

FIRST AMERICAN FINANCIAL

Investor Discussions

Summer 2021

Leadership
Integrity
Commitment
Teamwork
Service



First American

Safe Harbor Statement

CERTAIN STATEMENTS MADE IN THIS PRESENTATION AND ANY 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; THE CORONAVIRUS PANDEMIC AND RESPONSES THERETO; IMPAIRMENTS IN THE COMPANY'S GOODWILL OR OTHER INTANGIBLE ASSETS; UNCERTAINTY FROM THE EXPECTED DISCONTINUANCE OF LIBOR AND TRANSITION TO ANY OTHER INTEREST RATE BENCHMARK; FAILURES AT FINANCIAL INSTITUTIONS WHERE FIRST AMERICAN FINANCIAL CORPORATION (THE "COMPANY") DEPOSITS FUNDS; REGULATORY OVERSIGHT AND CHANGES IN APPLICABLE LAWS AND GOVERNMENT REGULATIONS, INCLUDING DATA PRIVACY AND DATA PROTECTION LAWS; HEIGHTENED SCRUTINY BY LEGISLATORS AND REGULATORS OF THE COMPANY'S TITLE INSURANCE AND SERVICES SEGMENT AND CERTAIN OTHER OF THE COMPANY'S BUSINESSES; REGULATION OF TITLE INSURANCE RATES; LIMITATIONS ON ACCESS TO PUBLIC RECORDS AND OTHER DATA; CLIMATE CHANGE, HEALTH CRISES, SEVERE WEATHER CONDITIONS AND OTHER CATASTROPHE EVENTS; 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 OR VENTURE CAPITAL 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, CYBERATTACKS 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 ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2020 AND THE COMPANY'S SUBSEQUENT QUARTERLY REPORTS, EACH 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.



Use of non-GAAP Financial Measures

THIS PRESENTATION AND RELATED MANAGEMENT COMMENTARY CONTAIN CERTAIN FINANCIAL MEASURES THAT ARE NOT PRESENTED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP), INCLUDING AN ADJUSTED DEBT TO CAPITALIZATION RATIO, PERSONNEL AND OTHER OPERATING EXPENSE RATIOS; SUCCESS RATIOS; NET OPERATING REVENUES; AND ADJUSTED REVENUES, ADJUSTED INVESTMENT INCOME, ADJUSTED PRETAX INCOME, ADJUSTED EARNINGS PER SHARE, AND ADJUSTED PRETAX MARGINS FOR THE COMPANY, ITS TITLE INSURANCE AND SERVICES SEGMENT AND ITS SPECIALTY INSURANCE SEGMENT. ADJUSTED INVESTMENT INCOME EXCLUDES AFFILIATED INVESTMENTS AND IS PRESENTED BECAUSE IT PROVIDES THE COMPANY'S MANAGEMENT AND INVESTORS WITH A BETTER UNDERSTANDING OF THE IMPACT OF INTEREST RATES ON THE COMPANY'S INVESTMENT INCOME OVER TIME. THE COMPANY IS PRESENTING THESE OTHER NON-GAAP FINANCIAL MEASURES BECAUSE THEY PROVIDE THE COMPANY'S MANAGEMENT AND INVESTORS WITH ADDITIONAL INSIGHT INTO THE FINANCIAL LEVERAGE, 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 PRESENTATION OR IN THE COMPANY'S FORM 8-K FILED ON JULY 22, 2021 WITH THE SECURITIES AND EXCHANGE COMMISSION, THESE NON-GAAP FINANCIAL MEASURES HAVE BEEN PRESENTED WITH, AND RECONCILED TO, THE MOST DIRECTLY COMPARABLE GAAP FINANCIAL MEASURES. INVESTORS SHOULD USE THESE NON-GAAP FINANCIAL MEASURES ONLY IN CONJUNCTION WITH THE COMPARABLE GAAP FINANCIAL MEASURES. BECAUSE NOT ALL COMPANIES USE IDENTICAL CALCULATIONS, THE PRESENTATION OF THESE NON-GAAP MEASURES MAY NOT BE COMPARABLE TO OTHER SIMILARLY TITLED MEASURES OF OTHER COMPANIES.

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



First American

AGENDA

.....→ Strong Track Record of Results

Favorable Market Conditions

Consistent Strategy and Capital Management Priorities



Leader in the Title and Settlement Services Industry

\$7.1B Total Revenue

19,600 Employees

92% of Revenue, Title Segment

23.3% Title Market Share

760 Offices

8% of Revenue, Specialty Insurance Segment

\$12.8B Total Assets

8 Countries

Trusted National Brand

Largest Title Plant and Property Record Database

Fortune 100 Best Companies to Work For®
6 Years in a Row (2016 – 2021)

Note: Revenue and market share data for 2020. All other data as of December 31, 2020.

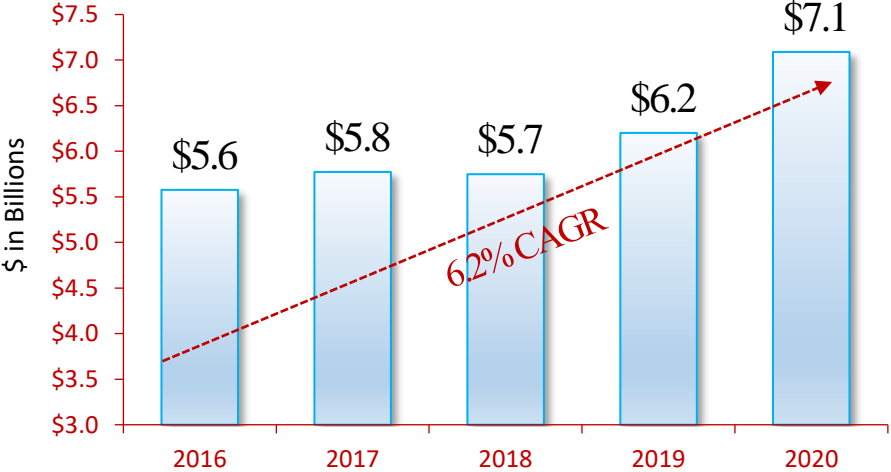
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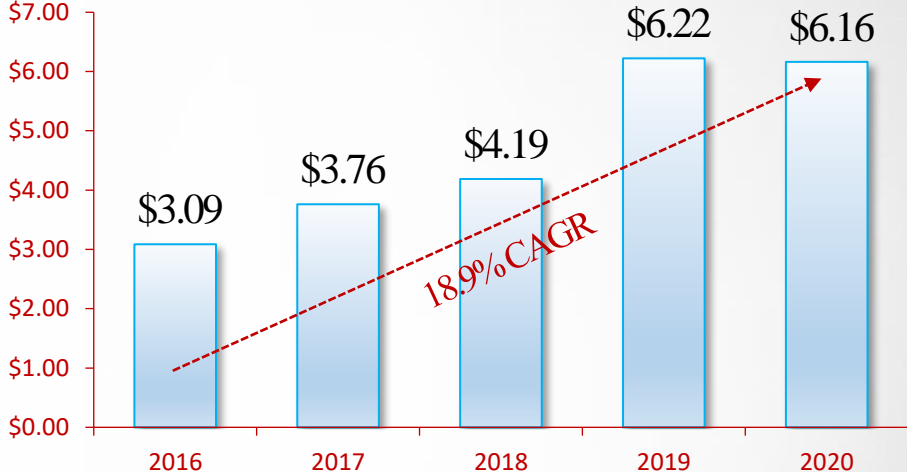


Past 5 Years: Achieved Strong Financial Results

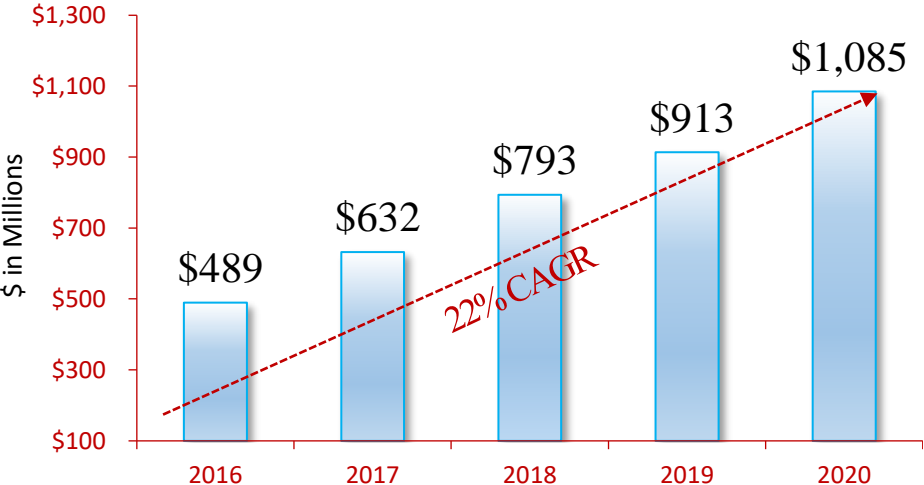
TOTAL REVENUE



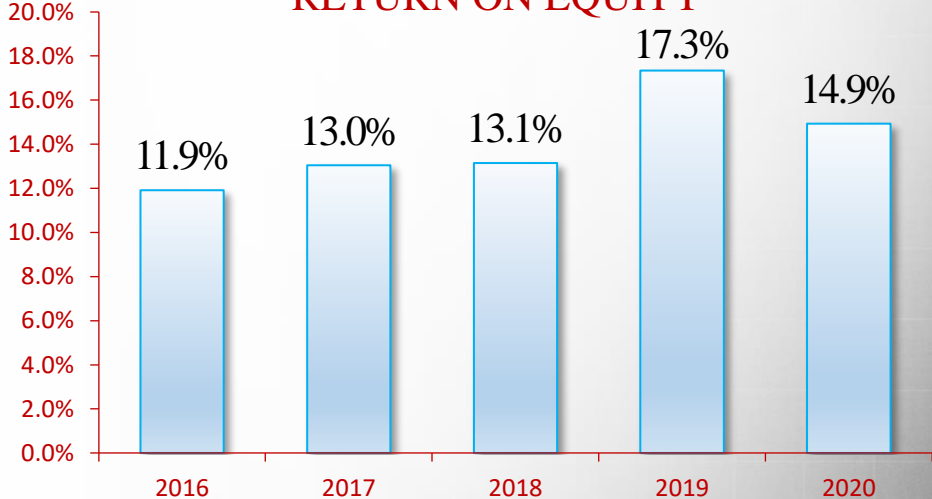
EARNINGS PER SHARE



CASH FROM OPERATIONS

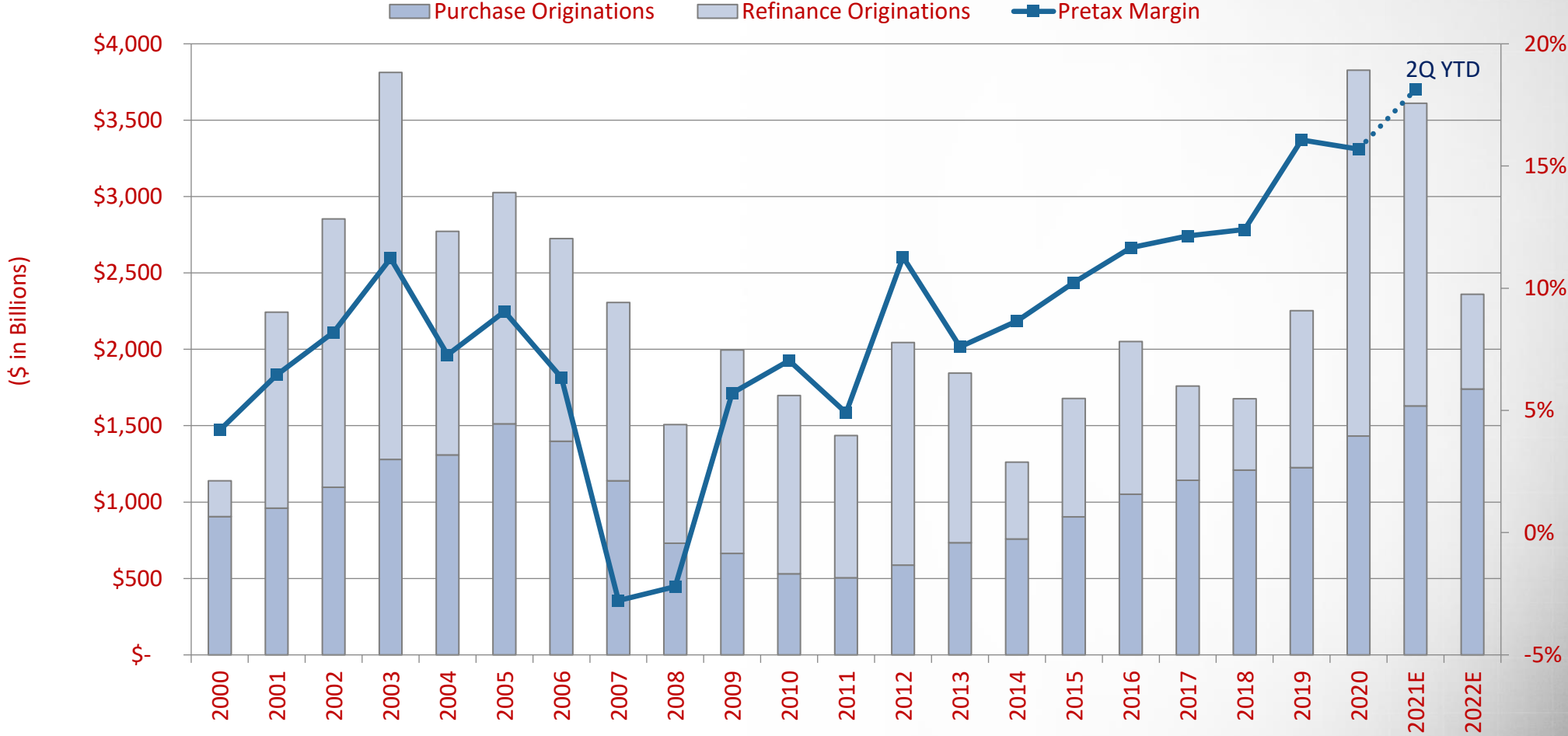


RETURN ON EQUITY



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Historical Title Insurance Margin



Source: August 2021 MBA
2021 Pretax Margin as of Q2'21 YTD



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AGENDA

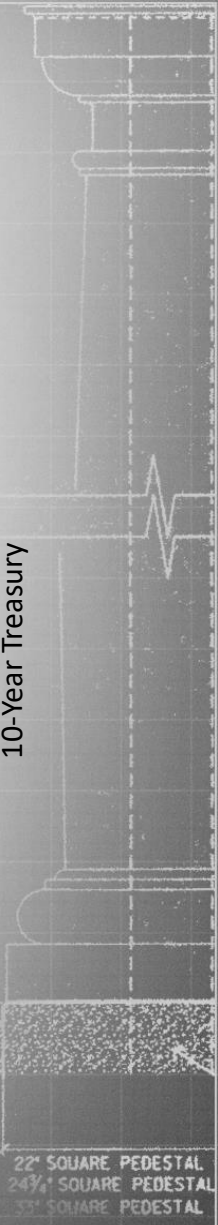
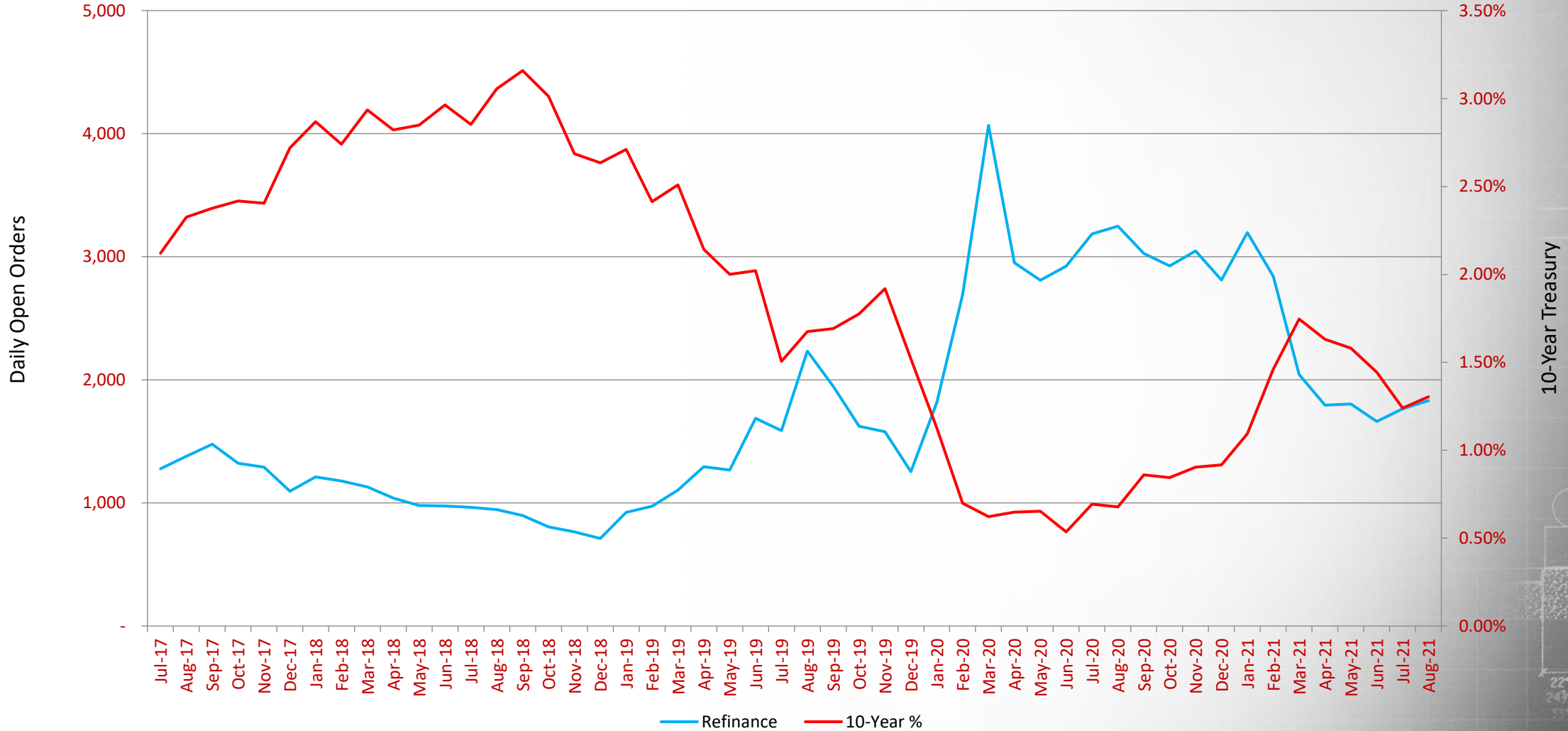
Strong Track Record of Results

.....→ Favorable Market Conditions

Consistent Strategy and Capital Management Priorities

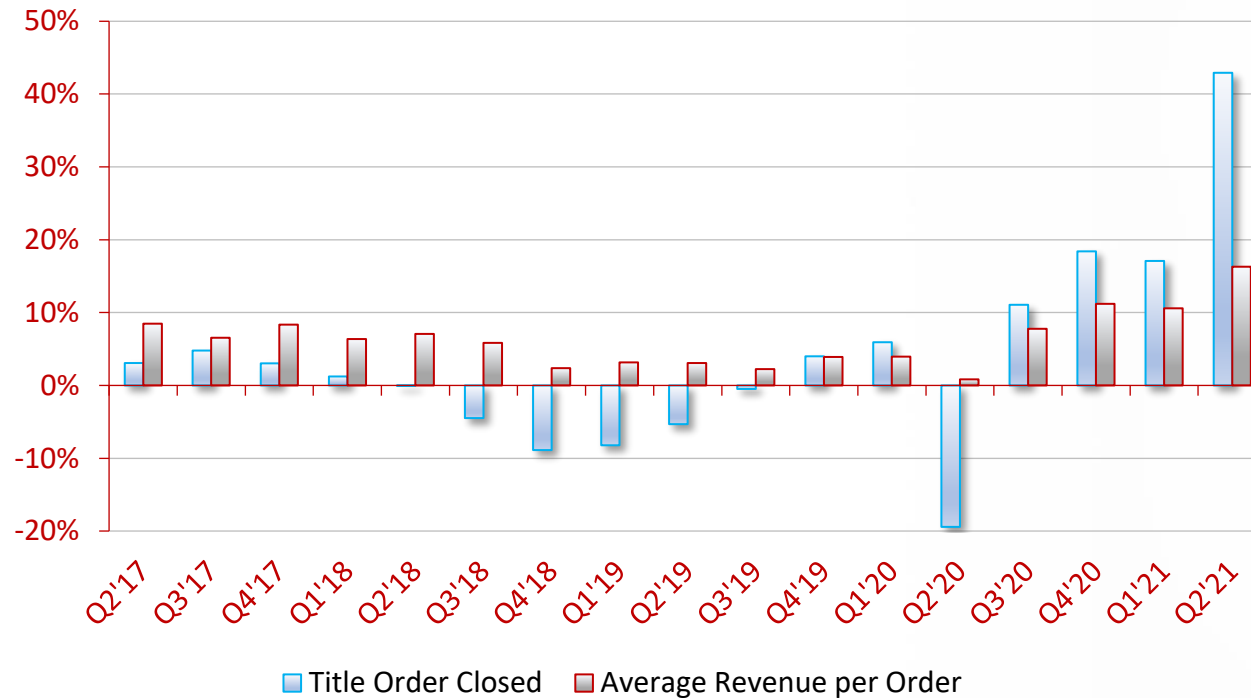


Low Mortgage Rates Support Elevated Refinance Activity



Strong Growth in the Purchase Market

GROWTH RATE vs. PRIOR YEAR



Purchase Market

- Strong market demand led to a V-shaped recovery in housing last year
 - Historically low mortgage rates
 - Favorable demographics
 - Pandemic triggered transactions
 - Home price appreciation brisk
 - Inventory improving recently, but remains an issue

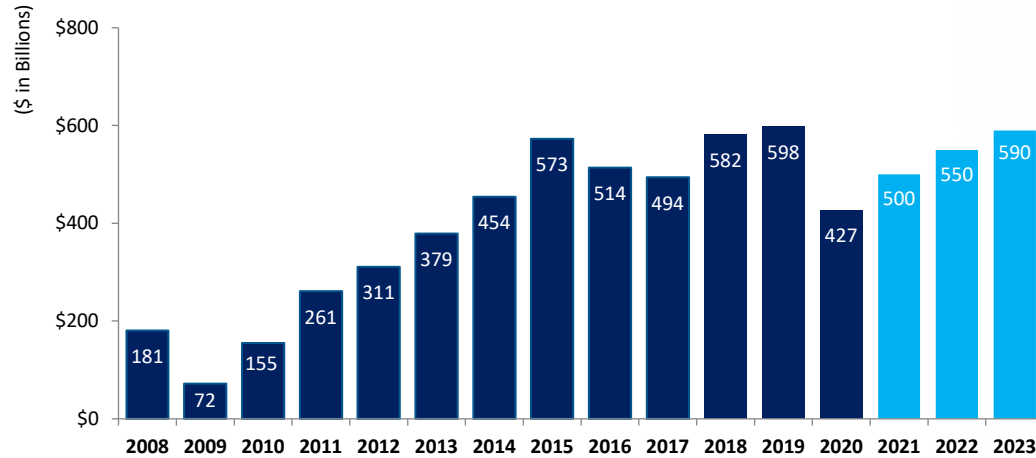
First American Operations

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

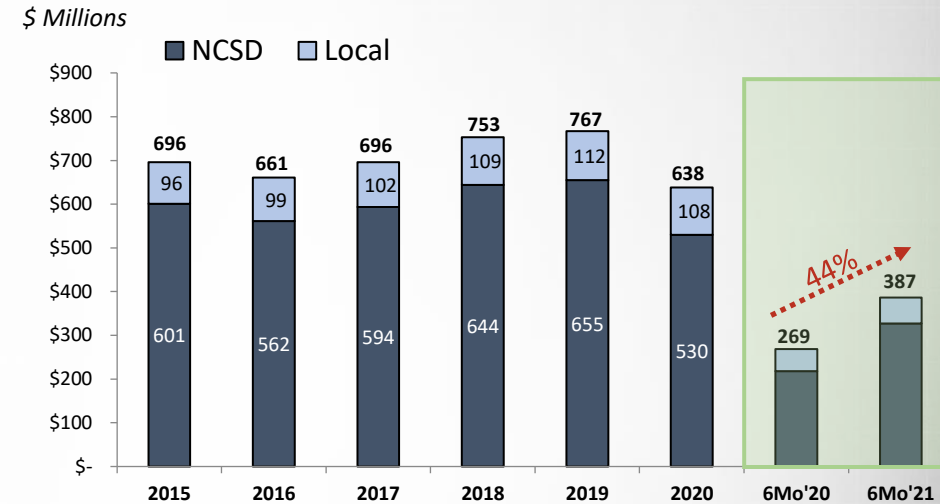


Commercial Volumes Accelerating

Commercial Market Sales Volume⁽¹⁾



FAF Direct Revenues



Commercial - Current Trend and Outlook

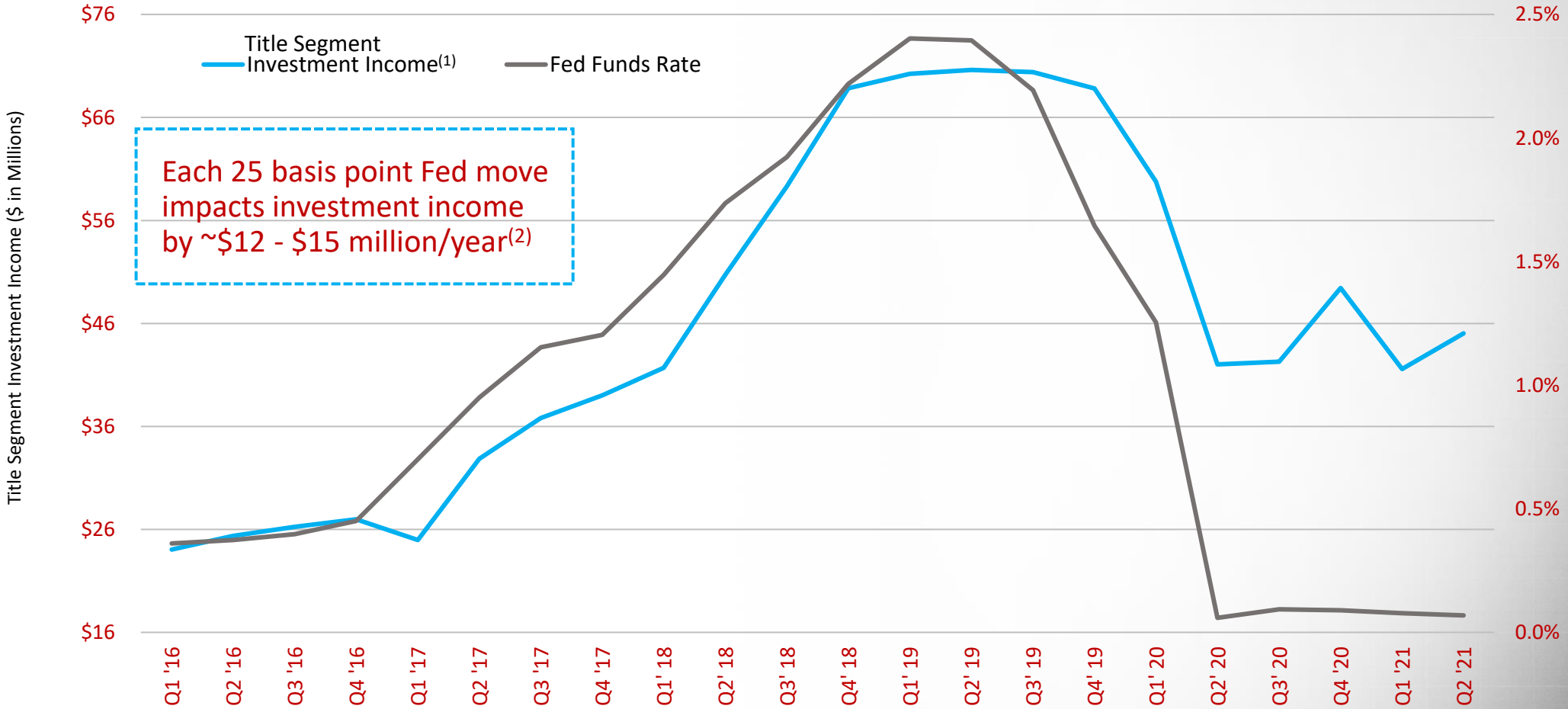
- Sustained revenue growth expected to drive record performance this year
- Pipeline is strong and large transactions have resumed
- Broad based strength across markets although continue to see some disparity in health of different asset classes and certain urban markets
- Capital availability and low interest rates continue to support the market and transaction activity level

(1) Source: Real Capital Analytics ULI Real Estate Economic Forecast May 2021 (includes purchase transactions over \$2.5 million only)



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Investment Income Now at Trough Levels



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



AGENDA

Strong Track Record of Results

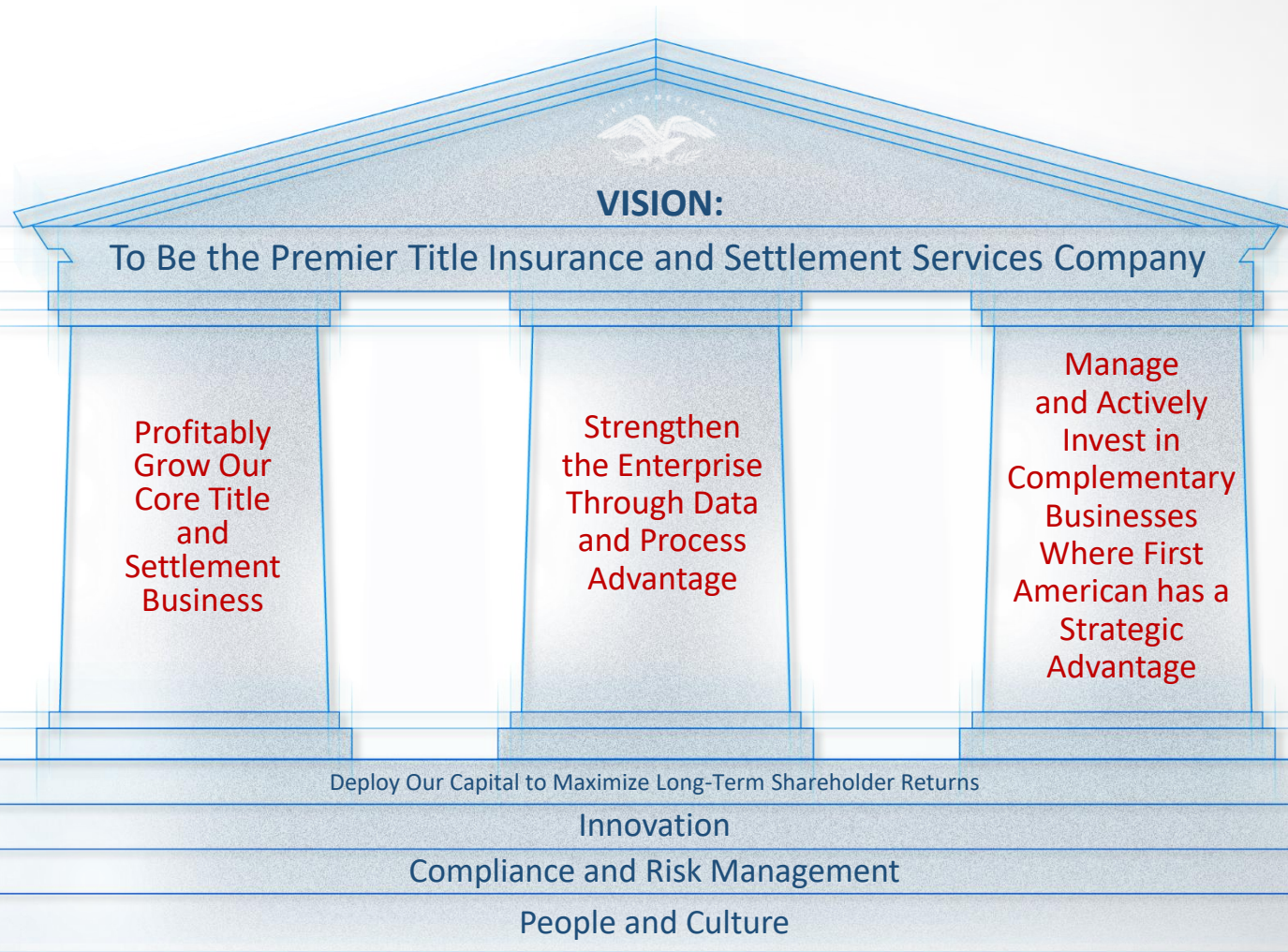
Favorable Market Conditions



Consistent Strategy and Capital Management Priorities



First American Strategy



22" SQUARE PEDESTAL
24 3/4" SQUARE PEDESTAL
33" SQUARE PEDESTAL



First American

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 our returns

22" SQUARE PEDESTAL
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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

22" SQUARE PEDESTAL
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FAF has Strongest Data Foundation in the Industry



	No. of counties	Population (%)	Market position
Assessor/property ownership	3,141	100	1 st
Proprietary title plants	564	60	1 st
Deeds, Mortgages, Foreclosures	3,102	99	1 st
Assignments and releases	2,304	96	1 st
Parcel Boundaries	3,056	99	1 st
Homeowner associations	2,714	99	1 st
Active real estate listings	880K	85	1 st
Document images (7B+ total)	1,556	83	1 st

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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

- **Seek out new opportunities**

Enter adjacent businesses where First American has a strategic advantage (e.g. Docutech, ServiceMac)

- **Wind down of the Property & Casualty (P&C) business progressing on schedule with completion due Q3 2022**

Redeploy capital to areas with higher expected returns

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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 or invest in businesses that fit within our strategy
 - Return excess capital to shareholders through dividends and share repurchases
 - Maintain 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
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First American

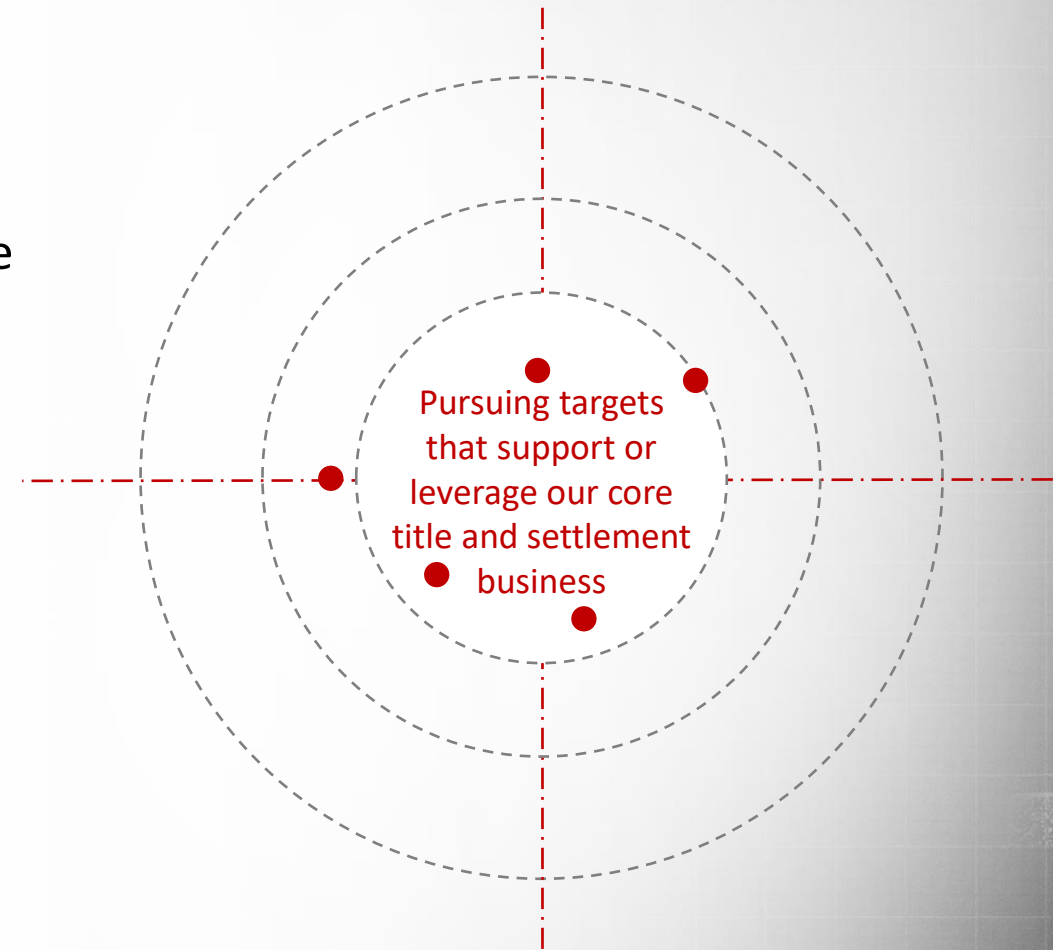
Disciplined M&A Strategy Drives Growth

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

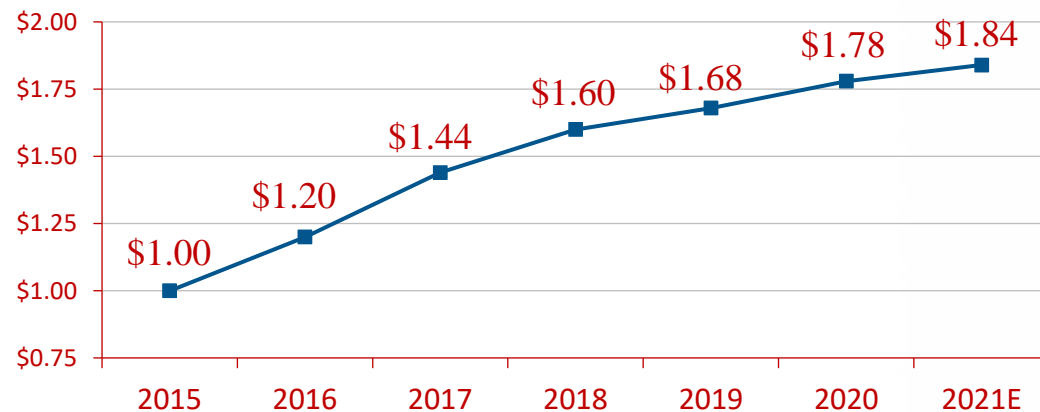
Disciplined Process

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

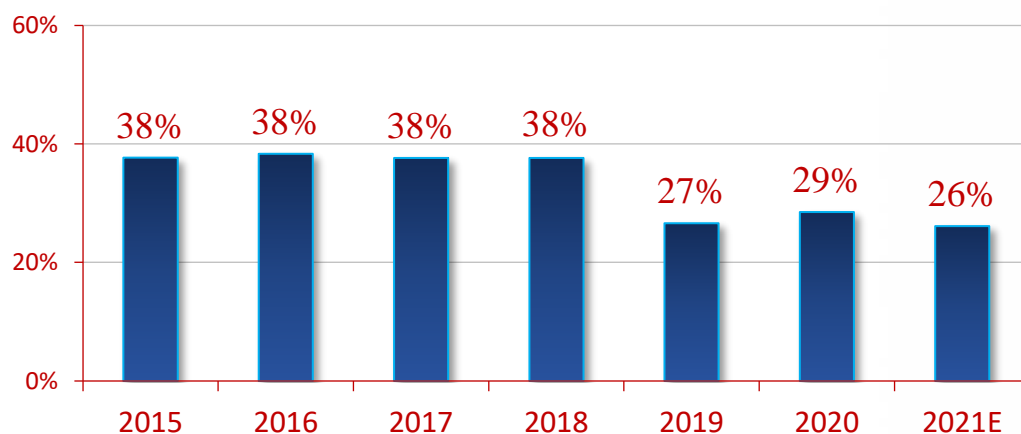


Dividends

DIVIDENDS PER SHARE



PAYOUT RATIO

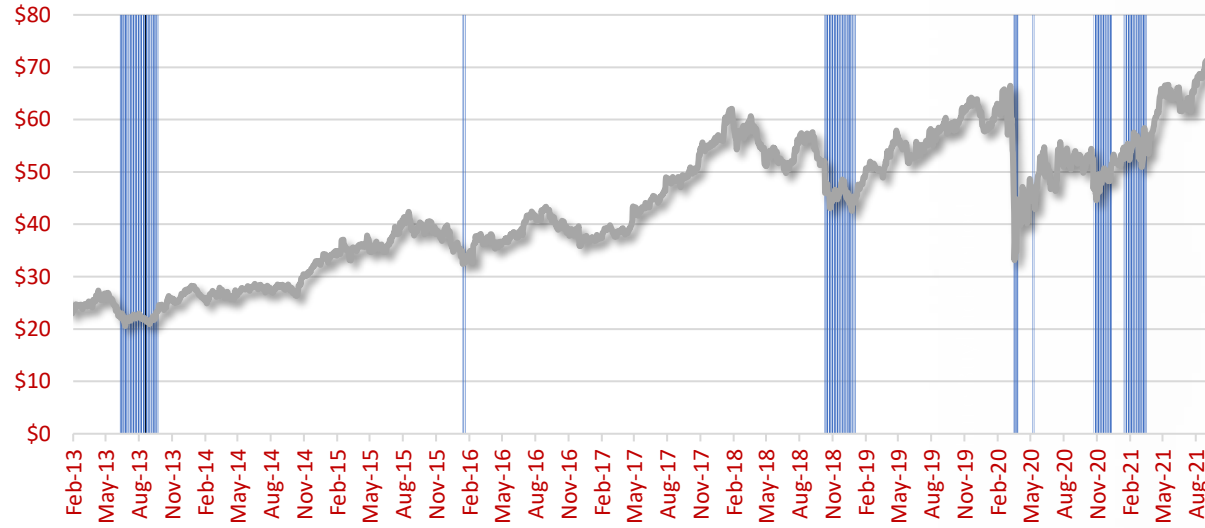


Dividend Considerations

- 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

Share Repurchases

SHARE REPURCHASE HISTORY



- Share repurchases will be dependent upon capital levels, market conditions and alternative uses of capital, among other factors
- New \$300 million share repurchase authorization was approved by board of directors on August 24, 2021, resulting in total authorization remaining of \$472.3 million

Repurchase Summary

	<u>2013</u>	<u>2018/2019</u>	<u>2020</u>	<u>2021</u>
Shares purchased	3.0 million	0.5 million	3.2 million	1.2 million
Total amount	\$64.5 million	\$20.9 million	\$138.6 million	\$64.8 million
Avg. price per share	\$21.87	\$44.20	\$38.64	\$52.86
IRR ⁽¹⁾	16.8%	18.2%	37.7%	18.0% ⁽²⁾

(1) As of June 30, 2021; (2) Not annualized



22" SQUARE PEDESTAL
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33" SQUARE PEDESTAL

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)
- Venture investments creating strategic and financial benefit
- Strong balance sheet with ample liquidity and financial flexibility
- Commitment to return capital to shareholders

22" SQUARE PEDESTAL
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First American

APPENDIX



Title Segment Net Investment Income Non-GAAP Reconciliation

Net Investment Income Less Affiliate Investments

\$ in Millions	Q1 '17	Q2 '17	Q3 '17	Q4 '17	Q1 '18	Q2 '18	Q3 '18	Q4 '18	Q1 '19	Q2 '19	Q3 '19	Q4 '19	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Q2 '21
Net Investment Income	\$26.6	\$34.7	\$37.9	\$38.3	\$41.4	\$51.7	\$60.9	\$69.3	\$70.1	\$71	\$72	\$69.8	\$59.7	\$43.2	\$44.7	\$51.6	\$42.7	\$47.5
Less: Affiliate Investments	1.6	1.8	1.1	(0.8)	(0.3)	1.0	1.5	0.5	(0.2)	0.3	1.6	1.0	(0.1)	1.2	2.4	2.2	1.1	2.4
Adjusted Net Investment Income	\$25.0	\$32.9	\$36.8	\$39.0	\$41.7	\$50.7	\$59.3	\$68.8	\$70.2	\$70.6	\$70.4	\$68.8	\$59.8	\$42.0	\$42.3	\$49.4	\$41.6	\$45.0

	Q1 '14	Q2 '14	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Q1 '16	Q2 '16	Q3 '16	Q4 '16
Net Investment Income	\$15.7	\$19.3	\$22.0	\$2.7	\$21.8	\$26.0	\$25.4	\$24.4	\$24.9	\$27.5	\$29.0	\$29.4
Less: Affiliate Investments	(2.0)	0.3	2.8	(17.6)	1.1	3.7	2.8	0.1	0.9	2.1	2.8	2.4
Adjusted Net Investment Income	\$17.7	\$19.0	\$19.2	\$20.3	\$20.6	\$22.2	\$22.6	\$24.3	\$24.0	\$25.4	\$26.2	\$27.0

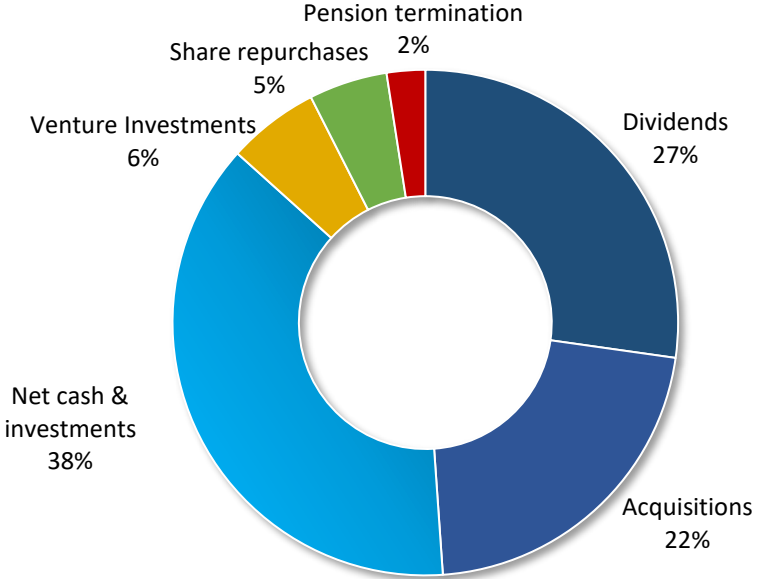
22" SQUARE PEDESTAL
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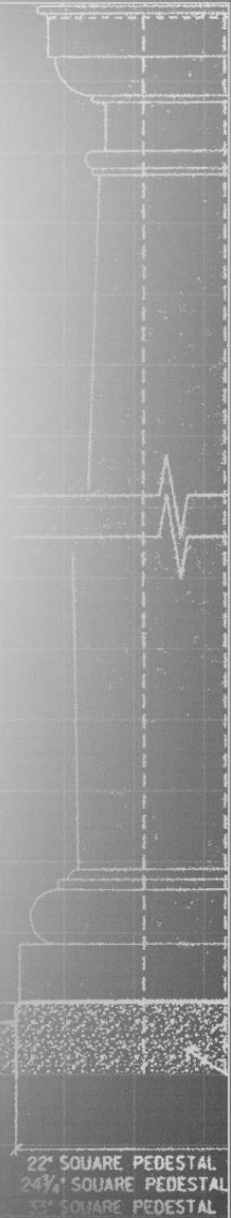
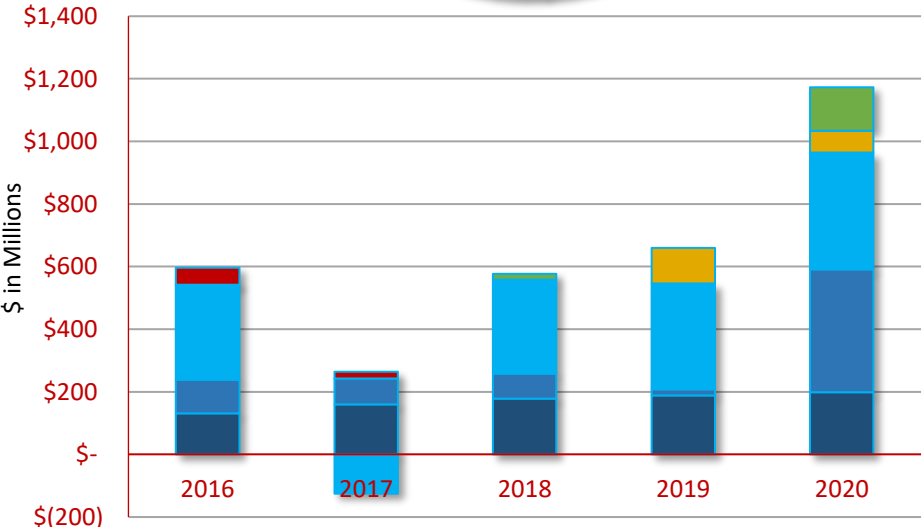
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Uses of Free Cash Flow and Debt Proceeds

CUMULATIVE 5 YEAR USES

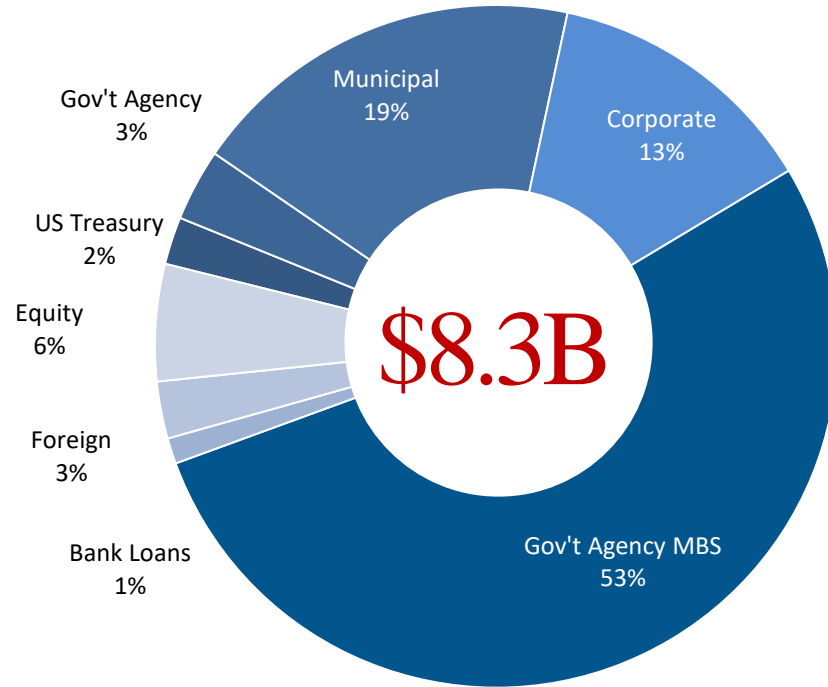


- 38% of cash flow went into the investment portfolio to strengthen the balance sheet
- Moving forward, further balance sheet strengthening not necessary as capital levels exceed current targets



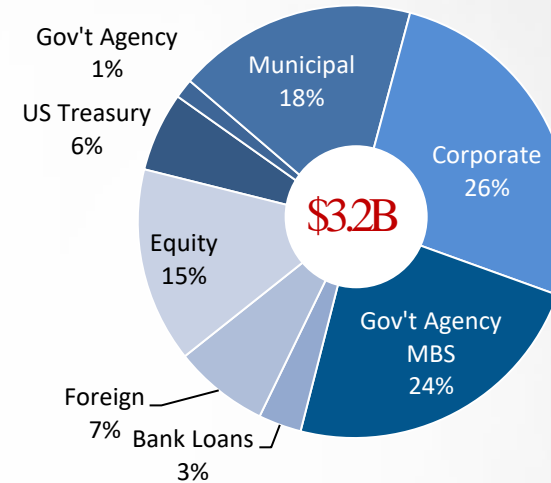
Investment Portfolio

CONSOLIDATED PORTFOLIO



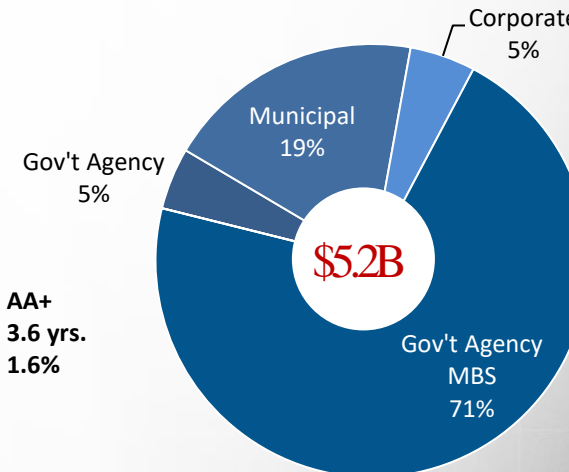
Avg. Rating : AA
Duration: 3.7 yrs.
Book Yield: 1.9%

INSURANCE PORTFOLIO



Avg. Rating : A+
Duration: 3.9 yrs.
Book Yield: 2.3%

BANK PORTFOLIO



Avg. Rating : AA+
Duration: 3.6 yrs.
Book Yield: 1.6%



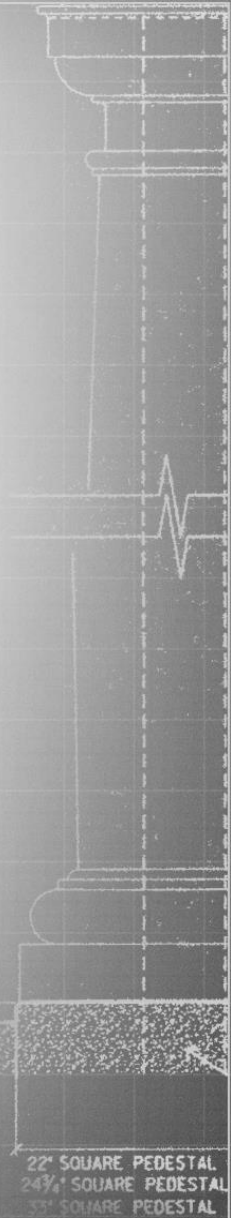
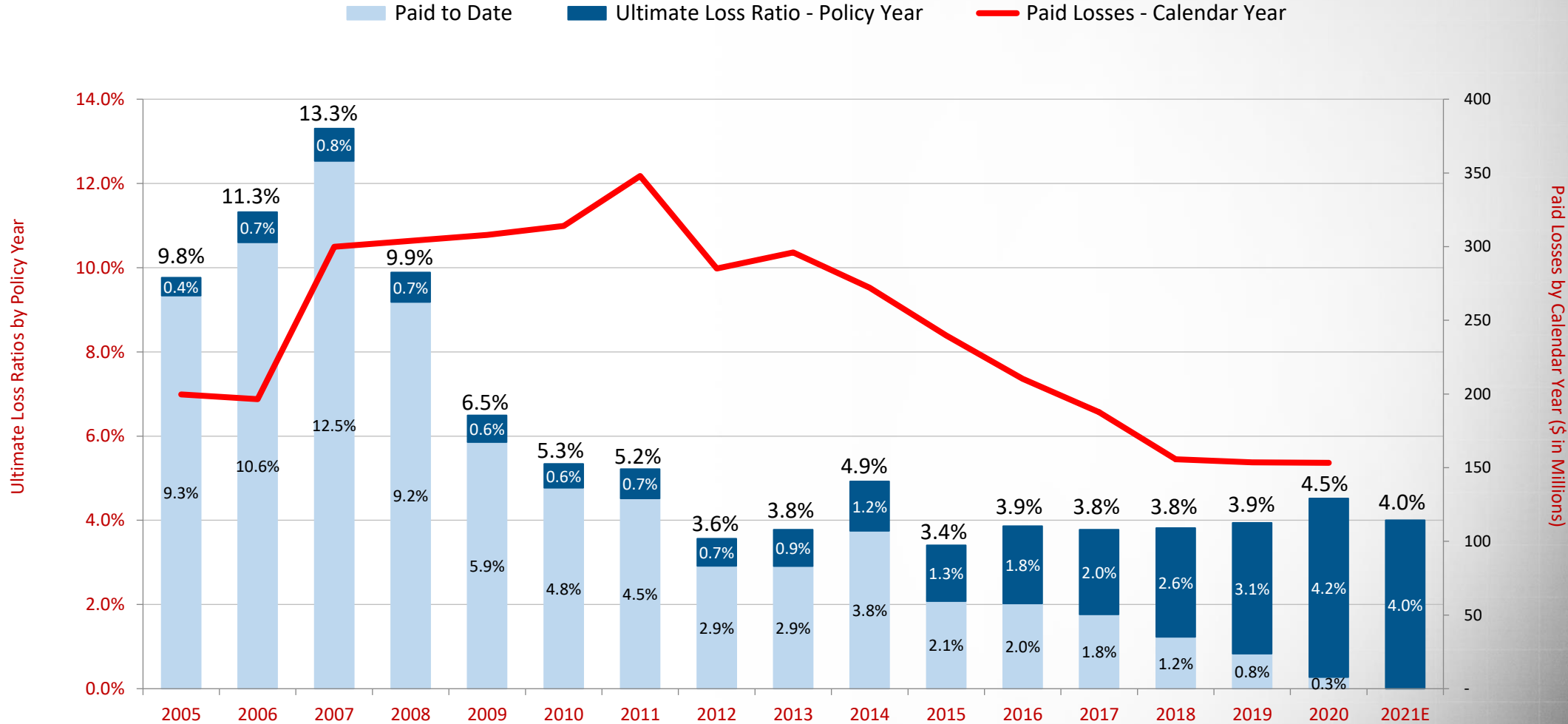
22" SQUARE PEDESTAL
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Capital Structure

<i>As of June 30, 2021 (\$ in Millions)</i>	<i>Actual</i>	<i>Adjusted</i>
2.4% Senior Notes Due 2031		\$648
4.3% Senior Notes Due 2023	\$249	\$249
4.6% Senior Notes Due 2024	\$299	\$299
4.0% Senior Notes Due 2030	\$444	\$444
Trust Deed Notes	\$10	\$10
Other Notes	\$5	\$5
Revolving Credit Facility	\$0	\$0
Notes and Contracts Payable	\$1,008	\$1,655
Secured Financings Payable (SFP)	\$611	\$611
Total Debt	\$1,619	\$2,266
Total Equity	\$5,275	\$5,275
Debt-to-Total Capital Ratio	23.5%	30.1%
Debt-to-Total Capital Ratio (excluding SFP)	16.0%	23.9%

- Management targets debt-to-capital ratio of 18-20% (excluding secured financings payable)
 - Supports target financial strength ratings
- \$700 million revolving credit facility 100% undrawn
 - Credit facility term ends in April 2024
- Significant financial flexibility to seize strategic opportunities

Ultimate Loss Ratios by Policy Year

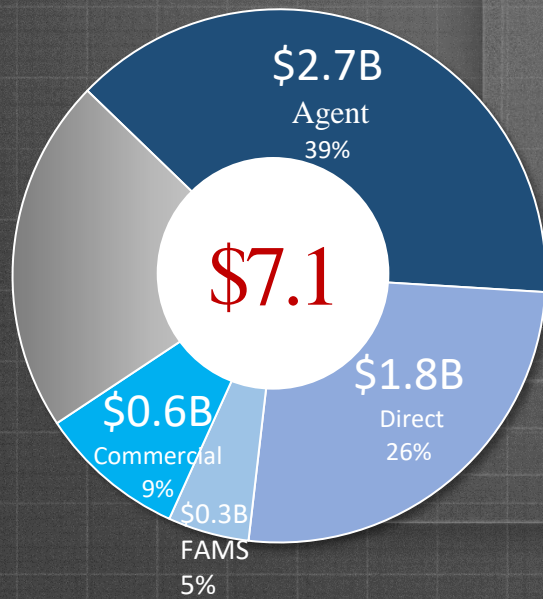


Note: Ultimate loss ratios are estimates and calculated as a percentage of title premiums and escrow fees for a given policy year as of May 31, 2021

U.S. TITLE

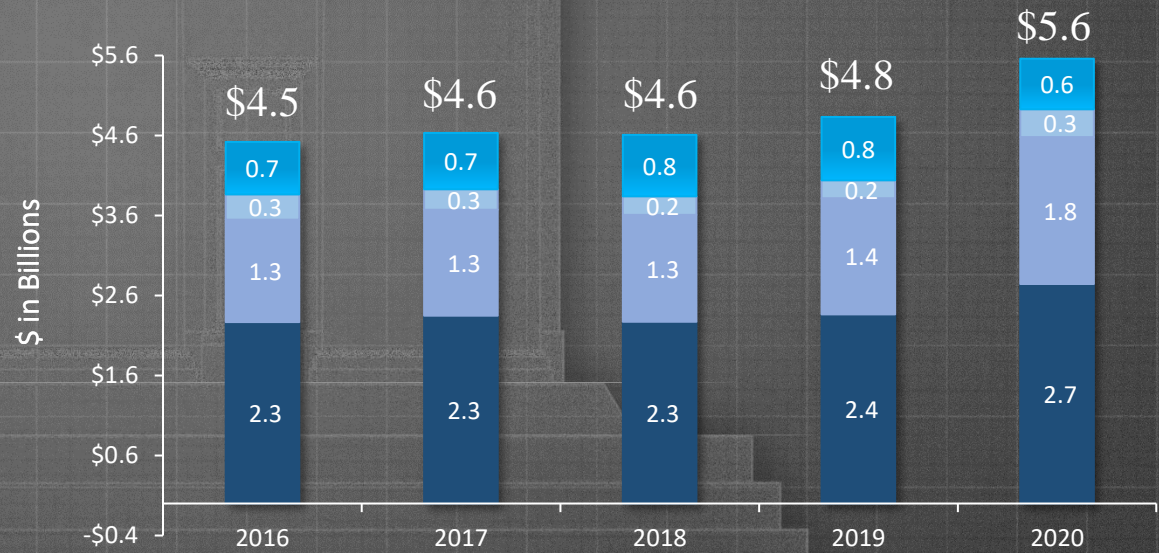


First American Financial Total Revenue



\$5.6B
U.S. Title
78%

Total Revenue Trend



Agent Direct FA Mortgage Solutions Commercial



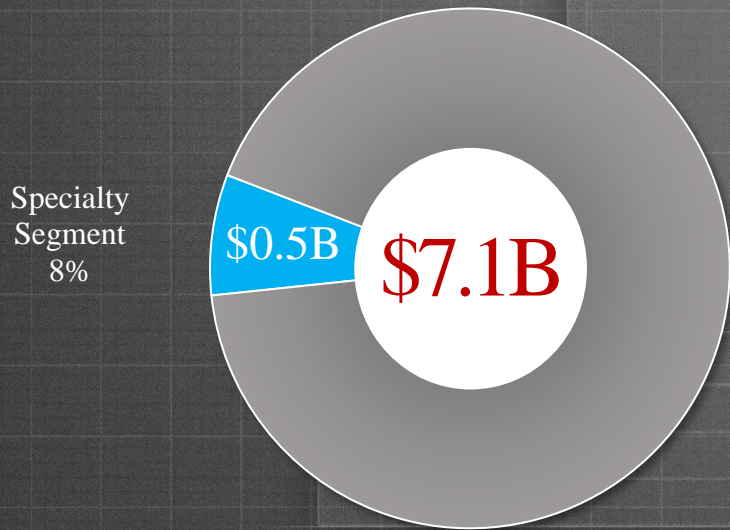
First American

SPECIALTY INSURANCE

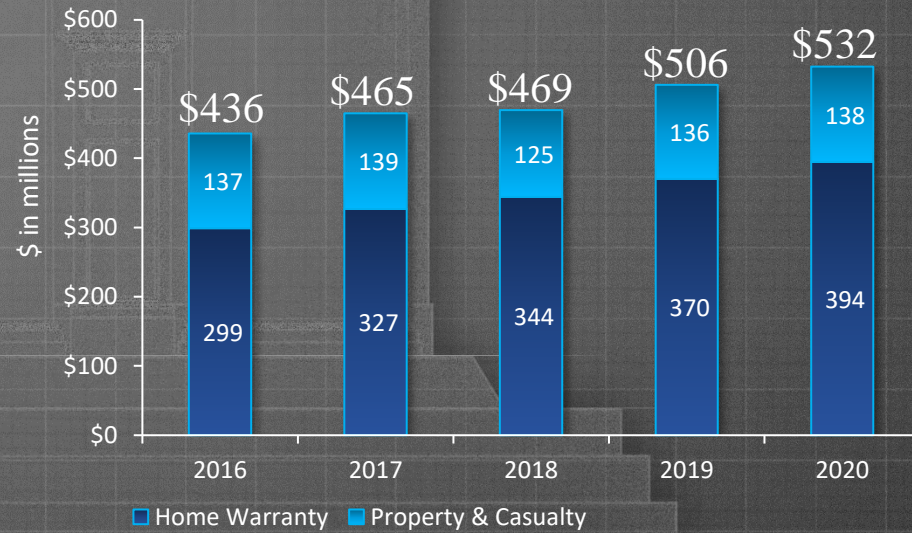
PROPERTY & CASUALTY

HOME WARRANTY

First American Financial Total Revenue

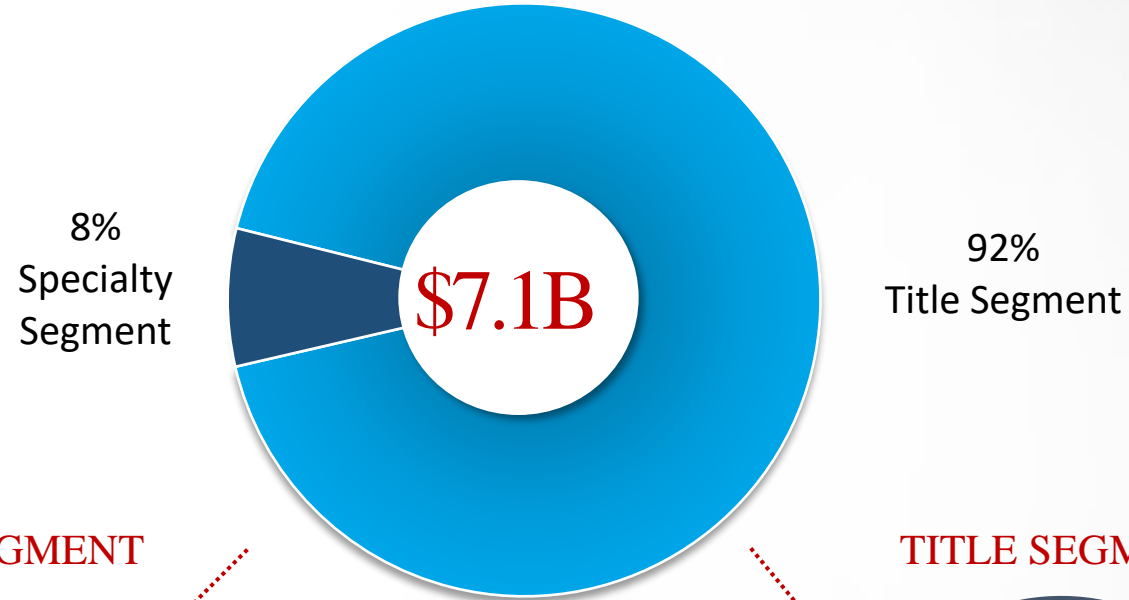


Total Revenue Trend

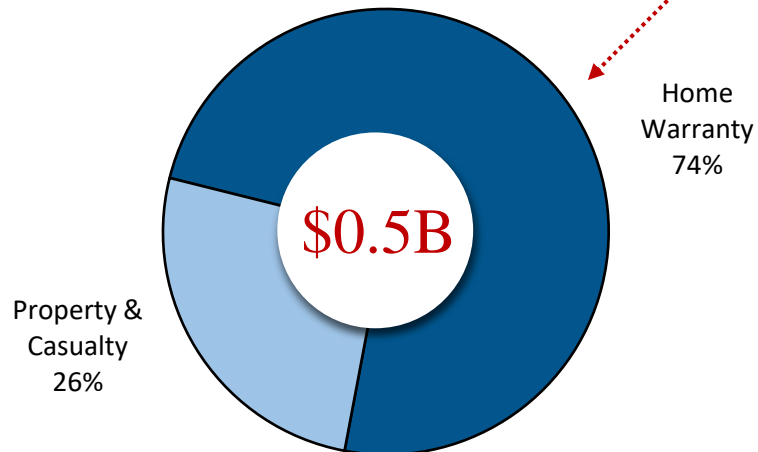


2020 Revenue Breakdown

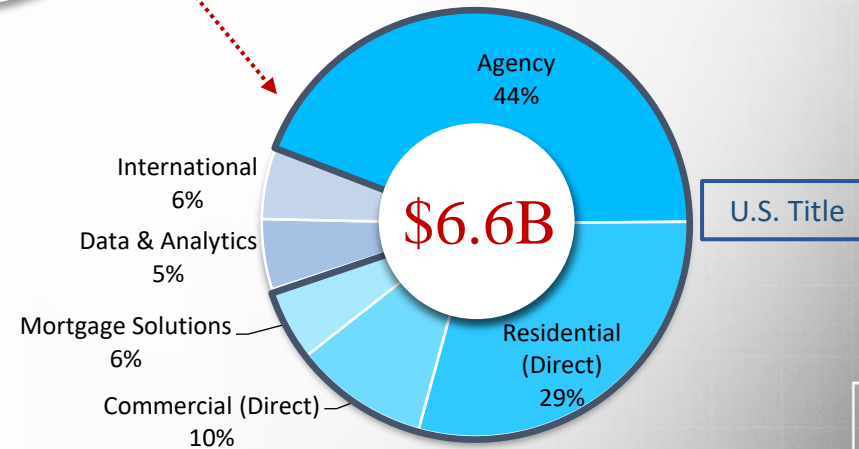
FIRST AMERICAN FINANCIAL



SPECIALTY SEGMENT



TITLE SEGMENT



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