

The Allstate Corporation



First Quarter 2021 Earnings Presentation

05.06.2021

Allstate



This presentation contains forward-looking statements and information. This presentation also contains non-GAAP measures that are denoted with an asterisk. You can find the reconciliation of those measures to GAAP measures within our most recent earnings release or investor supplement.

Additional information on factors that could cause results to differ materially from this presentation is available in the 2020 Form 10-K, Form 10-Q for March 31, 2021, our most recent earnings release, and at the end of these slides. These materials are available on our website, www.allstateinvestors.com, under the “Financials” link.

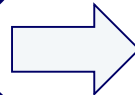


Allstate's Strategy Drives Profitable Growth

Increase Personal Property-Liability Market Share



Leveraging Allstate brand, customer base and capabilities



Expand Protection Services



First Quarter 2021 Highlights

- Closed acquisition of National General
- Announced sale of Allstate Life Insurance Company and Allstate Life Insurance Company of New York
- Continued progress building a higher growth personal property-liability business model
- Generated growth in revenues of 26.2% and policies in force of 20.6% over prior year
- Long-term risk and return approach to investing and reinsurance benefited quarterly results
- Expanded Allstate Protection Plans distribution and total addressable market
- Delivered excellent returns with adjusted net income* of \$6.11 per share and return on equity* of 23.2%
- Returned \$765 million to shareholders



Allstate Delivers Excellent Results in First Quarter

- Total revenues of \$12.5 billion in the first quarter increased 26.2% from the prior year, reflecting the acquisition of National General, higher investment income and realized capital gains
 - Property-Liability premiums earned and policies in force increased by 11.4% and 12.1% over prior year
 - Performance-based income was \$378 million in the quarter versus a loss in the prior year
- Net loss of \$1.4 billion in the first quarter driven by loss on disposition from pending sales of the life and annuity businesses
 - Adjusted net income* of \$1.9 billion (\$6.11 per share)
 - Return on common shareholders' equity* of 23.2% for the latest 12 months

| (\$ in millions, except per share data and ratios) | Three months ended March 31, | | |
|--|---------------------------------|---------|-----------|
| | 2021 | 2020 | Change |
| Total revenues | \$12,451 | \$9,866 | 26.2% |
| Property-Liability insurance premiums | 9,896 | 8,881 | 11.4% |
| Accident and health insurance premiums and contract charges | 455 | 282 | 61.3% |
| Net investment income | 708 | 246 | 187.8% |
| Realized capital gains and losses | 426 | (162) | NM |
| Income applicable to common shareholders: | | | |
| Net income (loss) | (1,408) | 513 | NM |
| Adjusted net income* | 1,871 | 1,202 | 55.7% |
| Per diluted common share | | | |
| Net income (loss) | (4.60) | 1.59 | NM |
| Adjusted net income* | 6.11 | 3.73 | 63.8% |
| Return on Allstate common shareholders' equity (trailing twelve months) | | | |
| Net income applicable to common shareholders | 15.1% | 18.0% | (2.9) pts |
| Adjusted net income* | 23.2% | 17.5% | 5.7 pts |

NM = not meaningful



National General Acquisition Accelerates Profitable Growth

- Acquired National General for \$4 billion in January 2021
 - Broad independent agent (“IA”) distribution with over 42,000 National General appointments
 - Expands product portfolio to include non-standard auto, lender-placed insurance, group health, individual accident and health, and digital marketing platforms
 - Independent agent facing technology platform is scalable
- Acquisition improves independent agent business, lowers costs and generates growth
 - Allstate becomes a top 5 independent agent carrier with a broad portfolio of personal lines products
 - Significant expense reductions by consolidating Encompass and Allstate Independent Agent businesses into National General
 - The cost to acquire policies in force at the net acquisition price (\$4 billion less statutory capital and value of other businesses) is comparable to organic methods

Measures of Success

Accretion to earnings

- Allstate Protection segment added \$1.3 billion of premium and \$138 million of underwriting income
- Increased Allstate Health and Benefits adjusted net income by \$35 million

Achieve expense synergies

- Integrating Encompass onto National General platform
- On-pace to achieve expected expense synergies

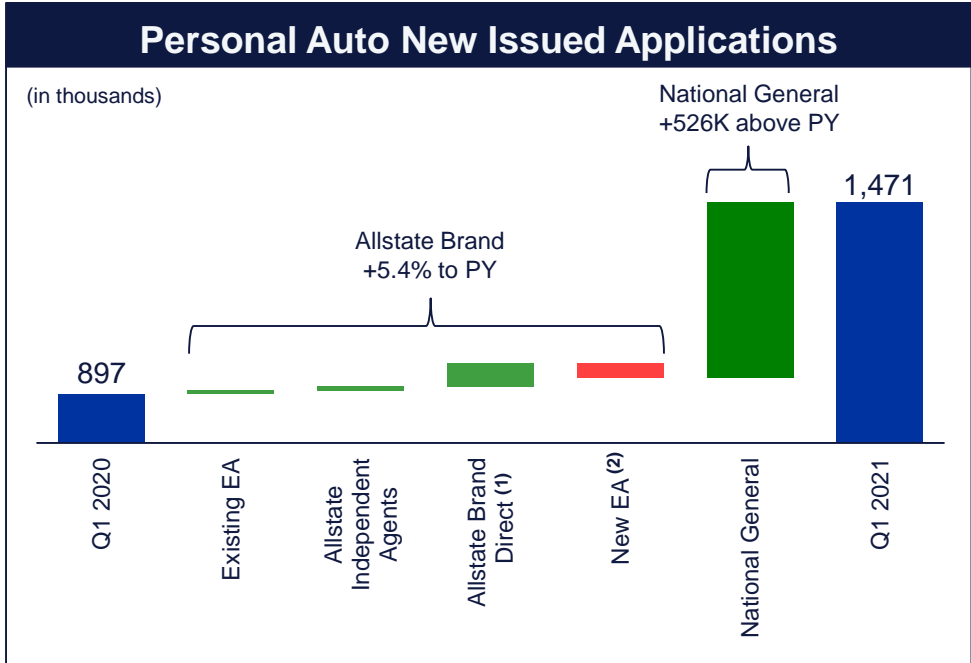
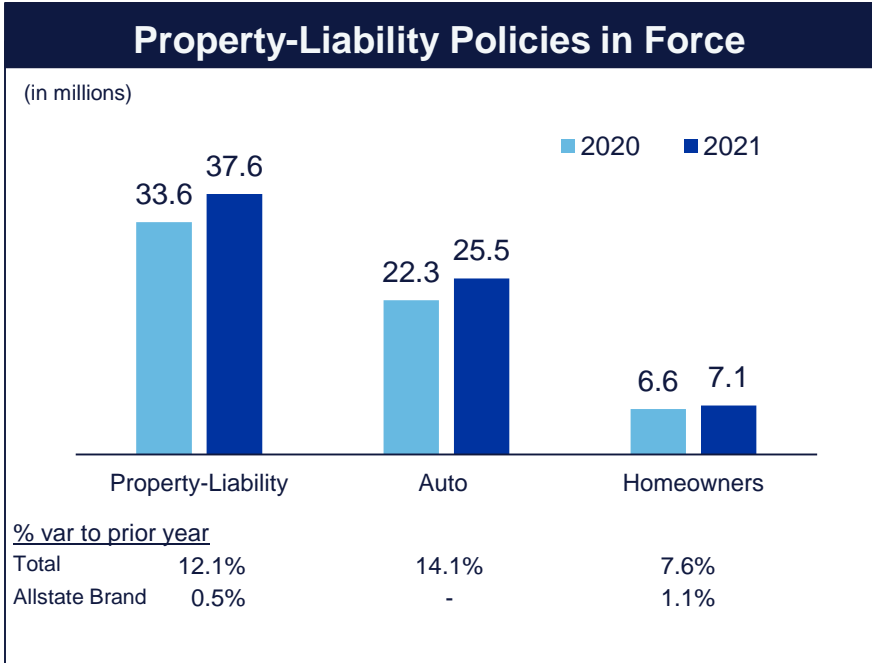
Grow IA channel policies in force

- IA channel policies approximately 6x larger following acquisition
- Introducing new standard auto and homeowners insurance products beginning in 2021



Property-Liability Growth Accelerates Due to National General Acquisition

- Property-Liability policies in force grew by 12.1% compared to prior year
 - National General, including Encompass, contributed an increase of 3.9 million policies in force compared to prior year
 - Allstate brand grew 0.5% compared to prior year driven by growth in homeowners and other personal lines
 - Allstate brand auto finished flat to prior year as new business increases were offset by lower retention
- Total personal auto new issued applications increased 64% compared to prior year quarter
 - Allstate brand auto new issued applications increased by 5.4% compared to the prior year primarily driven by direct channel growth
 - National General contributed an increase of 526 thousand new issued applications compared to prior year quarter



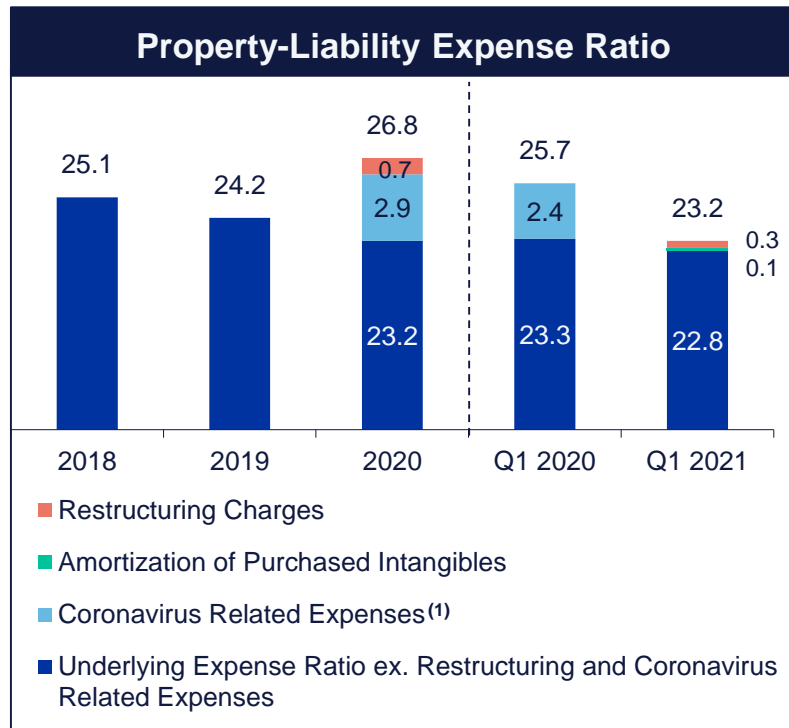
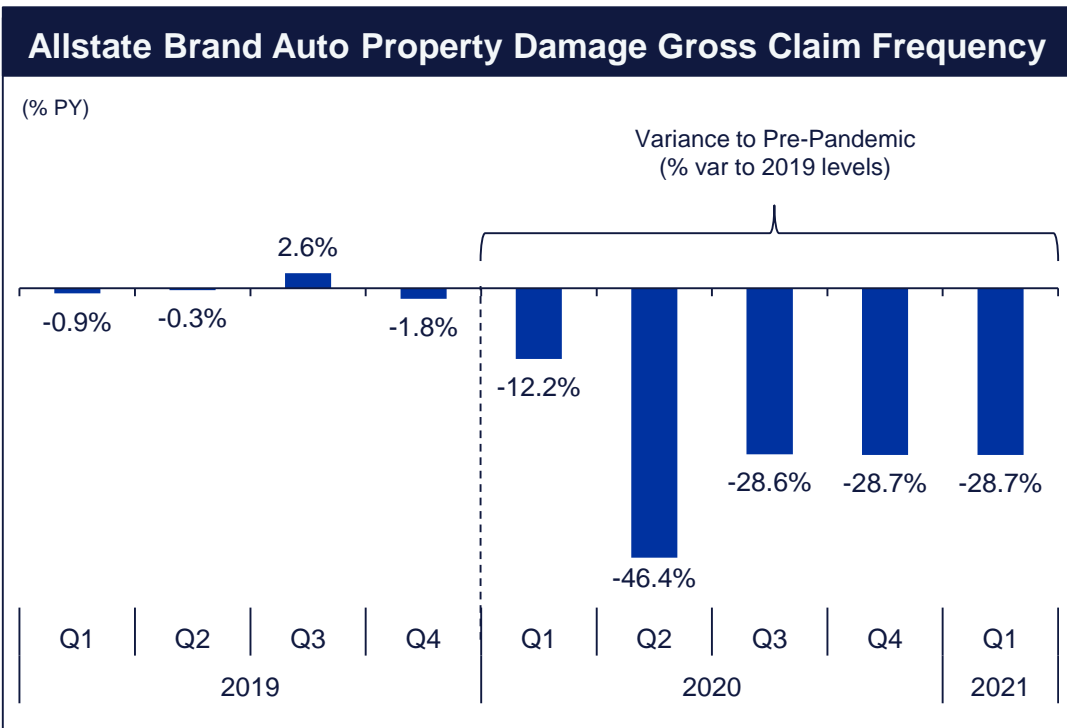
(1) Allstate brand direct includes Esurance brand in 2021 and 2020

(2) New EA reflects new agent appointment production compared to prior year new appointments



Property-Liability Margins Remain Strong

- Recorded combined ratio of 83.3 improved 1.5 points compared to the prior year quarter, resulting in underwriting income of \$1.7 billion
- Auto accident frequency continues to be below pre-pandemic levels
 - Auto property damage gross claim frequency below prior year in 47 of 51 geographies (50 states plus D.C.)
 - Auto property damage gross claim frequency in first quarter 2021 is 28.7% below 2019
- Cost reductions implemented in 2020 more than offset increased marketing investments



⁽¹⁾ Includes Shelter-In-Place Payback expense and bad debt expense during 2020 related to the Special Payment plan offered to customers as a result of the Coronavirus

- Transformative Growth is a multi-year initiative to build a low-cost digital insurer with broad distribution
 - Expand customer access
 - Improve customer value
 - Increase marketing sophistication and investment
 - Build new technology ecosystems



Phase 2 Substantial Progress

- Improving competitive price position of auto insurance
- Maintaining attractive margins through cost reductions
- Expanding Allstate direct sales
- Launched new branding supported by increased investment
- Leveraging industry-leading telematics offering
 - Largest pay-per-mile carrier
- Completed acquisition of National General

Executing Phase 3

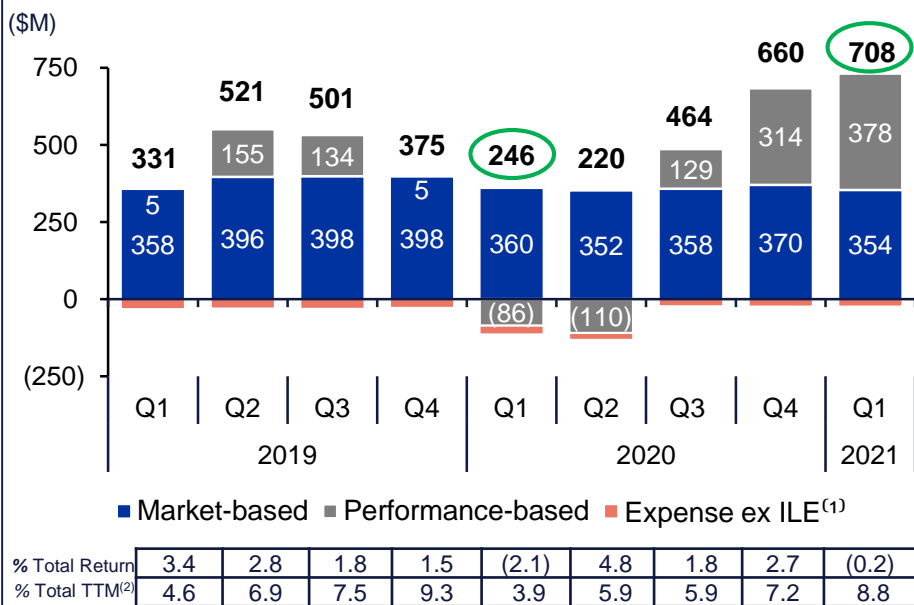
- Transition existing Allstate agents to higher growth and lower cost models
- Improve customer acquisition costs relative to lifetime value
- Lower underwriting and claims expenses
- Operationalize new technology ecosystem



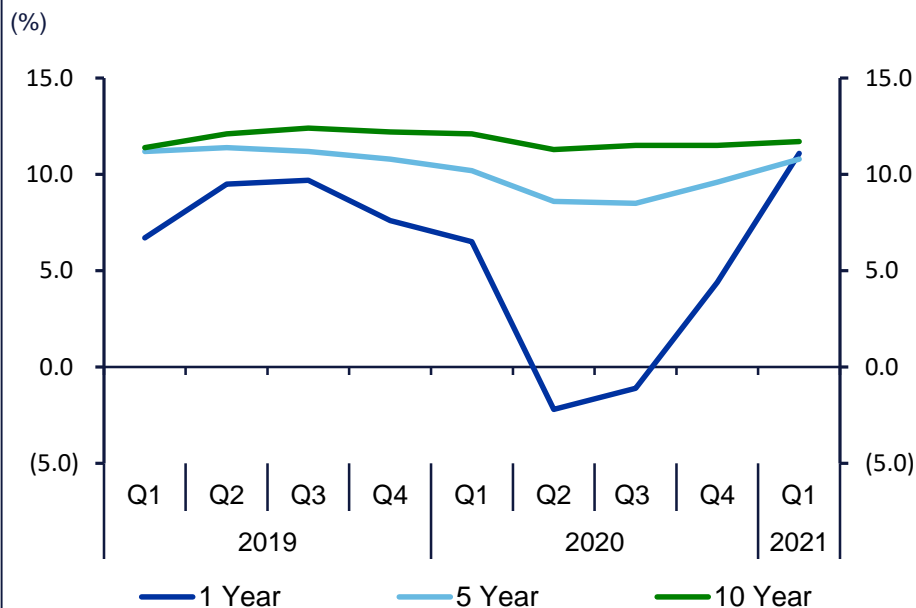
Net Investment Income Reflects Higher Performance-based Results

- Net investment income totaled \$708 million, \$462 million higher than the prior year
 - Performance-based income of \$378M included broad-based private equity valuation appreciation and sales of underlying real estate investments
 - Market-based income of \$354 million was slightly below the prior year due to lower reinvestment rates
- Total return on portfolio was negative in first quarter and 8.8% over last twelve months
 - Higher interest rates reduced unrealized gains on portfolio by \$1.4 billion

Net Investment Income



Performance-based Internal Rate of Return



⁽¹⁾ Investee level expenses (ILE) comprise asset level operating expenses are netted against market-based and performance-based income

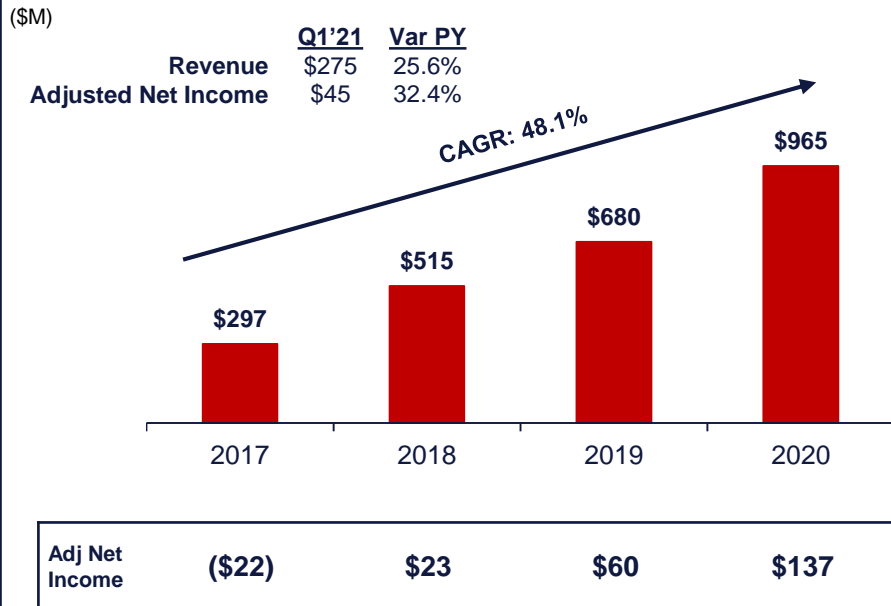
⁽²⁾ Trailing twelve months



Allstate Protection Plans Growth in Revenue and Profit

- Allstate Protection Plans was acquired in 2017 for \$1.4 billion to broaden protection solutions offered to customers
 - Low cost and excellent customer service
 - Products sold primarily through U.S. retailers
 - Leverage the Allstate brand
- Experiencing rapid top line growth and improved profitability
 - Total revenue of \$1.0 billion and adjusted net income of \$148 million over the last twelve months
- Investing in technology and expanding the total addressable market
 - Continue to add key accounts including Wal-Mart in 2018 and The Home Depot in 2021
 - Pursuing multiple growth pathways beyond U.S. retail partnerships

Allstate Protection Plans Revenue



Growth Opportunities



Vertical expansion

- Expansion into appliances, furniture and mobile phones



Expanding geographic footprint

- Growth in Europe, Asia and Australia



Innovative services, products and features

- Introduced 2-day appliance repair guarantee



Allstate Generates Attractive Returns

- Adjusted net income return on equity* of 23.2% for the last 12 months was 5.7 points higher than prior year
- Returned \$765 million to common shareholders in the first quarter through \$601 million in share repurchases and \$164 million in common shareholder dividends
 - Announced quarterly common shareholder dividend of \$0.81, a 50% increase from prior quarter
 - Total cash provided to shareholders over the last twelve months was 7.8% of average market capitalization over the same time period

| Capital Position | | | |
|--|------------------|------------------|--------------------|
| | <u>3/31/2021</u> | <u>3/31/2020</u> | <u>Inc / (Dec)</u> |
| Adjusted net income return on equity* | 23.2% | 17.5% | 5.7 pts |
| Book value per common share | \$81.08 | \$69.67 | 16.4% |
| Common shares outstanding (in millions) | 300.1 | 315.5 | (4.9%) |
| Quarterly common shareholder dividend | \$0.81 | \$0.54 | 50% |
| Debt-to-capital ratio | 23.0 | 21.5 | 1.5 pts |





Modified Segment Reporting

Fourth quarter 2020

Allstate Protection⁽¹⁾



Discontinued Lines⁽¹⁾

Protection Services

Allstate Benefits

Corporate & Other

Allstate Life

Allstate Annuities



First quarter 2021

Allstate Protection⁽¹⁾



- Includes Esurance

- Includes National General P&C Business
- Includes Encompass

Run-Off Property-Liability⁽¹⁾

Protection Services

- Includes National General LeadCloud and Transparent.ly consolidated within Arity

Allstate Health and Benefits

- Includes Allstate Benefits and National General Accident & Health

Corporate & Other

Discontinued Operations
(Excluded From Segment Results)

⁽¹⁾ Comprise Property-Liability



Forward-looking Statements

- This presentation contains “forward-looking statements” that anticipate results based on our estimates, assumptions and plans that are subject to uncertainty. These statements are made subject to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements do not relate strictly to historical or current facts and may be identified by their use of words like “plans,” “seeks,” “expects,” “will,” “should,” “anticipates,” “estimates,” “intends,” “believes,” “likely,” “targets” and other words with similar meanings. We believe these statements are based on reasonable estimates, assumptions and plans. If the estimates, assumptions or plans underlying the forward-looking statements prove inaccurate or if other risks or uncertainties arise, actual results could differ materially from those communicated in these forward-looking statements. Factors that could cause actual results to differ materially from those expressed in, or implied by, the forward-looking statements include risks related to:
 - Insurance and Financial Services (1) unexpected increases in claim frequency and severity; (2) catastrophes and severe weather events; (3) limitations in analytical models used for loss cost estimates; (4) price competition and changes in underwriting standards; (5) actual claims costs exceeding current reserves; (6) market risk and declines in credit quality of our investment portfolio; (7) our subjective determination of fair value and amount of credit losses for investments; (8) changes in market interest rates or performance-based investment returns impacting our annuity business; (9) changes in reserve estimates and amortization of deferred acquisition costs impacting our life, benefits and annuity businesses; (10) our participation in indemnification programs, including state industry pools and facilities; (11) inability to mitigate the capital impact associated with statutory reserving and capital requirements; (12) a downgrade in financial strength ratings; (13) changes in tax laws;
 - Business, Strategy and Operations (14) competition in the insurance industry and new or changing technologies; (15) implementation of our transformative growth strategy; (16) our catastrophe management strategy; (17) restrictions on our subsidiaries’ ability to pay dividends; (18) restrictions under terms of certain of our securities on our ability to pay dividends or repurchase our stock; (19) the availability of reinsurance at current levels and prices; (20) counterparty risk related to reinsurance; (21) acquisitions and divestitures of businesses; (22) intellectual property infringement, misappropriation and third-party claims;
 - Macro, Regulatory and Risk Environment (23) conditions in the global economy and capital markets; (24) a large-scale pandemic, such as the Coronavirus and its impacts, or occurrence of terrorism, military actions or social unrest; (25) the failure in cyber or other information security controls, or the occurrence of events unanticipated in our disaster recovery processes and business continuity planning; (26) changing climate and weather conditions; (27) restrictive regulations and regulatory reforms, including limitations on rate increases and requirements to underwrite business and participate in loss sharing arrangements; (28) losses from legal and regulatory actions; (29) changes in or the application of accounting standards; (30) loss of key vendor relationships or failure of a vendor to protect our data or confidential, proprietary and personal information; (31) our ability to attract, develop and retain key personnel; and (32) misconduct or fraudulent acts by employees, agents and third parties.
- Additional information concerning these and other factors may be found in our filings with the Securities and Exchange Commission, including the “Risk Factors” section in our most recent annual report on Form 10-K. Forward-looking statements speak only as of the date on which they are made, and we assume no obligation to update or revise any forward-looking statement.