CNA Financial Corporation Fourth Quarter 2024 Results

February 10, 2025

Notices and Disclaimers

Forward Looking Statements

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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.

Fourth Quarter Overview

- Net income of $21 million, includes $290 million after-tax loss from the previously announced pension settlement transaction, versus $367 million in the prior year quarter; core income of $342 million versus $362 million in the prior year quarter.
- P&C core income of $451 million versus $434 million, reflects higher investment income and higher underlying underwriting income partially offset by higher catastrophe losses.
- Life & Group core loss of $18 million versus core income of $4 million in the prior year quarter.
- Corporate & Other core loss of $91 million versus $76 million in the prior year quarter.
- Net investment income up 5% to $644 million pretax, includes a $17 million increase from fixed income securities and other investments to $550 million and a $16 million increase from limited partnerships and common stock to $94 million.
- P&C combined ratio of 93.1%, compared with 92.1% in the prior year quarter, including 1.8 points of catastrophe loss impact compared with 1.0 point in the prior year quarter. P&C underlying combined ratio was 91.4%, consistent with the prior year quarter. P&C underlying loss ratio was 61.1% and the expense ratio was 30.0%.
- P&C segments, excluding third party captives, generated gross written premium growth of 9% and net written premium growth of 10% in the quarter. P&C renewal premium change of +4%, with written rate of +3% and exposure change of +1%.

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Full Year Overview

- Net income of $959 million, includes $293 million after-tax loss from pension settlement transactions, versus $1,205 million in the prior year; record core income of $1,316 million, versus $1,284 million in the prior year.
- P&C core income of $1,549 million versus $1,505 million, reflects higher investment income and record high underlying underwriting income partially offset by higher catastrophe losses.
- Life & Group core loss of $23 million versus core loss of $48 million in the prior year.
- Corporate & Other core loss of $210 million versus core loss of $173 million in the prior year.
- Net investment income up 10% to $2,497 million pretax, includes a $118 million increase from limited partnerships and common stock to $320 million and a $115 million increase from fixed income securities and other investments to $2,177 million.
- P&C combined ratio of 94.9%, compared with 93.5% in the prior year, including 3.6 points of catastrophe loss impact compared with 2.6 points in the prior year. P&C underlying combined ratio was 91.5% compared with 90.9% in the prior year. P&C underlying loss ratio was 60.9% and the expense ratio was 30.2%.
- P&C segments, excluding third party captives, generated gross written premium growth of 8% and net written premium growth of 8%. P&C renewal premium change of +5%, with written rate of +4% and exposure change of 1%.

Stockholders' Equity

- Book value per share of $38.82; book value per share excluding AOCI of $46.16, an 8% increase from year-end 2023 adjusting for $3.76 of dividends per share paid.
- Increased quarterly cash dividend 5% to $0.46 per share; special dividend of $2.00 per share.

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Financial Performance

Record core income for 2024 as a result of continued strong underwriting and investment results

(In millions, except ratios and per share data)	Fourth Quarter			Year to Date		
	2024	2023	Change	2024	2023	Change
Revenues	**$3,689**	$3,507	5 %	**$14,270**	$13,299	7 %
Core income	**342**	362	(6)%	**1,316**	1,284	2 %
Net income[1]	**21**	367	(94)%	**959**	1,205	(20)%
Diluted earnings per common share:						
Core income	**$1.25**	$1.33	(6)%	**$4.83**	$4.71	3 %
Net income	**0.07**	1.35	(95)%	**3.52**	4.43	(21)%
Core ROE	**10.9 %**	11.6 %	(0.7) pts	**10.5 %**	10.4 %	0.1 pts

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[1] Includes a $290 million after-tax loss for the fourth quarter and a $293 million after-tax loss for the full year, from pension settlement transactions.

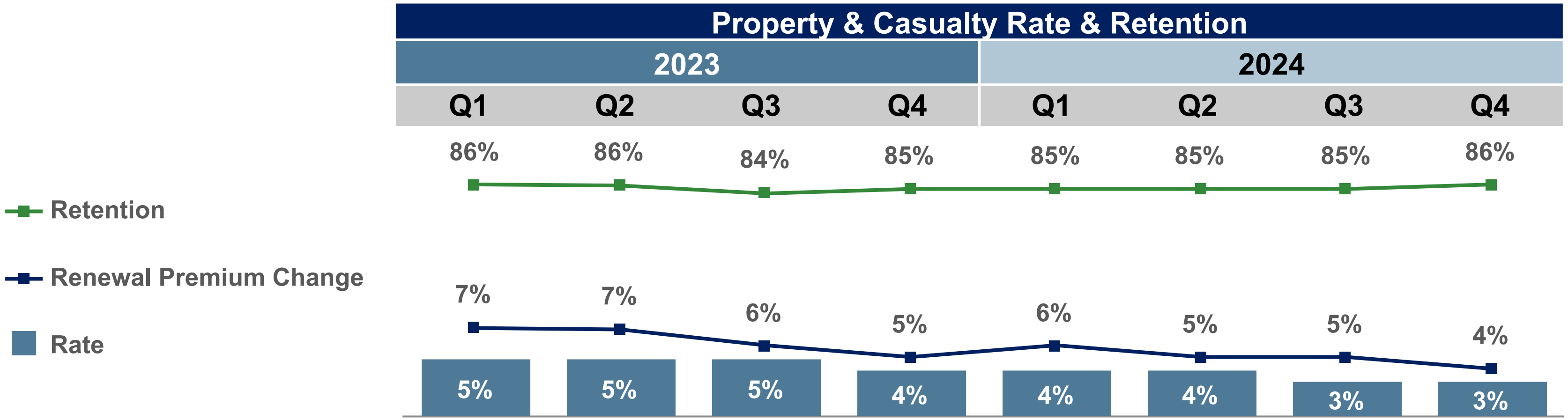
Property & Casualty Operations

Continued strong premium growth & underlying combined ratio below 92% for 16 consecutive quarters

(In millions, except ratios)	Fourth Quarter		Year to Date	
	2024	**2023**	**2024**	**2023**
GWP ex. 3rd party captives	**$3,230**	$2,974	**$12,194**	$11,279
GWP change (% year over year)	**9 %**		**8 %**	
Net written premium	**$2,752**	$2,508	**$10,176**	$9,446
NWP change (% year over year)	**10 %**		**8 %**	
Net earned premium	**$2,571**	$2,368	**$9,775**	$9,030
NEP change (% year over year)	**9 %**		**8 %**	
Underwriting gain	**$178**	$186	**$496**	$585
Loss ratio	**62.8 %**	60.6 %	**64.3 %**	62.5 %
Less: Effect of catastrophes impacts	**1.8 %**	1.0 %	**3.6 %**	2.6 %
Less: Effect of favorable development-related items	**(0.1)%**	(0.3)%	**(0.2)%**	— %
Underlying loss ratio	**61.1 %**	59.9 %	**60.9 %**	59.9 %
Expense ratio	**30.0 %**	31.2 %	**30.2 %**	30.7 %
Combined ratio	**93.1 %**	92.1 %	**94.9 %**	93.5 %
Underlying combined ratio	**91.4 %**	91.4 %	**91.5 %**	90.9 %

Property & Casualty Production Metrics

Continued robust new business growth, higher retention and stable overall rate increase



GWP ex. 3rd party captives ($M)	**$2,724**	**$2,986**	**$2,595**	**$2,974**	**$2,936**	**$3,203**	**$2,825**	**$3,230**
New Business ($M)	**$503**	**$555**	**$475**	**$547**	**$529**	**$595**	**$547**	**$591**
Specialty								
Rate	2%	(1)%	1%	—%	2%	—%	—%	1%
Retention	88%	89%	87%	89%	88%	90%	89%	89%
Commercial								
Rate	7%	8%	8%	7%	6%	7%	6%	6%
Retention	86%	85%	83%	83%	85%	84%	84%	84%
International								
Rate	4%	4%	2%	2%	1%	—%	(2)%	(3)%
Retention	83%	83%	84%	83%	82%	80%	82%	85%

Specialty

Highest quarterly growth in 10 quarters and continued strong profitability

(In millions, except ratios)	Fourth Quarter		Year to Date	
	2024	2023	2024	2023
GWP ex. 3rd party captives	**$1,049**	$1,004	**$3,895**	$3,800
GWP change (% year over year)	**4 %**		**3 %**	
Net written premium	**$934**	$891	**$3,445**	$3,329
NWP change (% year over year)	**5 %**		**3 %**	
Net earned premium	**$868**	$869	**$3,361**	$3,307
NEP change (% year over year)	**— %**		**2 %**	
Underwriting gain	**$54**	$80	**$249**	$317
Loss ratio	**60.1 %**	58.0 %	**59.5 %**	58.2 %
Less: Effect of catastrophes impacts	**— %**	— %	**— %**	— %
Less: Effect of favorable development-related items	**— %**	(0.6)%	**(0.3)%**	(0.3)%
Underlying loss ratio	**60.1 %**	58.6 %	**59.8 %**	58.5 %
Expense ratio	**33.4 %**	32.5 %	**32.8 %**	32.0 %
Combined ratio	**93.8 %**	90.8 %	**92.6 %**	90.4 %
Underlying combined ratio	**93.8 %**	91.4 %	**92.9 %**	90.7 %

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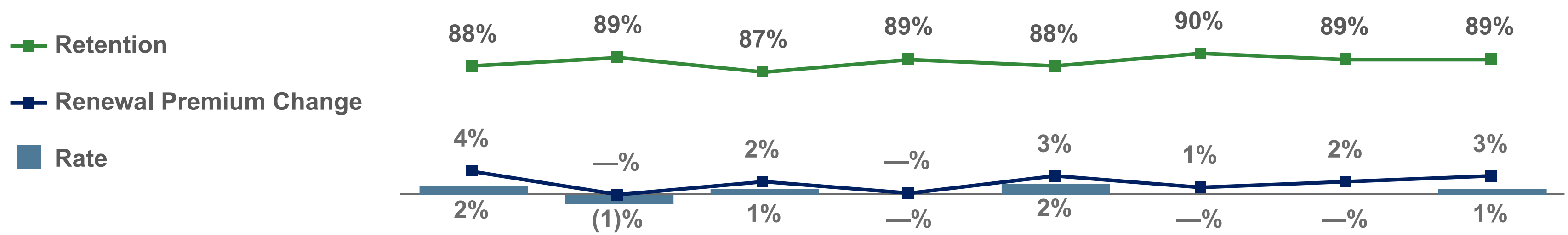
Specialty Production Metrics

Consistently strong retention with improving renewal premium change



	Specialty Rate & Retention							
	2023				2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GWP ex. 3rd party captives ($M)	**$886**	**$961**	**$949**	**$1,004**	**$880**	**$984**	**$982**	**$1,049**
New Business ($M)	**$108**	**$120**	**$121**	**$132**	**$94**	**$118**	**$129**	**$121**
FI & Mgmt Liability								
Rate	(3)%	(9)%	(4)%	(7)%	(3)%	(6)%	(5)%	(4)%
Retention	89%	91%	88%	91%	90%	92%	91%	89%
Affinity Professional E&O								
Rate	3%	4%	3%	4%	2%	3%	2%	3%
Retention	88%	89%	89%	92%	92%	92%	91%	93%
Medical Malpractice								
Rate	6%	5%	7%	7%	7%	9%	7%	9%
Retention	84%	85%	84%	81%	80%	85%	83%	84%
Surety								
Net Written Premiums	$178	$170	$157	$136	$184	$175	$176	$157
Warranty & Alt. Risks								
Revenues	$460	$460	$460	$448	$461	$459	$452	$443

Commercial

Record underlying results and 11th straight quarter of double-digit premium growth

(In millions, except ratios)	Fourth Quarter		Year to Date	
	2024	2023	2024	2023
GWP ex. 3rd party captives	**$1,794**	$1,610	**$6,816**	$5,994
GWP change (% year over year)	**11 %**		**14 %**	
Net written premium	**$1,452**	$1,292	**$5,469**	$4,880
NWP change (% year over year)	**12 %**		**12 %**	
Net earned premium	**$1,384**	$1,211	**$5,158**	$4,547
NEP change (% year over year)	**14 %**		**13 %**	
Underwriting gain	**$106**	$86	**$171**	$182
Loss ratio	**64.8 %**	62.8 %	**68.3 %**	65.9 %
Less: Effect of catastrophes impacts	**2.3 %**	1.4 %	**6.2 %**	4.5 %
Less: Effect of favorable development-related items	**— %**	(0.1)%	**(0.1)%**	(0.1)%
Underlying loss ratio	**62.5 %**	61.5 %	**62.2 %**	61.5 %
Expense ratio	**27.0 %**	29.8 %	**27.9 %**	29.6 %
Combined ratio	**92.3 %**	92.9 %	**96.7 %**	96.0 %
Underlying combined ratio	**90.0 %**	91.6 %	**90.6 %**	91.6 %

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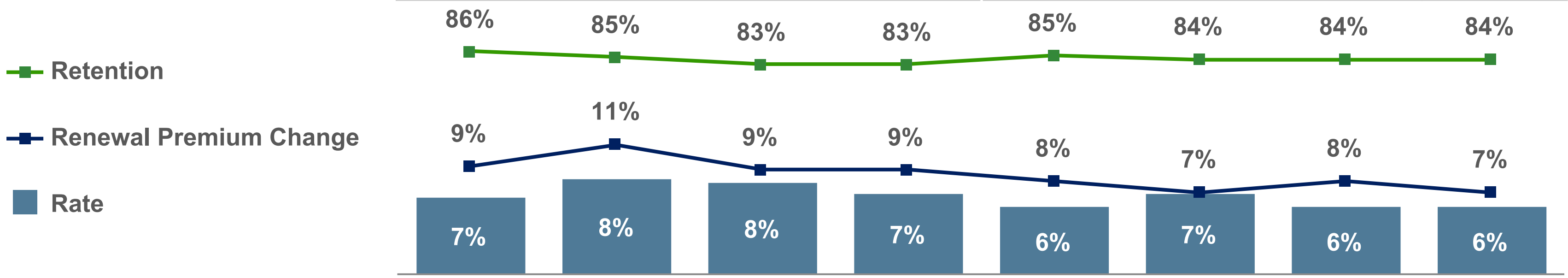
Commercial Production Metrics

Record new business for 2024 with stable retention and renewal premium change throughout the year

Commercial Rate & Retention								
	2023				2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4



	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
GWP ex. 3rd party captives ($M)	**$1,440**	**$1,604**	**$1,340**	**$1,610**	**$1,682**	**$1,802**	**$1,538**	**$1,794**
New Business ($M)	**$310**	**$343**	**$292**	**$352**	**$367**	**$405**	**$345**	**$395**
Middle Market								
Rate	4%	6%	5%	5%	5%	5%	4%	4%
Retention	85%	86%	83%	83%	83%	84%	85%	84%
Construction								
Rate	5%	6%	7%	8%	8%	9%	9%	9%
Retention	86%	84%	85%	85%	86%	87%	84%	86%
National Accounts								
Rate	17%	20%	18%	12%	8%	7%	6%	6%
Retention	90%	84%	80%	85%	87%	83%	85%	84%
Small Business								
Rate	2%	2%	3%	2%	3%	4%	4%	5%
Retention	85%	84%	84%	82%	81%	79%	80%	81%
Marine / Other								
Net Written Premium	$87	$101	$78	$92	$104	$116	$95	$94

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International

Consistently profitable results with return to growth in the fourth quarter

(In millions, except ratios)	Fourth Quarter		Year to Date	
	2024	2023	2024	2023
Gross written premium	**$387**	$360	**$1,483**	$1,485
GWP change (% year over year)[1]	**8 %**		**— %**	
Net written premium	**$366**	$325	**$1,262**	$1,237
NWP change (% year over year)[1]	**13 %**		**2 %**	
Net earned premium	**$319**	$288	**$1,256**	$1,176
NEP change (% year over year)	**11 %**		**7 %**	
Underwriting gain	**$18**	$20	**$76**	$86
Loss ratio	**61.6 %**	58.9 %	**60.9 %**	61.4 %
Less: Effect of catastrophes impacts	**3.9 %**	1.8 %	**3.2 %**	2.5 %
Less: Effect of (favorable) unfavorable development-	**(0.4)%**	(0.6)%	**(0.4)%**	1.1 %
Underlying loss ratio	**58.1 %**	57.7 %	**58.1 %**	57.8 %
Expense ratio	**33.2 %**	34.1 %	**33.1 %**	31.2 %
Combined ratio	**94.8 %**	93.0 %	**94.0 %**	92.6 %
Combined ratio excl. catastrophes and development	**91.3 %**	91.8 %	**91.2 %**	89.0 %

[1] Excluding currency fluctuations, GWP and NWP grew 6% and 12% in the fourth quarter, and GWP declined 1% and NWP grew 2% for the year.

Life & Group

Full year results reflect higher investment income; underwriting results broadly in line with expectations

(In millions)	Fourth Quarter		Year to Date	
	2024	2023	2024	2023
Net earned premiums	$108	$111	$437	$451
Total claims, benefits and expenses	366	349	1,429	1,436
Net investment income	230	237	940	896
Core income (loss) before income tax	(28)	(2)	(52)	(90)
Income tax benefit	10	6	29	42
Core income (loss)	**($18)**	**$4**	**($23)**	**($48)**

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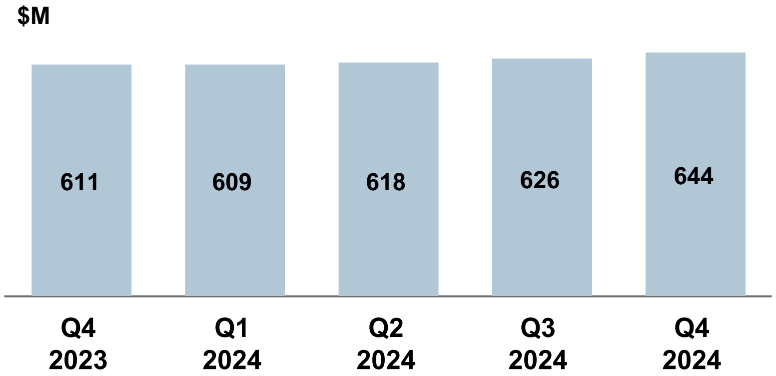
Pretax Net Investment Income

Strong contributions from fixed income, limited partnership and common stock portfolios

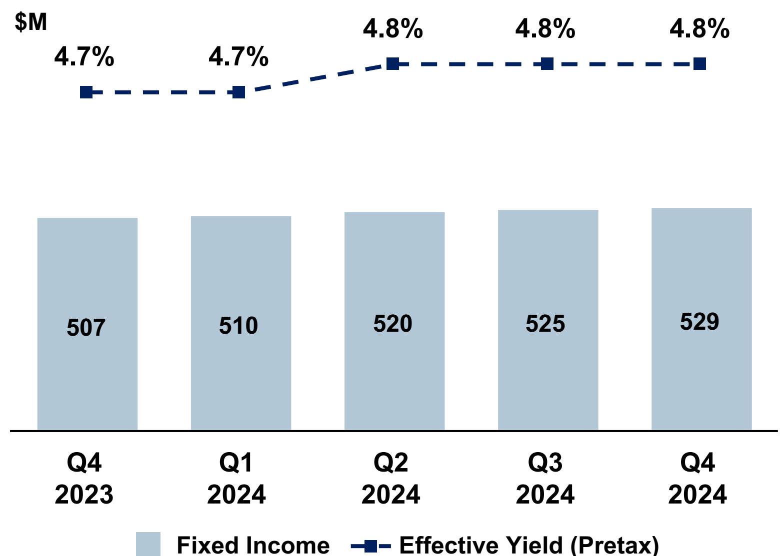
Total CNAF



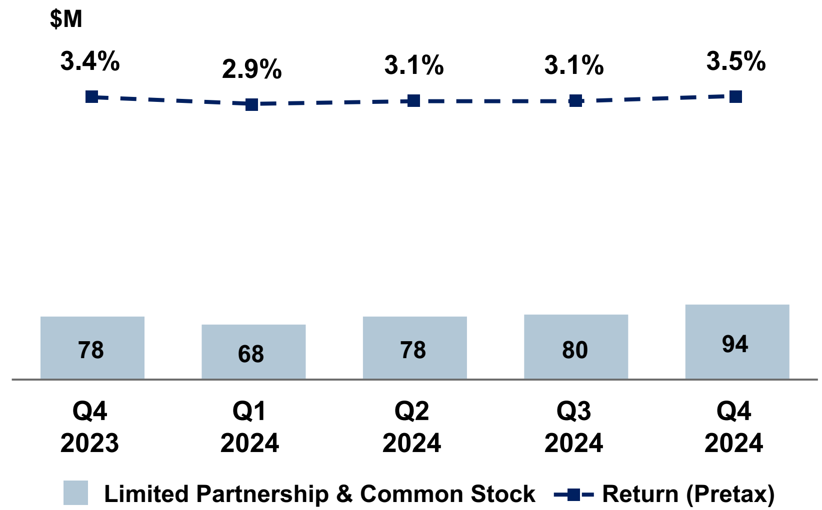
Highlights

- Net investment income of $644M is up 5% year-over-year
- Fixed income benefited from strong operating cash flows and the continued impact of higher reinvestment rates
- Strong limited partnership and common stock returns in the quarter; full year income of $320M, a 13.3% return

Fixed Income Securities



Limited Partnership & Common Stock



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Investment Portfolio

High quality, diversified and liquid investment portfolio

Fixed Maturities by Rating	% of Portfolio
AAA [1]	14%
AA	16%
A	25%
BBB	41%
Investment Grade	**96%**
Below Investment Grade	4%
Total Fixed Maturities	**100%**

Effective Portfolio Duration	
Life & Group	9.8 yrs
P&C and Corporate	4.3 yrs
Total	**6.2 yrs**

Highlights

- 88% of total invested assets are in fixed income securities
- High-quality portfolio with an average credit rating of "A"
- Duration well matched with insurance liabilities
- Net unrealized loss increased from prior year-end driven by higher risk-free rates, partially offset by tightening credit spreads

[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)	**Dec 31, 2024**	**Dec 31, 2023**
Debt	**$2,973**	$3,031
Stockholders' equity	**10,513**	9,893
Total capital	**$13,486**	$12,924
AOCI	**(1,991)**	(2,672)
Capital ex AOCI	**$ 15,477**	$ 15,596
BVPS ex AOCI	**$46.16**	$46.39
Dividends per share (YTD)	**$3.76**	$2.88
Debt-to-capital	**22.0%**	23.5%
Debt-to-capital ex AOCI	**19.2%**	19.4%
Statutory surplus	**11,165**	$10,946
Holding company liquidity [1]	**$1,207**	$1,262

Capital

- Financial strength ratings from all four rating agencies were affirmed in the past year
- Moody's and AM Best revised outlooks to positive in the fourth quarter; S&P and Fitch maintain stable outlooks
- Statutory surplus remains very strong
- Adjusting for dividends, book value per share ex AOCI increased 8%

Leverage

- Debt maturity schedule is termed out to effectively manage refinancing
- Next debt maturity of $500M 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

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 and gains or losses resulting from pension settlement transactions. Net investment gains or losses are excluded from the calculation of core income (loss) because they are generally driven by economic factors that are not necessarily reflective of our primary operations. 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 December 31		Results for the Year Ended December 31	
	2024	2023	2024	2023
Net income	$21	$367	$959	$1,205
Less: Net investment (losses) gains	(31)	5	(64)	(79)
Less: Pension settlement transaction losses	(290)	—	(293)	—
Core income	$342	$362	$1,316	$1,284

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 December 31		Results for the Year Ended December 31	
	2024	2023	2024	2023
Net income per diluted share	$0.07	$1.35	$3.52	$4.43
Less: Net investment (losses) gains	(0.12)	0.02	(0.23)	(0.28)
Less: Pension settlement transaction losses	(1.06)	—	(1.08)	—
Core income per diluted share	$1.25	$1.33	$4.83	$4.71

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Reconciliation of GAAP Measures to Non-GAAP Measures

Reconciliation of Net Income to Underwriting Gain (Loss) and Underlying Underwriting Gain (Loss)

Underwriting gain (loss) is deemed to be a non-GAAP financial measure and is calculated pretax as net earned premiums less total insurance expenses, which includes insurance claims and policyholders' benefits, amortization of deferred acquisition costs and insurance related administrative expenses. Net income (loss) is the most directly comparable GAAP measure. Management believes some investors may find this measure useful to evaluate the profitability, before tax, derived from our underwriting activities which are managed separately from our investing activities.

Underlying underwriting gain (loss) is also deemed to be a non-GAAP financial measure, and represents pretax underwriting results excluding catastrophe losses and development-related items. Management believes some investors may find this measure useful to evaluate the profitability, before tax, derived from our underwriting activities, excluding the impact of catastrophe losses, which are unpredictable as to timing and amount, and development-related items as they are not indicative of our current year underwriting performance.

	Results for the Three Months Ended December 31, 2024			
(In millions)	Specialty	Commercial	International	Property & Casualty
Net income	$ 165	$ 222	$ 37	$ 424
Net investment losses (gains), after tax	12	16	(1)	27
Core income	$ 177	$ 238	$ 36	$ 451
Less:				
Net investment income	165	199	36	400
Non-insurance warranty revenue (expense)	19	—	—	19
Other revenue (expense), including interest expense	(13)	(4)	(15)	(32)
Income tax expense on core income	(48)	(63)	(3)	(114)
Underwriting gain	54	106	18	178
Effect of catastrophe losses	—	33	12	45
Effect of favorable development-related items	—	—	(1)	(1)
Underlying underwriting gain	$ 54	$ 139	$ 29	$ 222

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Reconciliation of GAAP Measures to Non-GAAP Measures

(In millions)	Results for the Three Months Ended December 31, 2023			
	Specialty	Commercial	International	Property & Casualty
Net income	$ 179	$ 204	$ 44	$ 427
Net investment losses (gains), after tax	3	5	(1)	7
Core income	$ 182	$ 209	$ 43	$ 434
Less:				
Net investment income	151	175	29	355
Non-insurance warranty revenue (expense)	13	—	—	13
Other revenue (expense), including interest expense	(13)	4	6	(3)
Income tax expense on core income	(49)	(56)	(12)	(117)
Underwriting gain	80	86	20	186
Effect of catastrophe losses	—	17	5	22
Effect of favorable development-related items	(5)	—	(2)	(7)
Underlying underwriting gain	$ 75	$ 103	$ 23	$ 201

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Reconciliation of GAAP Measures to Non-GAAP Measures

	Results for the Twelve Months Ended December 31, 2024			
(In millions)	Specialty	Commercial	International	Property & Casualty
Net income	$ 663	$ 658	$ 153	$ 1,474
Net investment losses, after tax	31	44	—	75
Core income	$ 694	$ 702	$ 153	$ 1,549
Less:				
Net investment income	626	733	131	1,490
Non-insurance warranty revenue (expense)	62	—	—	62
Other revenue (expense), including interest expense	(53)	(14)	(10)	(77)
Income tax expense on core income	(190)	(188)	(44)	(422)
Underwriting gain	249	171	76	496
Effect of catastrophe losses	—	318	40	358
Effect of favorable development-related items	(8)	—	(6)	(14)
Underlying underwriting gain	$ 241	$ 489	$ 110	$ 840

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Reconciliation of GAAP Measures to Non-GAAP Measures

(In millions)	Results for the Twelve Months Ended December 31, 2023			
	Specialty	Commercial	International	Property & Casualty
Net income	$ 666	$ 594	$ 147	$ 1,407
Net investment losses (gains), after tax	42	58	(2)	98
Core income	$ 708	$ 652	$ 145	$ 1,505
Less:				
Net investment income	558	645	103	1,306
Non-insurance warranty revenue (expense)	80	—	—	80
Other revenue (expense), including interest expense	(52)	(1)	4	(49)
Income tax expense on core income	(195)	(174)	(48)	(417)
Underwriting gain	317	182	86	585
Effect of catastrophe losses	—	207	29	236
Effect of (favorable) unfavorable development-related items	(12)	(4)	13	(3)
Underlying underwriting gain	$ 305	$ 385	$ 128	$ 818

Components to reconcile the combined ratio and loss ratio to the underlying combined ratio and underlying loss ratio

The **underlying loss ratio** excludes the impact of catastrophe losses and development-related items from the loss ratio. The **underlying combined ratio** is the sum of the underlying loss ratio, the expense ratio and the dividend ratio. The underlying loss ratio and the underlying combined ratio are deemed to be non-GAAP financial measures, and management believes some investors may find these ratios useful to evaluate our underwriting performance since they remove the impact of catastrophe losses, which are unpredictable as to timing and amount, and development-related items as they are not indicative of our current year underwriting performance. The components to reconcile the combined ratio and loss ratio to the underlying combined ratio and underlying loss ratio for Property & Casualty, Specialty, Commercial and International segments are set forth on pages 6, 8, 10 and 12, respectively.

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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 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.

	December 31, 2024	December 31, 2023
Book value per share	$38.82	$36.52
Less: Per share impact of AOCI	(7.34)	(9.87)
Book value per share excluding AOCI	$46.16	$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 December 31		Results for the Year Ended December 31	
($ millions)	2024	2023	2024	2023
Annualized net income	$81	$1,468	$959	$1,205
Average stockholders' equity including AOCI [a]	10,635	9,228	10,203	9,220
Return on equity	0.8 %	15.9 %	9.4 %	13.1 %
Annualized core income	$1,366	$1,448	$1,316	$1,284
Average stockholders' equity excluding AOCI [a]	12,549	12,435	12,534	12,355
Core return on equity	10.9 %	11.6 %	10.5 %	10.4 %

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