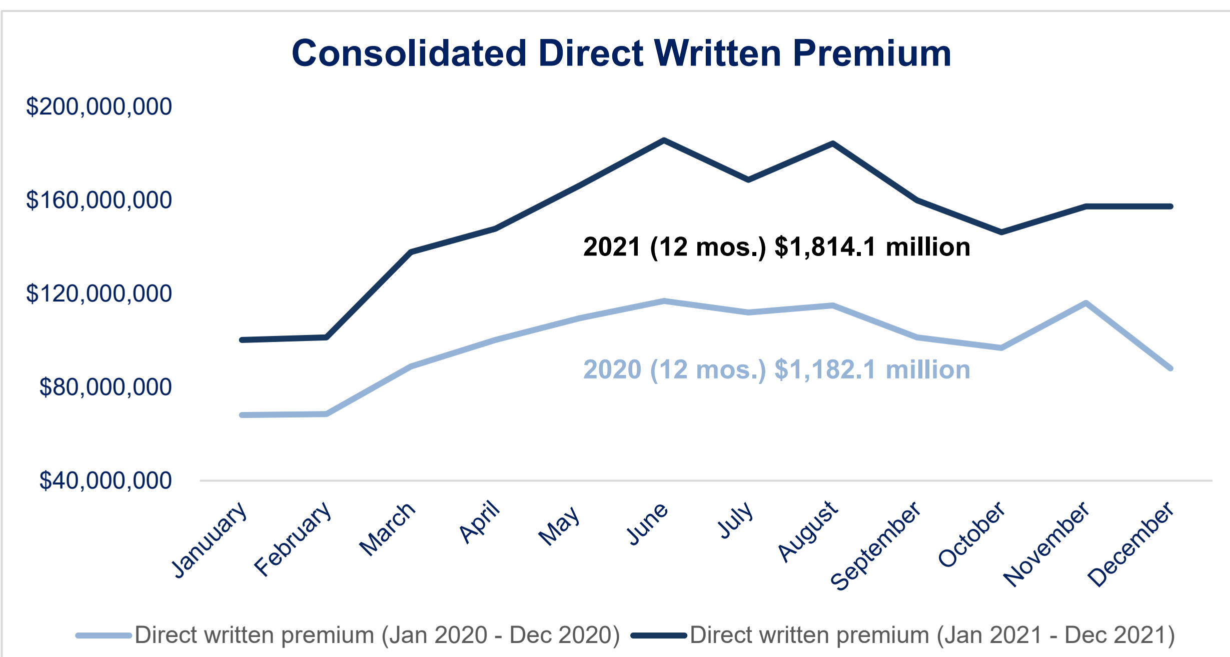
The following is an analysis of Citizens' financial and operating results for the fiscal year ended December 2021.

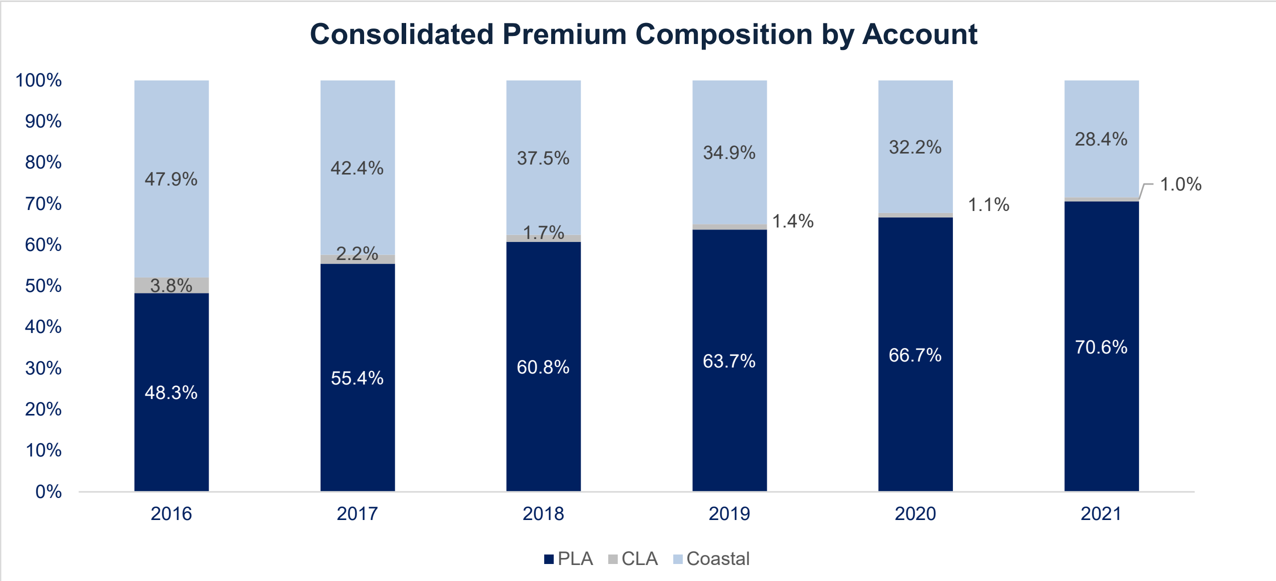
- PREMIUMS -

Consolidated direct written premium for the year ended December 2021 was $1,814.1 million or $632.0 (54%) 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 – approximately 50% of all new personal lines policies written in 2021 were in these three counties. The overall renewal rate in 2021 was approximately 80%, marking a 6% decline from 2020 but still marginally higher than recent historical renewal rates in 2019 and prior. Premiums removed through depopulation of $4.2 million during 2021 were $8.2 million (66%) less than during 2020.

	12-months ended	
	Dec 2021	Dec 2020
New Business	358,088	161,712
Untagged Takeouts	8	10
Reinstatements	13,160	4,595
Cancellations	(101,623)	(63,707)
Non-Renewals	(50,266)	(6,221)
New Tags for Takeout	(2,801)	(7,424)
Net change	216,566	88,965
Ending PIF	759,305	531,168

Consolidated direct earned premium increased $473.8 million (48%) as a result of an increase in direct premiums written and the timing of when policies were written.





Premiums ceded through reinsurance in 2021, including premiums ceded to the Florida Hurricane Catastrophe Fund, of $451.5 million were $224.8 million (99%) 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		
	CY 2021	CY 2020	CY 2019	CY 2021	CY 2020	CY 2019	CY 2021	CY 2020	CY 2019	CY 2021	CY 2020	CY 2019
Direct loss ratio	30.3%	30.7%	31.3%	37.8%	40.4%	41.9%	6.9%	9.2%	-28.5%	14.1%	12.6%	15.4%
Direct loss ratio (underlying)	29.9%	28.2%	29.2%	37.6%	36.8%	38.7%	3.0%	2.1%	33.4%	12.9%	12.5%	12.5%
Direct LAE ratio	16.2%	17.6%	20.7%	19.8%	20.9%	26.1%	0.8%	8.2%	15.2%	8.6%	11.7%	11.5%
Direct LAE ratio (underlying)	15.6%	18.4%	18.8%	18.8%	22.2%	23.9%	1.6%	3.7%	14.1%	8.6%	11.7%	10.1%

CAT and Non-CAT	Consolidated			Personal Lines Account			Commercial Lines Account			Coastal Account		
	CY 2021	CY 2020	CY 2019	CY 2021	CY 2020	CY 2019	CY 2021	CY 2020	CY 2019	CY 2021	CY 2020	CY 2019
Direct loss ratio	40.6%	42.2%	61.8%	48.1%	49.1%	78.6%	29.8%	24.0%	83.4%	23.8%	29.6%	31.7%
Direct loss ratio (underlying)	29.9%	35.2%	29.2%	37.6%	41.9%	38.7%	3.0%	10.1%	33.4%	12.9%	23.1%	12.5%
Direct LAE ratio	24.4%	26.2%	19.0%	29.6%	30.8%	30.2%	2.8%	7.8%	30.0%	13.1%	17.9%	-1.1%
Direct LAE ratio (underlying)	15.6%	20.6%	18.8%	18.8%	24.4%	23.9%	1.6%	4.7%	14.1%	8.6%	13.8%	10.1%

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 December 31, 2021, consolidated ultimate direct losses and LAE related to Hurricanes Irma and Michael were $2.394 billion and $150.0 million, respectively, reflecting an increase of $124 million (Hurricane Irma only) from December 31, 2020. Of the $2.394 billion in ultimate loss and LAE across all accounts related to Hurricane Irma, $1.010 billion is recoverable under Citizens' reinsurance contracts with both the FHCF ($587.5 million in the PLA and $278.0 million in the Coastal Account) and private reinsurers ($144.7 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.

Net loss and LAE development on Hurricane Irma and Tropical Storms Eta and Sally in 2021 was $197.3 million ($271.7 million on a direct basis). Development on pending claims and litigation on reopened claims for Hurricane Irma contributed $49.3 million in net adverse development. Tropical Storm Eta, which contributed $132.3 million in adverse development, experienced a significant volume of late-reported claims in addition to a high-level of litigation – current projections indicate that approximately 40% of all Tropical Storm Eta claims will enter litigation. Similar to Tropical Storm Eta, Tropical Storm Sally experienced an increase in the number of projected claims and contributed $15.8 million in adverse development during 2021. Losses and LAE from Tropical Storms Eta and Sally did not meet the attachment levels of Citizens' reinsurance program, and therefore, there are no ceded losses and LAE associated with these storms.

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.

The 2021 accident year non-catastrophe loss and LAE ratios across all three accounts showed significant improvement in comparison to prior years. The dominant driver behind the improvement in loss and LAE was a continued downward trend in litigation rates, which continues to be the single most important factor in non-catastrophe losses and LAE. In 2021, the litigation rate for non-catastrophe/non-sinkhole claims was 14.8% in the PLA and 16.6% in the Coastal Account, marking declines of 4.2% and 1.3% relative to 2020 in the PLA and Coastal Account, respectively. For Accident Year 2015, the litigation rate in the PLA was 37.0%.

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 2021 of $130.4 million were $5.9 million (5%) more than administrative expenses incurred during 2020 and $9.0 million (7%) less than budget.

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

- *Employee expenses* (*Salaries, Employee Benefits and Payroll Taxes*) were $9.5 million (8%) more than the year prior as a result of an increase in employee counts primarily within operational areas affected by an increase in policy count.

- *Contingent Staffing* expenses were $3.4 million (6%) greater than budget principally driven by an increased need for independent adjusters, personal lines underwriters, and additional contingent staffing in IT Security & Risk.

- *Insurance expenses* were $0.3 million (25%) less than prior year due largely to non-recurring expenses incurred in 2020 along with overall reductions in premiums paid.

- *Operations and Maintenance* expenses were $1 million (37%) below budget due to reductions in service needs and utilities resulting from lower office space occupancy.

- *Computer Hardware* expenses were $0.3 million (13%) greater than prior year and $0.3 million (11%) below budget. Year-over-year increases were principally driven by equipment needs of newly hired employees and additional equipment purchased in anticipation of increased use of office spaces beginning early in 2022. Decreases relative to budget were largely the result of lower than anticipated costs of certain IT-related expenditures.

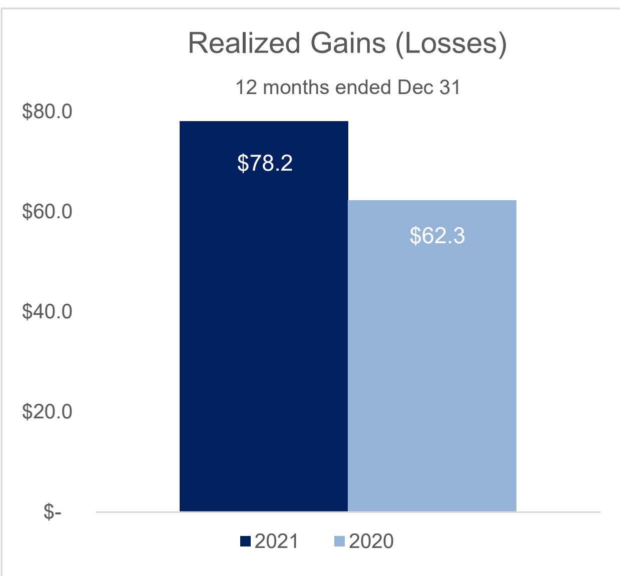
- *Professional Services* expenses were $0.7 million (8%) less than prior year and $4.2 million (34%) below budget largely due to delays in several initiatives as well as favorable budget-to-actual cost variances.

- *Software Maintenance and Licensing* expenses were $0.4 million (3%) more than the prior year and $2.0 million (11%) below budget due to delayed projects and cost savings/avoidance on multiple software purchases.

- *Training* expenses were $0.5 million (45%) below budget due to cancelled or delayed events as a result of Covid-19.

For the year ended December 2021, Citizens' expense ratio was 16.6%, reflecting a 3.7% decrease from the same period in 2020 and a 3.4% decrease compared to budget.

- INVESTMENT INCOME -



($ in millions)

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Total investment income (measured as investment income excluding investment expenses) in 2021 was $264.7 million, or $0.3 million less than during the same period in 2020, while average invested assets increased $339.1 million (4%).

The decrease in earned income of $16.1 million (10%) was principally driven by significant reductions in interest rates that occurred in 2020 as well as reductions in tax-exempt holdings resulting from the scheduled maturities of certain outstanding bond obligations which account for a disproportionate amount of the decrease in earned income. The decrease in earned income was largely offset by an increase of $15.9 million (25%) in realized gains, a significant amount of which were taken in July 2021.

	12-months ended ($ millions)	
	Dec 2021	**Dec 2020**
Earned income	$ 186.55	$ 202.71
Net realized gains (losses)	78.16	62.32
Total income	**$ 264.71**	**$ 265.03**
Average invested assets	**$ 9,160.78**	**$ 8,821.73**

	Externally-Managed Portfolios (Dec 2021)			
	Taxable Liquidity	Taxable Claims	Tax-Exempt Claims	Taxable LD Claims
Total market value ($ in billions)	$1.074	$1.621	$0.288	$5.432
Duration	0.8	3.7	2.6	5.9
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 $698.4 million in 2021 compared to $322.1 million in 2020. Net premiums collected during 2021 were $1,422.1 million or $516.4 million (57%) more than during the same period in 2020, consistent with overall increases in written premium. Net investment income collected of $183.2 million was relatively unchanged, largely due to decreases in investment income offset by decreases in bond 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 $62.1 million (27%) were consistent with increases in premiums written and the related increase in variable costs.

	Consolidated - 12 months ended	
	Dec 2021	**Dec 2020**
Premiums collected, net	$ 1,422,076,344	$ 905,700,757
Net investment income	183,232,092	183,556,892
Miscellaneous income (expenses) collected (paid)	6,694,608	(1,117,234)
Benefits and loss related payments	(373,525,063)	(301,680,101)
Loss adjustment expense payments	(244,510,741)	(230,934,148)
Underwriting expenses paid	(295,591,163)	(233,477,882)
Net cash flows provided by operations	**$ 698,376,077**	**$ 322,048,283**