

RESEARCH UPDATE
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Market Statistics in USD

Price	\$ 25.80
52 week Range	\$17.55 - \$26.23
Daily Vol (3-mo. average)	2,718
Market Cap (M)	\$ 191.7
Shares Outstanding: (M)	7.4
Float (M)	6.42346
Public Ownership	86.3%
Institutional Ownership	0.1%

Financial Summary in USD

Cash (M)	\$ 24.5
Cash/Share	\$ 3.32
Debt (M)	\$ 113.0
Equity (M)	\$ 210.3
Equity/Share	\$ 28.42

FYE: Dec	2024	2025E	2026E
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(all figures in M, expect per share information)

Int. Income	\$ 90.0	\$ 98.2	\$ 104.7
Chng%	13.0%	9.2%	6.6%
Net Income	\$ 13.9	\$ 17.0	\$ 19.2
EPS	\$ 1.86	\$ 2.31	\$ 2.64
NIM	2.76%	2.91%	2.93%
P/E	13.9x	11.2x	9.8x


COMPANY DESCRIPTION

Isabella Bank Corporation (the Company, the Bank, or Isabella) operates as a holding company that wholly owns Isabella Bank. Isabella Bank was founded in 1903 and is headquartered in Mount Pleasant Michigan. Isabella provides a variety of banking, lending, and wealth management services in Central Michigan. The Company serves institutions, businesses, individuals, and families in 8 counties across central Michigan.

ISABELLA BANK CORPORATION (OTCPK: ISBA)
Company Summary

Growth Overview: Isabella Bank reported another solid quarter with steady financial performance during 4Q24. Total loans remained steady at \$1.42 B at the end 4Q24 due to increases in residential and commercial loans, offset by a decrease in advances to mortgage brokers. Wealth Management fees increased by ~14% y/y, reflecting strong growth in Avg. AUM, which rose by \$53.6M, or 9%, over the prior year. ISBA maintained a strong dividend yield of approximately 4.3%, greater than the peer average of 3.0%. Despite economic uncertainties and fluctuations in interest rates, Isabella Bank demonstrated resilience in its core operations and earnings momentum.

History of Acquisitions and Expansions: Isabella Bank continues its tradition of strategic expansion through organic growth and acquisitions. Since 2008, the Bank has acquired Greenville Community Bank, the Saginaw Office, and the Midland East Office, while also opening six new offices in key markets such as Lake Isabella, Freeland, and Saginaw. Most recently, the Company has expanded into Bay County with the opening of its Bay City office, further strengthening its regional footprint and enhancing loan and wealth management services.

Strong NIM Continues: Isabella Bank's NIM increased to 2.99% in 4Q24, up from 2.98% in the prior quarter and 2.83% in 4Q23. This growth was driven by higher loan yields, which expanded to 5.67% in the quarter, reflecting higher rates on new and repricing fixed-rate commercial loans. The Company expects continued NIM stability as more than \$70M in securities are set to mature in 2025, allowing for reinvestment. Additionally, 40% of commercial loans currently carry fixed rates below market levels but are set to reprice to variable rates over the next four years.

Financial Condition: At the end of 4Q24, total assets stood at \$2.1B, reflecting a slight decrease of \$20.7M from 3Q24, primarily due to a decline in available-for-sale securities. Total loans remained steady at \$1.42B, with residential loans increasing by \$11.0M and commercial and industrial loans growing by \$4.3M, offset by a \$13.1M decrease in advances to mortgage brokers. Deposits declined slightly to \$1.75B, down \$34.8M, primarily due to seasonal business outflows and funding of large regional projects. Past due and accruing accounts between 30 to 89 days rose to 0.40% from 0.16% in the prior quarter, mainly due to timing differences in customer payments rather than credit quality deterioration.

ISBA Has Strong Ratios: At the end of 4Q24, Tier 1 Capital Ratio was 12.21%, up from 12.08% in 3Q24. The Bank's non-performing loans to gross loans ratio declined to 0.02% from 0.04% in 3Q24, reflecting continued strong credit quality. Additionally, the Tier 1 leverage ratio improved to 8.86%, well above the minimum regulatory requirement of 5%. ISBA held \$24.5M in cash and equivalents, equal to 13% of the stock's market value.

Valuation: We use a comp analysis on P/E and P/BV to frame our valuation of ISBA. Using a forward P/E range of 10.0x to 12.0x with a mid-point of 11.0x on FY25 estimates results in a valuation range of \$26.41 to \$31.69 with a mid-point of \$29.05. Using a P/BV range of 1.0x to 1.2x with a mid-point of 1.1x results in a valuation range of \$28.42 to \$34.10 with a mid-point of \$31.26.

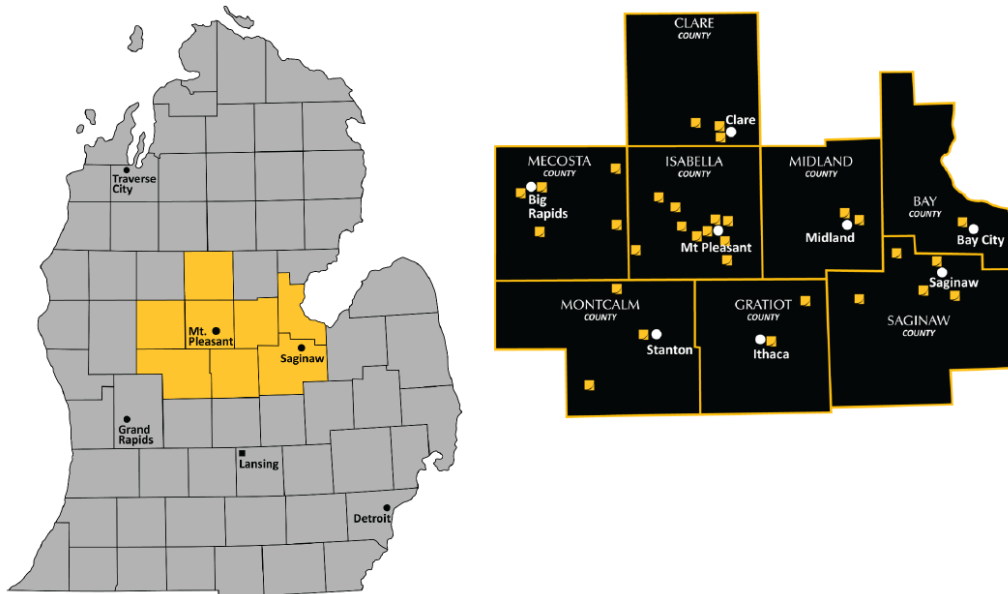
Business Overview

Isabella Bank Corporation (the Company, the Bank, or Isabella) operates as a holding company that wholly owns Isabella Bank. Isabella Bank was founded in 1903 and is headquartered in Mount Pleasant Michigan. Isabella provides a variety of banking, lending, and wealth management services in Central Michigan. The Company serves institutions, businesses, individuals, and families in 8 counties across central Michigan.

The Bank is primarily involved in the business of attracting deposits from the general public in the Bank's market areas. The Bank grows by investing these deposits, as well as other sources of funds, in loans that are secured by commercial and residential real estate, business assets, and personal guarantees. Isabella has kept itself competitive by offering competitive rates and a diverse set of financing options.

Isabella also engages in wealth management services and currently has approximately \$658.0M in assets under management. The Bank offers comprehensive investment, trust, estate, and tax planning services as well as a full range of investment products, such as ETFs, mutual funds, and fixed and variable annuities. Through the wealth management division, Isabella provides group life, health, accident, disability, and other insurance services.

Exhibit 1: Company Location



Source: Company Reports

The Bank's performance is tied to its primary market in central Michigan. Isabella has strong market positions in the counties where it operates. There are plenty of nearby expansion opportunities for the Bank in Grand Rapids and the surrounding Kent County. Kent County has a total population of over 650,000 residents in 2021 per the U.S. Census Bureau, and should Isabella begin to penetrate that market, it could see a significant rise in demand.

As of December 31, 2024, Isabella operates through 31 banking offices across 8 central Michigan counties. 10 of these offices are located in Isabella County with 5 in Mt. Pleasant. The Bank has a top

5 deposit market share in 6 of the counties it operates in, while taking the 7th ranked position at 7% market penetration. Isabella has a considerable share in Isabella County, controlling 57.2% of the deposit market. This growing market exposure has driven the Bank to be a significant player in Isabella County and the neighboring counties.

Exhibit 2: Deposit Market

County	Number Of Branches	Market Share / Rank	Population	Total Banks In The Market
CLARE	3	40% / 2	31,028	3
GRATIOT	2	19% / 3	41,354	4
ISABELLA	10	57% / 1	63,935	6
MECOSTA	5	32% / 1	39,574	7
MIDLAND	2	12% / 3	83,297	7
MONTCALM	3	23% / 2	67,614	7
SAGINAW	5	7% / 7	187,846	11

Branch and market share source: FDIC Summary of Deposits June 30, 2023
 Population source: S&P Global Market Intelligence

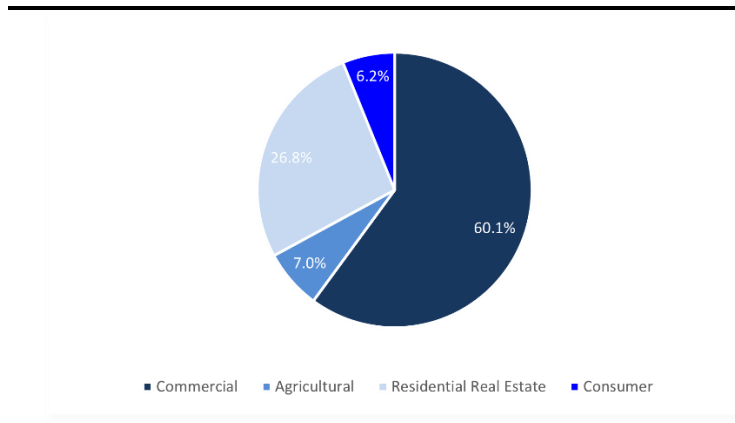
Source: Company Reports

Isabella has grown both organically and through acquisitions since its establishment. Organic growth has been driven from opening additional branches and expanding its geographical footprint within central Michigan. The Company has also grown through its acquisitions of other local banks, such as Greenville Community Bank (\$144M in assets) in 2008 and the Saginaw office (\$44m in deposits) in 2015. Management has historically shown it is more than willing to make savvy acquisitions in order to further develop and grow the business.

Loan Portfolio

Isabella’s primary source of revenue is generated by providing loans to commercial and retail customers in Isabella County and its neighboring counties. ISBA primary lending activities originate from commercial and residential real estate lending. At 4Q24 end, Isabella’s loan portfolio was \$1.42B. The Bank’s loan portfolio primarily consists of commercial loans and residential mortgage loans with a smaller portion consisting of consumer and agricultural loans.

Exhibit 3: Loan Portfolio



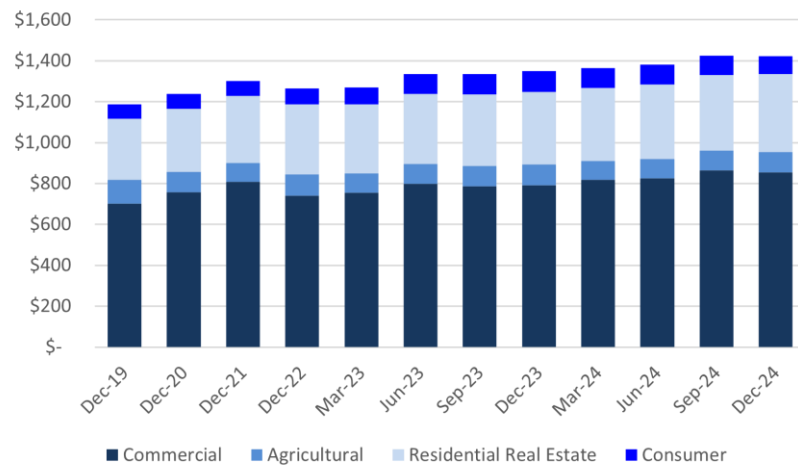
Source: Company Reports

The Bank’s one-to-four family residential real estate loans are secured by senior liens on the property and have terms of up to 30 years. Its residential loans are typically fixed interest rate, however adjustable-rate mortgages (ARMs) and Jumbo Loans are also offered.

Isabella provides commercial and agricultural loans for commercial real estate, commercial operating loans, advances to mortgage brokers, farmland, and agricultural production. The Bank’s commercial loans are secured by various real estate, including business assets, and personal guarantees.

At 4Q24 end, the Bank’s total loans were \$1.42B, with core loans increasing by \$12.4M or 4% on an annualized basis, driven by growth in the consumer and commercial portfolios, leading to a strong and maintained loan pipeline heading into FY25.

Exhibit 4: Loan Growth



Source: Company Reports

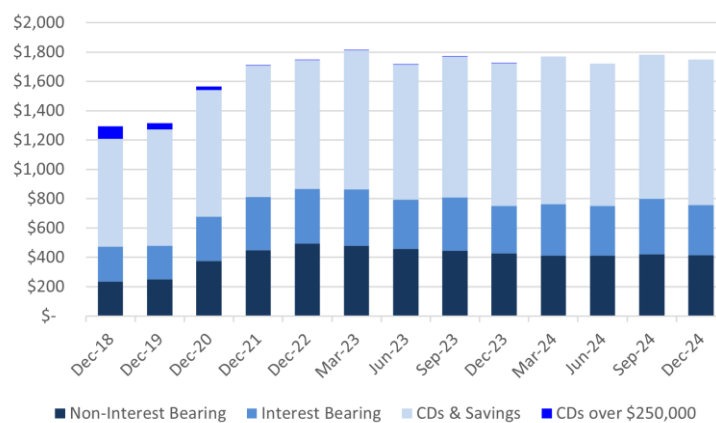
Deposits

Deposits are the primary source of funds for the Bank to use in its lending and investment activities. Isabella’s deposits come from individuals and businesses who reside in Mt. Pleasant, Isabella County, and its neighboring counties. The Bank offer various deposits including:

- Checking
- Savings
- Money Market
- Individual Retirement Accounts
- CDs
- Jumbo CDs

Total deposits in 4Q24 were \$1.75B versus \$1.78B in 3Q24, decreasing by approximately \$34.8M.

Exhibit 5: Total Deposit Growth Trends



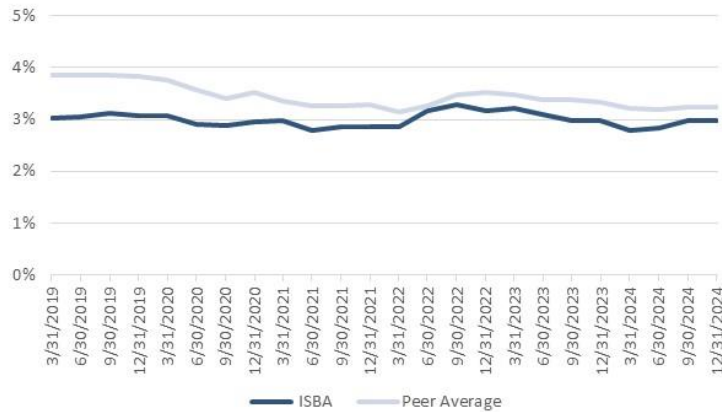
Source: Company Reports

Net Interest Income and Margins

Net interest margin (NIM) is a good indicator of how profitable banks are through their investments. Exhibit 6 provides ISBA’s net interest margin trends.

While the effects of Covid-19 caused NIM to decline below 3%, it has since recovered. Since 1Q22, NIM has risen above 3% and was at 3.05% for FY23. Although, as of 4Q24 ISBA NIM was 2.99%, up 16bps from 4Q23. We believe it is still in-line with competitors. After historically performing below competitors, Isabella is reaching an inflection point and is looking to outperform its peer group in the near future.

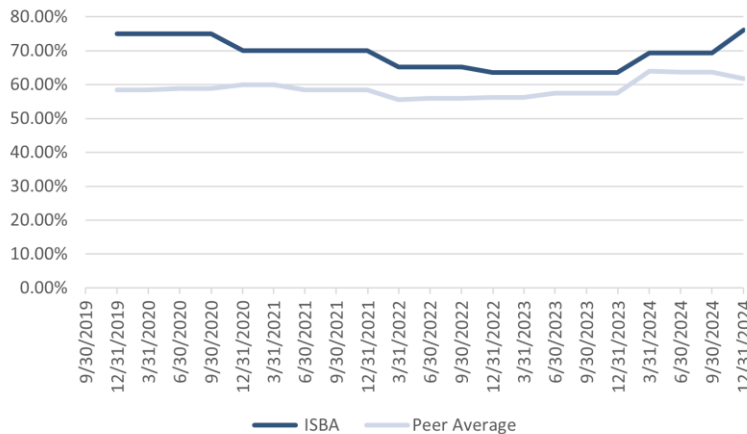
Exhibit 6: NIM Trends



Source: CapIQ

We note that in 2020, Isabella experienced a spike in its efficiency ratio, which was impacted by a decision to extinguish \$100.0M worth of Federal Home Loan Bank Borrowings. This was a strategic decision by Isabella Bank. The Company incurred approximately \$6.0M worth of after-tax expenses from this extinguishment which in turn caused a spike in the efficiency ratio.

Exhibit 7: Efficiency Ratio



Source: CapIQ

Strategic Plan

In 2024, Isabella Bank Corporation (ISBA) launched a three-year strategic plan focused on improving NIM, optimizing funding, and expanding its client base. The Q4 2024 results show progress, with NIM rising to 2.99% from 2.83% the previous year and wealth management assets under management growing 9% to \$658M. Noninterest income also increased by 13%, driven by higher service charges and wealth management fees. Looking ahead, ISBA aims to sustain growth through disciplined lending, operational efficiencies, and the redeployment of maturing securities. The Company remains well-positioned for continued profitability in 2025 and beyond.

Risks

Geographic concentration – Isabella Bank is concentrated in the state of Michigan, which exposes it to risks associated with lack of geographic diversification. A local or regional economic downturn could adversely affect the Company's profitability.

Changes in interest rates – Isabella's Bank's results depend on its net interest income; should the rates it earns on loans, securities and other interest-bearing assets fluctuate faster than the rates it is required to pay on deposits and borrowed funds, results would suffer.

Security of systems – Any material breaches in the security of Isabella's Bank's banking systems could cause material losses for the Bank. Protecting sensitive consumer data is essential as is maintenance and backup of key financial and customer information.

Trading of common shares is limited – Trading in the Isabella Bancorp's common shares is not very active, which could cause concern for current and future shareholders, and the limited trading can cause exaggerated price volatility for shares of ISBA.

Access to future capital – Should the Company incur significant loan losses, desire to execute acquisitions, or require additional funds for other operational purposes, the timing and terms of the capital may not be favorable given certain economic and/or market conditions.

External shocks – War, terrorism, other acts of violence or natural or manmade disasters such as a global pandemic may affect the markets in which the Company operates, the Company's customers, the Company's delivery of products and customer service, and could have a material adverse impact on our business, results of operations, or financial condition.

VALUATION SUMMARY

Isabella's experienced management and service teams bring not only valuable industry knowledge, but also a unique grasp of the local economy and target demographics. This experience, coupled with the Company's liquidity, should allow it to take advantage of any opportunities that may present themselves.

Comparative Analysis
(all figures in M, except per share information)

Company Name	Symbol	Price ⁽¹⁾	Mrkt Cap (M)	Financial				EPS			Valuation				Profitability				
				Assets (M)	BV/sh	TBV/sh	Div. Yield	2024	2025E	2026E	P/E 2024	P/E 2025E	P/E 2026E	P/BV	P/TBV	NIM	ROA	ROE	
Ames National Corporation	ATLO	\$ 18.13	\$ 163.03	\$ 2,133.2	\$ 19.52	\$ 18.01	4.41%	\$ 0.85	\$ -	\$ -	21.2x	nm	nm	0.9x	1.0x	2.4%	0.5%	6.0%	
Bank First Corporation	BFC	\$ 101.18	\$ 1,013.02	\$ 4,495.1	\$ 63.89	\$ 44.28	1.78%	\$ 4.93	\$ 6.92	\$ 7.40	20.5x	14.6x	13.7x	1.6x	2.3x	3.6%	1.5%	10.4%	
Farmers & Merchants Bancorp	FMCB	\$ 1,040.00	\$ 727.79	\$ 5,370.2	\$ 817.49	\$ 817.49	1.79%	\$ 104.53	\$ -	\$ -	9.9x	nm	nm	1.3x	1.3x	0.0%	1.7%	15.8%	
Farmers National Banc Corp.	FMNB	\$ 13.76	\$ 517.18	\$ 5,118.9	\$ 10.80	\$ 10.80	4.94%	\$ 0.93	\$ 1.46	\$ 1.54	14.8x	9.5x	9.0x	1.3x	1.3x	2.7%	0.9%	11.3%	
Hawthorn Bancshares, Inc.	HWBK	\$ 32.70	\$ 228.47	\$ -	\$ 19.39	\$ 19.39	2.32%	\$ 2.00	\$ -	\$ -	16.4x	nm	nm	1.7x	1.7x	3.6%	0.0%	12.9%	
Independent Bank Corp.	INDB	\$ 67.16	\$ 2,854.34	\$ 19,373.6	\$ 70.43	\$ 46.96	3.39%	\$ 3.66	\$ 5.42	\$ 7.15	18.3x	12.4x	9.4x	1.0x	1.4x	3.3%	1.0%	6.5%	
LCNB Corp.	LCNB	\$ 15.46	\$ 218.26	\$ 2,307.4	\$ 17.92	\$ 10.74	5.69%	\$ 0.88	\$ 1.65	\$ 1.81	17.7x	9.4x	8.5x	0.9x	1.4x	3.2%	0.6%	5.5%	
Mercantile Bank Corporation	MBWM	\$ 48.81	\$ 787.89	\$ 6,052.2	\$ 36.20	\$ 33.14	3.03%	\$ 3.81	\$ 4.83	\$ 5.01	12.8x	10.1x	9.7x	1.3x	1.5x	3.4%	1.4%	14.4%	
Nicolet Bankshares, Inc.	NIC	\$ 112.13	\$ 1,721.96	\$ 8,796.8	\$ 76.38	\$ 51.10	1.00%	\$ 6.44	\$ 8.41	\$ 8.57	17.4x	13.3x	13.1x	1.5x	2.2x	3.6%	1.4%	11.2%	
Southern Missouri Bancorp, Inc	SMBC	\$ 59.18	\$ 667.38	\$ 4,907.7	\$ 45.43	\$ 38.75	1.55%	\$ 3.49	\$ 5.05	\$ 5.42	16.9x	11.7x	10.9x	1.3x	1.5x	3.4%	1.1%	10.6%	
				Average				3.0%	\$ 13.15	\$ 3.37	\$ 3.69	16.6x	11.6x	10.6x	1.3x	1.6x	2.92%	1.00%	10.47%
				Median				2.7%	\$ 3.58	\$ 3.24	\$ 3.41	17.2x	11.7x	9.7x	1.3x	1.5x	3.35%	1.04%	10.90%
Isabella Bank Corporation	ISBA	\$ 25.80	\$ 191.7	\$ 2,086.2	\$ 28.42	\$ 21.89	4.3%	\$ 1.86	\$ 2.31	\$ 2.64	13.9x	11.2x	9.8x	0.9x	1.2x	0.00%	0.67%	6.73%	

(1) Previous day's closing price

(2) Estimates are from Capital IQ

Source: Company reports, CapitalIQ, Stonegate Capital Partners

We use a comp analysis on P/E and P/BV to frame our valuation of ISBA. Using a forward P/E range of 10.0x to 12.0x with a mid-point of 11.0x on FY25 estimates results in a valuation range of \$26.41 to \$31.69 with a mid-point of \$29.05. Using a P/BV range of 1.0x to 1.2x with a mid-point of 1.1x results in a valuation range of \$28.42 to \$34.10 with a mid-point of \$31.26.

Price / Earnings

Comparable companies are trading at an average of 10.6x FY25 P/E. We believe ISBA should trade in a forward P/E range of 10.0x to 12.0x with a mid-point of 11.0x. Using this range on our FY25 EPS estimate results in a valuation range of \$26.41 to \$31.69 with a mid-point of \$29.05.

	P/E		
2026 E	10.00x	11.00x	12.00x
EPS	\$ 2.64	\$ 2.64	\$ 2.64
Valuation	\$ 26.41	\$ 29.05	\$ 31.69

Price / Book Value

Isabella is trading at 0.9x P/BV vs. comps at 1.3x. We believe ISBA should trade in a price to book value range of 1.0x to 1.2x with a mid-point of 1.1x. This will bring ISBA more in line with comps. Using this range on current book value per share results in a valuation range of \$28.42 to \$34.10 with a mid-point of \$31.26.

	P/BV		
	1.0x	1.1x	1.2x
BV/S	28.4	28.4	28.4
Valuation	\$ 28.42	\$ 31.26	\$ 34.10

BALANCE SHEET

Isabella Bank Corporation Consolidated Balance Sheets (\$M) Fiscal Year End: December																	
ASSETS	FY 2020	FY 2021	Q1 Mar-22	Q2 Jun-22	Q3 Sep-22	Q4 Dec-22	FY 2022	Q1 Mar-23	Q2 Jun-23	Q3 Sep-23	Q4 Dec-23	FY 2023	Q1 Mar-24	Q2 Jun-24	Q3 Sep-24	Q4 Dec-24	FY 2024
Cash and Equivalents	246.6	105.3	161.2	82.0	98.9	38.9	38.9	98.7	29.9	115.9	33.7	33.7	25.2	23.6	27.4	24.5	24.5
Available-for-sale securities	339.2	490.6	544.9	557.6	581.2	580.5	580.5	568.7	530.5	516.9	528.1	528.1	517.6	505.6	506.8	489.0	489.0
Mortgages Loans Available-for-sale	2.7	1.7	1.0	0.9	0.9	0.4	0.4	0.2	0.4	0.1	-	-	0.4	0.6	0.5	0.2	0.2
Net Loans	1,228.6	1,291.9	1,209.2	1,262.2	1,226.5	1,254.3	1,254.3	1,258.0	1,321.6	1,321.9	1,336.4	1,336.4	1,352.1	1,368.5	1,411.6	1,410.7	1,410.7
Total Current Assets	1,817.2	1,889.6	1,916.2	1,902.7	1,907.6	1,874.1	1,874.1	1,925.6	1,882.3	1,954.8	1,898.2	1,898.2	1,895.3	1,898.4	1,946.3	1,924.5	1,924.5
Property Plant and Equipment	25.1	24.4	24.3	24.2	25.1	25.6	25.6	26.3	26.4	27.0	27.6	27.6	28.0	27.8	27.7	27.7	27.7
Corporate owned life insurance policies	28.3	32.5	32.3	32.6	32.8	33.0	33.0	33.2	33.4	33.7	33.9	33.9	34.1	34.4	34.6	34.9	34.9
Equity Securities	17.4	17.4	15.1	15.1	15.5	15.7	15.7	15.7	-	-	-	-	-	-	-	-	-
Federal Home Loan Bank Stock	-	-	-	-	-	-	-	-	12.8	12.8	12.8	12.8	12.8	12.8	12.8	12.8	12.8
Goodwill	48.3	48.3	48.3	48.3	48.3	48.3	48.3	48.3	48.3	48.3	48.3	48.3	48.3	48.3	48.3	48.3	48.3
Other Assets	-	-	-	-	-	-	-	-	39.2	42.0	38.2	38.2	39.2	38.5	37.2	38.2	38.2
Accrued Interest Receivable and Other Assets	21.1	20.0	24.6	25.5	34.8	33.6	33.6	35.5	-	-	-	-	-	-	-	-	-
Total Assets	1,957.4	2,032.2	2,060.9	2,048.4	2,064.0	2,030.3	2,030.3	2,084.6	2,042.4	2,118.5	2,059.0	2,059.0	2,057.6	2,060.1	2,106.9	2,086.2	2,086.2
LIABILITIES AND SHAREHOLDERS' EQUITY																	
Noninterest Bearing	375.4	448.4	461.5	488.1	510.1	494.3	494.3	478.8	458.8	445.0	428.5	428.5	413.3	412.2	421.5	416.4	416.4
Interest Bearing Demand Deposits	302.4	364.6	387.2	370.3	368.5	372.2	372.2	383.6	335.9	363.6	320.7	320.7	349.4	338.3	376.6	341.4	341.4
Savings and CD's	888.5	897.4	915.5	901.5	912.4	877.8	877.8	951.1	920.2	960.9	974.5	974.5	1,005.6	971.8	983.7	989.3	989.3
Total Deposits	1,566.3	1,710.3	1,764.2	1,759.9	1,791.0	1,744.3	1,744.3	1,813.5	1,714.9	1,769.5	1,723.7	1,723.7	1,768.3	1,722.3	1,781.8	1,747.1	1,747.1
Federal Funds Purchased	68.7	50.2	51.4	47.2	52.5	57.8	57.8	32.0	37.1	52.3	46.8	46.8	43.0	44.2	52.4	53.6	53.6
Federal Home Loan Bank Advances	90.0	20.0	10.0	10.0	-	-	-	-	55.0	65.0	40.0	40.0	-	45.0	15.0	30.0	30.0
Subordinated Debt	-	29.2	29.2	29.2	29.2	29.2	29.2	29.3	29.3	29.3	29.3	29.3	29.4	29.4	29.4	29.4	29.4
Accrued Interest Payable and Other Liabilities	13.7	11.5	10.4	11.4	14.6	12.8	12.8	16.5	17.7	17.3	16.7	16.7	16.2	17.0	15.2	15.9	15.9
Total Liabilities	1,738.8	1,821.1	1,865.1	1,857.7	1,887.4	1,844.1	1,844.1	1,891.3	1,854.0	1,933.4	1,856.6	1,856.6	1,856.9	1,857.9	1,893.9	1,876.0	1,876.0
Common Stock	142.2	129.1	129.2	129.1	129.1	128.7	128.7	127.7	126.3	127.7	127.3	127.3	126.7	126.1	125.2	126.2	126.2
Shares To Be Issued	4.2	4.5	4.7	4.8	4.9	5.0	5.0	5.3	5.4	3.6	3.7	3.7	3.9	4.0	4.0	2.4	2.4
Retained Earnings	64.5	75.6	78.3	81.6	85.5	89.7	89.7	90.6	93.2	95.5	97.3	97.3	98.3	99.8	101.1	103.0	103.0
Accumulated Other Comprehensive Income	7.7	1.9	(16.3)	(24.8)	(42.9)	(37.2)	(37.2)	(30.3)	(36.4)	(41.7)	(25.9)	(25.9)	(28.2)	(27.6)	(17.3)	(21.4)	(21.4)
Total Consolidated Equity	218.6	211.0	195.8	190.7	176.6	186.2	186.2	193.3	188.4	185.1	202.4	202.4	200.7	202.2	213.0	210.3	210.3
Total Liabilities and Shareholders' Equity	1,957.4	2,032.2	2,060.9	2,048.4	2,064.0	2,030.3	2,030.3	2,084.6	2,042.4	2,118.5	2,059.0	2,059.0	2,057.6	2,060.1	2,106.9	2,086.2	2,086.2
Book Value Per Share	\$ 21.29	\$ 21.61	\$ 19.56	\$ 18.85	\$ 16.96	\$ 18.25	\$ 18.25	\$ 19.24	\$ 18.69	\$ 18.27	\$ 20.59	\$ 20.59	\$ 20.35	\$ 20.60	\$ 22.14	\$ 21.82	\$ 21.82
Return on Average Assets (%)	0.57%	0.96%	0.92%	1.04%	1.13%	1.08%	1.08%	1.04%	0.91%	0.86%	0.74%	0.89%	0.61%	0.67%	0.62%	0.76%	0.76%
Return on Average Equity (%)	4.93%	8.83%	9.02%	10.83%	12.13%	11.41%	11.41%	11.35%	9.47%	9.24%	8.05%	9.52%	6.16%	6.94%	6.26%	7.47%	7.47%
Non-Performing Assets to Total Assets	0.31%	0.08%	0.05%	0.05%	0.04%	0.05%	0.05%	0.05%	0.05%	0.05%	0.07%	0.07%	0.09%	0.08%	0.06%	0.04%	0.04%
Non-Performing Loans to Total Loans	0.43%	0.10%	0.06%	0.05%	0.05%	0.04%	0.04%	0.04%	0.04%	0.04%	0.08%	0.08%	0.09%	0.07%	0.04%	0.02%	0.02%

Source: Company Reports, Stonegate Capital Partners

INCOME STATEMENT

Isabella Bank Corporation Consolidated Statements of Income (in \$M, except per share amounts) Fiscal Year End: December																				
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Q1 Mar-24	Q2 Jun-24	Q3 Sep-24	Q4 Dec-24	FY 2024	Q1 E Mar-25	Q2 E Jun-25	Q3 E Sep-25	Q4 E Dec-25	FY 2025E	Q1 E Mar-26	Q2 E Jun-26	Q3 E Sep-26	Q4 E Dec-26	FY 2026E
Interest income																				
Loans Including Fees	\$ 54.2	\$ 54.1	\$ 51.4	\$ 53.3	\$ 65.7	\$ 18.1	\$ 18.9	\$ 20.2	\$ 20.1	\$ 77.3	\$ 21.0	\$ 21.1	\$ 21.5	\$ 22.0	\$ 85.5	\$ 22.4	\$ 22.9	\$ 23.1	\$ 23.4	\$ 91.8
Available-for-sale Securities	11.9	9.0	8.0	11.2	12.2	2.9	2.8	2.7	2.7	11.1	2.8	2.8	2.8	2.8	11.2	2.9	2.9	2.9	2.7	11.3
Federal Funds sold and Other	1.2	1.0	0.7	1.3	1.8	0.4	0.4	0.4	0.4	1.6	0.4	0.4	0.4	0.4	1.5	0.4	0.4	0.4	0.4	1.6
Total interest income	67.3	64.2	60.1	65.8	79.6	21.4	22.1	23.3	23.2	90.0	24.1	24.3	24.6	25.2	98.2	25.6	26.2	26.4	26.5	104.7
Interest expense																				
Deposits	11.6	8.9	5.4	4.0	18.4	7.2	7.3	7.6	7.6	29.7	8.0	8.1	8.1	8.1	32.2	8.2	8.6	8.8	8.9	34.5
Federal Funds Purchased and Repo Agreements	-	-	0.0	0.1	1.0	0.3	0.3	0.4	0.4	1.4	0.4	0.4	0.4	0.4	1.7	0.4	0.4	0.4	0.4	1.7
FHLB Advances	6.3	4.9	1.3	0.2	1.3	0.4	0.6	0.6	0.4	1.9	0.5	0.5	0.5	0.5	1.9	0.5	0.5	0.5	0.5	1.9
Subordinated Debt	-	-	0.6	1.1	1.1	0.3	0.3	0.3	0.3	1.1	0.3	0.3	0.3	0.3	1.1	0.3	0.3	0.3	0.3	1.1
Total Interest Expense	17.9	13.8	7.4	5.3	21.7	8.1	8.5	8.9	8.6	34.1	9.1	9.2	9.2	9.2	36.8	9.3	9.8	9.9	10.0	39.0
Net interest income	49.4	50.3	52.7	60.5	57.9	13.2	13.6	14.5	14.6	55.8	15.0	15.1	15.4	16.0	61.5	16.3	16.4	16.5	16.5	65.7
Provisions for loan losses	0.0	1.7	(0.5)	0.5	0.6	0.4	0.2	0.9	0.4	1.9	0.4	0.4	0.4	0.4	1.6	0.4	0.4	0.4	0.4	1.7
Net interest income after loan losses	49.4	48.7	53.2	60.0	57.3	12.9	13.4	13.5	14.2	54.0	14.6	14.7	15.0	15.5	59.9	15.9	15.9	16.1	16.1	64.0
Non-interest income																				
Service charges	6.3	6.5	7.6	8.7	8.3	2.0	2.1	2.2	2.3	8.6	2.1	2.1	2.1	2.1	8.4	2.1	2.1	2.1	2.1	8.5
Wealth Management Fees	2.8	2.6	3.1	3.0	3.6	0.9	1.0	1.0	1.1	4.0	1.1	1.1	1.1	1.1	4.4	1.1	1.1	1.1	1.1	4.5
Earnings on Corporate Owned Life Insurance	0.8	0.8	0.8	0.9	0.9	0.2	0.3	0.3	0.3	1.0	0.3	0.3	0.3	0.3	1.0	0.3	0.3	0.3	0.3	1.0
Net Gain on Sale of Mortgage Loans	0.7	2.7	1.7	0.6	0.3	0.0	0.1	0.0	0.1	0.2	0.0	0.0	0.0	0.0	0.2	0.1	0.1	0.1	0.1	0.2
Other	(2.5)	1.8	0.6	0.4	0.7	0.2	0.1	0.1	0.3	0.7	0.2	0.2	0.2	0.2	0.6	0.2	0.2	0.2	0.2	0.7
Total non-interest income	8.0	14.4	13.8	13.7	13.8	3.5	3.6	3.5	4.0	14.6	3.7	3.7	3.7	3.7	14.6	3.7	3.7	3.7	3.7	14.9
Non-interest expense																				
Compensation and Benefits	23.2	23.8	23.7	24.9	25.9	7.0	7.0	7.3	7.3	28.6	7.5	7.5	7.5	7.5	29.9	7.7	7.7	7.7	7.7	30.8
Occupancy and Equipment	9.3	9.3	9.1	9.7	10.3	2.7	2.6	2.6	2.6	10.5	2.8	2.8	2.8	2.8	11.0	2.9	2.9	2.9	2.9	11.6
Other	10.6	18.1	10.8	12.2	13.1	3.0	3.3	3.3	3.4	13.0	3.3	3.3	3.3	3.3	13.0	3.3	3.3	3.3	3.3	13.2
Total Non-interest Expense	43.1	51.2	43.7	46.8	49.3	12.7	12.9	13.2	13.3	52.1	13.5	13.5	13.5	13.5	53.9	13.9	13.9	13.9	13.9	55.6
Net income before income taxes	14.4	11.9	23.3	26.8	21.8	3.6	4.1	3.8	4.8	16.4	4.8	4.9	5.2	5.7	20.6	5.8	5.8	5.9	5.9	23.3
Provision for income taxes	1.4	1.0	3.8	4.6	3.7	0.5	0.6	0.6	0.8	2.5	0.8	0.9	0.9	1.0	3.6	1.0	1.0	1.0	1.0	4.1
Net income	\$ 13.0	\$ 10.9	\$ 19.5	\$ 22.2	\$ 18.2	\$ 3.1	\$ 3.5	\$ 3.3	\$ 4.0	\$ 13.9	\$ 4.0	\$ 4.0	\$ 4.3	\$ 4.7	\$ 17.0	\$ 4.8	\$ 4.8	\$ 4.8	\$ 4.8	\$ 19.2
Basic EPS - GAAP	\$ 1.65	\$ 1.37	\$ 2.48	\$ 2.95	\$ 2.43	\$ 0.42	\$ 0.47	\$ 0.44	\$ 0.54	\$ 1.86	\$ 0.54	\$ 0.54	\$ 0.58	\$ 0.64	\$ 2.31	\$ 0.65	\$ 0.66	\$ 0.66	\$ 0.66	\$ 2.64
Diluted EPS - GAAP	\$ 1.61	\$ 1.34	\$ 2.45	\$ 2.91	\$ 2.40	\$ 0.42	\$ 0.46	\$ 0.44	\$ 0.54	\$ 1.86	\$ 0.54	\$ 0.54	\$ 0.58	\$ 0.64	\$ 2.30	\$ 0.65	\$ 0.65	\$ 0.66	\$ 0.66	\$ 2.63
Cash dividends declared per share	\$ 1.04	\$ 1.08	\$ 1.08	\$ 1.09	\$ 1.12	\$ 0.28	\$ 0.28	\$ 0.28	\$ 0.28	\$ 1.12	\$ 0.28	\$ 0.28	\$ 0.28	\$ 0.28	\$ 1.12	\$ 0.28	\$ 0.28	\$ 0.28	\$ 0.28	\$ 1.12
Weighted average shares outstanding																				
Basic	7,910	7,960	7,853	7,550	7,486	7,493	7,474	7,439	7,425	7,425	7,406	7,388	7,369	7,351	7,351	7,333	7,314	7,296	7,278	7,278
Diluted	8,095	8,106	7,966	7,648	7,559	7,508	7,495	7,473	7,453	7,453	7,434	7,416	7,397	7,379	7,379	7,360	7,342	7,324	7,305	7,305
Margin Analysis																				
Net income margin	19.4%	17.0%	32.4%	33.8%	22.8%	14.6%	15.8%	14.1%	17.2%	15.4%	16.5%	16.6%	17.4%	18.7%	17.3%	18.5%	18.3%	18.3%	18.3%	18.4%
Net Interest margin	3.07%	2.96%	2.87%	3.18%	2.87%	2.78%	2.85%	2.98%	2.99%	2.76%	2.92%	2.91%	2.93%	3.02%	2.91%	3.01%	2.99%	2.98%	2.94%	2.93%
Interest Income %	4.6%	4.4%	4.0%	4.2%	4.9%	5.3%	5.5%	5.7%	5.7%	5.5%	5.8%	5.7%	5.7%	5.5%	5.6%	5.6%	5.6%	5.6%	5.5%	5.4%
Interest Expense %	0.0%	0.0%	0.0%	0.0%	0.0%	1.6%	1.7%	1.7%	1.7%	0.0%	1.8%	1.8%	1.8%	1.8%	0.0%	1.8%	1.8%	1.8%	1.8%	0.0%
Net Provision Ratio	0.1%	3.3%	-1.0%	0.8%	1.1%	3.0%	1.3%	6.5%	2.6%	3.4%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%
Tax %	9.6%	8.3%	16.5%	17.2%	16.8%	14.0%	15.0%	14.6%	17.1%	15.3%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%
Growth Rate Y/Y																				
Interest and Dividend Income	5.4%	-4.7%	-6.3%	9.5%	21.0%	15.0%	13.3%	13.9%	10.0%	13.0%	12.9%	10.0%	5.6%	8.7%	9.2%	6.2%	7.7%	7.2%	5.3%	6.6%
Interest expense	14.3%	-22.6%	-46.4%	-28.3%	307.9%	150.9%	77.3%	43.2%	15.7%	57.4%	12.0%	8.1%	3.9%	7.1%	7.7%	2.5%	6.1%	7.8%	8.4%	6.2%
Net Income Interest after loan losses	4.6%	-1.5%	9.3%	12.7%	-4.5%	-16.1%	-7.6%	-7.2%	9.7%	-5.9%	13.9%	9.7%	11.0%	9.6%	11.0%	8.5%	8.6%	6.9%	3.5%	6.8%
Earnings Before Taxes	-6.4%	-17.6%	96.7%	15.0%	-18.7%	-43.1%	-26.2%	-28.2%	6.4%	-24.9%	32.8%	19.2%	35.2%	18.3%	25.7%	19.1%	19.2%	12.8%	2.9%	13.0%
Net Income	-7.1%	-16.4%	79.1%	14.0%	-18.3%	-41.2%	-24.8%	-25.7%	5.1%	-23.5%	27.4%	15.7%	30.6%	17.7%	22.4%	19.1%	19.2%	12.8%	2.9%	13.0%
Non Interest Income	-26.8%	79.4%	-4.2%	-1.1%	1.2%	5.3%	0.1%	3.3%	13.0%	5.4%	5.2%	1.2%	3.5%	-8.1%	0.2%	2.1%	2.1%	2.1%	2.1%	2.1%
Non Interest Expense	0.5%	19.0%	-14.7%	7.2%	5.3%	3.9%	2.8%	4.5%	11.9%	5.7%	6.1%	4.3%	2.0%	1.2%	3.4%	3.0%	3.0%	3.3%	3.3%	3.2%

Source: Company Reports, Stonegate Capital Partners estimates

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