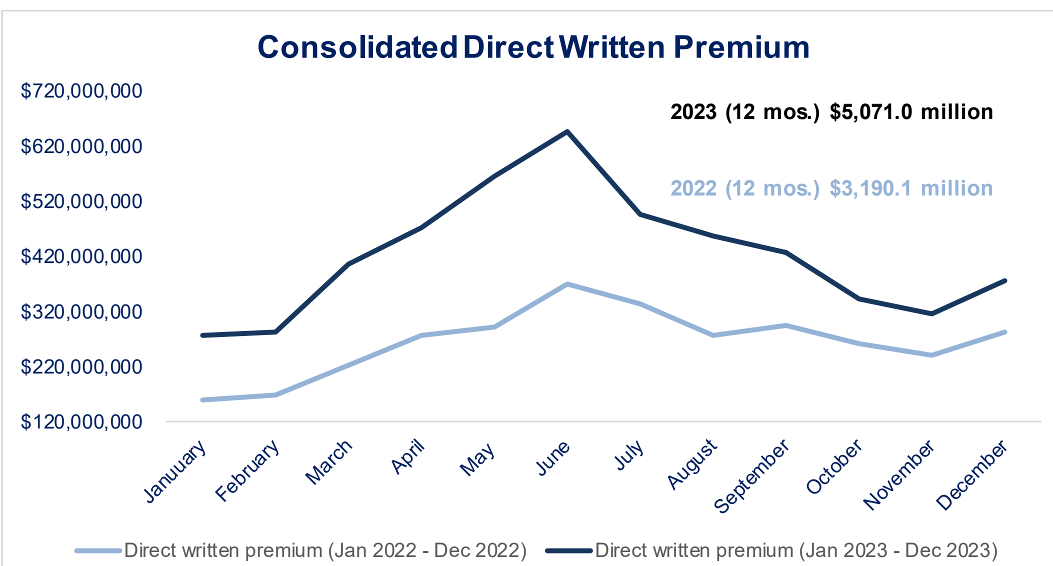
The following is an analysis of Citizens' financial and operating results for the fiscal year ending December 31, 2023.

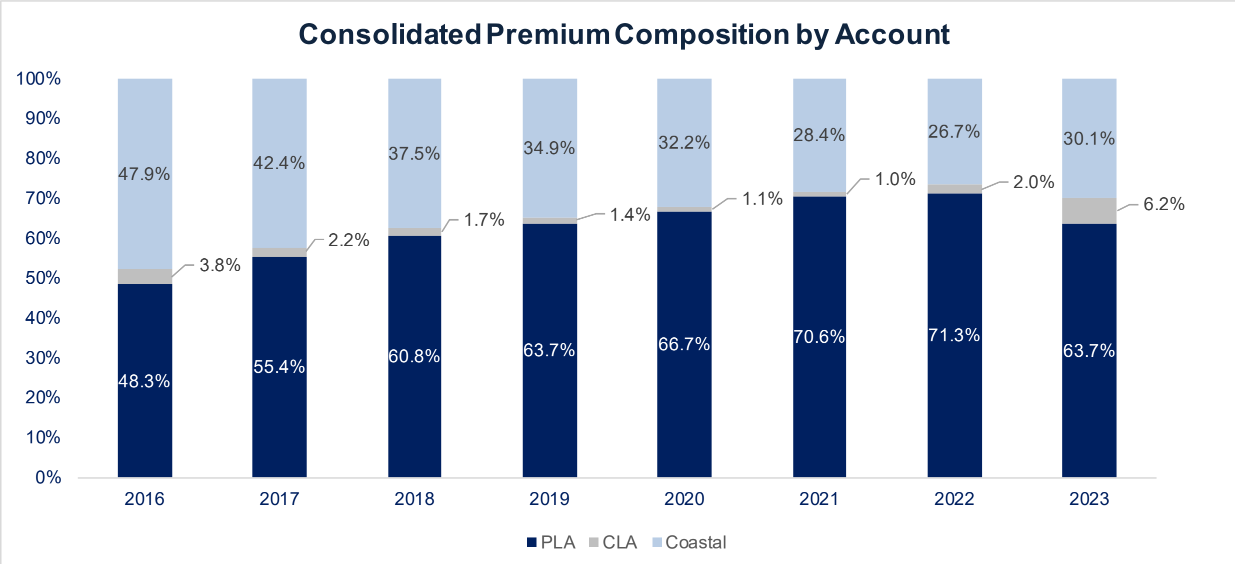
- PREMIUMS -

Consolidated direct written premium in 2023 was $5,071.0 million or $1,880.9 million (59%) greater than consolidated direct written premium in 2022. The overall renewal rate through December 2023 was approximately 85%, marking a 4% increase from the same period a year prior. Notwithstanding the increase in renewal rate, the number of first-time policies written decreased to 552,000 in comparison to 573,000 during the same period a year prior. Premiums ceded through depopulation in 2023 were $588.3 million, marking a significant increase in comparison to 2022 wherein $24.1 million of premiums were ceded through depopulation.

	12-months ended	
	Dec 2023	Dec 2022
New Business	551,848	573,781
Untagged Takeouts	290	5
Reinstatements	29,101	22,146
Cancellations	(137,660)	(118,190)
Non-Renewals	(86,599)	(74,891)
New Tags for Takeout	(274,071)	(16,347)
Net change	82,909	386,504
Ending PIF	1,228,718	1,145,809

Consolidated direct earned premium increased $1,763.8 million (72%) consistent with an increase in direct premiums written.





For the 2023 calendar year, premium ceded for private reinsurance and for coverage through the FHCF totaled $1,175.0, an increase of approximately $634.2 million (118%). An increase in both reinsured exposure and pricing contributed to the year-over-year increase in premium ceded.

- LOSSES -

Non-CAT Only	Consolidated			Personal Lines Account			Commercial Lines Account			Coastal Account		
	CY 2023	CY 2022	CY 2021	CY 2023	CY 2022	CY 2021	CY 2023	CY 2022	CY 2021	CY 2023	CY 2022	CY 2021
Direct loss ratio	26.6%	29.9%	30.3%	36.7%	36.8%	37.8%	2.8%	5.4%	6.9%	8.5%	13.6%	14.1%
Direct loss ratio (underlying)	26.2%	29.7%	29.9%	36.0%	36.8%	37.6%	3.5%	5.9%	3.0%	8.8%	12.6%	12.9%
Direct LAE ratio	13.2%	15.7%	16.2%	17.0%	18.5%	19.8%	3.1%	5.0%	0.8%	6.5%	8.9%	8.6%
Direct LAE ratio (underlying)	12.3%	15.1%	15.6%	16.0%	18.2%	18.8%	2.1%	2.4%	1.6%	5.8%	7.9%	8.6%

CAT and Non-CAT	Consolidated			Personal Lines Account			Commercial Lines Account			Coastal Account		
	CY 2023	CY 2022	CY 2021	CY 2023	CY 2022	CY 2021	CY 2023	CY 2022	CY 2021	CY 2023	CY 2022	CY 2021
Direct loss ratio	33.4%	160.5%	40.6%	43.8%	154.8%	48.1%	14.6%	167.3%	29.8%	13.8%	174.9%	23.8%
Direct loss ratio (underlying)	27.8%	155.0%	29.9%	38.2%	148.9%	37.6%	3.6%	155.9%	3.0%	9.2%	171.0%	12.9%
Direct LAE ratio	11.4%	45.4%	24.4%	15.3%	51.8%	29.6%	4.5%	14.4%	2.8%	4.2%	30.7%	13.1%
Direct LAE ratio (underlying)	12.8%	41.2%	15.6%	16.6%	46.9%	18.8%	2.1%	9.3%	1.6%	6.0%	28.0%	8.6%

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

Consolidated ultimate direct losses and LAE related to Hurricane Ian were $3,596.0 million at December 31, 2023, reflecting $1.5 million of favorable development relative to December 31, 2022. Of this, $1,121.6 million is recoverable under Citizens' reinsurance contracts, resulting in net losses and LAE of $2,474.4 million.

Consolidated ultimate direct losses and LAE related to Hurricane Nicole were $100.5 million at December 31, 2023, reflecting $4.4 million of unfavorable development relative to December 31, 2022. Of this, $14.7 million is recoverable under Citizens' reinsurance contracts, resulting in net losses and LAE of $85.8 million.

Consolidated ultimate direct losses and LAE related to Hurricane Irma were $2,550.5 million at December 31, 2023, reflecting $3.3 million of favorable development relative to December 31, 2022. Of this, $1,120.4 million is recoverable under Citizens' reinsurance contracts, resulting in net losses and LAE of $1,430.1. In 2023, Citizens commuted its reinsurance contract with the FHCF in full and final settlement of all ceded losses and LAE associated with Hurricane Irma.

Consolidated ultimate direct losses and LAE related to Tropical Storm Eta were $351.3 million at December 31, 2023, reflecting unfavorable development of $114.2 million relative to December 31, 2022. A significant volume of claims were reported four or more months after the date of loss. In addition, the overall litigation rate is approximately 48%. No reinsurance recoveries have been recorded due to loss levels not meeting the retention of Citizens' reinsurance contracts.

Consolidated ultimate direct losses and LAE related to Tropical Storm/Hurricane Sally were $78.4 million at December 31, 2023, reflecting unfavorable development of $10.9 million relative to December 31, 2022. No reinsurance recoveries have been recorded due to loss levels not meeting the retention of Citizens' reinsurance contracts.

On August 30, 2023, Hurricane Idalia made landfall in the Florida panhandle as a Category 3 Hurricane. Consolidated direct losses and LAE related to Hurricane Idalia were $83.5 million at December 31, 2023. No reinsurance recoveries have been recorded due to loss levels not meeting the retention of Citizens' reinsurance contracts.

The 2023 non-catastrophe loss and LAE ratio for the PLA and Coastal account continue to decrease. 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 and 2023. It is worth noting that the CLA experience tremendous growth in 2023, with earned premium increasing from $37.7 million in 2022 to $199.3 million in 2023. In years prior, the underlying CLA loss and LAE ratio was inherently volatile due to the low premium volume and large potential impact of a few claims.

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 in 2023 of $163.8 million were $25.2 million (18%) more than administrative expenses incurred during 2022 and $22.0 million (11%) less than budget.

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

- *Employee expenses* (*Salaries, Employee Benefits and Payroll Taxes*) were $24.7 million (16%) more than the prior year as a result of an increase in employee counts, primarily within operational units. In comparison to budget, *employee expenses* were $18.5 million (9%) below budget as a result of delays in filling positions.

- *Contingent Staffing* expenses were $44.8 million (34%) greater than the prior year and $38.3 million (28%) more than budget as a result of an increase in claims count, largely due storm-related activity and an increase in policy count.

- *Professional Services* expenses were $2.3 million (17.4%) less than the prior year and $10.4 million (48.8%) less than budget. Project delays and invoice timing for various enterprise projects and initiatives contributed to the variance.

- *Computer hardware* expenses were $724,965, or 30.2%, more than the prior year. Year-over-year increases are consistent with a 5-year trend as contracts are renewed and/or replaced.

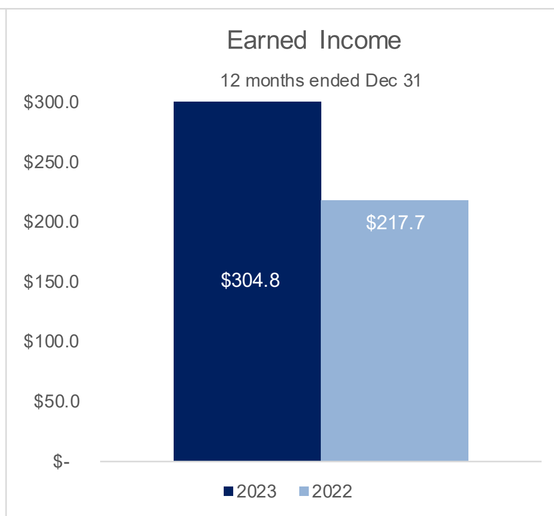
- *Software Maintenance and Licensing* expenses were $4.2 million (22.5%) more than the prior year and $1.9 million (7.6%) less than budget. Project delays and invoice timing are the primary drivers of the variance to budget. The year-over-year increase is consistent with a 5-year trend as contracts are renewed and/or replaced whereas project delays and invoice timing contributed most significantly to the budget variance.

- *Telecommunications* expenses were $0.5 million (23%), more than the prior year and $0.5 million (16)% less than budget. Initial up-front costs of implementing several large-scale projects drove the year-over-year increase and the anticipated cost savings of moving to alternative telephony systems drove the variance to budget.

For the year ended December 31, 2023, Citizens' expense ratio was 13.8%, reflecting a 0.8% decrease from the same period a year prior and a 0.2% increase compared to budget.

- INVESTMENT INCOME -

($ in millions)



($ in millions)

	12-months ended ($ millions)	
	Dec 2023	**Dec 2022**
Earned income	$ 304.76	$ 217.70
Net realized gains (losses)	(11.25)	(5.90)
Total income	**$ 293.51**	**$ 211.80**
Average invested assets	**$ 9,924.20**	**$ 9,641.10**

Total investment income in 2023 was $304.8 million, or $87.1 million (40%) more than the prior year, while average invested assets increased $283.1 million (3%). Increases in realized losses in 2023 were principally driven by the disposition of securities to reduce risk across portfolios. Additionally, the legal defeasance of Citizens' 2015A-1 Senior Secured Bonds resulted in a realized loss of approximately $5.5 million. For financial reporting purposes, this loss is included within realized losses but is not presented in the chart above. Increases in investment income, excluding the effect of realized loss activity, resulted from an overall relative increase in interest rates, specifically yields in money market funds and other short-duration instruments, where a majority of Citizens' cash flow from operations as well as proceeds from maturing securities have been invested.

	Externally-Managed Portfolios (Dec 2023)			
	Taxable Liquidity	Taxable Claims	Tax-Exempt Claims	Taxable LD Claims
Total market value ($ in billions)	$1.506	$1.555	$0.218	$5.119
Duration	0.3	2.4	1.4	4.6
Avg. credit rating (S&P / Moody's / Fitch)	AA+ / Aa1 / AA+	A+ / Aa3 / AA-	AA+ / Aa2 / AA+	A / A1 / A+

- CASH FLOWS -

Consolidated cash flows provided by operations were $1.142.7 million for the year ended December 31, 2023, reflecting an increase of $1,041.1 million (1025%) in comparison to 2022. Net premiums collected were $3,557.3 million or $999.1 million (39%) more than in 2022, consistent with overall increases in written premium and ceded premiums. Net investment income collected of $298.9 million was $90.2 million (43%) more than in 2022 as a result of decreases in interest expense and increases in investment income. Net decreases in benefits and loss related payments were largely the result of loss and LAE payments for storm-related losses in prior years, partially offset by reinsurance recoveries on loss and LAE. Increases in underwriting expenses paid of $708.9 million (68%) were consistent with increases in premiums written and the related increase in acquisition costs.

	Consolidated - 12 months ended	
	Dec 2023	**Dec 2022**
Premiums collected, net	$ 3,557,272,906	$ 2,558,157,555
Net investment income	298,911,582	208,731,688
Miscellaneous income collected	4,211,485	4,425,961
Benefits and loss related payments	(1,468,719,711)	(1,825,713,458)
Loss adjustment expense payments	(540,120,654)	(421,827,117)
Underwriting expenses paid	(708,879,507)	(422,179,292)
Net cash flows provided by operations	**$ 1,142,676,101**	**$ 101,595,338**