

# Investors Title

INNOVATIVE BY INSTINCT

## INVESTORS TITLE COMPANY ANNOUNCES RECORD SECOND QUARTER 2017 FINANCIAL RESULTS

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### FOR IMMEDIATE RELEASE:

Chapel Hill, NC – Investors Title Company today announced its results for the second quarter ended June 30, 2017. Net income attributable to the Company increased 25.3% to a new second quarter record of \$5.7 million, or \$2.99 per diluted share, versus \$4.5 million, or \$2.35 per diluted share, for the prior year period.

Revenues also set a new second quarter record, increasing 18.6% to \$40.1 million, compared with \$33.8 million in the prior year period. Net premiums written benefitted from higher real estate purchase volumes, partially offset by lower refinance activity. Rising average real estate values and new agency distribution also contributed to the increase in premiums. Other income sources, including revenue from ancillary services coincident with providing title insurance, increased 83.5% to \$5.5 million.

Operating expenses increased 16.5% versus the prior year quarter, mainly driven by volume and higher payroll expense, but partially offset by lower claims expense. In addition, the inclusion of expenses for a title insurance agency acquired in the fourth quarter of 2016 contributed to the higher expense level. Agent commissions increased versus the prior year commensurate with the increase in agent premium volumes, while payroll expenses increased as a result of growth in our staff level, and increases in base and incentive compensation. The provision for claims was lower in the current quarter primarily due to fewer initial claim filings and favorable prior year loss development as compared to the prior year quarter.

For the six months ended June 30, 2017, net income attributable to the Company increased 60.0% to \$10.2 million, or \$5.35 per diluted share, versus \$6.3 million, or \$3.28 per diluted share, for the prior year period. Revenues increased 32.8% to \$77.9 million, while operating expenses increased 27.4% to \$63.1 million. Results for the first half of the year have been shaped predominantly by the same factors that affected the second quarter.

Chairman J. Allen Fine added, “High levels of mortgage lending activity, coupled with favorable claims experience, resulted in the strongest second quarter in the Company’s history. Favorable economic

conditions, as indicated by low unemployment rates and relatively high consumer confidence levels, have supported higher transaction volumes, in spite of certain headwinds such as supply constraints and recent policy actions by the Federal Reserve. Regardless of the ebbs and flows of the business cycle, however, we will remain focused on profitably growing our business by enhancing our competitive strengths and capitalizing on market opportunities.”

Investors Title Company’s subsidiaries issue and underwrite title insurance policies. The Company also provides investment management services and services in connection with tax-deferred exchanges of like-kind property.

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Certain statements contained herein constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, among others, any statements regarding the Company’s expected performance for the year, future home price fluctuations, changes in home purchase or refinance activity and the mix thereof, interest rate changes, expansion of the Company’s market presence, enhancing competitive strengths, positive development in housing affordability, unemployment or overall economic conditions or statements regarding our actuarial assumptions and the application of recent historical claims experience to future periods. These statements involve a number of risks and uncertainties that could cause actual results to differ materially from anticipated and historical results. Such risks and uncertainties include, without limitation: the cyclical demand for title insurance due to changes in the residential and commercial real estate markets; the occurrence of fraud, defalcation or misconduct; variances between actual claims experience and underwriting and reserving assumptions, including the limited predictive power of historical claims experience; declines in the performance of the Company’s investments; government regulation; changes in the economy; loss of agency relationships, or significant reductions in agent-originated business; difficulties managing growth, whether organic or through acquisitions and other considerations set forth under the caption “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016, as filed with the Securities and Exchange Commission, and in subsequent filings.

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**Investors Title Company and Subsidiaries**  
**Consolidated Statements of Income**  
*For the Three and Six Months Ended June 30, 2017 and 2016*  
(Unaudited)

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Revenues:</b>				
Net premiums written	<b>\$33,450,241</b>	\$29,686,120	<b>\$65,748,900</b>	\$51,051,450
Investment income – interest and dividends	<b>1,113,989</b>	1,167,005	<b>2,210,580</b>	2,318,016
Net realized gain (loss) on investments	<b>82,841</b>	(14,828)	<b>186,180</b>	135,002
Other	<b>5,484,651</b>	2,989,414	<b>9,787,251</b>	5,185,265
Total Revenues	<b>40,131,722</b>	33,827,711	<b>77,932,911</b>	58,689,733
<b>Operating Expenses:</b>				
Commissions to agents	<b>16,597,590</b>	15,674,346	<b>32,928,700</b>	27,207,228
Provision for claims	<b>140,827</b>	647,912	<b>860,224</b>	663,871
Salaries, employee benefits and payroll taxes	<b>9,741,975</b>	7,173,198	<b>19,644,246</b>	14,645,149
Office occupancy and operations	<b>2,197,250</b>	1,535,902	<b>4,136,305</b>	3,029,762
Business development	<b>734,158</b>	606,258	<b>1,347,105</b>	1,086,648
Filing fees, franchise and local taxes	<b>578,008</b>	267,103	<b>731,564</b>	497,157
Premium and retaliatory taxes	<b>600,440</b>	574,249	<b>1,245,825</b>	886,080
Professional and contract labor fees	<b>488,464</b>	537,446	<b>927,640</b>	1,076,099
Other	<b>706,987</b>	269,250	<b>1,314,099</b>	472,231
Total Operating Expenses	<b>31,785,699</b>	27,285,664	<b>63,135,708</b>	49,564,225
<b>Income before Income Taxes</b>	<b>8,346,023</b>	6,542,047	<b>14,797,203</b>	9,125,508
<b>Provision for Income Taxes</b>	<b>2,672,000</b>	2,012,000	<b>4,657,000</b>	2,791,000
<b>Net Income</b>	<b>5,674,023</b>	4,530,047	<b>10,140,203</b>	6,334,508
<b>Net Loss (Gain) Attributable to Noncontrolling Interests</b>	<b>1,169</b>	(667)	<b>11,044</b>	8,912
<b>Net Income Attributable to the Company</b>	<b>\$ 5,675,192</b>	\$ 4,529,380	<b>\$10,151,247</b>	\$ 6,343,420
<b>Basic Earnings per Common Share</b>	<b>\$ 3.01</b>	\$ 2.36	<b>\$ 5.38</b>	\$ 3.29
<b>Weighted Average Shares Outstanding – Basic</b>	<b>1,886,735</b>	1,923,213	<b>1,886,161</b>	1,928,766
<b>Diluted Earnings per Common Share</b>	<b>\$ 2.99</b>	\$ 2.35	<b>\$ 5.35</b>	\$ 3.28
<b>Weighted Average Shares Outstanding – Diluted</b>	<b>1,896,581</b>	1,928,625	<b>1,895,840</b>	1,935,325

**Investors Title Company and Subsidiaries**  
**Consolidated Balance Sheets**  
*As of June 30, 2017 and December 31, 2016*  
(Unaudited)

	<b>June 30, 2017</b>	December 31, 2016
<b>Assets:</b>		
Investments in securities:		
Fixed maturities, available-for-sale, at fair value	\$ 93,049,522	\$ 101,934,077
Equity securities, available-for-sale, at fair value	43,562,703	41,179,259
Short-term investments	17,845,956	6,558,840
Other investments	11,427,988	11,181,531
Total investments	165,886,169	160,853,707
Cash and cash equivalents	29,068,106	27,928,472
Premium and fees receivable	9,701,506	8,654,161
Accrued interest and dividends	912,316	1,035,152
Prepaid expenses and other assets	9,489,454	9,456,523
Property, net	10,018,368	8,753,466
Goodwill and other intangible assets, net	11,789,465	12,256,641
Current income taxes receivable	1,088,787	—
<b>Total Assets</b>	<b>\$ 237,954,171</b>	<b>\$ 228,938,122</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities:</b>		
Reserves for claims	\$ 34,141,000	\$ 35,305,000
Accounts payable and accrued liabilities	24,322,986	26,146,480
Current income taxes payable	—	1,232,432
Deferred income taxes, net	13,259,875	11,118,256
Total liabilities	71,723,861	73,802,168
<b>Stockholders' Equity:</b>		
Common stock – no par value (10,000,000 authorized shares; 1,887,256 and 1,884,283 shares issued and outstanding as of June 30, 2017 and December 31, 2016, respectively, excluding in each period 291,676 shares of common stock held by the Company's subsidiary)	1	1
Retained earnings	152,482,193	143,283,621
Accumulated other comprehensive income	13,668,275	11,761,447
Total stockholders' equity attributable to the Company	166,150,469	155,045,069
Noncontrolling interests	79,841	90,885
Total stockholders' equity	166,230,310	155,135,954
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 237,954,171</b>	<b>\$ 228,938,122</b>

**Investors Title Company and Subsidiaries**  
**Net Premiums Written By Branch and Agency**  
*For the Three and Six Months Ended June 30, 2017 and 2016*  
*(Unaudited)*

	<b>Three Months Ended June 30,</b>				<b>Six Months Ended June 30,</b>			
	<b>2017</b>	<b>%</b>	<b>2016</b>	<b>%</b>	<b>2017</b>	<b>%</b>	<b>2016</b>	<b>%</b>
<b>Branch</b>	<b>\$ 9,619,869</b>	<b>28.8</b>	<b>\$ 8,236,630</b>	<b>27.7</b>	<b>\$ 18,868,228</b>	<b>28.7</b>	<b>\$ 13,630,485</b>	<b>26.7</b>
<b>Agency</b>	<b>23,830,372</b>	<b>71.2</b>	<b>21,449,490</b>	<b>72.3</b>	<b>46,880,672</b>	<b>71.3</b>	<b>37,420,965</b>	<b>73.3</b>
<b>Total</b>	<b>\$ 33,450,241</b>	<b>100.0</b>	<b>\$ 29,686,120</b>	<b>100.0</b>	<b>\$ 65,748,900</b>	<b>100.0</b>	<b>\$ 51,051,450</b>	<b>100.0</b>