CNA Financial Corporation Second Quarter 2024 Results

July 29, 2024

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Reconciliation of GAAP Measures to Non-GAAP Measures
This earnings presentation contains financial measures that are not in accordance with accounting principles generally accepted in the United States of America (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 can be found in the Appendix to this presentation. For additional information, please refer to CNA's filings with the Securities and Exchange Commission, available at www.cna.com

Available Information and Risk Factors
CNA files annual, quarterly and current reports and other information with the SEC. The SEC filings are available on the CNA website (www.cna.com) and at the SEC's website (www.sec.gov). These filings describe some of the more material risks we face and how these risks could lead to events or circumstances that may have a material adverse effect on our business, financial condition, results of operations or cash flows. You should review these filings as they contain important information about CNA and its business.

Second Quarter Overview

- Net income up 12% to $317 million versus $283 million in the prior year quarter; core income up 6% to $326 million versus $308 million in the prior year quarter. Core income for the first half of the year up 8% to a record $681 million.
- P&C core income of $380 million versus $374 million, reflects higher investment income partially offset by higher catastrophe losses.
- Net investment income up 7% to $618 million pretax, includes a $33 million increase from fixed income securities and other investments to $540 million and a $10 million increase from limited partnerships and common stock to $78 million.
- P&C combined ratio of 94.8%, compared with 93.8% in the prior year quarter, including 3.5 points of catastrophe loss impact compared with 3.1 points in the prior year quarter. P&C underlying combined ratio was 91.6% compared with 91.1% in the prior year quarter. P&C underlying loss ratio was 60.6% and the expense ratio was 30.7%.
- P&C segments, excluding third party captives, generated gross written premium growth of 7% and net written premium growth of 6% for the second quarter of 2024. P&C renewal premium change of +5% with written rate of +4%, consistent with the last three quarters.
- Book value per share of $36.46; book value per share excluding AOCI of $45.86, a 5% increase from year-end 2023 adjusting for $2.88 of dividends per share.
- Board of Directors declares regular quarterly cash dividend of $0.44 per share.

Financial Performance

Continued strong growth in earnings resulting in record core income for the first half of the year

(In millions, except ratios and per share data)	Second Quarter			Year to Date		
	2024	2023	Change	2024	2023	Change
Revenues	**$3,519**	$3,304	7 %	**$6,963**	$6,456	8 %
Core income	**326**	308	6 %	**681**	633	8 %
Net income	**317**	283	12 %	**655**	580	13 %
Diluted earnings per common share:						
Core income	**$1.19**	$1.13	5 %	**$2.50**	$2.33	7 %
Net income	**1.17**	1.04	13 %	**2.40**	2.13	13 %
Core ROE	**10.6 %**	10.2 %	0.4 pts	**10.9 %**	10.4 %	0.5 pts

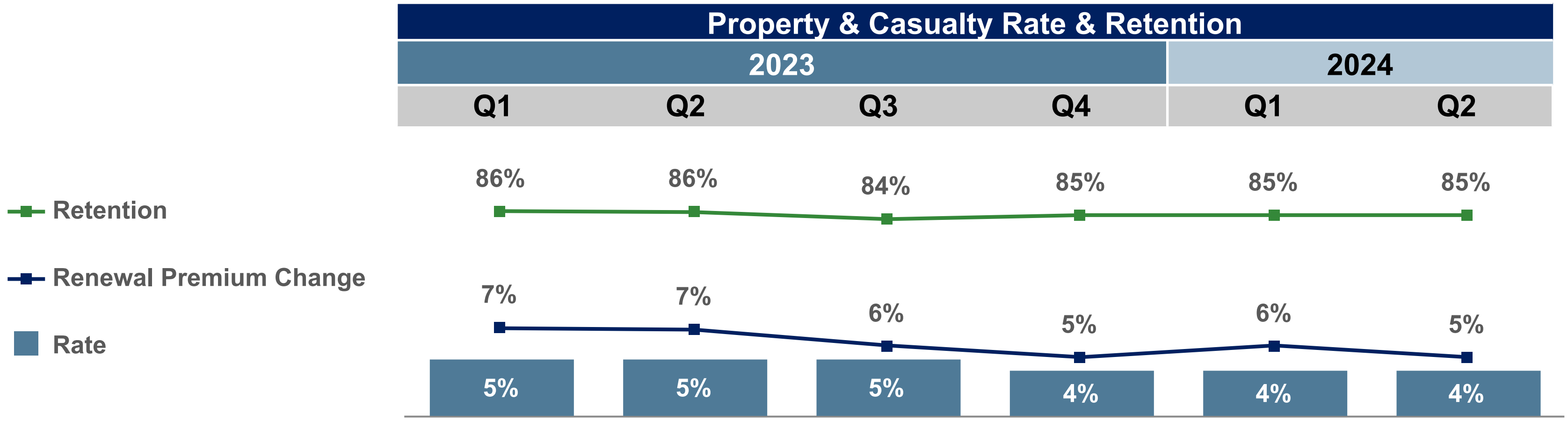
Property & Casualty Operations

Excellent underwriting results even with higher catastrophe losses

(In millions, except ratios)	Second Quarter		Year to Date	
	2024	2023	2024	2023
GWP ex. 3rd party captives	**$3,203**	$2,986	**$6,139**	$5,710
GWP change (% year over year)	**7 %**		**8 %**	
Net written premium	**$2,674**	$2,513	**$5,064**	$4,760
NWP change (% year over year)	**6 %**		**6 %**	
Net earned premium	**$2,389**	$2,234	**$4,720**	$4,367
NEP change (% year over year)	**7 %**		**8 %**	
Underwriting gain	**$124**	$138	**$250**	$268
Underlying loss ratio	**60.6 %**	59.9 %	**60.6 %**	59.9 %
Impact of catastrophes	**3.5 %**	3.1 %	**3.6 %**	2.7 %
Impact of development-related items	**(0.3)%**	(0.4)%	**(0.3)%**	0.2 %
Loss ratio	**63.8 %**	62.6 %	**63.9 %**	62.8 %
Expense ratio	**30.7 %**	30.9 %	**30.4 %**	30.8 %
Combined ratio	**94.8 %**	93.8 %	**94.7 %**	93.9 %
Underlying combined ratio	**91.6 %**	91.1 %	**91.4 %**	91.0 %

Property & Casualty Production Metrics

Stable retention and rate, and record new business



	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2
GWP ex. 3rd party captives ($M)	**$2,724**	**$2,986**	**$2,595**	**$2,974**	**$2,936**	**$3,203**
New Business ($M)	**$503**	**$555**	**$475**	**$547**	**$529**	**$595**
Specialty						
Rate	2%	(1)%	1%	—%	2%	—%
Retention	88%	89%	87%	89%	88%	90%
Commercial						
Rate	7%	8%	8%	7%	6%	7%
Retention	86%	85%	83%	83%	85%	84%
International						
Rate	4%	4%	2%	2%	1%	—%
Retention	83%	83%	84%	83%	82%	80%

Specialty

Consistently strong profitability

(In millions, except ratios)	Second Quarter		Year to Date	
	2024	**2023**	**2024**	**2023**
GWP ex. 3rd party captives	**$984**	$961	**$1,864**	$1,847
GWP change (% year over year)	**2 %**		**1 %**	
Net written premium	**$857**	$825	**$1,649**	$1,613
NWP change (% year over year)	**4 %**		**2 %**	
Net earned premium	**$831**	$812	**$1,645**	$1,609
NEP change (% year over year)	**2 %**		**2 %**	
Underwriting gain	**$60**	$74	**$136**	$154
Underlying loss ratio	**59.6 %**	58.6 %	**59.4 %**	58.5 %
Impact of catastrophes	**— %**	— %	**— %**	— %
Impact of development-related items	**(0.4)%**	(0.3)%	**(0.5)%**	(0.2)%
Loss ratio	**59.2 %**	58.3 %	**58.9 %**	58.3 %
Expense ratio	**33.2 %**	32.4 %	**32.5 %**	31.9 %
Combined ratio	**92.7 %**	90.9 %	**91.7 %**	90.4 %
Underlying combined ratio	**93.1 %**	91.2 %	**92.2 %**	90.6 %

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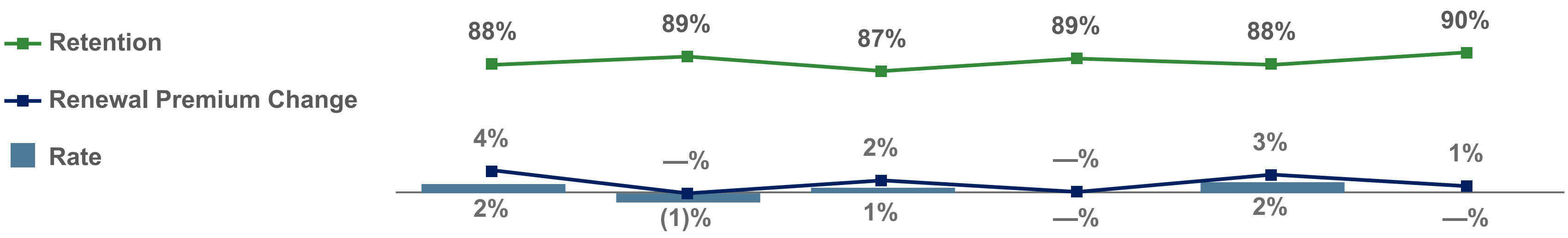
Specialty Production Metrics

Very strong retention and higher rate in medical malpractice

Specialty Rate & Retention



	2023				2024	
	Q1	Q2	Q3	Q4	Q1	Q2
GWP ex. 3rd party captives ($M)	**$886**	**$961**	**$949**	**$1,004**	**$880**	**$984**
New Business ($M)	**$108**	**$120**	**$121**	**$132**	**$94**	**$118**
FI & Mgmt Liability						
Rate	(3)%	(9)%	(4)%	(7)%	(3)%	(6)%
Retention	89%	91%	88%	91%	90%	92%
Affinity Professional E&O						
Rate	3%	4%	3%	4%	2%	3%
Retention	88%	89%	89%	92%	92%	92%
Medical Malpractice						
Rate	6%	5%	7%	7%	7%	9%
Retention	84%	85%	84%	81%	80%	85%
Surety						
Net Written Premiums	$178	$170	$157	$136	$184	$175
Warranty & Alt. Risks						
Revenues	$460	$460	$460	$448	$461	$459

Commercial

Strong underlying combined ratio and 9th straight quarter of double-digit growth

(In millions, except ratios)	Second Quarter		Year to Date	
	2024	2023	2024	2023
GWP ex. 3rd party captives	**$1,802**	$1,604	**$3,484**	$3,044
GWP change (% year over year)	**12 %**		**14 %**	
Net written premium	**$1,458**	$1,329	**$2,796**	$2,517
NWP change (% year over year)	**10 %**		**11 %**	
Net earned premium	**$1,247**	$1,120	**$2,449**	$2,166
NEP change (% year over year)	**11 %**		**13 %**	
Underwriting gain	**$39**	$42	**$68**	$83
Underlying loss ratio	**62.0 %**	61.5 %	**62.0 %**	61.5 %
Impact of catastrophes	**6.1 %**	5.2 %	**6.4 %**	4.7 %
Impact of development-related items	**(0.1)%**	(0.5)%	**— %**	(0.3)%
Loss ratio	**68.0 %**	66.2 %	**68.4 %**	65.9 %
Expense ratio	**28.5 %**	29.6 %	**28.4 %**	29.8 %
Combined ratio	**97.0 %**	96.3 %	**97.3 %**	96.2 %
Underlying combined ratio	**91.0 %**	91.6 %	**90.9 %**	91.8 %

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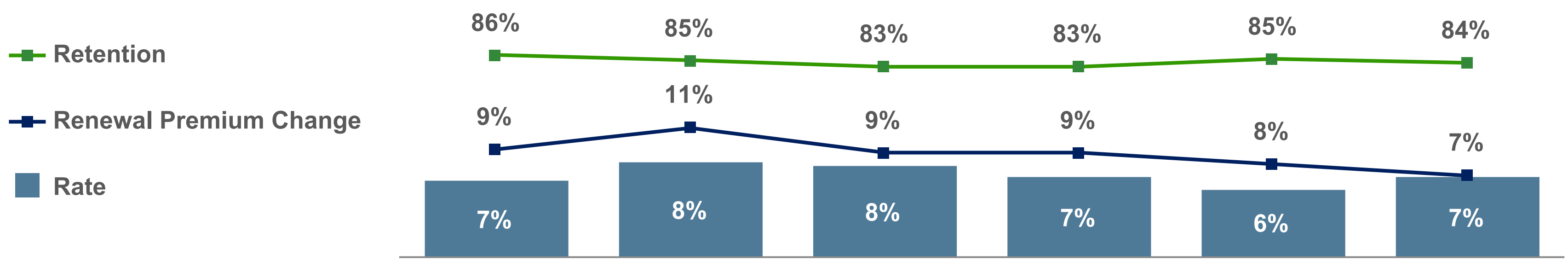
Commercial Production Metrics

Record new business, stable retention and higher rate increases

Commercial Rate & Retention



	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2
GWP ex. 3rd party captives ($M)	**$1,440**	**$1,604**	**$1,340**	**$1,610**	**$1,682**	**$1,802**
New Business ($M)	**$310**	**$343**	**$292**	**$352**	**$367**	**$405**
Middle Market						
Rate	4%	6%	5%	5%	5%	5%
Retention	85%	86%	83%	83%	83%	84%
Construction						
Rate	5%	6%	7%	8%	8%	9%
Retention	86%	84%	85%	85%	86%	87%
National Accounts						
Rate	17%	20%	18%	12%	8%	7%
Retention	90%	84%	80%	85%	87%	83%
Small Business						
Rate	2%	2%	3%	2%	3%	4%
Retention	85%	84%	84%	82%	81%	79%
Marine / Other						
Net Written Premium	$87	$101	$78	$92	$104	$116

International

Consistently profitable results

(In millions, except ratios)	Second Quarter		Year to Date	
	2024	**2023**	**2024**	**2023**
Gross written premium	**$417**	$421	**$791**	$819
GWP change (% year over year)[1]	**(1)%**		**(3)%**	
Net written premium	**$359**	$359	**$619**	$630
NWP change (% year over year)[1]	**— %**		**(2)%**	
Net earned premium	**$311**	$302	**$626**	$592
NEP change (% year over year)	**3 %**		**6 %**	
Underwriting gain	**$25**	$22	**$46**	$31
Underlying loss ratio	**58.1 %**	57.9 %	**58.1 %**	57.7 %
Impact of catastrophes	**2.0 %**	3.1 %	**2.0 %**	2.9 %
Impact of development-related items	**(1.0)%**	— %	**(0.5)%**	2.5 %
Loss ratio	**59.1 %**	61.0 %	**59.6 %**	63.1 %
Expense ratio	**32.8 %**	31.2 %	**33.0 %**	31.5 %
Combined ratio	**91.9 %**	92.2 %	**92.6 %**	94.6 %
Underlying combined ratio	**90.9 %**	89.1 %	**91.1 %**	89.2 %

[1] Excluding currency fluctuations, GWP declined 1% for the second quarter and declined 4% year to date. NWP was consistent with the second quarter of 2023 and declined 2% year to date.

Life & Group

Core results reflect higher investment results

(In millions)	Second Quarter		Year to Date	
	2024	2023	2024	2023
Net earned premiums	$109	$113	$219	$228
Net investment income	239	229	470	443
Other revenues	—	—	—	—
Total operating revenues	**$348**	**$342**	**$689**	**$671**
Total claims, benefits and expenses	355	375	696	716
Income tax benefit	6	13	11	22
Core (loss) income	**($1)**	**($20)**	**$4**	**($23)**

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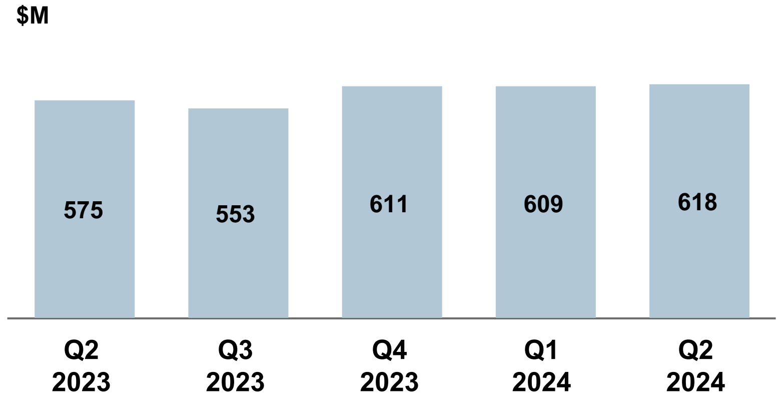
Pretax Net Investment Income

Higher yields on fixed income securities continues to be an earnings tailwind

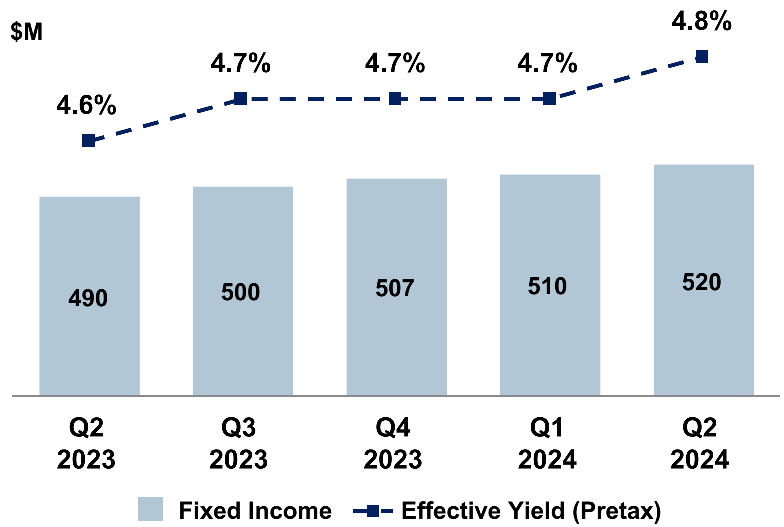
Total CNAF



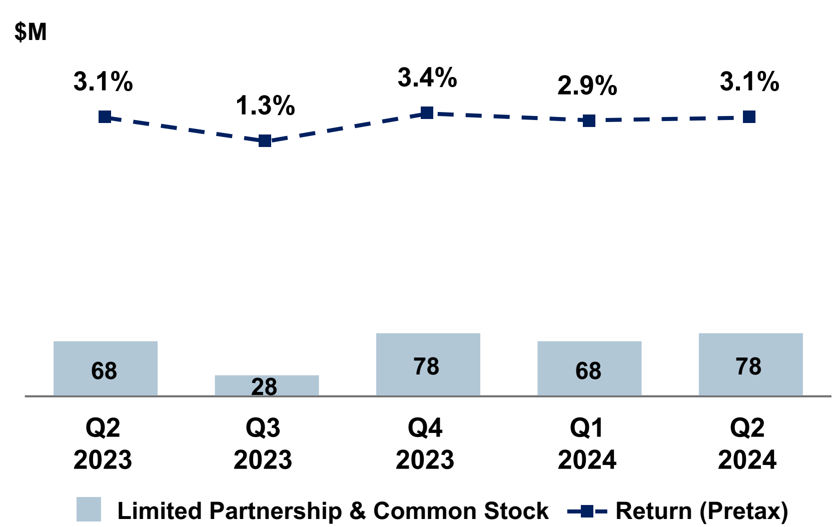
Highlights

- Net investment income of $618M is up 7% year-over-year
- Fixed income benefited from favorable reinvestment rates and strong operating cash flows; effective income yield is now 4.8%
- Limited partnership and common stock returns driven by favorable first quarter results from lagged private equity funds

Fixed Income Securities



Limited Partnership & Common Stock



Investment Portfolio

High quality, diversified and liquid investment portfolio

Fixed Maturities by Rating	% of Portfolio
AAA [1]	14%
AA	16%
A	25%
BBB	40%
Investment Grade	**95%**
Below Investment Grade	5%
Total Fixed Maturities	**100%**

Effective Portfolio Duration	
Life & Group	9.9 yrs
P&C and Corporate	4.4 yrs
Total	**6.4 yrs**

Highlights

- 88% of total invested assets are in fixed income securities
- High-quality portfolio with an average credit rating of "A"
- Liquidity supports underlying liability characteristics
- Net unrealized loss increased modestly from year-end primarily driven by higher risk-free rates

[1] AAA includes obligations of the U.S. Government, U.S. Government agencies and U.S. Government-sponsored enterprises.

Financial Strength

Conservative capital and debt profile support business objectives

(In millions, except per share data)	**June 30, 2024**	**Dec 31, 2023**
Debt	**$2,971**	$3,031
Stockholders' equity	**9,874**	9,893
Total capital	**$12,845**	$12,924
AOCI	**(2,547)**	(2,672)
Capital ex AOCI	**$ 15,392**	$ 15,596
BVPS ex AOCI	**$45.86**	$46.39
Dividends per share (YTD)	**$2.88**	$2.88
Debt-to-capital	**23.1%**	23.5%
Debt-to-capital ex AOCI	**19.3%**	19.4%
Statutory surplus	**11,031**	$10,946
Holding company liquidity [1]	**$1,083**	$1,262

Capital

- Financial strength ratings from all four rating agencies were affirmed in the past year with stable outlooks
- Statutory surplus remains very strong
- Adjusting for dividends, book value per share ex AOCI increased 5%

Leverage

- Debt maturity schedule is termed out to effectively manage refinancing
- Repaid $550M senior notes at maturity in May; next debt maturity of $500M due in the first quarter of 2026

Liquidity

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

[1] Includes $250 million available under credit facility

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APPENDIX

Reconciliation of GAAP Measures to Non-GAAP Measures

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. 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 June 30		Results for the Six Months Ended June 30	
($ millions)	2024	2023	2024	2023
Net income	$317	$283	$655	$580
Less: Net investment losses	(9)	(25)	(26)	(53)
Core income	$326	$308	$681	$633

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 June 30		Results for the Six Months Ended June 30	
($ millions)	2024	2023	2024	2023
Net income per diluted share	$1.17	$1.04	$2.40	$2.13
Less: Net investment losses	(0.02)	(0.09)	(0.10)	(0.20)
Core income per diluted share	$1.19	$1.13	$2.50	$2.33

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Reconciliation of GAAP Measures to Non-GAAP Measures

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

Book value per share excluding accumulated other comprehensive income (loss) (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.

	June 30, 2024	December 31, 2023
Book value per share	$36.46	$36.52
Less: Per share impact of AOCI	(9.40)	(9.87)
Book value per share excluding AOCI	$45.86	$46.39

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 June 30		Results for the Six Months Ended June 30	
($ millions)	2024	2023	2024	2023
Annualized net income	$1,270	$1,132	$1,311	$1,160
Average stockholders' equity including AOCI [(a)]	9,768	8,696	9,883	8,637
Return on equity	13.0 %	13.0 %	13.3 %	13.4 %
Annualized core income	$1,303	$1,233	$1,361	$1,266
Average stockholders' equity excluding AOCI [(a)]	12,328	12,063	12,493	12,148
Core return on equity	10.6 %	10.2 %	10.9 %	10.4 %

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