

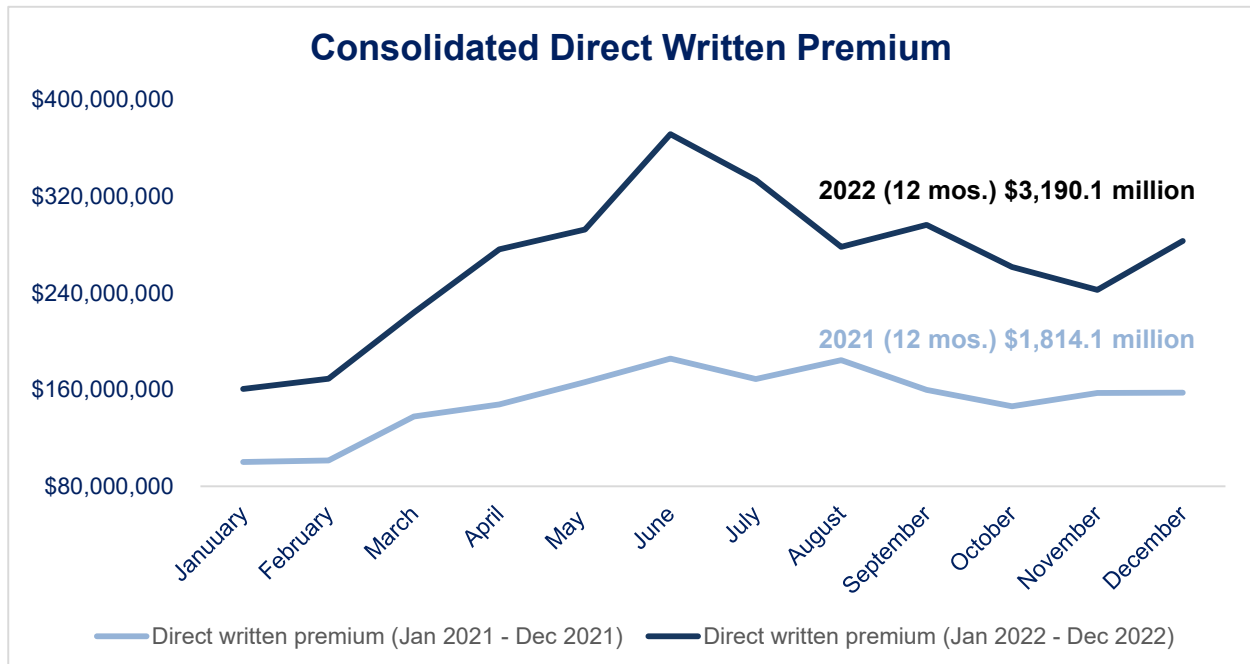
The following is an analysis of Citizens’ financial and operating results for the fiscal year ending December 31, 2022.

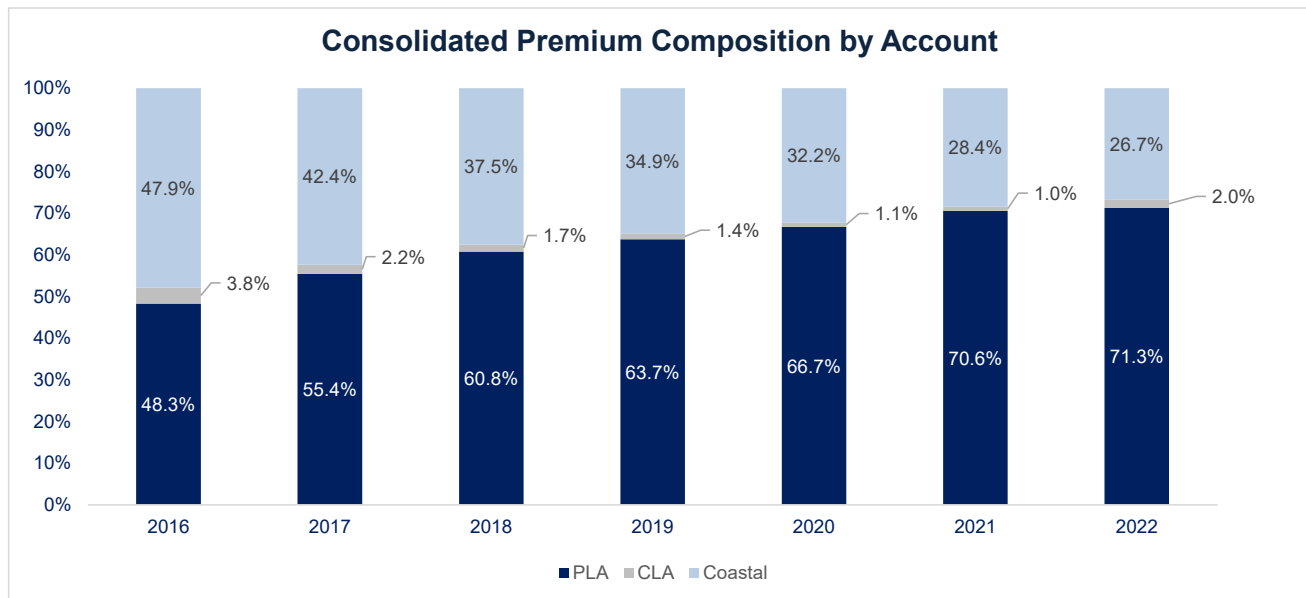
- PREMIUMS -

Consolidated direct written premium in 2022 was \$3,190.1 million or \$1,376.0 (76%) greater than consolidated direct written premium in 2021. The overall renewal rate during 2022 was approximately 81%, marking a 0.6% decrease from 2021. While the renewal rate has slightly decreased, the number of first-time policies written increased to 573,000 compared to 359,000 policies during 2021. This is the most first-time policies Citizens has written over the last 11 years. Premiums removed through depopulation of \$24.1 million during 2022 were \$19.9 million (474%) more than in 2021.

	12-months ended	
	Dec 2022	Dec 2021
New Business	573,782	358,088
Untagged Takeouts	5	8
Reinstatements	22,146	13,160
Cancellations	(118,189)	(101,623)
Non-Renewals	(74,893)	(50,266)
New Tags for Takeout	(16,347)	(2,801)
Net change	386,504	216,566
Ending PIF	1,145,809	759,305

Consolidated direct earned premium increased \$983.5 million (67%) consistent with an increase in direct premiums written.





Premiums ceded through reinsurance, including premiums ceded to the Florida Hurricane Catastrophe Fund, of \$540.8 million were \$108.3 million (25%) more than premiums ceded in 2021. The increase in exposure, driven by an increase in policy count, along with an increase in the cost of reinsurance contributed most significantly to the year-over-year increase in premiums ceded through reinsurance.

- LOSSES -

Non-CAT Only	Consolidated			Personal Lines Account			Commercial Lines Account			Coastal Account		
	CY 2022	CY 2021	CY 2020	CY 2022	CY 2021	CY 2020	CY 2022	CY 2021	CY 2020	CY 2022	CY 2021	CY 2020
Direct loss ratio	29.9%	30.3%	30.7%	36.8%	37.8%	40.4%	5.4%	6.9%	9.2%	13.6%	14.1%	12.6%
Direct loss ratio (underlying)	29.7%	29.9%	28.2%	36.8%	37.6%	36.8%	5.9%	3.0%	2.1%	12.6%	12.9%	12.5%
Direct LAE ratio	15.7%	16.2%	17.6%	18.5%	19.8%	20.9%	5.0%	0.8%	8.2%	8.9%	8.6%	11.7%
Direct LAE ratio (underlying)	15.1%	15.6%	18.4%	18.2%	18.8%	22.2%	2.4%	1.6%	3.7%	7.9%	8.6%	11.7%

CAT and Non-CAT	Consolidated			Personal Lines Account			Commercial Lines Account			Coastal Account		
	CY 2022	CY 2021	CY 2020	CY 2022	CY 2021	CY 2020	CY 2022	CY 2021	CY 2020	CY 2022	CY 2021	CY 2020
Direct loss ratio	160.5%	40.6%	42.2%	154.8%	48.1%	49.1%	167.3%	29.8%	24.0%	174.9%	23.8%	29.6%
Direct loss ratio (underlying)	155.0%	29.9%	35.2%	148.9%	37.6%	41.9%	155.9%	3.0%	10.1%	171.0%	12.9%	23.1%
Direct LAE ratio	45.4%	24.4%	26.2%	51.8%	29.6%	30.8%	14.4%	2.8%	7.8%	30.7%	13.1%	17.9%
Direct LAE ratio (underlying)	41.2%	15.6%	20.6%	46.9%	18.8%	24.4%	9.3%	1.6%	4.7%	28.0%	8.6%	13.8%

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

On September 28, 2022, Hurricane Ian made landfall in Southwest Florida. Consolidated ultimate direct losses and LAE at December 31, 2022 were \$3,597.4 million. Of this, \$1,026.5 million is recoverable under Citizens’ reinsurance contracts, resulting in a net financial impact to Citizens of \$2,571.0 million. As of December 31, 2022, approximately 60,000 claims have been reported, with an ultimate projected claim count of approximately 72,000.

Based on development patterns of Hurricane Irma and Tropical Storm Eta, and considering the location of the claims being reported and whether there was an AOB and/or representation at first notice of loss, litigation rates of approximately 10% in the PLA and 5% in the Coastal Account are projected. For perspective, the litigation rates within the PLA and Coastal Account for Hurricane Irma are 23% and 15%, respectively.

On November 10, 2022, Hurricane Nicole made landfall south of Vero Beach. Consolidated ultimate direct losses and LAE related to Hurricane Nicole were \$96.1 million. Given the level of maturity of this storm, it is very likely that this initial estimate will change at the end of the first quarter of 2023 as additional claims-related information becomes available. As of December 31, 2022 no reinsurance recoverables have been recorded for this event.

Consolidated ultimate direct losses and LAE related to Hurricane Irma were \$2,553.8 million, reflecting an increase of approximately \$159.8 million from the prior year. Of the total direct losses and LAE of \$2,553.8 million, \$1,125.7 million is recoverable under Citizens' reinsurance contracts. In 2022, close to 700 claims that were closed and not in litigation as of December 31, 2021, reopened and entered litigation and are pending as of December 31, 2022. In addition to the impact of claims reopening and entering litigation in 2022, there was upward development on the claims that were closed in 2022 as well.

Consolidated ultimate direct losses and LAE related to Hurricane Michael were \$145.5 million, reflecting a slight decrease in estimates from the prior year. No reinsurance recoveries from Hurricane Michael have been recorded due to loss levels not meeting the retention of Citizens' reinsurance contracts.

Consolidated ultimate direct losses and LAE related to Tropical Storms Sally and Eta were \$304.7 million, an increase of approximately \$66.6 million from the prior year. No reinsurance recoveries have been recorded due to loss levels not meeting the retention of Citizens' reinsurance contracts. The primary driver of the increase in these losses was due to Tropical Storm Eta in the PLA, where the litigation rate is over 40%. As of December 31, 2022, there are over 2,700 pending claims related to Tropical Storm Eta.

The 2022 non-catastrophe loss and LAE ratio for the PLA and Coastal account are comparatively unchanged relative to 2021. The dominant driver behind the improvement in loss and LAE over the past several years has been the improvement in litigation rates, which continues to be the single most important factor in non-catastrophe losses and LAE, and which have remained stable for non-catastrophe losses in 2022. The underlying CLA loss and LAE ratio is inherently volatile due to the low premium volume and large potential impact of a few 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 -

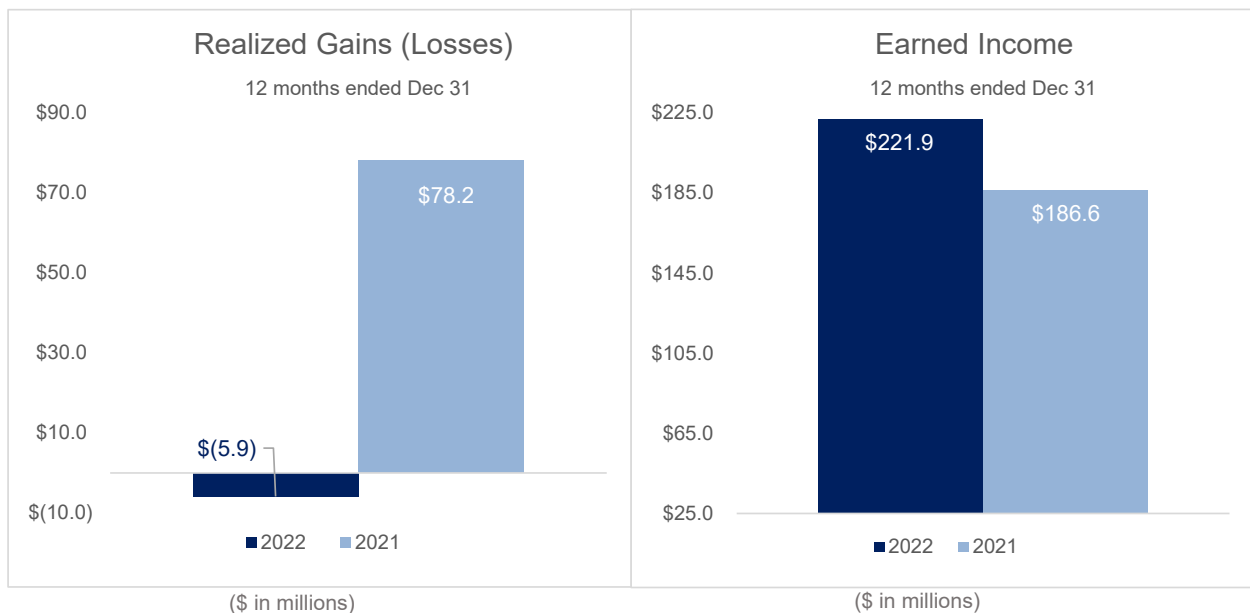
Administrative expenses incurred during 2022 of \$138.6 million were \$8.2 million (6%) more than administrative expenses incurred during 2021 and \$20.0 million (13%) less than budget.

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

- *Employee expenses (Salaries, Employee Benefits and Payroll Taxes)* were \$21.0 million (16%) more than the prior year as a result of an increase in employee counts primarily within operational areas affected by an increase in policy count. In comparison to budget, *employee expenses* were \$5.0 million (3%) below budget as a result of delays in filling positions.
- *Contingent Staffing* expenses were \$69.0 million (111%) greater than the prior year and \$52.5 million (67%) more than budgeted due to an increased need for adjusters in response to Hurricane Ian.
- *Professional Services* expenses were \$5.1 million (62%) more than the prior year due to an increase in expenses associated with an increase in policy count whereas *professional services* expenses were \$4.4 million (25%) below budget due to timing delays in the implementation of several initiatives.
- *Software Maintenance and Licensing* expenses were \$3.0 million (18%) more than the prior year largely due to an increase in need for services as well as contractual price escalations, and \$3.7 million (16%) below budget due to timing delays of several initiatives and the discontinuation in use of certain software applications.

For the fiscal year ended December 31, 2022, Citizens’ expense ratio was 14.6%, reflecting a 2.0% decrease from 2021 and a 0.1% decrease compared to budget.

- INVESTMENT INCOME -



Total investment income (measured as investment income excluding investment expenses) in 2022 was \$216.0 million, or \$48.7 million (18%) less than during 2021, while average invested assets increased \$439.7 million (5%). While earned income increased \$35.3 million (19%) largely due to the overall increase in interest rates, specifically an increase in yields in money market funds and reinvestments, the decrease in realized gains was the primary contributor to the year-over-year decrease. In July 2021, significant gains were harvested in a low-rate environment which did not occur in a rising-rate environment during 2022. Additionally, with the recent rise in interest rates, certain portfolios were and continue to be repositioned to purchase securities with higher yields resulting in short-term realized losses. It is expected that the short-term realized losses will be more than offset by higher returns in future periods.

	12-months ended (\$ millions)	
	Dec 2022	Dec 2021
Earned income	\$ 221.89	\$ 186.55
Net realized gains (losses)	(5.90)	78.16
Total income	\$ 215.99	\$ 264.71
Average invested assets	\$ 9,641.10	\$ 9,201.40

	Externally-Managed Portfolios (Dec 2022)			
	Taxable Liquidity	Taxable Claims	Tax-Exempt Claims	Taxable LD Claims
Total market value (\$ in billions)	\$1.198	\$1.605	\$0.266	\$5.083
Duration	0.7	3.0	2.0	5.2
Avg. credit rating (S&P / Moody's / Fitch)	AA- / Aa3 / AA	A+ / Aa3 / AA-	AA+ / Aa2 / AA+	A / A1 / AA-

- CASH FLOWS -

Consolidated cash flows provided by operations were \$101.6 million during 2022 compared to \$698.4 million during 2021. Net premiums collected during 2022 were \$2,558.2 million or \$1,136.1 million (80%) more than during 2021, consistent with overall increases in written premium. Net investment income collected of \$208.7 million was \$25.5 million (14%) more than in 2021 as a result of decreases in interest expense and increases in overall interest rates, partially offset by decreases in realized gains. Net increases in benefits and loss related payments were largely the result of loss and LAE payments associated with Hurricane Ian, offset by reinsurance recoveries on loss and LAE payments. Increases in underwriting expenses paid of \$422.2 million (43%) were consistent with increases in premiums written and the related increase in variable costs.

	Consolidated - 12 months ended	
	Dec 2022	Dec 2021
Premiums collected, net	\$ 2,558,157,555	\$ 1,422,076,344
Net investment income	208,731,688	183,232,092
Miscellaneous income collected	4,425,961	6,694,608
Benefits and loss related payments	(1,825,713,458)	(373,525,063)
Loss adjustment expense payments	(421,827,117)	(244,510,741)
Underwriting expenses paid	(422,179,292)	(295,591,163)
Net cash flows provided by operations	\$ 101,595,338	\$ 698,376,077