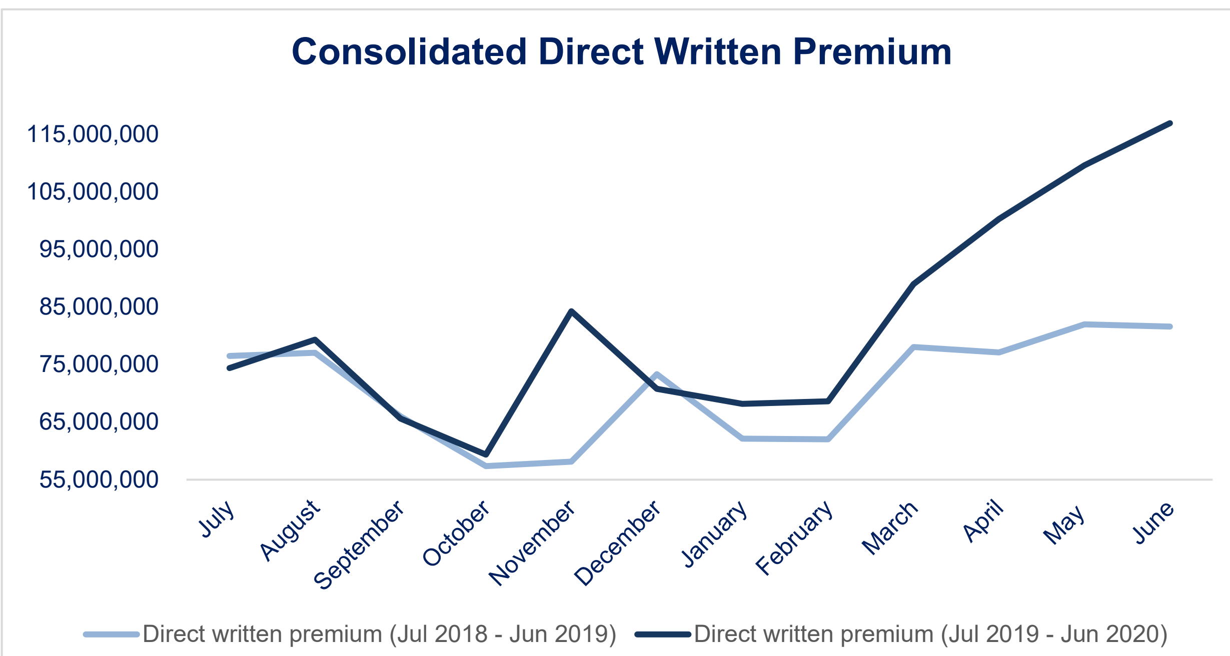
The following is an analysis of Citizens' financial and operating results for the first half of 2020.

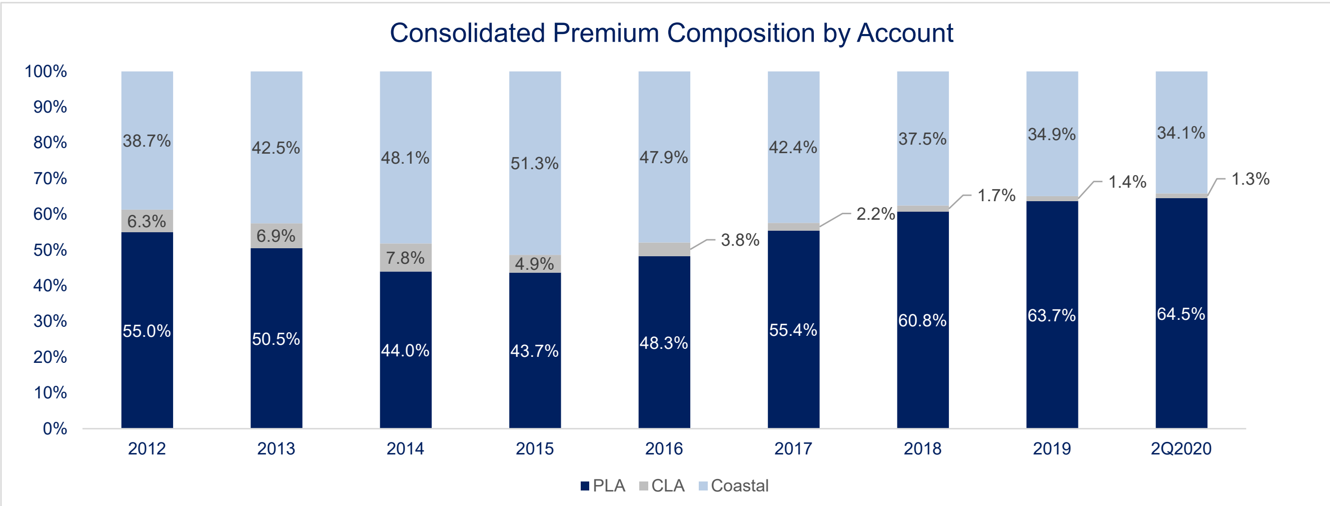
- PREMIUMS -

Consolidated direct written premium for the first half of 2020 was $552.6 million or $109.7 (25%) greater than consolidated direct written premium during the same period in 2019. The increase in written premium is the result of increases in new policies written in Dade, Broward and Palm Beach counties, along with increases in renewal rates largely due to temporary payment exceptions and deferral of certain underwriting procedures. Premiums removed through depopulation of $4.9 million during the first half of 2020 were $2.1 million (75%) more than the same period in 2019.

	6-months ended	
	Jun 2020	Jun 2019
New Business	60,702	37,397
Untagged Takeouts	7	29
Reinstatements	4,632	4,337
Cancellations	(17,519)	(21,356)
Non-Renewals	(12,504)	(23,539)
New Tags for Takeout	(2,891)	(3,650)
Net change	32,427	(6,782)
Ending PIF	474,630	420,615

Consolidated direct earned premium increased $27.1 million (6%) during the first half of 2020 consistent with the timing of increases in consolidated direct written premium.





Premiums ceded for private reinsurance and for coverage provided by the Florida Hurricane Catastrophe Fund (FHCF) through the first half of 2020 were $2.6 million (1%) less than the same period in 2019 due to a reduction in the amount of private reinsurance purchased, partially offset by an increase in coverage provided by the FHCF.

- LOSSES -

Non-CAT Only	Consolidated			Personal Lines Account			Commercial Lines Account			Coastal Account		
	Q2 2020	CY 2019	Q2 2019	Q2 2020	CY 2019	Q2 2019	Q2 2020	CY 2019	Q2 2019	Q2 2020	CY 2019	Q2 2019
Direct loss ratio	32.60%	31.31%	29.24%	43.49%	41.88%	41.33%	10.97%	-28.54%	-88.78%	13.21%	15.44%	13.85%
Direct loss ratio (underlying)	30.93%	29.19%	30.69%	41.41%	38.66%	40.02%	8.60%	33.40%	59.01%	12.32%	12.50%	13.45%
Direct LAE ratio	20.37%	20.69%	21.70%	25.08%	26.08%	27.69%	15.27%	15.16%	21.30%	11.81%	11.54%	11.45%
Direct LAE ratio (underlying)	18.35%	18.80%	18.68%	23.56%	23.90%	23.83%	3.49%	14.15%	22.57%	9.25%	10.10%	9.70%

CAT and Non-CAT	Consolidated			Personal Lines Account			Commercial Lines Account			Coastal Account		
	Q2 2020	CY 2019	Q2 2019	Q2 2020	CY 2019	Q2 2019	Q2 2020	CY 2019	Q2 2019	Q2 2020	CY 2019	Q2 2019
Direct loss ratio	32.62%	61.82%	62.51%	43.49%	78.60%	81.40%	12.07%	83.44%	65.21%	13.21%	31.66%	30.07%
Direct loss ratio (underlying)	30.93%	29.19%	30.69%	41.41%	38.66%	40.02%	8.60%	33.40%	59.01%	12.32%	12.50%	13.45%
Direct LAE ratio	20.51%	18.98%	17.02%	25.11%	30.22%	29.24%	15.61%	29.99%	34.58%	12.15%	-1.06%	-4.68%
Direct LAE ratio (underlying)	18.35%	18.80%	18.68%	23.56%	23.90%	23.83%	3.49%	14.15%	22.57%	9.25%	10.10%	9.70%

The term *underlying* refers to losses and LAE on claims incurred in the current accident year and excludes development on prior accident years

As of June 30, 2020, consolidated ultimate direct losses and LAE related to Hurricane Irma were $2.160 billion, unchanged from the prior quarter. Of the $2.160 billion in ultimate loss and LAE, $879.8 million is recoverable under Citizens' reinsurance contracts with both the FHCF ($521.5 million in the PLA and $246.7 million in the Coastal Account) and private reinsurers ($111.6 million in the Coastal Account only).

On a consolidated basis, ultimate direct losses and LAE related to Hurricane Michael were $149.9 million, also reflecting no change from the prior quarter. No reinsurance recoverables associated with Hurricane Michael were recorded due to the losses and LAE not meeting the attachment levels of reinsurance arrangements.

Current accident year losses and LAE unrelated to sinkholes and hurricanes did not experience meaningful variances from the prior quarter and development of prior accident year losses and LAE was minimal.

Although litigated non-weather water claims continue to be a dominant driver of loss and LAE activity within the PLA, the litigation rate for accident years 2018 and 2019 continues to show improvement in comparison to accident years 2014 through 2017.

Within the CLA, losses and LAE related to sinkhole claims were relatively unchanged, however, volatility in these outstanding sinkhole claims have the potential to contribute to material quarterly variances in the reported loss and LAE ratios in future periods. While loss and LAE development within the CLA are less significant to the accident years to which they relate, the diminishing size of the overall commercial lines book of business leaves it more susceptible to material swings in the loss and LAE ratio as a result of development in prior accident years when the commercial lines book of business was considerably larger.

Administrative expenses reclassified to LAE are assigned to prior accident years based on the number of claims closed for the current and each prior accident year. Accordingly, fluctuations in the number of claims closed and the fraction of claims closed for each accident year can lead to adverse or favorable development of LAE in prior accident years.

- ADMINISTRATIVE EXPENSES -

Administrative expenses incurred during the first half of 2020 of $65.7 million were $0.6 million (1%) more than administrative expenses incurred during the same period in 2019 and $6.8 million (9%) less than budget. Variances in contingent staffing from budget were primarily due to lower-than-anticipated needs for independent adjusters as well as a higher-than-anticipated number of claims entering mediation, however, it is anticipated that this variance will contract over the next two quarters. These expenses, along with other claims-related costs, are reclassified to loss adjustment expenses (LAE).

Other factors contributing to significant year-over-year or budget-to-actual variances are as follows:

- Employee expenses (*Salaries, Employee Benefits and Payroll Taxes*) were $1.0 million (2%) below budget as a result of reductions and/or delays in filling vacant positions, and $4.0 million (6%) more as a result of period-over-period increases in employee benefits.

- *Subscriptions and Dues* were $0.3 million (38%) less than budget due to a difference in timing of when actual subscriptions and related services are rendered in comparison to the budgeted timing.

- *Insurance* expenses were $0.2 million (59%) more than budget and $0.4 million (145%) more than 2019 due to unplanned expenses incurred in connection with the preliminary offering of a catastrophe bond in the Coastal Account.

- *Legal* expenses were $0.3 million (41%) less than budget and $0.2 million (27%) less than 2019 due to delays in the timing of anticipated legal expenditures.

- *Computer Hardware* expenses were $0.4 million (32%) below budget due to lower than anticipated hardware purchases as well as reductions in planned expenditures under certain contracts.

- *Professional Services* expenses were $2.6 million (39%) below budget and $0.7 million (20%) more than 2019 due to delays and cancellations in several initiatives (budget-to-actual) and delays in the timing of accrued expenditures during the first half of 2019 in comparison to the first half of 2020, along with a certain projects that are occurring in 2020 that did not occur in 2019 (period-over-period).

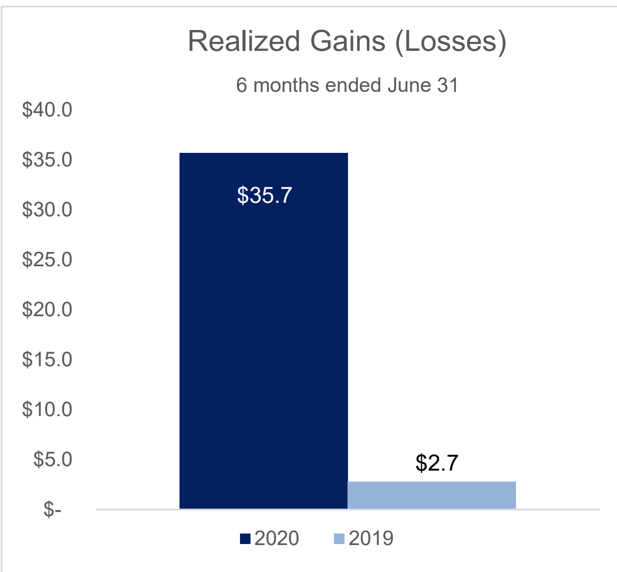
- *Software Maintenance and Licensing* expenses were $1.8 million (19%) below budget and $1 million (12%) less than 2019 largely due to reductions in the anticipated number of user licenses for Claims-related software as well as non-usage of and delays in the purchase of several other software products (budget-to-actual); decreases in period-over-period expenditures are largely due to reductions in costs associated with the Guidewire system and other end-user license expenses.

- *Telecommunication* expenses were $0.2 million (15%) below budget and $0.3 million (22%) less than 2019 due to reductions in costs of certain contracts and delays in projections

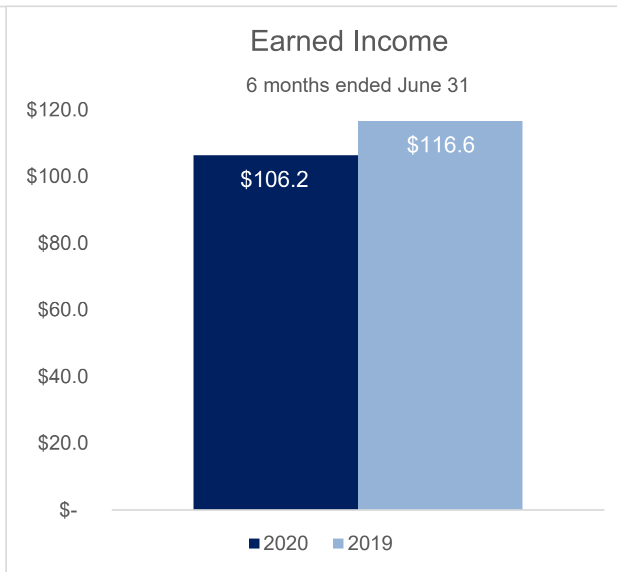
- *Travel* and *Training* expenses were below budget and less than 2019 primarily due to the impacts of COVID-19.

For the period ended June 30, 2020, Citizens' expense ratio was 21.6%, reflecting a 3.4% decrease from the same period in 2019 and a 3.3% decrease compared to budget.

- INVESTMENT INCOME -



($ in millions)



($ in millions)

Total investment income (measured as investment income excluding investment expenses) during the first half of 2020 was $141.8 million, or $22.5 million (19%) greater than the same period in 2019 while total average invested assets declined $351.4 million (4%). The relative decrease in earned income was principally driven by declines in rates of return within money market funds, as well as reductions in tax-exempt holdings resulting from the scheduled maturities of certain outstanding bond obligations. The decrease in earned income was more than offset by an increase in net realized gains as portfolio managers sold securities that were held in positive mark-to-market positions through the active management of invested assets. In January 2020, $150 million of the 2015A-1 series bonds were redeemed at par resulting in a $1.5 million gain that was included in net realized gains.

	6-months ended ($ millions)	
	Jun 2020	**Jun 2019**
Earned income	$ 106.17	$ 116.57
Net realized gains (losses)	35.67	2.74
Total income	**$ 141.84**	**$ 119.31**
Average invested assets	**$ 8,807.68**	**$ 9,159.06**

	Externally-Managed Portfolios (June 2020)			
	Taxable Liquidity	Taxable Claims	Tax-Exempt Claims	Taxable LD Claims
Total market value ($ in billions)	$1.068	$1.614	$0.771	$5.263
Duration	1.2	3.9	2.1	5.9
Avg. credit rating (S&P / Moody's / Fitch)	A+ / Aa2 / AA	A- / A1 / A+	AA / Aa2 / AA	A+ / A1 / A+

- CASH FLOWS -

Consolidated cash flows provided by operations were $214.7 million in the first half of 2020 compared to $19.0 million during the same period in 2019. Net premiums collected during the first half of 2020 were $479.7 million or $86 million (22%) more than the same period in 2019, consistent with overall increases in written premium and declines in reinsurance premiums ceded. Decreases in net investment income collected of $0.7 million (1%) were generally driven by decreases in debt obligations outstanding and increases in investment income, partially offset by decreases in total invested assets. Decreases in benefits and loss related payments, as well as loss adjustment expense payments, were largely the result of reductions in reserves and increases in reinsurance recoveries on loss and LAE payments associated with Hurricane Irma. Decreases in underwriting expenses paid of $6.3 million (5%) were due to temporary delays in operating expense payments due to limited office availability.

	Consolidated - 6 months ended	
	Jun 2020	**Jun 2019**
Premiums collected, net	$ 479,678,683	$ 393,735,547
Net investment income	93,061,306	93,749,694
Miscellaneous income (expense) collected (paid)	1,507,056	1,130,857
Benefits and loss related payments	(132,563,517)	(233,720,650)
Loss adjustment expense payments	(114,095,436)	(116,782,235)
Underwriting expenses paid	(112,858,560)	(119,088,487)
Net cash flows provided by (used in) operations	**$ 214,729,531**	**$ 19,024,726**