CNA Financial Corporation First Quarter 2020 Results

May 4, 2020

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First Quarter Highlights

- Core income of $108 million or $0.40 per share
- Underlying loss ratio of 60.4%; expense ratio of 33.1%
- Combined ratio of 97.5%; underlying combined ratio of 93.9%
- COVID-19 related charges of $15 million pretax included in underwriting gain
- U.S. P&C gross written premium (ex. 3rd party captives) growth of 8%, 6% overall
- P&C premium rate up 1 point from Q4 to +8%
- Net investment income of $279 million after-tax reflects stable earnings from fixed income and other investments of $378 million, offset by a $99 million loss from LPs and common stock
- Net loss of $61 million or $(0.23) per share, includes Net investment losses of $169 million

- Book value per share (BVPS) of $38.18; ex. AOCI of $42.12
  - 1% decrease from year-end 2019, adjusting for $2.37 dividends per share, ex. AOCI
  - AOCI driven by unrealized losses in investment portfolio

- Quarterly dividend of $0.37 per share

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Financial Performance

Core income of $108M in the first quarter reflects improved underwriting income, more than offset by lower Net investment income

(In millions, except ratios and per share data)	First Quarter		
	2020	2019	Change
Revenues	**$2,291**	$2,695	(15)%
Core income	**108**	318	(66)%
Net (loss) income	**(61)**	342	N/M
Diluted earnings per common share:			
Core income	**$0.40**	$1.17	(66)%
Net (loss) income	**(0.23)**	1.25	N/M
Core ROE	**3.7 %**	10.7 %	(7.0) pts

Property & Casualty Operations

Continued premium growth and improved underlying combined ratio

(In millions, except ratios)	First Quarter	
	2020	**2019**
GWP ex. 3rd party captives	**$2,107**	$1,987
GWP change (% year over year)	**6 %**	
Net written premium	**$1,863**	$1,806
NWP change (% year over year)	**3 %**	
Underwriting gain (loss)	**$43**	$37
Loss ratio excl. catastrophes and development	**60.4 %**	60.7 %
Impact of catastrophes	**4.3 %**	3.4 %
Impact of development-related items	**(0.7)%**	(0.5)%
Loss ratio	**64.0 %**	63.6 %
Expense ratio	**33.1 %**	33.8 %
Combined ratio	**97.5 %**	97.8 %
Combined ratio excl. catastrophes and development	**93.9 %**	94.9 %

Specialty

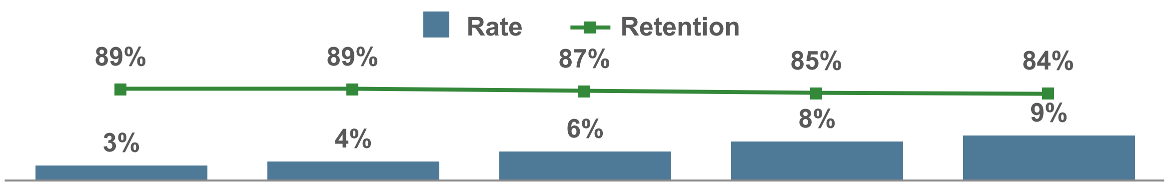
Improved underlying combined ratio driven by both loss and expense ratio

(In millions, except ratios)	First Quarter	
	2020	**2019**
GWP ex. 3rd party captives	**$741**	$730
GWP change (% year over year)	**2 %**	
Net written premium	**$694**	$698
NWP change (% year over year)	**(1)%**	
Underwriting gain (loss)	**$59**	$51
Loss ratio excl. catastrophes and development	**59.5 %**	60.5 %
Impact of catastrophes	**1.1 %**	1.8 %
Impact of development-related items	**(1.5)%**	(3.0)%
Loss ratio	**59.1 %**	59.3 %
Expense ratio	**32.0 %**	32.8 %
Combined ratio	**91.3 %**	92.3 %
Combined ratio excl. catastrophes and development	**91.7 %**	93.5 %

Specialty Production Metrics

Strong rate momentum continues; lower retention driven by ongoing re-underwriting efforts in Healthcare

Specialty Rate & Retention				
2019				2020
Q1	Q2	Q3	Q4	Q1



	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
GWP ex. 3rd party captives ($M)	**$730**	**$755**	**$778**	**$752**	**$741**
New Business ($M)	**$86**	**$97**	**$91**	**$93**	**$74**
Healthcare					
Rate	10%	14%	18%	20%	31%
Retention	85%	83%	79%	68%	64%
Mgmt & Prof Liability					
Rate	1%	2%	4%	5%	4%
Retention	90%	90%	89%	90%	89%
Surety					
Net Written Premiums	$134	$136	$130	$117	$141
Warranty & Alt. Risks					
Revenues	$323	$326	$332	$342	$337

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

Commercial

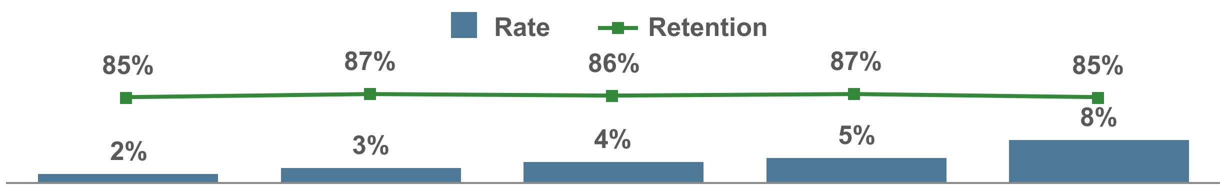
Double-digit premium growth and improved underlying loss and expense ratios

(In millions, except ratios)	First Quarter	
	2020	2019
GWP ex. 3rd party captives	**$1,059**	$932
GWP change (% year over year)	**14 %**	
Net written premium	**$950**	$849
NWP change (% year over year)	**12 %**	
Underwriting gain (loss)	**($16)**	($9)
Loss ratio excl. catastrophes and development	**61.1 %**	62.1 %
Impact of catastrophes	**7.0 %**	5.2 %
Impact of development-related items	**— %**	(0.4)%
Loss ratio	**68.1 %**	66.9 %
Expense ratio	**33.2 %**	33.8 %
Combined ratio	**101.9 %**	101.3 %
Combined ratio excl. catastrophes and development	**94.9 %**	96.5 %

Commercial Production Metrics

Strong rate momentum and new business growth

Commercial Rate & Retention				
2019				2020
Q1	Q2	Q3	Q4	Q1



GWP ex. 3rd party captives ($M)	**$932**	**$958**	**$852**	**$867**	**$1,059**
New Business ($M)	**$163**	**$186**	**$173**	**$161**	**$198**
Middle Market					
Rate	1%	2%	3%	3%	6%
Retention	85%	87%	85%	86%	85%
Construction [1]					
Rate	3%	3%	5%	5%	6%
Retention	86%	88%	86%	93%	86%
Small Business					
Rate	(3)%	(2)%	(1)%	(1)%	(1)%
Retention	84%	85%	86%	85%	86%
Other					
Rate	6%	8%	12%	13%	22%
Retention	87%	86%	86%	82%	83%

[1] Effective January 1, 2020, the Construction line of business is presented separately in the Commercial segment to better align with our underwriting expertise and the manner in which the products are sold. Prior period information has been conformed to the new line of business presentation.

International

Net written premium decline impacted by timing of reinsurance treaty renewal

(In millions, except ratios)	First Quarter	
	2020	2019
Gross written premium	**$307**	$324
GWP change (% year over year)	**(5)%**	
Net written premium	**$219**	$259
NWP change (% year over year)	**(15)%**	
Underwriting gain (loss)	**$—**	($5)
Loss ratio excl. catastrophes and development	**60.3 %**	57.0 %
Impact of catastrophes	**4.3 %**	2.3 %
Impact of development-related items	**(0.1)%**	5.5 %
Loss ratio	**64.5 %**	64.8 %
Expense ratio	**35.4 %**	37.1 %
Combined ratio	**99.9 %**	101.9 %
Combined ratio excl. catastrophes and development	**95.7 %**	94.1 %

Life & Group

Q1 2020 results in line with breakeven expectations

(In millions)	First Quarter	
	2020	**2019**
Net earned premiums	$127	$130
Net investment income	208	204
Other revenues	—	1
Total operating revenues	**$335**	**$335**
Total claims, benefits and expenses	345	338
Income tax benefit	14	13
Core income	**$4**	**$10**

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Financial Strength

Balance Sheet remains strong

(In millions, except per share data)	Mar 31, 2020	Dec 31, 2019
Debt	**$2,680**	$2,679
Stockholders' equity	**10,362**	12,215
Total capital	**$13,042**	$14,894
BVPS	**$38.18**	$45.00
BVPS ex AOCI	**$42.12**	$44.81
Impact from unrealized change	***($3.88)***	
Dividends per share	***($2.37)***	
Debt-to-capital	**20.5 %**	18.0 %
Holding company cash	**$506**	$522
Total investments	**$44,086**	$47,744
Statutory surplus	**$9,565**	$10,787

Capital

- Continue to maintain strong capital structure
- Capital remains above target levels required for all current ratings
- Book value decrease driven by unrealized losses in investment portfolio
- Adjusting for dividends, book value per share ex AOCI decreased 1%

Leverage

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

Liquidity

- Liquidity profile remains very strong
- $212 million Q1 operating cash flow

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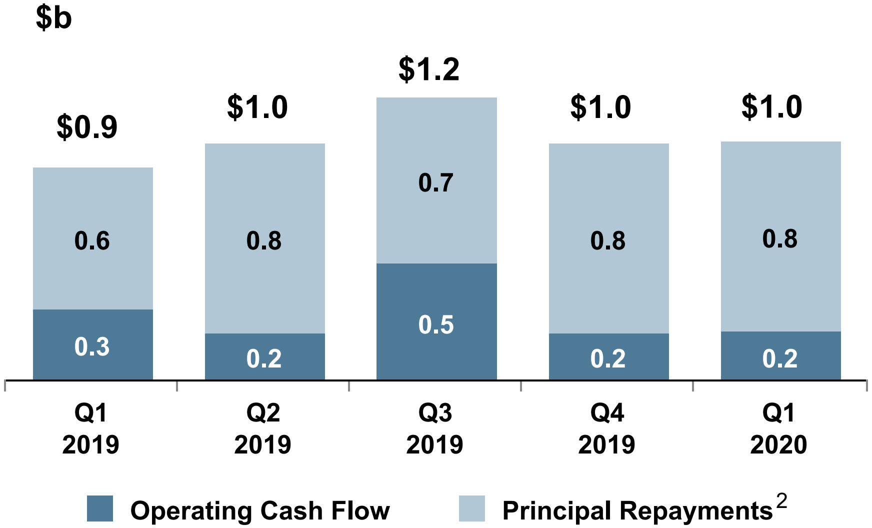
Liquidity Profile

Strong operating cash flow and liquidity

Operating Company Liquidity[1]



Holding Co. Liquidity & Obligations

$M

As of Mar 31, 2020	
2020 Operating company dividend capacity	$1,078
Less: Last twelve months dividends	(1,055)
Current operating company dividend capacity	23
Holding company cash	506
Availability under credit facility	250
Net corporate sources	**$779**
Interest expense on outstanding debt	$122
Common quarterly dividends (**$0.37**/share)	402
Estimated annual pretax corporate obligations	**$524**

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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 Portfolio

Well-diversified and liquid investment portfolio

March 31, 2020	Carrying Value		Net Unrealized G/(L)
Asset Class ($M)	**$**	**%**	**$**
Investment Grade Corp	19,085	44 %	867
Tax Exempt Muni	7,839	18 %	1,113
Agency RMBS	3,890	9 %	191
CMBS and ABS	3,834	9 %	(241)
Taxable Muni	2,652	6 %	421
Below Investment Grade Corp	1,664	4 %	(265)
Limited Partnerships / Other	1,581	4 %	—
Mortgage Loans	1,021	2 %	—
Preferred Equity	608	1 %	—
Short Term	596	1 %	(2)
Non Agency RMBS	507	1 %	8
Foreign Government	463	1 %	11
Common Equity	191	— %	—
US Government	155	— %	8
Total Invested Assets	**44,086**	**100 %**	**2,111**

Net Unrealized Impact on Stockholders' Equity (S/E)			
	Q4 2019	**Q1 2020**	**Q1 Change**
Unrealized Gain/Loss	$4,081	$2,111	$(1,970)
Shadow Adjustment	(2,782)	(2,152)	630
Tax Effect	(274)	11	285
Net Impact to S/E	**$1,025**	**($30)**	**($1,055)**
BVPS Impact			***($3.88)***

Highlights

- High-quality portfolio with an average credit rating of "A"
- Liquidity supports underlying liability characteristics
- Fixed income investment strategy with highest allocation to diversified investment grade corporates as well as highly rated municipal securities
- Change in unrealized position reflects COVID-19 financial market conditions

Effective Portfolio Duration	
Life & Group	8.7 yrs
P&C & Corporate	4.1 yrs
Total	**6.0 yrs**

Fixed Maturities by Rating	% of Portfolio
AAA	19%
AA	16%
A	22%
BBB	38%
Investment Grade	**95%**
Below Investment Grade	5%
Total Fixed Maturities	**$40,098**

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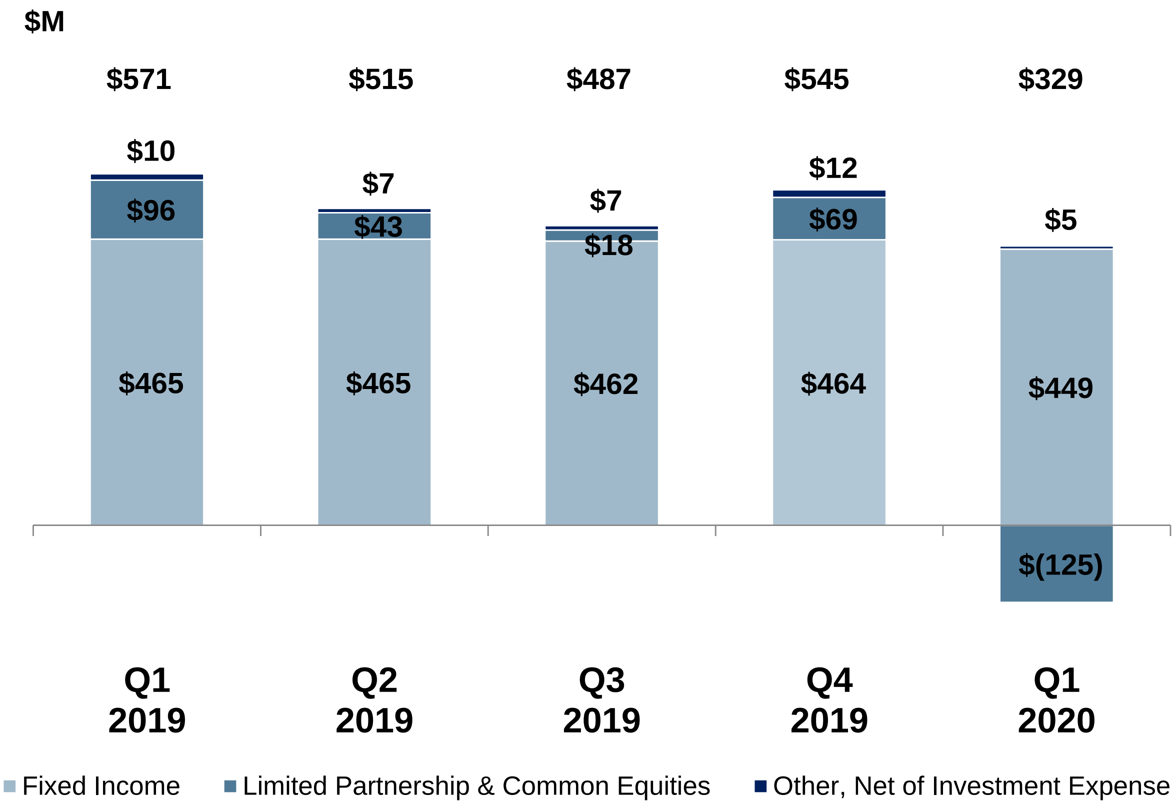
Pre-Tax Net Investment Income

NII adversely impacted by negative equity returns; fixed income in line with prior four quarters



Highlights

- The fixed income portfolio continues to provide consistent earnings
- Q1 2020 limited partnership and common equity returns driven by financial market disruption in reaction to COVID-19
- 51% of LPs report on a real-time basis, with 49% on a 1-3 month lag
- Losses predominantly from real-time LPs for Q1

Effective income yield for fixed income securities, pretax:	**4.8%**	**4.8%**	**4.8%**	**4.7%**	**4.6%**
Limited partnership and common equities return, pretax:	**4.5%**	**2.1%**	**0.9%**	**3.7%**	**(7.0%)**