



TI TRUST

TRUE INTEGRITY FIDUCIARY SERVICES

ANNUAL REPORT 2025

Table of Contents

Corporate Information	1
Our History	2
Mission, Vision, & Values Statements	3
Letter to Shareholders	4
Independent Auditor's Report	5-6
Balance Sheets	7
Statements of Income and Comprehensive Income	8
Statements of Changes In Stockholders' Equity	9
Statements of Cash Flows	10
Notes to Financial Statements	11-22

Corporate Description

TI-Trust, Inc. is a national provider of fiduciary services with almost 70 years of experience. Our headquarters are in Quincy, Illinois, and we have branch offices in Illinois and Missouri. We are committed to high ethical standards and solid core values. Our team of experienced financial, legal, and administrative professionals offer specialized fiduciary services focused on Employee Benefits, Personal Trust, and Farm Services. We have more than \$28 billion in assets under management, and we serve clients nationwide. We strive to earn and maintain the trust and confidence of our clients by providing the highest quality fiduciary services.

For additional financial information contact: *Brian A. Ippensen, President, (217)228-8060*

Board of Directors

Steven E. Siebers, Chairman of the Board

Brian A. Ippensen, President

Michele R. Foster, Secretary of the Board

Carl W. Adams, Jr.

Phyllis J. Hofmeister

Hugh E. Reynolds, III

Executive Officers

Michele R. Foster

P. Dawn Goestenkors

Brian A. Ippensen

Julie E. Kenning

Jayson E. Martin

Larry E. Shepherd

Internal Auditor

Laurn K. Oshner

Stockholder Information

Common shares authorized: 5,000,000

Common shares outstanding as of December 31, 2025 2,880,333

Certificate holders of record: *As of March 20, 2026 310

Inquiries regarding transfer requirements, changes of address, and account status, should be directed to the corporation's transfer agent:

Equiniti Trust Company, LLC

1110 Centre Pointe Curve, Suite 101

Mendota Heights, MN 55120

Corporate Address

TI-Trust, Inc.

2900 North 23rd Street

Quincy, Illinois 62305

Independent Auditors

FORVIS, LLP

211 N. Broadway, Suite 600

St. Louis, Missouri 63102

Our History

In 1946, a group of Quincy businessmen decided to establish a new bank on Quincy's North side with the dream of providing area residents with quality banking services for a lifetime. By 1956, the bank was doing well and the dream was becoming more of a reality. With an eye toward the future, the bank received trust powers to broaden its commitment of service. Like most trust departments, it provided traditional trust services for estate settlement and trust established by a will or other agreements. In 1989 the bank saw an opportunity to expand its trust services by serving as trustee for Employee Stock Ownership Plans (ESOP).

For several years to follow, the mutual savings institutions were converting to stock based banks and thrifts and as part of those conversions, ESOPs were established to provide the institution's employees with ownership in the new organization. In 1993, the trust department managed over \$50 million in personal trust and employee benefit assets. On July 1, 2004, the trust department managed \$1.2 billion in assets across 548 accounts and became a separate company, First Bankers Trust Services, Inc. (FBTS), a wholly owned subsidiary of First Bankers Trustshares, Inc. In 2012, FBTS expanded its personal trust and farm management services in Quincy and opened an office in St. Peters, Missouri. On July 1, 2019, First Bankers Trust Services, Inc. spun off from their parent company, First Bankers Trustshares, becoming an independent trust company with over 300 shareholders. Re-branded as TI-Trust, Inc., the company has over \$28 billion in assets under management as of December 31, 2025.

Mission Statement

We are the trusted conduit for sharing prosperity.

Vision Statement

A rewarding financial future for all.

Values Statement

WE BELIEVE:

People Matter: Our employees, shareholders, clients, and those in the communities where we live and work are our most valuable asset. Through our efforts, we help them meet their needs and achieve their aspirations.

Integrity Matters: We believe in consistently doing the right thing. Through our actions, we seek to earn the respect and appreciation from our people.

Community Matters: We are a part of something bigger than ourselves. Through kindness, we strive to create goodwill in our workplace and in our communities.

Excellence Matters: We are continually adapting to improve the superior quality of our services. Through our collaboration, we strive to be the best we can for our people.

April 2026

Brian A. Ippensen

President and CEO



To our shareholders:

We continued our success story into 2025, exceeding records we had just met in 2024.

As you can see from our audited financial statements, our total revenue of \$16.8 million is a record, surpassing the record set just last year. Net Income for 2025 followed suit at \$3.5 million, after holding operating expense growth to under 4% from the prior year. One of the most significant reductions was a decrease in the required funding of our self-insured health fund. I give much credit to our employees who actively monitored their providers and the related claims.

One of the more significant milestones was the increase in client assets. As of December 31, 2025, our assets under administration exceeded \$28.9 billion. New client activities and asset valuation appreciation drove the nearly \$9 billion increase from the year before. At the end of 2024, we were the 104th largest trust function in the United States based upon client assets. Later this year, we will learn if we are in the top 100.

In 2025, we spent considerable efforts to expand our information technology systems. Those investments will lay the groundwork for providing additional resources for our staff in their client administration efforts. One of the most interesting and intriguing technologies is the availability of artificial intelligence agents. For the past several years, we have been monitoring this technology's growth and adoption. In 2026 we will perfect how this powerful tool can be utilized safely in our processes. More than 30 years ago, businesses began adopting the internet as part of their processes, providing advancements in information sharing and transaction processing. Artificial intelligence certainly has similar game-changing capabilities.

At the end of 2024, we announced the purchase of a facility at 100 South 54th street in Quincy. This facility will eventually consolidate our Quincy client administration and operations teams into a single location, something we have not had since 2008. In 2025, we completed phase I renovations on the main level for our employee benefit, personal trust and farm services client account administration teams. In the fall of 2025, we started the phase II remodel of the building's lower level which should be completed in the spring of 2026. Later this year, the final phase will be an addition. Once completed, the facility will be approximately 20,000 square feet for our current and growing employees here in Quincy. We have been exploring our options on the 2900 North 23rd facility to either continue to hold or sell this asset.

I am very proud of our employees and their commitment to our clients. Each day, they bring expertise and professionalism to each relationship. Our new facility will reflect their commitment to our clients and proudly represent TI-Trust.

The Board has declared an annual dividend of \$0.20 per share for all shareholders as of Friday March 20, 2026, payable on Friday April 10, 2026. The ESOP trustee has established the TI-Trust stock price for the ESOP at \$10.32 per share as of 12/31/2025, an increase from the prior year of \$0.47 per share, or 4.8%.

Our Annual Meeting of Shareholders will be available via teleconference on Thursday May 21, 2026. You can find more information in our proxy statement, including the election of directors.

Thank you for your continued investment in TI-TRUST, Inc.!

Sincerely,

A handwritten signature in black ink that reads "Brian A. Ippensen". The signature is written in a cursive, flowing style.

Brian Ippensen President/CEO

Independent Auditor's Report

Board of Directors, Audit Committee
and Management
TI-Trust, Inc.
Quincy, Illinois

Opinion

We have audited the financial statements of TI-Trust, Inc. (Company) which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of income and comprehensive income, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with accounting standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Company and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Forvis Mazars, LLP

**St. Louis, Missouri
March 5, 2026**

TI-Trust, Inc.
Balance Sheets
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and due from banks		
Noninterest-bearing	\$ 315,609	\$ 625,330
Interest-bearing	5,566,196	1,614,259
	<hr/>	<hr/>
Total cash and due from banks	5,881,805	2,239,589
Interest-bearing time deposits	2,275,000	1,947,000
Trust fee income receivable, net of allowance for credit losses (2025 - \$39,750 and 2024 - \$23,500)	769,999	610,061
Interest receivable	61,653	77,809
Available-for-sale debt securities, at fair value	8,947,742	10,980,165
Equity securities	1,377,276	1,676,021
Goodwill	240,000	240,000
Property and equipment, net	4,886,876	3,246,408
Right of use assets - operating leases	81,194	317,570
Other assets	933,841	542,878
	<hr/>	<hr/>
Total Assets	<u>\$ 25,455,386</u>	<u>\$ 21,877,501</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Trust deferred fee income	\$ 3,207,955	\$ 2,927,532
Payroll and benefits accrued expenses	1,027,906	942,059
Operating lease liability	83,899	325,412
Accounts payable and other accrued expenses	742,557	577,416
Dividend payable	1,497,773	-
	<hr/>	<hr/>
Total Liabilities	<u>6,560,090</u>	<u>4,772,419</u>
Stockholders' Equity		
Common stock, \$.01 par value, authorized 5,000,000 shares; issued; 3,089,773 shares; outstanding; 2025 - 2,880,333 shares, 2024 - 2,870,539 shares	30,898	30,898
Additional paid-in capital	3,590,134	3,528,534
Retained earnings	16,578,185	15,025,381
Accumulated other comprehensive loss	(7,912)	(148,851)
Treasury stock, at cost; 2025 - 209,440 shares, 2024 - 219,234 shares	(1,296,009)	(1,330,880)
	<hr/>	<hr/>
Total Stockholders' Equity	<u>18,895,296</u>	<u>17,105,082</u>
	<hr/>	<hr/>
Total Liabilities and Stockholders' Equity	<u>\$ 25,455,386</u>	<u>\$ 21,877,501</u>

See Notes to Financial Statements

TI-Trust, Inc.
Statements of Income and Comprehensive Income
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Revenues		
Annual trust fees, net	\$ 13,170,240	\$ 12,088,939
Transaction fees	2,539,809	2,956,870
Distribution fees	443,501	391,380
Interest income		
Taxable debt securities	391,340	403,226
Non-taxable debt securities		
Other	295,702	306,557
Other		
Net realized loss on sale of available-for-sale debt securities	-	(1,981)
Unrealized and realized gains on equity securities	25,880	3,913
Other	10,421	19,050
Total Revenues	<u>16,876,893</u>	<u>16,167,954</u>
Expenses		
Salaries and employee benefits	8,161,955	8,420,384
Occupancy	410,787	382,681
Depreciation	312,053	244,506
Professional fees	785,408	559,218
Computer processing	778,754	537,622
General and administrative	1,430,367	1,252,380
Net realized loss on disposal of property and equipment	63,232	2,609
Other	24,159	41,889
Total Expenses	<u>11,966,715</u>	<u>11,441,289</u>
Income Before Income Taxes	<u>4,910,178</u>	<u>4,726,665</u>
Provision for Income Taxes	<u>1,343,768</u>	<u>1,336,034</u>
Net Income	<u>3,566,410</u>	<u>3,390,631</u>
Other Comprehensive Income		
Unrealized appreciation on available-for-sale debt securities	197,119	13,638
Reclassification adjustment for realized losses on available-for-sale debt securities	-	1,981
Income tax impact	(56,180)	(4,451)
Other comprehensive income	<u>140,939</u>	<u>11,168</u>
Comprehensive Income	<u>\$ 3,707,349</u>	<u>\$ 3,401,799</u>

See Notes to Financial Statements

TI-Trust, Inc.
Statements of Changes in Stockholders' Equity
Years Ended December 31, 2025 and 2024

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance, January 1, 2024	\$ 30,898	\$ 3,477,222	\$ 13,495,044	\$ (160,019)	\$ (1,437,895)	\$ 15,405,250
Net income	-	-	3,390,631	-	-	3,390,631
Dividends paid (\$0.65 per share)	-	-	(1,860,294)	-	-	(1,860,294)
Purchase of treasury stock - 9,837 shares	-	-	-	-	(73,027)	(73,027)
Contribution of treasury stock to ESOP - 30,007 see Note 7	-	51,312	-	-	180,042	231,354
Other comprehensive gain	-	-	-	11,168	-	11,168
Balance, December 31, 2024	30,898	3,528,534	15,025,381	(148,851)	(1,330,880)	17,105,082
Net income	-	-	3,566,410	-	-	3,566,410
Dividends paid (\$0.70 per share)	-	-	(2,013,606)	-	-	(2,013,606)
Purchase of treasury stock - 6,206 shares	-	-	-	-	(61,129)	(61,129)
Contributions of treasury stock to ESOP - 16,000 shares - see Note 7	-	61,600	-	-	96,000	157,600
Other comprehensive gain	-	-	-	140,939	-	140,939
Balance, December 31, 2025	<u>\$ 30,898</u>	<u>\$ 3,590,134</u>	<u>\$ 16,578,185</u>	<u>\$ (7,912)</u>	<u>\$ (1,296,009)</u>	<u>\$ 18,895,296</u>

See Notes to Financial Statements

TI-Trust, Inc.
Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Activities		
Net income	\$ 3,566,410	\$ 3,390,631
Items not requiring cash		
Depreciation on property and equipment	312,053	244,506
Amortization on debt securities, net of accretion	4,541	12,811
Provision for credit losses and doubtful accounts	16,250	23,500
Net realized loss on disposal of premises and equipment	63,232	2,609
Net realized loss on sales of available-for-sale debt securities	-	1,981
Unrealized and realized gains on equity securities	(25,880)	(3,913)
Noncash operating lease expense	99,322	195,638
ESOP contribution expense	157,600	123,360
Changes in		
Fee income receivable, net	(176,188)	(81,130)
Interest receivable	16,156	(9,640)
Other assets	(394,116)	174,117
Deferred tax asset and liability	393,152	77,102
Trust deferred fee income	280,423	78,984
Payroll and benefits accrued expenses	85,847	(7,722)
Operating lease liability	(104,459)	(195,659)
Accounts payable and other accrued expenses	(228,157)	237,547
Net Cash Provided by Operating Activities	<u>4,066,186</u>	<u>4,264,722</u>
Investing Activities		
Net change in interest-bearing time deposits	(328,000)	472,000
Purchases of property and equipment	(2,068,633)	(2,020,302)
Purchases of available-for-sale debt securities	(2,500,000)	(3,225,000)
Proceeds from sales of available-for-sale debt securities	-	948,019
Proceeds from maturities or calls of available-for-sale debt securities	4,725,000	1,550,000
Proceeds from sales of equity securities	324,625	333,052
Net Cash Provided by (Used in) Investing Activities	<u>152,992</u>	<u>(1,942,231)</u>
Financing Activities		
Dividends paid	(515,833)	(1,860,294)
Purchase of treasury stock	(61,129)	(73,027)
Net Cash Used in Financing Activities	<u>(576,962)</u>	<u>(1,933,321)</u>
Increase in Cash and Cash Equivalents	3,642,216	389,170
Cash and Cash Equivalents, Beginning of Year	<u>2,239,589</u>	<u>1,850,419</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,881,805</u>	<u>\$ 2,239,589</u>
Supplemental Cash Flows Information		
Income taxes paid	\$ 1,267,127	\$ 738,410
Dividend payable	\$ 1,497,773	\$ -
Property and equipment in accounts payable	\$ 52,880	\$ -
Lease termination	\$ 137,054	\$ -
Contribution of treasury stock to ESOP	\$ 157,600	\$ 231,354

See Notes to Financial Statements

6

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

TI-Trust, Inc. ("Company") provides asset and custodial management services for individual and corporate clients throughout the country. Client account administration is conducted at the Company headquarters in Quincy, Illinois and the branch offices located in Oakbrook, Illinois and St. Peters, Missouri. The Company is subject to competition from investment management firms along with other trust companies and banks with trust powers.

Assets held by the Company on the behalf of clients are not assets of the Company, and accordingly, are not included in the financial statements. Assets under management totaled \$28,928,278,594 and \$19,968,200,613 as of December 31, 2025 and 2024, respectively. During the course of discharging its respective responsibilities for each client, the Company is subject to a number of federal and state regulatory bodies and associated rules governing each type of account. The Company is regulated by the Illinois Department of Financial and Professional Regulation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relates to the fair value of available-for-sale debt securities and equity securities and consideration of self-insurance.

Cash Equivalents

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2025, cash equivalents consisted primarily of money market accounts with brokers and certificates of deposit. At December 31, 2025, the Company's cash accounts exceeded federally insured limits by approximately \$5,635,000.

Interest-Bearing Time Deposits

Interest-bearing time deposits in banks mature within 90 months and are carried at cost, which approximates fair value.

Debt Securities

The Company's debt securities are classified as "available for sale" and recorded at fair value, with unrealized gains and losses excluding from earnings and reported in other comprehensive income. Purchase premiums and discounts are recognized in interest income using the interest method over the earlier of the call dates or the terms of the securities. Gains and losses on the sales of debt securities are recorded on the trade dates and are determined using the specific identification method.

When the fair value of securities is below the amortized cost and the Company will not be required to sell the security before the recovery of the amortized cost basis, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. If the present value of cash flows expected to be collected from the security is less than the amortized cost basis of the security, an allowance for credit losses is recorded for the credit loss, limited to the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income.

Allowance for Credit Losses – Debt Securities

For available-for-sale debt securities in an unrealized loss position, the Company first assesses whether it intends to sell, or it is more-likely-than-not that it will be required to sell the security before recovery of its amortized cost basis. If either case is affirmative, any previously recognized allowances are charged off and the security's amortized cost is written down to fair value through income. If neither case is affirmative, the security is evaluated to determine whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency and any adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income. Adjustments to the allowance are reported in the statements of income as a component of credit loss expense. The Company excludes accrued interest receivable on available-for-sale debt securities from the estimate of credit losses. As of December 31, 2025 and 2024, accrued interest on available-for-sale debt securities of \$55,837 and \$72,010, respectively, was excluded from the allowance evaluation (remaining accrued interest on the Company's balance sheets relates to certificates of deposit accrued interest). Available-for-sale debt securities are charged off against the allowance or, in the absence of any allowance, written down through income when deemed uncollectible by management or when either of the aforementioned criteria regarding intent or requirement to sell is met.

Equity Securities

The Company measures equity securities at fair value with changes recognized in net income. Gains and losses on the sales of securities are recorded on the trade dates and are determined using the specific identification method.

Trust Fee Income Receivable and Trust Deferred Fee Income

Trust fee income receivable and trust deferred fee income represent servicing fees due from client account relationships. The Company collects fees for services in either one of two methods: in arrears or in advance. Trust fee income receivable is stated at the amount of consideration from clients for which the Company has an unconditional right to receive in arrears of the service. For accounts that pay after the services are completed, those fees are collected at the end of the billing period. Trust deferred fee income is stated as the net amount of cash received in advance and revenue earned. Revenues are recognized ratably during the term of the service period which is typically year-to-year. The Company provides consideration of an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information and economic conditions adjusted for current conditions and reasonable and supportable forecasts. The provision for credit losses and doubtful accounts charged for the years ended December 31, 2025 or 2024, was \$16,250 and \$23,500, respectively, and is included in annual trust fees, net in the statements of income.

Property and Equipment

Land is carried at cost. Depreciable assets are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful lives of the assets.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Building	40 years
Building and leasehold improvements	3 – 15 years
Furniture and equipment	3 – 15 years

Long-Lived Asset Impairment

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicating the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2025 and 2024.

Goodwill

Goodwill is evaluated annually for impairment or more frequently if impairment indicators are present. If the implied fair value of goodwill is lower than its carrying amount, a goodwill impairment is indicated and goodwill is written down to its implied values. Subsequent increases in goodwill value are not recognized in the financial statements.

Income Taxes

The Company accounts for income taxes in accordance with income tax accounting guidance (Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), *Income Taxes*). The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax basis of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur. Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more-likely-than-not that some portion or all of a deferred tax asset will not be realized.

Tax positions are recognized if it is more-likely-than-not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more-likely-than-not means a likelihood of more than 50%; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances and information available at the reporting date and is subject to management's judgment.

The Company recognizes interest and penalties, if any, on income taxes as a component of income tax expense.

Leases

The Company determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheets. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Company determines lease classification as operating or finance at the lease commencement date.

The Company combines lease and nonlease components, such as common area and other maintenance costs, in calculating the ROU assets and lease liabilities for its office buildings.

TI-Trust, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Company has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Company is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Company has elected not to record leases with an initial term of 12 months or less on the balance sheets. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Comprehensive Income

Comprehensive income consists of net income and other comprehensive income, net of applicable income taxes. Other comprehensive income includes unrealized appreciation on available-for-sale securities, a reclassification adjustment for losses included in net income on available-for-sale debt securities, and the related tax impact.

Revenue Recognition

Annual trust fees represent fees earned in conjunction with providing annual fiduciary services such as trust administration, investment management, or asset custody. Transaction fees represent non-recurring fees for the execution of specific transactions related to trust administration, investment management or asset custody. Distribution fees represent fees for distribution of principal or income to beneficiaries.

Substantially all of the Company's revenue is generated from contracts with clients in which fees are earned from the management and administration of trusts and other assets. The Company's performance obligation is generally satisfied over time and the resulting fees are recognized monthly based upon the month-end market value of the assets under management and the applicable fee rate. Payment is generally either prepaid or paid at the end of a specified period and can be paid through a direct charge to clients' accounts. The Company does not earn performance-based incentives. The Company's performance obligation for transactional-based services is generally satisfied, and related revenue recognized, at a point in time, *i.e.*, as incurred. Payment is to be received shortly after services begin or at the time the service is rendered.

Contract Balances

A contract balance asset occurs when the Company performs a service for a client before the client pays consideration (resulting in a contract receivable) or before payment is due (resulting in a contract asset). A contract liability is the Company's obligation to perform a service for which the Company has already received payment (or payment is due) from the client. The Company's revenue streams are largely based on transactional activity, or standard month-end revenue accruals such as asset management fees based on month-end market values. Consideration is often received immediately or shortly after the Company satisfies its performance obligation and revenue is recognized. The Company does not typically enter into long-term revenue contracts with clients, and therefore, does not experience significant contract balances. As of December 31, 2025 and 2024, the Company did not have any significant contract balances.

Contract Acquisition Costs

In connection with FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), the Company is required to capitalize and subsequently amortize into expense, certain incremental costs of obtaining a contract with a client if these costs are expected to be recovered. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a client that it would not have incurred if the contract had not been obtained (for example, sales commission). The Company utilizes the practical expedient which allows an entity to immediately expense contract acquisition costs when the asset that would have resulted from capitalizing these costs would have been amortized in one year or less.

TI-Trust, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

Treasury Stock

Common stock shares repurchased are recorded at cost. Cost of shares retired or reissued is determined using the first-in, first-out method.

Reclassification and Revision

Certain amounts in the 2024 statement of income and comprehensive income has been reclassified to conform to the 2025 presentation. The 2024 statement of cash flows has been revised to correct an immaterial classification error surrounding the presentation of the contribution of treasury stock to ESOP. There were no changes to net income as a result of the reclassification and revision.

Note 2. Debt Securities

The amortized cost and approximate fair values, together with gross unrealized gains and losses, of available-for-sale debt securities are as follows:

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
December 31, 2025				
U.S. Government-sponsored enterprises (GSEs)	\$ 8,958,806	\$ 47,255	\$ (58,319)	\$ 8,947,742
Total	<u>\$ 8,958,806</u>	<u>\$ 47,255</u>	<u>\$ (58,319)</u>	<u>\$ 8,947,742</u>
December 31, 2024				
U.S. Government-sponsored enterprises (GSEs)	\$ 11,188,348	\$ -	\$ (208,183)	\$ 10,980,165
Total	<u>\$ 11,188,348</u>	<u>\$ -</u>	<u>\$ (208,183)</u>	<u>\$ 10,980,165</u>

The amortized cost and fair value of available-for-sale debt securities at December 31, 2025, by contractual maturity are shown below. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

<u>December 31, 2025</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
Within one year	\$ 1,803,220	\$ 1,785,283
One to five years	5,427,252	5,430,460
Five to 10 years	<u>1,728,334</u>	<u>1,731,999</u>
Total	<u>\$ 8,958,806</u>	<u>\$ 8,947,742</u>

The fair value of securities pledged as collateral to various state regulatory agencies for trust operations was \$2,090,971 and \$2,049,886 at December 31, 2025 and 2024, respectively. At December 31, 2025 and 2024, the Company also had \$125,000 of money market funds pledged.

TI-Trust, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

There were no gross gains on sales of available-for-sale debt securities as of the years ended December 31, 2025 or 2024. Gross losses on sales of available-for-sale debt securities totaled \$0 and \$1,981 for the years ended December 31, 2025 and 2024, respectively.

The following tables show the Company's investments' gross unrealized losses and fair value of the Company's available-for-sale debt securities with unrealized losses that are not deemed to require an allowance for credit losses, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2025 and 2024:

Description of Securities	December 31, 2025					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. GSEs	\$ 1,214,170	\$ (1,840)	\$ 2,376,534	\$ (56,479)	\$ 3,590,704	\$ (58,319)

Description of Securities	December 31, 2024					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. GSEs	\$ 6,662,708	\$ (57,791)	\$ 4,317,457	\$ (150,392)	\$ 10,980,165	\$ (208,183)

As of December 31, 2025, the Company's available-for-sale securities portfolio consisted of 20 securities, 8 of which were in an unrealized loss position.

Note 3. Property and Equipment

Major classifications of property and equipment, stated at cost as of December 31, 2025 and 2024, are as follows:

	2025	2024
Land	\$ 157,470	\$ 157,470
Building and improvements	3,527,607	3,112,803
Furniture and equipment	2,805,289	1,550,258
Construction in process	705,409	429,261
Total cost	7,195,775	5,249,792
Accumulated depreciation	(2,308,899)	(2,003,384)
Net property and equipment	<u>\$ 4,886,876</u>	<u>\$ 3,246,408</u>

Construction in process at December 31, 2025 relates to remodeling of a building to be used for operations in Quincy, Illinois and certain equipment not yet placed in service. Additional commitment related to this building was approximately \$600,000 at December 31, 2025.

Note 4. Leases

Nature of Leases

The Company has entered into the following lease arrangements:

Operating Leases

The Company previously maintained four lease agreements, two of which expired or were not renewed in 2025. The Company maintains a leased location in St. Peters, Missouri. The lease expires in 2028. The lease agreement does not require the Company to pay all executory costs (property taxes, maintenance, and insurance). Lease payments are increased 5% through expiration in 2028. Termination of the lease is generally prohibited unless there is a violation under the lease agreement.

The Company also maintains a location in Oak Brook, Illinois. The lease associated with this location expires in 2026. The lease agreement does not require the Company to pay all executory costs (property taxes, maintenance, and insurance). Lease payments escalate 2% annually. There is no extension or renewal period. Termination of the lease is generally prohibited unless there is a violation under the lease agreement.

All Leases

The Company has no related-party leases.

The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Quantitative Disclosures

Cash paid during 2025 and 2024 for amounts included in the measurement of the lease liability associated with the operating lease was approximately \$99,000 and \$201,000, respectively. Operating lease costs were not material for 2025 and 2024. Weighted-average remaining lease term of operating lease liabilities was 2.13 and 1.94 years as of December 31, 2025 and 2024, respectively, and weighted-average discount rate of operating lease liabilities was 1.37% as of December 31, 2025 and 2024.

Future minimum lease payments and reconciliation to the balance sheet at December 31, 2025, are as follows:

<u>Years Ending December 31,</u>	
2026	\$ 44,753
2027	23,763
2028	13,862
2029	<u>13,862</u>
Total future undiscounted lease payment	96,240
Less interest	<u>12,341</u>
Total lease liabilities	<u>\$ 83,899</u>

Note 5. Income Taxes

The Company files income tax returns in the U.S. federal and state of Illinois, Arizona, Missouri, and Pennsylvania jurisdictions.

TI-Trust, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

The provision for income taxes includes these components as of December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Taxes currently payable	\$ 980,136	\$ 1,343,674
Deferred income taxes	363,632	(7,640)
Income tax expense	<u>\$ 1,343,768</u>	<u>\$ 1,336,034</u>

A reconciliation of income tax expense at the statutory rate to the Company's actual income tax expense as of December 31, 2025 and 2024, is shown below:

	<u>2025</u>	<u>2024</u>
Computed at the statutory rate (21%)	\$ 1,031,137	\$ 992,600
Increase resulting from		
Non-deductible expenses	4,900	5,170
State income taxes	339,181	322,914
Other	(31,450)	15,350
Actual tax expense	<u>\$ 1,343,768</u>	<u>\$ 1,336,034</u>

The tax effects of temporary differences related to deferred taxes shown on the balance sheets was as follows as of December 31, 2025 and 2024. As of December 31, 2025 and 2024, the net deferred tax liability is recorded within accounts payable and other accrued expenses on the balance sheets.

	<u>2025</u>	<u>2024</u>
Deferred tax assets		
Payroll and benefits accrued expenses	\$ 99,900	\$ 78,100
Unrealized losses on equity securities	49,200	63,800
Unrealized losses on available-for-sale debt securities	3,153	59,332
Right of use liability	23,900	92,700
Other	20,100	13,400
Deferred tax asset	<u>196,253</u>	<u>307,332</u>
Deferred tax liability		
Prepaid expenses	(133,700)	(129,800)
Depreciation	(498,600)	(106,000)
Right of use asset	(23,100)	(90,500)
Deferred tax liability	<u>(655,400)</u>	<u>(326,300)</u>
Net deferred tax liability	<u>\$ (459,147)</u>	<u>\$ (18,968)</u>

Note 6. Minimum Organizational Capital

The Company is subject to the Illinois Department of Financial and Professional Regulation's minimum organizational capital requirement of \$3,000,000. Failure to meet minimum capital requirements can initiate certain mandatory and possible additional discretionary action by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. The Company's capital levels were in excess of the required minimum at December 31, 2025 and 2024.

The Company is also required to pledge to the Illinois Department of Financial and Professional Regulation a surety bond or securities in the amount of \$2,000,000 for the purpose of covering any costs attributable to a receivership of the trust company. The pledged securities or surety bond is in addition to the Company's minimum capital requirement. The Company has pledged securities with market values in excess of the minimum requirement totaling \$2,105,634 at December 31, 2025.

Other states may also require a capital requirement in order to do business in the state. As of December 31, 2025, these requirements totaled \$100,000. The Company has appropriately met these requirements as of December 31, 2025, with \$110,488 in additional securities pledged.

Note 7. Employee Benefits

The Company has a 401(k) profit-sharing plan, Employee Stock Ownership Plan (ESOP), and an incentive compensation plan. The accrued expenses related to these employee benefits are recorded within payroll and benefits accrued expenses on the balance sheets.

The 401(k) profit sharing plan, which is a tax qualified savings plan, covers substantially all of the Company's employees. All full time employees are eligible to participate upon the first day of the month following 30 days of employment and attaining the age of 18. Part time or seasonal workers are eligible to participate in the plan after completion of one year or 1,000 hours of service and attaining the age of 18. The employee may elect to contribute a percentage or a flat dollar amount of compensation before taxes in a traditional 401(k) and/or a percentage of compensation after taxes using the Company's Roth 401(k) option. The Company may match a percentage of employee contributions. Historically this has been up to 2% of employee contributions based upon employee gross wages. Additionally, based upon profits, a profit sharing contribution may be made by the Company. The Company contributed an additional amount of 4% of employee gross wages for the years ended December 31, 2025 and 2024. Employees are 100% vested in the Company's contribution plan after five years of service. Employee contributions and vested Company contributions may be withdrawn only on termination of employment, retirement, death or hardship withdrawal. The financial statements include expense related to the 401(k) plan of \$364,165 and \$368,535 for the years ended December 31, 2025 and 2024, respectively.

Effective January 1, 2022, the Company formed an ESOP. The Company-sponsored ESOP covers substantially all employees of the Company. The plan held 57,123 and 43,037 shares of the Company's common stock at December 31, 2025 and 2024, respectively. This represents 1.98% and 1.50% of outstanding shares at December 31, 2025 and 2024, respectively. Any contributions to the ESOP are at the discretion of the board of directors. In order to participate in the plan and receive a contribution and/or allocation, the participant must be employed for 1,000 hours during the plan year and be employed on the last day of the plan year. During the year ended December 31, 2025, the plan received 16,000 shares from treasury stock of the Company. 2025's contribution of 16,000 shares resulted in a contribution and related expense of \$157,600 for the year ended December 31, 2025 and was based on the latest value of \$9.85 per share. Also during 2025, 1,914 ESOP shares were distributed to retiring employees. During the year ended December 31, 2024, the plan received 30,007 shares from treasury stock of the Company, 16,000 of which were expensed in 2024 and resulted in a contribution and related expense of \$123,360. The remaining 14,007 shares received in 2024 were accrued as expense as of December 31, 2023.

TI-Trust, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

Under the incentive compensation plan, established funds are distributed to certain employees based on their performance. The financial statements include expense related to the incentive compensation plan of \$402,491 and \$474,526 for the years ended December 31, 2025 and 2024, respectively.

Note 8. Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets
- Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2025 and 2024:

	Total Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2025				
Assets				
Available-for-sale debt securities				
U.S. GSEs	\$ 8,947,742	\$ 1,082,386	\$ 7,865,356	\$ -
Equity securities	\$ 1,377,276	\$ 1,377,276	\$ -	\$ -
December 31, 2024				
Assets				
Available-for-sale debt securities				
U.S. GSEs	\$ 10,980,165	\$ 1,540,851	\$ 9,439,314	\$ -
Equity securities	\$ 1,676,021	\$ 1,676,021	\$ -	\$ -

Following is a description of the valuation methodology and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2025.

Available-for-Sale Debt Securities

Where quoted market prices are available in an active market, debt securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of debt securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently secured market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such debt securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, debt securities are classified within Level 3 of the hierarchy. There were no such securities classified as Level 3 as of December 31, 2025 or 2024.

Equity Securities

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of debt securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently secured market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, equity securities are classified within Level 3 of the hierarchy. There were no such securities classified as Level 2 or Level 3 as of December 31, 2025 or 2024.

During the year ended December 31, 2025, the \$25,880 of unrealized and realized gains on equity securities consisted of a \$51,220 unrealized gain on equity securities and a \$25,340 realized loss on a sale of an equity security. The impact of unrealized and realized gains and losses on equity securities in 2024 was not material.

Note 9. Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

General Litigation

The Company is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, results of operations and cash flows of the Company. As of December 31, 2025 and 2024, there were no outstanding or anticipated lawsuits.

Self-Insurance

During 2023, the Company created the TI-Trust Health and Welfare Trust ("Trust"), with an effective date of July 1, 2019 to establish an account to be held by a Trustee in order to maintain and administer the assets of the TI-Trust Health and Welfare Plan ("Plan"). As of December 31, 2025 and 2024, the funding provided during the year is sufficient to cover the estimated liability as of December 31, 2025 and 2024 for any claims that have been incurred but not yet reported or not yet paid. As such, no liability is recorded by the Company as of December 31, 2025 and 2024.

Under the Company's health insurance program, coverage is obtained for medical and pharmaceutical claims of which up to \$65,000 per claim is paid by the Company. Provisions for losses expected under these programs are recorded based upon the Company's estimates of the aggregate liability for claims incurred and totaled approximately \$528,000 and \$829,000 during 2025 and 2024, respectively. The amount of actual losses incurred could differ materially from estimates reflected in salaries and employee benefits expense in these financial statements.

Note 10. Subsequent Events

Subsequent events have been evaluated through March 5, 2026, which is the date the financial statements were available to be issued.

TI TRUST

TRUE INTEGRITY FIDUCIARY SERVICES

Proudly Employee-Owned

2900 North 23rd Street • Quincy, IL 62305 • tel (217) 228-8060 • fax (217) 228-8039

MAIL@TI-TRUST.COM TI-TRUST.COM
