

FIRST AMERICAN FINANCIAL

Barclays Global Financial Services Conference

September 10, 2019

Leadership
Integrity
Commitment
Teamwork
Service



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Safe Harbor Statement

CERTAIN STATEMENTS MADE IN THIS PRESS RELEASE AND THE RELATED MANAGEMENT COMMENTARY CONTAIN, AND RESPONSES TO INVESTOR QUESTIONS MAY CONTAIN, FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933, AS AMENDED, AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. THESE FORWARD-LOOKING STATEMENTS CAN BE IDENTIFIED BY THE FACT THAT THEY DO NOT RELATE STRICTLY TO HISTORICAL OR CURRENT FACTS AND MAY CONTAIN THE WORDS "BELIEVE," "ANTICIPATE," "EXPECT," "INTEND," "PLAN," "PREDICT," "ESTIMATE," "PROJECT," "WILL BE," "WILL CONTINUE," "WILL LIKELY RESULT," OR OTHER SIMILAR WORDS AND PHRASES OR FUTURE OR CONDITIONAL VERBS SUCH AS "WILL," "MAY," "MIGHT," "SHOULD," "WOULD," OR "COULD." THESE FORWARD-LOOKING STATEMENTS INCLUDE, WITHOUT LIMITATION, STATEMENTS REGARDING FUTURE OPERATIONS, PERFORMANCE, FINANCIAL CONDITION, PROSPECTS, PLANS AND STRATEGIES. THESE FORWARD-LOOKING STATEMENTS ARE BASED ON CURRENT EXPECTATIONS AND ASSUMPTIONS THAT MAY PROVE TO BE INCORRECT. RISKS AND UNCERTAINTIES EXIST THAT MAY CAUSE RESULTS TO DIFFER MATERIALLY FROM THOSE SET FORTH IN THESE FORWARD-LOOKING STATEMENTS. FACTORS THAT COULD CAUSE THE ANTICIPATED RESULTS TO DIFFER FROM THOSE DESCRIBED IN THE FORWARD-LOOKING STATEMENTS INCLUDE, WITHOUT LIMITATION: INTEREST RATE FLUCTUATIONS; CHANGES IN THE PERFORMANCE OF THE REAL ESTATE MARKETS; VOLATILITY IN THE CAPITAL MARKETS; UNFAVORABLE ECONOMIC CONDITIONS; FAILURES AT FINANCIAL INSTITUTIONS WHERE THE COMPANY DEPOSITS FUNDS; CHANGES IN APPLICABLE LAWS AND GOVERNMENT REGULATIONS, INCLUDING DATA PRIVACY LAWS; HEIGHTENED SCRUTINY BY LEGISLATORS AND REGULATORS OF THE COMPANY'S TITLE INSURANCE AND SERVICES SEGMENT AND CERTAIN OTHER OF THE COMPANY'S BUSINESSES; USE OF SOCIAL MEDIA BY THE COMPANY AND OTHER PARTIES; REGULATION OF TITLE INSURANCE RATES; LIMITATIONS ON ACCESS TO PUBLIC RECORDS AND OTHER DATA; CHANGES IN RELATIONSHIPS WITH LARGE MORTGAGE LENDERS AND GOVERNMENT-SPONSORED ENTERPRISES; CHANGES IN MEASURES OF THE STRENGTH OF THE COMPANY'S TITLE INSURANCE UNDERWRITERS, INCLUDING RATINGS AND STATUTORY CAPITAL AND SURPLUS; LOSSES IN THE COMPANY'S INVESTMENT PORTFOLIO; MATERIAL VARIANCE BETWEEN ACTUAL AND EXPECTED CLAIMS EXPERIENCE; DEFALCATIONS, INCREASED CLAIMS OR OTHER COSTS AND EXPENSES ATTRIBUTABLE TO THE COMPANY'S USE OF TITLE AGENTS; ANY INADEQUACY IN THE COMPANY'S RISK MANAGEMENT FRAMEWORK; SYSTEMS DAMAGE, FAILURES, INTERRUPTIONS AND INTRUSIONS OR UNAUTHORIZED DATA DISCLOSURES; INNOVATION EFFORTS OF THE COMPANY AND OTHER INDUSTRY PARTICIPANTS AND ANY RELATED MARKET DISRUPTION; ERRORS AND FRAUD INVOLVING THE TRANSFER OF FUNDS; THE COMPANY'S USE OF A GLOBAL WORKFORCE; INABILITY OF THE COMPANY'S SUBSIDIARIES TO PAY DIVIDENDS OR REPAY FUNDS; AND OTHER FACTORS DESCRIBED IN THE COMPANY'S QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2019, AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE FORWARD-LOOKING STATEMENTS SPEAK ONLY AS OF THE DATE THEY ARE MADE. THE COMPANY DOES NOT UNDERTAKE TO UPDATE FORWARD-LOOKING STATEMENTS TO REFLECT CIRCUMSTANCES OR EVENTS THAT OCCUR AFTER THE DATE THE FORWARD-LOOKING STATEMENTS ARE MADE.

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Use of non-GAAP Financial Measures

THIS SLIDE PRESENTATION AND RELATED MANAGEMENT COMMENTARY CONTAIN CERTAIN FINANCIAL MEASURES THAT ARE NOT PRESENTED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP), INCLUDING PERSONNEL AND OTHER OPERATING EXPENSE RATIOS, SUCCESS RATIOS, ADJUSTED REVENUES, ADJUSTED PRETAX INCOME, ADJUSTED EARNINGS PER SHARE, NET OPERATING REVENUES, AND ADJUSTED PRETAX MARGINS FOR THE COMPANY, ITS TITLE INSURANCE AND SERVICES SEGMENT AND ITS SPECIALTY INSURANCE SEGMENT. THE COMPANY IS PRESENTING THESE NON-GAAP FINANCIAL MEASURES BECAUSE THEY PROVIDE THE COMPANY'S MANAGEMENT AND INVESTORS WITH ADDITIONAL INSIGHT INTO THE OPERATIONAL EFFICIENCY AND PERFORMANCE OF THE COMPANY RELATIVE TO EARLIER PERIODS AND RELATIVE TO THE COMPANY'S COMPETITORS. THE COMPANY DOES NOT INTEND FOR THESE NON-GAAP FINANCIAL MEASURES TO BE A SUBSTITUTE FOR ANY GAAP FINANCIAL INFORMATION. IN THIS SLIDE PRESENTATION THE ADJUSTED INVESTMENT INCOME NON-GAAP FINANCIAL MEASURE HAS BEEN PRESENTED WITH, AND RECONCILED TO, THE MOST DIRECTLY COMPARABLE GAAP FINANCIAL MEASURES. THE OTHER NON-GAAP FINANCIAL MEASURES ARE PRESENTED WITH, AND RECONCILED TO, THE MOST DIRECTLY COMPARABLE GAAP FINANCIAL MEASURES IN OUR MOST RECENT EARNINGS RELEASE FILED AS AN EXHIBIT TO THE COMPANY'S CURRENT REPORT ON FORM-8K FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JULY 25, 2019. INVESTORS SHOULD USE THESE NON-GAAP FINANCIAL MEASURES ONLY IN CONJUNCTION WITH THE COMPARABLE GAAP FINANCIAL MEASURES.

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33" SQUARE PEDESTAL



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AGENDA

.....→ Strong Track Record of Results

Favorable Market Conditions

Consistent Strategy and Capital Management Priorities



Leader in the Title and Settlement Services Industry

\$5.7B Total Revenue

18,300 Employees

92% of Revenue, Title Segment

25.8% Title Market Share

800 Offices

8% of Revenue, Specialty Insurance Segment

\$10.6B Total Assets

9 Countries

Trusted National Brand

Largest Title Plant and Property Record Database

Fortune 100 Best Companies to Work For®
2016 – 2017 – 2018 – 2019

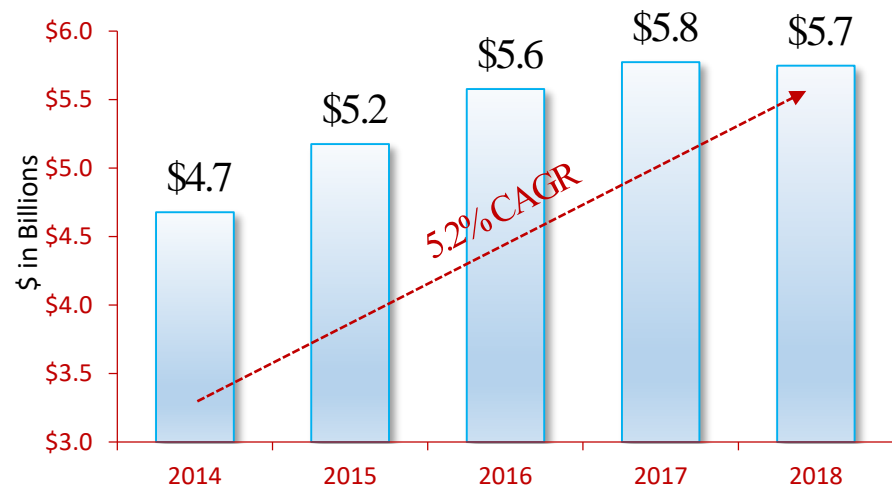
Note: Revenue and market share data for 2018. All other data as of December 31, 2018.

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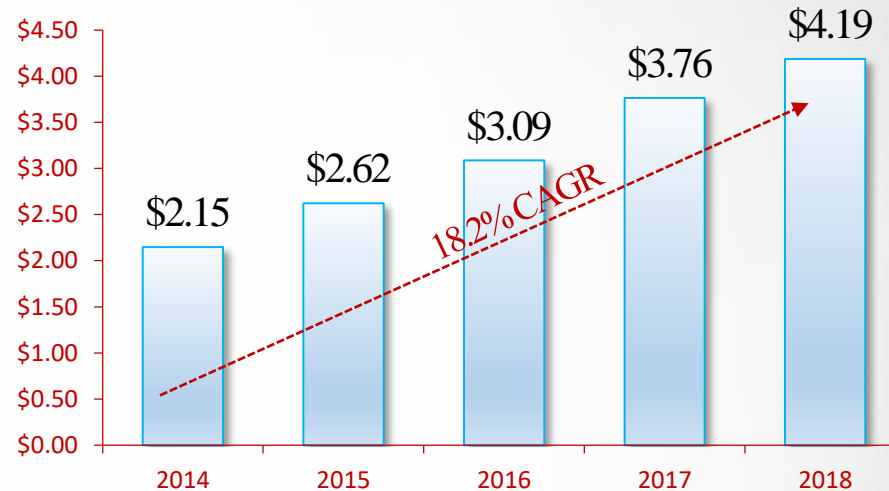


Past 5 Years: Achieved Strong Financial Results

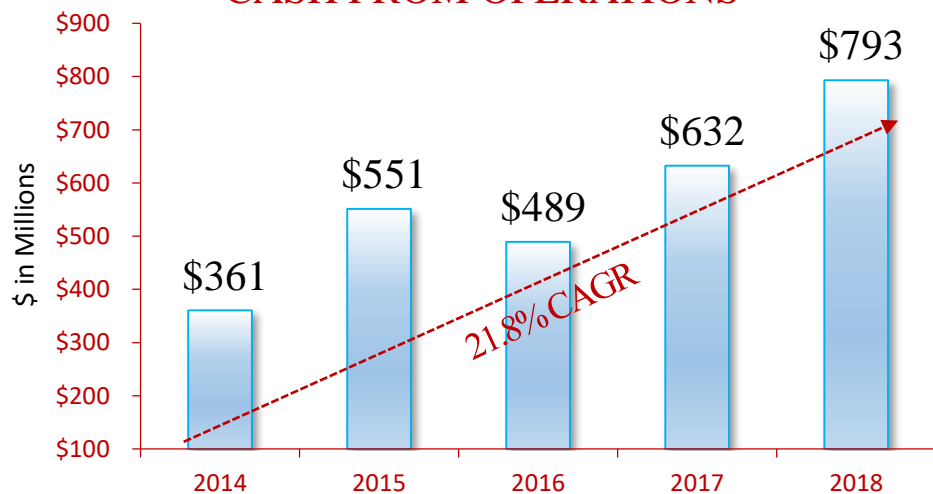
TOTAL REVENUE



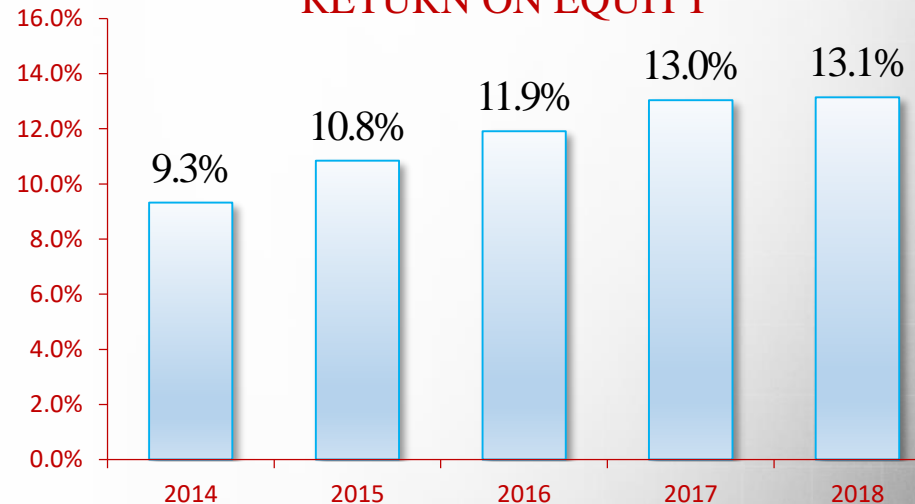
EARNINGS PER SHARE



CASH FROM OPERATIONS

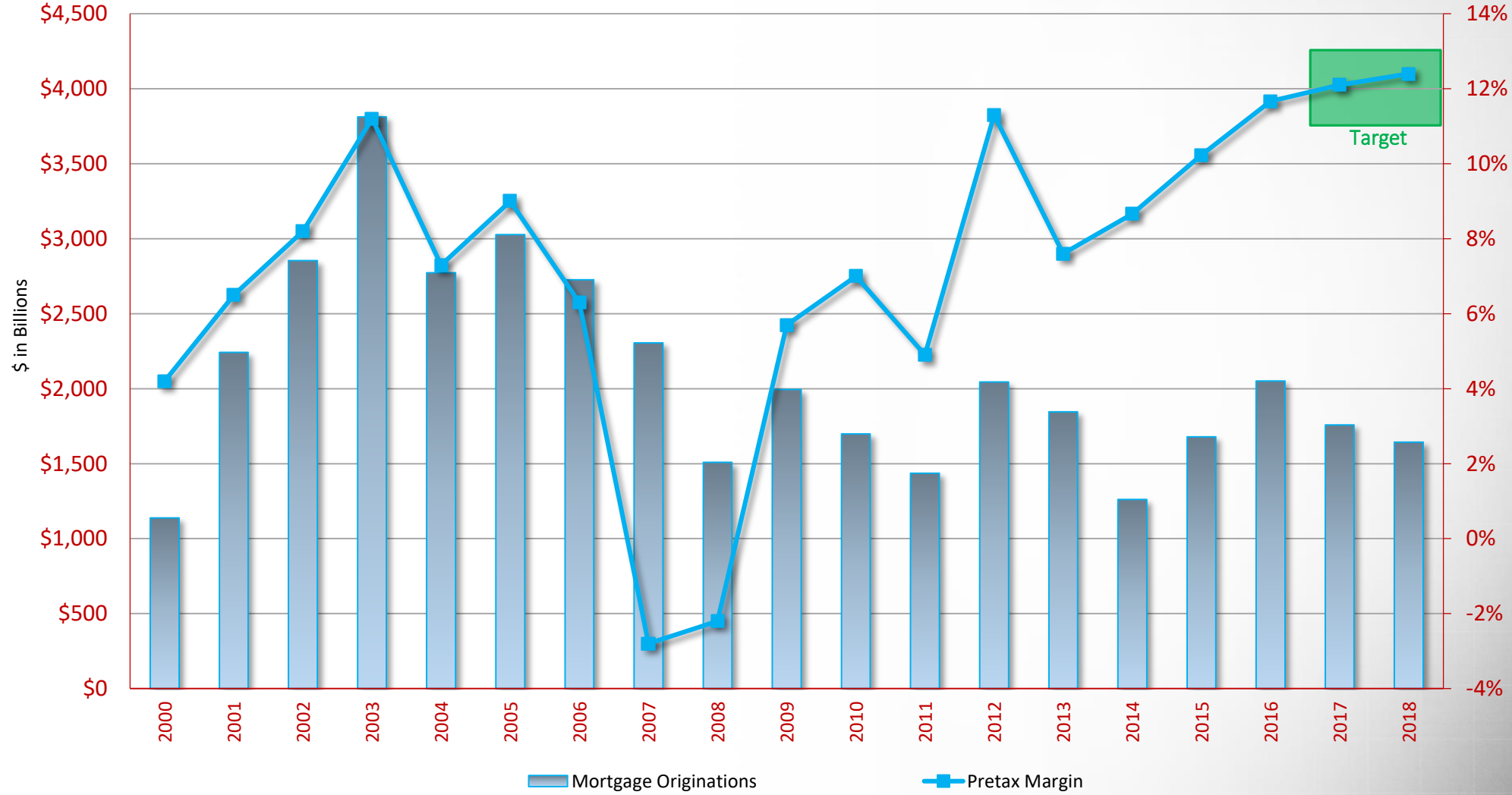


RETURN ON EQUITY



22" SQUARE PEDESTAL
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33" SQUARE PEDESTAL

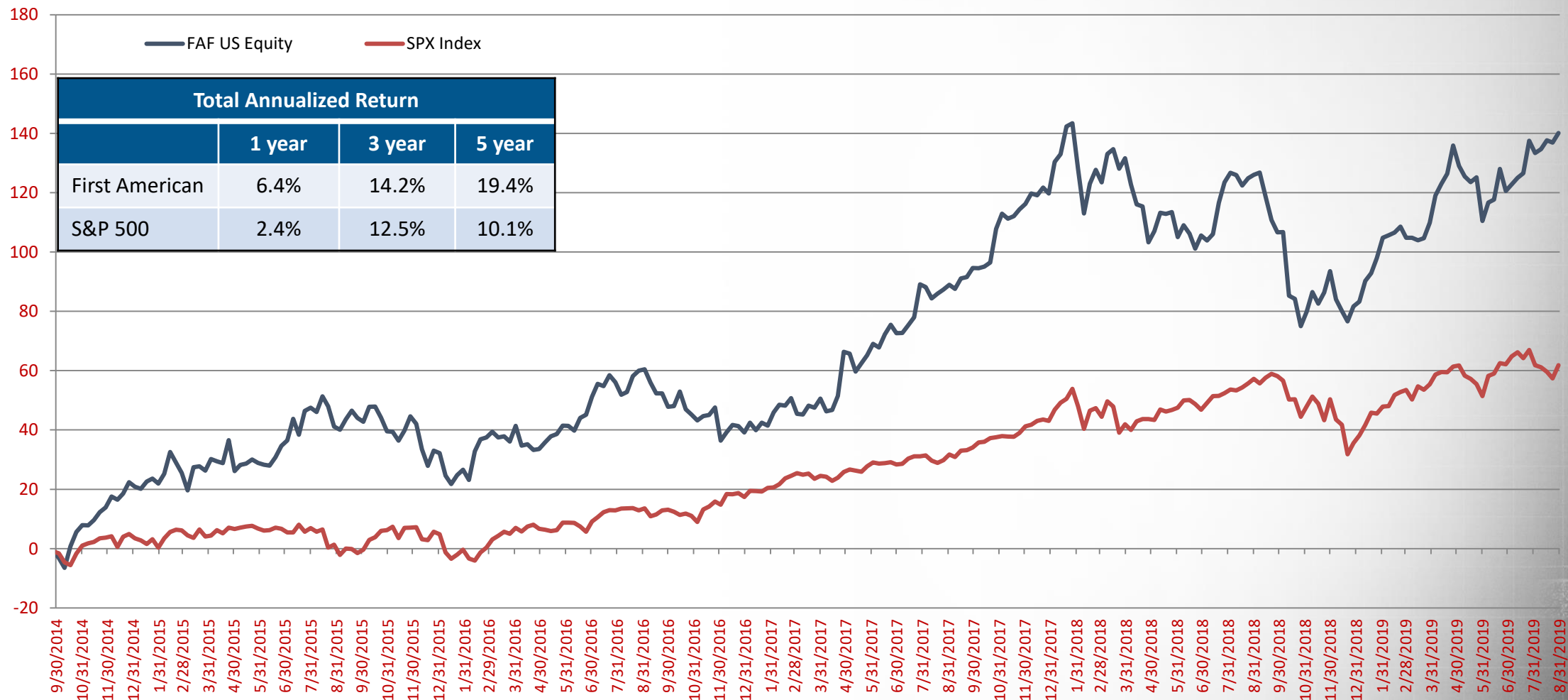
Historical Title Insurance Margin



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33" SQUARE PEDESTAL



Total Shareholder Return



22" SQUARE PEDESTAL
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33" SQUARE PEDESTAL

AGENDA

Strong Track Record of Results

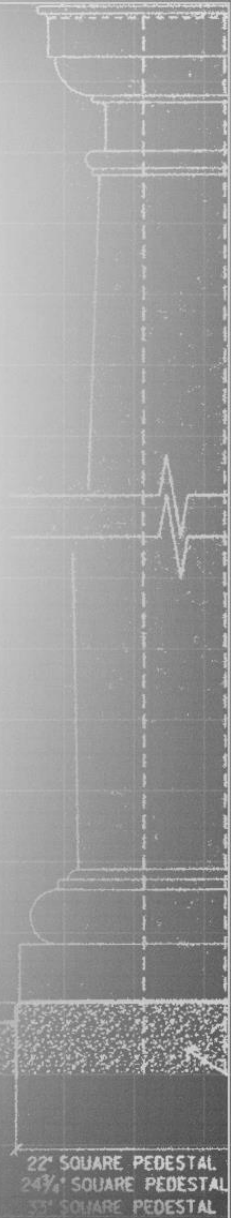
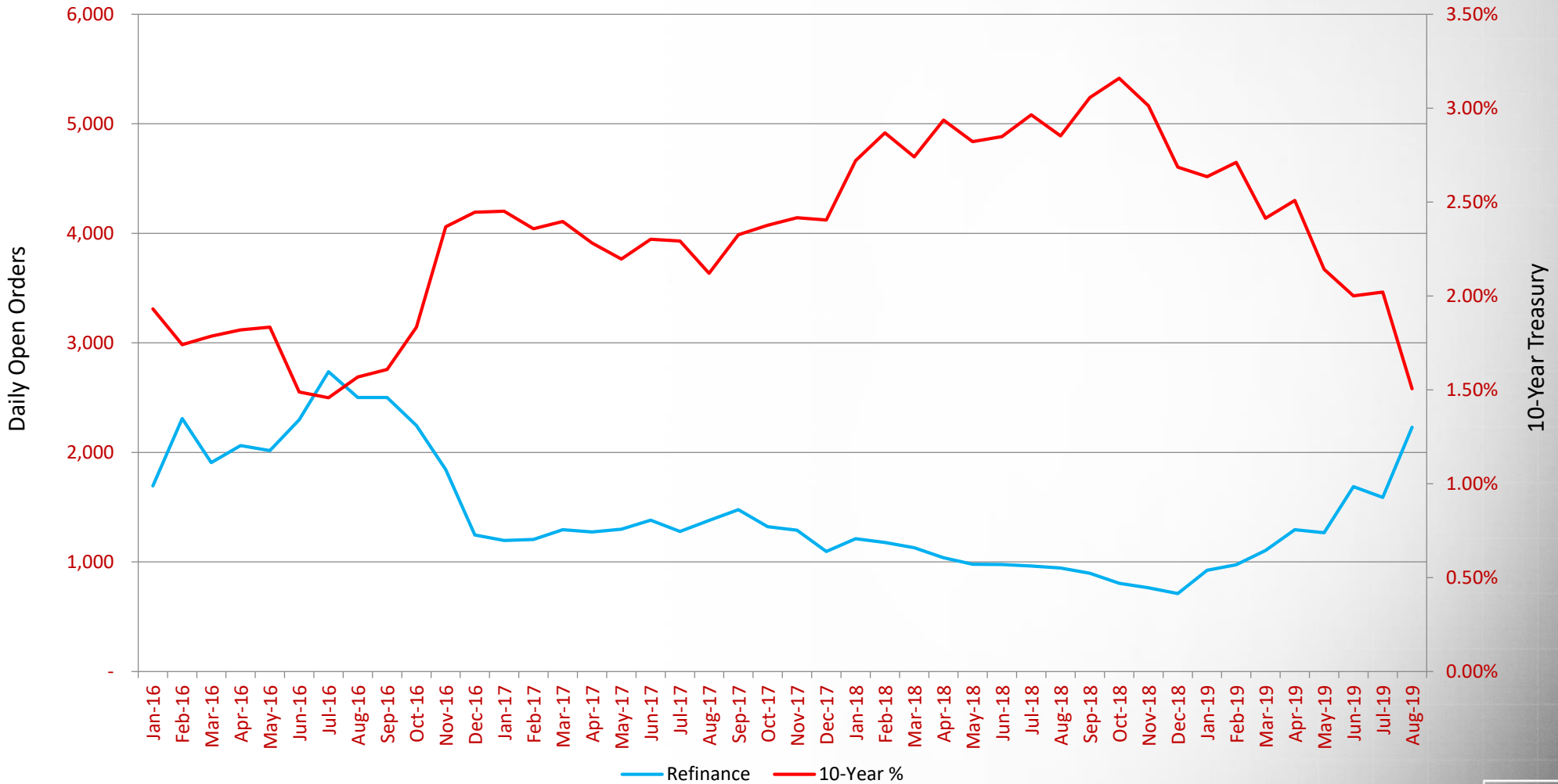


Favorable Market Conditions

Consistent Strategy and Capital Management Priorities

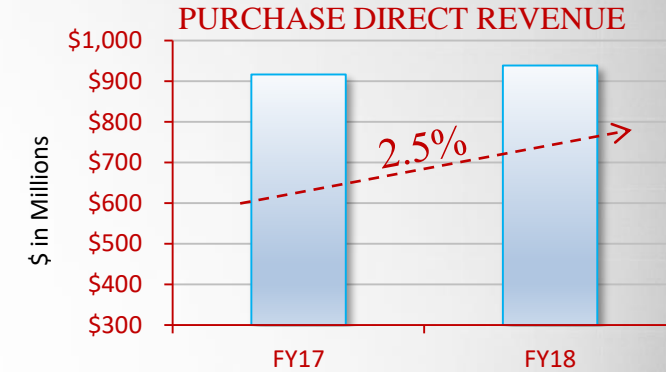
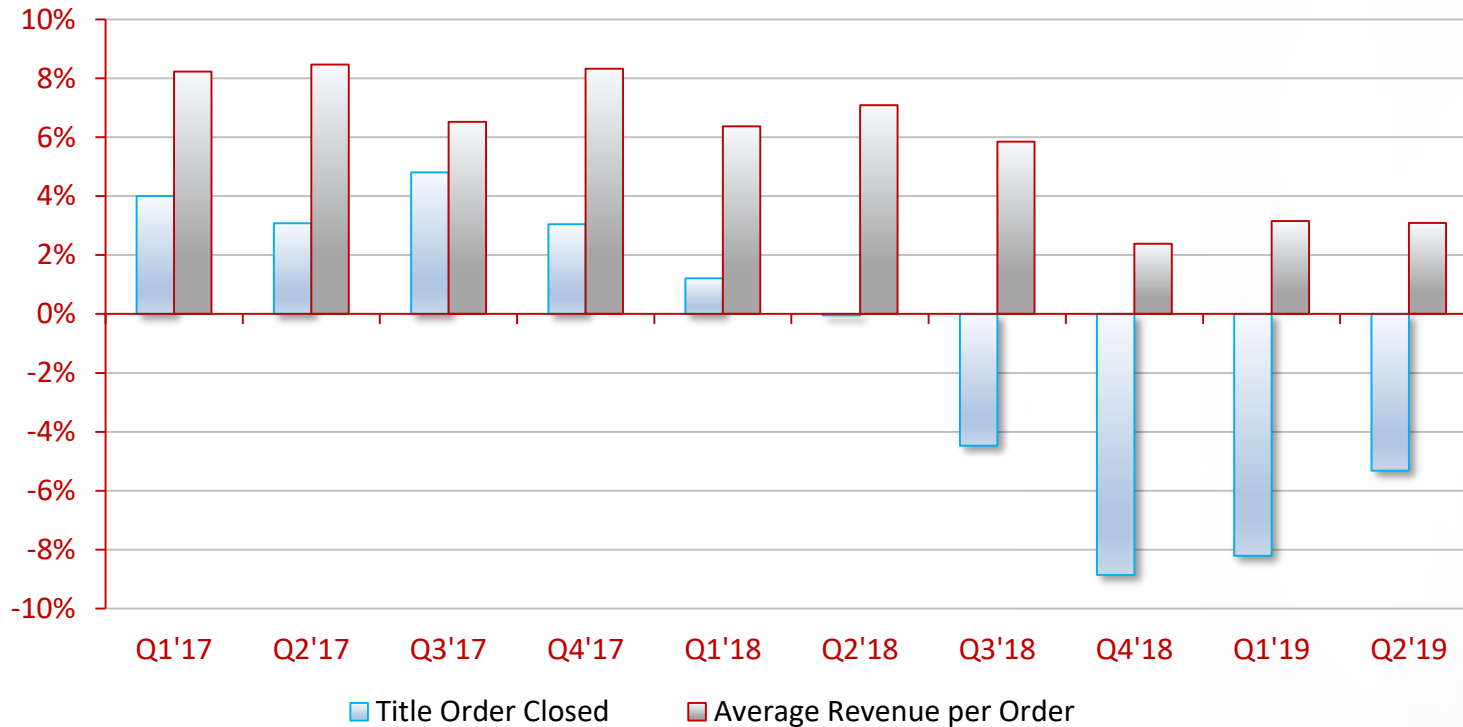


Declining Rates Once Again Driving Higher Refinance Activity



Purchase Activity Improving as Market Resets

GROWTH RATE vs. PRIOR YEAR



Purchase Market

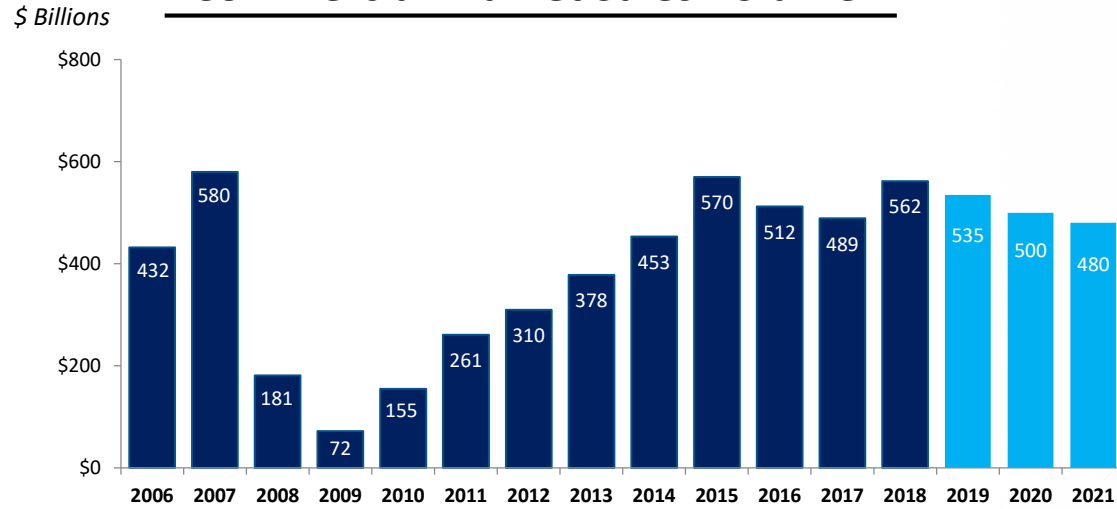
- Good economic backdrop with job and wage growth
- Near term affordability improving as market resets
 - Mortgage rates have declined
 - Home price appreciation slowing
 - Inventory increasing but remains a constraint particularly at entry level

First American Operations

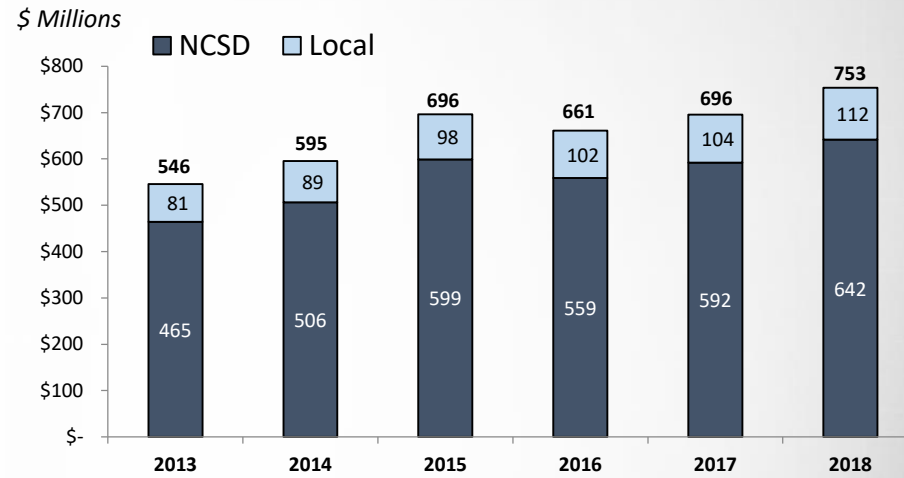
- 550 local offices focused on purchase
- Leading homebuilder business
- Fee per file ~2.5x refinance

Commercial Outlook Remains Favorable

Commercial Market Sales Volume⁽¹⁾



Direct Revenues



Commercial - Current Trend and Outlook

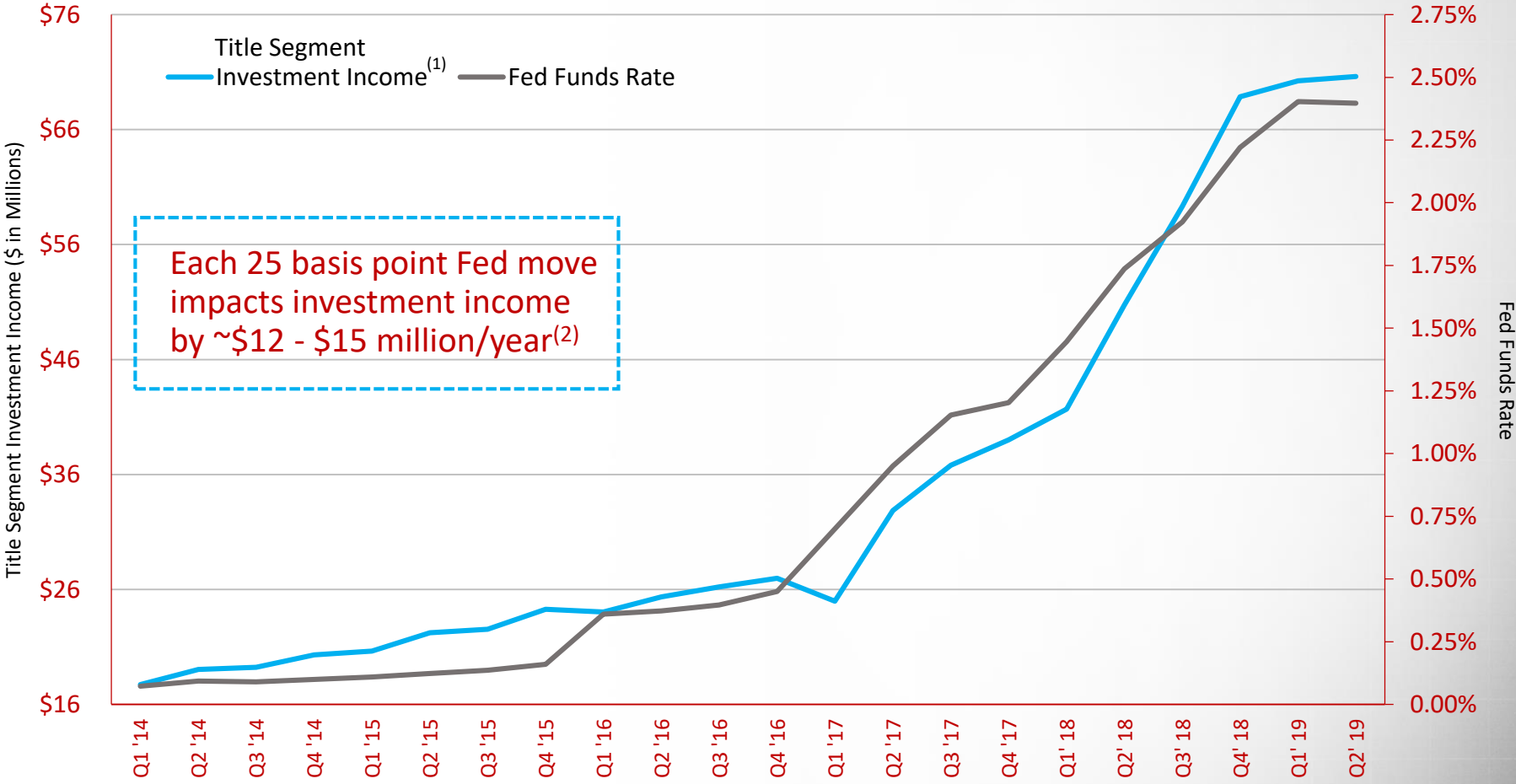
- Most major asset classes and geographic markets remain strong
- High level of capital availability despite a decline in foreign capital
- A few overheated markets showing signs of fatigue
- Expect strong activity level to persist, supported by continued economic growth

(1) Source: Real Capital Analytics



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Declining Short-term Rates a Headwind to Investment Income



(1) Excludes affiliated investments (See reconciliation in Appendix).
 (2) Company estimate.

AGENDA

Strong Track Record of Results

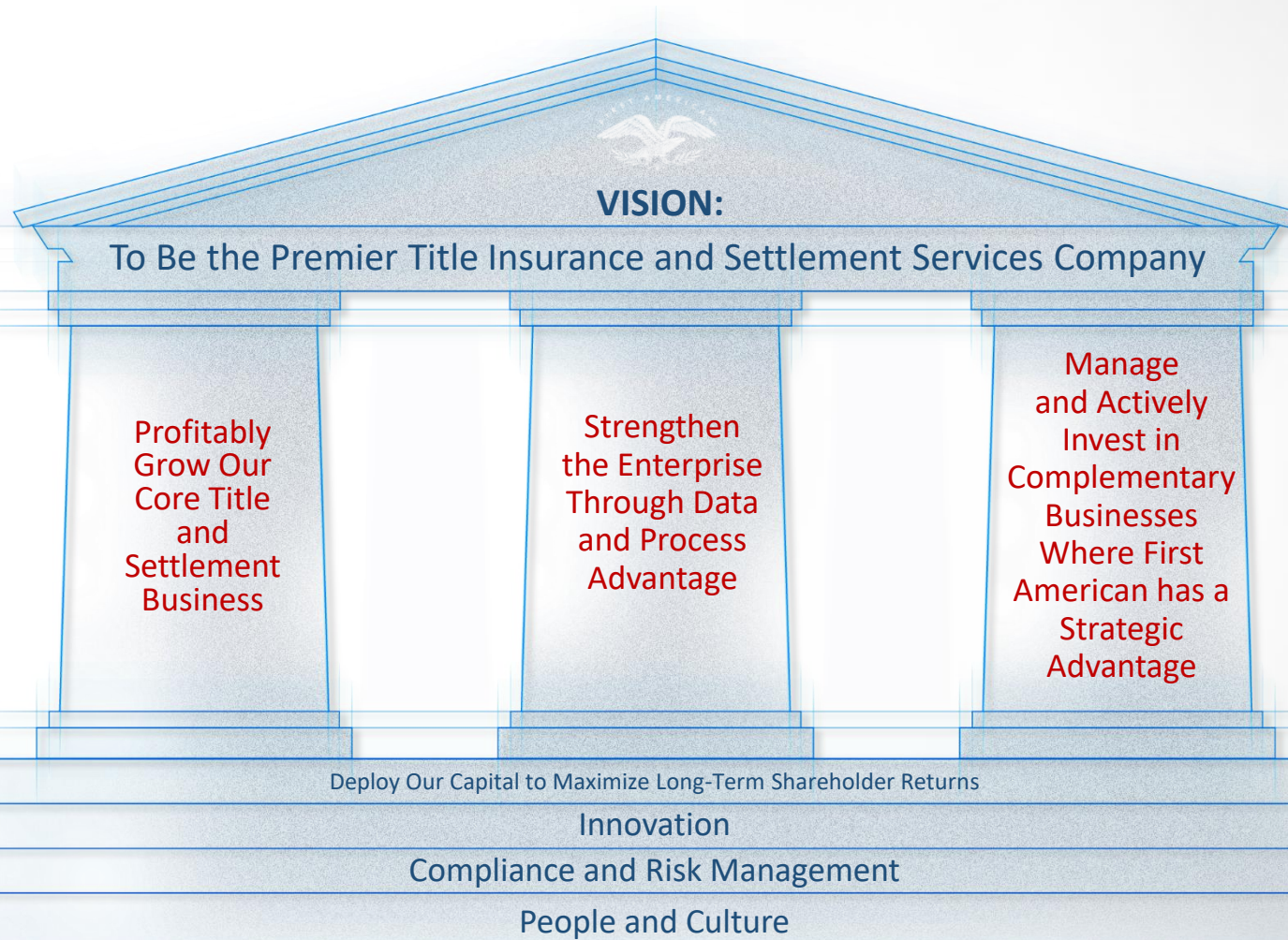
Favorable Market Conditions



Consistent Strategy and Capital Management Priorities



First American Strategy



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Profitably Grow our Core Title and Settlement Business

Pillar 1 Strategic priorities



- **Sustain leadership in Title – focusing on top 10 states**
 - Maintain and grow profitable market share
 - Drive digital transformation
 - Develop value-added services that strengthen customer relationships
- **Win with emerging customers**

Be the preferred title company for next-generation real estate companies
- **Grow interest income**

Provide banking services to our agents to improve their risk profile and improve our returns



First American

Strengthen the Enterprise through Data and Process Advantage

Pillar 2 Strategic priorities



- **Further develop data advantage**
 - Expand coverage of property data elements and geographies
- **Achieve market-leading title automation**

Leverage data advantage together with data science capability
- **Find new businesses that can leverage our data**

Determine innovative and meaningful ways to monetize our data
- **Grow licensing and online data visualization organically**

Leverage position in market to meet the growing data needs from customers

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FAF has Strongest Data Foundation in the Industry



	No. of counties	Population (%)	Market position
Assessor/property ownership	3,144	100	1 st
Proprietary title plants	546	60	1 st
Deeds, Mortgages, Foreclosures	2,947	99	1 st
Assignments and releases	2,308	96	1 st
Parcel Boundaries	2,984	99	1 st
Homeowner associations	2,719	99	1 st
Active real estate listings	1.8M	85	1 st
Document images (6.7B total)	1,434	84	1 st

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33" SQUARE PEDESTAL



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Manage and Actively Invest in Complementary Businesses where First American has a Strategic Advantage

Pillar 3 Strategic priorities



- **Grow Home Warranty**
Accelerate direct-to-consumer growth while maintaining strong operating margins
- **Grow international business in core geographies**
Invest for long-term growth in Canada, Europe, and Australia
- **Stabilize Property & Casualty (P&C) business**
Improve risk profile and stabilize loss ratio
- **Seek out new opportunities**
Enter adjacent businesses where First American has a strategic advantage

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33" SQUARE PEDESTAL



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Capital Management Strategy

- Objective: Create long-term shareholder value
- Capital management priorities:
 - Make value-creating investments in our core business
 - Acquire businesses that fit within our strategy
 - Return excess capital to shareholders through dividends and share repurchases
 - Maintain “A-” financial strength ratings and adequate capital levels
 - Manage our capital structure prudently
 - Maintain ample financial flexibility and holding company liquidity

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24 3/4" SQUARE PEDESTAL
33" SQUARE PEDESTAL



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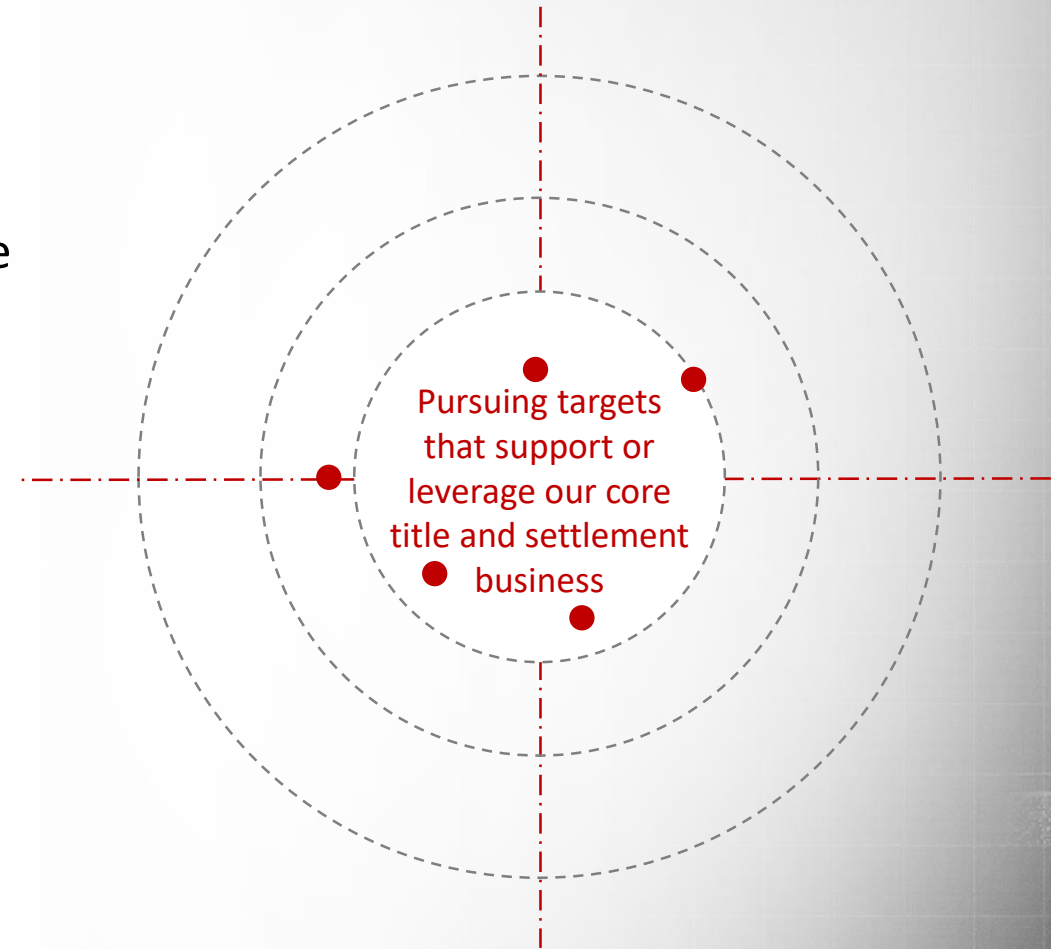
Disciplined M&A Strategy Drives Growth

Focused Strategy

- Title companies that expand our footprint in key markets
- Data and information companies that enhance our data capabilities or advance title automation
- Opportunities complementary to title

Disciplined Process

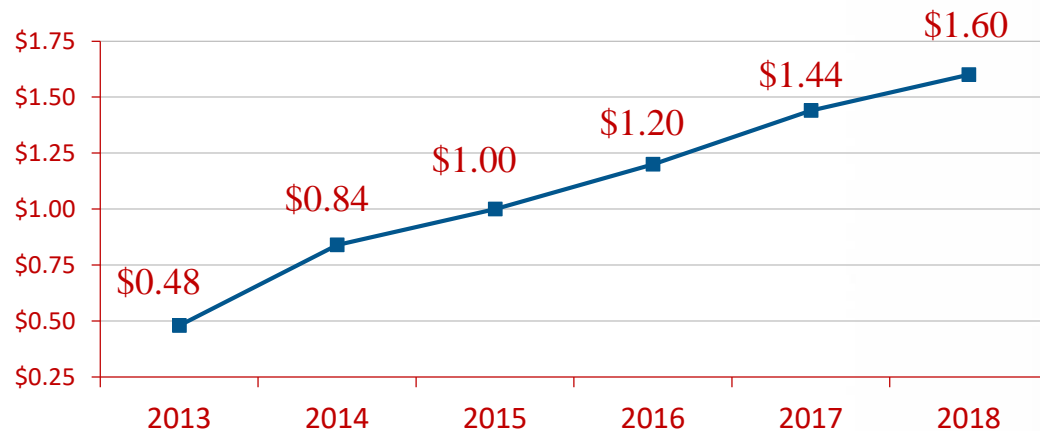
- Strategic and cultural fit
- Risk adjusted return targets
- Operational integration



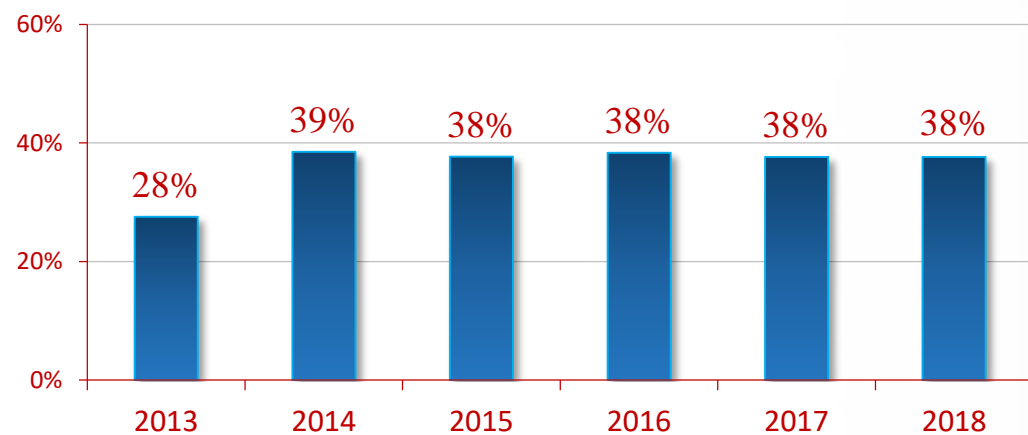
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33" SQUARE PEDESTAL

Dividends

DIVIDENDS PER SHARE



PAYOUT RATIO



Dividend Considerations

- First American expects to pay a meaningful dividend given the company's cash flow generation and investment opportunities
- Dividend increases are intended to be sustainable in perpetuity
- Dividend increases will be dependent upon expected holding company cash flows, market conditions and alternative uses of capital, among other factors
- The company is not committed to increasing the dividend every year

Investment Considerations

- Focused strategy as “pure play” in title and settlement markets
- Attractive industry characteristics
- Strong competitive position in title and settlement services
- Opportunity to grow through focus on innovation and by leveraging unique assets (e.g. bank and data)
- Expect earnings and margin growth as mortgage originations improve
- Strong balance sheet and financial flexibility
- Commitment to return capital to shareholders

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33" SQUARE PEDESTAL



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APPENDIX



Title Segment Net Investment Income Reconciliation

Net Investment Income Less Affiliate Investments

\$ in Millions	Q1 '16	Q2 '16	Q3 '16	Q4 '16	Q1 '17	Q2 '17	Q3 '17	Q4 '17	Q1 '18	Q2 '18	Q3 '18	Q4 '18	Q1'19	Q2'19
Net Investment Income	\$24.9	\$27.5	\$29.0	\$29.4	\$26.6	\$34.7	\$37.9	\$38.3	\$41.4	\$51.7	\$60.9	\$69.3	\$70.1	\$71
Less: Affiliate Investments	0.9	2.1	2.8	2.4	1.6	1.8	1.1	(0.8)	(0.3)	1.0	1.5	0.5	(0.2)	0.3
Adjusted Net Investment Income	\$24.0	\$25.4	\$26.2	\$27.0	\$25.0	\$32.9	\$36.8	\$39.0	\$41.7	\$50.7	\$59.3	\$68.8	\$70.2	\$70.6

	Q1 '14	Q2 '14	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15
Net Investment Income	\$15.7	\$19.3	\$22.0	\$2.7	\$21.8	\$26.0	\$25.4	\$24.4
Less: Affiliate Investments	(2.0)	0.3	2.8	(17.6)	1.1	3.7	2.8	0.1
Adjusted Net Investment Income	\$17.7	\$19.0	\$19.2	\$20.3	\$20.6	\$22.2	\$22.6	\$24.3

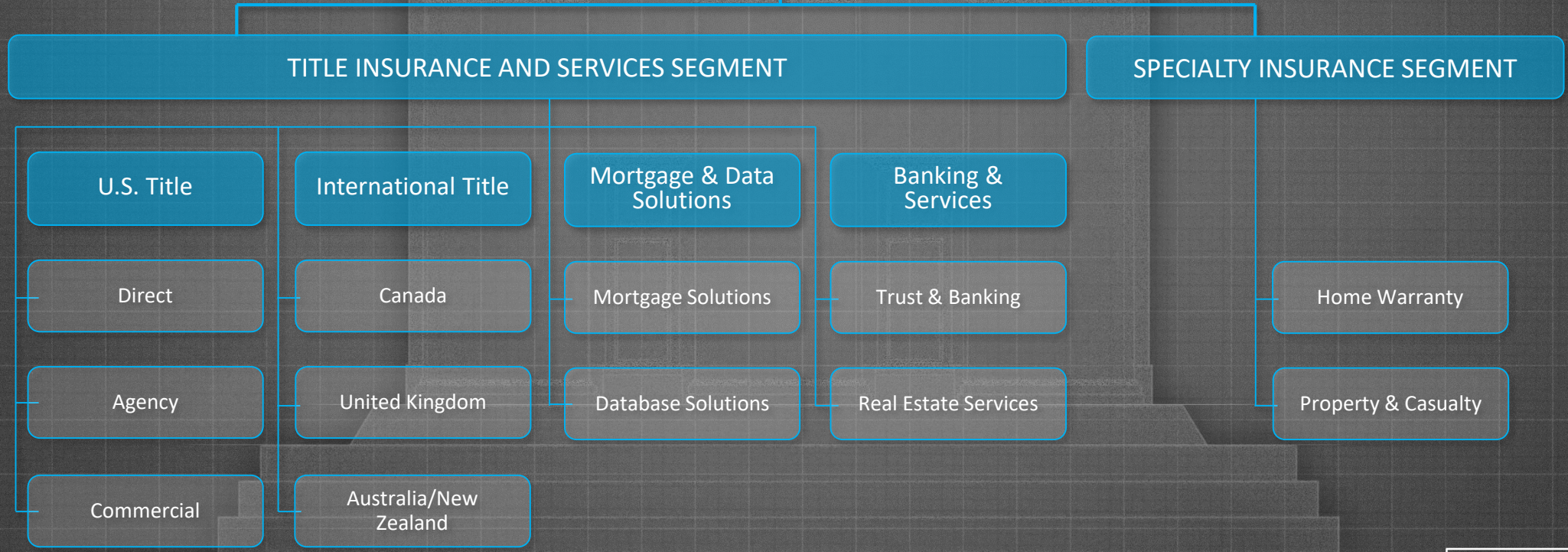
22" SQUARE PEDESTAL
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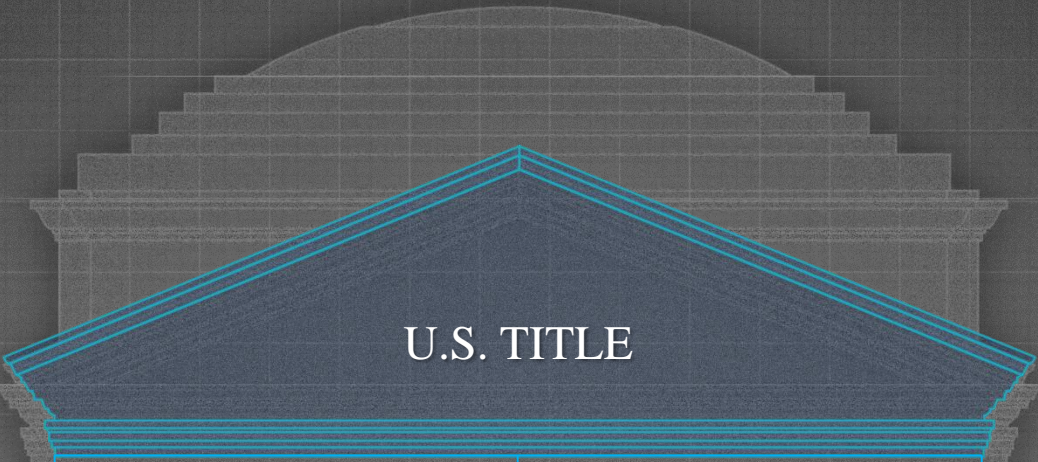


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ORGANIZATIONAL STRUCTURE

FIRST AMERICAN FINANCIAL CORPORATION





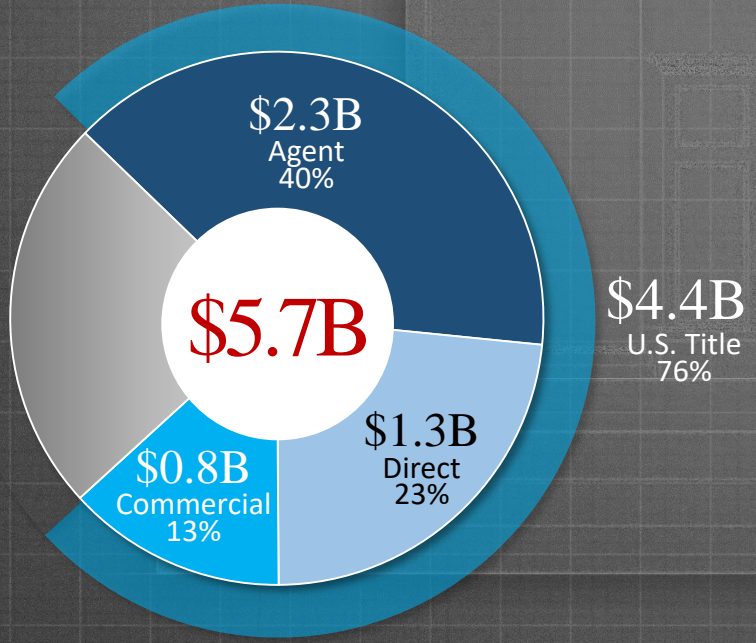
U.S. TITLE

DIRECT

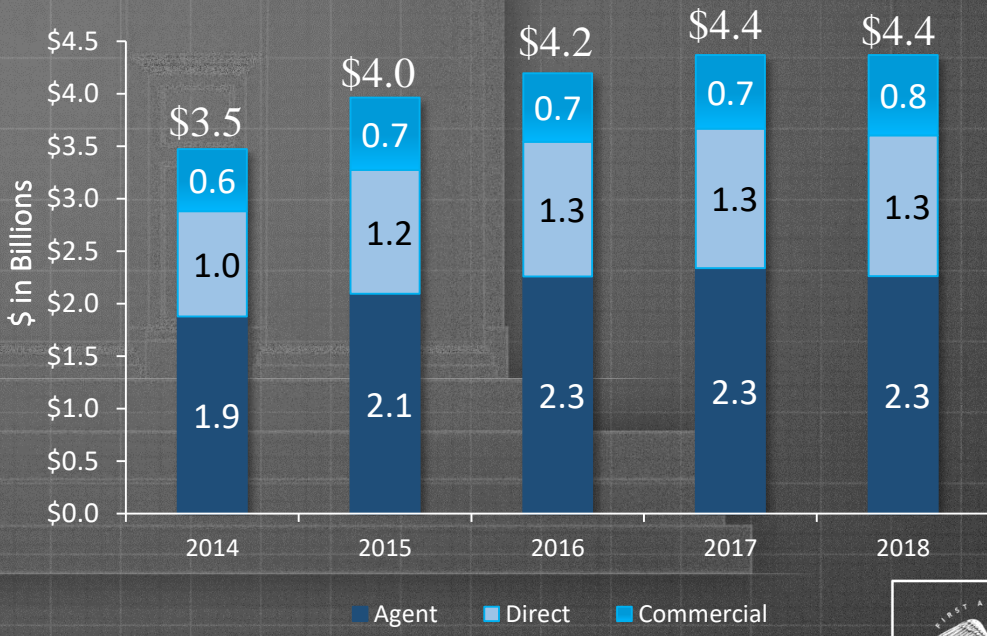
AGENCY

COMMERCIAL

First American Financial Total Revenue



Total Revenue Trend



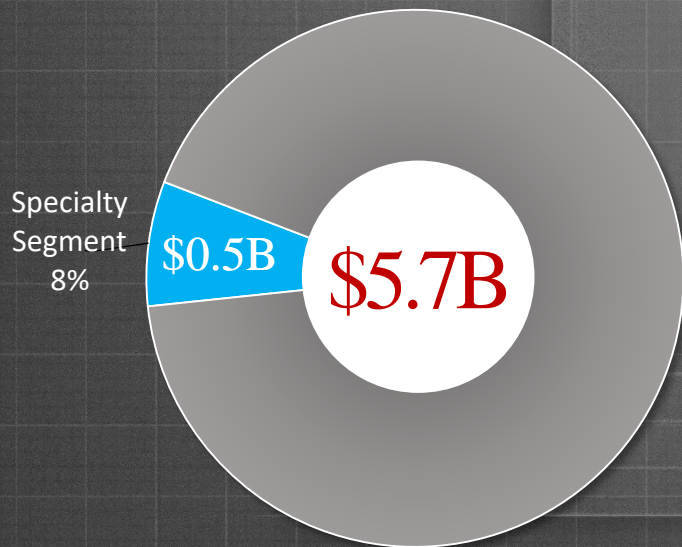
\$4.4B
U.S. Title
76%

SPECIALTY INSURANCE

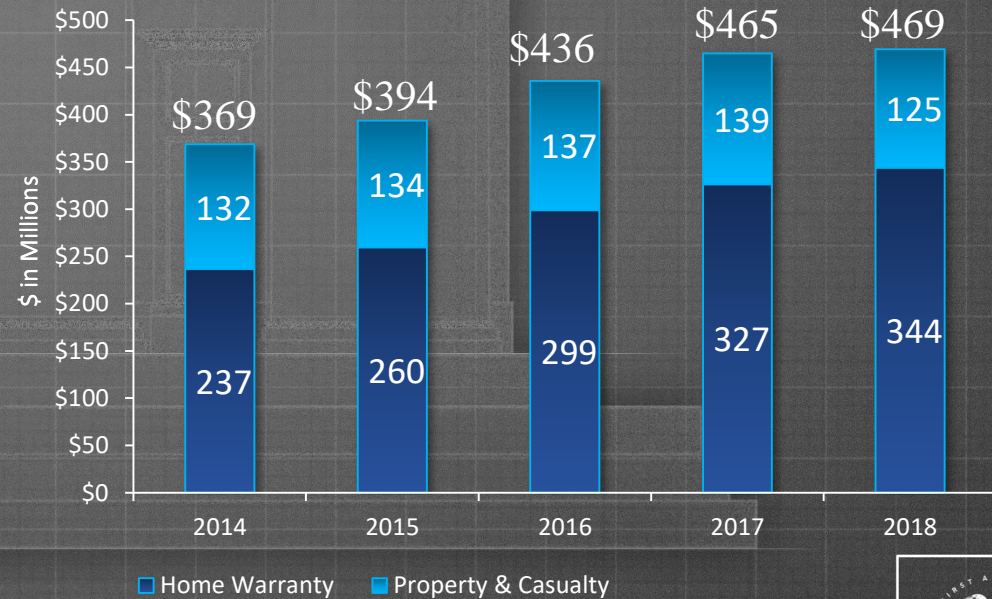
PROPERTY & CASUALTY

HOME WARRANTY

First American Financial Total Revenue



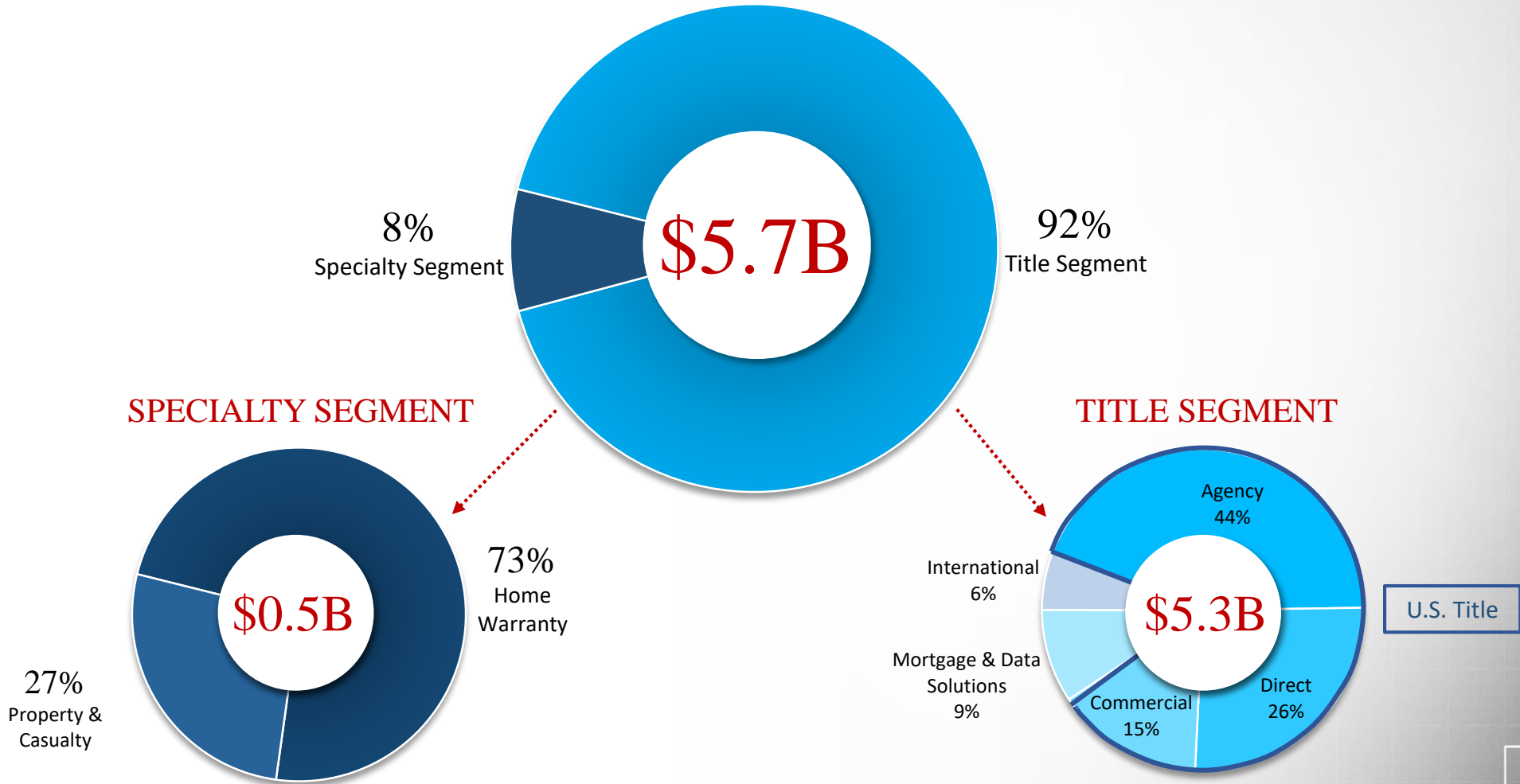
Total Revenue Trend



First American

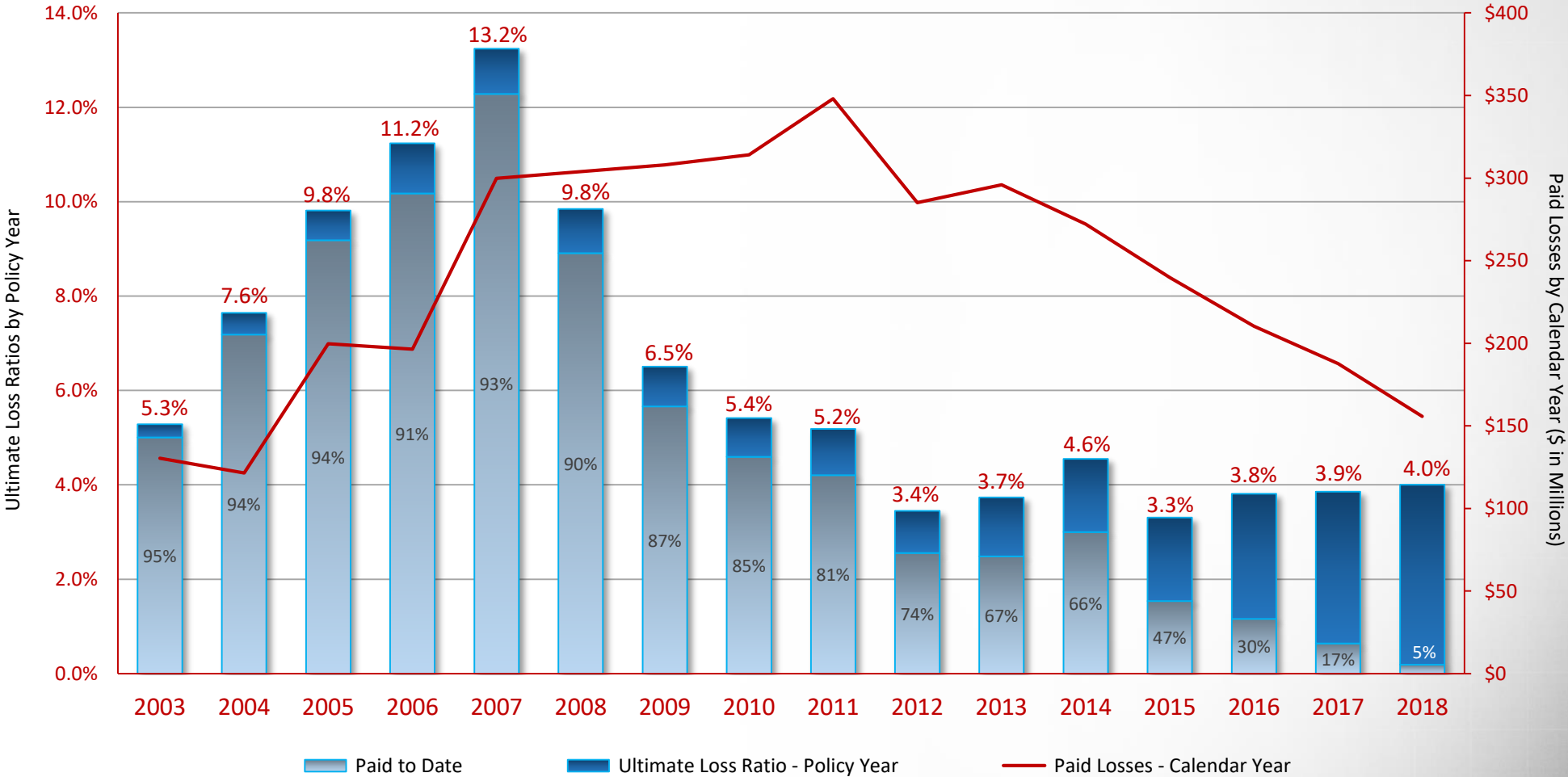
2018 Revenue Breakdown

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33" SQUARE PEDESTAL

Ultimate Loss Ratios by Policy Year



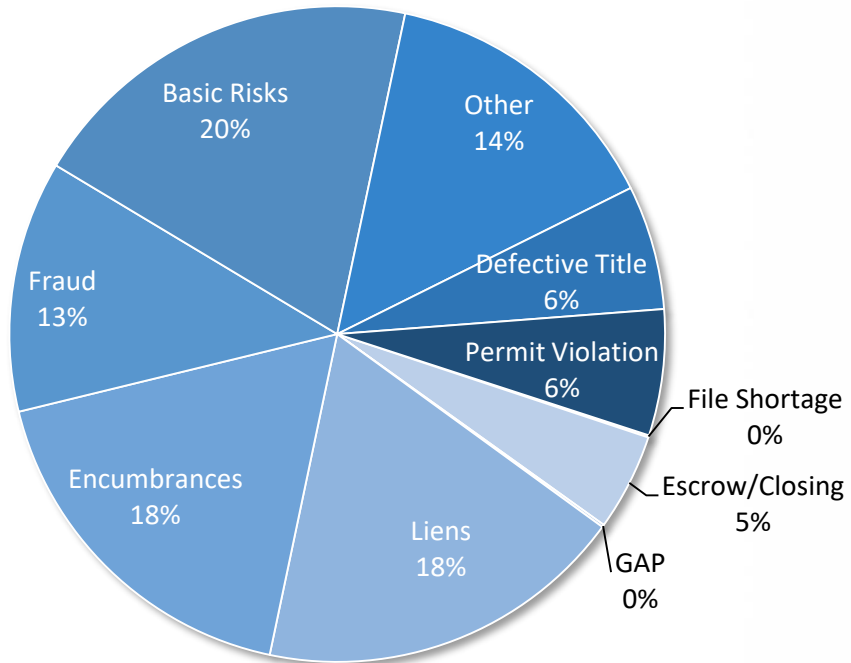
22" SQUARE PEDESTAL
24" SQUARE PEDESTAL
33" SQUARE PEDESTAL

Note: Ultimate loss ratios are estimates and calculated as a percentage of title premiums and escrow fees for a given policy year as of December 31, 2018

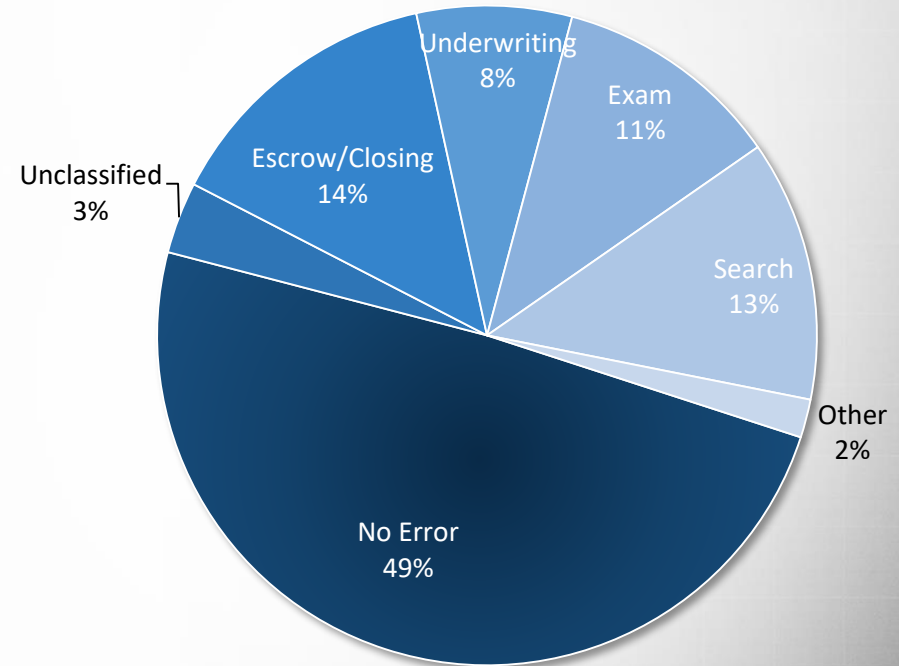


2018 Incurred Claims Detail

CLAIM CAUSE



PROCESS CAUSE

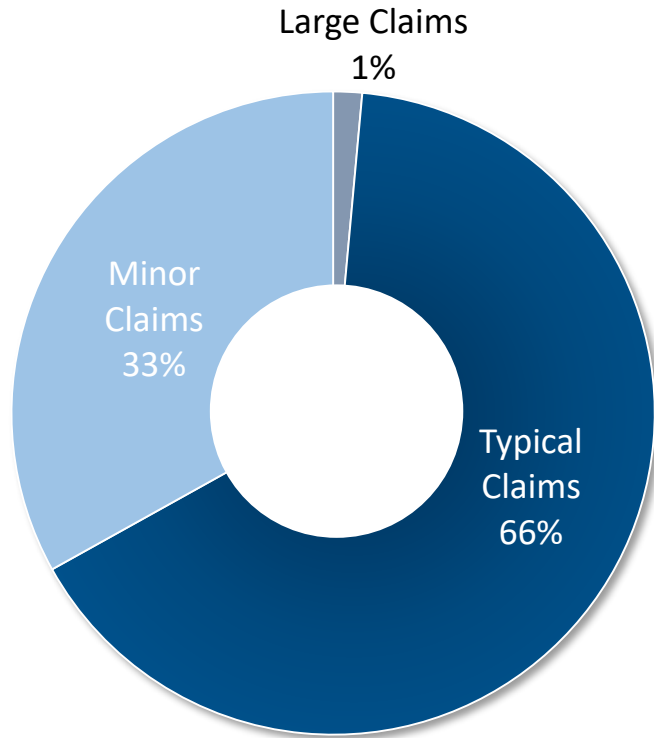


49% Direct / 51% Agent

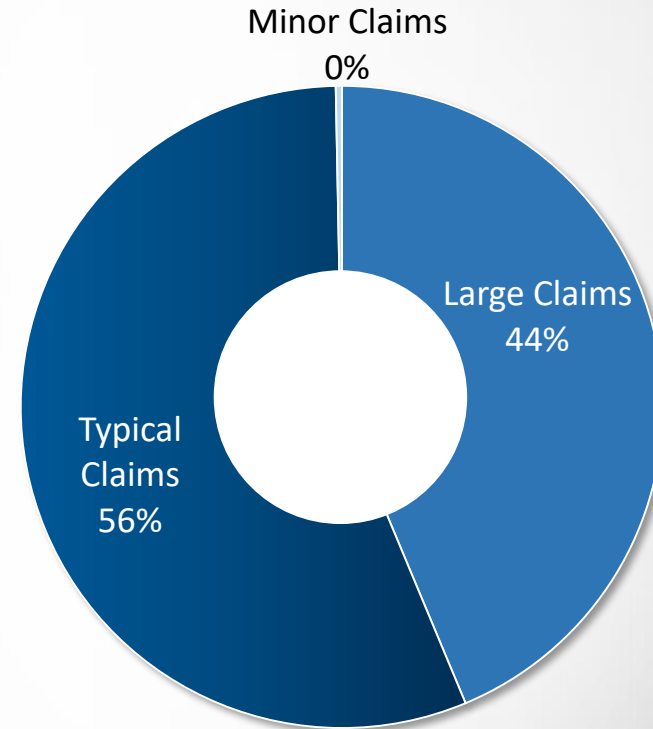


Claim Severity Distribution

CLAIM COUNT BY SEVERITY GROUP



PAID CLAIMS BY SEVERITY GROUP



■ Large claims: \$250,000 and greater ■ Typical claims: \$1,000 to \$250,000 ■ Minor claims: Less than \$1,000

Title Insurance Margin Objective

	Downside	Base Case	Upside
Pretax Margin	<11%	11% - 13%	>13%
Mortgage Originations	<\$1.4 Trillion	\$1.4 - \$1.8 Trillion	>\$1.8 Trillion
% Refinance	~25%	~25%	~25%

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33" SQUARE PEDESTAL



Share Repurchases

SHARE REPURCHASE HISTORY



- Share repurchases will be dependent upon capital levels, market conditions and alternative uses of capital among other factors
- \$160 million remaining under share repurchase authorization

2013 Repurchase Summary

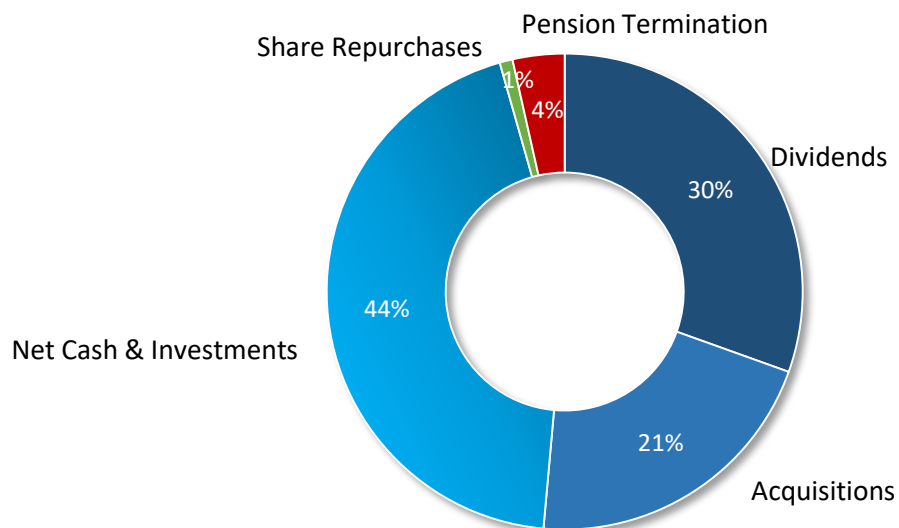
Shares purchased	3.0 Million
Total amount	\$64.5 million
Avg. price per share	\$21.87
IRR	25.9%

2018/2019 Repurchase Summary

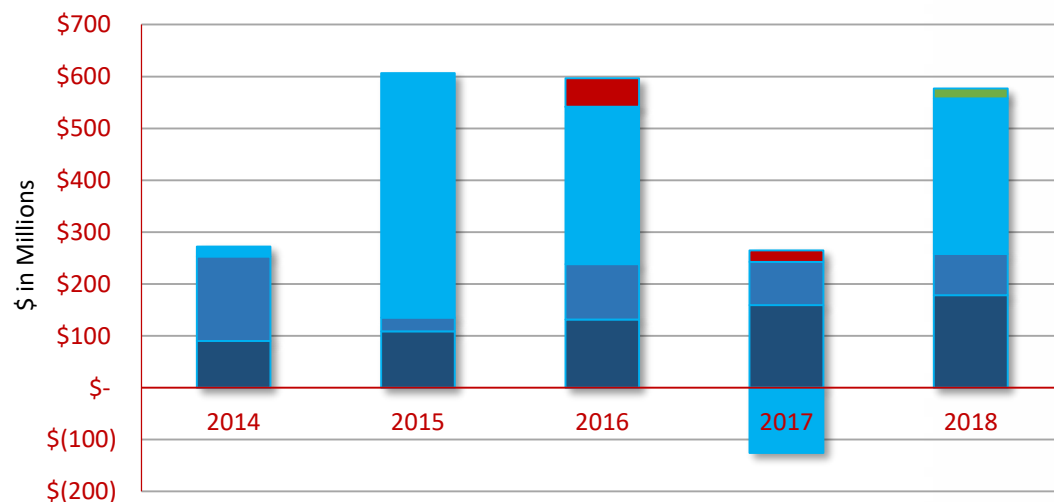
Shares purchased	472,133
Total amount	\$20.9 million
Avg. price per share	\$44.20
IRR	25.7%

Uses of Free Cash Flow and Debt Proceeds

CUMULATIVE 5 YEAR USES



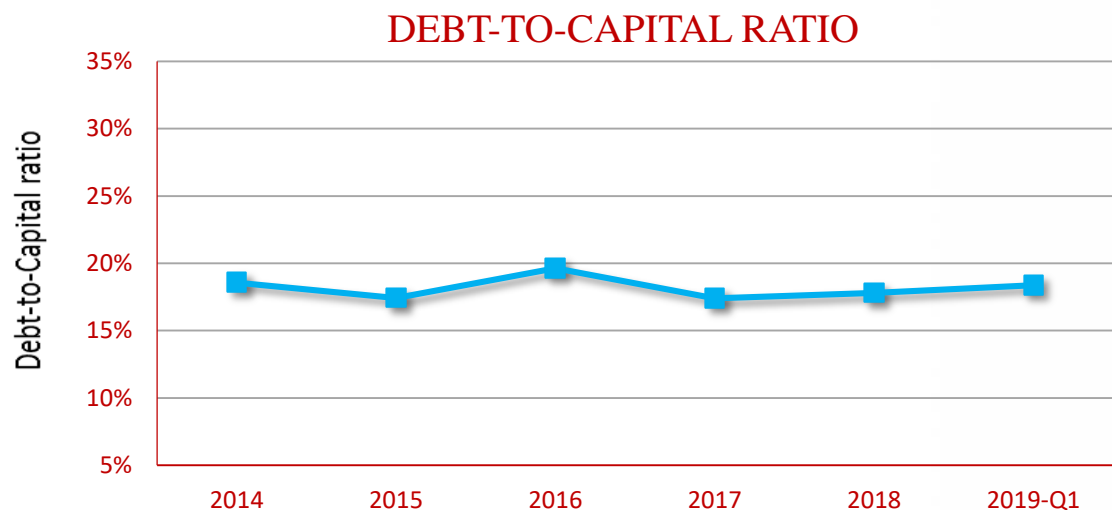
- ~44% of cash flow used for investment portfolio to strengthen the balance sheet
- Moving forward, portfolio strengthening not necessary as capital levels exceed current targets



Capital Structure

As of June 30, 2019 (\$ in Millions)	
4.3% Senior Notes Due 2023	\$249
4.6% Senior Notes Due 2024	\$298
Trust Deed Notes	\$18
Other Notes	\$5
Revolving Credit Facility	\$160
Total Debt	\$730
Secured Financings Payable	\$190
Total Equity	\$4,088
Debt-to-Capital Ratio	18.4%

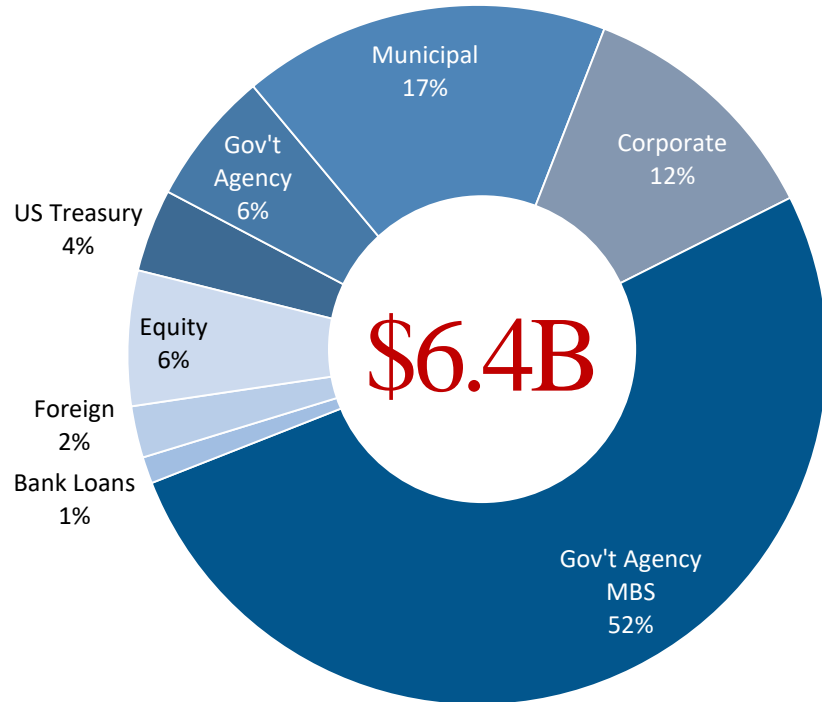
- Management's target debt-to-capital ratio is 18-20%
 - Supports target financial strength ratings
- \$160 million drawn on \$700 million revolving credit facility
- Revolving credit facility term ends in May 2019
- Significant financial flexibility to seize strategic opportunities



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33" SQUARE PEDESTAL

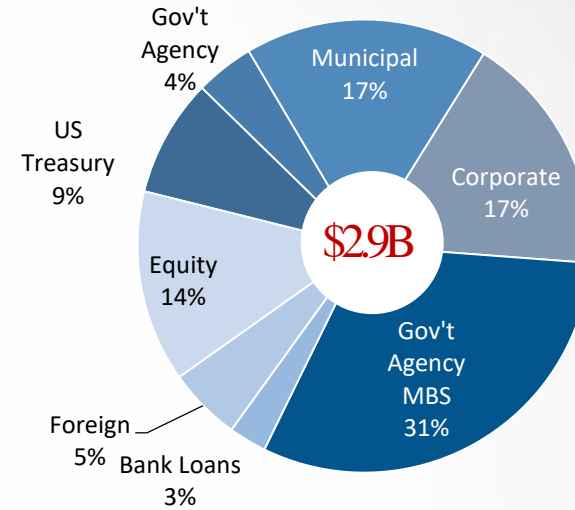
Investment Portfolio

CONSOLIDATED PORTFOLIO



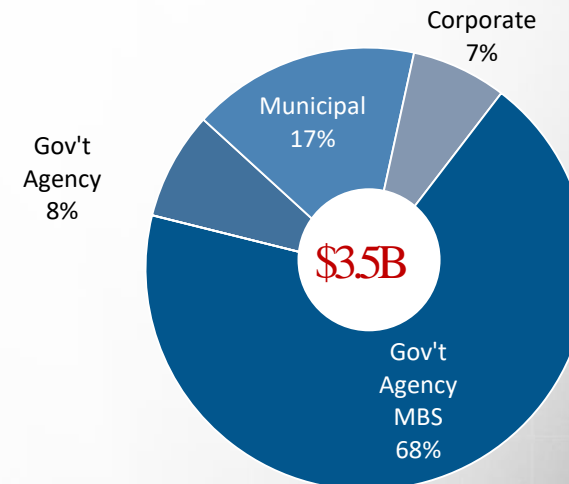
Avg. Rating : AA
 Duration: 3.1
 Book Yield: 3.0%

INSURANCE PORTFOLIO



Avg. Rating : AA-
 Duration: 4.0
 Book Yield: 3.3%

BANK PORTFOLIO



Avg. Rating : AA+
 Duration: 2.6
 Book Yield: 2.7%



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