

**CITIZENS, INC.**

Investment income from fixed maturity securities accounted for approximately 87.6% of total investment income for the year ended December 31, 2020 and 87.8% for 2019.

**Years ended December 31,**  
*(In thousands)*

	2020	2019	2018
<b>Gross investment income:</b>			
Fixed maturity securities	\$ 54,653	53,860	49,126
Equity securities	816	662	722
Policy loans	6,605	6,451	6,210
Long-term investments	238	13	15
Other	97	374	409
Total investment income	62,409	61,360	56,482
Less investment expenses	(2,212)	(1,829)	(2,277)
<b>Net investment income</b>	<b>\$ 60,197</b>	<b>59,531</b>	<b>54,205</b>

Investment income from fixed maturity securities increased 1.5% in 2020 compared to 2019. We have strategically increased our exposure to both private and public equity this year to improve our overall investment performance, endeavoring to increase our portfolio yields in a prudent manner. In addition, the increase in the policy loans asset balance, which represents policyholders utilizing their accumulated policy cash value to pay for premiums, contributed to the increase in investment income for 2020.

**Realized Gains (Losses) on Investments.** Realized investment gains and losses are as follows:

**Years ended December 31,**  
*(In thousands)*

	2020	2019	2018
<b>Realized investment gains (losses):</b>			
Sales, calls and maturities:			
Fixed maturity securities	\$ (112)	1,927	1,792
Real estate	—	5,513	—
Property and equipment	9	(48)	(80)
Other long-term investments	9	—	—
Realized investment gains (losses)	(94)	7,392	1,712
Change in fair value of equity securities	1,596	962	(828)
Other-than-temporary impairments ("OTTI"):			
Fixed maturity securities	—	—	(776)
Real estate held for sale	—	(3,105)	—
Realized losses on OTTI	—	(3,105)	(776)
<b>Net realized investment gains</b>	<b>\$ 1,502</b>	<b>5,249</b>	<b>108</b>

In 2020, we recorded realized gains of \$1.6 million primarily related to fair value changes in a preferred stock exchange traded fund investment owned at December 31, 2020. In 2019, we recognized a gain of \$1.9 million related to the redemption of two fixed maturity securities. We also recorded a net realized gain of \$2.4 million from Citizens-owned real estate transactions in 2019.