



CITIZENS INC. INVESTOR PRESENTATION



NOVEMBER 2022



WWW.CITIZENSINC.COM



A photograph of two women in a market setting. The woman on the left is seen in profile, looking towards the right. The woman on the right is smiling broadly, looking towards the left. They are holding both hands. The background shows a busy market with various stalls and people. A semi-transparent blue rectangular box is overlaid in the center, containing white text.

**INSURANCE IS
A PROMISE MADE.**

**CITIZENS IS
A PROMISE KEPT.**

SAFE HARBOR STATEMENT

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. All statements other than statements of historical facts contained in this presentation, including statements regarding Citizens' (the "Company") future results of operations and financial position, including financial targets, business strategy, plans and objectives for future operations, are forward-looking statements. The Company has based these forward-looking statements largely on its current estimates of its financial results and its current expectations and projections about future events and financial trends that it believes may affect its financial condition, results of operations, business strategy, short term and long-term business operations and objectives, and financial needs as of the date of this presentation. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described under the heading "Risk Factors" in the Company's filings with the Securities and Exchange Commission (the "SEC"). Additionally, new risks emerge from time-to-time. It is not possible for Company management to predict all risks, nor can the Company assess the impact of all factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements the Company may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this presentation may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee that the future results, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, neither the Company nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. Except as required by law, the Company undertakes no obligation to update publicly any forward-looking statements for any reason after the date of this presentation, to conform these statements to actual results or to changes in the Company's expectations.

The Company's filings with the Securities and Exchange Commission are available to you and you should read the documents the Company has filed with the SEC for more complete information about the Company. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov.

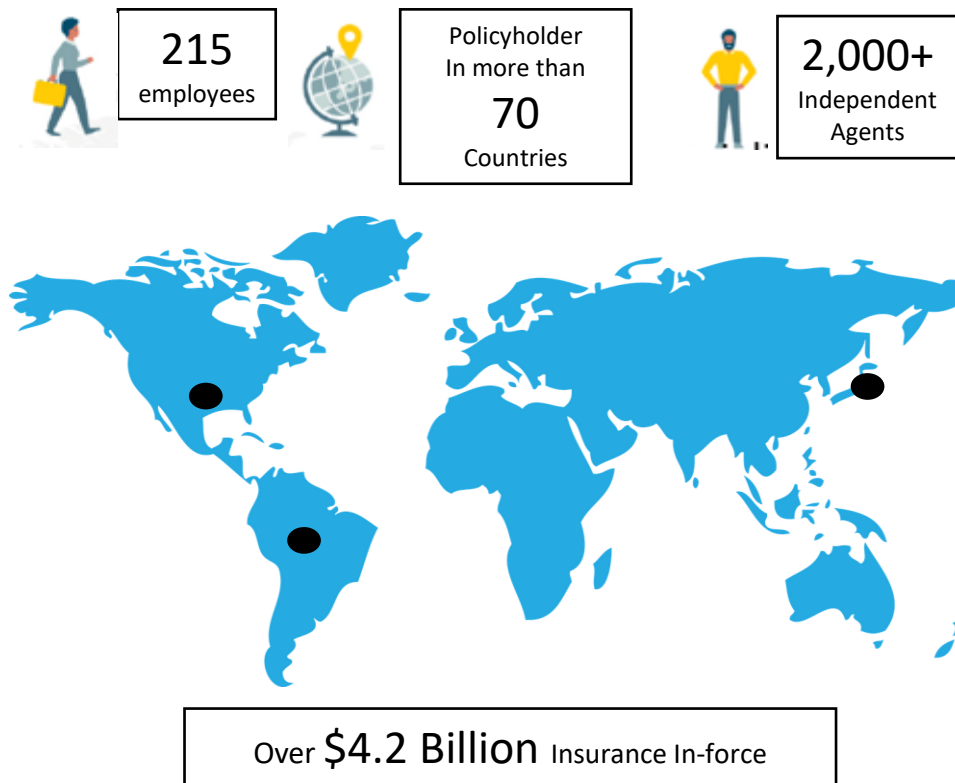
USE OF NON-GAAP MEASURES

This presentation includes certain non-GAAP financial measures. While the Company believes these are useful measures for investors, they are not presented in accordance with GAAP. You should not consider non-GAAP measures in isolation or as a substitute for the most directly comparable or other financial measures calculated in accordance with GAAP. Because not all companies use identical calculations, the presentation herein of non-GAAP financial measures may not be comparable to other similarly titled measures of other companies. Please see the Appendix for important reconciliations between our non-GAAP and GAAP financial measures.

Company Overview

CITIZENS OVERVIEW

We specialize in offering traditional life insurance, endowment products and final expense insurance in niche markets where we believe we are able to achieve competitive advantages



\$1.9B Assets

2021 GAAP ROE of 11.8%

Reinsure with large global reinsurers

Munich RE 

 Swiss Re

 MAPFRE

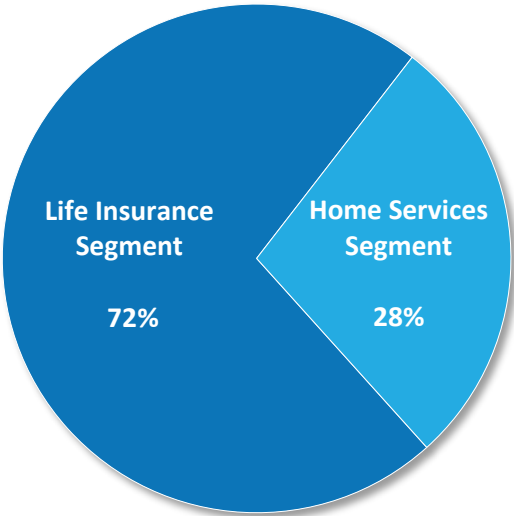
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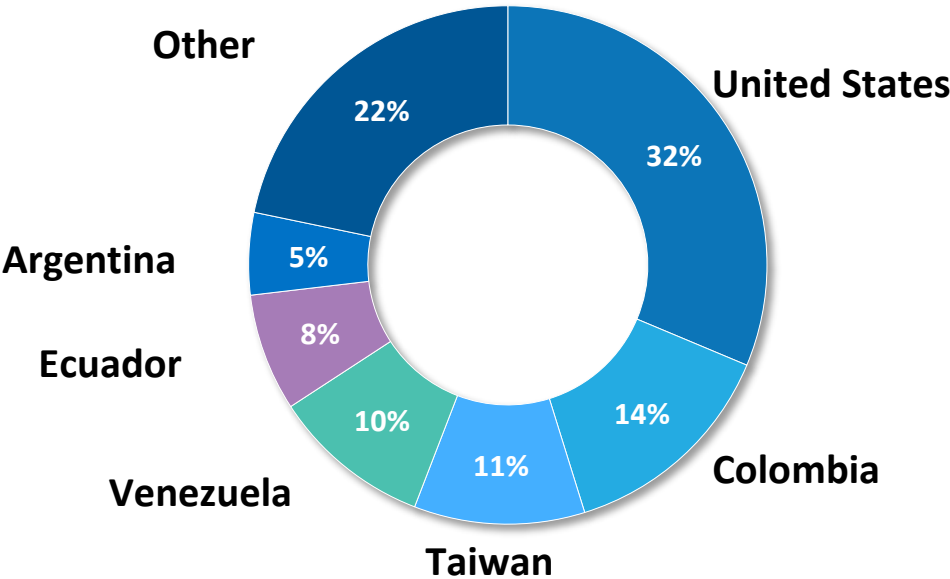
PREMIUM REVENUE SNAPSHOT

\$175mm Diversified Premium Revenues and Geographies

2021 Premium Revenues (Segment)



2021 Premium Revenue (Geography)



* All information as of December 31, 2021

SEGMENT OVERVIEW

Life Insurance Segment (72%)¹

96% International

- USD-Denominated Endowments
- USD-Denominated Ordinary Whole Life insurance

4% Domestic

- Credit life and A&H
- Ordinary Whole Life Insurance

U.S. dollar-denominated policies and contracts (International)

- Majority of premiums originate in Latin American countries
 - Additional premiums sales in Taiwan
- \$65,000-70,000 per policy Face value, and growing
- Low underwriting and administrative costs
- Lifetime income guarantees for an insured or for surviving beneficiaries

Demographic – Upper middle-class, and those with significant net worth and earnings in their respective countries

Distribution – Independent marketing organizations and their agents located in the policyholder's country

Highlights –

1. Majority of premiums paid annually
 - Reduces our administrative expenses
 - Accelerates cash flow
 - Lower policy lapse rate
2. High persistency and low mortality charges
3. Well known and respected brand in Latin American community

Home Services Insurance Segment (28%)¹

92% Whole Life

- Ordinary Whole life insurance
- Industrial

8% Property

- Dwelling and Contents
- Critical Illness

Whole life insurance (funeral and burial costs)

- Majority of premiums originate in Louisiana, Mississippi and Arkansas
- Policy face amount of ~\$5,400 per policy, and growing
- Limited underwriting risk
- Demographic – Middle-and lower-income households
- Distribution channel – Independent agents, funeral homes, and future direct sales opportunities

Limited Liability Property Insurance

Policy face amounts with ~\$25,000 maximum coverage

Highlights – Segment is transforming through:

1. Geographic Expansion
 - Demand for whole life products exists across all Southeastern states
2. Product, Sales & Marketing
 - New products & cross-selling opportunities
3. Demographic
 - Targeting higher-income bracket customers

¹Percentages reflect Premium revenues reported for the full year ended December 31, 2021

SUSTAINABLE COMPETITIVE ADVANTAGES

Superior Customer Service

- Intimate knowledge of unique Latino cultures across varying nationalities
- End-to-end transactions in Spanish, Portuguese, Mandarin, and English
- Long-standing relationships and strong brand recognition in the Latin America community

Product Development Expertise

- Recognized for high-quality products that offer living benefits to meet the customer needs
- Bringing product development expertise to the independent distribution channel
- A leading provider of US-dollar denominated insurance products in Latin America

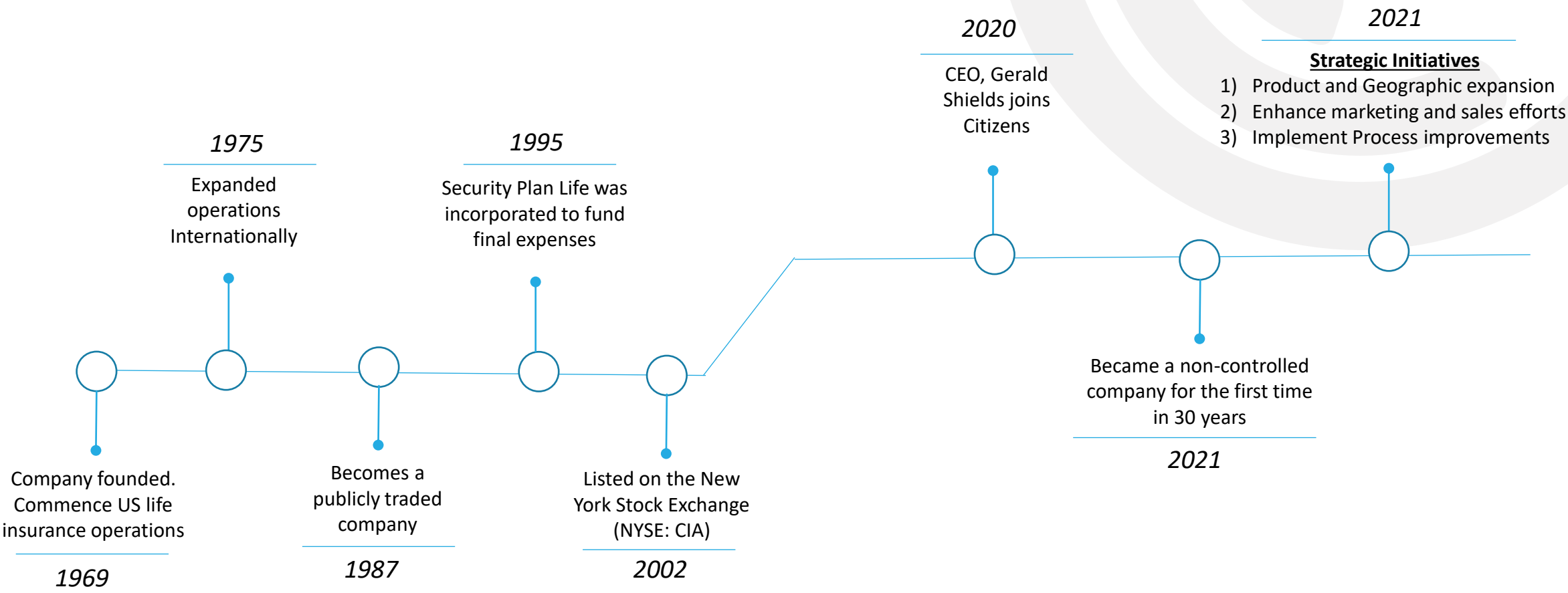
Global Distribution Network

- Inimitable salesforce with decades of experience and customer trust
- Network of >2,000 international, and >500 domestic independent agents
- Average tenure of 25 – 30 years with the company

Commitment and Versatility

- Collaborative, Agile, and able to quickly implement new strategic initiatives
- Strength and stability of a tenured company with the entrepreneurial culture of a start up
- Dedicated to value creation for all our stakeholders

COMPANY TIMELINE



DEDICATED & EXPERIENCED MANAGEMENT TEAM

INTERDISCIPLINARY TEAM WITH BROAD CAPABILITIES

GERALD W. SHIELDS

President and CEO

CEO Since
2020



JEFFERY P. CONKLIN

Vice President, Chief Financial Officer and
Treasurer, Chief Investment Officer

CFO Since
2019



SHERYL KINLAW

Vice President, Chief Legal Officer and Secretary

CLO Since
2021



ROBERT M. MAULDIN, III

Vice President, Chief Marketing Officer

CMO Since
2017



HARVEY J. L. WAITE

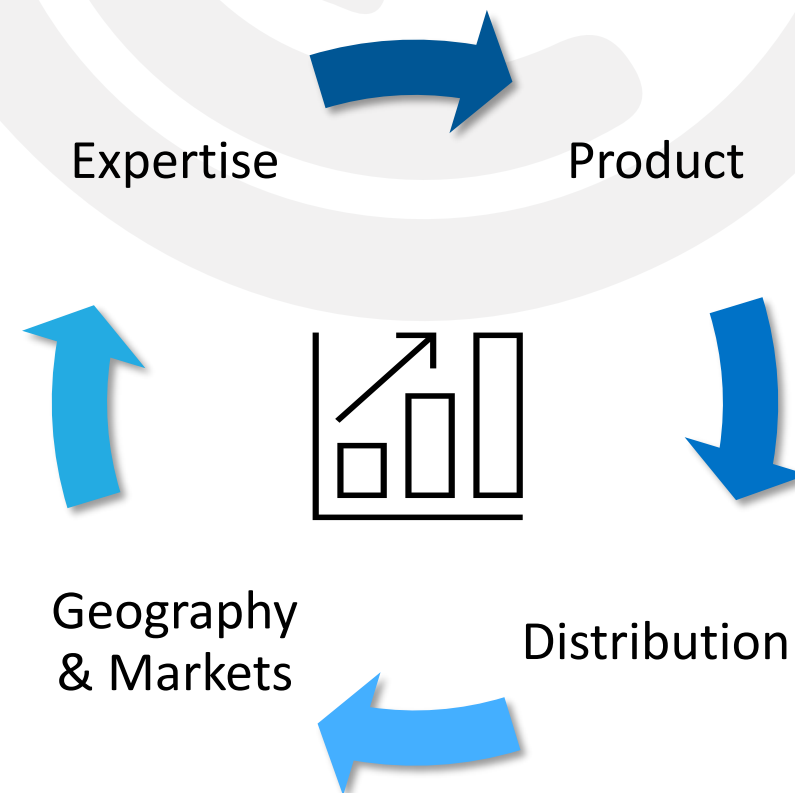
Vice President, Chief Actuary

Chief Actuary
Since 2017



UNIQUELY POSITIONED FOR GROWTH OPPORTUNITIES

U.S. Dollar Denominated Products	Capital is invested in a more secure economic environment (the U.S.) Protection against devaluation of the policyowners' local currency Less prone to sudden geo-political shifts
Expertise in the Latino Markets (US & International)	Latinos have comprised >50% of total U.S. population growth between 2010 and 2020 ¹ Latin America life insurance has a compelling setup of low penetration and increasing demand
Growing in Niche Markets	White labeled products Professional athletics Brokers, Affinity Groups
Rapidly Developing Innovative Products	12 new product introductions and major product revisions in 2021 Increasingly sought out for bespoke policy products by key agency partners
Geographic and Distribution Capabilities	Existing licenses in 31 underpenetrated U.S. states Robust recruitment program for Independent Consultants Streamlined sales and underwriting process



¹) 2020 US Census - Between 2010 and 2020, the Hispanic population grew by 23%, accounting for >50% of the total U.S. population growth

Strategic Initiatives

CUSTOMER-CENTRIC GROWTH STRATEGY

TRANSFORMATION WITH AN EMPHASIS ON PEOPLE, PRODUCT AND PROCESS

Sustained Profitable Growth and Shareholder Value Creation

Strategic Goals

Increase first Year
Sales

Improve Policy
Retention

Execute on
Success

Financial &
Expense Discipline

Tactical Approach

Product

Focus on our customer needs

- Implement new products tailored to our specific markets and enhance existing products
- Expand the target market and grow our geographic footprint

Promotions

Strategic Promotions

- Align sales consultant compensation with our premium revenue objectives
- Implement sales promotions and campaigns that promote our growth and retention initiatives
- Increase recruitment and training of salesforce

Processes

Process improvements and new technologies

- Get products to our customers faster
- Improve services for both our policyholders and independent consultants
- Help employees work more effectively and efficiently

LIFE INSURANCE SEGMENT

Customer and Product Initiatives

1. Improving retention

- Surrenders have shown steady improvement since 3Q 2021
- Renewal premium declines began to improve in 2021

2. Growing product portfolio

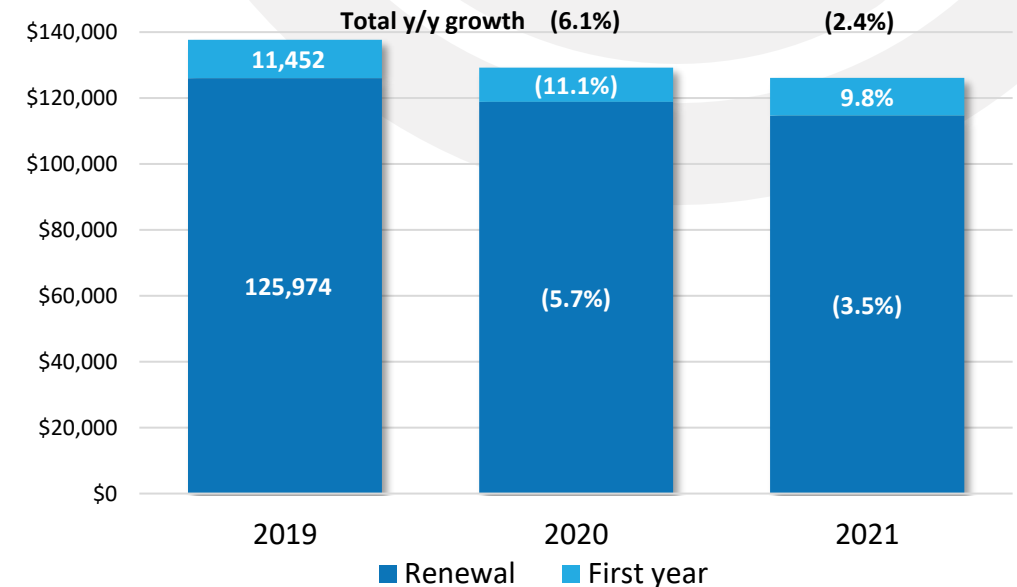
- Launched three products in 2021:

<u>International</u>	<u>Domestic</u>
1. Whole Life 360™	3. Whole life products to the US Latino market
2. FreedomELITE	
- Developing additional accident and health products for the international and U.S. domestic market

3. Expanding into specialized markets and products

- Professional athletics in the international markets
- White Label Products – Bringing unique products to established distribution channels

Life Insurance Segment Premium Revenue ('000) and y/y growth (%)



Retention efforts began to stem the decline of renewal premiums starting in 3Q 2021. New products and improved sales practices had a positive impact on FY 2021 first year premiums revenues, which increased 9.8% y/y.

HOME SERVICES INSURANCE SEGMENT

Customer and Product Initiatives

Life insurance products –

Shifting revenue focus to growth through new products

1. Expanding our product offerings and increasing sales growth

- Security Plan Plus¹ {
 - Higher face value whole life policies
 - Expanding target market into higher-net-worth customers
- Critical Illness² {
 - Innovating new product classes
 - Increasing flexibility for policyholders

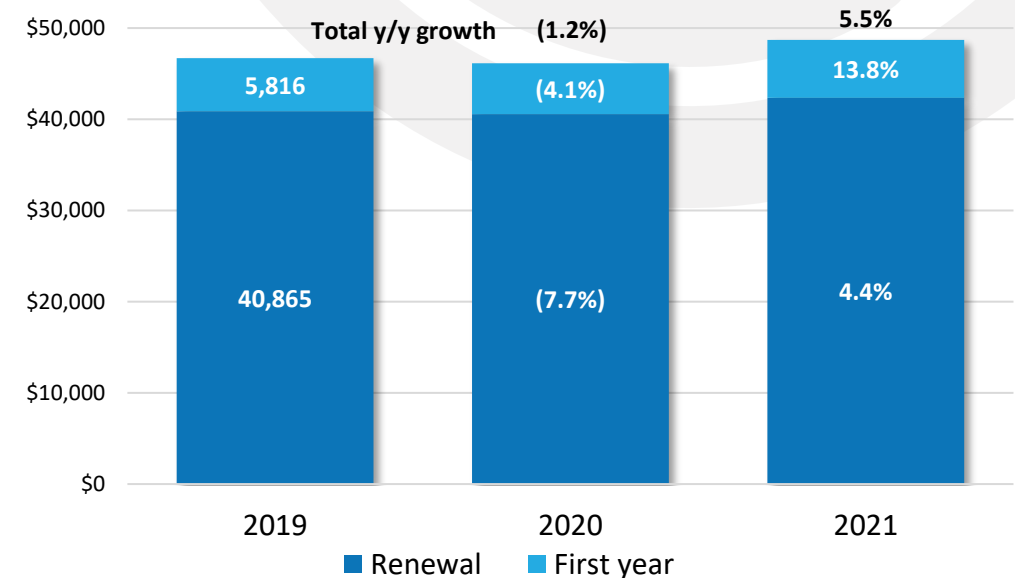
2. Exploring new products and enhancements, including Accident & Health and Property Lines

Property insurance –

Evaluating our risk appetite and pricing trends

1. Instituted risk-based curtailments, limiting new policies sales in high-risk and catastrophe-prone geographies
2. Implemented new rate increases

Home Service Segment Premium Revenue ('000) and y/y growth (%)



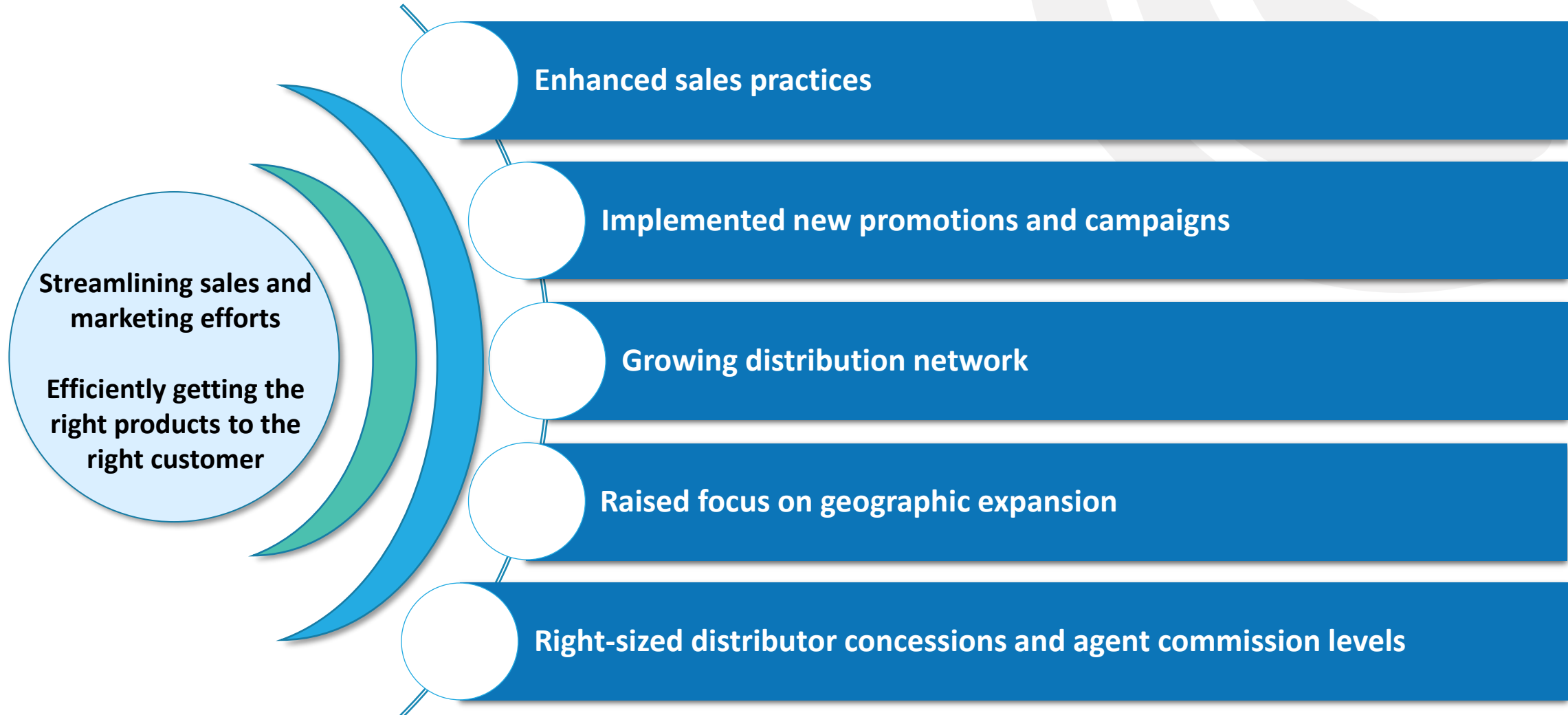
New products, marketing campaigns and process improvements drove 13.8% first year premium growth in 2021 and mid-single-digit renewal and total premium growth.

¹ Security Plan Plus – Is a higher face value whole life product sold to customers in the domestic U.S. market

² Critical Illness – Offers a lump sum living benefit at the policyholder's discretion in the event of a covered critical illness

MARKETING AND SALESFORCE

Strategic Initiatives and Actions

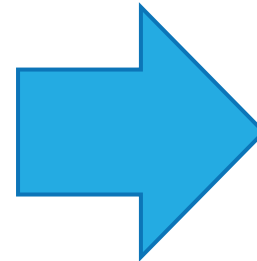


POLICY RETENTION

IMPROVING SURRENDER BENEFITS AND RENEWAL TRENDS

Executing on strategic initiatives to improve overall policy retention

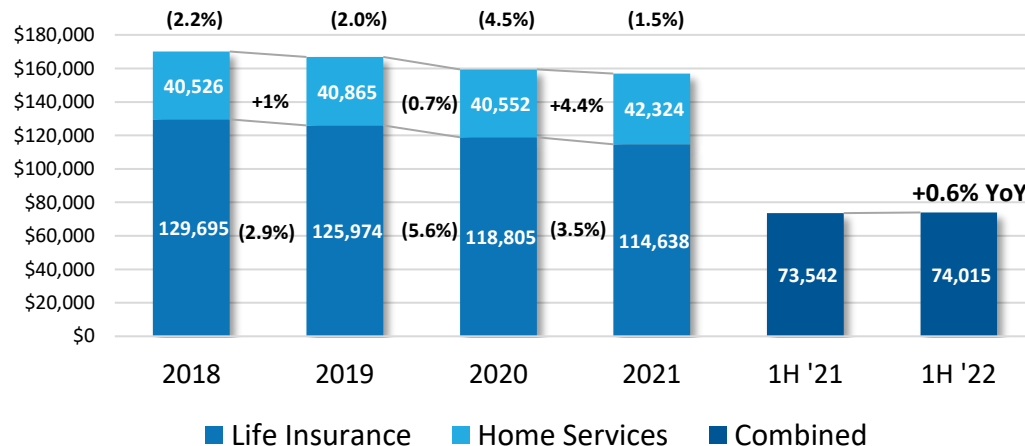
- Formed a retention steering team
- Expanded offerings of surrender alternatives
- Enhanced collection efforts among independent distributors
- Selling into higher-income demographics
- Continued enhancements to the customer experience



Continuing to improve Policy Retention across all markets

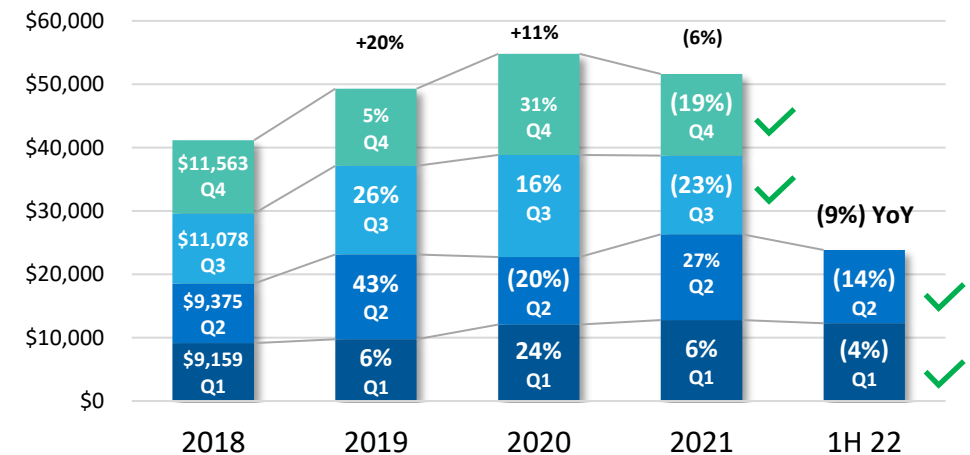
Exceeded 120% of 2021 retention goals

Renewal Premium Revenue ('000)



Total renewal premium trends improved in 2021 as Home Services Insurance increased 4.4% y/y, and Life Insurance renewal premiums began to stem their decline. Total renewal premiums have increased 0.6% in 1H 2022, compared to 1H 2021.

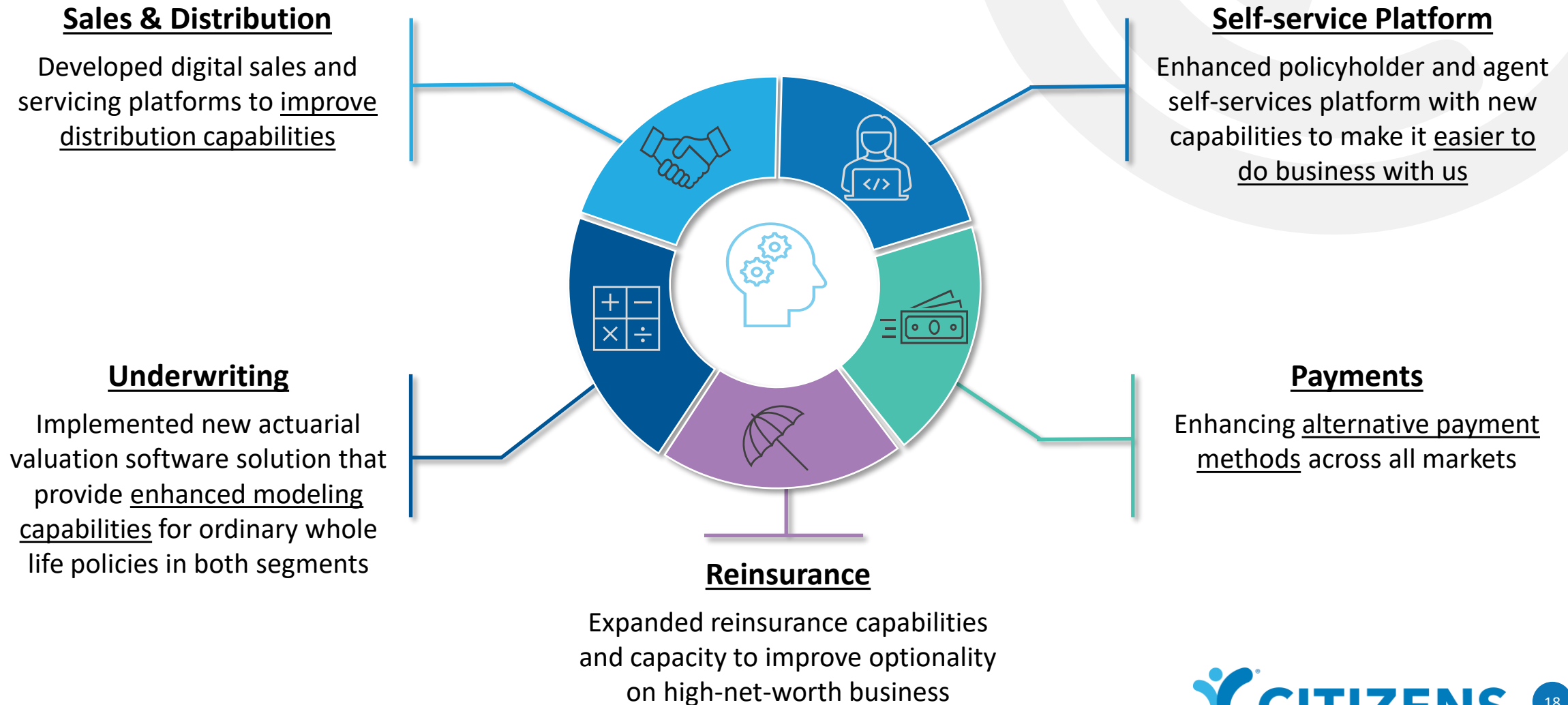
Total Surrender Benefits ('000)



Surrenders benefits improved 5.3% in 2021, driven by 23% and 19% declines in the 3Q and 4Q, respectively. Improving trends continued through the 1H 2022, resulting in a 9% improvement y/y.

PROCESS IMPROVEMENTS & TECHNOLOGY

MAKING IT EASIER TO DO BUSINESS WITH CITIZENS



EXPENSE MANAGEMENT

PROCESS IMPROVEMENT

Recent initiatives to improve our technology and processes have reduced expenses, enhanced the customer experience, and driven firm-wide efficiencies

1. Getting products to our customers faster

- Updated underwriting processes and revised policy applications
 - Removed barriers to sales
 - Reduced underwriting expense

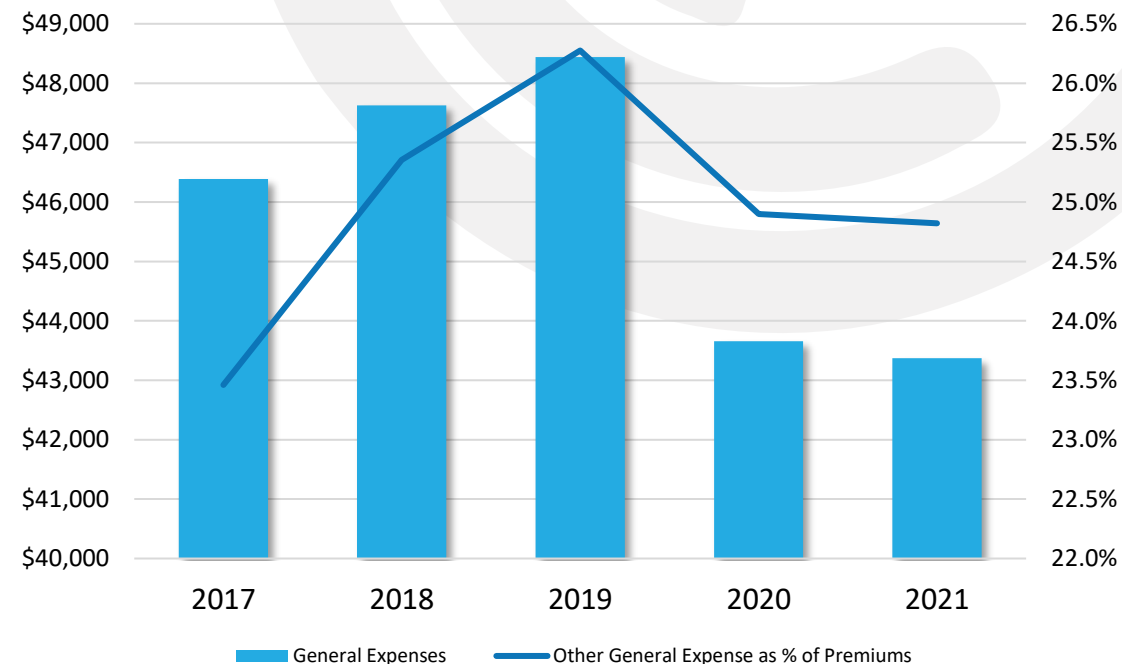
2. Streamlined operating and management structure

- Converted a large portion of our sales force to independent agents
 - Reduced layers of management
 - Decreased operational expenses

3. Introduced technology and process enhancements across the organization

- Helping employees work more effectively and efficiently
 - Reduced administration costs

General Expenses ('000) & Operational Efficiency¹ (%)



Process improvements, salesforce re-designs, and technology enhancements have yielded lower total other general expenses², as well as improved operational efficiency

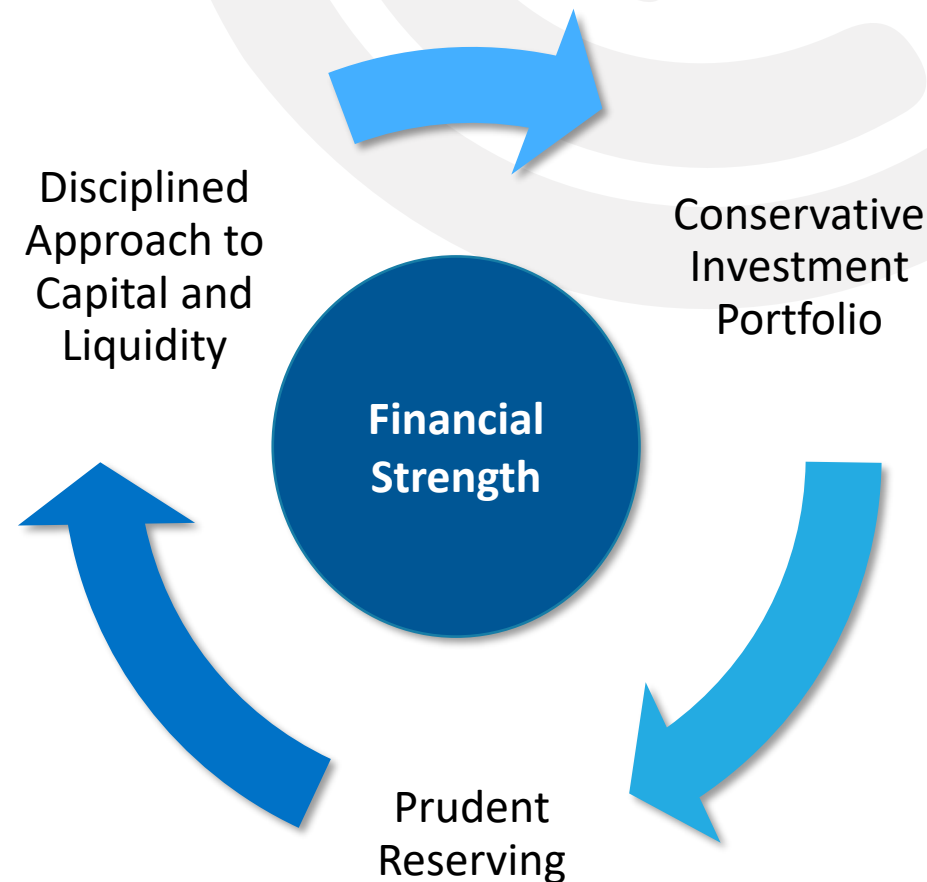
¹ Operational efficiency % is defined as Other General Expenses as a % of premium revenues

² Other General Expenses excludes change-in-control expense related to a management departure in the amounts of a \$9 million in 2020, and \$0.4 million in 2021. Also excluded is a one-time benefit related to changes in tax compliance liability in the amount of \$1.8 million in 2021.

Financial Overview

LOW RISK PROFILE AND FINANCIAL STRENGTH

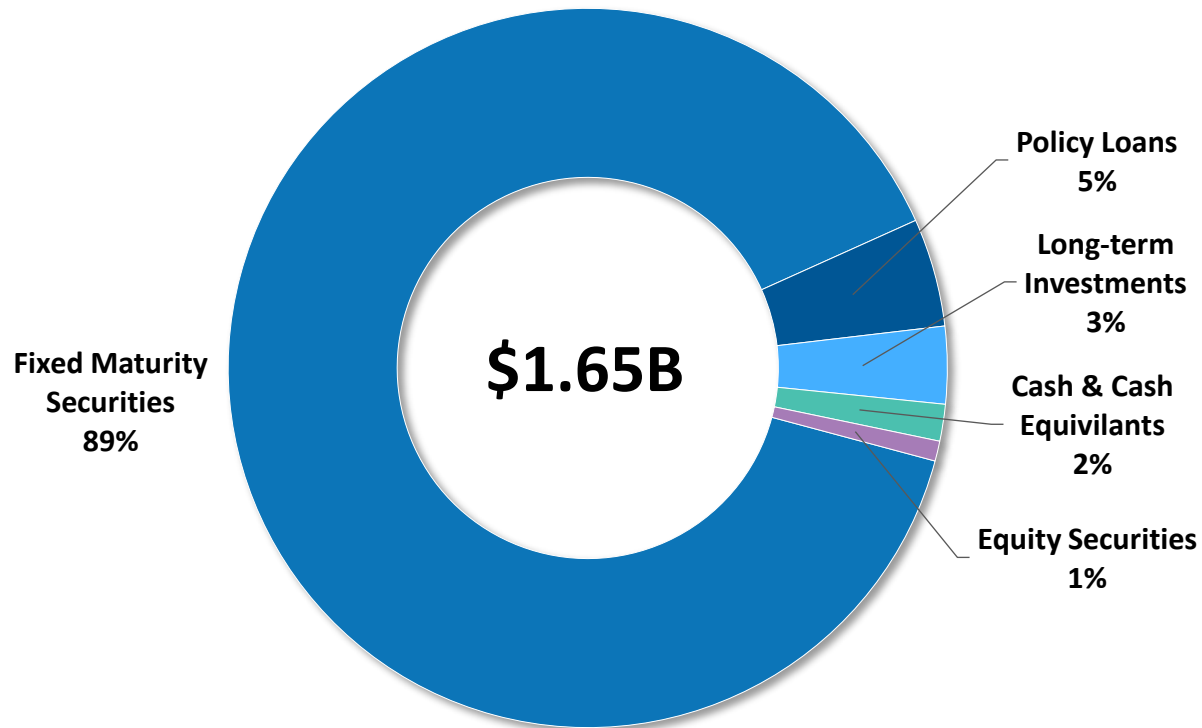
- Low risk business model and conservative balance sheet management drive our financial fortitude
- Strong balance sheet underpinned by a prudent approach to:
 - Investment portfolio mix
 - Loss reserving
 - Capital and liquidity
- Reinsure business with large global reinsurers



INVESTMENT PORTFOLIO

CONSERVATIVE INVESTMENT PORTFOLIO

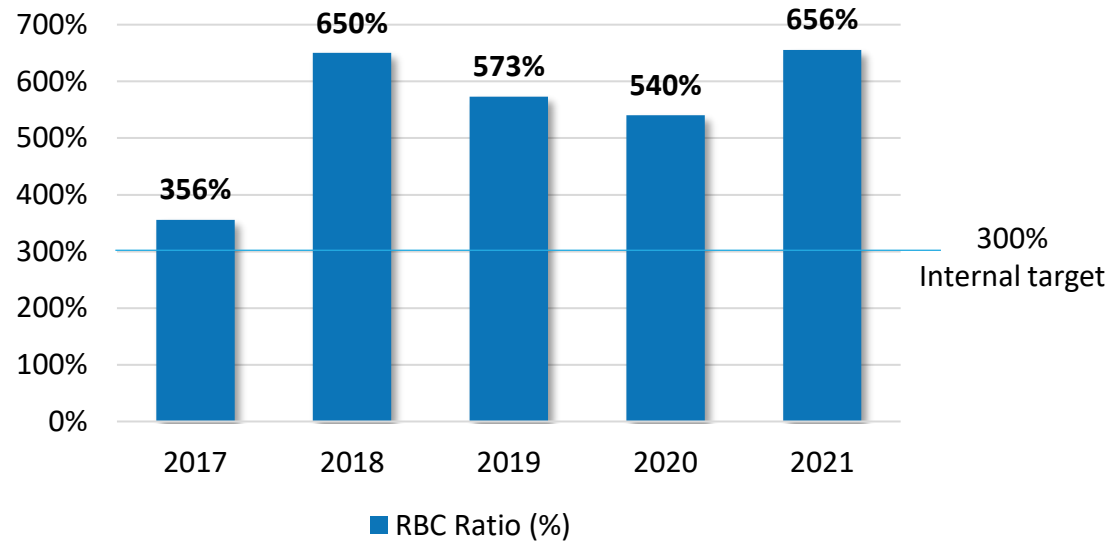
Cash and Invested Assets (FY 2021)



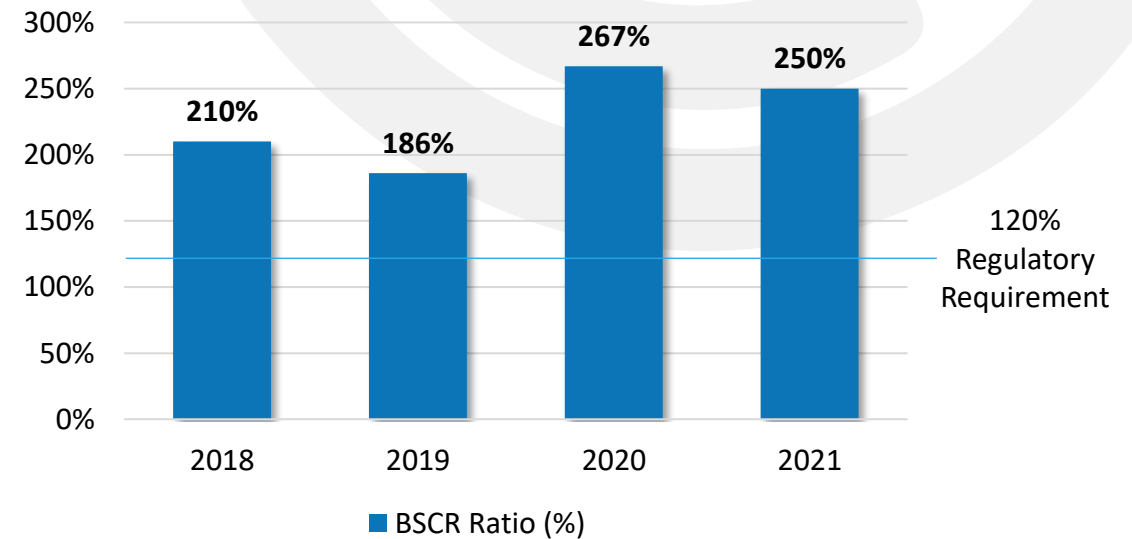
- Fixed income and cash securities represent 91% of the investment portfolio
- 98% of fixed income investments are investment grade
- Annualized investment yield of 4.24%
- Partner with leading investment portfolio managers

CAPITAL ADEQUACY AND LIQUIDITY

**Risk Based Capital Ratio (%)
(TAC/ACL RBC)**



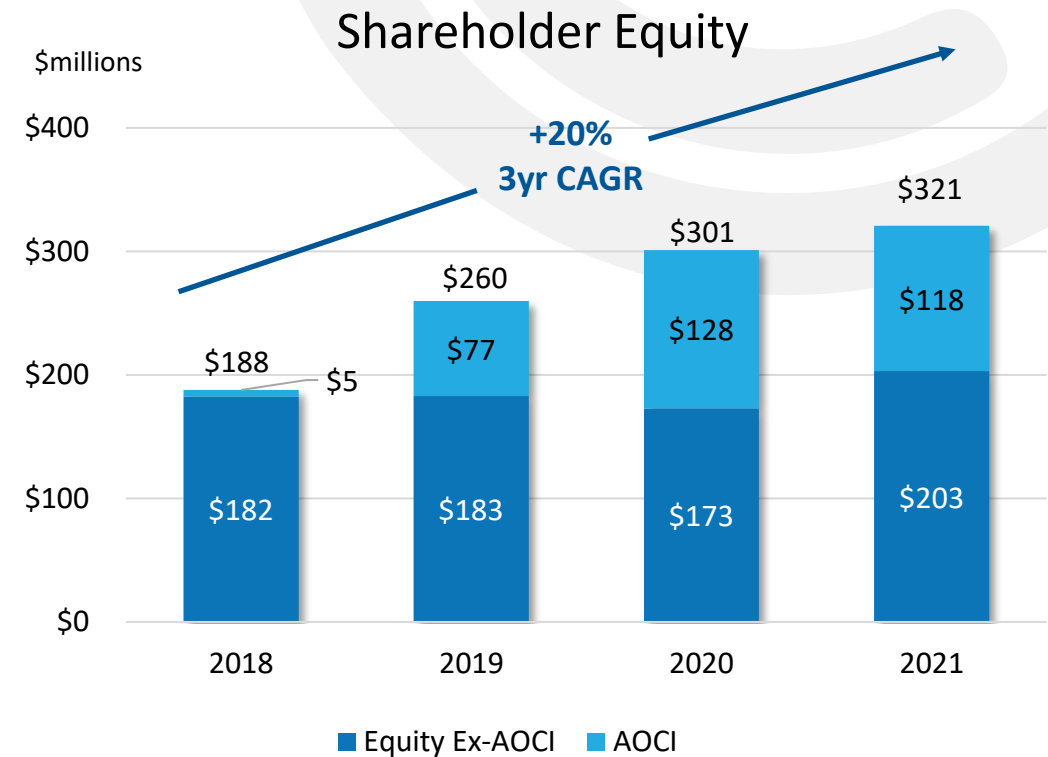
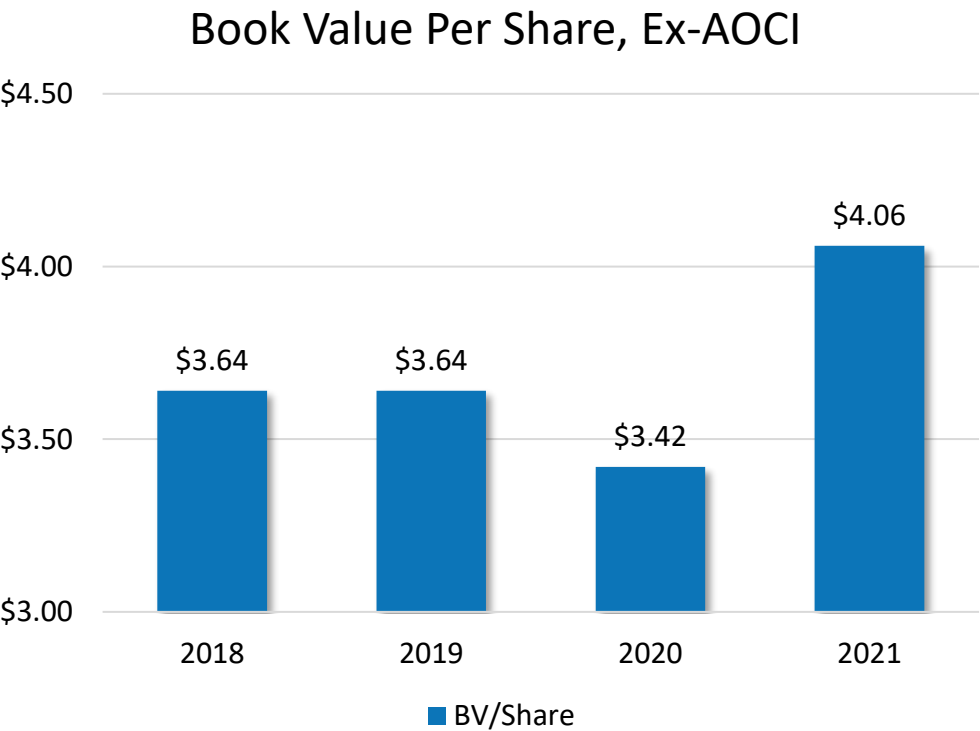
**Bermuda Solvency Capital
Requirement (%)**



Solid Liquidity

- Parent company cash and investments totaling ~\$30 million
- Consistently have net cash provided from operating activities
- Access to \$20 million line of credit

SHAREHOLDER RETURNS



KEY INVESTMENT HIGHLIGHTS

Unique Market Position

- A Leader in USD-denominated whole life products, internationally
- Strong brand awareness among Latin American policy holders
- End-to-end transactions in **Spanish**, **Portuguese**, **Mandarin**, and **English**

Clear Growth Opportunities

- Large unmet need for specialized insurance products in US Latino market
- Existing licenses in 31 states
- Continued growth in specialized markets:
 - White labeled products
 - Professional Athletics
 - Brokers, Affinity Groups

Executing on Goals

- **Improving first year sales** trends
- Strong initial demand for new products
- **Retention efforts are succeeding**
 - Renewal premiums are higher
 - Claims and surrenders are lower
- **Reducing expenses** through cost management and process improvements

Expanding Distribution Capabilities

- Enhanced recruitment and training of independent consultants (IC)
- Clear and defined runway for geographic expansion
- Digital sales and servicing platforms

Financial Strength

- Low risk business model and conservative balance sheet management
- Ample liquidity and consistent net operating cash flows
- Reinsure with large globally recognized reinsures

A person wearing a hat, a backpack, and shorts stands on a sandy beach with their arms raised in a gesture of triumph or freedom. They are facing away from the camera towards a bright sunset over the ocean. The sun is low on the horizon, casting a warm glow across the sky and water. The beach is wide and sandy, with some rocks visible in the distance. The overall mood is one of peace and accomplishment.

INSURANCE IS

A PROMISE KEPT.