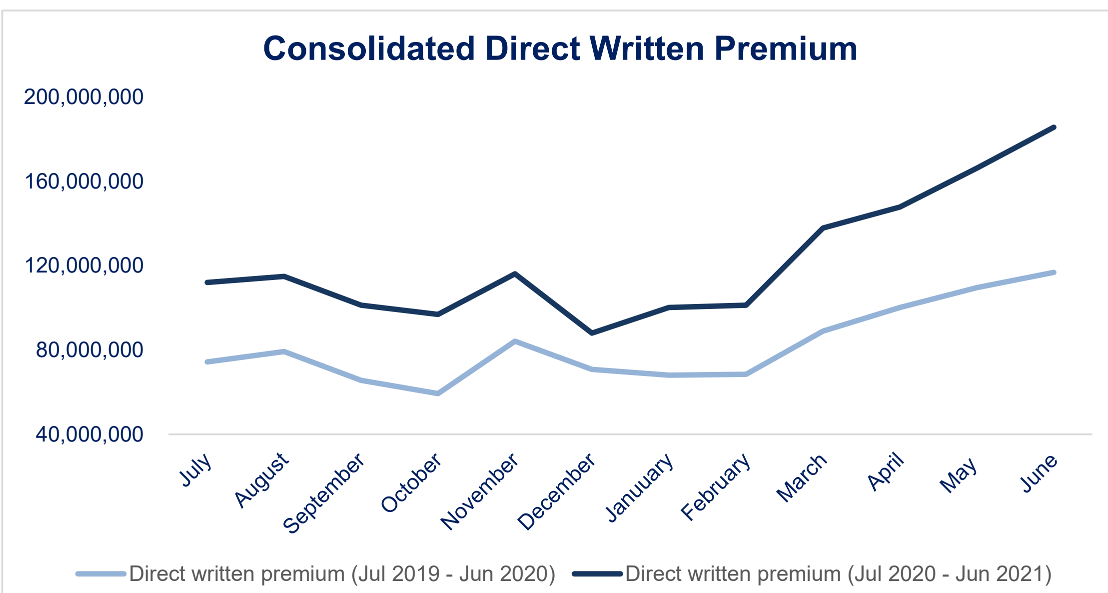
The following is an analysis of Citizens' financial and operating results through the second quarter of 2021.

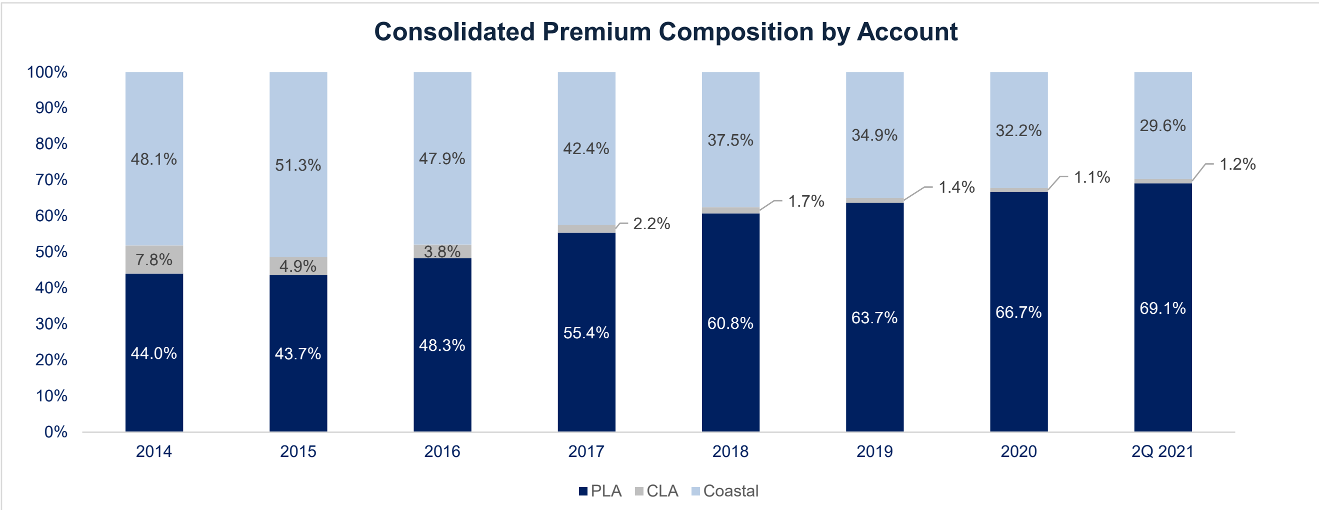
- PREMIUMS -

Consolidated direct written premium through the second quarter of 2021 was $839.5 million or $287.0 (152%) greater than consolidated direct written premium for the same period in 2020. The increase in written premium is the result of increases in new policies written mostly in Dade, Broward and Palm Beach counties. Although renewal rates during most of 2020 were higher than recent historical averages, renewal rates in 2021 have declined slightly and are trending towards recent historical averages. Premiums removed through depopulation of $1.8 million through the second quarter of 2021 were $3.1 million (63%) less than during the same period in 2020.

	6-months ended	
	Jun 2021	Jun 2020
New Business	160,393	60,955
Untagged Takeouts	4	7
Reinstatements	5,557	4,380
Cancellations	(52,562)	(17,702)
Non-Renewals	(16,799)	(12,322)
New Tags for Takeout	(1,069)	(2,891)
Net change	95,524	32,427
Ending PIF	638,263	474,630

Consolidated direct earned premium increased $187.6 million (41%) during the first two quarters of 2021 consistent with the timing of the increase in premiums written.





Premiums ceded through reinsurance, including premiums ceded to the Florida Hurricane Catastrophe Fund, of $432.6 million were $204.8 million (90%) more than premiums ceded in 2020. The increase in exposure, driven by an increase in policy count, along with an increase in the amount of surplus protected were the primary drivers of the year-over-year increase in premiums ceded.

- LOSSES -

Non-CAT Only	Consolidated			Personal Lines Account			Commercial Lines Account			Coastal Account		
	Q2 2021	CY 2020	Q2 2020	Q2 2021	CY 2020	Q2 2020	Q2 2021	CY 2020	Q2 2020	Q2 2021	CY 2020	Q2 2020
Direct loss ratio	32.2%	30.7%	32.6%	40.2%	40.4%	43.5%	9.3%	9.2%	11.0%	15.4%	12.6%	13.2%
Direct loss ratio (underlying)	31.8%	28.2%	30.9%	39.8%	36.8%	41.4%	2.4%	2.1%	8.6%	15.2%	12.5%	12.3%
Direct LAE ratio	19.3%	17.8%	20.4%	23.7%	21.0%	25.1%	2.5%	8.6%	15.3%	10.2%	12.1%	11.8%
Direct LAE ratio (underlying)	17.8%	18.8%	18.3%	21.3%	22.4%	23.6%	2.6%	4.2%	3.5%	10.7%	12.2%	9.2%

CAT and Non-CAT	Consolidated			Personal Lines Account			Commercial Lines Account			Coastal Account		
	Q2 2021	CY 2020	Q2 2020	Q2 2021	CY 2020	Q2 2020	Q2 2021	CY 2020	Q2 2020	Q2 2021	CY 2020	Q2 2020
Direct loss ratio	40.4%	42.2%	32.6%	48.9%	49.1%	43.5%	20.8%	24.0%	12.1%	22.4%	29.6%	13.2%
Direct loss ratio (underlying)	31.8%	35.2%	30.9%	39.8%	41.9%	41.4%	2.4%	10.1%	8.6%	15.2%	23.1%	12.3%
Direct LAE ratio	22.1%	26.2%	20.5%	26.8%	30.8%	25.1%	6.8%	7.8%	15.6%	12.3%	17.9%	12.2%
Direct LAE ratio (underlying)	17.8%	20.6%	18.3%	21.3%	24.4%	23.6%	2.6%	4.7%	3.5%	10.7%	13.8%	9.2%

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, 2021, consolidated ultimate direct losses and LAE related to Hurricanes Irma and Michael were $2.270 billion and $150.0 million, respectively, reflecting no change from December 31, 2020. Of the $2.270 billion in ultimate loss and LAE across all accounts related to Hurricane Irma, $935.8 million is recoverable under Citizens' reinsurance contracts with both the FHCF ($546.1 million in the PLA and $263.6 million in the Coastal Account) and private reinsurers ($126.1 million in the Coastal Account only). No reinsurance recoverables associated with Hurricane Michael were recorded due to the losses and LAE not meeting the attachment levels of reinsurance arrangements.

In the 3rd and 4th quarters of 2020 there were a series of smaller storms that impacted Florida, with Tropical Storm Eta and Hurricane Sally comprising a majority of the losses and LAE. At June 30, 2021, consolidated ultimate direct loss and LAE for Tropical Storm Eta and Hurricane Sally were $154.0 million, reflecting an increase of $9.3 million from March 31, 2021. This increase, of which was all LAE, was driven by an increase in litigated claims whereby approximately 20% of all personal lines claims from Tropical Storm Eta have entered litigation. No ceded recoverables 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 as development of prior accident year losses and LAE was as expected.

Although litigated non-weather water claims continue to be a dominant driver of loss and LAE activity within the PLA, the litigation rate trend for accident years 2018, 2019 and 2020 continue to show improvement in comparison to accident years 2014 to 2017 with 2021 experiencing the lowest percentage of litigated claims in recent years. Through the second quarter of 2021, the combined loss and LAE ratio for the PLA was slightly below budget due to this continued improvement in litigation rates for water claims. Similarly, the combined loss and LAE ratio for the Coastal Account approximated the budgeted combined loss and LAE ratio due to favorable litigation trends on water claims.

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 through the second quarter of 2021 of $67.2 million were $1.5 million (2%) more than administrative expenses incurred during the same period in 2020 and $7.5 million (10%) less than budget.

Individual variances that contributed to the overall variances are as follow:

- Employee expenses (*Salaries, Employee Benefits and Payroll Taxes*) were $3.1 million (4%) below budget as a result of timing differences in filling vacant positions, and $3.6 million (5%) more than the first half of 2020 as a result of year-over-year increases in the number of FTEs.

- *Contingent Staffing* expenses were $6.1 million (20%) below budget and $3.7 million less than the first half of 2020 largely due to a reduction in the need for and availability of independent adjusters within the Litigated and Disputed Claims unit.

- *Operations and Maintenance* expenses were $0.6 million (44%) below budget due to reductions in service needs and utilities resulting from lower office space occupancy.

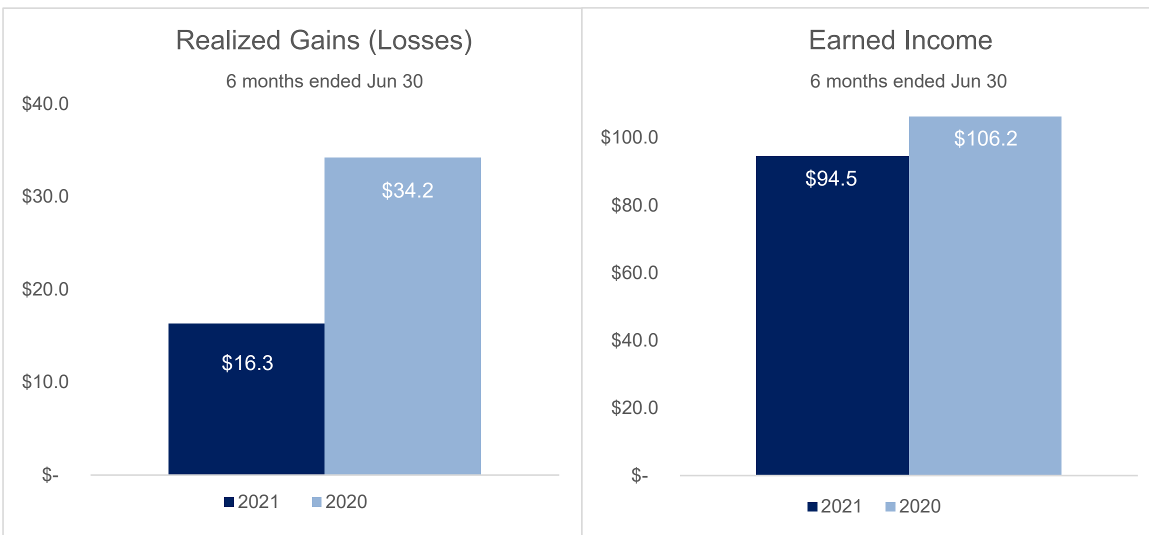
- *Professional Services* expenses were $2.6 million (43%) below budget and $0.5 million (13%) less than the first half of 2020 largely due to delays in several initiatives as well as favorable budget-to-actual cost variances.

- *Software Maintenance and Licensing* expenses were $1.2 million (14%) below budget and $0.4 million (5%) less than the first half of 2020 due to delayed projects and cost savings/avoidance on multiple software purchases.

- *Training* expenses were $0.2 million (45%) below budget due to cancelled or delayed events as a result of Covid-19.

For the six-month period ended June 30, 2021, Citizens' expense ratio was 17.4%, reflecting a 4.2% decrease from the same period in 2020 and a 3.8% 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 2021 was $110.8 million, or $29.6 million (21%) less than during the same period in 2020 despite an increase in average invested assets of $202.7 million (2%).

The decrease in earned income of $11.4 million (11%) was principally driven by significant reductions in interest rates during 2020 as well as reductions in tax-exempt holdings resulting from the scheduled maturities of certain outstanding bond obligations. The decrease in realized gains of $17.9 million (52%) was due to realized gains that were taken in the second quarter of 2020 as portfolio managers sought to take advantage of market disruptions and interest rate fluctuations.

	6-months ended ($ millions)			
	Jun 2021		**Jun 2020**	
Earned income	$	94.50	$	106.20
Net realized gains (losses)		16.30		34.20
Total income	**$**	**110.80**	**$**	**140.40**
Average invested assets	**$**	**9,010.40**	**$**	**8,807.68**

	Externally-Managed Portfolios (Jun 2021)			
	Taxable Liquidity	Taxable Claims	Tax-Exempt Claims	Taxable LD Claims
Total market value ($ in billions)	$1.075	$1.628	$0.579	$5.450
Duration	0.9	3.8	2.5	6.0
Avg. credit rating (S&P / Moody's / Fitch)	A+ / A1 / A+	A- / A1 / A+	AA / Aa2 / AA	A+ / A1 / A+

- CASH FLOWS -

Consolidated cash flows provided by operations were $477.3 million through the first half of 2021 compared to $214.7 million during the same period a year ago. Net premiums collected during the first half of 2021 were $783.9 million or $304.3 million (63%) more than during the same period in 2020, consistent with overall increases in written premium and declines in reinsurance premiums paid. Decreases in net investment income collected of $1.5 million (2%) were generally driven by decreases in earned investment income and net realized gains, partially offset by decreases in debt obligations outstanding. Net increases in benefits and loss related payments were largely the result of increases in premiums written partially offset by reinsurance recoveries on loss and LAE payments associated with Hurricane Irma. Increases in underwriting expenses paid of $24.8 million (22%) were consistent with increases in premiums written.

	Consolidated - 6 months ended	
	Jun 2021	**Jun 2020**
Premiums collected, net	$ 783,931,747	$ 479,678,683
Net investment income	91,610,873	93,061,306
Miscellaneous income collected	6,493,306	1,507,056
Benefits and loss related payments	(155,517,831)	(132,563,517)
Loss adjustment expense payments	(111,540,404)	(114,095,436)
Underwriting expenses paid	(137,676,757)	(112,858,560)
Net cash flows provided by (used in) operations	**$ 477,300,933**	**$ 214,729,531**