



## **Charter of the Board of Directors**

*Approved:06/26/2024*

# Overview

The Board of Directors is responsible to the bank's depositors, other creditors, and shareholders for safeguarding their interests through the lawful, informed, efficient and able administration of the institution. The Board has the overall responsibilities for determining the corporation's long term goals and objectives and approving strategic plans which are in alignment with its goals and objectives.

## General

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

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

The Audit, Nominating and Corporate Governance and Compensation and Human Resources committees shall consist entirely of independent directors.

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

Specifically the Board has responsibility for:

## Governance

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

## Operational

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

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

## Financial

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

## Fiduciary

The Corporation has appointed the Board of Directors of its subsidiary, Isabella Bank ("Bank") to oversee the fiduciary activities of the Bank's trust department.

**Meetings.** The Bank's Board of Directors will receive reports from the trust department as often as it determines necessary, but no less than quarterly.

**Delegation.** The Bank's Board of Directors, under the direction of its Chair may appoint committees to oversee the risk and operations of Trust Services. When delegating duties to a committee, the Board continues to be responsible for the oversight of all trust activities. Sufficient reporting and monitoring procedures will be established to fulfill this responsibility. The Board will review the responsibilities of each committee and appoint members on an annual basis.

### **The Bank Board has appointed the following committee:**

Board Risk Committee - Risk Oversight

### **Isabella Bank Board Responsibilities**

Review and reassess committee charters at least once per calendar year.

Review and approve minutes of its meetings, as well as review minutes of designated committees.

Review reports from trust services related to assets under management, profit and loss, fee structure, peer comparisons and the department's annual business plan.

---

## Appendices

## **New Appendix**

Exhibit A was not included in this policy at the time of the initial upload. Exhibit has not changed and is the original Exhibit.

### **Attachments:**

- [Charter of the Board of Directors Exhibit A.pdf](#)