



# CNA Financial Corporation Supplemental Financial Information

June 30, 2017

This report is for informational purposes only and includes consolidated financial statements and financial exhibits that are unaudited. This report should be read in conjunction with documents filed with the U.S. Securities and Exchange Commission, including the most recent Annual Report on Form 10-K.

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# Statements of Operations

## Periods ended June 30

(In millions)

### Revenues:

	Three Months			Six Months		
	2017	2016	Change	2017	2016	Change
Net earned premiums	\$ 1,734	\$ 1,730	— %	\$ 3,379	\$ 3,429	(1) %
Net investment income	475	502	(5)	1,020	937	9
Net realized investment gains (losses):						
Other-than-temporary impairment (OTTI) losses	(2)	(15)		(4)	(38)	
Other net realized investment gains (losses)	52	31		90	18	
Net realized investment gains (losses)	50	16		86	(20)	
Other revenues	107	100		211	197	
Total revenues	2,366	2,348	1	4,696	4,543	3

### Claims, Benefits and Expenses:

Insurance claims and policyholders' benefits	1,280	1,339		2,573	2,747	
Amortization of deferred acquisition costs	312	305		617	612	
Other operating expenses	364	378		710	759	
Interest	40	38		83	80	
Total claims, benefits and expenses	1,996	2,060	3	3,983	4,198	5
Income (loss) before income tax	370	288		713	345	
Income tax (expense) benefit	(98)	(79)		(181)	(70)	
<b>Net income (loss)</b>	<b>\$ 272</b>	<b>\$ 209</b>	<b>30 %</b>	<b>\$ 532</b>	<b>\$ 275</b>	<b>93 %</b>

## Components of Income (Loss), Per Share Data and Return on Equity

### Periods ended June 30

(In millions, except per share data)

#### Components of Income (Loss)

	Three Months		Six Months	
	2017	2016	2017	2016
Net operating income (loss)	\$ 239	\$ 201	\$ 474	\$ 292
Net realized investment gains (losses)	33	8	58	(17)
Net income (loss)	<u>\$ 272</u>	<u>\$ 209</u>	<u>\$ 532</u>	<u>\$ 275</u>

#### Diluted Earnings (Loss) Per Common Share

Net operating income (loss)	\$ 0.88	\$ 0.74	\$ 1.74	\$ 1.08
Net realized investment gains (losses)	0.12	0.03	0.22	(0.06)
Diluted earnings (loss) per share	<u>\$ 1.00</u>	<u>\$ 0.77</u>	<u>\$ 1.96</u>	<u>\$ 1.02</u>

#### Weighted Average Outstanding Common Stock and Common Stock Equivalents

Basic	271.1	270.5	271.0	270.4
Diluted	271.9	270.9	271.9	270.9

#### Return on Equity

Net income (loss) <sup>(1)</sup>	9.2 %	7.2 %	8.9 %	4.7 %
Net operating income (loss) <sup>(2)</sup>	8.0	6.9	7.9	4.9

(1) Annualized net income (loss) divided by the average stockholders' equity including accumulated other comprehensive income (loss) (AOCI) for the period. Average equity including AOCI is calculated using a simple average of the beginning and ending balances for the period.

(2) Annualized net operating income (loss) divided by the average stockholders' equity excluding AOCI for the period. Average equity excluding AOCI is calculated using a simple average of the beginning and ending balances for the period.

## Selected Balance Sheet Data and Statement of Cash Flows Data

(In millions, except per share data)

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
Total investments	\$ 46,268	\$ 45,420
Reinsurance receivables, net of allowance for uncollectible receivables	4,426	4,416
Total assets	56,205	55,233
Insurance reserves	37,110	36,431
Debt	2,711	2,710
Total liabilities	44,177	43,264
Accumulated other comprehensive income (loss) <sup>(1)</sup>	32	(173)
Total stockholders' equity	12,028	11,969
Book value per common share	\$ 44.39	\$ 44.25
Book value per common share excluding AOCI	\$ 44.26	\$ 44.89
Outstanding shares of common stock (in millions of shares)	271.0	270.5
Statutory capital and surplus - Combined Continental Casualty Companies <sup>(2)</sup>	\$ 10,643	\$ 10,748

### Three months ended June 30

	<u>2017</u>	<u>2016</u>
Net cash flows provided (used) by operating activities	\$ 233	\$ 279
Net cash flows provided (used) by investing activities	(243)	(158)
Net cash flows provided (used) by financing activities	(68)	(69)
<b>Net cash flows provided (used) by operating, investing and financing activities</b>	<u>\$ (78)</u>	<u>\$ 52</u>

### Six months ended June 30

	<u>2017</u>	<u>2016</u>
Net cash flows provided (used) by operating activities	\$ 515	\$ 613
Net cash flows provided (used) by investing activities	111	(167)
Net cash flows provided (used) by financing activities	(677)	(538)
<b>Net cash flows provided (used) by operating, investing and financing activities</b>	<u>\$ (51)</u>	<u>\$ (92)</u>

(1) As of June 30, 2017 and December 31, 2016 the net unrealized gains on investments included in AOCI were net of after-tax Shadow Adjustments of \$1,221 million and \$1,014 million. To the extent that unrealized gains on fixed income securities supporting certain products within the Life & Group Non-Core segment would result in a premium deficiency if realized, an increase in Insurance reserves are recorded, net of tax, as a reduction of net unrealized gains through Other comprehensive income (loss) (Shadow Adjustments).

(2) Statutory capital and surplus as of June 30, 2017 is preliminary.

## Property & Casualty - Results of Operations

### Periods ended June 30

(In millions)

	Three Months			Six Months		
	2017	2016	Change	2017	2016	Change
Gross written premiums	\$ 2,778	\$ 2,729	2 %	\$ 5,530	\$ 5,403	2 %
Net written premiums	1,702	1,625	5	3,334	3,293	1
Net earned premiums	1,600	1,595	—	3,112	3,163	(2)
Net investment income	276	310		619	555	
Other revenues	106	97		209	191	
Total operating revenues	1,982	2,002	(1)	3,940	3,909	1
Insurance claims and policyholders' benefits	954	1,007		1,896	1,964	
Amortization of deferred acquisition costs	312	305		617	612	
Other insurance related expenses	231	240		453	484	
Other expenses	92	97		181	186	
Total claims, benefits and expenses	1,589	1,649	4	3,147	3,246	3
Operating income (loss) before income tax	393	353		793	663	
Income tax (expense) benefit on operating income (loss)	(132)	(124)		(264)	(227)	
<b>Net operating income (loss)</b>	<b>\$ 261</b>	<b>\$ 229</b>	<b>14 %</b>	<b>\$ 529</b>	<b>\$ 436</b>	<b>21 %</b>
<b>Other Performance Metrics</b>						
Underwriting gain (loss)	\$ 103	\$ 43	140 %	\$ 146	\$ 103	42 %
Loss & LAE ratio	59.4 %	63.0 %	3.6 pts	60.7 %	61.9 %	1.2 pts
Acquisition expense ratio	19.1	19.1	—	19.4	19.3	(0.1)
Underwriting expense ratio	14.7	15.1	0.4	14.9	15.4	0.5
Expense ratio	33.8	34.2	0.4	34.3	34.7	0.4
Dividend ratio	0.3	0.2	(0.1)	0.3	0.2	(0.1)
<b>Combined ratio</b>	<b>93.5 %</b>	<b>97.4 %</b>	<b>3.9</b>	<b>95.3 %</b>	<b>96.8 %</b>	<b>1.5</b>
Combined ratio excluding catastrophes and development	94.6 %	98.3 %	3.7 pts	95.9 %	97.8 %	1.9 pts
Net accident year catastrophe losses incurred	\$ 39	\$ 85		\$ 73	\$ 121	
Effect on loss & LAE ratio	2.4 %	5.3 %	2.9 pts	2.3 %	3.9 %	1.6 pts
Net prior year development and other: (favorable) / unfavorable	\$ (59)	\$ (102)		\$ (86)	\$ (163)	
Effect on loss & LAE ratio	(3.5) %	(6.2) %	(2.7) pts	(2.9) %	(4.9) %	(2.0) pts
Rate	— %	— %	— pts	— %	— %	— pts
Renewal premium change	2	1	1	2	2	—
Retention	84	84	—	84	84	—
New business	\$ 292	\$ 269	9 %	\$ 553	\$ 531	4 %

## Specialty - Results of Operations

### Periods ended June 30

(In millions)

	Three Months			Six Months		
	2017	2016	Change	2017	2016	Change
Gross written premiums	\$ 1,677	\$ 1,697	(1) %	\$ 3,424	\$ 3,329	3 %
Net written premiums	716	691	4	1,395	1,375	1
Net earned premiums	689	702	(2)	1,353	1,384	(2)
Net investment income	120	133		273	240	
Other revenues	98	89		192	176	
Total operating revenues	907	924	(2)	1,818	1,800	1
Insurance claims and policyholders' benefits	399	378		786	769	
Amortization of deferred acquisition costs	149	148		292	292	
Other insurance related expenses	72	73		141	148	
Other expenses	82	79		163	154	
Total claims, benefits and expenses	702	678	(4)	1,382	1,363	(1)
Operating income (loss) before income tax	205	246		436	437	
Income tax (expense) benefit on operating income (loss)	(69)	(82)		(146)	(146)	
<b>Net operating income (loss)</b>	<b>\$ 136</b>	<b>\$ 164</b>	<b>(17) %</b>	<b>\$ 290</b>	<b>\$ 291</b>	<b>— %</b>
<b>Other Performance Metrics</b>						
Underwriting gain (loss)	\$ 69	\$ 103	(33) %	\$ 134	\$ 175	(23) %
Loss & LAE ratio	57.7 %	53.9 %	(3.8) pts	57.9 %	55.5 %	(2.4) pts
Acquisition expense ratio	20.1	20.1	—	20.0	20.0	—
Underwriting expense ratio	11.9	11.2	(0.7)	12.1	11.7	(0.4)
Expense ratio	32.0	31.3	(0.7)	32.1	31.7	(0.4)
Dividend ratio	0.2	0.2	—	0.1	0.2	0.1
<b>Combined ratio</b>	<b>89.9 %</b>	<b>85.4 %</b>	<b>(4.5)</b>	<b>90.1 %</b>	<b>87.4 %</b>	<b>(2.7)</b>
Combined ratio excluding catastrophes and development	92.8 %	94.0 %	1.2 pts	93.9 %	94.4 %	0.5 pts
Net accident year catastrophe losses incurred	\$ 5	\$ 9		\$ 9	\$ 13	
Effect on loss & LAE ratio	0.8 %	1.3 %	0.5 pts	0.7 %	1.0 %	0.3 pts
Net prior year development and other: (favorable) / unfavorable	\$ (28)	\$ (72)		\$ (64)	\$ (117)	
Effect on loss & LAE ratio	(3.7) %	(9.9) %	(6.2) pts	(4.5) %	(8.0) %	(3.5) pts
Rate	1 %	— %	1 pts	1 %	1 %	— pts
Renewal premium change	1	1	—	2	2	—
Retention	88	88	—	88	88	—
New business	\$ 66	\$ 61	8 %	\$ 123	\$ 126	(2) %

## Commercial - Results of Operations

### Periods ended June 30

(In millions)

	Three Months			Six Months		
	2017	2016	Change	2017	2016	Change
Gross written premiums	\$ 849	\$ 804	6 %	\$ 1,599	\$ 1,583	1 %
Net written premiums	767	740	4	1,482	1,488	—
Net earned premiums	705	696	1	1,356	1,384	(2)
Net investment income	143	164		321	290	
Other revenues	9	8		18	14	
Total operating revenues	<u>857</u>	<u>868</u>	(1)	<u>1,695</u>	<u>1,688</u>	—
Insurance claims and policyholders' benefits	426	472		866	917	
Amortization of deferred acquisition costs	118	117		234	233	
Other insurance related expenses	128	130		254	271	
Other expenses	11	11		25	16	
Total claims, benefits and expenses	<u>683</u>	<u>730</u>	6	<u>1,379</u>	<u>1,437</u>	4
Operating income (loss) before income tax	174	138		316	251	
Income tax (expense) benefit on operating income (loss)	(59)	(46)		(107)	(85)	
<b>Net operating income (loss)</b>	<u>\$ 115</u>	<u>\$ 92</u>	25 %	<u>\$ 209</u>	<u>\$ 166</u>	26 %
<b>Other Performance Metrics</b>						
Underwriting gain (loss)	\$ 33	\$ (23)	N/M %	\$ 2	\$ (37)	105 %
Loss & LAE ratio	60.0 %	67.4 %	7.4 pts	63.4 %	65.8 %	2.4 pts
Acquisition expense ratio	17.2	17.3	0.1	18.1	17.9	(0.2)
Underwriting expense ratio	17.3	18.4	1.1	17.8	18.6	0.8
Expense ratio	<u>34.5</u>	<u>35.7</u>	1.2	<u>35.9</u>	<u>36.5</u>	0.6
Dividend ratio	0.6	0.4	(0.2)	0.5	0.4	(0.1)
<b>Combined ratio</b>	<u>95.1 %</u>	<u>103.5 %</u>	8.4	<u>99.8 %</u>	<u>102.7 %</u>	2.9
Combined ratio excluding catastrophes and development	94.5 %	97.7 %	3.2 pts	97.2 %	98.5 %	1.3 pts
Net accident year catastrophe losses incurred	\$ 35	\$ 55		\$ 62	\$ 83	
Effect on loss & LAE ratio	4.8 %	8.0 %	3.2 pts	4.4 %	6.1 %	1.7 pts
Net prior year development and other: (favorable) / unfavorable	\$ (29)	\$ (16)		\$ (11)	\$ (27)	
Effect on loss & LAE ratio	(4.2) %	(2.2) %	2.0 pts	(1.8) %	(1.9) %	(0.1) pts
Rate	— %	— %	— pts	— %	— %	— pts
Renewal premium change	2	2	—	1	3	(2)
Retention	82	84	(2)	84	83	1
New business	\$ 153	\$ 146	5 %	\$ 292	\$ 283	3 %



## International - Results of Operations

### Periods ended June 30

(In millions)

	Three Months			Six Months		
	2017	2016	Change	2017	2016	Change
Gross written premiums	\$ 252	\$ 228	11 %	\$ 507	\$ 491	3 %
Net written premiums	219	194	13	457	430	6
Net earned premiums	206	197	5	403	395	2
Net investment income	13	13		25	25	
Other revenues	(1)	—		(1)	1	
Total operating revenues	<u>218</u>	<u>210</u>	4	<u>427</u>	<u>421</u>	1
Insurance claims and policyholders' benefits	129	157		244	278	
Amortization of deferred acquisition costs	45	40		91	87	
Other insurance related expenses	31	37		58	65	
Other expenses	(1)	7		(7)	16	
Total claims, benefits and expenses	<u>204</u>	<u>241</u>	15	<u>386</u>	<u>446</u>	13
Operating income (loss) before income tax	14	(31)		41	(25)	
Income tax (expense) benefit on operating income (loss)	(4)	4		(11)	4	
<b>Net operating income (loss)</b>	<u>\$ 10</u>	<u>\$ (27)</u>	137 %	<u>\$ 30</u>	<u>\$ (21)</u>	N/M %
<b>Other Performance Metrics</b>						
Underwriting gain (loss)	\$ 1	\$ (37)	103 %	\$ 10	\$ (35)	129 %
Loss & LAE ratio	62.8 %	79.8 %	17.0 pts	60.6 %	70.5 %	9.9 pts
Acquisition expense ratio	22.3	22.0	(0.3)	22.0	21.5	(0.5)
Underwriting expense ratio	15.0	16.8	1.8	15.1	16.8	1.7
Expense ratio	<u>37.3</u>	<u>38.8</u>	1.5	<u>37.1</u>	<u>38.3</u>	1.2
Dividend ratio	—	—	—	—	—	—
<b>Combined ratio</b>	<u>100.1 %</u>	<u>118.6 %</u>	18.5	<u>97.7 %</u>	<u>108.8 %</u>	11.1
Combined ratio excluding catastrophes and development	101.1 %	115.3 %	14.2 pts	98.8 %	107.3 %	8.5 pts
Net accident year catastrophe losses incurred	\$ (1)	\$ 21		\$ 2	\$ 25	
Effect on loss & LAE ratio	(0.5) %	10.6 %	11.1 pts	0.6 %	6.3 %	5.7 pts
Net prior year development and other: (favorable) / unfavorable	\$ (2)	\$ (14)		\$ (11)	\$ (19)	
Effect on loss & LAE ratio	(0.5) %	(7.3) %	(6.8) pts	(1.7) %	(4.8) %	(3.1) pts
Rate	— %	(2) %	2 pts	— %	(1) %	1 pts
Renewal premium change	4	(3)	7	2	(2)	4
Retention	78	76	2	78	79	(1)
New business	\$ 73	\$ 62	18 %	\$ 138	\$ 122	13 %

## Life & Group Non-Core - Results of Operations

Periods ended June 30

(In millions)

	Three Months			Six Months		
	2017	2016	Change	2017	2016	Change
Net earned premiums	\$ 135	\$ 136	(1) %	\$ 268	\$ 267	— %
Net investment income	195	188		392	375	
Other revenues	—	3		1	3	
<b>Total operating revenues</b>	<b>330</b>	<b>327</b>	<b>1</b>	<b>661</b>	<b>645</b>	<b>2</b>
Insurance claims and policyholders' benefits	328	340		658	663	
Amortization of deferred acquisition costs	—	—		—	—	
Other insurance related expenses	32	31		64	64	
Other expenses	1	2		3	5	
<b>Total claims, benefits and expenses</b>	<b>361</b>	<b>373</b>	<b>3</b>	<b>725</b>	<b>732</b>	<b>1</b>
Operating income (loss) before income tax	(31)	(46)		(64)	(87)	
Income tax (expense) benefit on operating income (loss)	36	42		73	81	
<b>Net operating income (loss)</b>	<b>\$ 5</b>	<b>\$ (4)</b>	<b>N/M %</b>	<b>\$ 9</b>	<b>\$ (6)</b>	<b>N/M %</b>

## Corporate & Other Non-Core - Results of Operations

Periods ended June 30

(In millions)

	Three Months			Six Months		
	2017	2016	Change	2017	2016	Change
Net earned premiums	\$ (1)	\$ (1)		\$ (1)	\$ (1)	
Net investment income	4	4		9	7	
Other revenues	1	—		1	3	
Total operating revenues	4	3	33 %	9	9	— %
Insurance claims and policyholders' benefits	(2)	(8)		19	120	
Amortization of deferred acquisition costs	—	—		—	—	
Other insurance related expenses	(2)	(1)		(2)	(1)	
Other expenses	50	47		94	101	
Total claims, benefits and expenses	46	38	(21)	111	220	50
Operating income (loss) before income tax	(42)	(35)		(102)	(211)	
Income tax (expense) benefit on operating income (loss)	15	11		38	73	
<b>Net operating income (loss)</b>	<b>\$ (27)</b>	<b>\$ (24)</b>	<b>(13) %</b>	<b>\$ (64)</b>	<b>\$ (138)</b>	<b>54 %</b>

## Investment Summary - Consolidated

(In millions)	June 30, 2017		March 31, 2017		December 31, 2016	
	Carrying Value	Net Unrealized Gains (Losses)	Carrying Value	Net Unrealized Gains (Losses)	Carrying Value	Net Unrealized Gains (Losses)
Fixed maturity securities:						
Corporate and other bonds	\$ 19,406	\$ 1,560	\$ 19,246	\$ 1,391	\$ 18,970	\$ 1,247
States, municipalities and political subdivisions:						
Tax-exempt	10,972	996	10,649	847	10,430	834
Taxable	2,854	369	2,803	341	2,810	346
Total states, municipalities and political subdivisions	13,826	1,365	13,452	1,188	13,240	1,180
Asset-backed:						
RMBS	4,921	86	4,743	71	5,073	69
CMBS	1,952	45	1,935	33	2,040	24
Other ABS	1,061	11	1,049	6	1,025	3
Total asset-backed	7,934	142	7,727	110	8,138	96
U.S. Treasury and obligations of government-sponsored enterprises	115	2	103	8	93	10
Foreign government	449	11	432	13	445	10
Redeemable preferred stock	19	1	20	1	19	1
<b>Total fixed maturity securities</b>	<b>41,749</b>	<b>3,081</b>	<b>40,980</b>	<b>2,711</b>	<b>40,905</b>	<b>2,544</b>
Equities	118	10	120	8	110	4
Limited partnership investments	2,380	—	2,389	—	2,371	—
Other invested assets	42	—	40	—	36	—
Mortgage loans	646	—	611	—	591	—
Short term investments	1,333	—	1,139	1	1,407	1
<b>Total investments</b>	<b>\$ 46,268</b>	<b>\$ 3,091</b>	<b>\$ 45,279</b>	<b>\$ 2,720</b>	<b>\$ 45,420</b>	<b>\$ 2,549</b>
Net receivable/(payable) on investment activity	\$ (194)		\$ 56		\$ 81	
Effective portfolio duration (in years)	6.1		6.2		6.1	
Weighted average rating of fixed maturity securities	A		A		A	

RMBS - Residential mortgage-backed securities  
CMBS - Commercial mortgage-backed securities  
Other ABS - Other asset-backed securities

## Investment Summary - Property & Casualty and Corporate & Other Non-Core

(In millions)	June 30, 2017		March 31, 2017		December 31, 2016	
	Carrying Value	Net Unrealized Gains (Losses)	Carrying Value	Net Unrealized Gains (Losses)	Carrying Value	Net Unrealized Gains (Losses)
Fixed maturity securities:						
Corporate and other bonds	\$ 13,253	\$ 502	\$ 13,186	\$ 462	\$ 13,137	\$ 408
States, municipalities and political subdivisions:						
Tax-exempt	2,892	106	2,979	78	2,883	70
Taxable	1,249	102	1,227	98	1,231	101
Total states, municipalities and political subdivisions	4,141	208	4,206	176	4,114	171
Asset-backed:						
RMBS	4,744	79	4,560	63	4,811	63
CMBS	1,822	41	1,799	29	1,894	20
Other ABS	942	8	932	5	909	3
Total asset-backed	7,508	128	7,291	97	7,614	86
U.S. Treasury and obligations of government-sponsored enterprises	86	(1)	73	5	68	7
Foreign government	449	11	432	13	445	10
Redeemable preferred stock	5	—	6	—	5	—
<b>Total fixed maturity securities</b>	<b>25,442</b>	<b>848</b>	<b>25,194</b>	<b>753</b>	<b>25,383</b>	<b>682</b>
Equities	64	7	65	5	57	3
Limited partnership investments	2,380	—	2,389	—	2,371	—
Other invested assets	42	—	40	—	36	—
Mortgage loans	570	—	540	—	519	—
Short term investments	1,235	—	1,059	1	1,233	1
<b>Total investments</b>	<b>\$ 29,733</b>	<b>\$ 855</b>	<b>\$ 29,287</b>	<b>\$ 759</b>	<b>\$ 29,599</b>	<b>\$ 686</b>
Net receivable/(payable) on investment activity	\$ (164)		\$ (35)		\$ 53	
Effective portfolio duration (in years)	4.4		4.6		4.6	
Weighted average rating of fixed maturity securities	A-		A-		A	

## Investment Summary - Life & Group Non-Core

(In millions)	June 30, 2017		March 31, 2017		December 31, 2016	
	Carrying Value	Net Unrealized Gains (Losses)	Carrying Value	Net Unrealized Gains (Losses)	Carrying Value	Net Unrealized Gains (Losses)
Fixed maturity securities:						
Corporate and other bonds	\$ 6,153	\$ 1,058	\$ 6,060	\$ 929	\$ 5,833	\$ 839
States, municipalities and political subdivisions:						
Tax-exempt	8,080	890	7,670	769	7,547	764
Taxable	1,605	267	1,576	243	1,579	245
Total states, municipalities and political subdivisions	9,685	1,157	9,246	1,012	9,126	1,009
Asset-backed:						
RMBS	177	7	183	8	262	6
CMBS	130	4	136	4	146	4
Other ABS	119	3	117	1	116	—
Total asset-backed	426	14	436	13	524	10
U.S. Treasury and obligations of government-sponsored enterprises	29	3	30	3	25	3
Foreign government	—	—	—	—	—	—
Redeemable preferred stock	14	1	14	1	14	1
<b>Total fixed maturity securities</b>	<b>16,307</b>	<b>2,233</b>	<b>15,786</b>	<b>1,958</b>	<b>15,522</b>	<b>1,862</b>
Equities	54	3	55	3	53	1
Limited partnership investments	—	—	—	—	—	—
Other invested assets	—	—	—	—	—	—
Mortgage loans	76	—	71	—	72	—
Short term investments	98	—	80	—	174	—
<b>Total investments</b>	<b>\$ 16,535</b>	<b>\$ 2,236</b>	<b>\$ 15,992</b>	<b>\$ 1,961</b>	<b>\$ 15,821</b>	<b>\$ 1,863</b>
Net receivable/(payable) on investment activity	\$ (30)		\$ 91		\$ 28	
Effective portfolio duration (in years)	8.7		8.8		8.7	
Weighted average rating of fixed maturity securities	A		A		A	

## Investments - Fixed Maturity Securities by Credit Rating

June 30, 2017	U.S. Government, Government agencies and Government- sponsored enterprises		AAA		AA		A		BBB		Non-investment grade		Total	
	Fair Value	Net Unrealized Gains (Losses)	Fair Value	Net Unrealized Gains (Losses)	Fair Value	Net Unrealized Gains (Losses)	Fair Value	Net Unrealized Gains (Losses)	Fair Value	Net Unrealized Gains (Losses)	Fair Value	Net Unrealized Gains (Losses)	Fair Value	Net Unrealized Gains (Losses)
(In millions)														
Corporate and other bonds	\$ —	\$ —	\$ 54	\$ 1	\$ 574	\$ 53	\$ 4,439	\$ 464	\$ 12,141	\$ 954	\$ 2,198	\$ 88	\$ 19,406	\$ 1,560
States, municipalities and political subdivisions:														
Tax-exempt	—	—	919	95	5,746	542	4,122	330	150	15	35	14	10,972	996
Taxable	—	—	356	30	1,959	254	514	86	25	(1)	—	—	2,854	369
Total states, municipalities and political subdivisions	—	—	1,275	125	7,705	796	4,636	416	175	14	35	14	13,826	1,365
Asset-backed:														
RMBS	4,083	37	38	—	25	—	75	(1)	48	—	652	50	4,921	86
CMBS	51	—	321	12	410	14	352	9	558	6	260	4	1,952	45
Other ABS	—	—	40	(3)	75	—	490	7	456	7	—	—	1,061	11
Total asset-backed	4,134	37	399	9	510	14	917	15	1,062	13	912	54	7,934	142
U.S. Treasury and obligations of government-sponsored enterprises	115	2	—	—	—	—	—	—	—	—	—	—	115	2
Foreign government	—	—	91	4	315	7	22	—	21	—	—	—	449	11
Redeemable preferred stock	—	—	—	—	—	—	—	—	10	1	9	—	19	1
<b>Total fixed maturity securities</b>	<b>\$ 4,249</b>	<b>\$ 39</b>	<b>\$ 1,819</b>	<b>\$ 139</b>	<b>\$ 9,104</b>	<b>\$ 870</b>	<b>\$ 10,014</b>	<b>\$ 895</b>	<b>\$ 13,409</b>	<b>\$ 982</b>	<b>\$ 3,154</b>	<b>\$ 156</b>	<b>\$ 41,749</b>	<b>\$ 3,081</b>
<b>Percentage of total fixed maturity securities</b>	<b>10%</b>		<b>4%</b>		<b>22%</b>		<b>24%</b>		<b>32%</b>		<b>8%</b>		<b>100%</b>	

## Components of Net Investment Income

### Periods ended June 30

(In millions)

Taxable fixed maturities
Tax-exempt fixed maturities
Total fixed maturity securities
Limited partnership investments
Other, net of investment expense
<b>Net investment income</b>
Fixed maturity securities, after tax
Net investment income, after tax

Effective income yield for the fixed maturity securities portfolio, pretax  
 Effective income yield for the fixed maturity securities portfolio, after tax

### Periods ended June 30

(In millions)

Taxable fixed maturities
Tax-exempt fixed maturities
Total fixed maturity securities
Limited partnership investments
Other, net of investment expense
<b>Net investment income</b>
Fixed maturity securities, after tax
Net investment income, after tax

Effective income yield for the fixed maturity securities portfolio, pretax  
 Effective income yield for the fixed maturity securities portfolio, after tax

### Periods ended June 30

(In millions)

Taxable fixed maturities
Tax-exempt fixed maturities
Total fixed maturity securities
Limited partnership investments
Other, net of investment expense
<b>Net investment income</b>
Fixed maturity securities, after tax
Net investment income, after tax

Effective income yield for the fixed maturity securities portfolio, pretax  
 Effective income yield for the fixed maturity securities portfolio, after tax

Consolidated			
Three Months		Six Months	
2017	2016	2017	2016
\$ 351	\$ 349	\$ 698	\$ 694
106	100	214	201
457	449	912	895
16	46	106	32
2	7	2	10
<b>\$ 475</b>	<b>\$ 502</b>	<b>\$ 1,020</b>	<b>\$ 937</b>
\$ 330	\$ 325	\$ 659	\$ 647
344	362	733	677
4.8 %	4.8 %	4.8 %	4.8 %
3.4	3.5	3.4	3.4

Property & Casualty and Corporate & Other Non-Core			
Three Months		Six Months	
2017	2016	2017	2016
\$ 236	\$ 242	\$ 469	\$ 480
23	18	46	37
259	260	515	517
16	46	106	32
5	8	7	13
<b>\$ 280</b>	<b>\$ 314</b>	<b>\$ 628</b>	<b>\$ 562</b>
\$ 177	\$ 178	\$ 352	\$ 352
191	214	426	382
4.2 %	4.3 %	4.2 %	4.3 %
2.9	2.9	2.9	2.9

Life & Group Non-Core			
Three Months		Six Months	
2017	2016	2017	2016
\$ 115	\$ 107	\$ 229	\$ 214
83	82	168	164
198	189	397	378
—	—	—	—
(3)	(1)	(5)	(3)
<b>\$ 195</b>	<b>\$ 188</b>	<b>\$ 392</b>	<b>\$ 375</b>
\$ 153	\$ 147	\$ 307	\$ 295
153	148	307	295
5.7 %	5.7 %	5.7 %	5.7 %
4.4	4.4	4.4	4.5



## Claim & Claim Adjustment Expense Reserve Rollforward

**Three months ended June 30, 2017**  
(In millions)

	Specialty	Commercial	International	P&C Operations	Life & Group Non-Core	Corporate & Other Non-Core	Total Operations
Claim & claim adjustment expense reserves, beginning of period							
Gross	\$ 6,224	\$ 8,760	\$ 1,343	\$ 16,327	\$ 3,373	\$ 2,560	\$ 22,260
Ceded	812	576	118	1,506	237	2,333	4,076
Net	5,412	8,184	1,225	14,821	3,136	227	18,184
Net incurred claim & claim adjustment expenses	398	423	129	950	253	1	1,204
Net claim & claim adjustment expense payments	(450)	(581)	(99)	(1,130)	(211)	(4)	(1,345)
Foreign currency translation adjustment and other	—	2	45	47	9	—	56
Claim & claim adjustment expense reserves, end of period							
Net	5,360	8,028	1,300	14,688	3,187	224	18,099
Ceded	869	558	142	1,569	230	2,281	4,080
Gross	\$ 6,229	\$ 8,586	\$ 1,442	\$ 16,257	\$ 3,417	\$ 2,505	\$ 22,179

**Six months ended June 30, 2017**  
(In millions)

	Specialty	Commercial	International	P&C Operations	Life & Group Non-Core	Corporate & Other Non-Core	Total Operations
Claim & claim adjustment expense reserves, beginning of period							
Gross	\$ 6,149	\$ 8,894	\$ 1,328	\$ 16,371	\$ 3,358	\$ 2,614	\$ 22,343
Ceded	745	589	127	1,461	249	2,384	4,094
Net	5,404	8,305	1,201	14,910	3,109	230	18,249
Net incurred claim & claim adjustment expenses	784	859	244	1,887	488	2	2,377
Net claim & claim adjustment expense payments	(828)	(1,137)	(204)	(2,169)	(419)	(9)	(2,597)
Foreign currency translation adjustment and other	—	1	59	60	9	1	70
Claim & claim adjustment expense reserves, end of period							
Net	5,360	8,028	1,300	14,688	3,187	224	18,099
Ceded	869	558	142	1,569	230	2,281	4,080
Gross	\$ 6,229	\$ 8,586	\$ 1,442	\$ 16,257	\$ 3,417	\$ 2,505	\$ 22,179

## Life & Group Non-Core Policyholder Reserves

June 30, 2017

(In millions)	Claim and claim adjustment expenses	Future policy benefits	Total
Long term care	\$ 2,509	\$ 8,825	\$ 11,334
Structured settlement annuities	554	—	554
Other	14	—	14
<b>Total</b>	<b>3,077</b>	<b>8,825</b>	<b>11,902</b>
Shadow adjustments	110	1,768	1,878
Ceded reserves	230	231	461
<b>Total gross reserves</b>	<b>\$ 3,417</b>	<b>\$ 10,824</b>	<b>\$ 14,241</b>

December 31, 2016

(In millions)	Claim and claim adjustment expenses	Future policy benefits	Total
Long term care	\$ 2,426	\$ 8,654	\$ 11,080
Structured settlement annuities	565	—	565
Other	17	—	17
<b>Total</b>	<b>3,008</b>	<b>8,654</b>	<b>11,662</b>
Shadow adjustments	101	1,459	1,560
Ceded reserves	249	213	462
<b>Total gross reserves</b>	<b>\$ 3,358</b>	<b>\$ 10,326</b>	<b>\$ 13,684</b>

## Definitions and Presentation

- Collectively, CNA Financial Corporation (CNAF) and its subsidiaries are referred to as CNA or the Company.
- P&C Operations includes Specialty, Commercial and International.
- Life & Group Non-Core segment primarily includes the results of long term care businesses that are in run-off.
- Corporate & Other Non-Core segment 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 and asbestos and environmental pollution. Intersegment eliminations are also included in this segment.
- Management uses the net operating income (loss) financial measure to monitor the Company's operations. Please refer to Note O to the Consolidated Financial Statements within the December 31, 2016 Form 10-K for further discussion of this non-GAAP financial measure.
- Management uses underwriting results to monitor insurance operations. Underwriting results are pretax and are calculated as net earned premiums less total insurance expenses, which includes insurance claims and policyholders' benefits, amortization of deferred acquisition costs and other insurance related expenses.
- In the evaluation of the results of Specialty, Commercial and International, management uses the loss ratio, the expense ratio, the dividend ratio and the combined ratio. These ratios are calculated using financial results prepared in accordance with accounting principles generally accepted in the United States of America. The loss ratio is the percentage of net incurred claim and claim adjustment expenses to net earned premiums. The expense ratio is the percentage of insurance underwriting and acquisition expenses, including the amortization of deferred acquisition costs, to net earned premiums. The dividend ratio is the ratio of policyholders' dividends incurred to net earned premiums. The combined ratio is the sum of the loss, expense and dividend ratios. In addition, management also utilizes renewal premium change, rate, retention and new business in evaluating operating trends. 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. Exposure represents the measure of risk used in the pricing of the insurance product. Retention represents the percentage of premium dollars renewed in comparison to the expiring premium dollars from policies available to renew. Rate, renewal premium change and retention presented for the prior year is updated to reflect subsequent activity on policies written in the period. New business represents premiums from policies written with new customers and additional policies written with existing customers.
- This financial supplement may also reference or contain financial measures that are not in accordance with GAAP. Management utilizes these financial measures to monitor the Company's insurance operations and investment portfolio. Net operating income, which is derived from certain income statement amounts, is used by management to monitor performance of the Company's insurance operations. 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. Based on such analyses, the Company may recognize an other-than-temporary impairment (OTTI) loss on an investment security in accordance with its policy, or sell a security, which may produce realized gains and losses.

- Net operating income (loss) is calculated by excluding from net income (loss) the after-tax effects of i) net realized investment gains or losses, ii) income or loss from discontinued operations and iii) any cumulative effects of changes in accounting guidance. The calculation of net operating income excludes net realized investment gains or losses because net realized investment gains or losses are largely discretionary, except for some losses related to OTTI, and are generally driven by economic factors that are not necessarily consistent with key drivers of underwriting performance, and are therefore not considered an indication of trends in insurance operations. Management monitors net operating income (loss) for each business segment to assess segment performance. Presentation of consolidated net operating income (loss) is deemed to be a non-GAAP financial measure. For reconciliations of non-GAAP measures to the most comparable GAAP measures and other information, please refer herein and/or to CNA's most recent 10-K on file with the Securities and Exchange Commission, as well as the press release, available at [www.cna.com](http://www.cna.com).
- Pretax net prior year development and other includes the effects of interest accretion and change in allowance for uncollectible reinsurance and deductible amounts.
- The majority of our limited partnership investments employ hedge fund strategies. While the Company generally does not invest in highly leveraged partnerships, there are risks inherent in limited partnership investments which may result in losses due to short-selling, derivatives or other speculative investment practices. The use of leverage increases volatility generated by the underlying investment strategies.
- Certain immaterial differences are due to rounding.
- N/M = Not Meaningful