



CNA Financial Corporation First Quarter 2017 Results

May 1, 2017



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First Quarter Highlights

First Quarter

- **Net income of \$260 million or \$0.96 per share; ROE of 8.8%**
- **Net operating income of \$235 million or \$0.87 per share; operating ROE of 7.9%**
- **P&C combined ratio of 97.2%**
 - 94.8% excluding small business workers compensation premium adjustment
 - 97.4% excluding catastrophes and development
- **P&C loss ratio excluding catastrophes and development of 62.2%**
- **Favorable loss development across all P&C segments totaling nearly 4 points**

Capital Management

- **Regular quarterly dividend of \$0.25 per share**
- **Book value per share ex AOCI of \$43.49**
 - 2% increase from year end 2016, adjusting for \$2.25 of dividends paid
 - 9% increase from 3/31/2016, adjusting for \$3.00 of dividends paid

Financial Performance

(In millions, except per share data)

	First Quarter		
	2017	2016	Change
Revenues	\$2,330	\$2,195	6%
Net operating income	235	91	n/m
Net income	260	66	n/m
Diluted earnings per common share:			
Net operating income	\$0.87	\$0.34	n/m
Net income	0.96	0.24	n/m
Net operating income ROE	7.9%	3.1%	n/m

	Mar 31,	Dec 31,	Change
	2017	2016	
Book value per common share	\$43.15	\$44.25	(2%)
Book value per common share ex AOCI	43.49	44.89	(3%)
Dividends Paid (YTD)	2.25	3.00	

Property & Casualty Operations

Improving underwriting and expense discipline evidenced across all three segments

(In millions, except ratios)

	First Quarter			
	2017 Reported	Adjustment ¹	2017 Adjusted	2016 Reported
Net written premium	\$1,632	\$46	\$1,678	\$1,668
NWP Change (% year over year)	(2%)		1%	0%
Underwriting gain (loss)	\$43	\$38	\$81	\$60
Loss ratio excluding catastrophes and development	62.2%		62.2%	62.0%
Impact of catastrophes	2.2%		2.2%	2.3%
Impact of development-related items	(2.4%)	(1.5 pts)	(3.9%)	(3.6%)
Loss ratio	62.0%	(1.5 pts)	60.5%	60.7%
Expense ratio	34.9%	(0.9 pts)	34.0%	35.2%
Acquisition expense	19.8%	(0.5 pts)	19.3%	19.4%
Underwriting expense	15.1%	(0.4 pts)	14.7%	15.8%
Combined ratio	97.2%	(2.4 pts)	94.8%	96.1%
Combined ratio excluding catastrophes and development	97.4%	(0.9 pts)	96.5%	97.4%
<u>Pretax impact of:</u>				
Catastrophe losses	\$34	–	\$34	\$36
Loss development	(57)	–	(57)	(52)
Premium development and other	30	(38)	(8)	(9)

Specialty

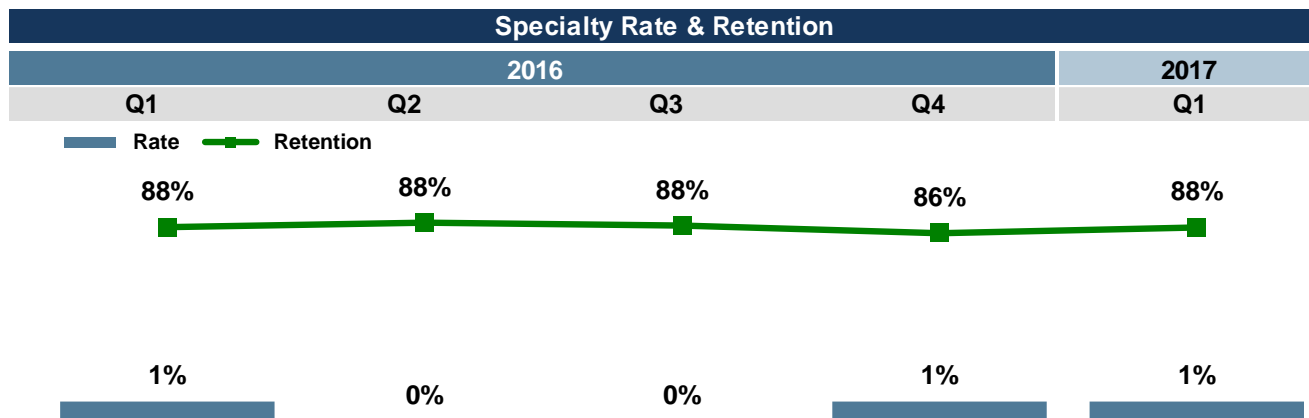
Specialty delivered another quarter of strong performance

(In millions, except ratios)

	First Quarter	
	2017	2016
Net written premium	\$679	\$684
NWP Change (% year over year)	(1%)	(2%)
Underwriting gain (loss)	\$65	\$72
Loss ratio excluding catastrophes and development	62.8%	62.5%
Impact of catastrophes	0.5%	0.6%
Impact of development-related items	(5.1%)	(6.0%)
Loss ratio	58.2%	57.1%
Expense ratio	31.9%	32.1%
<i>Acquisition expense</i>	19.9%	19.9%
<i>Underwriting expense</i>	12.0%	12.2%
Combined ratio	90.2%	89.4%
Combined ratio excluding catastrophes and development	94.8%	94.8%
<u>Pretax impact of:</u>		
Catastrophe losses	\$4	\$4
Loss development	(31)	(34)
Premium development and other	(5)	(11)

Specialty Production Metrics

Maintaining discipline while market conditions remain challenging



New Business (\$m)	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017
	\$66	\$60	\$66	\$60	\$57

Healthcare

Rate	4%	3%	2%	2%	3%
Retention	83%	85%	84%	80%	83%

Mgmt & Prof Liability

Rate	0%	-1%	-1%	0%	0%
Retention	91%	90%	91%	90%	90%

Surety

Net Written Premiums	\$117	\$120	\$123	\$101	\$116
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Warranty

Revenues	\$120	\$136	\$130	\$125	\$134
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Commercial

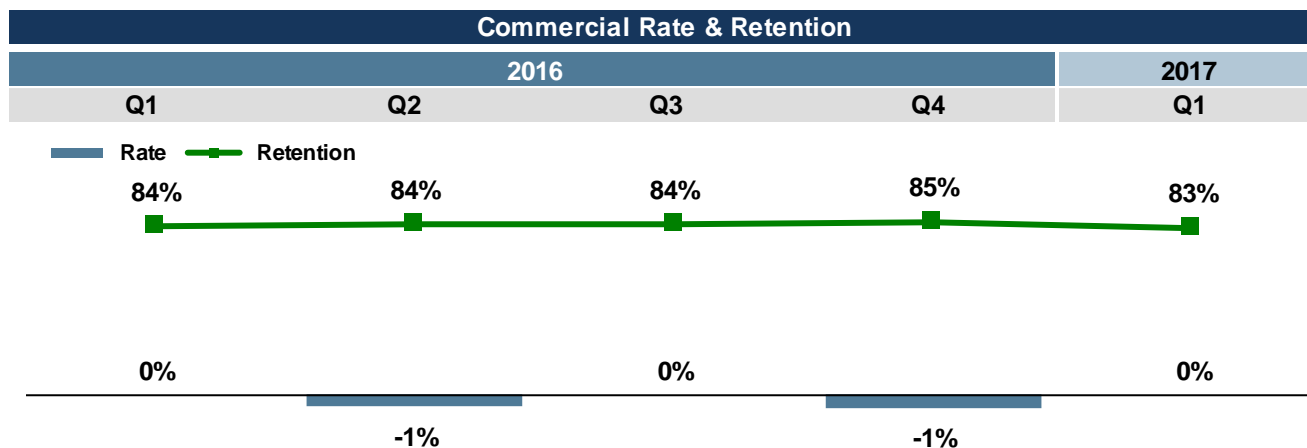
Small business premium adjustments mask underlying performance improvements

(In millions, except ratios)

	First Quarter			
	2017 Reported	Adjustment ¹	2017 Adjusted	2016 Reported
Net written premium	\$715	\$46	\$761	\$748
NWP Change (% year over year)	(4%)		2%	(1%)
Underwriting gain (loss)	(\$31)	\$38	\$7	(\$14)
Loss ratio excluding catastrophes and development	62.3%		62.3%	61.6%
Impact of catastrophes	4.0%		4.0%	4.1%
Impact of development-related items	0.7%	(3.7 pts)	(3.0%)	(1.5%)
Loss ratio	67.0%	(3.7 pts)	63.3%	64.2%
Expense ratio	37.4%	(2.1 pts)	35.3%	37.3%
Acquisition expense	19.1%	(1.1 pts)	18.0%	18.4%
Underwriting expense	18.3%	(1.0 pts)	17.3%	18.9%
Combined ratio	104.9%	(5.8 pts)	99.1%	101.9%
Combined ratio excluding catastrophes and development	100.2%	(2.1 pts)	98.1%	99.3%
<u>Pretax impact of:</u>				
Catastrophe losses	\$27	–	\$27	\$28
Loss development	(24)	–	(24)	(14)
Premium development and other	42	(38)	4	3

Commercial Production Metrics

Overall rate improvement with strong retention



New Business (\$m)	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1
	\$136	\$141	\$141	\$106	\$139

Small Business					
Rate	3%	3%	2%	-2% ¹	0% ¹
Retention	78%	79%	79%	79%	80%

Middle Market					
Rate	-1%	-2%	-3%	-2%	0%
Retention	85%	86%	87%	86%	85%

Other ²					
Rate	0%	0%	1%	1%	2%
Retention	84%	84%	82%	86%	81%

International

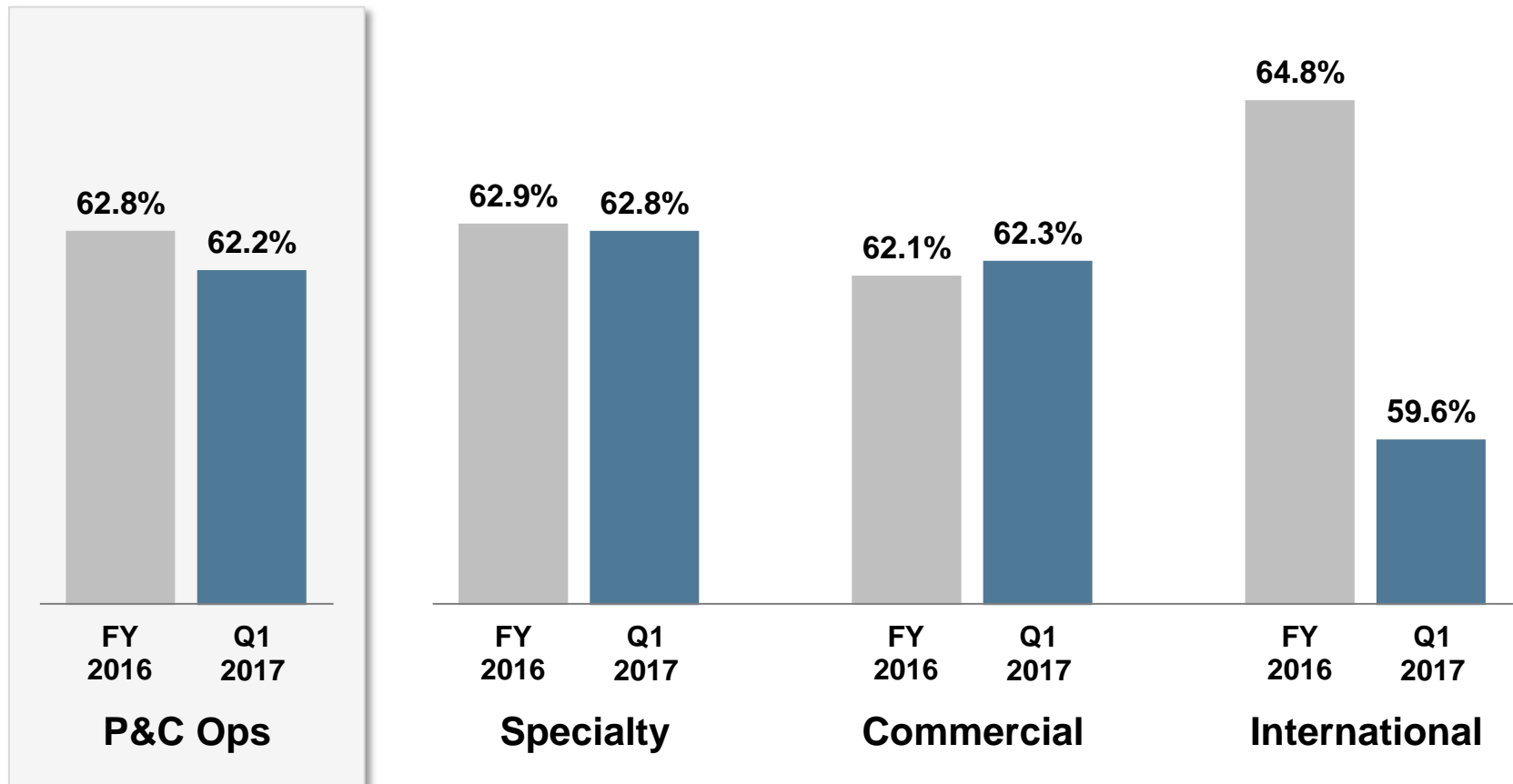
Strong quarterly results driven by a lower level of large loss activity

(In millions, except ratios)

	First Quarter	
	2017	2016
Net written premium	\$238	\$236
NWP Change (% year over year)	1%	11%
Underwriting gain (loss)	\$9	\$2
Loss ratio excluding catastrophes and development	59.6%	61.5%
Impact of catastrophes	1.7%	2.1%
Impact of development-related items	(3.0%)	(2.4%)
Loss ratio	58.3%	61.2%
Expense ratio	36.8%	37.8%
<i>Acquisition expense</i>	21.8%	21.0%
<i>Underwriting expense</i>	15.0%	16.8%
Combined ratio	95.1%	99.0%
Combined ratio excluding catastrophes and development	96.4%	99.3%
<u>Pretax impact of:</u>		
Catastrophe losses	\$3	\$4
Loss development	(2)	(4)
Premium development and other	(7)	(1)

Loss Ratio Ex Catastrophes and Development

First quarter results improved from full year 2016 driven by International



Life & Group Non-Core

Improved results in line with reset assumptions

(In millions)

	First Quarter	
	2017	2016
Net earned premiums	\$133	\$131
Net investment income	197	187
Other revenues	1	0
Total operating revenues	331	318
Total claims, benefits and expenses	364	359
Net operating income (loss)	\$4	(\$2)

Financial Strength

(In millions, except per share data or otherwise noted)

	Mar 31, 2017	Dec 31, 2016
Debt	\$2,710	\$2,710
Common equity	11,693	11,969
Total capital	\$14,403	\$14,679
Debt-to-capital	18.8%	18.5%
Book value per common share excluding AOCI	\$43.49	\$44.89
Holding company cash	\$520	\$488
Total investments	\$45.3b	\$45.4b
Statutory surplus (estimate)	\$10.4b	\$10.7b

Capital

- Conservative capital structure
- All capital metrics at or better than target levels

Leverage

- Debt-to-capital ratio below target of 20% to 25%
- Well balanced debt maturity profile

Liquidity

- Liquidity profile remains very strong
- \$282 million quarterly operating cash flow

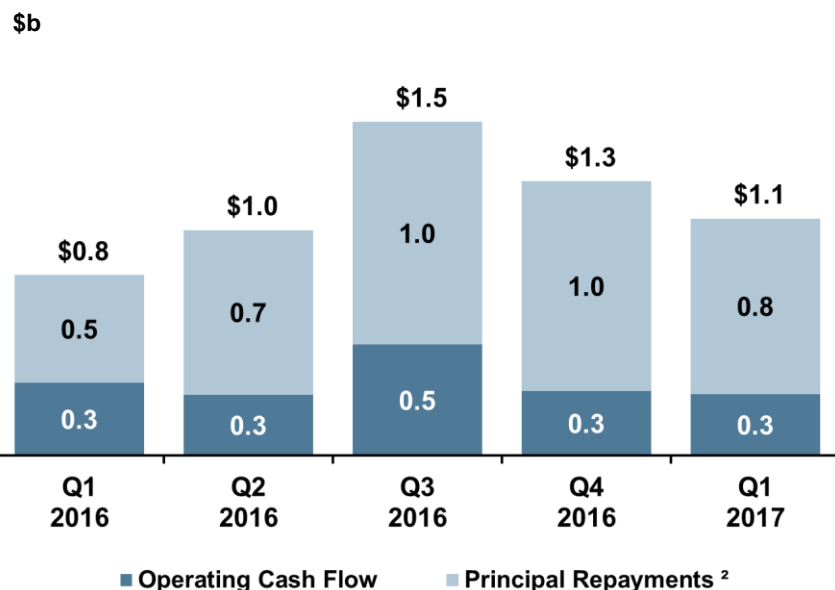
Investment portfolio

- High quality investment portfolio (average credit quality "A")
- Net unrealized investment gains of \$2.7 billion pre-tax at March 31, 2017

Strong Liquidity Profile

Ample operating cash flow and liquidity

Operating Company Liquidity ¹



Holding Co. Liquidity & Obligations

\$m

As of March 31, 2017

2017 Operating company dividend capacity	\$1,075
Less: Last twelve months dividends	(875)
Current operating company dividend capacity	\$200
Holding company cash	520
Availability under credit facility	250
Net corporate sources	\$970

Estimated annual pre-tax corporate obligations:

Interest expense on outstanding debt	\$152
Common quarterly dividends (\$0.25/share)	271
Net corporate obligations	\$423

Investment Management

Well diversified and liquid investment portfolio with an average credit quality rating of “A”

	March 31, 2017		Net Unrealized	
	Asset Class (\$m)	Carrying Value	Gains (Losses)	
	\$	%	\$	
79%	Short Term	1,139	3%	1
	US Government	103	0%	8
	Investment Grade Corp	17,017	36%	1,289
	Foreign Government	432	1%	13
	Agency MBS	3,892	9%	20
	Tax Exempt Muni	10,649	24%	847
	Taxable Muni	2,803	6%	341
	Redeemable Preferred	20	0%	1
	Common Stock	25	0%	5
Total	36,080	79%	2,525	
14%	Non Agency CMBS and ABS	2,928	7%	39
	Non Agency RMBS	907	2%	51
	Below Investment Grade Corp	2,229	5%	102
	Non Redeemable Preferred	95	0%	3
	Total	6,159	14%	195
7%	Mortgage Loans	611	1%	-
	Limited Partnerships / Other	2,429	6%	-
	Total	3,040	7%	-
Less Liquid	Total Invested Assets¹	\$45,279	100%	\$2,720

Highlights

- High-quality, liquid portfolio aligned with our business objectives
- Diversified fixed income investment strategy with highest allocation to investment grade corporate

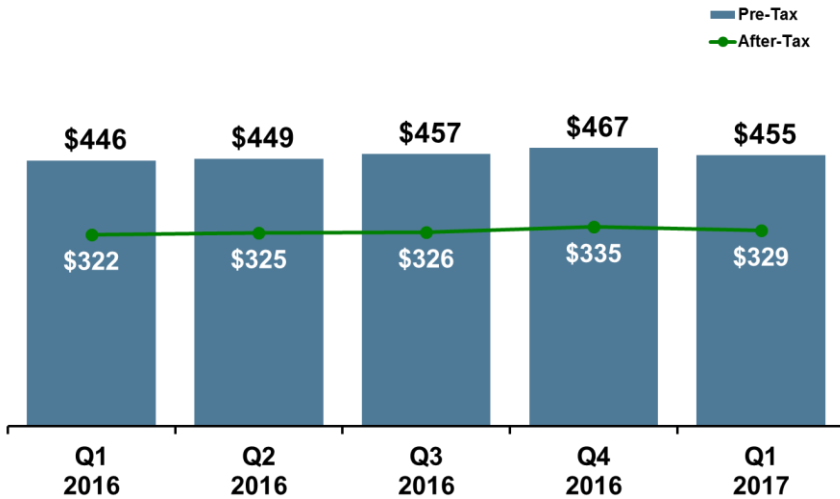
Fixed Income Portfolio	Carrying Value	Duration
Life & Group Non-Core	\$16.0b	8.8 yrs
P&C & Corporate	26.2b	4.6 yrs
Total Fixed Income	\$42.2b	6.2 yrs

Net Investment Income

Returns driven by limited partnership performance in the quarter

Fixed Income

\$m

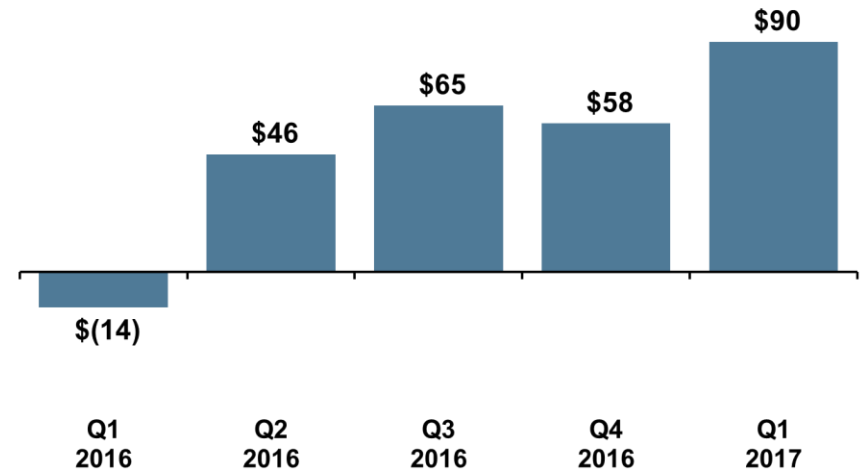


Fixed Maturities Annualized Yield After-Tax

3.4% 3.5% 3.4% 3.5% 3.4%

Limited Partnerships

\$m



LP Quarterly Return Pre-Tax

-0.6% 1.8% 2.6% 2.4% 3.8%