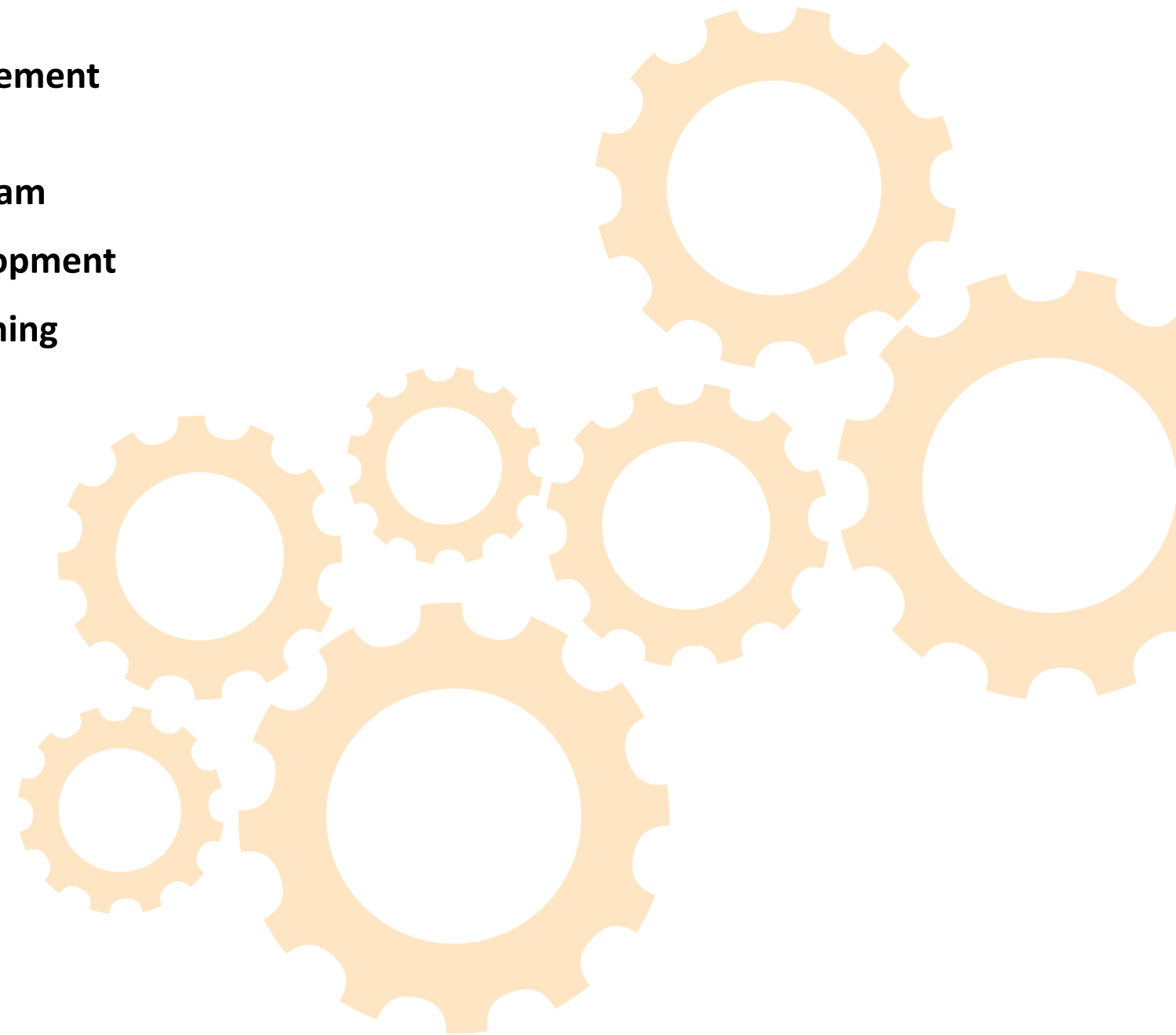
*As of December 31, 2023.*



# Employee Training & Development

*Learning and development are crucial to our employees' success and career growth. We commit time and financial resources to increasing the knowledge and skills of our employees.*

- Tuition Reimbursement
- Graduate School of Banking
- Perry School of Banking
- Dale Carnegie
- Leadership Class
- Seminars/Conferences
- Professional Designations/Certifications
- Isabella University Career Pathing
- In-Service Training Day
- Learning Management System (LMS)
- Internship Program
- Executive Development
- Succession Planning
- Engagement Committee
- Empowerment Committee



As of December 31, 2023. \*Since 2008.





# Employee Engagement

*Employee engagement, recognition, and appreciation are an important part of our company culture and we strive to recognize our employees and offer ways to keep the workplace a fun environment.*

- **Service Awards:**

Recognition of mile-stone years of service in five-year increments.

- 37.5% of our employees have been with us for 10 years+
- 23.2% have been with us for 20 years+

- **Izzy and Team of the Year Awards:**

Nominated by their peers, these individuals and teams are celebrated and recognized annually.

- **Cheers for Peers Program:** Staff nominate peers to recognize outstanding behavior and service. Nominations are collected and winners are randomly selected from the pool on a monthly basis.



- **Holiday Spirit Days**

- **Halloween**

- **Employee Events**

- Sporting events (CMU, Loons, Whitecaps, etc.)
- Family Fun Days
- Annual Summer BBQ
- Family Tailgate Day



# Employee Benefits

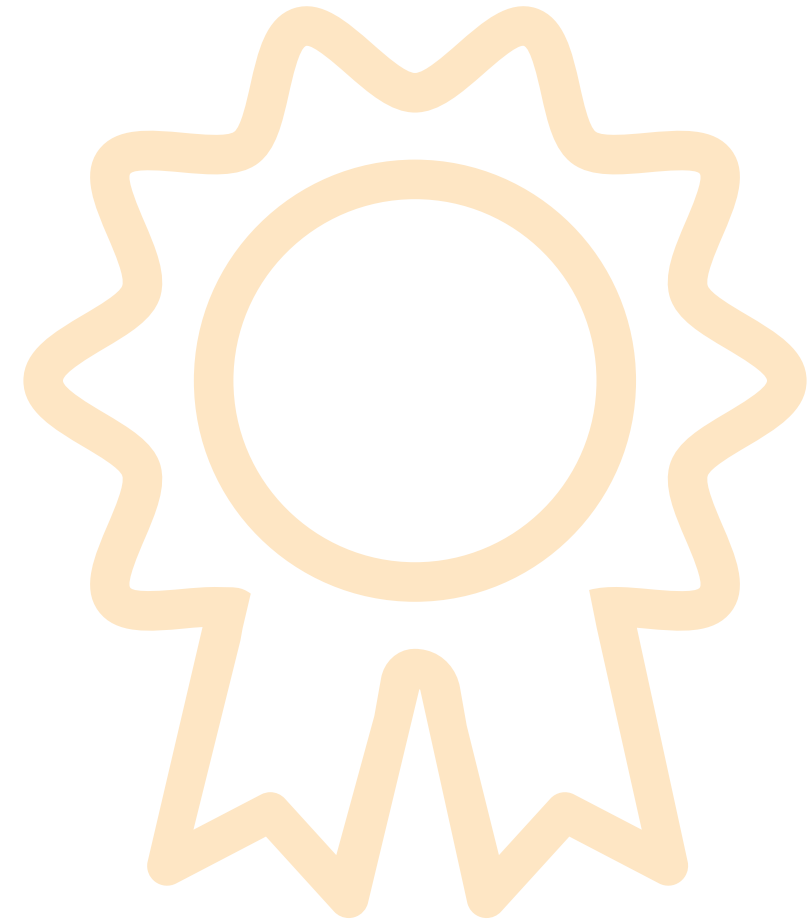
*Attracting and retaining top talent is an important part of our continued success as an organization. We value our employees and encourage the usage of all of these benefits. We also actively seek new opportunities and benefits for our employees.*

- **Bronze Level Veteran Friendly Employer (2019)**
- **Long-Term Disability Insurance Coverage**
- **Group Term Life Insurance**
- **401K with employer match with immediate vesting**
- **Free banking services**
- **Employee Assistance Program (EAP):**  
Provides employee, spouse, and dependents counseling services
- **Exercise Equipment Purchase Program:**  
Interest free repayment plan for exercise equipment



# 2023 Awards and Recognition

- **Michigan Bankers Association**
  - Financial Literacy Award
- **United Way Live United Awards**
  - Campaign Excellence Award
  - Platinum Partner Award
- **Mid Michigan College Laker Achievement Awards**
  - Outstanding Corporate Partner
- **Junior Achievement of North Central Michigan Business Hall of Fame**
  - Volunteer Organization of the Year
- **Midland Daily News Reader's Choice Awards**
  - Best Bank
- **Isabella County People's Choice Awards**
  - #1 Financial Institution







# *Governance*

*Isabella Bank focuses on building healthy and lasting relationships, operating a strong risk management system, and ensuring the corporation is financially strong and stable.*

We have maintained this approach to growing the Bank, which in turn has earned the confidence and trust that our shareholders, customers, and communities have placed in us throughout our 120 years of business. We remain committed to operating with discipline and integrity and to thriving as an independent community bank.

# Board of Directors



**SARAH R. OPPERMAN - CHAIR**

*Vice President (retired),  
The Dow Chemical Company*



**JILL BOURLAND, CPA, HCCP**

*Chief Executive Officer & Partner,  
Blystone & Bailey, CPAs, PC*



**RICHARD L. MCGUIRK**

*Operations Manager/President,  
United Apartments*



**JEROME E. SCHWIND**

*President & Chief Executive Officer,  
Isabella Bank Corporation  
Chief Executive Officer,  
Isabella Bank*



**MELINDA M. COFFIN**

*Chief Executive Officer,  
Soaring Eagle Gaming  
Enterprises*



**CHAD R. PAYTON, CPA**

*Officer and Managing Partner,  
Roslund, Prestage & Company, PC*



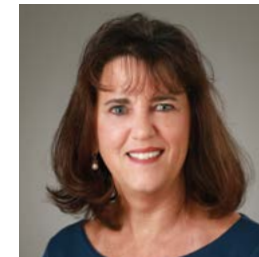
**NEIL M. MCDONNELL**

*President,  
Isabella Bank*



**JAE A. EVANS**

*Chief Executive Officer (retired),  
Isabella Bank*



**VICKI L. RUPP**

*Corporate Director (retired),  
The Dow Chemical Company*



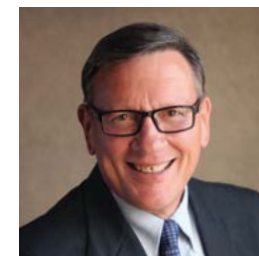
**DR. JEFFREY J. BARNES**

*Physician,  
L.O. Eye Care*



**THOMAS L. KLEINHARDT**

*President,  
McGuire Chevrolet*



**GREGORY V. VARNER**

*Research Director (retired),  
Michigan Bean Commission*

*As of January 31, 2024.*



# Corporate Board Committees

## ***Audit Committee***

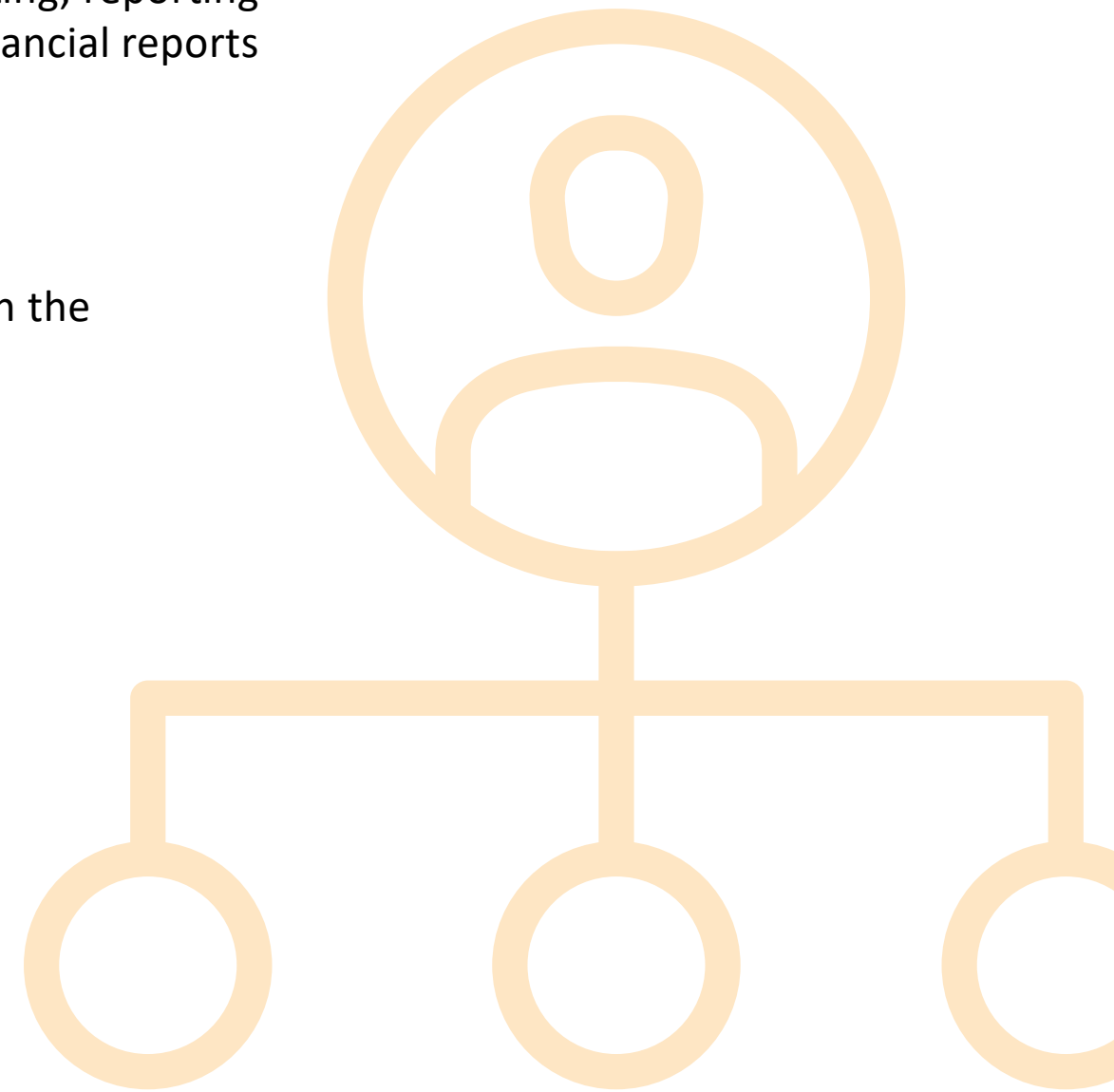
Provides assistance to the Corporation's directors in fulfilling their responsibility to the shareholders, potential shareholders, outside auditors, government agencies, and investment community relating to corporate accounting, reporting practices of the Corporation, and the quality and integrity of the financial reports of the Corporation.

## ***Nominating & Corporate Governance Committee***

Identify individuals qualified to become Board members and lead in the annual review of Board performance.

## ***Compensation and Human Resource Committee***

Responsible for evaluating and recommending to the Board for approval all compensation plans, policies, and programs as they affect the executive officers and directors.





# Cybersecurity

*At Isabella Bank, cybersecurity is a critical component of our operations, and an essential element of our commitment to governance responsibility. We are dedicated to safeguarding our customers' financial assets, personal information, and privacy while contributing positively to society and the environment.*



- Protecting the sensitive information entrusted to us is not only a legal obligation, but a fundamental ethical duty. Data privacy is critical at Isabella Bank. We invest in state-of-the-art cybersecurity infrastructure to defend against evolving threats and educate our employees and customers about safe online practices.
- We are committed to promoting digital inclusivity, accessibility, and transparency in our services. We are dedicated to providing a secure banking environment for all customers, irrespective of their background or abilities.
- The Board of Directors plays a pivotal role in overseeing our cybersecurity strategy and risk management. This oversight ensures that cybersecurity remains a core component of our corporate governance framework.
- We adhere to all relevant regulations, standards, and industry best practices, and we continually evaluate our cybersecurity policies and protocols to remain at the forefront of data protection.
- To maintain transparency and accountability, we conduct regular internal audits and engage independent third-party assessments to validate our cybersecurity and data privacy measures. Isabella Bank is unwavering in its commitment to the principles of governance, including the realms of cybersecurity and data privacy.



# Risk Management

*The Board of Directors actively oversees risk management and ensures management develops and implements procedures and practices within the Bank's established risk appetite. The Board of Directors oversees these three main areas of risk:*

## ***Credit Risk***

The risk to the organization that a borrower, issuer, or counterparty will fail to perform an obligation.

## ***Market Risk***

The risk to the Bank's financial condition as a result of adverse movements in market rates or prices, such as interest rates, foreign exchange rates, or equity prices.

## ***Operational Risk***

The risk of loss due to compliance issues, inadequate systems, operational issues, breaches in internal controls, fraud, or unforeseen catastrophes.



