



April 14, 2022

> To Our Fellow Shareholders:

In 2021, Investors Title Company delivered another year of strong financial performance, once again setting records for revenues and net income. Total revenues surpassed \$300 million for the first time in the Company's history, growing nearly 40% from the previous record set in 2020. Net income increased more than 70% from the prior year, and we also set profit-margin records as well, which were driven by low claims levels and the operating leverage afforded by higher transaction volumes.

Economic recovery from the COVID-19 pandemic lows generally continued unabated in 2021, making it one of the most robust years in decades for the overall economy and for the housing market specifically. Low home mortgage interest rates, changes in housing needs resulting from COVID-19, and other factors created a swell in the number of home buyers. These buyers had to contend with a shortage of homes for sale, which led to bidding wars and the extension of many purchase offers above list price. These factors combined to drive the average home price up 18% during 2021, the highest rate of price growth in 45 years.

Despite the limited supply and dramatic increase in home prices, real estate transactions activity actually increased, creating a strong lift to the title insurance industry. Existing home sales, which comprise the bulk of real estate transactions, increased 8.5% and surpassed six million units for the first time in over fifteen years. Although mortgage refinance activity decreased in 2021 as mortgage rates rose, the related decline in demand for title insurance was more than offset by the growth in purchase activity and real estate values.

These factors, along with our efforts to expand market share, contributed significantly to revenue increases. Mostly attributable to growth in net premiums written, total revenues increased 39.4% to \$329.5 million, representing a record for the third consecutive year. We believe our market footprint aligns well with regions experiencing the most vibrant housing markets and higher rates of net positive migration, and each of our key market areas experienced growth, with particular strength in North Carolina and Texas.

In Texas, we substantially expanded our wholly owned agency operations in the Houston, San Antonio, College Station, and Dallas-Fort Worth markets. Through a combination of acquiring existing companies, opening new offices, and recruiting new associates into existing offices, we finished 2021 with a 14-office footprint staffed by 200 experienced associates. As an agent of our Texas-domiciled underwriter, National Investors Title Insurance Company, these offices provide a strong foundation for continued revenue and income growth.

In addition to strong revenue growth, we had favorable claims experience in 2021. Recent claims expense benefited from low foreclosure activity, the use of technology tools to help detect and avoid potential fraud risks, and other risk management efforts such as education programs for our employees and business partners. Positive claims experience, as well as increased operating leverage, resulted in net income of \$67 million, surpassing our all-time record set just a year earlier by 70%.

Based on the strong operating performance in recent years, and the overall strong financial position of the Company, the board of directors declared a special dividend of \$18 per share in 2021. In each of the past five years, the board has declared a special dividend, cumulatively totaling \$54 per share. Over this same period, we have also increased the regular quarterly dividend from 20 cents to 46 cents. In total, through regular dividends, special dividends, and share repurchases, the Company has returned nearly 75% of its operating cash flow to its shareholders over the past five years.

The Company's financial strength, as evidenced by a strong balance sheet with no debt and highly tangible assets, is consistently recognized by rating agencies such as A.M. Best as being among the highest rated in the industry. We believe this distinction is a competitive advantage and affords business partners and policyholders a high level of confidence in the soundness of our insurance products.



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In addition to an emphasis on maintaining superior financial strength, our strategy also focuses on cultivating long-term, mutually beneficial relationships. We strive to help business partners maximize their success by providing user-friendly and time-saving essential technologies, expert underwriting advice based on local-market knowledge, and timely educational offerings providing informative and valuable content. As an example of the latter, the Company held its largest educational event in its history during 2021, with more than 1000 partners participating in a multi-day virtual seminar that promoted risk management and cybersecurity best practices.

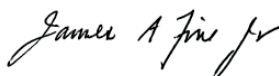
As the economy recovers from the pandemic lows, business conditions continue to evolve. Interest rates remain very low by historical standards and wage growth has been strong, helping to keep housing affordability in check even as real estate values have risen. Furthering support for future housing demand, demographic studies suggest millennials will reach their peak home-buying age over the next few years. On the other hand, plans by the Federal Reserve to normalize monetary policy and address elevated inflation suggest that consumers will face higher mortgage interest rates. A mix of factors with varying potential impacts on the real estate market exist at any time, but we remain confident that we are well-positioned to prosper over the course of any business cycle and take advantage of business opportunities over time in the select markets in which we operate.

In any year, our achievements are made possible by a group of extremely talented and dedicated employees. With the spike in transaction volume that accompanied the large increase in sales, across our residential, commercial, 1031, and other units, our entire team put forth a herculean effort to keep pace. In one of the busiest years on record, we successfully met the various challenges associated with providing the same level of service that our clients and business partners have come to expect. Our team's work ethic and capabilities are hallmarks of our company and help us distinguish ourselves from peers.

This coming year marks a special year in the Company's history as we will celebrate its 50th anniversary. When we opened for business in 1972, the average price of gas was 36 cents per gallon and the median home price was \$27,000. Many things have changed since then, including the title industry, which today looks quite different. Over these 50 years, a pursuit of excellence has underscored the way we approached new opportunity as well as all the daily activities that, when consistently done well, contribute greatly to long-term success. This spirit of excellence has been shared by all those with whom we have worked over the years, which has made the work all that more rewarding. We are excited to recognize this half-century milestone and are most thankful for the relationships we enjoy with our employees, customers, and shareholders, and for the strong and enduring partnerships we share.



J. Allen Fine
Chairman, Chief Executive Officer



James A. Fine, Jr.
President, Chief Financial Officer, Treasurer



W. Morris Fine
Executive Vice President, Secretary

Investors Title Company | 121 N Columbia St, Chapel Hill, NC 27514 | 919.968.2200 / F 919.968.2227
invtitle.com | nititle.com | invtrust.com

Cautionary Information about Forward-Looking Statements

Certain statements contained herein may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, among others, statements about new software making our agents more efficient; management's intent to continue its disciplined approach toward maintaining our competitive advantages while using our superior capital position to prudently grow the business and its returns; and our strategy for capital allocation. 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; the possible loss of agency relationships or significant reductions in agent-originated business; 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, 2021, as filed with the Securities and Exchange Commission, and in subsequent filings.

