



# CNA Financial Corporation Supplemental Financial Information

September 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 September 30

(In millions)

### Revenues:

	Three Months			Nine Months		
	2017	2016	Change	2017	2016	Change
Net earned premiums	\$ 1,806	\$ 1,767	2 %	\$ 5,185	\$ 5,196	— %
Net investment income	509	524	(3)	1,529	1,461	5
Net realized investment gains (losses):						
Other-than-temporary impairment (OTTI) losses	(5)	(18)		(9)	(56)	
Other net realized investment gains (losses)	(19)	64		71	82	
Net realized investment gains (losses)	(24)	46		62	26	
Other revenues	107	96		318	293	
Total revenues	<u>2,398</u>	<u>2,433</u>	(1)	<u>7,094</u>	<u>6,976</u>	2
<b>Claims, Benefits and Expenses:</b>						
Insurance claims and policyholders' benefits	1,480	1,202		4,053	3,949	
Amortization of deferred acquisition costs	309	314		926	926	
Other operating expenses	381	403		1,091	1,162	
Interest	41	39		124	119	
Total claims, benefits and expenses	<u>2,211</u>	<u>1,958</u>	(13)	<u>6,194</u>	<u>6,156</u>	(1)
Income (loss) before income tax	187	475		900	820	
Income tax (expense) benefit	(43)	(132)		(224)	(202)	
<b>Net income (loss)</b>	<u>\$ 144</u>	<u>\$ 343</u>	(58) %	<u>\$ 676</u>	<u>\$ 618</u>	9 %

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

### Periods ended September 30

(In millions, except per share data)

#### Components of Income (Loss)

	Three Months		Nine Months	
	2017	2016	2017	2016
Net operating income (loss)	\$ 159	\$ 311	\$ 633	\$ 603
Net realized investment gains (losses)	(15)	32	43	15
Net income (loss)	<u>\$ 144</u>	<u>\$ 343</u>	<u>\$ 676</u>	<u>\$ 618</u>

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

Net operating income (loss)	\$ 0.58	\$ 1.15	\$ 2.33	\$ 2.22
Net realized investment gains (losses)	(0.05)	0.11	0.15	0.06
Diluted earnings (loss) per share	<u>\$ 0.53</u>	<u>\$ 1.26</u>	<u>\$ 2.48</u>	<u>\$ 2.28</u>

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

Basic	271.2	270.5	271.1	270.4
Diluted	272.1	271.2	272.0	271.0

#### Return on Equity

Net income (loss) <sup>(1)</sup>	4.7 %	11.4 %	7.5 %	6.9 %
Net operating income (loss) <sup>(2)</sup>	5.3	10.5	7.0	6.7

(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>September 30, 2017</u>	<u>December 31, 2016</u>
Total investments	\$ 46,747	\$ 45,420
Reinsurance receivables, net of allowance for uncollectible receivables	4,332	4,416
Total assets	56,582	55,233
Insurance reserves	37,309	36,431
Debt	2,857	2,710
Total liabilities	44,413	43,264
Accumulated other comprehensive income (loss) <sup>(1)</sup>	107	(173)
Total stockholders' equity	12,169	11,969
Book value per common share	\$ 44.88	\$ 44.25
Book value per common share excluding AOCI	\$ 44.48	\$ 44.89
Outstanding shares of common stock (in millions of shares)	271.2	270.5
Statutory capital and surplus - Combined Continental Casualty Companies <sup>(2)</sup>	\$ 10,805	\$ 10,748

### Three months ended September 30

	<u>2017</u>	<u>2016</u>
Net cash flows provided (used) by operating activities	\$ 379	\$ 507
Net cash flows provided (used) by investing activities	(329)	(437)
Net cash flows provided (used) by financing activities	4	(67)
<b>Net cash flows provided (used) by operating, investing and financing activities</b>	<u>\$ 54</u>	<u>\$ 3</u>

### Nine months ended September 30

	<u>2017</u>	<u>2016</u>
Net cash flows provided (used) by operating activities	\$ 894	\$ 1,120
Net cash flows provided (used) by investing activities	(218)	(604)
Net cash flows provided (used) by financing activities	(673)	(605)
<b>Net cash flows provided (used) by operating, investing and financing activities</b>	<u>\$ 3</u>	<u>\$ (89)</u>

(1) As of September 30, 2017 and December 31, 2016 the net unrealized gains on investments included in AOCI were net of after-tax Shadow Adjustments of \$1,321 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 September 30, 2017 is preliminary.

## Property & Casualty - Results of Operations

Periods ended September 30

(In millions)

	Three Months			Nine Months		
	2017	2016	Change	2017	2016	Change
Gross written premiums	\$ 2,712	\$ 2,722	— %	\$ 8,242	\$ 8,125	1 %
Net written premiums	1,599	1,624	(2)	4,933	4,917	—
Net earned premiums	1,670	1,633	2	4,782	4,796	—
Net investment income	308	328		927	883	
Other revenues	107	100		316	291	
Total operating revenues	<u>2,085</u>	<u>2,061</u>	1	<u>6,025</u>	<u>5,970</u>	1
Insurance claims and policyholders' benefits	1,173	900		3,069	2,864	
Amortization of deferred acquisition costs	309	314		926	926	
Other insurance related expenses	249	261		702	745	
Other expenses	87	88		268	274	
Total claims, benefits and expenses	<u>1,818</u>	<u>1,563</u>	(16)	<u>4,965</u>	<u>4,809</u>	(3)
Operating income (loss) before income tax	267	498		1,060	1,161	
Income tax (expense) benefit on operating income (loss)	(100)	(169)		(364)	(396)	
<b>Net operating income (loss)</b>	<u>\$ 167</u>	<u>\$ 329</u>	(49) %	<u>\$ 696</u>	<u>\$ 765</u>	(9) %
<b>Other Performance Metrics</b>						
Underwriting gain (loss)	\$ (61)	\$ 158	(139) %	\$ 85	\$ 261	(67) %
Loss & LAE ratio	69.9 %	54.7 %	(15.2) pts	63.9 %	59.4 %	(4.5) pts
Acquisition expense ratio	19.5	19.5	—	19.4	19.4	—
Underwriting expense ratio	14.0	15.7	1.7	14.6	15.5	0.9
Expense ratio	<u>33.5</u>	<u>35.2</u>	1.7	<u>34.0</u>	<u>34.9</u>	0.9
Dividend ratio	0.3	0.5	0.2	0.3	0.3	—
<b>Combined ratio</b>	<u>103.7 %</u>	<u>90.4 %</u>	(13.3)	<u>98.2 %</u>	<u>94.6 %</u>	(3.6)
Combined ratio excluding catastrophes and development	94.6 %	97.5 %	2.9 pts	95.4 %	97.8 %	2.4 pts
Net accident year catastrophe losses incurred	\$ 269	\$ 16		\$ 342	\$ 137	
Effect on loss & LAE ratio	16.5 %	1.0 %	(15.5) pts	7.3 %	2.8 %	(4.5) pts
Net prior year development and other: (favorable) / unfavorable	\$ (129)	\$ (134)		\$ (215)	\$ (297)	
Effect on loss & LAE ratio	(7.4) %	(8.1) %	(0.7) pts	(4.5) %	(6.0) %	(1.5) pts
Rate	— %	(1) %	1 pts	— %	(1) %	1 pts
Renewal premium change	2	3	(1)	1	2	(1)
Retention	85	84	1	86	85	1
New business	\$ 270	\$ 268	1 %	\$ 823	\$ 799	3 %

## Specialty - Results of Operations

### Periods ended September 30

(In millions)

	Three Months			Nine Months		
	2017	2016	Change	2017	2016	Change
Gross written premiums	\$ 1,764	\$ 1,791	(2) %	\$ 5,188	\$ 5,120	1 %
Net written premiums	705	733	(4)	2,100	2,108	—
Net earned premiums	703	704	—	2,056	2,088	(2)
Net investment income	134	140		407	380	
Other revenues	99	93		291	269	
Total operating revenues	936	937	—	2,754	2,737	1
Insurance claims and policyholders' benefits	358	334		1,144	1,103	
Amortization of deferred acquisition costs	153	151		445	443	
Other insurance related expenses	68	77		209	225	
Other expenses	85	78		248	232	
Total claims, benefits and expenses	664	640	(4)	2,046	2,003	(2)
Operating income (loss) before income tax	272	297		708	734	
Income tax (expense) benefit on operating income (loss)	(92)	(102)		(238)	(248)	
<b>Net operating income (loss)</b>	<b>\$ 180</b>	<b>\$ 195</b>	<b>(8) %</b>	<b>\$ 470</b>	<b>\$ 486</b>	<b>(3) %</b>
<b>Other Performance Metrics</b>						
Underwriting gain (loss)	\$ 124	\$ 142	(13) %	\$ 258	\$ 317	(19) %
Loss & LAE ratio	50.8 %	46.8 %	(4.0) pts	55.5 %	52.6 %	(2.9) pts
Acquisition expense ratio	20.0	20.0	—	20.0	20.0	—
Underwriting expense ratio	11.3	12.5	1.2	11.8	12.0	0.2
Expense ratio	31.3	32.5	1.2	31.8	32.0	0.2
Dividend ratio	0.2	0.6	0.4	0.1	0.3	0.2
<b>Combined ratio</b>	<b>82.3 %</b>	<b>79.9 %</b>	<b>(2.4)</b>	<b>87.4 %</b>	<b>84.9 %</b>	<b>(2.5)</b>
Combined ratio excluding catastrophes and development	92.7 %	95.6 %	2.9 pts	93.4 %	94.8 %	1.4 pts
Net accident year catastrophe losses incurred	\$ 38	\$ 1		\$ 47	\$ 14	
Effect on loss & LAE ratio	5.4 %	0.2 %	(5.2) pts	2.3 %	0.7 %	(1.6) pts
Net prior year development and other: (favorable) / unfavorable	\$ (112)	\$ (112)		\$ (176)	\$ (229)	
Effect on loss & LAE ratio	(15.8) %	(15.9) %	(0.1) pts	(8.3) %	(10.6) %	(2.3) pts
Rate	(1) %	— %	(1) pts	— %	1 %	(1) pts
Renewal premium change	—	2	(2)	2	2	—
Retention	89	88	1	89	88	1
New business	\$ 64	\$ 66	(3) %	\$ 187	\$ 192	(3) %

## Commercial - Results of Operations

### Periods ended September 30

(In millions)

	Three Months			Nine Months		
	2017	2016	Change	2017	2016	Change
Gross written premiums	\$ 722	\$ 718	1 %	\$ 2,321	\$ 2,301	1 %
Net written premiums	687	684	—	2,169	2,172	—
Net earned premiums	741	719	3	2,097	2,103	—
Net investment income	161	175		482	465	
Other revenues	7	7		25	21	
Total operating revenues	909	901	1	2,604	2,589	1
Insurance claims and policyholders' benefits	615	449		1,481	1,366	
Amortization of deferred acquisition costs	120	118		354	351	
Other insurance related expenses	133	151		387	422	
Other expenses	6	9		31	25	
Total claims, benefits and expenses	874	727	(20)	2,253	2,164	(4)
Operating income (loss) before income tax	35	174		351	425	
Income tax (expense) benefit on operating income (loss)	(10)	(60)		(117)	(145)	
<b>Net operating income (loss)</b>	<b>\$ 25</b>	<b>\$ 114</b>	<b>(78) %</b>	<b>\$ 234</b>	<b>\$ 280</b>	<b>(16) %</b>
<b>Other Performance Metrics</b>						
Underwriting gain (loss)	\$ (127)	\$ 1	N/M %	\$ (125)	\$ (36)	N/M %
Loss & LAE ratio	82.4 %	62.2 %	(20.2) pts	70.1 %	64.6 %	(5.5) pts
Acquisition expense ratio	17.9	18.2	0.3	18.0	18.0	—
Underwriting expense ratio	16.4	18.9	2.5	17.3	18.7	1.4
Expense ratio	34.3	37.1	2.8	35.3	36.7	1.4
Dividend ratio	0.5	0.5	—	0.5	0.4	(0.1)
<b>Combined ratio</b>	<b>117.2 %</b>	<b>99.8 %</b>	<b>(17.4)</b>	<b>105.9 %</b>	<b>101.7 %</b>	<b>(4.2)</b>
Combined ratio excluding catastrophes and development	94.7 %	98.7 %	4.0 pts	96.3 %	98.5 %	2.2 pts
Net accident year catastrophe losses incurred	\$ 173	\$ 12		\$ 235	\$ 95	
Effect on loss & LAE ratio	23.9 %	1.6 %	(22.3) pts	11.1 %	4.6 %	(6.5) pts
Net prior year development and other: (favorable) / unfavorable	\$ (13)	\$ (5)		\$ (24)	\$ (32)	
Effect on loss & LAE ratio	(1.4) %	(0.5) %	0.9 pts	(1.5) %	(1.4) %	0.1 pts
Rate	— %	(3) %	3 pts	— %	(2) %	2 pts
Renewal premium change	2	5	(3)	1	4	(3)
Retention	85	84	1	86	84	2
New business	\$ 137	\$ 135	1 %	\$ 429	\$ 418	3 %



## International - Results of Operations

### Periods ended September 30

(In millions)

	Three Months			Nine Months		
	2017	2016	Change	2017	2016	Change
Gross written premiums	\$ 226	\$ 213	6 %	\$ 733	\$ 704	4 %
Net written premiums	207	207	—	664	637	4
Net earned premiums	226	210	8	629	605	4
Net investment income	13	13		38	38	
Other revenues	1	—		—	1	
Total operating revenues	240	223	8	667	644	4
Insurance claims and policyholders' benefits	200	117		444	395	
Amortization of deferred acquisition costs	36	45		127	132	
Other insurance related expenses	48	33		106	98	
Other expenses	(4)	1		(11)	17	
Total claims, benefits and expenses	280	196	(43)	666	642	(4)
Operating income (loss) before income tax	(40)	27		1	2	
Income tax (expense) benefit on operating income (loss)	2	(7)		(9)	(3)	
<b>Net operating income (loss)</b>	<b>\$ (38)</b>	<b>\$ 20</b>	<b>N/M %</b>	<b>\$ (8)</b>	<b>\$ (1)</b>	<b>N/M %</b>
<b>Other Performance Metrics</b>						
Underwriting gain (loss)	\$ (58)	\$ 15	N/M %	\$ (48)	\$ (20)	(140) %
Loss & LAE ratio	88.4 %	55.4 %	(33.0) pts	70.6 %	65.2 %	(5.4) pts
Acquisition expense ratio	23.0	22.5	(0.5)	22.4	21.8	(0.6)
Underwriting expense ratio	14.5	15.3	0.8	14.8	16.4	1.6
Expense ratio	37.5	37.8	0.3	37.2	38.2	1.0
Dividend ratio	—	—	—	—	—	—
<b>Combined ratio</b>	<b>125.9 %</b>	<b>93.2 %</b>	<b>(32.7)</b>	<b>107.8 %</b>	<b>103.4 %</b>	<b>(4.4)</b>
Combined ratio excluding catastrophes and development	99.9 %	99.7 %	(0.2) pts	99.2 %	104.7 %	5.5 pts
Net accident year catastrophe losses incurred	\$ 58	\$ 3		\$ 60	\$ 28	
Effect on loss & LAE ratio	27.5 %	1.5 %	(26.0) pts	10.3 %	4.7 %	(5.6) pts
Net prior year development and other: (favorable) / unfavorable	\$ (4)	\$ (17)		\$ (15)	\$ (36)	
Effect on loss & LAE ratio	(1.5) %	(8.0) %	(6.5) pts	(1.7) %	(6.0) %	(4.3) pts
Rate	1 %	(1) %	2 pts	— %	(1) %	1 pts
Renewal premium change	4	(1)	5	1	(1)	2
Retention	73	74	(1)	78	78	—
New business	\$ 69	\$ 67	3 %	\$ 207	\$ 189	10 %

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

Periods ended September 30

(In millions)

	Three Months			Nine Months		
	2017	2016	Change	2017	2016	Change
Net earned premiums	\$ 136	\$ 134	1 %	\$ 404	\$ 401	1 %
Net investment income	195	192		587	567	
Other revenues	—	(4)		1	(1)	
<b>Total operating revenues</b>	<b>331</b>	<b>322</b>	<b>3</b>	<b>992</b>	<b>967</b>	<b>3</b>
Insurance claims and policyholders' benefits	322	313		980	976	
Amortization of deferred acquisition costs	—	—		—	—	
Other insurance related expenses	32	37		96	101	
Other expenses	2	2		5	7	
<b>Total claims, benefits and expenses</b>	<b>356</b>	<b>352</b>	<b>(1)</b>	<b>1,081</b>	<b>1,084</b>	<b>—</b>
Operating income (loss) before income tax	(25)	(30)		(89)	(117)	
Income tax (expense) benefit on operating income (loss)	35	36		108	117	
<b>Net operating income (loss)</b>	<b>\$ 10</b>	<b>\$ 6</b>	<b>67 %</b>	<b>\$ 19</b>	<b>\$ —</b>	<b>N/M %</b>

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

Periods ended September 30

(In millions)

	Three Months			Nine Months		
	2017	2016	Change	2017	2016	Change
Net earned premiums	\$ —	\$ —		\$ (1)	\$ (1)	
Net investment income	6	4		15	11	
Other revenues	—	—		1	3	
<b>Total operating revenues</b>	<b>6</b>	<b>4</b>	<b>50 %</b>	<b>15</b>	<b>13</b>	<b>15 %</b>
Insurance claims and policyholders' benefits	(15)	(11)		4	109	
Amortization of deferred acquisition costs	—	—		—	—	
Other insurance related expenses	—	(3)		(2)	(4)	
Other expenses	52	57		146	158	
<b>Total claims, benefits and expenses</b>	<b>37</b>	<b>43</b>	<b>14</b>	<b>148</b>	<b>263</b>	<b>44</b>
Operating income (loss) before income tax	(31)	(39)		(133)	(250)	
Income tax (expense) benefit on operating income (loss)	13	15		51	88	
<b>Net operating income (loss)</b>	<b>\$ (18)</b>	<b>\$ (24)</b>	<b>25 %</b>	<b>\$ (82)</b>	<b>\$ (162)</b>	<b>49 %</b>

## Investment Summary - Consolidated

(In millions)	September 30, 2017		June 30, 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	\$ 19,588	\$ 1,619	\$ 19,406	\$ 1,560	\$ 18,970	\$ 1,247
States, municipalities and political subdivisions:						
Tax-exempt	11,075	1,101	10,972	996	10,430	834
Taxable	2,881	393	2,854	369	2,810	346
Total states, municipalities and political subdivisions	13,956	1,494	13,826	1,365	13,240	1,180
Asset-backed:						
RMBS	5,005	99	4,921	86	5,073	69
CMBS	1,900	42	1,952	45	2,040	24
Other ABS	1,061	14	1,061	11	1,025	3
Total asset-backed	7,966	155	7,934	142	8,138	96
U.S. Treasury and obligations of government-sponsored enterprises	115	—	115	2	93	10
Foreign government	445	6	449	11	445	10
Redeemable preferred stock	20	2	19	1	19	1
<b>Total fixed maturity securities</b>	<b>42,090</b>	<b>3,276</b>	<b>41,749</b>	<b>3,081</b>	<b>40,905</b>	<b>2,544</b>
Equities	129	11	118	10	110	4
Limited partnership investments	2,311	—	2,380	—	2,371	—
Other invested assets	42	—	42	—	36	—
Mortgage loans	722	—	646	—	591	—
Short term investments	1,453	1	1,333	—	1,407	1
<b>Total investments</b>	<b>\$ 46,747</b>	<b>\$ 3,288</b>	<b>\$ 46,268</b>	<b>\$ 3,091</b>	<b>\$ 45,420</b>	<b>\$ 2,549</b>
Net receivable/(payable) on investment activity	\$ (114)		\$ (194)		\$ 81	
Effective portfolio duration (in years)	6.0		6.1		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)	September 30, 2017		June 30, 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	\$ 13,410	\$ 517	\$ 13,253	\$ 502	\$ 13,137	\$ 408
States, municipalities and political subdivisions:						
Tax-exempt	2,840	119	2,892	106	2,883	70
Taxable	1,252	104	1,249	102	1,231	101
Total states, municipalities and political subdivisions	4,092	223	4,141	208	4,114	171
Asset-backed:						
RMBS	4,829	93	4,744	79	4,811	63
CMBS	1,777	38	1,822	41	1,894	20
Other ABS	943	10	942	8	909	3
Total asset-backed	7,549	141	7,508	128	7,614	86
U.S. Treasury and obligations of government-sponsored enterprises	86	(2)	86	(1)	68	7
Foreign government	445	6	449	11	445	10
Redeemable preferred stock	6	1	5	—	5	—
<b>Total fixed maturity securities</b>	<b>25,588</b>	<b>886</b>	<b>25,442</b>	<b>848</b>	<b>25,383</b>	<b>682</b>
Equities	64	7	64	7	57	3
Limited partnership investments	2,311	—	2,380	—	2,371	—
Other invested assets	42	—	42	—	36	—
Mortgage loans	618	—	570	—	519	—
Short term investments	1,412	1	1,235	—	1,233	1
<b>Total investments</b>	<b>\$ 30,035</b>	<b>\$ 894</b>	<b>\$ 29,733</b>	<b>\$ 855</b>	<b>\$ 29,599</b>	<b>\$ 686</b>
Net receivable/(payable) on investment activity	\$ (151)		\$ (164)		\$ 53	
Effective portfolio duration (in years)	4.4		4.4		4.6	
Weighted average rating of fixed maturity securities	A		A-		A	

## Investment Summary - Life & Group Non-Core

(In millions)	September 30, 2017		June 30, 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	\$ 6,178	\$ 1,102	\$ 6,153	\$ 1,058	\$ 5,833	\$ 839
States, municipalities and political subdivisions:						
Tax-exempt	8,235	982	8,080	890	7,547	764
Taxable	1,629	289	1,605	267	1,579	245
Total states, municipalities and political subdivisions	9,864	1,271	9,685	1,157	9,126	1,009
Asset-backed:						
RMBS	176	6	177	7	262	6
CMBS	123	4	130	4	146	4
Other ABS	118	4	119	3	116	—
Total asset-backed	417	14	426	14	524	10
U.S. Treasury and obligations of government-sponsored enterprises	29	2	29	3	25	3
Foreign government	—	—	—	—	—	—
Redeemable preferred stock	14	1	14	1	14	1
<b>Total fixed maturity securities</b>	<b>16,502</b>	<b>2,390</b>	<b>16,307</b>	<b>2,233</b>	<b>15,522</b>	<b>1,862</b>
Equities	65	4	54	3	53	1
Limited partnership investments	—	—	—	—	—	—
Other invested assets	—	—	—	—	—	—
Mortgage loans	104	—	76	—	72	—
Short term investments	41	—	98	—	174	—
<b>Total investments</b>	<b>\$ 16,712</b>	<b>\$ 2,394</b>	<b>\$ 16,535</b>	<b>\$ 2,236</b>	<b>\$ 15,821</b>	<b>\$ 1,863</b>
Net receivable/(payable) on investment activity	\$ 37		\$ (30)		\$ 28	
Effective portfolio duration (in years)	8.6		8.7		8.7	
Weighted average rating of fixed maturity securities	A		A		A	

## Investments - Fixed Maturity Securities by Credit Rating

September 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	\$ —	\$ —	\$ 59	\$ 1	\$ 569	\$ 50	\$ 4,364	\$ 456	\$ 12,451	\$ 1,016	\$ 2,145	\$ 96	\$ 19,588	\$ 1,619
States, municipalities and political subdivisions:														
Tax-exempt	—	—	1,019	100	5,795	579	4,074	387	152	20	35	15	11,075	1,101
Taxable	—	—	356	30	1,971	266	528	98	26	(1)	—	—	2,881	393
Total states, municipalities and political subdivisions	—	—	1,375	130	7,766	845	4,602	485	178	19	35	15	13,956	1,494
Asset-backed:														
RMBS	4,222	43	24	1	23	—	77	(1)	38	1	621	55	5,005	99
CMBS	49	—	308	11	407	13	322	8	561	5	253	5	1,900	42
Other ABS	—	—	32	(3)	92	1	476	7	461	9	—	—	1,061	14
Total asset-backed	4,271	43	364	9	522	14	875	14	1,060	15	874	60	7,966	155
U.S. Treasury and obligations of government-sponsored enterprises	115	—	—	—	—	—	—	—	—	—	—	—	115	—
Foreign government	—	—	101	3	279	2	35	1	30	—	—	—	445	6
Redeemable preferred stock	—	—	—	—	—	—	—	1	11	1	9	—	20	2
<b>Total fixed maturity securities</b>	<b>\$ 4,386</b>	<b>\$ 43</b>	<b>\$ 1,899</b>	<b>\$ 143</b>	<b>\$ 9,136</b>	<b>\$ 911</b>	<b>\$ 9,876</b>	<b>\$ 957</b>	<b>\$ 13,730</b>	<b>\$ 1,051</b>	<b>\$ 3,063</b>	<b>\$ 171</b>	<b>\$ 42,090</b>	<b>\$ 3,276</b>
<b>Percentage of total fixed maturity securities</b>	<b>10%</b>		<b>5%</b>		<b>22%</b>		<b>23%</b>		<b>33%</b>		<b>7%</b>		<b>100%</b>	

## Components of Net Investment Income

### Periods ended September 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 September 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 September 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		Nine Months	
2017	2016	2017	2016
\$ 349	\$ 354	\$ 1,047	\$ 1,048
106	103	320	304
455	457	1,367	1,352
51	65	157	97
3	2	5	12
<b>\$ 509</b>	<b>\$ 524</b>	<b>\$ 1,529</b>	<b>\$ 1,461</b>
\$ 328	\$ 326	\$ 987	\$ 973
363	371	1,096	1,048
4.7 %	4.8 %	4.7 %	4.8 %
3.4	3.4	3.4	3.4

Property & Casualty and Corporate & Other Non-Core			
Three Months		Nine Months	
2017	2016	2017	2016
\$ 237	\$ 242	\$ 706	\$ 722
21	21	67	58
258	263	773	780
51	65	157	97
5	4	12	17
<b>\$ 314</b>	<b>\$ 332</b>	<b>\$ 942</b>	<b>\$ 894</b>
\$ 174	\$ 177	\$ 526	\$ 529
211	223	637	605
4.2 %	4.3 %	4.2 %	4.3 %
2.8	2.9	2.9	2.9

Life & Group Non-Core			
Three Months		Nine Months	
2017	2016	2017	2016
\$ 112	\$ 112	\$ 341	\$ 326
85	82	253	246
197	194	594	572
—	—	—	—
(2)	(2)	(7)	(5)
<b>\$ 195</b>	<b>\$ 192</b>	<b>\$ 587</b>	<b>\$ 567</b>
\$ 154	\$ 149	\$ 461	\$ 444
152	148	459	443
5.6 %	5.7 %	5.7 %	5.7 %
4.4	4.4	4.4	4.4



## Claim & Claim Adjustment Expense Reserve Rollforward

Three months ended September 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	\$ 6,229	\$ 8,586	\$ 1,442	\$ 16,257	\$ 3,417	\$ 2,505	\$ 22,179
Ceded	869	558	142	1,569	230	2,281	4,080
Net	5,360	8,028	1,300	14,688	3,187	224	18,099
Net incurred claim & claim adjustment expenses	357	611	200	1,168	256	2	1,426
Net claim & claim adjustment expense payments	(465)	(580)	(113)	(1,158)	(200)	(6)	(1,364)
Foreign currency translation adjustment and other	—	—	37	37	3	—	40
Claim & claim adjustment expense reserves, end of period							
Net	5,252	8,059	1,424	14,735	3,246	220	18,201
Ceded	811	571	216	1,598	222	2,188	4,008
Gross	\$ 6,063	\$ 8,630	\$ 1,640	\$ 16,333	\$ 3,468	\$ 2,408	\$ 22,209

Nine months ended September 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	1,141	1,470	444	3,055	744	4	3,803
Net claim & claim adjustment expense payments	(1,293)	(1,717)	(317)	(3,327)	(619)	(15)	(3,961)
Foreign currency translation adjustment and other	—	1	96	97	12	1	110
Claim & claim adjustment expense reserves, end of period							
Net	5,252	8,059	1,424	14,735	3,246	220	18,201
Ceded	811	571	216	1,598	222	2,188	4,008
Gross	\$ 6,063	\$ 8,630	\$ 1,640	\$ 16,333	\$ 3,468	\$ 2,408	\$ 22,209

## Life & Group Non-Core Policyholder Reserves

September 30, 2017

(In millions)	Claim and claim adjustment expenses	Future policy benefits	Total
Long term care	\$ 2,566	\$ 8,891	\$ 11,457
Structured settlement annuities	550	—	550
Other	16	—	16
<b>Total</b>	<b>3,132</b>	<b>8,891</b>	<b>12,023</b>
Shadow adjustments	114	1,919	2,033
Ceded reserves	222	230	452
<b>Total gross reserves</b>	<b>\$ 3,468</b>	<b>\$ 11,040</b>	<b>\$ 14,508</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