CNA Financial Corporation First Quarter 2019 Results

April 29, 2019

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First Quarter Highlights

- Net income of $342 million or $1.25 per share; 12.1% ROE
- Core income of $318 million or $1.17 per share; 10.7% ROE
- Combined ratio of 97.8%
- Underlying combined ratio of 94.9%
- Underlying loss ratio of 60.7%
- Expense ratio of 33.8%
- U.S. P&C gross written premium (ex. captives) growth of 5%
- Total P&C premium rate +3% with 83% retention

- Quarterly dividend of $0.35 per share
- Book value per share ex. AOCI of $43.38
  - A 3% increase from year-end 2018, adjusting for $2.35 dividends per share

Financial Performance

Core income up 13% in the first quarter

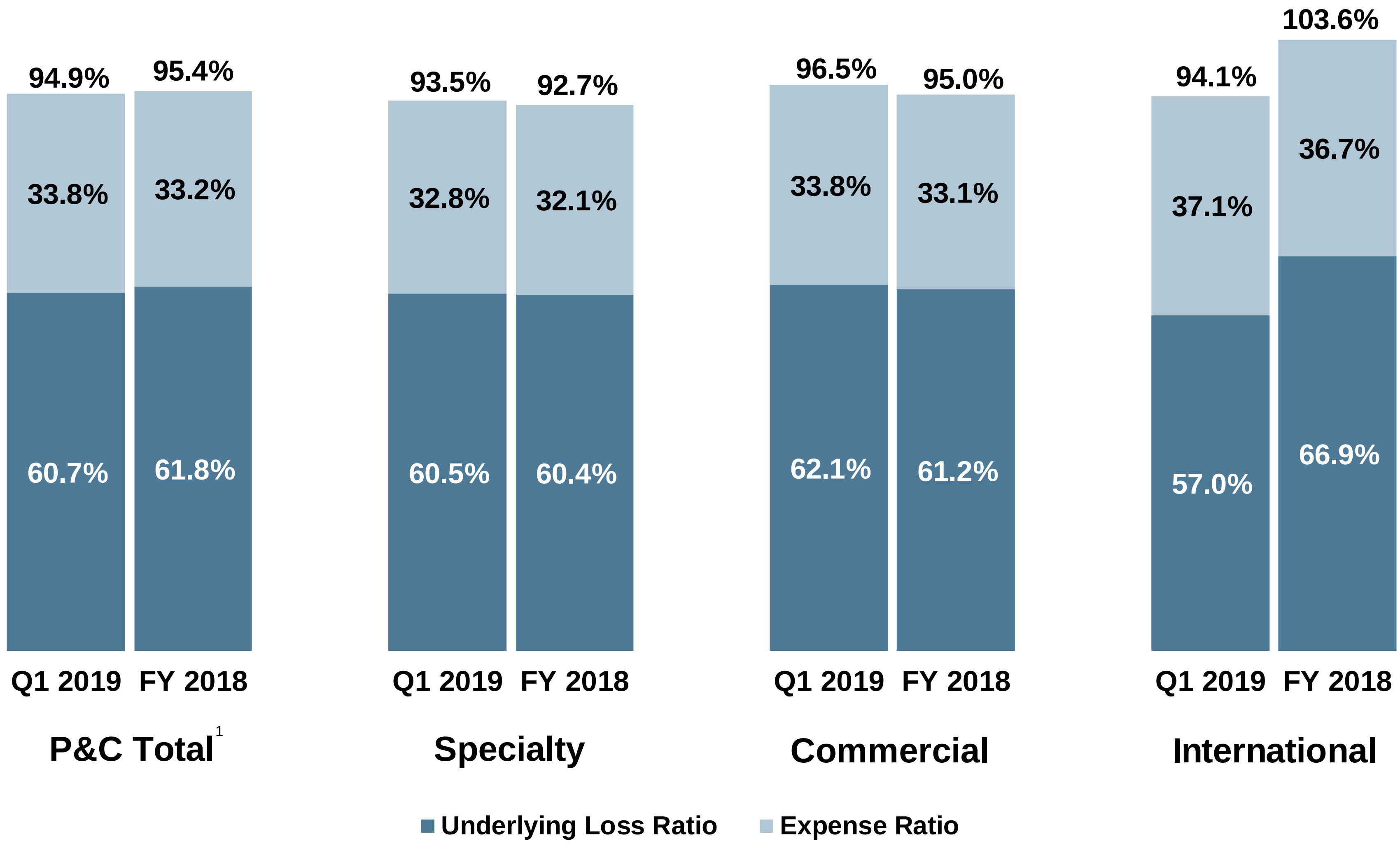
(In millions, except per share data)

	First Quarter		
	2019	**2018**	**Change**
Revenues	**$2,695**	$2,535	6%
Core income	**318**	281	13%
Net income	**342**	291	18%
Diluted earnings per common share:			
Core income	**$1.17**	$1.03	14%
Net income	**1.25**	1.07	17%
Core ROE	**10.7%**	9.3%	1.4 pts

	Mar 31, 2019	Dec 31, 2018	Change
Book value per common share	**$42.19**	$41.32	2%
Book value per common share ex. AOCI	**43.38**	44.55	(3%)
Dividends paid per share (YTD)	**2.35**	3.30	

Underlying Underwriting Results

Strong Q1 results compared with full-year 2018



[1] Difference between the total underlying combined ratio and the underlying loss ratio plus expense ratio is the dividend ratio

Property & Casualty Operations

Underlying loss ratio performance at top quartile level

(In millions, except ratios)	First Quarter	
	2019	2018
GWP ex. 3rd party captives	**$2,021**	$1,957
GWP change (% year over year)	***3%***	
Net written premium	**$1,806**	$1,813
NWP change (% year over year)	***- %***	
Underwriting gain (loss)	**$37**	$113
Loss ratio excl. catastrophes and development	**60.7%**	60.0%
Impact of catastrophes	**3.4%**	2.1%
Impact of development-related items	**(0.5%)**	(2.2%)
Loss ratio	**63.6%**	59.9%
Expense ratio	**33.8%**	32.8%
Acquisition expense	***20.1%***	*19.4%*
Underwriting expense	***13.7%***	*13.4%*
Combined ratio	**97.8%**	93.1%
Combined ratio excl. catastrophes and development	**94.9%**	93.2%

Specialty

Good growth with continued strong underlying loss ratio performance

(In millions, except ratios)

	First Quarter	
	2019	**2018**
GWP ex. 3rd party captives	**$774**	$744
GWP change (% year over year)	***4%***	
Net written premium	**$698**	$686
NWP change (% year over year)	***2%***	
Underwriting gain (loss)	**$51**	$83
Loss ratio excl. catastrophes and development	**60.5%**	60.3%
Impact of catastrophes	**1.8%**	0.5%
Impact of development-related items	**(3.0%)**	(4.5%)
Loss ratio	**59.3%**	56.3%
Expense ratio	**32.8%**	31.0%
Acquisition expense	***21.0%***	*20.1%*
Underwriting expense	***11.8%***	*10.9%*
Combined ratio	**92.3%**	87.5%
Combined ratio excl. catastrophes and development	**93.5%**	91.5%

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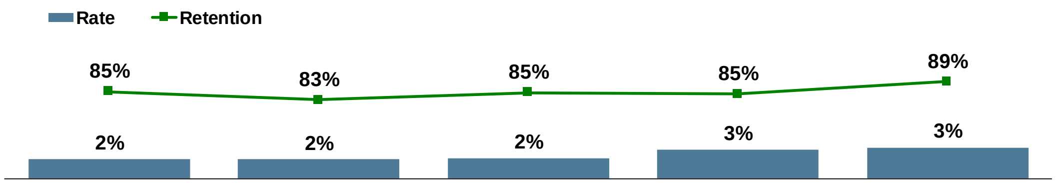
Specialty Production Metrics

Continued effective rate/retention execution

Specialty Rate & Retention	2018				2019
	Q1	Q2	Q3	Q4	Q1



	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
GWP ex. 3rd party captives ($m)	**$744**	**$762**	**$764**	**$757**	**$774**
New Business ($m)	**$80**	**$93**	**$93**	**$87**	**$86**
Healthcare					
Rate	10%	7%	5%	9%	11%
Retention	81%	73%	86%	81%	85%
Mgmt & Prof Liability					
Rate	- %	- %	1%	1%	1%
Retention	87%	85%	85%	86%	90%
Surety					
Net Written Premiums	$127	$134	$126	$111	$134
Warranty & Alt. Risks					
Revenues	$280	$289	$297	$302	$323

Note: Rate and retention metrics on renewed business are not applicable for Surety and Warranty. Large Warranty Programs & Captives business is mostly reinsured

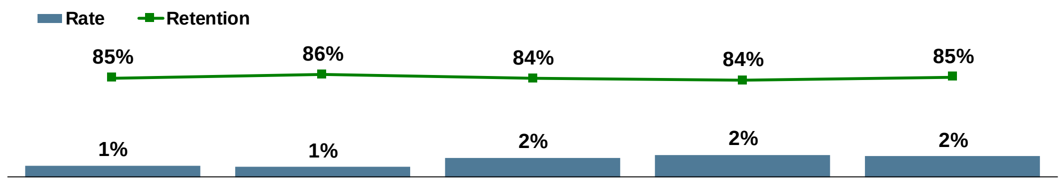
Commercial

Strong growth while underlying combined ratio elevated from prior year's very strong quarter

(In millions, except ratios)	First Quarter	
	2019	**2018**
GWP ex. 3rd party captives	**$923**	$873
GWP change (% year over year)	***6%***	
Net written premium	**$849**	$832
NWP change (% year over year)	***2%***	
Underwriting gain (loss)	**($9)**	$22
Loss ratio excl. catastrophes and development	**62.1%**	59.8%
Impact of catastrophes	**5.2%**	3.9%
Impact of development-related items	**(0.4%)**	(0.7%)
Loss ratio	**66.9%**	63.0%
Expense ratio	**33.8%**	33.5%
Acquisition expense	***18.1%***	*18.0%*
Underwriting expense	***15.7%***	*15.5%*
Combined ratio	**101.3%**	97.1%
Combined ratio excl. catastrophes and development	**96.5%**	93.9%

Commercial Production Metrics

Strong rate/retention dynamic



Commercial Rate & Retention	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1
GWP ex. 3rd party captives ($m)	**$873**	**$848**	**$754**	**$782**	**$923**
New Business ($m)	**$182**	**$157**	**$122**	**$105**	**$164**
Middle Market					
Rate	- %	- %	1%	2%	2%
Retention	84%	86%	85%	82%	85%
Small Business					
Rate	2%	1%	1%	(1%)	(3%)
Retention	81%	82%	84%	84%	85%
Other					
Rate	3%	2%	3%	4%	5%
Retention	89%	89%	83%	86%	86%

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International

Re-underwriting efforts are beginning to improve underlying combined ratio

(In millions, except ratios)	First Quarter	
	2019	2018
Gross written premium	**$324**	$340
GWP change (% year over year)	***(5%)***	
Net written premium	**$259**	$295
NWP change (% year over year)	***(12%)***	
Underwriting gain (loss)	**($5)**	$8
Loss ratio excl. catastrophes and development	**57.0%**	59.9%
Impact of catastrophes	**2.3%**	0.7%
Impact of development-related items	**5.5%**	(0.2%)
Loss ratio	**64.8%**	60.4%
Expense ratio	**37.1%**	36.2%
Acquisition expense	***24.1%***	*22.0%*
Underwriting expense	***13.0%***	*14.2%*
Combined ratio	**101.9%**	96.6%
Combined ratio excl. catastrophes and development	**94.1%**	96.1%

Life & Group

Positive core income driven by persistency

(In millions)	First Quarter	
	2019	**2018**
Net earned premiums	$130	$134
Net investment income	204	200
Other revenues	1	1
Total operating revenues	**$335**	$335
Total claims, benefits and expenses	338	335
Income Tax Benefit	13	14
Core income (loss)	**$10**	$14

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Financial Strength

Balance Sheet remains strong

(In millions, except per share data or otherwise noted)

	Mar 31, 2019	Dec 31, 2018
Debt	**$2,681**	$2,680
Common equity	**11,455**	11,217
Total capital	**$14,136**	$13,897
Debt-to-capital	**19.0%**	19.3%
Book value per common share excluding AOCI	**$43.38**	$44.55
Dividends per share paid (YTD)	**$2.35**	$3.30
Holding company cash	**$510**	$520
Total investments	**$45.6b**	$44.5b
Statutory surplus	**$10.2b**	$10.4b

Capital

- Conservative capital structure
- All capital metrics at or better than target levels

Leverage

- Low debt-to-capital ratio
- Well balanced debt maturity profile

Liquidity

- Liquidity profile remains very strong
- $287 million Q1 operating cash flow

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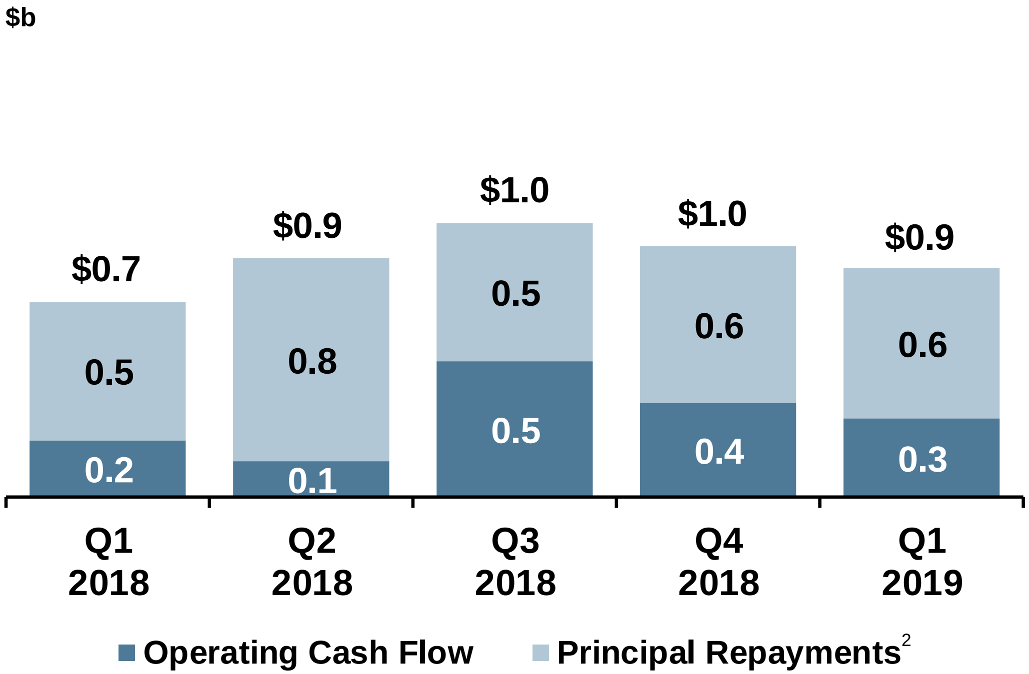
Strong Liquidity Profile

Ample operating cash flow and liquidity

Operating Company Liquidity[1]



Holding Co. Liquidity & Obligations

$m

As of March 31, 2019	
2019 Operating company dividend capacity	$1,383
Less: Last twelve months dividends	(1,036)
Current operating company dividend capacity	$347
Holding company cash	510
Availability under credit facility	250
Net corporate sources	**$1,107**
Interest expense on outstanding debt	$131
Common quarterly dividends (**$0.35**/share)	380
Estimated annual pre-tax corporate obligations	**$511**

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1 Excludes availability under Federal Home Loan Bank facility

2 Principal repayments from investments include maturities, prepayments from structured securities, calls and bank debt pay-downs

Investment Management

Well-diversified and liquid investment portfolio

March 31, 2019 Asset Class ($m)	Carrying Value $	Carrying Value %	Unrealized Gains (Losses) $
Short Term	1,474	3%	-
US Government	164	- %	2
Agency RMBS	4,173	9%	30
Foreign Government	513	1%	11
Investment Grade Corp	18,327	41%	1,176
Tax Exempt Muni	7,671	17%	924
Taxable Muni	2,925	6%	375
CMBS and ABS	3,962	9%	59
Non Agency RMBS	659	1%	42
Below Investment Grade Corp	2,149	5%	(6)
Preferred Equity	674	1%	-
Common Equity	140	- %	-
Limited Partnerships / Other	1,945	5%	-
Mortgage Loans	863	2%	-
Total Invested Assets[1]	**45,639**	**100%**	**2,613**

Highlights

- Liquidity supports underlying liability characteristics
- Diversified fixed income investment strategy with highest allocation to investment grade corporate

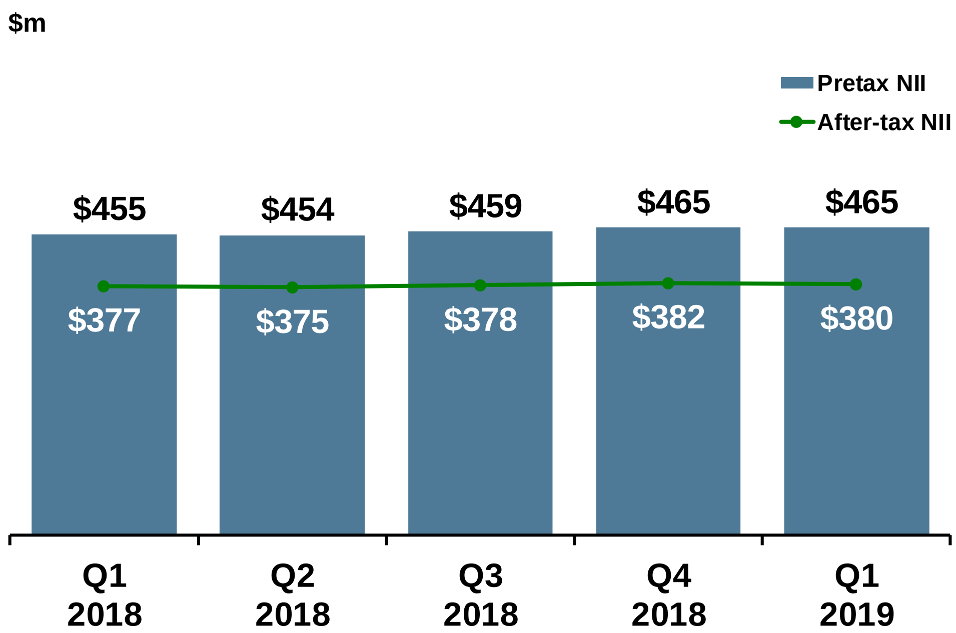
Effective Portfolio Duration	
Life & Group	8.7 yrs
P&C & Corporate	4.2 yrs
Total	**6.0 yrs**

[1] Net unrealized gain after shadow adjustment was $767 million

Net Investment Income

Limited partnerships show significant improvement in first quarter

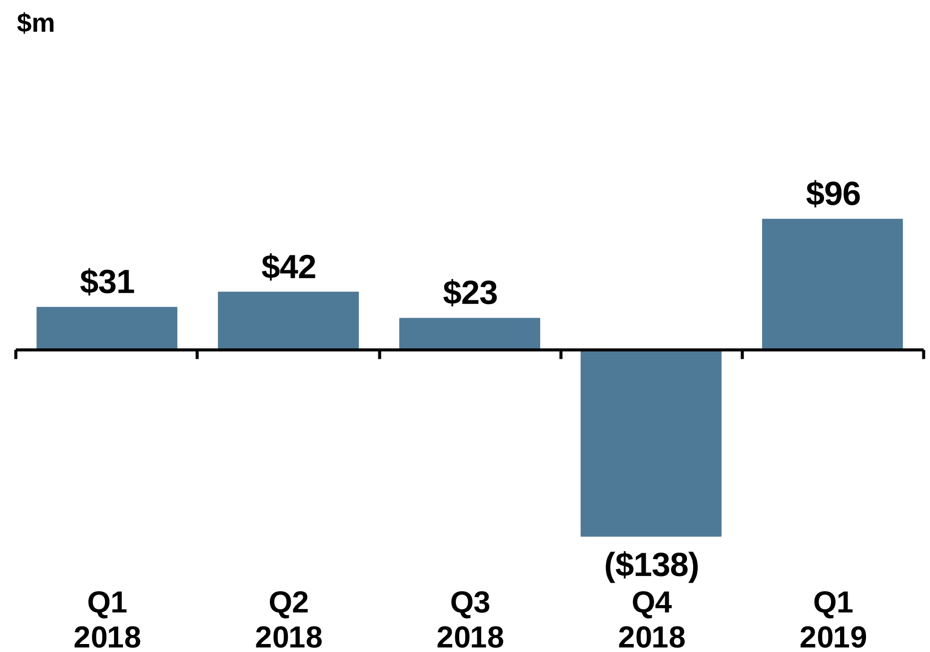
Fixed Income



Fixed Income Securities Annualized Yield After-tax

3.9%	3.9%	3.9%	3.9%	3.9%

Limited Partnerships & Common Equities



Quarterly Return Pretax

1.3%	1.8%	0.9%	(5.7%)	4.5%