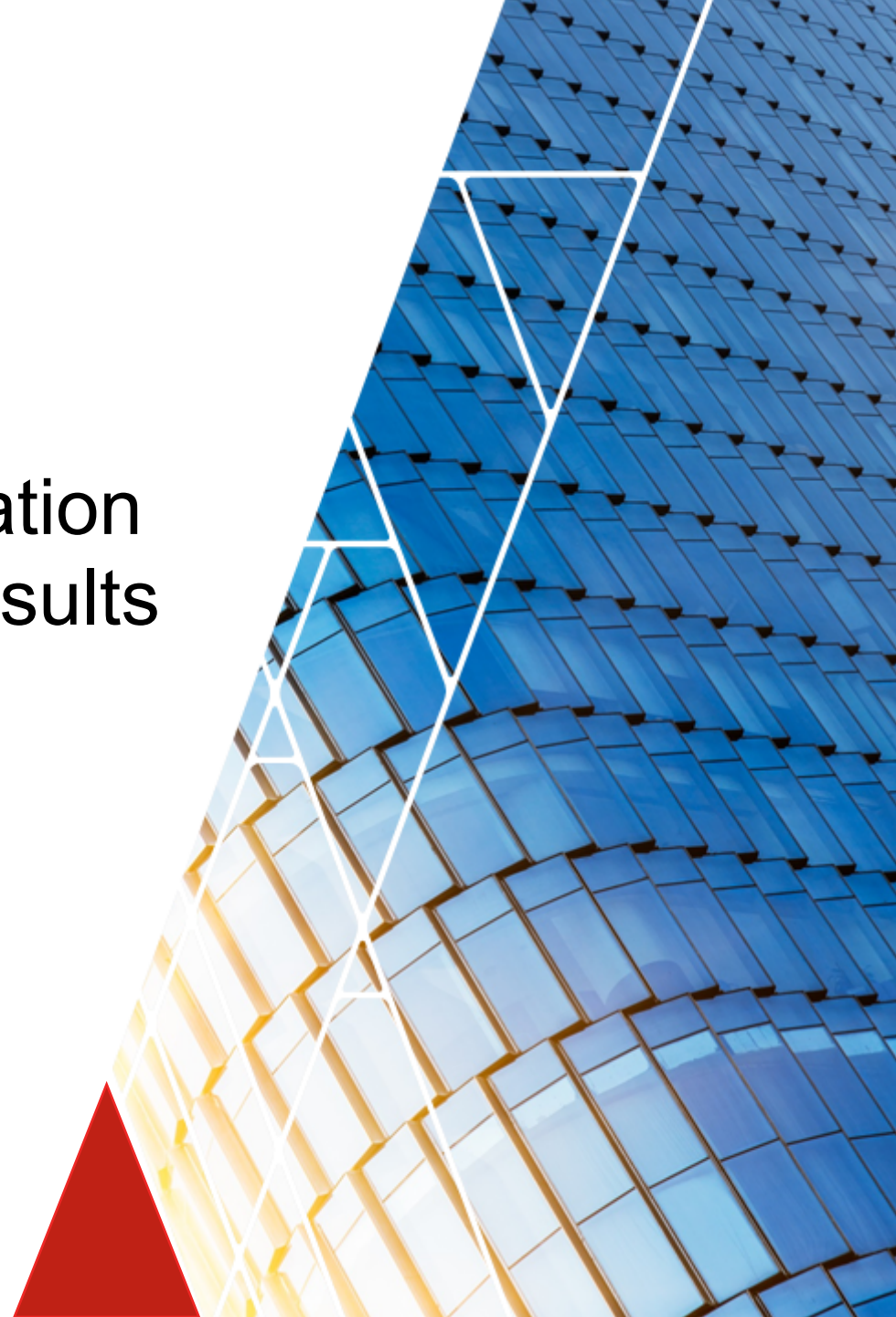




# CNA Financial Corporation Third Quarter 2024 Results

November 4, 2024



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# Third Quarter Overview

- Net income up 10% to \$283 million versus \$258 million in the prior year quarter; core income of \$293 million versus \$289 million in the prior year quarter. Year to date core income up 6% to a record \$974 million.
- P&C core income of \$346 million versus \$351 million, reflects the largely offsetting impacts of higher catastrophe losses and higher investment income.
- Life & Group core loss of \$9 million versus \$29 million in the prior year quarter, reflects higher investment income.
- Net investment income up 13% to \$626 million pretax, includes a \$52 million increase from limited partnerships and common stock to \$80 million and a \$21 million increase from fixed income securities and other investments to \$546 million.
- P&C combined ratio of 97.2%, compared with 94.3% in the prior year quarter, including 5.8 points of catastrophe loss impact compared with 4.1 points in the prior year quarter. P&C underlying combined ratio was 91.6% compared with 90.4% in the prior year quarter. P&C underlying loss ratio was 61.1% and the expense ratio was 30.2%.
- Preannounced catastrophe losses of \$143 million pretax, includes \$55 million for Hurricane Helene, versus \$94 million in the prior year quarter.
- P&C segments, excluding third party captives, generated gross written premium growth of 9% and net written premium growth of 8% for the third quarter of 2024.
- P&C renewal premium change of +5%, consistent with the prior quarter, with written rate of +3%. Commercial renewal premium change of +8% and Specialty renewal premium change of +2%, each up 1 point from the prior quarter. International renewal premium change of +1%, down 1 point from the prior quarter.
- Book value per share of \$39.72; book value per share excluding AOCI of \$46.50, a 7% increase from year-end 2023 adjusting for \$3.32 of dividends per share paid.
- Board of Directors declares regular quarterly cash dividend of \$0.44 per share.

# Financial Performance

Continued strong growth in earnings resulting in record core income year to date

*(In millions, except ratios and per share data)*

	Third Quarter			Year to Date		
	2024	2023	Change	2024	2023	Change
Revenues	<b>\$3,618</b>	\$3,336	8 %	<b>\$10,581</b>	\$9,792	8 %
Core income	<b>293</b>	289	1 %	<b>974</b>	922	6 %
Net income	<b>283</b>	258	10 %	<b>938</b>	838	12 %
Diluted earnings per common share:						
Core income	<b>\$1.08</b>	\$1.06	2 %	<b>\$3.57</b>	\$3.39	5 %
Net income	<b>1.04</b>	0.95	9 %	<b>3.44</b>	3.08	12 %
Core ROE	<b>9.4 %</b>	9.4 %	0.0 pts	<b>10.3 %</b>	10.1 %	0.2 pts

# Property & Casualty Operations

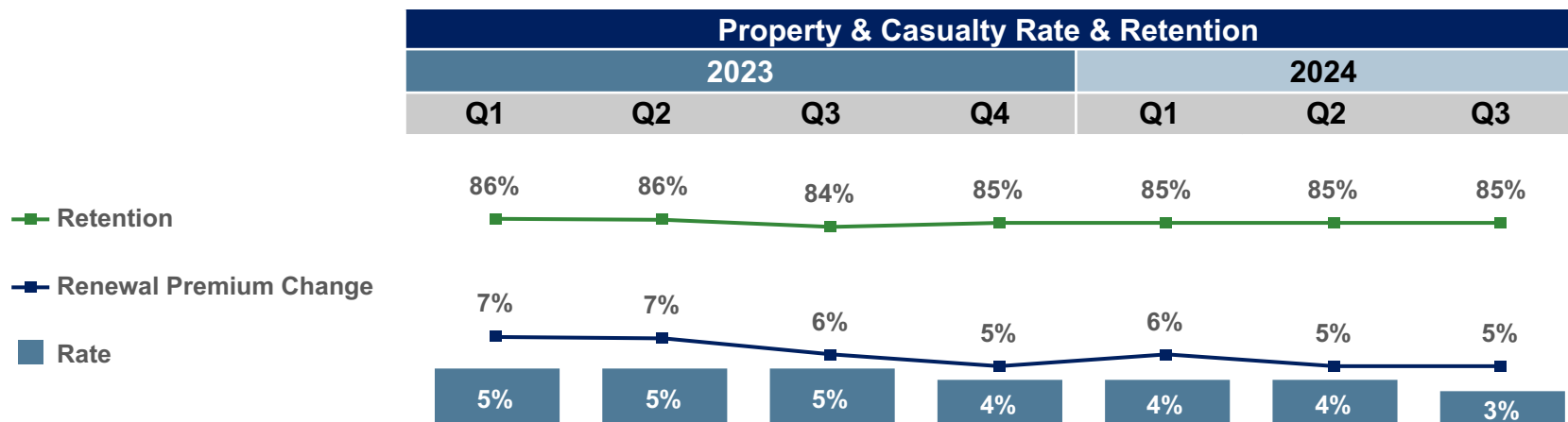
Highest growth quarter of the year and underlying combined ratio below 92% for 15 consecutive quarters

(In millions, except ratios)

	Third Quarter		Year to Date	
	2024	2023	2024	2023
GWP ex. 3 <sup>rd</sup> party captives	<b>\$2,825</b>	\$2,595	<b>\$8,964</b>	\$8,305
<i>GWP change (% year over year)</i>	<b>9 %</b>		<b>8 %</b>	
Net written premium	<b>\$2,360</b>	\$2,178	<b>\$7,424</b>	\$6,938
<i>NWP change (% year over year)</i>	<b>8 %</b>		<b>7 %</b>	
Net earned premium	<b>\$2,484</b>	\$2,295	<b>\$7,204</b>	\$6,662
<i>NEP change (% year over year)</i>	<b>8 %</b>		<b>8 %</b>	
Underwriting gain	<b>\$68</b>	\$131	<b>\$318</b>	\$399
Loss ratio	<b>66.7 %</b>	63.9 %	<b>64.9 %</b>	63.1 %
Impact of catastrophes	<b>(5.8)%</b>	(4.1)%	<b>(4.3)%</b>	(3.2)%
Impact of development-related items	<b>0.2 %</b>	0.2 %	<b>0.2 %</b>	— %
Underlying loss ratio	<b>61.1 %</b>	60.0 %	<b>60.8 %</b>	59.9 %
Expense ratio	<b>30.2 %</b>	30.1 %	<b>30.3 %</b>	30.6 %
Combined ratio	<b>97.2 %</b>	94.3 %	<b>95.6 %</b>	94.0 %
Underlying combined ratio	<b>91.6 %</b>	90.4 %	<b>91.5 %</b>	90.8 %

# Property & Casualty Production Metrics

Double-digit new business growth, and stable retention and renewal premium change



GWP ex. 3rd party captives (\$M)	\$2,724	\$2,986	\$2,595	\$2,974	\$2,936	\$3,203	\$2,825
New Business (\$M)	\$503	\$555	\$475	\$547	\$529	\$595	\$547

Specialty							
Rate	2%	(1)%	1%	—%	2%	—%	—%
Retention	88%	89%	87%	89%	88%	90%	89%
Commercial							
Rate	7%	8%	8%	7%	6%	7%	6%
Retention	86%	85%	83%	83%	85%	84%	84%
International							
Rate	4%	4%	2%	2%	1%	—%	(2)%
Retention	83%	83%	84%	83%	82%	80%	82%

# Specialty

Continued strong profitability

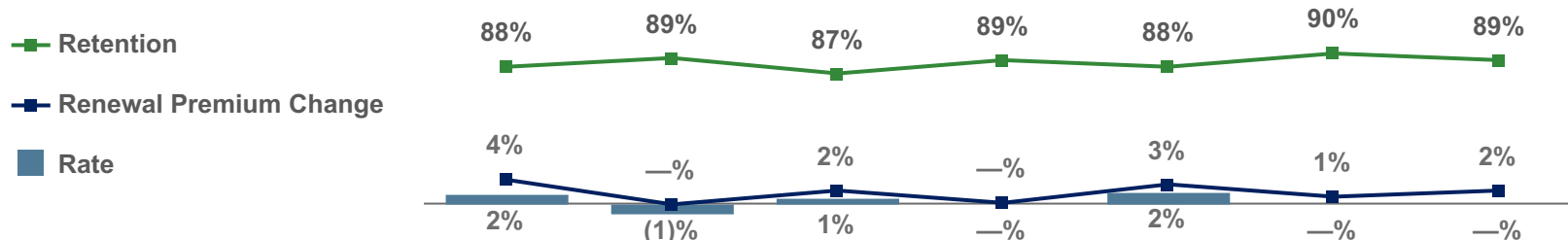
(In millions, except ratios)

	Third Quarter		Year to Date	
	2024	2023	2024	2023
GWP ex. 3 <sup>rd</sup> party captives	<b>\$982</b>	\$949	<b>\$2,846</b>	\$2,796
<i>GWP change (% year over year)</i>	<b>3 %</b>		<b>2 %</b>	
Net written premium	<b>\$862</b>	\$825	<b>\$2,511</b>	\$2,438
<i>NWP change (% year over year)</i>	<b>4 %</b>		<b>3 %</b>	
Net earned premium	<b>\$848</b>	\$829	<b>\$2,493</b>	\$2,438
<i>NEP change (% year over year)</i>	<b>2 %</b>		<b>2 %</b>	
Underwriting gain	<b>\$59</b>	\$83	<b>\$195</b>	\$237
Loss ratio	<b>60.1 %</b>	58.0 %	<b>59.3 %</b>	58.2 %
Impact of catastrophes	<b>— %</b>	— %	<b>— %</b>	— %
Impact of development-related items	<b>— %</b>	0.6 %	<b>0.3 %</b>	0.3 %
Underlying loss ratio	<b>60.1 %</b>	58.6 %	<b>59.6 %</b>	58.5 %
Expense ratio	<b>32.7 %</b>	31.8 %	<b>32.5 %</b>	31.9 %
Combined ratio	<b>93.0 %</b>	90.1 %	<b>92.1 %</b>	90.3 %
Underlying combined ratio	<b>93.0 %</b>	90.7 %	<b>92.4 %</b>	90.6 %

# Specialty Production Metrics

Consistently strong retention and growth in new business

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



<b>GWP ex. 3rd party captives</b>	<b>\$886</b>	<b>\$961</b>	<b>\$949</b>	<b>\$1,004</b>	<b>\$880</b>	<b>\$984</b>	<b>\$982</b>
<b>New Business (\$M)</b>	<b>\$108</b>	<b>\$120</b>	<b>\$121</b>	<b>\$132</b>	<b>\$94</b>	<b>\$118</b>	<b>\$129</b>

<b>FI &amp; Mgmt Liability</b>							
<b>Rate</b>	(3)%	(9)%	(4)%	(7)%	(3)%	(6)%	(5)%
<b>Retention</b>	89%	91%	88%	91%	90%	92%	91%
<b>Affinity Professional E&amp;O</b>							
<b>Rate</b>	3%	4%	3%	4%	2%	3%	2%
<b>Retention</b>	88%	89%	89%	92%	92%	92%	91%
<b>Medical Malpractice</b>							
<b>Rate</b>	6%	5%	7%	7%	7%	9%	7%
<b>Retention</b>	84%	85%	84%	81%	80%	85%	83%
<b>Surety</b>							
<b>Net Written Premiums</b>	\$178	\$170	\$157	\$136	\$184	\$175	\$176
<b>Warranty &amp; Alt. Risks</b>							
<b>Revenues</b>	\$460	\$460	\$460	\$448	\$461	\$459	\$452





# Commercial

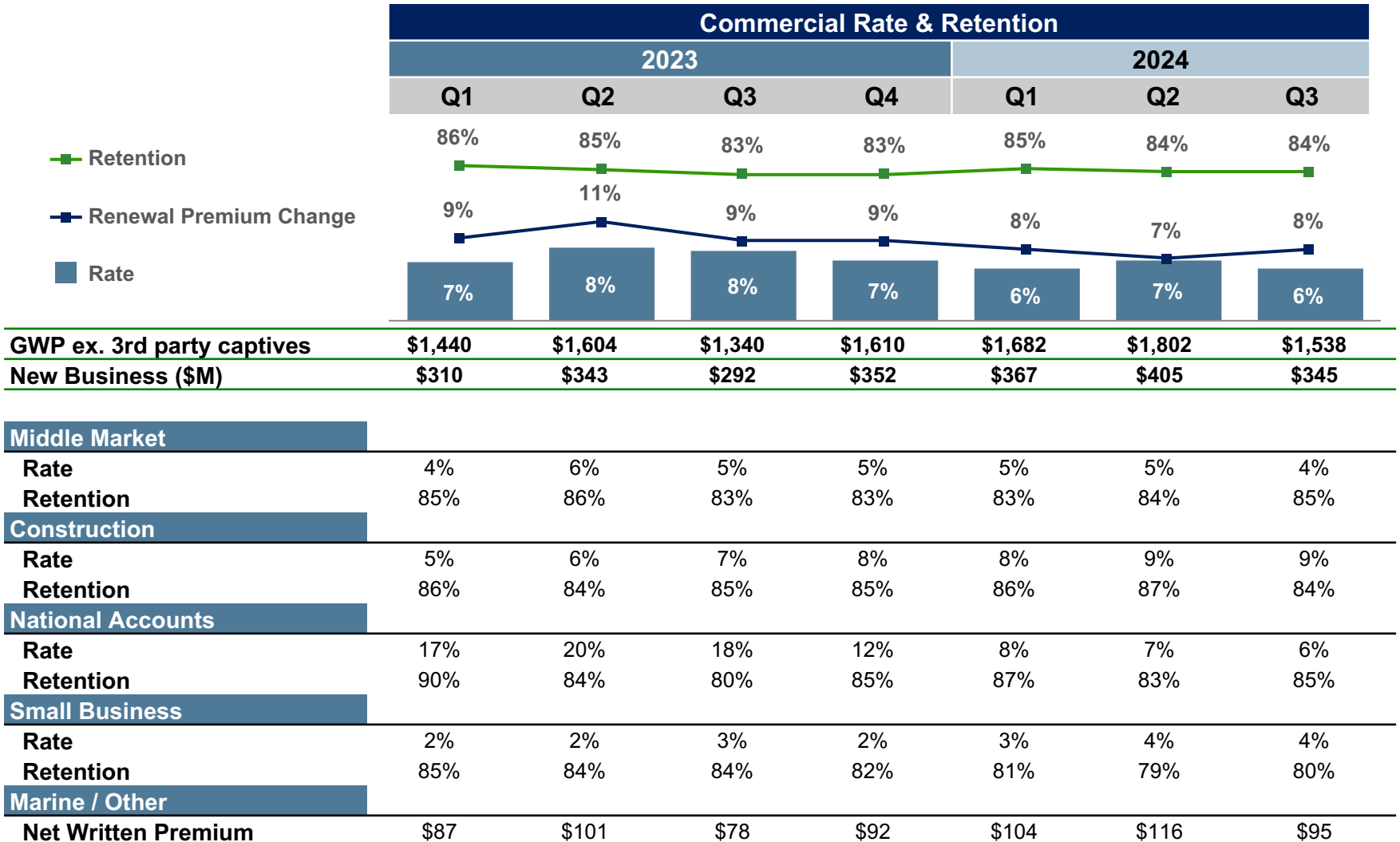
Record underlying combined ratio and 10th straight quarter of double-digit growth

(In millions, except ratios)

	Third Quarter		Year to Date	
	2024	2023	2024	2023
GWP ex. 3 <sup>rd</sup> party captives	<b>\$1,538</b>	\$1,340	<b>\$5,022</b>	\$4,384
<i>GWP change (% year over year)</i>	<b>15 %</b>		<b>15 %</b>	
Net written premium	<b>\$1,221</b>	\$1,071	<b>\$4,017</b>	\$3,588
<i>NWP change (% year over year)</i>	<b>14 %</b>		<b>12 %</b>	
Net earned premium	<b>\$1,325</b>	\$1,170	<b>\$3,774</b>	\$3,336
<i>NEP change (% year over year)</i>	<b>13 %</b>		<b>13 %</b>	
Underwriting (loss) gain	<b>(\$3)</b>	\$13	<b>\$65</b>	\$96
Loss ratio	<b>72.0 %</b>	68.9 %	<b>69.7 %</b>	67.0 %
Impact of catastrophes	<b>(9.6)%</b>	(7.4)%	<b>(7.5)%</b>	(5.7)%
Impact of development-related items	<b>0.1 %</b>	— %	— %	0.2 %
Underlying loss ratio	<b>62.5 %</b>	61.5 %	<b>62.2 %</b>	61.5 %
Expense ratio	<b>27.7 %</b>	29.5 %	<b>28.1 %</b>	29.6 %
Combined ratio	<b>100.2 %</b>	98.9 %	<b>98.3 %</b>	97.1 %
Underlying combined ratio	<b>90.7 %</b>	91.5 %	<b>90.8 %</b>	91.6 %

# Commercial Production Metrics

Excellent new business growth, stable retention and higher renewal premium change



# International

Consistently profitable results

(In millions, except ratios)

	Third Quarter		Year to Date	
	2024	2023	2024	2023
Gross written premium	<b>\$305</b>	\$306	<b>\$1,096</b>	\$1,125
<i>GWP change (% year over year)<sup>1</sup></i>	<b>— %</b>		<b>(3)%</b>	
Net written premium	<b>\$277</b>	\$282	<b>\$896</b>	\$912
<i>NWP change (% year over year)<sup>1</sup></i>	<b>(2)%</b>		<b>(2)%</b>	
Net earned premium	<b>\$311</b>	\$296	<b>\$937</b>	\$888
<i>NEP change (% year over year)</i>	<b>5 %</b>		<b>6 %</b>	
Underwriting gain	<b>\$12</b>	\$35	<b>\$58</b>	\$66
Loss ratio	<b>62.5 %</b>	60.2 %	<b>60.6 %</b>	62.2 %
Impact of catastrophes	<b>(5.1)%</b>	(2.3)%	<b>(3.0)%</b>	(2.7)%
Impact of development-related items	<b>0.7 %</b>	— %	<b>0.5 %</b>	(1.7)%
Underlying loss ratio	<b>58.1 %</b>	57.9 %	<b>58.1 %</b>	57.8 %
Expense ratio	<b>33.6 %</b>	28.1 %	<b>33.1 %</b>	30.3 %
Combined ratio	<b>96.1 %</b>	88.3 %	<b>93.7 %</b>	92.5 %
Underlying combined ratio	<b>91.7 %</b>	86.0 %	<b>91.2 %</b>	88.1 %



<sup>1</sup> Excluding currency fluctuations, GWP were consistent with the third quarter of 2023 and declined 3% year to date. NWP declined 1% for the third quarter of 2024 and declined 2% year to date.

# Life & Group

Core results reflect higher investment income

(In millions)

	Third Quarter		Year to Date	
	2024	2023	2024	2023
Net earned premiums	\$110	\$112	\$329	\$340
Net investment income	240	216	710	659
Other revenues	—	—	—	—
<b>Total operating revenues</b>	<b>\$350</b>	<b>\$328</b>	<b>\$1,039</b>	<b>\$999</b>
Total claims, benefits and expenses	367	371	1,063	1,087
Income tax benefit	8	14	19	36
<b>Core (loss) income</b>	<b>(\$9)</b>	<b>(\$29)</b>	<b>(\$5)</b>	<b>(\$52)</b>

Core loss includes an unfavorable after-tax impact of \$5 million in 2024 and \$2 million in 2023 as a result of the annual assumption updates.

# 2024 L&G Reserve Review

Favorable impact from assumption updates, which are deferred into future periods under LDTI

(In millions)

Change to GAAP Liability for Future Policy Benefits (LFPB) from Changes in Underlying Cash Flow Assumptions		2024
<b>Economic Assumptions</b>	<ul style="list-style-type: none"> <li>Additional cost of care inflation assumption prudence following increase in 2022</li> <li>Effect of higher interest rates on LFPB reflected through AOCI under GAAP; interest rates slightly higher than the prior year's expectation, resulting in an increase to Statutory margin</li> </ul>	+\$170
<b>Morbidity</b>	<ul style="list-style-type: none"> <li>Unfavorable claim recovery updates, partially offset by favorable incidence updates</li> </ul>	+\$25
<b>Persistency</b>	<ul style="list-style-type: none"> <li>Slightly favorable impact from mortality updates</li> </ul>	(\$10)
<b>Premium Rate Actions</b>	<ul style="list-style-type: none"> <li>Favorable impacts due to rate achievement greater than estimates in several large states</li> </ul>	(\$235)
<b>Expense &amp; Other</b>	<ul style="list-style-type: none"> <li>Neutral impacts to operational and overhead expectations</li> </ul>	\$0
<b>Increase/(Decrease) to GAAP LFPB from Assumption Updates</b>		<b>(\$50)</b>
<b>Net Premium Ratio Updates</b>	<ul style="list-style-type: none"> <li>Favorability deferred into future periods, offsetting current period gain</li> </ul>	+\$65
<b>Increase/(Decrease) to GAAP LFPB</b>		<b>\$15</b>
<b>Structured Settlements</b>	<ul style="list-style-type: none"> <li>Favorable impact to claim reserves</li> </ul>	(\$9)
<b>Increase/(Decrease) to Total Life &amp; Group GAAP Reserves</b>		<b>\$6</b>

# LTC Progress Focused on Active Management

Proactive approach to managing block across all dimensions of the business

## Material progress made recently

- 35 rate increase approvals in 2024 with an average rate increase amount of 75%
- Approximately 2,100 policy buyouts, totaling \$67M in cash payments in 2024
- Increased the fixed-income duration for the LTC portfolio to ~10 years, up ~1 year from 2021, taking advantage of the higher interest rate environment; asset and liability durations generally matched
- Strategic investments in foundational capabilities to maintain CNA as a leader in the wellness space

## Ability to Withstand Stresses

- Prudent reserving assumptions informed by historical experience (no morbidity improvement, 10 years of mortality improvement, minimal future rate actions, ultimate 10 year treasury rate of 3.00%)
- \$1.4b of Statutory reserve margin as of September 30, 2024, following 2024 annual assumption review

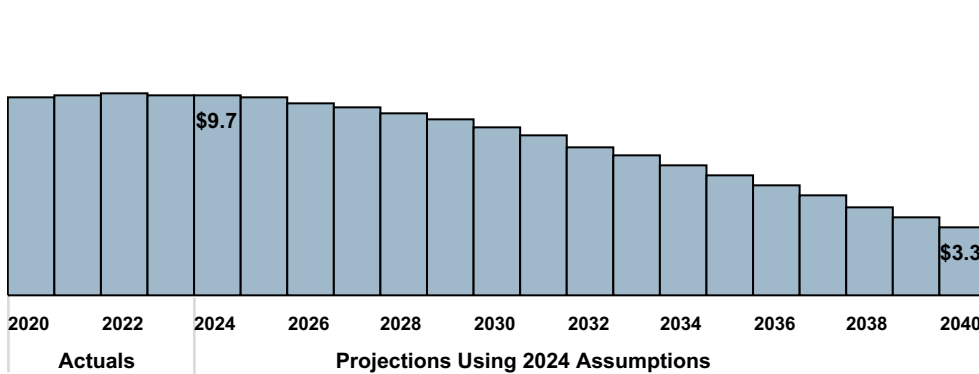
## Significantly improved runoff Long-Term Care business compared to 2015

- Individual LTC block closed in 2004; Group LTC block closed to new accounts in 2004 and closed to new enrollees in 2016
- 46% reduction in both individual and group policy counts since 2015
- Premium rates are ~50% higher than in 2015 & ~80k policyholders have reduced coverage since 2017
- Normative 10 year risk free rate assumption of 3.00% compared to 2015's assumption of 4.80%

# Individual LTC Block Characteristics

More mature, richer benefit ILTC reserves have reached inflection point

## Actual & Projected GAAP Reserves (\$b) <sup>1, 2</sup>

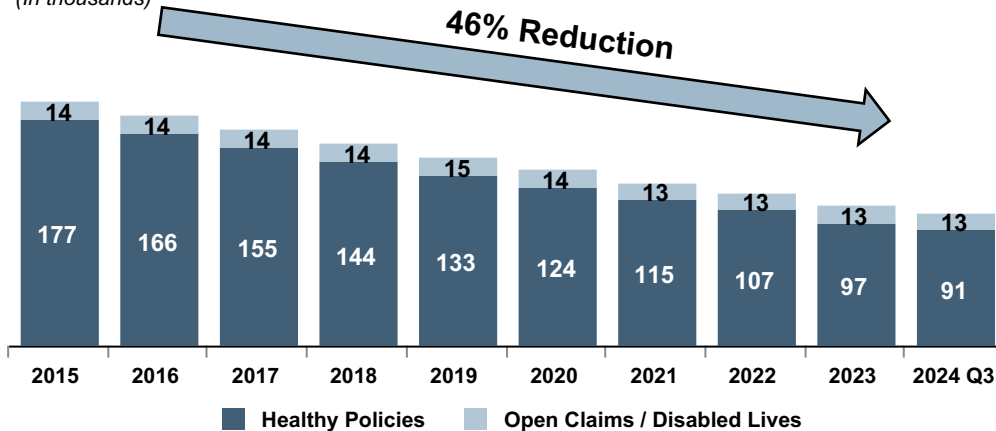


## Block Characteristics

	Individual Block	
Benefits	Average Age	82 years old
	Average Max Daily Benefit	\$287
	% of policies with Lifetime Benefits	39%
	Average Benefit Period (non-lifetime)	3.9 years
	% of policies with Compound Inflation	44%
	% of policies with Simple Inflation	23%
Claims	# of Open Claims	12.9k
	Average Age of New Claimant	86 years old

## Total Inforce ILTC Policies <sup>2,3</sup>

(In thousands)



## Commentary

- De-risking of the more mature ILTC block with richer policy benefits is well underway
  - We believe the ILTC reserve balance is at peak levels and declining with significant policyholder experience utilized for assumption setting
  - Total ILTC policies have declined by 46% (~87,000 policies) since 2015 with stable open claim counts
  - We expect approximately 65% of existing ILTC policies will run off over the next 10 years



<sup>1</sup> Reserves are discounted at locked-in discount rates.

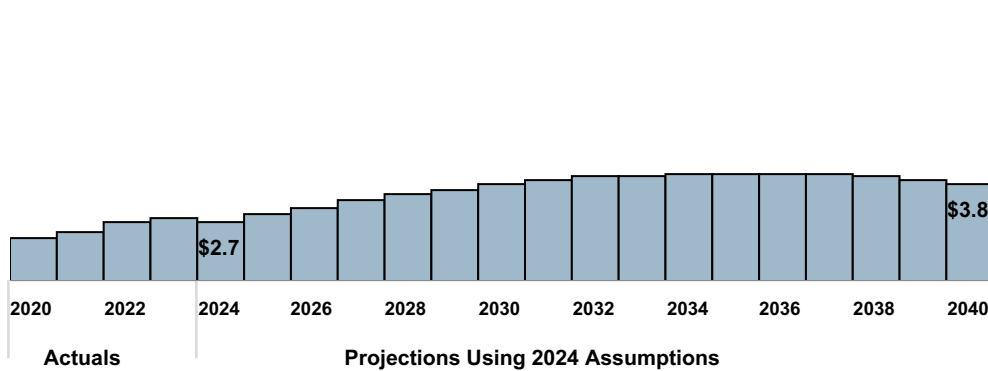
<sup>2</sup> ILTC metrics do not include CNA's 50% coinsurance business (27k healthy policies and 3k claims as of Q3 2024).

<sup>3</sup> Healthy policies do not include 8k non-forfeiture limited benefit policies as of Q3 2024.

# Group LTC Block Characteristics

Less rich benefits, more appropriately priced and peak reserves significantly below ILTC peak reserves

## Actual & Projected GAAP Reserves (\$b) <sup>1, 2</sup>

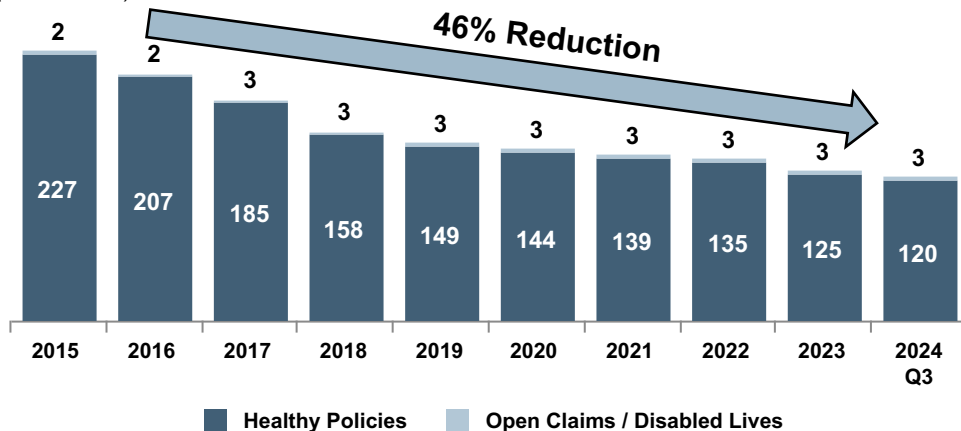


## Block Characteristics

	Group Block	
Benefits	Average Age	69 years old
	Average Max Daily Benefit	\$216
	% of policies with Lifetime Benefits	1%
	Average Benefit Period (non-lifetime)	4.5 years
	% of policies with Compound Inflation	13%
	% of policies with Simple Inflation	1%
Claims	# of Open Claims	3.2k
	Average Age of New Claimant	78 years old

## Total Inforce GLTC Policies <sup>2</sup>

(In thousands)



## Commentary

- We believe the projected GAAP GLTC reserves will peak in the mid-2030's at substantially lower than peak ILTC reserves
  - Group's expected lower reserve trajectory primarily driven by less rich benefits and is more appropriately priced compared to ILTC
- Total GLTC policies have declined 46% (~106,000 insureds) since 2015 from our continued active management with claim counts remaining stable throughout
  - Healthy policy counts have declined 11% since year-end 2022
  - We expect approximately 25% of existing GLTC policies will run off over the next 10 years



<sup>1</sup> Reserves are discounted at locked-in discount rates.

<sup>2</sup> Healthy policies do not include 86k non-forfeiture limited benefit policies as of Q3 2024.

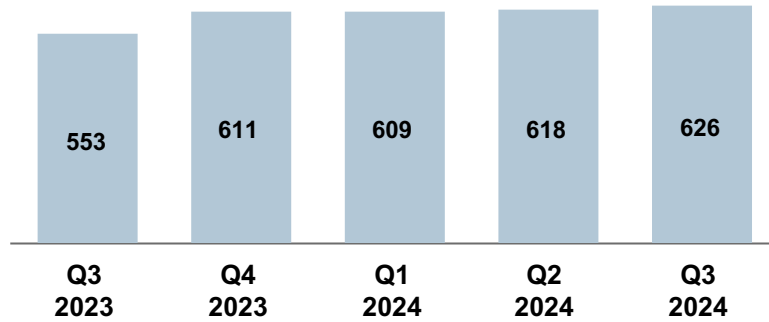


# Pretax Net Investment Income

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

## Total CNAF

\$M

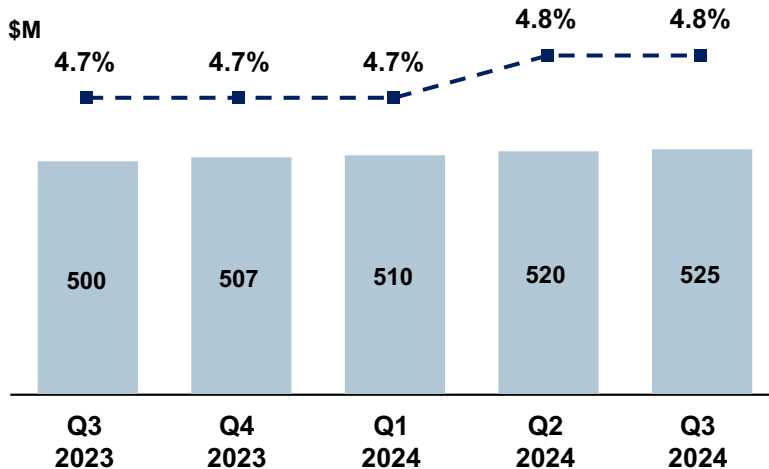


## Highlights

- Net investment income of \$626M is up 13% 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; trailing twelve month return of 13%

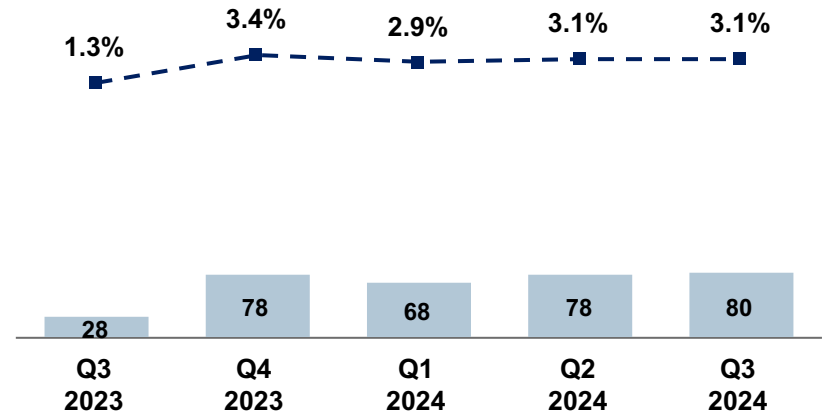
## Fixed Income Securities

\$M



## Limited Partnership & Common Stock

\$M



■ Fixed Income ■ Effective Yield (Pretax)

■ Limited Partnership & Common Stock ■ Return (Pretax)



# Investment Portfolio

High quality, diversified and liquid investment portfolio

Fixed Maturities by Rating	% of Portfolio
AAA <sup>1</sup>	14%
AA	15%
A	25%
BBB	41%
<b>Investment Grade</b>	<b>95%</b>
Below Investment Grade	5%
<b>Total Fixed Maturities</b>	<b>100%</b>

Effective Portfolio Duration	
Life & Group	10.1 yrs
P&C and Corporate	4.4 yrs
<b>Total</b>	<b>6.4 yrs</b>

## Highlights

- 88% of total invested assets are in fixed income securities
- High-quality portfolio with an average credit rating of “A”
- Liquidity supports underlying liability characteristics
- Net unrealized loss improved \$1b from year-end driven by lower risk-free rates as well as tightening credit spreads



<sup>1</sup> 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)*

	Sep 30, 2024	Dec 31, 2023
Debt	<b>\$2,972</b>	\$3,031
Stockholders' equity	<b>10,758</b>	9,893
Total capital	<b>\$13,730</b>	\$12,924
AOCI	<b>(1,837)</b>	(2,672)
Capital ex AOCI	<b>\$ 15,567</b>	\$ 15,596
BVPS ex AOCI	<b>\$46.50</b>	\$46.39
Dividends per share (YTD)	<b>\$3.32</b>	\$2.88
Debt-to-capital	<b>21.6%</b>	23.5%
Debt-to-capital ex AOCI	<b>19.1%</b>	19.4%
Statutory surplus	<b>11,327</b>	\$10,946
Holding company liquidity <sup>1</sup>	<b>\$1,047</b>	\$1,262

## Capital

- Financial strength ratings from all four rating agencies were affirmed in the past year with stable outlooks
- Statutory surplus remains very strong
- Adjusting for dividends, book value per share ex AOCI increased 7%

## Leverage

- Debt maturity schedule is termed out to effectively manage refinancing
- Next debt maturity of \$500M due in the first quarter of 2026

## Liquidity

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



<sup>1</sup> 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 the Company's primary operations. The calculation of core income (loss) excludes gains or losses resulting from pension settlement transactions as they result from decisions regarding the Company's defined benefit pension plans which are unrelated to the Company's 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.

(\$ millions)	Results for the Three Months Ended September 30		Results for the Nine Months Ended September 30	
	2024	2023	2024	2023
Net income	\$283	\$258	\$938	\$838
Less: Net investment losses	(7)	(31)	(33)	(84)
Less: Pension settlement transaction losses	(3)	—	(3)	—
Core income	<u>\$293</u>	<u>\$289</u>	<u>\$974</u>	<u>\$922</u>

## 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.

(\$ millions)	Results for the Three Months Ended September 30		Results for the Nine Months Ended September 30	
	2024	2023	2024	2023
Net income per diluted share	\$1.04	\$0.95	\$3.44	\$3.08
Less: Net investment losses	(0.03)	(0.11)	(0.12)	(0.31)
Less: Pension settlement transaction losses	(0.01)	—	(0.01)	—
Core income per diluted share	<u>\$1.08</u>	<u>\$1.06</u>	<u>\$3.57</u>	<u>\$3.39</u>

# 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 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 other insurance related expenses. Net income (loss) is the most directly comparable GAAP measure. Management believes some investors may find this measure useful to evaluate profitability, before tax, derived from our underwriting activities which are managed separately from our investing activities.

**Underlying underwriting gain (loss)** is deemed to be a non-GAAP measure that represents pretax underwriting results excluding catastrophe losses and development-related items. Management believes some investors may find this measure useful to evaluate profitability, before tax, of 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.

(In millions)

### Net income

Net investment losses, after tax

### Core income

Net investment income

Non-insurance warranty (revenue) expense

Other (revenue) expense, including interest expense

Income tax expense on core income

### Underwriting gain (loss)

Effect of catastrophe losses

Effect of favorable development-related items

### Underlying underwriting gain

Results for the Three Months Ended September 30, 2024				
	Specialty	Commercial	International	Property & Casualty
	167	132	34	333
	4	7	2	13
	\$ 171	\$ 139	\$ 36	\$ 346
	(157)	(183)	(32)	(372)
	(14)	—	—	(14)
	12	3	(8)	7
	47	38	16	101
	59	(3)	12	68
	—	127	16	143
	—	—	(2)	(2)
	\$ 59	\$ 124	\$ 26	\$ 209

# Reconciliation of GAAP Measures to Non-GAAP Measures

(In millions)

**Net income**

Net investment losses, after tax

**Core income**

Net investment income

Non-insurance warranty (revenue) expense

Other (revenue) expense, including interest expense

Income tax expense on core income

**Underwriting gain**

Effect of catastrophe losses

Effect of favorable development-related items

**Underlying underwriting gain**

Results for the Three Months Ended September 30, 2023				
	Specialty	Commercial	International	Property & Casualty
	165	117	40	322
	13	16	—	29
	<u>\$ 178</u>	<u>\$ 133</u>	<u>\$ 40</u>	<u>\$ 351</u>
	(136)	(156)	(26)	(318)
	(21)	—	—	(21)
	13	2	7	22
	49	34	14	97
	<u>83</u>	<u>13</u>	<u>35</u>	<u>131</u>
	—	87	7	94
	(5)	—	—	(5)
	<u>\$ 78</u>	<u>\$ 100</u>	<u>\$ 42</u>	<u>\$ 220</u>

# Reconciliation of GAAP Measures to Non-GAAP Measures

(In millions)

**Net income**

Net investment losses, after tax

**Core income**

Net investment income

Non-insurance warranty (revenue) expense

Other (revenue) expense, including interest expense

Income tax expense on core income

**Underwriting gain**

Effect of catastrophe losses

Effect of favorable development-related items

**Underlying underwriting gain**

Results for the Nine Months Ended September 30, 2024				
	Specialty	Commercial	International	Property & Casualty
	498	436	116	1,050
	19	28	1	48
	<u>\$ 517</u>	<u>\$ 464</u>	<u>\$ 117</u>	<u>\$ 1,098</u>
	(461)	(534)	(95)	(1,090)
	(43)	—	—	(43)
	40	10	(5)	45
	142	125	41	308
	<u>195</u>	<u>65</u>	<u>58</u>	<u>318</u>
	—	285	28	313
	(8)	—	(5)	(13)
	<u>\$ 187</u>	<u>\$ 350</u>	<u>\$ 81</u>	<u>\$ 618</u>



# Reconciliation of GAAP Measures to Non-GAAP Measures

(In millions)

## Net income

Net investment losses, after tax

## Core income

Net investment income

Non-insurance warranty (revenue) expense

Other (revenue) expense, including interest expense

Income tax expense on core income

## Underwriting gain

Effect of catastrophe losses

Effect of (favorable) unfavorable development-related items

## Underlying underwriting gain

Results for the Nine Months Ended September 30, 2023				
	Specialty	Commercial	International	Property & Casualty
	487	390	103	980
	39	53	(1)	91
	\$ 526	\$ 443	\$ 102	\$ 1,071
	(407)	(470)	(74)	(951)
	(67)	—	—	(67)
	39	5	2	46
	146	118	36	300
	237	96	66	399
	—	190	24	214
	(7)	(4)	15	4
	\$ 230	\$ 282	\$ 105	\$ 617

### *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 5, 7, 9 and 11, respectively.

# Reconciliation of GAAP Measures to Non-GAAP Measures

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

**Book value per share excluding accumulated other comprehensive income (loss) (AOCI)** allows management and investors to analyze the amount of the Company's net worth primarily attributable to the Company's business operations. The Company believes this measurement is useful as it reduces the effect of items that can fluctuate significantly from period to period, primarily based on changes in interest rates.

	September 30, 2024	December 31, 2023
Book value per share	\$39.72	\$36.52
Less: Per share impact of AOCI	(6.78)	(9.87)
Book value per share excluding AOCI	<u>\$46.50</u>	<u>\$46.39</u>

## 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.

(\$ millions)	Results for the Three Months Ended September 30		Results for the Nine Months Ended September 30	
	2024	2023	2024	2023
Annualized net income	\$1,132	\$1,033	\$1,251	\$1,118
Average stockholders' equity including AOCI <sup>(a)</sup>	10,316	8,644	10,326	8,555
Return on equity	<u>11.0 %</u>	<u>12.0 %</u>	<u>12.1 %</u>	<u>13.1 %</u>
Annualized core income	\$1,176	\$1,154	\$1,299	\$1,229
Average stockholders' equity excluding AOCI <sup>(a)</sup>	12,508	12,228	12,580	12,225
Core return on equity	<u>9.4 %</u>	<u>9.4 %</u>	<u>10.3 %</u>	<u>10.1 %</u>



<sup>a</sup> Average stockholders' equity is calculated using a simple average of the beginning and ending balances for the period.