



FOR IMMEDIATE RELEASE

CNA FINANCIAL ANNOUNCES FIRST QUARTER 2021 NET INCOME OF \$1.14 PER SHARE AND CORE INCOME OF \$0.96 PER SHARE

- Net income was \$312 million versus net loss of \$61 million in the prior year quarter; core income was \$263 million versus \$108 million in the prior year quarter.
- The P&C combined ratio was 98.1% compared with 97.3% in the prior year quarter, including 6.8 points of catastrophe loss impact compared with 4.3 points in the prior year quarter.
- Net catastrophe losses were \$125 million pretax versus \$75 million in the prior year quarter. Net catastrophe losses in the current quarter were primarily driven by Winter Storms Uri and Viola.
- The underlying combined ratio was 91.9% compared with 93.7% in the prior year quarter. The underlying loss ratio was 60.1% compared with 60.2% in the prior year quarter and the expense ratio was 31.5% compared with 33.1% in the prior year quarter.
- P&C segments, excluding third party captives, generated gross written premium growth of 8% and net written premium growth of 4%.
- Rate of +11% consistent with full year 2020.
- Net investment income of \$504 million pretax includes \$61 million of income from limited partnerships and common stock compared with \$329 million of pretax net investment income which included \$125 million of losses from limited partnerships and common stock in the prior year quarter.
- Book value per share of \$44.50; book value per share excluding AOCI of \$43.81, a 2% increase from year-end 2020 adjusting for \$1.13 of dividends per share.
- Board of Directors declares regular quarterly cash dividend of \$0.38 per share.

CHICAGO, May 3, 2021 --- CNA Financial Corporation (NYSE: CNA) today announced first quarter 2021 net income of \$312 million, or \$1.14 per share, versus net loss of \$61 million, or \$(0.23) per share, in the prior year quarter. Core income for the quarter was \$263 million, or \$0.96 per share, versus \$108 million, or \$0.40 per share, in the prior year quarter.

Our Property & Casualty segments produced core income of \$263 million for the first quarter of 2021, an increase of \$142 million compared to the prior year quarter primarily due to higher net investment income driven by limited partnership and common stock returns and improved non-catastrophe current accident year underwriting results. These results were partially offset by higher net catastrophe losses.

Our Life & Group and Corporate & Other segments produced core income (loss) for the first quarter of 2021 of \$36 million and \$(36) million, respectively.

CNA Financial declared a quarterly dividend of \$0.38 per share, payable June 3, 2021 to stockholders of record on May 17, 2021.

	Results for the Three Months Ended March 31	
	2021	2020
(\$ millions, except per share data)		
Net income (loss)	\$ 312	\$ (61)
Core income ^(a)	263	108
Net income (loss) per diluted share	\$ 1.14	\$ (0.23)
Core income per diluted share	0.96	0.40
	March 31, 2021	December 31, 2020
Book value per share	\$ 44.50	\$ 46.82
Book value per share excluding AOCI	43.81	43.86

(a) Management utilizes the core income (loss) financial measure to monitor the Company's operations. Please refer herein to the Reconciliation of GAAP Measures to Non-GAAP Measures section of this press release for further discussion of this non-GAAP measure.

"I am very pleased with our results as we achieved the best underlying combined ratio in over 12 years, offsetting substantially elevated catastrophes in the first quarter, as well as continued double-digit rate increases and strong new business growth. We remain bullish about our growth opportunities for the remainder of the year as we expect favorable market conditions to persist," said Dino E. Robusto, Chairman & Chief Executive Officer of CNA Financial Corporation.

Property & Casualty Operations

	Results for the Three Months Ended March 31	
	2021	2020
(\$ millions)		
Gross written premiums ex. 3 rd party captives	\$ 2,270	\$ 2,107
GWP ex. 3 rd party captives change (% year over year)	8 %	
Net written premiums	\$ 1,937	\$ 1,863
NWP change (% year over year)	4 %	
Net investment income	\$ 279	\$ 113
Core income	263	121
Loss ratio excluding catastrophes and development	60.1 %	60.2 %
Effect of catastrophe impacts	6.8	4.3
Effect of development-related items	(0.6)	(0.7)
Loss ratio	<u>66.3 %</u>	<u>63.8 %</u>
Expense ratio	31.5 %	33.1 %
Combined ratio	98.1 %	97.3 %
Combined ratio excluding catastrophes and development	91.9 %	93.7 %

- The combined ratio excluding catastrophes and development improved 1.8 points as compared with the prior year quarter. The expense ratio improved 1.6 points driven by net earned premium growth of 6%. The underlying loss ratio was largely consistent with the prior year quarter.
- The combined ratio increased 0.8 points as compared with the prior year quarter. Net catastrophe losses were \$125 million, or 6.8 points of the loss ratio in the quarter compared with \$75 million, or 4.3 points of the loss ratio, for the prior year quarter. Favorable net prior period development improved the loss ratio by 0.6 points in the current quarter compared with 0.7 points of improvement in the prior year quarter.
- P&C segments, excluding third party captives, generated gross written premium growth of 8% and net written premium growth of 4%.

Business Operating Highlights

Specialty

	Results for the Three Months Ended March 31	
(\$ millions)	2021	2020
Gross written premiums ex. 3 rd party captives	\$ 816	\$ 741
GWP ex. 3 rd party captives change (% year over year)	10 %	
Net written premiums	\$ 742	\$ 694
NWP change (% year over year)	7 %	
Core income	\$ 170	\$ 96
Loss ratio excluding catastrophes and development	59.4 %	59.5 %
Effect of catastrophe impacts	0.7	1.1
Effect of development-related items	(2.1)	(1.5)
Loss ratio	<u>58.0 %</u>	<u>59.1 %</u>
Expense ratio	30.6 %	32.0 %
Combined ratio	88.8 %	91.3 %
Combined ratio excluding catastrophes and development	90.2 %	91.7 %

- The combined ratio excluding catastrophes and development improved 1.5 points as compared with the prior year quarter. The expense ratio improved 1.4 points driven by net earned premium growth of 7%. The underlying loss ratio was largely consistent with the prior year quarter.
- The combined ratio improved by 2.5 points as compared with the prior year quarter. Net catastrophe losses were \$5 million, or 0.7 points of the loss ratio in the first quarter of 2021 compared with \$8 million, or 1.1 points of the loss ratio, for the prior year quarter. Favorable net prior period development improved the loss ratio by 2.1 points in the quarter compared with 1.5 points of improvement in the prior year quarter.
- Gross written premiums, excluding third party captives, grew 10% and net written premiums grew 7% for the first quarter of 2021.

Commercial

	Results for the Three Months Ended March 31	
	2021	2020
(\$ millions)		
Gross written premiums ex. 3 rd party captives	\$ 1,111	\$ 1,059
GWP ex. 3 rd party captives change (% year over year)	5 %	
Net written premiums	\$ 960	\$ 950
NWP change (% year over year)	1 %	
Core income	\$ 69	\$ 23
Loss ratio excluding catastrophes and development	60.8 %	60.8 %
Effect of catastrophe impacts	13.4	7.0
Effect of development-related items	0.5	—
Loss ratio	<u>74.7 %</u>	<u>67.8 %</u>
Expense ratio	31.4 %	33.2 %
Combined ratio	106.7 %	101.6 %
Combined ratio excluding catastrophes and development	92.8 %	94.6 %

- The combined ratio excluding catastrophes and development improved 1.8 points as compared with the prior year quarter due to an improvement in the expense ratio driven by net earned premium growth of 5%. The underlying loss ratio was consistent with the prior year quarter.
- The combined ratio increased 5.1 points as compared with the prior year quarter. Net catastrophe losses were \$115 million, or 13.4 points of the loss ratio in the first quarter of 2021 compared with \$57 million, or 7.0 points of the loss ratio, for the prior year quarter.
- Gross written premiums, excluding third party captives, grew 5% and net written premiums grew 1% for the first quarter of 2021.

International

	Results for the Three Months Ended March 31	
	2021	2020
(\$ millions)		
Gross written premiums	\$ 343	\$ 307
GWP change (% year over year)	12 %	
Net written premiums	\$ 235	\$ 219
NWP change (% year over year)	7 %	
Core income	\$ 24	\$ 2
Loss ratio excluding catastrophes and development	59.6 %	60.3 %
Effect of catastrophe impacts	2.0	4.3
Effect of development-related items	(0.1)	(0.1)
Loss ratio	<u>61.5 %</u>	<u>64.5 %</u>
Expense ratio	34.4 %	35.4 %
Combined ratio	95.9 %	99.9 %
Combined ratio excluding catastrophes and development	94.0 %	95.7 %

- The combined ratio excluding catastrophes and development improved 1.7 points as compared with the prior year quarter. The expense ratio improved 1.0 point driven by net earned premium growth of 5%. The underlying loss ratio improved 0.7 points.
- The combined ratio improved 4.0 points as compared with the prior year quarter. Net catastrophe losses were \$5 million, or 2.0 points of the loss ratio in the first quarter of 2021, compared with \$10 million, or 4.3 points of the loss ratio, for the prior year quarter.
- Excluding currency fluctuations, gross written premiums for International increased 6% and net written premiums increased 1% for the first quarter of 2021 as compared with the prior year quarter driven by growth in Europe and Canada.

Life & Group

	Results for the Three Months Ended March 31	
	2021	2020
(\$ millions)		
Net earned premiums	\$ 120	\$ 127
Net investment income	219	208
Core income	36	4

Core income improved \$32 million for the first quarter of 2021 as compared with the same period in 2020 driven by better than expected morbidity in the long term care business and higher net investment income.

Corporate & Other

	Results for the Three Months Ended March 31	
	2021	2020
(\$ millions)		
Net investment income	\$ 6	\$ 8
Interest expense	28	31
Core loss	(36)	(17)

Core loss increased \$19 million for the first quarter of 2021 as compared with the prior year quarter driven by the recognition of a \$12 million after-tax loss resulting from the cession of a legacy portfolio of excess workers' compensation policies under a retroactive reinsurance agreement.

Net Investment Income

	Results for the Three Months Ended March 31	
	2021	2020
Net investment income	\$ 504	\$ 329

Net investment income increased \$175 million as compared with the prior year quarter. The increase was driven by limited partnership and common stock investments, which returned 3.4%, or \$61 million for the first quarter of 2021 compared with (7.0)%, or \$(125) million in the prior year quarter.

About the Company

CNA is one of the largest U.S. commercial property and casualty insurance companies. Backed by more than 120 years of experience, CNA provides a broad range of standard and specialized insurance products and services for businesses and professionals in the U.S., Canada and Europe. For more information, please visit CNA at www.cna.com.

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Conference Call and Webcast/Presentation Information

A conference call for investors and the professional investment community will be held at 8:00 a.m. (CT) today. On the conference call will be Dino E. Robusto, Chairman and Chief Executive Officer of CNA Financial Corporation, Al Miralles, Executive Vice President and Chief Financial Officer of CNA Financial Corporation and other members of senior management. Participants can access the call by dialing (800) 289-0571, or for international callers, +1 (720) 543-0206. The call will also be broadcast live on the internet and may be accessed from the Investor Relations page of the CNA website (www.cna.com). A presentation will be posted and available on the CNA website and will provide additional insight into the results.

The call is available to the media, but questions will be restricted to investors and the professional investment community. An online replay will be available on CNA's website following the call. Financial supplement information related to the results is available on the investor relations pages of the CNA website or by contacting investor.relations@cna.com.

Definition of Reported Segments

- **Specialty** provides management and professional liability and other coverages through property and casualty products and services using a network of brokers, independent agencies and managing general underwriters.
- **Commercial** works with a network of brokers and independent agents to market a broad range of property and casualty insurance products and services to small, middle-market and large businesses.
- **International** underwrites property and casualty coverages on a global basis through two insurance companies based in the U.K. and Luxembourg, a branch operation in Canada as well as through our Lloyd's Syndicate.
- **Life & Group** primarily includes the results of the individual and group long term care businesses that are in run off.
- **Corporate & Other** primarily includes certain corporate expenses, including interest on corporate debt, and the results of certain property and casualty business in run-off, including CNA Re, asbestos and environmental pollution (A&EP), excess workers' compensation and legacy mass tort.

Financial Measures

Management utilizes the following metrics in their evaluation of the Property & Casualty Operations. These ratios are calculated using financial results prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

- **Loss ratio** is the percentage of net incurred claim and claim adjustment expenses to net earned premiums.
- **Underlying loss ratio** represents the loss ratio excluding catastrophes and development.
- **Expense ratio** is the percentage of insurance underwriting and acquisition expenses, including the amortization of deferred acquisition costs, to net earned premiums.
- **Dividend ratio** is the ratio of policyholders' dividends incurred to net earned premiums.
- **Combined ratio** is the sum of the loss, expense and dividend ratios.
- **Underlying combined ratio** is the sum of the underlying loss, expense and dividend ratios.
- **Renewal premium change** represents the estimated change in average premium on policies that renew, including rate and exposure changes.
- **Rate** represents the average change in price on policies that renew excluding exposure change. For certain products within Small Business, where quantifiable, rate includes the influence of new business as well.
- **Retention** represents the percentage of premium dollars renewed in comparison to the expiring premium dollars from policies available to renew.
- **New business** represents premiums from policies written with new customers and additional policies written with existing customers.

Gross written premiums ex. 3rd party captives represents gross written premiums excluding business which is ceded to third party captives, including business related to large warranty programs.

The Company's investment portfolio is monitored by management through analysis of various factors including unrealized gains and losses on securities, portfolio duration and exposure to market and credit risk.

Reconciliation of GAAP Measures to Non-GAAP Measures

This press release also contains financial measures that are not in accordance with GAAP. Management utilizes these financial measures to monitor the Company's insurance operations and investment portfolio. The Company believes the presentation of these measures provides investors with a better understanding of the significant factors that comprise the Company's operating performance. Reconciliations of these measures to the most comparable GAAP measures follow below.

Reconciliation of Net Income (Loss) to Core Income (Loss)

Core income (loss) is calculated by excluding from net income (loss) the after-tax effects of net investment gains or losses and any cumulative effects of changes in accounting guidance. The calculation of core income (loss) excludes net investment gains or losses because net investment gains or losses are generally driven by economic factors that are not necessarily reflective of our primary operations. Management monitors core income (loss) for each business segment to assess segment performance. Presentation of consolidated core income (loss) is deemed to be a non-GAAP financial measure.

	Results for the Three Months Ended March 31	
	2021	2020
(\$ millions)		
Net income (loss)	\$ 312	\$ (61)
Less: Net investment gains (losses)	49	(169)
Core income	<u>\$ 263</u>	<u>\$ 108</u>

Reconciliation of Net Income (Loss) per Diluted Share to Core Income (Loss) per Diluted Share

Core income (loss) per diluted share provides management and investors with a valuable measure of the Company's operating performance for the same reasons applicable to its underlying measure, core income (loss). Core income (loss) per diluted share is core income (loss) on a per diluted share basis.

	Results for the Three Months Ended March 31	
	2021	2020
Net income (loss) per diluted share	\$ 1.14	\$ (0.23)
Less: Net investment gains (losses)	0.18	(0.63)
Core income per diluted share	<u>\$ 0.96</u>	<u>\$ 0.40</u>

Reconciliation of Book Value per Share to Book Value per Share Excluding AOCI

Book value per share excluding AOCI allows management and investors to analyze the amount of the Company's net worth primarily attributable to the Company's business operations. The Company believes this measurement is useful as it reduces the effect of items that can fluctuate significantly from period to period, primarily based on changes in interest rates.

	March 31, 2021	December 31, 2020
Book value per share	\$ 44.50	\$ 46.82
Less: Per share impact of AOCI	0.69	2.96
Book value per share excluding AOCI	<u>\$ 43.81</u>	<u>\$ 43.86</u>

Calculation of Return on Equity and Core Return on Equity

Core return on equity provides management and investors with a measure of how effectively the Company is investing the portion of the Company's net worth that is primarily attributable to its business operations.

	Results for the Three Months Ended March 31	
	2021	2020
(\$ millions)		
Annualized net income (loss)	\$ 1,247	\$ (245)
Average stockholders' equity including AOCI ^(a)	12,398	11,288
Return on equity	10.1 %	(2.2) %
Annualized core income	\$ 1,053	\$ 433
Average stockholders' equity excluding AOCI ^(a)	11,903	11,797
Core return on equity	8.8 %	3.7 %

(a) Average stockholders' equity is calculated using a simple average of the beginning and ending balances for the period.

For additional information, please refer to CNA's most recent 10-K on file with the Securities and Exchange Commission, as well as the financial supplement, available at www.cna.com.

Forward-Looking Statements

This press release includes statements that relate to anticipated future events (forward-looking statements) rather than actual present conditions or historical events. These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and generally include words such as "believes," "expects," "intends," "anticipates," "estimates" and similar expressions. Forward-looking statements, by their nature, are subject to a variety of inherent risks and uncertainties that could cause actual results to differ materially from the results projected. Many of these risks and uncertainties cannot be controlled by CNA. For a detailed description of these risks and uncertainties please refer to CNA's filings with the Securities and Exchange Commission, available at www.cna.com.

Any forward-looking statements made in this press release are made by CNA as of the date of this press release. Further, CNA does not have any obligation to update or revise any forward-looking statement contained in this press release, even if CNA's expectations or any related events, conditions or circumstances change.

Any descriptions of coverage under CNA policies or programs in this press release are provided for convenience only and are not to be relied upon with respect to questions of coverage, exclusions or limitations. With regard to all such matters, the terms and provisions of relevant insurance policies are primary and controlling. In addition, please note that all coverages may not be available in all states.

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