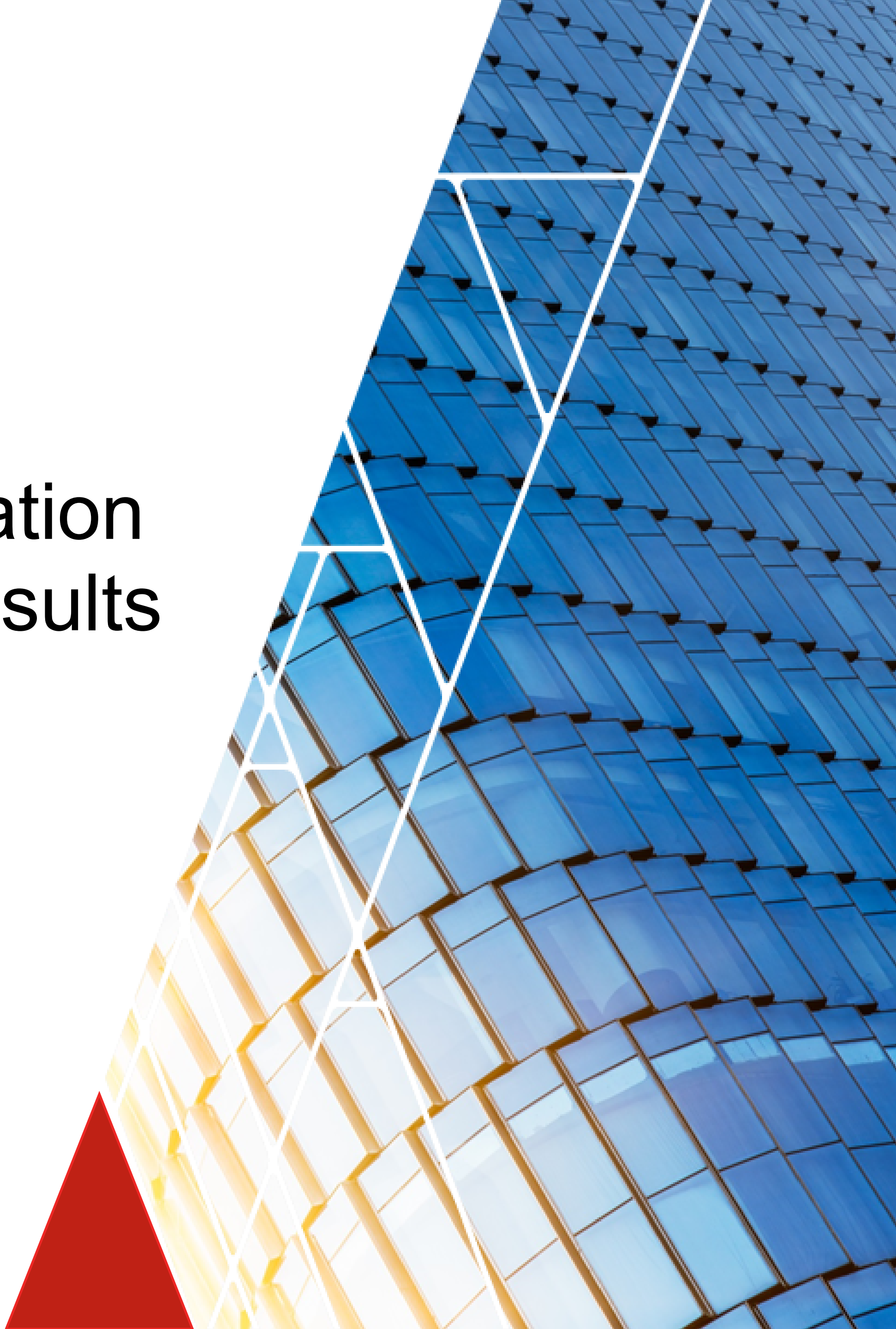
CNA Financial Corporation Third Quarter 2022 Results

October 31, 2022



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Third Quarter Overview

- Net income of $128 million, which includes $85 million of net investment losses, versus net income of $256 million, which includes $19 million of net investment gains, in the prior year quarter.
- Core income of $213 million versus $237 million in the prior year quarter reflects a $121 million pretax decline in investment income from LPs and common stock, partially offset by a $28 million pretax increase in investment income from fixed income securities and an $85 million pretax increase in P&C underwriting income.
- P&C core income of $260 million versus $217 million in the prior year quarter reflects higher pretax underwriting income and higher investment income from fixed income securities, partially offset by lower investment income from LPs and common stock.
- Life & Group core loss of $(22) million versus core income of $41 million in the prior year quarter reflects lower investment income from LPs. Results for the third quarter of 2022 included a favorable impact of $30 million pretax from the annual claim reserve reviews and there was no long term care unlocking event for active life reserves as a result of the gross premium valuation.
- Corporate & Other core loss of $(25) million versus $(21) million in the prior year quarter.
- P&C combined ratio of 95.8%, compared with 100.0% in the prior year quarter, including 5.5 points of catastrophe loss impact compared with 9.2 points in the prior year quarter.
- Pretax catastrophe losses of $114 million, including $87 million for Hurricane Ian, versus $178 million in the prior year quarter.
- Underlying combined ratio of 91.1% was consistent with the prior year quarter. The underlying loss ratio was 59.9% and the expense ratio was 30.8%.
- P&C segments, excluding third party captives, generated gross written premium growth of 9%, or 10% excluding currency fluctuations. Net written premium growth of 8% in the quarter, or 9% excluding currency fluctuations.
- P&C renewal premium change of +8%, with written rate of +5% and exposure change of +3%. Earned rate of +7% for the quarter.
- Book value per share of $29.88 was impacted by a decrease in AOCI reflecting the effect of higher interest rates on fixed income securities net unrealized gains and losses; book value per share excluding AOCI of $45.16, a 5% increase from year-end 2021 adjusting for $3.20 of dividends per share.
- Board of Directors declares regular quarterly cash dividend of $0.40 per share.

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Financial Performance

Core income reflects improved underwriting results, higher fixed income and lower LP and common stock returns

(In millions, except ratios and per share data)	Third Quarter			Year to Date		
	2022	2021	Change	2022	2021	Change
Revenues	**$2,957**	$2,959	— %	**$8,768**	$8,854	(1)%
Core income	**213**	237	(10)%	**774**	841	(8)%
Net income	**128**	256	(50)%	**646**	936	(31)%
Diluted earnings per common share:						
Core income	**$0.78**	$0.87	(10)%	**$2.84**	$3.08	(8)%
Net income	**0.47**	0.94	(50)%	**2.37**	3.43	(31)%
Core ROE	**6.9 %**	7.7 %	(0.8) pts	**8.3 %**	9.3 %	(1.0) pts

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Property & Casualty Operations

Improved underwriting performance from lower catastrophes and continued strong growth

(In millions, except ratios)	Third Quarter		Year to Date	
	2022	2021	2022	2021
GWP ex. 3rd party captives	**$2,430**	$2,224	**$7,560**	$6,790
GWP change (% year over year)	**9 %**		**11 %**	
Net written premium	**$2,060**	$1,909	**$6,379**	$5,755
NWP change (% year over year)	**8 %**		**11 %**	
Underwriting gain (loss)	**$84**	($1)	**$425**	$148
Loss ratio excl. catastrophes and development	**59.9 %**	60.2 %	**60.0 %**	59.9 %
Impact of catastrophes	**5.5 %**	9.2 %	**2.8 %**	6.3 %
Impact of development-related items	**(0.8)%**	(0.3)%	**(0.9)%**	(0.4)%
Loss ratio	**64.6 %**	69.1 %	**61.9 %**	65.8 %
Expense ratio	**30.8 %**	30.7 %	**30.8 %**	31.3 %
Combined ratio	**95.8 %**	100.0 %	**93.0 %**	97.4 %
Combined ratio excl. catastrophes and development	**91.1 %**	91.1 %	**91.1 %**	91.5 %

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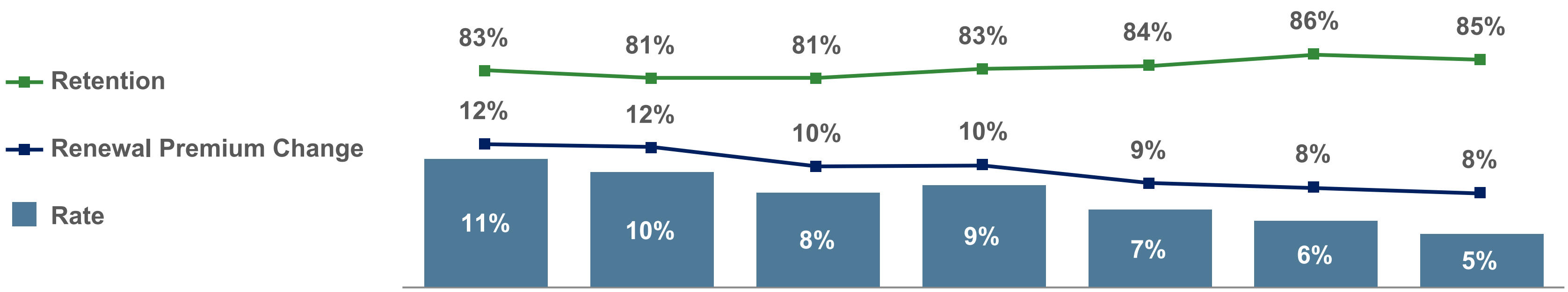
Property & Casualty Production Metrics

Rates continue to moderate slowly while retention is at historically high levels

Property & Casualty Rate & Retention

	2021				2022		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3



GWP ex. 3rd party captives ($M)	**$2,270**	**$2,296**	**$2,224**	**$2,513**	**$2,454**	**$2,676**	**$2,430**
New Business ($M)	**$394**	**$393**	**$405**	**$478**	**$451**	**$500**	**$455**

Specialty							
Rate	10%	12%	10%	12%	10%	7%	5%
Retention	86%	85%	80%	83%	85%	85%	87%
Commercial							
Rate	10%	8%	6%	6%	5%	5%	4%
Retention	83%	80%	83%	83%	86%	87%	84%
International							
Rate	14%	14%	13%	13%	9%	6%	6%
Retention	75%	77%	79%	82%	73%	84%	82%

Specialty

9th consecutive quarter of all-in combined ratio below 90% and record underlying loss ratio

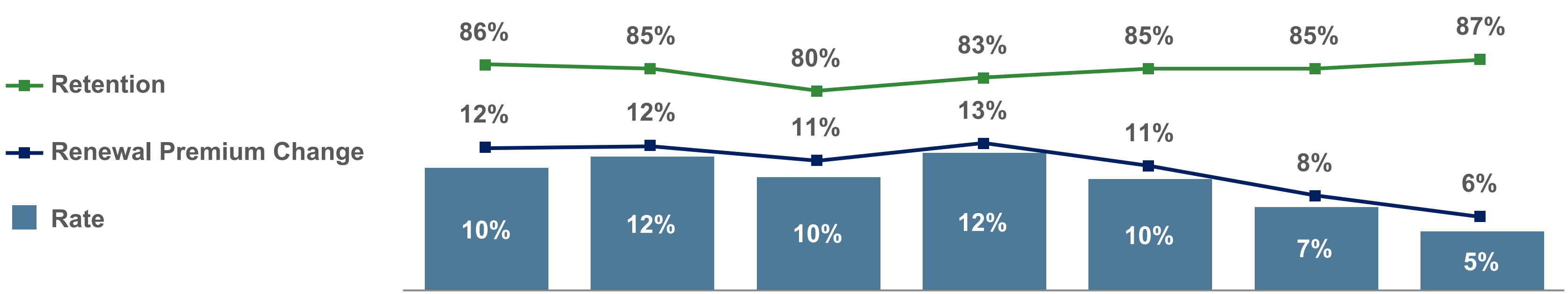
(In millions, except ratios)	Third Quarter		Year to Date	
	2022	2021	2022	2021
GWP ex. 3rd party captives	**$958**	$943	**$2,816**	$2,656
GWP change (% year over year)	**2 %**		**6 %**	
Net written premium	**$840**	$822	**$2,443**	$2,350
NWP change (% year over year)	**2 %**		**4 %**	
Underwriting gain	**$92**	$91	**$273**	$266
Loss ratio excl. catastrophes and development	**58.4 %**	59.1 %	**58.6 %**	59.1 %
Impact of catastrophes	**0.2 %**	0.4 %	**0.1 %**	0.4 %
Impact of development-related items	**(1.9)%**	(1.8)%	**(1.4)%**	(1.7)%
Loss ratio	**56.7 %**	57.7 %	**57.3 %**	57.8 %
Expense ratio	**31.7 %**	30.6 %	**31.0 %**	30.4 %
Combined ratio	**88.7 %**	88.2 %	**88.5 %**	88.3 %
Combined ratio excl. catastrophes and development	**90.4 %**	89.6 %	**89.8 %**	89.6 %

Specialty Production Metrics

4th successive quarter of improved retention with +5% of written rate and +9% of earned rate

Specialty Rate & Retention

	2021				2022		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3



	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3
GWP ex. 3rd party captives ($M)	**$816**	**$897**	**$943**	**$1,016**	**$885**	**$973**	**$958**
New Business ($M)	**$103**	**$121**	**$147**	**$180**	**$145**	**$132**	**$130**
FI & Mgmt Liability							
Rate	16%	17%	17%	19%	19%	10%	6%
Retention	89%	88%	86%	86%	89%	90%	88%
Affinity Professional E&O							
Rate	2%	2%	2%	3%	2%	3%	2%
Retention	93%	93%	92%	92%	90%	90%	90%
Medical Malpractice							
Rate	18%	14%	8%	11%	9%	6%	6%
Retention	76%	72%	61%	66%	71%	69%	82%
Surety							
Net Written Premiums	$136	$133	$129	$126	$149	$162	$153
Warranty & Alt. Risks							
Revenues	$381	$407	$406	$430	$437	$444	$451

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Commercial

Record low underlying combined ratio and excellent growth

(In millions, except ratios)	Third Quarter		Year to Date	
	2022	**2021**	**2022**	**2021**
GWP ex. 3rd party captives	**$1,184**	$1,005	**$3,711**	$3,176
GWP change (% year over year)	**18 %**		**17 %**	
Net written premium	**$962**	$831	**$3,097**	$2,622
NWP change (% year over year)	**16 %**		**18 %**	
Underwriting (loss) gain	**($23)**	($105)	**$94**	($159)
Loss ratio excl. catastrophes and development	**61.5 %**	61.5 %	**61.5 %**	60.8 %
Impact of catastrophes	**10.0 %**	18.6 %	**5.0 %**	12.6 %
Impact of development-related items	**— %**	0.5 %	**(0.5)%**	0.6 %
Loss ratio	**71.5 %**	80.6 %	**66.0 %**	74.0 %
Expense ratio	**29.9 %**	30.4 %	**30.1 %**	31.4 %
Combined ratio	**101.9 %**	111.6 %	**96.6 %**	106.0 %
Combined ratio excl. catastrophes and development	**91.9 %**	92.5 %	**92.1 %**	92.8 %

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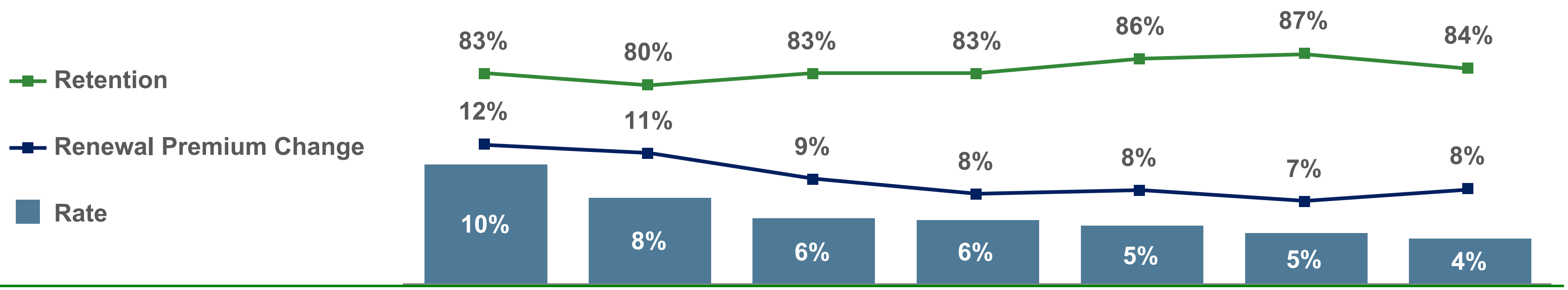
Commercial Production Metrics

Renewal premium change up a point in the quarter with continued slow moderation in rates

Commercial Rate & Retention



	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3
GWP ex. 3rd party captives ($M)	$1,111	$1,060	$1,005	$1,158	$1,206	$1,321	$1,184
New Business ($M)	$211	$201	$204	$228	$228	$280	$246
Middle Market							
Rate	8%	5%	4%	4%	3%	3%	2%
Retention	82%	77%	84%	84%	83%	87%	86%
Construction							
Rate	10%	9%	7%	6%	5%	5%	5%
Retention	84%	86%	83%	85%	90%	90%	82%
National Accounts							
Rate	24%	15%	12%	10%	11%	10%	8%
Retention	81%	73%	80%	83%	85%	86%	86%
Small Business							
Rate	1%	1%	2%	3%	3%	3%	2%
Retention	84%	84%	85%	83%	85%	83%	85%
Marine / Other							
Net Written Premium	$63	$66	$62	$72	$72	$101	$82

International

NWP was up +8% ex currency fluctuations in the quarter with improved all-in and underlying combined ratios

(In millions, except ratios)	Third Quarter		Year to Date	
	2022	2021	2022	2021
Gross written premium	**$288**	$276	**$1,033**	$958
GWP change (% year over year)[1]	**4 %**		**8 %**	
Net written premium	**$258**	$256	**$839**	$783
NWP change (% year over year)[1]	**1 %**		**7 %**	
Underwriting gain	**$15**	$13	**$58**	$41
Loss ratio excl. catastrophes and development	**58.6 %**	58.9 %	**58.6 %**	59.2 %
Impact of catastrophes	**4.1 %**	3.4 %	**2.7 %**	2.0 %
Impact of development-related items	**— %**	1.1 %	**(0.6)%**	0.3 %
Loss ratio	**62.7 %**	63.4 %	**60.7 %**	61.5 %
Expense ratio	**31.7 %**	32.1 %	**32.1 %**	33.3 %
Combined ratio	**94.4 %**	95.5 %	**92.8 %**	94.8 %
Combined ratio excl. catastrophes and development	**90.3 %**	91.0 %	**90.7 %**	92.5 %

[1] Excluding currency fluctuations, GWP and NWP grew 12% and 8% for the third quarter and grew 13% year to date

LTC Progress Focused on Active Management

Proactive approach to managing block across all dimensions of the business

Commentary

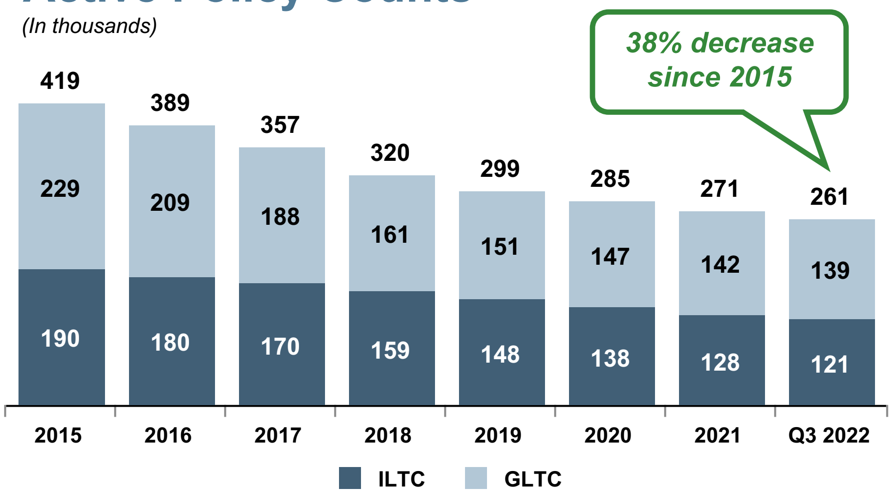
- Active policy counts are down 38% since 2015
- Reserving claim counts meaningfully below 2019 levels
- Individual block is mature with extensive claims history to set assumptions
- Group block, although less mature, has significantly less rich benefits

Block Characteristics

		Individual Block	Group Block
Benefits	Average Age	81 years old	68 years old
	Average Max Daily Benefit (current)	$267	$208
	% of policies with Lifetime Benefits	39%	1%
	Average Benefit Period (non-lifetime)	3.8 years	4.6 years
	% of policies with Compound Inflation	44%	14%
	% of policies with Simple Inflation	25%	1%
Claims	# of Open Claims (includes BNR counts)	13.1k	3.2k
	Average Age of New Claimant	85 years old	76 years old

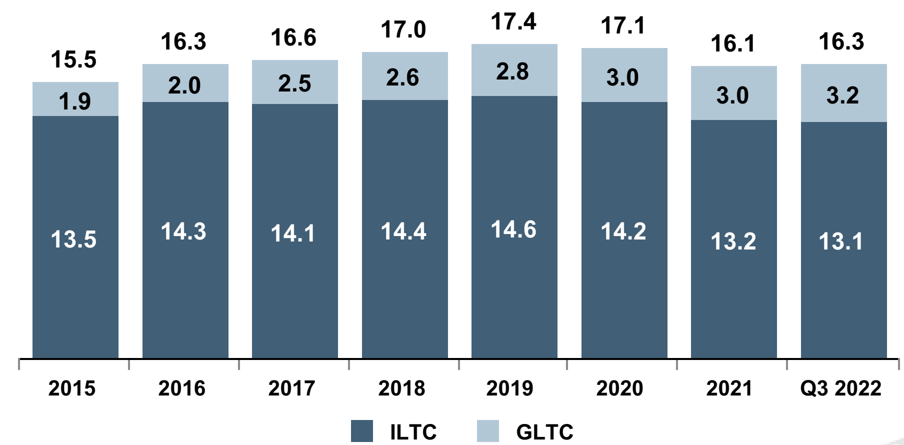
Active Policy Counts[1,2]

(In thousands)



Reserving Claim Counts[1]

(In thousands)



[1] Individual block statistics do not include CNA's 50% coinsurance business (32k active policies and 3k claims as of Q3 2022)
[2] Active policies do not include fully paid-up limited benefit policies (95k as of Q3 2022)

2022 LTC Active Life Reserve Review

Margin build of $53M on active life reserves

(In millions)

2021 LTC Active Life Reserve Margin:			**$72**
Key Business Drivers	**Economic Assumptions**[1]	Unfavorable impacts from increased inflation expectations, partially offset by favorable impacts from increased market rates. Normative risk free rate assumption for the 10 year tenor remains at 2.75%, grading in over 10 years	**($130)**
	Morbidity	Unfavorable impacts driven by refinements to claim frequency and severity assumptions	**($30)**
	Persistency	Favorable impacts driven by refinements to healthy life mortality rates	**+$40**
	Premium Rate Actions	Favorable impacts substantially due to rate achievement greater than 2021 estimates	**+$190**
	Expense & Other	Refinement of operational and overhead expense expectations from increased inflation	**($17)**
2022 LTC Active Life Reserve Margin:			**$125**

[1] Economic Assumptions include the impact of interest rates and cost of care inflation

Life & Group

LTC results impacted by unfavorable limited partnership returns

(In millions)	Third Quarter		Year to Date	
	2022	2021	2022	2021
Net earned premiums	$118	$123	$356	$369
Net investment income	187	240	600	724
Other revenues	—	(1)	—	(1)
Total operating revenues	**$305**	**$362**	**$956**	**$1,092**
Total claims, benefits and expenses	341	324	980	981
Income tax benefit	14	3	31	9
Core (loss) income	**($22)**	**$41**	**$7**	**$120**

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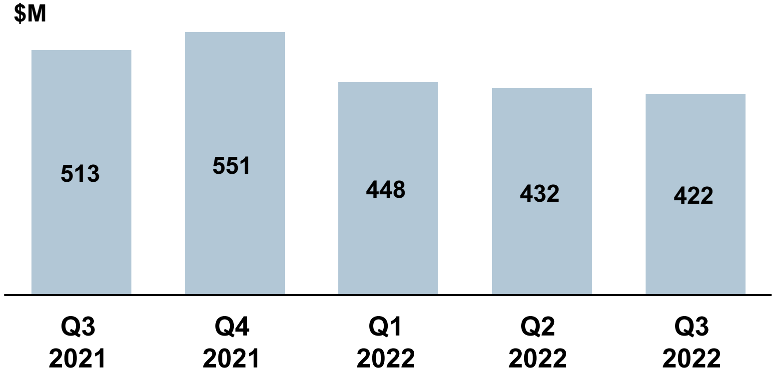
Pretax Net Investment Income

Higher income from fixed income securities more than offset by lower returns from LPs and common stock

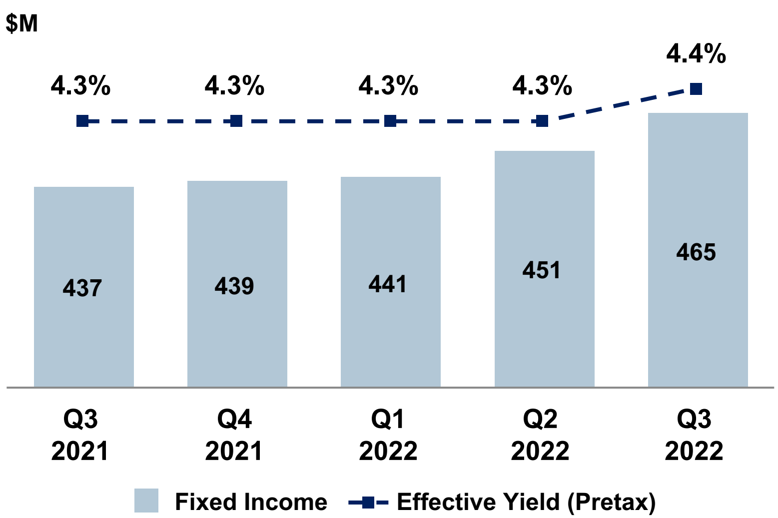
Total CNAF



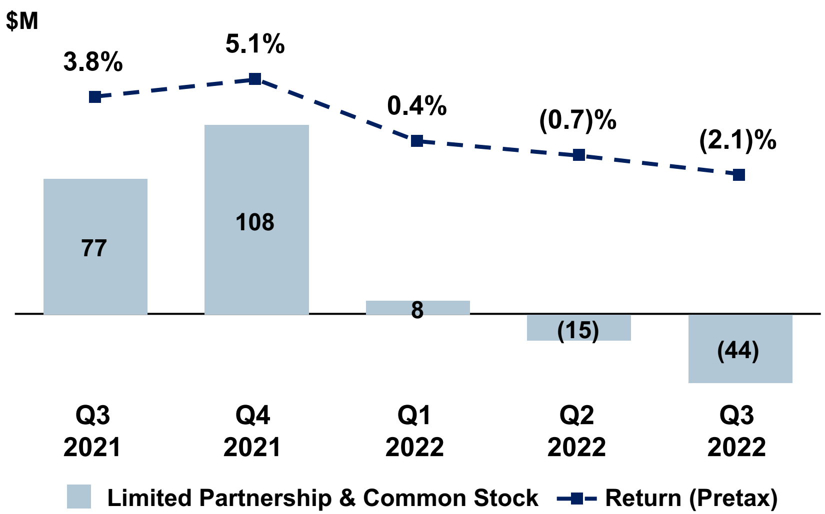
Highlights

- Net investment income of $422M includes a $28M increase from fixed income, more than offset by a $121M decline from LPs and common stock which we include in core income
- Private equity funds, which primarily report results on a quarter lag, comprise over 75% of our limited partnership portfolio
- Fixed income continues to benefit from strong operating cash flows and favorable reinvestment yields; the effective income yield on fixed income increased to 4.4% during the quarter

Fixed Income Securities



Limited Partnership & Common Stock



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Investment Portfolio

Diversified and liquid investment portfolio

Fixed Maturities by Rating	% of Portfolio
AAA	13%
AA	17%
A	24%
BBB	41%
Investment Grade	**95%**
Below Investment Grade	5%
Total Fixed Maturities	**100%**

Effective Portfolio Duration	
Life & Group	9.8 yrs
P&C and Corporate	4.8 yrs
Total	**6.7 yrs**

Net Unrealized Impact on Stockholders' Equity (S/E)	Q4 2021	Q3 2022	YTD Change
Unrealized Gain/(Loss)	$4,446	($4,075)	($8,521)
Shadow Adjustments[1]	(3,136)	(59)	3,077
Tax Effect	(273)	879	1,152
Net Impact to S/E	**$1,037**	**($3,255)**	**($4,292)**
BVPS Impact			***($15.84)***

Highlights

- 90% of total invested assets are in fixed income securities
- High-quality portfolio with an average credit rating of “A”
- Life & Group duration lengthened to 9.8 years from 8.9 years at Q1 2022 which reflects strategic repositioning to capitalize on higher rates and reduce reinvestment risk
- Higher rate environment positively impacts the outlook for investment income while adversely impacting our net unrealized position and stockholders' equity
- Shadow adjustments apply to the extent there are unrealized investment gains on fixed income securities backing LTC reserves

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[1] As of Q3 2022 the investments supporting LTC reserves were in a net unrealized loss position. Accordingly, no shadow adjustment was applied to LTC. The shadow adjustment at Q3 2022 relates exclusively to the assets supporting structured settlement reserves.

Liquidity Profile

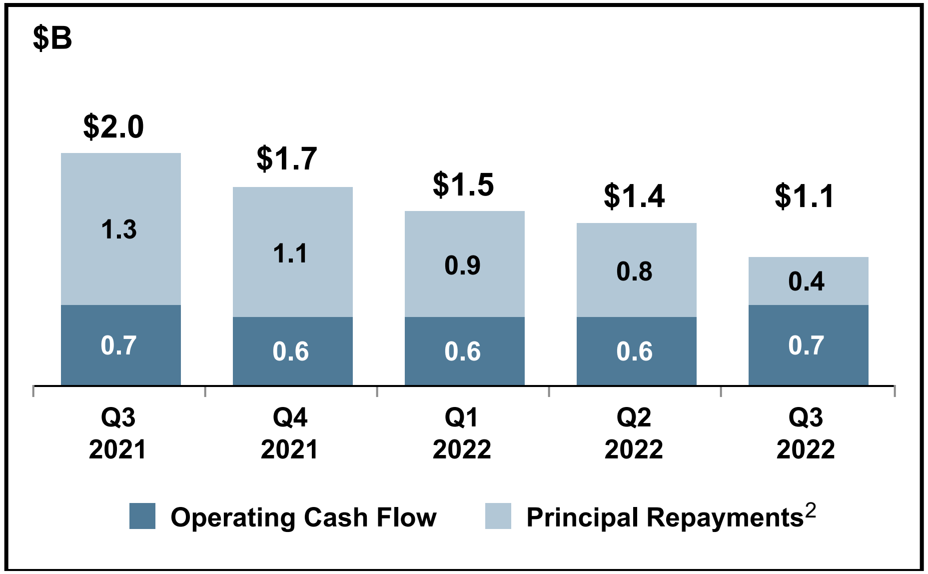
Ample liquidity at both holding and operating company levels to meet obligations

Holding Co. Liquidity & Obligations

$M

As of September 30, 2022	
2022 Operating company dividend capacity	$1,201
Less: Last twelve months dividends	(1,125)
Current operating company dividend capacity	76
Holding company cash	557
Availability under credit facility	250
Net corporate sources	**$883**
Interest expense on outstanding debt	$109
Common quarterly dividends ($0.40/share)	434
Estimated annual pretax corporate obligations	**$543**

Operating Company Liquidity[1]



[1] Excludes availability under Federal Home Loan Bank Facility
[2] Principal repayments from investments include maturities, repayments from structured securities, calls and bank debt pay-downs

Financial Strength

Conservative capital and debt profile support business objectives

(In millions, except per share data)	**Sept 30, 2022**	**Dec 31, 2021**
Debt	**$2,780**	$2,779
Stockholders' Equity	**8,094**	12,809
Total capital	**$10,874**	$15,588
AOCI	**(4,139)**	320
Capital ex AOCI	**$ 15,013**	$ 15,268
BVPS ex AOCI	**$45.16**	$46.02
Dividends per share (YTD)	**$3.20**	$2.27
Debt-to-capital	**25.6%**	17.8%
Debt-to-capital ex AOCI	**18.5%**	18.2%
Statutory surplus	**$10,382**	$11,321

Capital

- Financial strength ratings of A from AM Best and A+ from Fitch were affirmed during the third quarter with stable outlooks
- Statutory surplus is stable, adjusted for dividends
- Adjusting for dividends, book value per share ex AOCI increased 5%

Leverage

- Debt maturity schedule is termed out to effectively manage refinancing
- Next debt maturity in the fourth quarter of 2023

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