MOUNT LOGAN CAPITAL INC.

Unaudited Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2024 and 2023

MOUNT LOGAN CAPITAL INC.

Unaudited Condensed Interim Consolidated Statements of Financial Position

(in thousands of United States dollars)

As at	Notes		March 31, 2024		December 31, 2023
ASSETS					
Asset Management:					
Cash		$	2,602	$	990
Investments	6		26,245		26,709
Intangible assets	9		28,433		28,779
Other assets			6,769		6,593
Total assets — asset management			64,049		63,071
Insurance:					
Cash and cash equivalents			65,248		89,230
Restricted cash posted as collateral	18		12,253		-
Investments	6		1,043,028		1,008,637
Reinsurance contract assets	13		425,930		442,673
Intangible assets	9		2,444		2,444
Goodwill	9		55,015		55,015
Other assets			22,087		27,508
Total assets — insurance			1,626,005		1,625,507
Total assets		**$**	**1,690,054**	**$**	**1,688,578**
LIABILITIES					
Asset Management					
Due to affiliates	10	$	10,728	$	12,113
Debt obligations	12		66,721		62,030
Derivatives - debt warrants			296		—
Accrued expenses and other liabilities			3,990		3,494
Total liabilities — asset management			81,735		77,637
Insurance					
Debt obligations	12		14,250		14,250
Insurance contract liabilities	13		1,086,172		1,107,056
Investment contract liabilities	14		203,592		169,314
Derivatives	18		672		-
Funds held under reinsurance contracts			235,273		238,253
Accrued expenses and other liabilities			3,409		30,116
Total liabilities — insurance			1,543,368		1,558,989
Total liabilities			1,625,103		1,636,626
EQUITY					
Common shares	11		115,897		115,607
Warrants	11		1,129		1,129
Contributed surplus			7,240		7,240
Surplus (Deficit)			(37,457)		(50,166)
Cumulative translation adjustment			(21,858)		(21,858)
Total equity			64,951		51,952
Total liabilities and equity		**$**	**1,690,054**	**$**	**1,688,578**

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

Approved by the Board of Directors

(signed) Edward (Ted) Goldthorpe

Edward (Ted) Goldthorpe
Chief Executive Officer and Chairman

(signed) Rudolph Reinfrank

Rudolph Reinfrank
Chairman of Audit Committee

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MOUNT LOGAN CAPITAL INC.

Unaudited Condensed Interim Consolidated Statements of Comprehensive Income (Loss)

(in thousands of United States dollars, except per share amounts)

	Notes	Three months ended March 31, 2024	Three months ended March 31, 2023
REVENUE			
Asset management			
Management and incentive fee	7	$ 3,494	$ 1,237
Equity investment earning		224	468
Interest income		271	268
Dividend income		112	56
Net gains (losses) from investment activities	4	(71)	(103)
Total revenue — asset management		**4,030**	**1,926**
Insurance			
Insurance revenue	8	22,741	21,805
Insurance service expenses	8	(25,184)	(21,686)
Net expenses from reinsurance contracts held	8	(649)	(5,080)
Insurance service result		(3,092)	(4,961)
Net investment income	5	21,804	20,222
Net gains (losses) from investment activities	4	2,666	2,609
Realized and unrealized gains (losses) on embedded derivative — funds withheld		(3,829)	(7,684)
Other income		6	—
Total revenue, net of insurance service expenses and net expenses from reinsurance contracts held — insurance		**17,555**	**10,186**
Total revenue		**21,585**	**12,112**
EXPENSES			
Asset management			
Administration and servicing fees	10	1,423	491
Transaction costs		251	158
Amortization of intangible assets	9	346	140
Interest and other credit facility expenses	12	1,702	1,254
General, administrative and other		3,893	3,797
Total expenses — asset management		**7,615**	**5,840**
Insurance			
Net insurance finance (income) expenses	5	(7,252)	24,484
Increase (decrease) in investment contract liabilities	14	2,279	1,412
(Increase) decrease in reinsurance contract assets		3,556	5,525
General, administrative and other		2,239	4,038
Total expenses — insurance		**822**	**35,459**
Total expenses		**8,437**	**41,299**
Income (loss) before taxes		**13,148**	**(29,187)**
Income tax (expense) benefit — asset management	15	(56)	(265)
Income tax (expense) benefit — insurance		—	—
Net income (loss) and comprehensive income (loss)		**$ 13,092**	**$ (29,452)**
Earnings per share			
Basic		$ 0.51	$ (1.33)
Diluted		$ 0.50	$ (1.33)
Dividends per common share — USD		$ 0.02	$ 0.02
Dividends per common share — CAD		$ 0.02	$ 0.02

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

MOUNT LOGAN CAPITAL INC.

Unaudited Condensed Interim Consolidated Statements of Changes in Equity

(in thousands of United States dollars, except number of shares)

Three months ended March 31, 2024	Notes	Number of Voting Common Shares		Common Shares		Warrants		Contributed Surplus		Surplus (Deficit)		Cumulative Translation Adjustment		Total Equity
Balance at December 31, 2023		**25,733,735**	**$**	**115,607**	**$**	**1,129**	**$**	**7,240**		**(50,166)**	**$**	**(21,858)**	**$**	**51,952**
Share issuance	11	64,004		290		—		—		—		—		290
Shareholder dividends	11	—		—		—		—		(383)		—		(383)
Net income (loss) and comprehensive income (loss)		—		—		—		—		13,092		—		13,092
Balance at March 31, 2024		**25,797,739**	**$**	**115,897**	**$**	**1,129**	**$**	**7,240**		**(37,457)**	**$**	**(21,858)**	**$**	**64,951**

Three Months Ended March 31, 2023	Notes	Number of Voting Common Shares		Common Shares		Warrants		Contributed Surplus		Deficit		Cumulative Translation Adjustment		Total Equity
Balance at December 31, 2022		**22,190,195**	**$**	**108,055**	**$**	**1,129**	**$**	**7,240**	**$**	**(32,296)**	**$**	**(21,858)**	**$**	**62,270**
Shareholder dividends	11	—		—		—		—		(326)		—		(326)
Net income (loss) and comprehensive income (loss)		—		—		—		—		(29,452)		—		(29,452)
Balance at March 31, 2023		**22,190,195**	**$**	**108,055**	**$**	**1,129**	**$**	**7,240**		**(62,074)**	**$**	**(21,858)**	**$**	**32,492**

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

MOUNT LOGAN CAPITAL INC.

Unaudited Condensed Interim Consolidated Statements of Cash Flows

(in thousands of United States dollars)

For the three months ended March 31,	Notes	2024	2023
Operating Activities			
Comprehensive income (loss)		$ 13,092	$ (29,452)
Adjustments to reconcile comprehensive income (loss) to net cash provided by (used in) operating activities:			
Net realized (gains) loss on investments		(287)	(383)
Net change in unrealized (gains) loss on investments		(2,326)	(2,124)
Net change in (gain) loss on foreign currency		18	—
Payment in-kind		(276)	144
Equity investment earnings		(224)	(467)
Net amortization of premiums and accretion of discounts on investments		(8)	4
Amortization of debt issuance costs		89	71
Amortization of intangible assets		346	140
Increase (decrease) in estimated credit losses		151	1,075
(Increase) decrease in operating assets:			
Due from affiliates		—	12
Reinsurance contract assets		16,743	(22,462)
Other assets		8,910	(3,445)
Increase (decrease) in operating liabilities:			
Due to affiliates		(1,385)	2,117
Insurance contract liabilities		(20,884)	50,482
Investment contract liabilities		34,278	23,236
Funds held under reinsurance contracts		(2,980)	4,911
Accrued expenses and other liabilities		(29,524)	(15,143)
Other cash provided by (used in) operating activities		56	(454)
Net cash provided by (used in) operating activities		**15,789**	**8,263**
Investing Activities			
Purchases of investments		(112,936)	(69,048)
Proceeds from sales and repayments of investments		82,367	50,845
Net cash provided by (used in) investing activities		**(30,569)**	**(18,203)**
Financing Activities			
Proceeds from borrowings of asset management business	12	18,752	—
Repayments of borrowings of asset management business	12	(14,063)	(369)
Net cash provided by (used in) financing activities		**4,689**	**(369)**
Net increase (decrease) in cash and restricted cash		(10,092)	(10,309)
Effects of exchange rate changes on cash and restricted cash		(25)	—
Cash and restricted cash, beginning of the period		90,220	65,951
Cash and restricted cash, end of period		**$ 80,103**	**$ 55,642**

Cash and restricted cash		
Asset management		
Cash	$ 2,602	886
Restricted cash	—	53
Total asset management	2,602	939
Insurance		
Cash	65,248	54,703
Restricted cash posted as collateral	12,253	—
Total insurance	77,501	54,703
Total cash and restricted cash	**$ 80,103**	**$ 55,642**

Supplemental disclosures of cash flow information		
Interest received	$ 21,339	$ 18,421
Interest paid	1,534	1,041
Dividends received	442	161
Income taxes paid	2	119
Contingent value rights	—	(2,488)
Cashless repayment on borrowings	13,636	—
Issuance of common shares for vested RSUs	290	—

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

1. Organization

Mount Logan Capital Inc. ("MLC," the "Company" or "we") is incorporated under the laws of Ontario and its common shares are publicly traded on Cboe Canada under the symbol "MLC".

The Company is an alternative asset management and insurance solutions company that is focused on public and private debt securities in the North American market and the reinsurance of annuity products, primarily through its wholly-owned subsidiaries, Mount Logan Management LLC (“ML Management”) and Ability Insurance Company (“Ability”), respectively. The Company's reporting segments include asset management and insurance. The asset management segment reflects the Company's historical operations through its subsidiaries, including ML Management, and the insurance segment represents Ability’s operations and the economic benefits of the Cornhusker CLOs. The Company, through its subsidiaries, earns management and incentive fees and servicing fees for providing investment management, monitoring and other services to investment vehicles and advisers. The Company also earns investment income by investing in loans, debt securities, and other credit-oriented instruments that present attractive risk-adjusted returns and present low risk of principal impairment through the credit cycle, and minority equity stakes in funds and companies. ML Management is registered as an investment adviser with the United States Securities and Exchange Commission under the Investment Advisors Act of 1940, as amended, and is registered to act in an investment advisory role for clients in the United States. The Company's insurance business is operated by Ability. Ability is a Nebraska domiciled insurer and reinsurer of long-term care policies and annuity products.

2. Basis of Presentation

The unaudited condensed interim Consolidated Financial Statements ("Interim Consolidated Financial Statements") have been prepared in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB").

These Interim Consolidated Financial Statements do not include all the disclosures that are normally included in the annual Consolidated Financial Statements. Accordingly, these Interim Consolidated Financial Statements are to be read in conjunction with the annual Consolidated Financial Statements for the year ended December 31, 2023.

These Interim Consolidated Financial Statements are presented in United States dollars ("USD"), which is also the Company’s functional currency.

These Interim Consolidated Financial Statements were authorized for issue by the board of directors (the "Board") of the Company on May 9, 2024.

The Company presents its Consolidated Statements of Financial Position in order of liquidity rather than on a current and non-current basis. Certain comparative figures have been reclassified to conform to the current year's presentation, the more significant of which are explained below.

Asset management income statement reclassifications:

• "Servicing fees" was reclassified to "Administration and servicing fees"

• "Equity investment earning" was reclassified from "Management and servicing fees" to its own line item

Insurance income statement reclassifications:

• “Administration fees” and "Interest expense” were reclassified to “General, administrative and other”

The Company presents its Interim Consolidated Statements of Financial Position in order of liquidity rather than on a current and non-current basis.

Due to rounding, numbers presented throughout these Interim Consolidated Financial Statements may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

3. Material Accounting Policies

The accounting policies adopted in the preparation of the Interim Consolidated Financial Statements are consistent with those adopted and disclosed in the annual Consolidated Financial Statements for the year ended December 31, 2023.

Critical accounting judgments, estimates, and assumptions

The preparation of the Interim Consolidated Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. Significant estimates and assumptions include but are not limited to estimating fair values of certain financial instruments, allowance for expected credit losses, impairment of securities, impairment of goodwill and intangible assets, the valuation of investment contract liabilities, insurance contract liabilities and reinsurance assets, determining income taxes and deferred taxes, provisions, and amortization of deferred revenues and expenses associated with the insurance business. Actual results may differ from those estimates, and such differences could be material.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

4. Net gains (losses) from investment activities

Net gains (losses) from investment activities in the Consolidated Statements of Comprehensive Income (Loss) consist primarily of the realized and unrealized gains and losses on investments (including foreign exchange gains and losses attributable to foreign denominated investments and related activities). Unrealized gains or losses result from changes in the fair value of these investments during the period. Upon disposition of an investment, previously recognized unrealized gains or losses are reversed and an offsetting realized gain or loss is recognized in the current period.

The table below summarizes the net gains (losses) from investment activities:

For the three months ended March 31,	**2024**			**2023**		
	Net Realized Gains (Losses)	**Net Unrealized Gains (Losses)**	**Total**	**Net Realized Gains (Losses)**	**Net Unrealized Gains (Losses)**	**Total**
Asset Management						
Equity securities	—	(71)	(71)	(1)	(102)	(103)
Net gains (losses) from investment activities — asset management	$ —	$ (71)	$ (71)	$ (1)	$ (102)	$ (103)
Insurance						
Debt securities: (1)						
U.S. government and agency	$ —	$ (58)	$ (58)	$ —	$ 133	$ 133
U.S. state, territories and municipalities	(5)	(72)	(77)	(2)	212	210
Other government and agency	—	26	26	—	(5)	(5)
Corporate	207	(3,032)	(2,825)	414	6,138	6,552
Asset and mortgage- backed securities	88	5,953	6,041	(35)	(4,470)	(4,505)
Derivative	—	(672)	(672)			
Mortgage loans (2)	—	—	—	(1)	—	(1)
Equity securities (3)	(3)	52	49	—	141	141
Other invested assets (4)	—	182	182	7	77	84
Net gains (losses) from investment activities — insurance	$ 287	$ 2,379	$ 2,666	$ 383	$ 2,226	$ 2,609

(1) The insurance segment accounts for its fixed maturity securities (including bonds, structured securities and redeemable preferred stock) at FVTPL by election. This election reduces accounting mismatches between the accounting for these assets and the related insurance contract liabilities. These securities are carried at fair value, with realized and unrealized gains and losses reported in Net gains (losses) from investment activities in the Consolidated Statements of Comprehensive Income (Loss).

(2) Mortgage loans and real estate are carried at amortized cost.

(3) Equity securities (including common stock and non-redeemable preferred stock) are measured at FVTPL.

(4) Other invested assets primarily include structured securities and loan receivables are measured at FVTPL.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

5. Net investment income and net insurance finance (income) expenses – insurance

Net investment income for the insurance segment is comprised primarily of interest income and dividend income from common and preferred stock. Insurance finance (income) expenses represent the effects of discount rates and other financial variables on the value of insurance obligations.

An analysis of net investment income and insurance finance (income) expenses by product line is presented below:

For the three months ended March 31,	**2024**	**2023**
Debt securities — interest and other income	$ 20,217	$ 17,101
Mortgage interest	2,001	3,396
Real estate income	—	—
Short-term and other investment income	41	52
Equity securities — dividends and other income	949	74
Gross investment income	23,208	20,623
Less:		
Investment expenses	(1,404)	(401)
Net investment income	$ 21,804	$ 20,222

An analysis of finance (income) expenses from insurance contracts issued and reinsurance contracts held is presented below:

Three months ended March 31, 2024	**Long Term Care Insurance**	**MYGA**	**Long Term Care Reinsurance**	**Total**
Finance (income) expenses from insurance contract issued				
Interest accreted	$ 9,088	$ 986	$ —	$ 10,074
Effects of changes in interest rates and other financial assumptions	(24,017)	(1,436)	—	(25,453)
Finance (income) expenses from insurance contracts issued	$ (14,929)	$ (450)	$ —	$ (15,379)
Finance (income) expenses from reinsurance contracts held				
Interest accreted	—	—	(5,557)	(5,557)
Effect of changes in interest rates and other financial assumptions	—	—	13,684	13,684
Finance (income) expenses from reinsurance contracts held	$ —	$ —	$ 8,127	$ 8,127
Net insurance finance (income) expenses	$ (14,929)	$ (450)	$ 8,127	$ (7,252)

Three months ended March 31, 2023	**Long Term Care Insurance**	**MYGA**	**Long Term Care Reinsurance**	**Total**
Finance (income) expenses from insurance contract issued				
Interest accreted	$ 9,097	$ 409	$ —	$ 9,506
Effects of changes in interest rates and other financial assumptions	48,469	775	—	49,244
Finance (income) expenses from insurance contracts issued	$ 57,566	$ 1,184	$ —	$ 58,750
Finance (income) expenses from reinsurance contracts held				
Interest accreted	—	—	(5,672)	(5,672)
Effect of changes in interest rates and other financial assumptions	—	—	(28,594)	(28,594)
Finance (income) expenses from reinsurance contracts held	$ —	$ —	$ (34,266)	$ (34,266)
Net insurance finance (income) expenses	$ 57,566	$ 1,184	$ (34,266)	$ 24,484

An analysis of net investment income, net insurance finance income (expenses) and insurance service result from insurance contracts issued and reinsurance contracts held is presented below:

For the three months ended March 31,	**2024**	**2023**
Summary of the amounts recognized in profit or loss		
Insurance service result	$ (3,092)	$ (4,961)
Net investment income	21,804	20,222
Net insurance finance income (expenses)	7,252	(24,484)
Net insurance and investment result	$ 25,964	$ (9,223)

(in thousands of United States dollars, except per share amounts and where otherwise noted)

6. Investments

Investment in associates

An associate is an entity over which the Company has significant influence, but does not control (or have joint control). Generally, the Company is considered to exert significant influence when it holds, directly or indirectly, between 20% and 50% of the voting power of the investee. Investment in associates are accounted for using the equity method. The financial effects and risks related to this equity method investment are limited to the performance of the associate and the environment in which it operates.

The Company, through its wholly-owned subsidiary, ML Management, currently holds a 24.99% equity stake in Sierra Crest Investment Management, LLC ("SCIM").

The Company received dividends of $0.6 million for the three months ended March 31, 2024 (March 31, 2023 – $0.5 million), which is recorded as a reduction of carrying value. As at March 31, 2024, $0.1 million (December 31, 2023 – $0.1 million) is payable related to the purchases.

The Company's associates that are accounted for under the equity method include:

				March 31, 2024				December 31, 2023			
Name	Type	Principal Place of Business	Country of Incorporation	Carrying Value	Fair Value	Ownership Interest %	Voting Rights %	Carrying Value	Fair Value	Ownership Interest %	Voting Rights %
Sierra Crest Investment Management LLC	Limited Liability Company	United States	United States	$ 6,673	$ 6,673	24.99%	24.99%	$ 7,067	$ 7,067	24.99%	24.99%
Total investment in associates				**$ 6,673**				**$ 7,067**			

Financial assets

The following tables summarize the measurement categories of financial assets held by the Company as at March 31, 2024 and December 31, 2023 :

March 31, 2024	**FVTPL (1)**	**Amortized cost(2)**	**Total(3)**
Financial assets			
Asset management			
Debt securities:			
Corporate	$ —	$ 13,587	$ 13,587
Equity securities	5,985	—	5,985
Total financial assets — asset management (4)	5,985	13,587	$ 19,572
Insurance			
Debt securities:			
U.S. government and agency	$ 7,783	$ —	$ 7,783
U.S. state, territories and municipalities	5,359	—	5,359
Other government and agency	2,423	—	2,423
Corporate	467,819	—	467,819
Asset and mortgage-backed securities	377,254	—	377,254
Mortgage Loans (5)	—	136,465	136,465
Equity securities	18,226	—	18,226
Other invested assets (6)	27,699	—	27,699
Total financial assets — insurance	906,563	136,465	1,043,028
Total financial assets	**$ 912,548**	**$ 150,052**	**$ 1,062,600**

(1) The FVTPL classification was elected for certain securities backing insurance contract liabilities to substantially reduce any accounting mismatch arising from changes in fair value of these assets and changes in the value of their related insurance contract liabilities. If this election had not been made and instead the FVOCI classification was elected, there would be an accounting mismatch because changes in insurance contract liabilities are recognized in net income rather than in OCI.

(2) The fair value of items carried at amortized cost in the financial statements are: (i) corporate debt securities - Asset management: $13.3 million and (ii) mortgage loans - Insurance: $134.0 million. These have been valued using level 3 inputs.

(3) The methodologies used in determining the values of investments are described in Note 3 *Material Accounting Policies* of the annual Consolidated Financial Statements for the year ended December 31, 2023.

(4) The MLC US Holdings Credit Facility (as hereinafter defined) is collateralized by assets held by MLC US Holdings, including financial assets totaling $20.0 million as at March 31, 2024.

(5) Includes a single investment property recognized under the cost model at $4.0 million.

(6) Other invested assets primarily include structured securities and loan receivables.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

December 31, 2023	FVTPL (1)	Amortized cost(2)	Total(3)
Financial assets			
Asset management			
Debt securities:			
Corporate	$ —	$ 13,587	$ 13,587
Equity securities (4)	6,056	—	6,056
Total financial assets — asset management (5)	6,056	13,587	19,643
Insurance			
Debt securities:			
U.S. government and agency	$ 7,845	$ —	$ 7,845
U.S. state, territories and municipalities	5,471	—	5,471
Other government and agency	2,396	—	2,396
Corporate	457,987	—	457,987
Asset and mortgage-backed securities	371,578	—	371,578
Mortgage loans	—	123,540	123,540
Equity securities	8,321	—	8,321
Other invested assets (6)	31,499	—	31,499
Total financial assets — insurance	885,097	123,540	1,008,637
Total financial assets	**$ 891,153**	**$ 137,127**	**$ 1,028,280**

(1) The FVTPL classification was elected for certain securities backing insurance contract liabilities to substantially reduce any accounting mismatch arising from changes in fair value of these assets and changes in the value of their related insurance contract liabilities. If this election had not been made and instead the FVOCI classification was elected, there would be an accounting mismatch because changes in insurance contract liabilities are recognized in net income rather than in OCI.

(2) The fair value of items carried at amortized cost in the financial statements are: (i) corporate debt securities - Asset management: $13.2 million and (ii) mortgage loans - Insurance: $125.0 million. These have been valued using level 3 inputs.

(3) The methodologies used in determining the values of invested assets are described in Note 3 *Material Accounting Policies* of the annual Consolidated Financial Statements for the year ended December 31, 2023.

(4) On April 29, 2022, ML Management seeded OCIF, a closed-end, diversified management investment company $0.1 million. On October 5, 2022, ML Management invested an additional $4.0 million in OCIF. Investment in OCIF was reclassified from Investment in associates to equity securities at September 30, 2023 due to the decrease in ownership interest to below 20%.

(5) The MLC US Holdings Credit Facility is collateralized by assets held by MLC US Holdings, including financial assets totaling $19.9 million as at December 31, 2023.

(6) Other invested assets primarily include structured securities and loan receivables.

Fair value measurements

The following tables summarize the fair value hierarchy of the Company's financial assets measured at fair value in the financial statements:

	Fair Value Measurements			
March 31, 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Asset management				
Equity securities	—	—	5,985	5,985
Total financial assets — asset management	**—**	**—**	**5,985**	**5,985**
Insurance				
Debt securities:				
U.S. government and agency	$ —	$ 7,783	$ —	$ 7,783
U.S. state, territories and municipalities		5,359	—	5,359
Other government and agency	—	2,423	—	2,423
Corporate	—	201,601	266,218	467,819
Asset and mortgage-backed securities	—	370,649	6,605	377,254
Equity securities	360	12,796	5,070	18,226
Other invested assets	—	—	27,699	27,699
Total financial assets — insurance	**360**	**600,611**	**305,592**	**906,563**
Total financial assets	**$ 360**	**$ 600,611**	**$ 311,577**	**$ 912,548**

(1) Insurance derivatives presented on the Interim Consolidated Financial Statements consist of interest rate swaps entered for economic hedging. As at March 31, 2024, the interest rate swaps are in a liability position with a fair value of $0.7 million, valued using level 2 inputs. Refer to Note 18 *Financial Risk Management* for further detail.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

(2) Asset management derivatives presented on the Interim Consolidated Financial Statements is comprised of warrants that were issued with the debenture units (i.e., debt warrants). Refer to Notes 11 *Share Capital and EPS* and 12 *Debt Obligations* for further detail. As at March 31, 2024, the debt warrants have a fair value of $0.3 million, valued using level 3 inputs.

	Fair Value Measurements			
December 31, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Asset management				
Equity securities	—	—	6,056	6,056
Total financial assets — asset management	**—**	**—**	**6,056**	**6,056**
Insurance				
Debt securities:				
U.S. government and agency	$ —	$ 7,845	$ —	$ 7,845
U.S. state, territories and municipalities		5,471	—	5,471
Other government and agency	—	2,396	—	2,396
Corporate	—	228,762	229,225	457,987
Asset and mortgage-backed securities	—	369,338	2,240	371,578
Equity securities	345	2,712	5,264	8,321
Other invested assets	—	—	31,499	31,499
Total financial assets — insurance	**345**	**616,524**	**268,228**	**885,097**
Total financial assets	**$ 345**	**$ 616,524**	**$ 274,284**	**$ 891,153**

The availability of observable inputs can vary depending on the financial asset and is affected by a wide variety of factors, including, for example, the type of instrument, whether the instrument has recently been issued, whether the instrument is traded on an active exchange or in the secondary market, and current market conditions. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires additional judgment. Accordingly, the degree of judgment exercised by MLC in determining fair value is greatest for instruments categorized as Level 3. The variability and availability of the observable inputs affected by the factors described above may cause transfers between Levels 1, 2, and 3, as discussed further below.

Transfers between Level 1 and Level 2

The Company records transfers of assets between Level 1 and Level 2 at their fair values at the end of each reporting period. Assets are transferred out of Level 1 when they are no longer transacted with sufficient frequency and volume in an active market. Conversely, assets are transferred from Level 2 to Level 1 when transaction volume and frequency are indicative of an active market. There were no assets transferred between Level 1 and Level 2 during the three months ended March 31, 2024 and 2023.

Transfers between Level 2 and Level 3

The Company records transfers of assets between Level 2 and Level 3 at the end of each reporting period. Assets are transferred into Level 3 when there is no active or inactive market and they are valued using significant unobservable inputs.

Conversely, assets are transferred from Level 3 to Level 2 when there is no active market, but can be priced using observable inputs or prices on an inactive market.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

The following is a reconciliation of the Company's investment portfolio for which Level 3 inputs were used in determining fair value:

Three Months Ended March 31, 2024	Balance December 31, 2023	Purchases	Sales and Repayments	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Transfer in (1)	Transfer out (1)	Balance March 31, 2024	Change in Unrealized Gains (Losses) on Level 3 Investments Still Held
Financial assets									
Asset management									
Equity securities	6,056	—	—	—	(71)	—	—	5,985	—
Total assets — asset management	**$ 6,056**	**$ —**	**$ —**	**$ —**	**$ (71)**	**$ —**	**$ —**	**$ 5,985**	**$ —**
Insurance									
Debt securities:									
Corporate	$ 229,225	$ 42,619	$ (28,733)	$ 125	$ (14)	$ 22,996	$ —	$ 266,218	$ (23)
Asset and mortgage-backed securities	2,240	—	(17)	—	(54)	4,436	—	6,605	(54)
Equity securities	5,264	131	(250)	—	(75)	—	—	5,070	(75)
Other invested assets	31,499	—	(3,981)	—	181	—	—	27,699	156
Total assets — insurance	**$ 268,228**	**$ 42,750**	**$ (32,981)**	**$ 125**	**$ 38**	**$ 27,432**	**$ —**	**$ 305,592**	**$ 4**
Total investments	**$ 274,284**	**$ 42,750**	**$ (32,981)**	**$ 125**	**$ (33)**	**$ 27,432**	**$ —**	**$ 311,577**	**$ 4**
Financial liabilities									
Asset management									
Derivatives - debt warrants	$ —	$ 296	$ —	$ —	$ —	$ —	$ —	$ 296	$ —
Total	**$ —**	**$ 296**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 296**	**$ —**

(1) Transfers into Level 3 are due to decrease in the quantity and reliability of broker quotes obtained. Transfers out of Level 3 are due to an increase in the quantity and reliability of broker quotes obtained. Transfers are assumed to have occurred at the end of the period.

Year Ended December 31, 2023	Balance December 31, 2022	Purchases	Sales and Repayments	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Transfer in (1)	Transfer out (1)	Balance March 31, 2023	Change in Unrealized Gains (Losses) on Level 3 Investments Still Held
Asset management									
Debt securities:									
Corporate	$ 2,950	$ —	$ —	$ —	$ (2,488)	$ —	$ —	$ 462	$ —
Equity securities	980	—	—	—	(102)	—	—	878	—
Total assets — asset management	**3,930**	**—**	**—**	**—**	**(2,590)**	**—**	**—**	**1,340**	**—**
Insurance									
Debt securities:									
Corporate	$ 186,229	$ 56,881	$ (37,393)	$ 415	$ 739	$ 15,649	$ —	$ 219,650	$ 739
Asset and mortgage-backed securities	2,530	—	(9)	—	(96)	1,230	—	3,655	(96)
Equity securities	1,157	1,000	—	—	335	—	—	5,668	335
Other invested assets	29,673	149	(412)	7	77	—	—	29,188	(67)
Total assets — insurance	**219,589**	**58,030**	**(37,814)**	**422**	**1,055**	**16,879**	**—**	**258,161**	**911**
Total investments	**$ 223,519**	**$ 58,030**	**$ (37,814)**	**$ 422**	**$ (1,535)**	**$ 16,879**	**$ —**	**$ 259,501**	**$ 911**

(1) Transfers into Level 3 are due to a decrease in the quantity and reliability of broker quotes obtained. Transfers out of Level 3 are due to an increase in the quantity and reliability of broker quotes obtained. Transfers are assumed to have occurred at the end of the period.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

The valuation techniques and significant unobservable inputs used in Level 3 valuations were as follows:

March 31, 2024		Quantitative Information about Level 3 Fair Value Measurements				
Asset Category	**Fair Value**	**Valuation Technique/ Methodology**	**Unobservable Input**	**Range (Weighted Average)**	**Change in Valuation [(2)] +**	**Change in Valuation [(2)] -**
Financial assets						
Asset management						
Equity securities	869	Discounted cash flow	Discount rate	28.5%-33.5% (31.0%)	91	(74)
Equity securities	746	Enterprise Value	Multiple	4.75x - 5.75x (5.25x)	49	(49)
Equity securities	4,370	Recent transaction	Transaction price	NA	NA	NA
Total — asset management	**5,985**					
Insurance						
Debt securities [(1)]:						
Corporate	73,010	Recent transaction	Transaction price	NA	NA	NA
Corporate	193,208	Discounted cash flow	Discount rate	3.8% - 23% (11.5%)	(1,186)	(1,677)
Asset and mortgage-backed securities	122	Recent transaction	Transaction price	NA	NA	NA
Asset and mortgage-backed securities	6,483	Discounted cash flow	Discount rate	5.7% -8.1% (7.3%)	(122)	122
Equity securities	2,133	Recent transaction	Transaction price	NA	NA	NA
Equity securities	2,937	Discounted cash flow	Discount rate	6% - 11.1% (10.9%)	(27)	27
Other invested assets	27,699	Discounted cash flow	Discount rate	10.5% - 20.1% (12.7%)	(331)	330
Total — insurance	**305,592**					
Total	**311,577**					
Financial liabilities						
Asset management						
Debt warrants	296	Option pricing model	Volatility	30.1%-49.0% (36.1%)	(68)	137
Total	**$ 296**					

(1) For loan investments where the recent transaction price does not estimate fair value, the Company determines the fair value utilizing a yield analysis.

(2) Represents a sensitivity analysis to the impact of an increase or decrease movement of the unobservable input.

December 31, 2023		Quantitative Information about Level 3 Fair Value Measurements				
Asset Category	**Fair Value**	**Valuation Technique/ Methodology**	**Unobservable Input**	**Range (Weighted Average)**	**Change in Valuation [(2)] +**	**Change in Valuation [(2)] -**
Financial assets						
Asset management						
Equity securities	889	Discounted cash flow	Discount rate	28.5%-33.5% (31.0%)	93	(76)
Equity securities	782	Enterprise Value	Multiple	4.5x - 5.5x (5.0x)	54	(54)
Equity securities	4,385	Recent transaction	Transaction price	NA	NA	NA
Total — asset management	**6,056**					
Insurance						
Debt securities [(1)]:						
Corporate	52,289	Recent transaction	Transaction price	NA	NA	NA
Corporate	176,936	Discounted cash flow	Discount rate	5.3% - 24.4% (11.3%)	(1,166)	1,162
Asset and mortgage-backed securities	130	Recent transaction	Transaction price	NA	NA	NA
Asset and mortgage-backed securities	2,110	Discounted cash flow	Discount rate	5.3% - 5.6% (5.4%)	(35)	35
Equity securities	2,157	Recent transaction	Transaction price	NA	NA	NA
Equity securities	330	Enterprise value	Multiple	8.25x - 9.25x (8.75x)	(3)	3
Equity securities	2,777	Discounted cash flow	Discount rate	11.1% - 11.3% (11.2%)	(6)	6
Other invested assets	31,499	Discounted cash flow	Discount rate	9.5% - 20.4% (12.2%)	(403)	402
Total — insurance	**268,228**					
Total	**274,284**					

(in thousands of United States dollars, except per share amounts and where otherwise noted)

(1) For loan investments where the recent transaction price does not estimate fair value, the Company determines the fair value utilizing a yield analysis.

(2) Represents a sensitivity analysis to the impact of an increase or decrease movement of the unobservable input.

The Company typically determines the fair value of its performing Level 3 debt investments utilizing a yield analysis. In a yield analysis, a price is ascribed for each investment based upon an assessment of current and expected market yields for similar investments and risk profiles. Additional consideration is given to the expected life, portfolio company performance since close, and other terms and risks associated with an investment. Among other factors, a determinant of risk is the amount of leverage used by the portfolio company relative to the total enterprise value of the company, and the rights and remedies of the Company's investment within each portfolio company's capital structure.

Significant unobservable inputs include an illiquidity spread as well as a credit spread, both of which increase the discount rate. These rates are initially set at a level such that the loan valuation equals the initial purchase cost of the loan and are subsequently adjusted at each valuation date to reflect management's current assessment of market conditions as well as of loan-specific credit and illiquidity risk. Discount rates are subject to adjustment based on both management's current assessment of market conditions and the economic performance of individual investments. The significant unobservable inputs used in the fair value measurement of the Company's Level 3 debt securities primarily include current market yields, including relevant market indices, but may also include quotes from brokers, dealers, and pricing services as indicated by comparable investments.

Allowance for expected credit losses

An allowance for ECL is established when debt instruments held at amortized cost becomes impaired. ECLs represent the difference between all contractual cash flows that are due to the Company and all the cash flows the Company expects to receive, discounted at the original effective interest rate. ECL allowances represent credit losses that reflect an unbiased and probability-weighted amount, which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions.

The following table summarizes the characterization of ECL allowances of the Company:

As at March 31, 2024	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Financial assets				
Asset management				
Gross carrying value at amortized cost	$ 13,587	$ —	$ —	$ 13,587
Allowance for credit losses	—	—	—	—
Net carrying value at amortized cost - asset management	**13,587**	**—**	**—**	**13,587**
Insurance				
Gross carrying value at amortized cost	138,126	—	—	138,126
Allowance for credit losses	(1,589)	—	—	(1,589)
Net carrying value at amortized cost - insurance	**136,537**	**—**	**—**	**136,537**
Total	**$ 150,124**	$ —	$ —	**$ 150,124**

As at December 31, 2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Financial assets				
Asset management				
Gross carrying value at amortized cost	$ 13,587	$ —	$ —	$ 13,587
Allowance for credit losses	—	—	—	—
Net carrying value at amortized cost - asset management	**13,587**	**—**	**—**	**13,587**
Insurance				
Gross carrying value at amortized cost	124,977	—	—	124,977
Allowance for credit losses	(1,437)	—	—	(1,437)
Net carrying value at amortized cost - insurance	**123,540**	**—**	**—**	**123,540**
Total	**$ 137,127**	$ —	$ —	**$ 137,127**

All financial assets classified at amortized cost were categorized as Stage 1 – performing instruments that have not experienced a significant increase in credit risk since initial recognition.

The Company recognized a $1.6 million allowance for credit losses as at March 31, 2024 (December 31, 2023 – $1.4 million).

7. Revenue from service contracts

The Company provides investment management and related services to third-party investment funds and other arrangements.

The Company's management and service contracts generally impose single performance obligations, each consisting of a series of similar related services to each customer.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

The Company's performance obligations within service arrangements are generally satisfied over time as the customer simultaneously receives and consumes the benefits of the services rendered and are measured using an output method. Fees typically include variable consideration and the related revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty is subsequently resolved.

Asset-based fees vary with asset values of accounts under management, subject to market conditions and investor behaviors beyond the Company's control. Fees related to services provided are generally recognized as services are rendered, which is when it becomes highly probable that no significant reversal of cumulative revenue recognized will occur. The Company has determined that its service contracts have no significant financing components as fees are collected quarterly.

The following tables summarize the Company's revenue from service contracts:

	Three Months Ended March 31,	
	2024	**2023**
Management fees	$ 2,591	$ 1,237
Incentive fees	903	—
Servicing fees (expense)	(556)	(112)

The Company's wholly-owned subsidiary, MLC US Holdings LLC (“MLC US Holdings”) and SCIM have an existing services agreement (the "SCIM Services Agreement") under which, in exchange for administrative services, SCIM pays the Company, on a quarterly basis, an amount equal to the aggregate base management and incentive fees received by SCIM from ACIF in respect of such quarter, net of the Retained Benefits (refer to Note 10 for further detail). In addition, SCIM is reimbursed by MLC US Holdings quarterly for certain expenses it incurs in connection with the investment advisory services provided to ACIF. Pursuant to this arrangement, the Company receives the net economic benefit derived by SCIM under the ACIF advisory agreement, subject to the holdback of the Retained Benefits and expense reimbursements. For the three months ended March 31, 2024, the Retained Benefits and expense reimbursements exceeded the net economic benefit derived by SCIM and therefore this fee was a net expense to the Company.

The Company, through ML Management, has an existing investment advisory agreement with OCIF, pursuant to which ML Management provides certain investment advisory services to OCIF for a fee consisting of two components – a 1.25% annual base management fee based upon gross assets and an incentive fee tied to performance.
ML Management agreed to waive its management fees (excluding any incentive fee) and to pay or absorb the ordinary operating expenses of OCIF to the extent that its management fees plus the OCIF's ordinary annual operating expenses exceed 2.5% per annum of OCIF's average daily net assets attributable to Class I shares until August 30,2023. This waiver has been extended until February 1, 2025.

Management fees earned from MLC's consolidated entities are eliminated in consolidation.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

8. Insurance service results

An analysis of insurance revenue, insurance service expenses and net expenses from reinsurance contracts held by product line is included in the following tables:

Three months ended March 31, 2024	Long Term Care Insurance	MYGA	Long Term Care Reinsurance	Total
Insurance revenue				
Amounts relating to changes in the LRC				
- Expected incurred claims and other expenses after loss component allocation	$ 22,085	$ 162	$ —	$ 22,247
- Change in the risk adjustment for non-financial risk for the risk expired after loss component allocation	442	52	—	494
- CSM recognized in profit or loss for the services provided	—	—	—	—
Insurance acquisition cash flows recovery	—	—	—	—
Total insurance revenue	**22,527**	**214**	**—**	**22,741**
Insurance service expenses				
Incurred claims and other directly attributable expenses	(21,389)	(613)	-	(22,002)
Changes that relate to past service - adjustments to the LIC	-	-	-	—
Losses on onerous contracts and reversal of those losses	4,512	(7,694)	-	(3,182)
Insurance acquisition cash flows amortization	-	-	-	—
Total insurance service expenses	**(16,877)**	**(8,307)**	**—**	**(25,184)**
Net income (expenses) from reinsurance contracts held				
Amounts relating to the changes in the remaining coverage				
- Expected claims and other expenses recovery	—	—	(25,518)	(25,518)
- Changes in the risk adjustment recognized for the risk expired	—	—	(57)	(57)
- CSM recognized for the services received	—	—	(1,182)	(1,182)
Other incurred directly attributable expenses	—	—	—	—
Effect of changes in the risk of reinsurers non-performance	—	—	—	—
Claims recovered	—	—	24,737	24,737
Changes that relate to future service - changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts	—	—	1,190	1,190
Changes that relate to past service - adjustment to incurred claims	—	—	—	—
Changes in Risk of Non-Performance	—	—	181	181
Total net expenses from reinsurance contracts held	**—**	**—**	**(649)**	**(649)**
Total insurance service result	**$ 5,650**	**$ (8,093)**	**$ (649)**	**$ (3,092)**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

Three months ended March 31, 2023	Long Term Care Insurance	MYGA	Long Term Care Reinsurance	Total
Insurance revenue				
Amounts relating to changes in the LRC				
- Expected incurred claims and other expenses after loss component allocation	$ 21,413	$ 30	$ —	$ 21,443
- Change in the risk adjustment for non-financial risk for the risk expired after loss component allocation	354	8	-	362
- CSM recognized in profit or loss for the services provided	—	—	—	—
Insurance acquisition cash flows recovery	—	—	—	—
Total insurance revenue	**21,767**	**38**	**—**	**21,805**
Insurance service expenses				
Incurred claims and other directly attributable expenses	(21,110)	(19)	-	(21,129)
Changes that relate to past service - adjustments to the LIC	-	-	-	—
Losses on onerous contracts and reversal of those losses	(41)	(516)	-	(557)
Insurance acquisition cash flows amortization	-	-	-	—
Total insurance service expenses	**(21,151)**	**(535)**	**—**	**(21,686)**
Net income (expenses) from reinsurance contracts held				
Amounts relating to the changes in the remaining coverage				
- Expected claims and other expenses recovery	—	—	(24,755)	(24,755)
- Changes in the risk adjustment recognized for the risk expired	—	—	(101)	(101)
- CSM recognized for the services received	—	—	(4,952)	(4,952)
Other incurred directly attributable expenses	—	—	—	—
Effect of changes in the risk of reinsurers non-performance	—	—	—	—
Claims recovered	—	—	24,518	24,518
Changes that relate to future service - changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts	—	—	210	210
Changes that relate to past service - adjustment to incurred claims	—	—	—	—
Total net expenses from reinsurance contracts held	**—**	**—**	**(5,080)**	**(5,080)**
Total insurance service result	**$ 616**	**$ (497)**	**$ (5,080)**	**$ (4,961)**

9. Goodwill and intangible assets

The following table is a summary of goodwill and intangible assets:

	Balance December 31, 2023	Additions	Amortization Expense	Balance March 31, 2024
Asset management				
Intangible assets — indefinite life				
Investment management contracts	$ 19,204	$ —	$ —	$ 19,204
Intangible assets — definite life				
Investment management contracts	9,575	—	(346)	9,229
Total intangible assets — asset management	$ 28,779	$ —	$ (346)	$ 28,433
Insurance				
Goodwill	$ 55,015	$ —	$ —	$ 55,015
Intangible assets — indefinite life				
State insurance licenses	2,444	—	—	2,444
Total intangible assets — insurance	2,444	—	—	2,444
Total goodwill and intangible assets — insurance	$ 57,459	$ —	$ —	$ 57,459

(in thousands of United States dollars, except per share amounts and where otherwise noted)

	Balance December 31, 2022	Additions	Amortization Expense	Balance March 31, 2023
Asset management				
Intangible assets — indefinite life				
Investment management contracts	$ 19,204	$ —	$ —	$ 19,204
Intangible assets — definite life				
Investment management contracts	2,297	—	(140)	2,157
Total intangible assets — asset management	$ 21,501	$ —	$ (140)	$ 21,361
Insurance				
Goodwill	$ 55,015	$ —	$ —	$ 55,015
Intangible assets — indefinite life				
State insurance licenses	2,444	—	—	2,444
Total intangible assets — insurance	2,444	—	—	2,444
Total goodwill and intangible assets — insurance	$ 57,459	$ —	$ —	$ 57,459

Asset Management

Intangible assets related to the Company's acquisitions of management agreements are initially recorded at their fair value at the acquisition date and subsequently at cost less accumulated amortization and/or accumulated impairment losses.

Amortization is recorded using the straight-line method and is based on the estimated periods that the Company expects to collect management fees, which range from 6 to 10 years. Amortization expense is recognized in the Consolidated Statements of Comprehensive Income (Loss) in amortization of intangible assets. The indefinite useful life assessment for certain investment management contracts is based on the ability to renew these contracts indefinitely. In addition, there are no legal, regulatory or contractual provisions that limit the useful lives of these intangible assets. An intangible asset with an indefinite useful life is not amortized but is subject to an annual impairment test which is performed more frequently if an indication that it is not recoverable arises.

Insurance

Goodwill represents the excess of acquisition cost over the fair value of net tangible and intangible assets acquired in connection with an acquisition. Goodwill is assessed for impairment annually in the fourth quarter of each fiscal year or more frequently if circumstances indicate impairment may have incurred.

The insurance segment holds intangible assets consisting of state insurance licenses, which was recognized upon acquisition at fair value and recorded in intangible assets in the Consolidated Statements of Financial Position. The state insurance licenses will subsequently be measured and reported at cost less any accumulated impairment losses. The indefinite lived intangible assets are not subject to amortization but are subject to an annual impairment test which is performed more frequently if an indication that the carrying amount is not recoverable arises.

There were no changes in estimated useful lives of intangible assets for the three months ended March 31, 2024.

There were no write-downs of intangible assets for the three months ended March 31, 2024 (March 31, 2023 – $nil).

10. Related party transactions

Servicing Agreement

On November 20, 2018, the Company entered into a servicing agreement (the "Servicing Agreement") with BC Partners Advisors L.P. ("BC Partners"). Under the terms of the Servicing Agreement, BC Partners as servicing agent (the "Servicing Agent") performs (or oversees, or arranges for, the performance of) the administrative services necessary for the operation of the Company, including, without limitation, office facilities, equipment, bookkeeping and recordkeeping services and such other services the Servicing Agent, subject to review by the Board, shall from time to time deem necessary or useful to perform its obligations under this Servicing Agreement. The Servicing Agent is authorized to enter into sub-administration agreements as determined to be necessary in order to carry out the administrative services.

Unless earlier terminated as described below, the Servicing Agreement will remain in effect from year-to-year if approved annually by (i) the vote of the Board and (ii) the vote of a majority of the Company's directors who are not parties to the Servicing Agreement or a "related party" of the Servicing Agent, or of any of its affiliates, as defined in the Multilateral Instrument 61-101 under Canadian securities law. The Servicing Agreement may be terminated at any time, without the payment of any penalty, upon 60 days' written notice by the vote of the Board or by the Servicing Agent.

The Company reimburses BC Partners for an allocable portion of compensation paid to the Company's Chief Financial Officer, associated management personnel (based on a percentage of time such individuals devote, on an estimated basis, to the business affairs of the Company), and out-of-pocket expenses. While the Servicing Agent performs certain administrative functions for the Company, the management functions of the Company are wholly performed by the Company's management team. For the three months ended March 31, 2024, the Company incurred administrative fees of $0.9 million (March 31, 2023 – $0.7 million). As at March 31, 2024, administration fees payable to BC Partners was $1.2 million (December 31, 2023–$1.3 million).

Transactions with Affiliates - servicing fees

The Company, through MLC US Holdings, a wholly-owned subsidiary of the Company, provides certain administrative services to SCIM in respect of the management of an investment fund ("ACIF") in exchange for a servicing fee. Servicing fees are determined quarterly based on an amount equal to the aggregate base management fee and incentive fees received by SCIM from ACIF in respect of such quarter, net of debt servicing expense, a quarterly fee to be retained by SCIM comprised of a specified amount, and an allocable portion of the compensation of SCIM's investment professionals in connection with their performance of investment advisory services for ACIF (collectively, the "Retained Benefits"). In addition, SCIM is reimbursed by MLC US Holdings quarterly for certain expenses it incurs in connection with the investment advisory services provided to ACIF. Pursuant to this arrangement, the Company receives the net economic benefit derived by SCIM under the ACIF advisory agreement, subject to the holdback of the Retained Benefits and expense reimbursements. For the three months ended March 31, 2024, the Company incurred servicing fees of $(0.6) million (March 31, 2023 – $(0.1) million).

Potential Conflicts of Interest

The Company's senior management team is comprised of substantially the same personnel as the senior management team of BC Partners, and such personnel may serve in similar or other capacities for BC Partners or to future investment vehicles affiliated with BC Partners. As a result, such personnel provide investment advisory services to the Company and certain investment vehicles considered affiliates of BC Partners.

Compensation of Key Management Personnel

The Company's key management personnel are those personnel who have the authority and responsibility for planning, directing and controlling the activities of the Company. Directors (both executive and non-executive) are considered key personnel. Certain directors and officers of the Company are affiliated with BC Partners. For the three months ended March 31, 2024, the Chief Executive Officer ("CEO") and Co-presidents will receive no cash salary or bonuses of any kind. Instead, their compensation will be 100% equity-based compensation granted pursuant to the Company's security-based compensation arrangements that vests over time for services rendered. The CEO and Co-presidents had a total of 112,221 Restricted Share Units ("RSUs"), inclusive of Dividend Equivalent Units ("DEUs") outstanding as at March 31, 2024 (December 31, 2023 - 165,664), which will vest over three years. 1,133 DEUs were declared to the CEO and Co-presidents during the three months ended March 31, 2024 (March 31, 2023 - 1,123), though not issued until April 2, 2024 consistent with the dividend payment date. See Note 11 for more information. No person or employee of the Servicing Agent or its affiliates that serves as a director of the Company receives any compensation from the Company for his or her services as a director.

Common shares held by directors and officers of the Company who are affiliated with BC Partners at March 31, 2024 were 679,681 (December 31, 2023 – 645,370).

Other Transactions with BC Partners or its Affiliates

The Servicing Agent may, from time to time, pay amounts owed by the Company to third-party providers of goods or services, and the Company will subsequently reimburse the Servicing Agent for such amounts paid on its behalf. Amounts payable to the Servicing Agent are settled in the normal course of business without any formal payment terms. As at March 31, 2024, operating expenses reimbursable to BC Partners for amounts paid on behalf of the Company was $10.3 million (December 31, 2023 – $11.4 million).

The Company may, from time to time, enter into transactions in the normal course of operations with entities that are considered affiliates of BC Partners. At March 31, 2024, the Company held investments with affiliates of BC Partners totaling $24.6 million (December 31, 2023 – $25.0 million), and the insurance segment held investments in the 2018-1 CLO totaling $20.7 million (December 31, 2023 – $20.8million) and 2019-1 CLO totaling $1.5 million (December 31, 2023 - $1.4million).

11. Share capital and earnings per share

Authorized share capital

The Company is authorized to issue an unlimited number of common shares, without par value, for unlimited consideration. The common shares are not redeemable or convertible. Dividends are declared by the Board at its discretion. Historically, the Board has declared dividends on a quarterly basis and the amount can vary from quarter to quarter.

The Company is authorized to issue an unlimited number of preference shares, without par value, in series, for unlimited consideration.

Share issuance

As at March 31, 2024, there were 25,797,739 common shares issued and outstanding (December 31, 2023 – 25,733,735. There were no preference shares outstanding as at March 31, 2024 (December 31, 2023 – nil). On March 15, 2024, the Company issued 64,004 net shares in respect of vested RSUs (inclusive of DEUs). There were no other transactions with shareholders for the three months ended March 31, 2024 and 2023.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

Dividends

The following table reflects the distributions declared on the common shares of the Company during the three months ended March 31, 2024 and 2023:

			Dividend Amount per Share		Total Dividend Amount	
Declaration Date	**Record Date**	**Payment Date**	**CAD**	**USD (1)**	**CAD**	**USD (1)**
March 13, 2024	March 25, 2024	April 2, 2024	$ 0.020	$ 0.015	$ 516	$ 383
					$ 516	**$ 383**
March 22, 2023	April 4, 2023	April 14, 2023	$ 0.020	$ 0.016	$ 444	$ 326
					$ 444	**$ 326**

(1) Dividends are issued and paid in CAD. For reporting purposes, amounts recorded in equity are translated to USD using the daily exchange rate on the date of declaration.

The dividends were designated as an eligible dividend for the purpose of the *Income Tax Act* (Canada) and any similar provincial or territorial legislation.

Stock option plan and performance and restricted share unit plan

On May 30, 2019, the Company's shareholders approved (i) a stock option plan (the "Option Plan") and (ii) a performance and restricted share unit ("RSU") plan (the "RSU Plan").

The Option Plan provides that the administrators may, from time to time, at their discretion, grant to directors, officers, employees and certain other service providers of the Company or its subsidiaries, in connection with their employment or position, options to purchase common shares of the Company. The aggregate number of common shares that are issuable under the Option Plan upon the exercise of options which have been granted and are outstanding, together with common shares that are issuable pursuant to outstanding awards and grants under any other share compensation arrangement of the Company, shall not at any time exceed 10% of the common shares then issued and outstanding. The purchase price for any common shares underlying an option shall not be less than the fair market value of a common share on the date the option is granted, being the closing price of the common shares on the NEO Exchange on the last trading day before the date of grant. Options granted under the Option Plan have a maximum term of 10 years from the date of grant.

The Option Plan was re-approved on June 23, 2022. There were no options or awards outstanding under the Option Plan as at March 31, 2024 (December 31, 2023 – nil).

The aggregate number of common shares that are issuable under the RSU Plan to pay awards which have been granted and are outstanding under the RSU Plan, together with common shares that are issuable pursuant to outstanding awards or grants under any other share compensation arrangement of the Company, shall not exceed at any time 10% of the common shares then issued and outstanding.

Under the RSU Plan, RSUs of MLC were granted to certain key employees and directors on February 15, 2022, being the "grant date". RSU grants are made in the form of equity-settled awards that vest one-third annually beginning one year after the grant date, whereby one RSU will vest in exchange for one common share. The grant date fair value of each equity-settled RSU unit granted is calculated based on the closing price per common share on Cboe Canada on the date of grant. A total of 203,545 RSUs (inclusive of DEUs) were outstanding as at March 31, 2024 (December 31, 2023 – 308,579), of which 189,281 RSUs (excluding DEUs) were granted at a price of $4.04 per RSU on their grant date. For the three months ended March 31, 2024, 2,108 DEUs were declared (March 31, 2023 – 2,091), though not issued until April 2, 2024 consistent with the dividend payment date. DEUs are granted on issued RSUs based on the amount of cash dividend that would have been paid to the participant, if the RSU had been recorded in the participant's account at the record date for the cash dividend, as a common share. No additional RSUs were granted or expired. For the three months ended March 31, 2024 5,503 RSUs (inclusive of DEUs) were forfeited (March 31, 2023 – nil) and 64,004 common shares (net of shares withheld for tax) were issued in respect of vested RSUs (inclusive of DEUs) (March 31, 2023 - nil).

Arrangement – contingent value rights

On October 19, 2018, in connection with the completion of a plan of arrangement carried out under the OBCA (the "Arrangement"), the Company terminated the Management Services Agreement ("MSA") with Marret Asset Management except for retaining Marret Asset Management to continue to manage the Company's investment in Cline for a fee equal to 1% of the net proceeds of any distribution made by Cline in a particular year or 1% of the net proceeds to the Company from a sale of the Company's interest in Cline. Fees that are attributable to the investment in Cline shall only be determined and become payable to Marret Asset Management on the sale of the investment in Cline, in its entirety, and shall be calculated using, and payable only on the net sale proceeds actually received by the Company for its investment in Cline. Any fees paid to Marret Asset Management as a result of the sale of the investment in Cline will reduce the amounts paid to the holders of CVRs.

Upon completion of the Arrangement, each of the common shares of the Company was exchanged for one new common share of the Company created pursuant to the Arrangement ("New Shares") and, subject to certain restrictions, one CVR, with each CVR representing a contingent cash entitlement in respect of Cline. The Company issued to its shareholders an aggregate of 17,288,140 CVRs. Under the terms of the indenture governing the CVRs, the Company will seek to dispose of Cline during the five year period following the closing of the Arrangement and will distribute to the holders of the CVRs any distributions received from Cline and the net proceeds received from the sale of the Company's holdings in Cline.

In addition, each shareholder, subject to certain restrictions, was provided with the option to exchange all of its New Shares for: (i) C$0.53 in cash (subject to proration) for each New Share held, or (ii) 7.62 warrants (subject to proration) exercisable for a period of seven years from the effective date of the Arrangement at a price of C$0.77 per share for each New Share held, which is a non-cash transaction.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

On October 27, 2020, the Marret Asset Management announced that Allegiance Coal Limited, a coal exploration and development company, acquired all the shares in New Elk Coal Company ("NECC"), which holds all the mining assets of Cline. On February 24, 2021 and January 7, 2022, the Company received C$0.5 million and C$1.1 million, respectively, from Marret Asset Management in connection with the sale. On June 9, 2021 and April 7, 2022, the Company distributed C$0.3 million and C$1.2 million, respectively, to the holders of the CVRs.

On February 27, 2023, Marret Asset Management announced that NECC and three other entities indirectly owned and controlled by Allegiance Coal Limited, including the guarantor of NECC's obligations to Cline under secured notes issued by NECC to Cline (the "NECC Notes"), which is Cline's primary asset, had filed for Chapter 11 protection on February 21, 2023 (the "NECC Bankruptcy"). On February 28, 2023, Marret Asset Management announced that it was taking an 82% write-down in the value of securities in Cline held by its various funds to reflect the increased uncertainty of future cash flows to Cline from the NECC Notes. The CVR's had a market value of nil and have since expired.

On October 19, 2023, the CVRs issued on October 19, 2018 expired in accordance with their terms and were cancelled and accordingly the possibility of further distributions in respect of the CVRs ceased. The Company continues to hold its debt and equity securities of Cline at a fair value of nil as at March 31, 2024 .

Warrants

On closing of the Arrangement and in accordance with the terms of the Arrangement, the Company issued to shareholders who made an election to acquire warrants under the Arrangement warrants to acquire an aggregate of 20,468,128 common shares of the Company (the "Arrangement Warrants"). As at March 31, 2024 and 2023, the Company had 20,468,128 Arrangement Warrants outstanding, which are exercisable at any time up to October 19, 2025. As a result of a share consolidation completed on December 3, 2019, every eight (8) Arrangement Warrants entitled the holder to receive, upon exercise, one common share of the Company at a price of C$6.16 per common share. Accordingly, an aggregate of up to 2,558,516 common shares are issuable upon the exercise of the 20,468,128 outstanding Arrangement Warrants as at March 31, 2024 and 2023.

In connection with the private placement on July 20, 2021, the Company issued an aggregate of 76,923 broker warrants, each of which is exercisable to acquire one common share at any time up to January 20, 2023 at an exercise price of C$3.90. All broker warrants expired unexercised during the three months ended March 31, 2023.

As at March 31, 2024, there was 20,468,128 Arrangement Warrants outstanding (December 31, 2023 – 20,468,128).

Separately on January 26, 2024, the Company issued 50 common share purchase warrants for each of the 18,752 debenture units that were issued on a non-brokered private placement (refer to Note 12 for further detail). Each of the debt warrants is exercisable to acquire one common share of MLC at a price of C$2.75 per share for a period of eight (8) years, from the issuance thereof, provided that the warrants are not permitted to be exercised within the first twelve (12) months from the issuance thereof. Accordingly, an aggregate of up to 937,600 common shares are issuable upon the exercise of the 937,600 outstanding debt warrants as at March 31, 2024.

Earnings per share

Basic earnings per share is calculated by dividing net income or loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated in the same manner, with further adjustments made to reflect the dilutive impact of instruments convertible into the Company's common shares.

The following table sets forth the computation of basic and diluted income (loss) per common share for the three months ended March 31, 2024 and 2023:

	Three Months Ended	
	March 31, 2024	March 31, 2023
Basic earnings per share		
Net income (loss)	$ 13,092	$ (29,452)
Weighted-average number of common shares outstanding	25,745,692	22,190,195
Basic earnings per share	$ 0.51	$ (1.33)
Diluted earnings per share		
Net income (loss)	13,092	(29,452)
Weighted-average number of common shares outstanding	25,745,692	22,190,195
Effect of dilutive financial instruments		
Warrants potentially exercisable (1)	—	—
Common shares potentially issuable (2)	203,545	—
Weighted-average number of diluted common shares outstanding	25,949,237	22,190,195
Diluted earnings per share	$ 0.50	$ (1.33)

(1) For the three months ended March 31, 2024 and March 31, 2023, the Arrangement Warrants and debt warrants are excluded from the calculation of diluted earnings per share given the exercise price on both sets of warrants is greater than the average market price of the Company's common shares (i.e., they are "out of the money").

(2) For the three months ended March 31, 2024, RSUs granted are dilutive and are included in the calculation of diluted earnings per share.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

12. Debt obligations

Asset management

MLC US Holdings Credit Facility

On August 20, 2021, MLC US Holdings entered into a credit facility with a large US-based asset manager, as administrative agent and collateral agent for the lenders, whereby MLC US Holdings may borrow up to $25.0 million by December 31, 2021 (the "MLC US Holdings Credit Facility"). On September 19, 2022, MLC US Holdings entered into an amendment to its existing credit agreement to increase the term loan available thereunder by $4.5 million. The primary use of the proceeds from the amendment was to seed OCIF, an interval fund managed by ML Management. On May 2, 2023, MLC US Holdings entered into an amendment to the MLC US Holdings Credit Facility to increase the term loan available thereunder by an additional $4.5 million. The primary use of the proceeds from the most recent amendment was to finance the acquisition of Ovation on July 5, 2023, and other related fees and expenses. The MLC US Holdings Credit Facility matures on August 20, 2027.

Amounts drawn under the MLC US Holdings Credit Facility initially bore interest at LIBOR plus a spread of 7.50%. The benchmark, LIBOR, was replaced by the secured overnight financing rate ("SOFR") upon the transition from LIBOR on May 2, 2023. Payments of principal and interest are made on each payment date, with the remaining principal outstanding and accrued but unpaid interest payable on August 20, 2027. The MLC US Holdings Credit Facility is collateralized by assets held by MLC US Holdings. MLC is a guarantor of the MLC US Holdings Credit Facility.

The MLC US Holdings Credit Facility contains affirmative and negative covenants, events of default and other customary provisions, including periodic financial reporting requirements.

Seller Notes

On July 1, 2021, MLC completed the Capitala Acquisition through in part the issuance of an unsecured promissory note of $4.0 million, which bears no interest and is payable by July 1, 2025. The repayment amount on maturity date is adjusted to reflect the performance of the investment portfolio of Logan Ridge specified at closing and shall not be less than $nil or more than $6.0 million.

On October 29, 2021, MLC completed the Ability Acquisition through in part the issuance of an unsecured promissory note of $15.0 million, which bears interest at 5% per annum and is payable by October 29, 2031.

Promissory Note

On October 20, 2022, Lind Bridge L.P. (“Lind Bridge”), a limited partnership controlled by the Company, as borrower, issued a promissory note to a third-party lender (the “Initial Lind Bridge Note”) for $7.5 million. The Initial Lind Bridge Note bears interest at a rate per annum of 7.5% on the unpaid principal amount and matures on October 20, 2029. On August 14, 2023, Lind Bridge issued an additional promissory note to a third-party lender for $5 million (the “Subsequent Lind Bridge Note” and collectively the “Lind Bridge Notes”). The Subsequent Lind Bridge Note bears interest at a rate per annum of 7.5% on the unpaid principal amount and matures on April 1, 2025. The Company has guaranteed the obligations of Lind Bridge under the Lind Bridge Notes. The proceeds of the Lind Bridge Notes were used to support the reinsurance of additional annuities in Ability and maintain required statutory surplus. During the three months ended March 31, 2024, the Company repaid the indebtedness under the Lind Bridge Notes in full, resulting in prepayments on the Subsequent Lind Bridge Note at an effective interest rate of 16% per annum.

The Lind Bridge Notes were extinguished with consideration at the carrying amount of the financial liabilities, resulting in no gain or loss. The Company raised $18.8 million new debt through the issuance of 18,752 debenture units ("Debenture Units") on a non-brokered private placement basis (the "Debenture Unit Offering"). Each Debenture Unit consists of: (i) one 8.85% paid-in-kind unsecured debenture of the Company in the principal amount of $1,000 maturing on the date that is eight (8) years from the issuance thereof, and (ii) 50 common share purchase warrants of the Company, each of which is exercisable to acquire one common share of MLC at a price of C$2.75 per share for a period of eight (8) years, from the issuance thereof, provided that the warrants are not permitted to be exercised within the first twelve (12) months from the issuance thereof.

Debt obligations consisted of the following as at March 31, 2024 and December 31, 2023:

As at March 31, 2024	Maturity date	Stated interest Rate	Effective interest rate	Extension options	Total facility	Outstanding balance [2]
Seller note — Capitala Acquisition	July 2025	—	—	N/A	4,000	4,000
MLC US Holdings Credit Facility [1]	August 2027	SOFR +7.50%	13.09%	N/A	34,000	30,369
Seller note — Ability Acquisition	October 2031	5.0%	5.0%	N/A	15,000	15,000
Debenture Units [3]	January 2032	8.5%	9.2%	N/A	18,752	18,552
Total debt					**$ 71,752**	**$ 67,921**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

SOFR - Secured Overnight Financing Rate

(1) The MLC US Holdings Credit Facility is secured by all assets and interests in assets and proceeds owned and acquired by MLC US Holdings.

(2) The fair value of financial liabilities carried at amortized cost in the financial statements are: (i) MLC US Holdings Credit Facility: $30.4 million, (ii) Seller note - Ability Acquisition: $11.3 million and (iii) Debenture Units: $18.5 million. These have been valued using level 3 inputs. The remaining carrying values of financial liabilities measured at amortized cost approximate their fair values.

(3) The debt warrants issued with the Debenture Units are separated embedded derivatives recognized at FVTPL with a fair value of $0.3 million as at March 31, 2024.

As at December 31, 2023	**Maturity date**	**Stated interest Rate**	**Effective interest rate**	**Extension options**	**Total facility**	**Outstanding balance [3]**
Subsequent Lind Bridge Note	April 2025	7.5% PIK (2)	7.5% PIK	N/A	$ 5,000	$ 5,315
Seller note — Capitala Acquisition	July 2025	0.0%	0.00%	N/A	4,000	4,000
MLC US Holdings Credit Facility (1)	August 2027	SOFR +7.50%	13.16%	N/A	34,000	30,794
Initial Lind Bridge Note	October 2029	7.5% PIK (2)	7.5% PIK	N/A	7,500	8,210
Seller note — Ability Acquisition	October 2031	5.0%	5.0%	N/A	15,000	15,000
Total debt					**$ 65,500**	**$ 63,319**

SOFR - Secured Overnight Financing Rate

(1) The MLC US Holdings Credit Facility is secured by all assets and interests in assets and proceeds owned and acquired by MLC US Holdings.

(2) Payment in kind (“PIK”).

(3) The fair value of financial liabilities carried at amortized cost in the financial statements are: (i) MLC US Holdings Credit Facility: $30.8 million and (ii) Seller note - Ability Acquisition: $10.6 million. These have been valued using level 3 inputs. The remaining carrying values of financial liabilities measured at amortized cost approximate their fair values.

The scheduled principal repayments are as follows:

As at	**March 31, 2024**
2024	1,275
2025	5,700
2026	1,700
2027	28,694
2028 and thereafter	30,552
	67,921
Transaction costs (net of amortization)	(1,200)
Total debt	**$ 66,721**

For the three months ended March 31, 2024, interest expense, including the amortization of debt issuance costs and the PIK interest, was $1.7 million (March 31, 2023 – $1.3 million).

Insurance

Surplus Note

Ability has the following surplus notes outstanding as at March 31, 2024 and December 31, 2023:

As at March 31, 2024	**Date Issued**	**Date of Maturity**	**Interest Rate**	**Par Value**	**Carrying Value of Note**	**Interest and/or Principal Paid during current year [1]**
Sentinel Security Life Insurance Company	2/25/2013	June 2028	5.00%	$ 2,250	$ 2,250	$ —
Pavonia Life Insurance Company of Michigan	8/30/2023	December 2032	10.00%	12,000	12,000	300
Total Surplus Notes				**$ 14,250**	**$ 14,250**	**$ 300**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

As at December 31, 2023	Date Issued	Date of Maturity	Interest Rate	Par Value	Carrying Value of Note	Interest and/or Principal Paid during current year (2)
Sentinel Security Life Insurance Company	2/25/2013	June 2028	5.00%	$ 2,250	$ 2,250	$ 113
Pavonia Life Insurance Company of Michigan	8/30/2023	December 2032	10.00%	12,000	12,000	400
Total Surplus Notes				**$ 14,250**	**$ 14,250**	**$ 513**

(1) Reflects interest and/or principal paid for the three months period ended March 31, 2024.

(2) Reflects interest and/or principal paid for the year ended December 31, 2023.

The fair value of financial liabilities carried at amortized cost in the financial statements are Pavonia Life Insurance Company of Michigan: $12.3 million (December 31, 2023 – $12.4 million). This has been valued using level 3 inputs. The remaining carrying values of financial liabilities measured at amortized cost approximate their fair values.

The surplus notes are subordinated in right of payment of all indebtedness, policy claims, and other creditor claims. The note issued to Sentinel Security Life Insurance Company had an initial maturity date of June 12, 2023; however, in the second quarter of 2023, Ability renewed the note, extending the date of maturity to June 12, 2028. On August 30, 2023, Ability, completed a private offering of US$12 million aggregate principal amount of 10% Surplus Notes due December 2032. Payments of interest or principal shall be paid only if Ability has the required levels of statutory surplus and upon prior authorization by the Director of the Nebraska Department of Insurance.

The following table shows the reconciliation of debt obligations for the Company:

As at	March 31, 2024	December 31, 2023
Asset management		
Balance at the beginning of the period	$ 62,030	$ 53,172
Cashflows:		
Proceeds from borrowings	18,752	9,500
Repayments of borrowings	(14,063)	(3,452)
Financing costs paid and deferred	—	(297)
Non-cash changes:		
Assumption of debt from acquisition of Ovation	—	1,863
Amortization of deferred financing costs	89	331
PIK interest	407	913
Transaction costs capitalized through the Debenture Units' initial fair value	(198)	
Warrants issued with Debenture Units (recognized at FVTPL)	(296)	—
Balance at the end of the period - asset management	**$ 66,721**	**$ 62,030**
Insurance		
Balance at the beginning of the period	$ 14,250	$ 2,250
Cashflows:		
Proceeds from borrowings	—	12,000
Balance at the end of the period - insurance	**$ 14,250**	**$ 14,250**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

13. Insurance contract liabilities and reinsurance contract assets

(a) Insurance contract liabilities and reinsurance assets

The following table sets out the carrying amounts of insurance and reinsurance contracts expected to be (recovered) settled more than 12 months after the reporting date:

As at		**March 31, 2024**		**December 31, 2023**
Insurance contract liabilities by portfolio:				
Long Term Care Insurance	$	984,416	$	1,020,242
MYGA		101,756		86,814
Total insurance contract liabilities[(1)]	**$**	**1,086,172**	**$**	**1,107,056**
Reinsurance contract assets by portfolio:				
Long Term Care Reinsurance	$	616,901	$	634,440
Modco investments[(2)]		(190,971)		(191,767)
Net Reinsurance contract assets[(1)]	**$**	**425,930**	**$**	**442,673**

(1) Reconciliations for insurance contract liabilities and reinsurance contract assets for Long Term Care Insurance, Long Term Care Reinsurance and MYGA portfolios are shown in Note 13e and 13f.

(2) Under the modified coinsurance agreement with Vista Life, the funds withheld assets are held with legal right of offset to the related insurance contract liabilities. Refer to Note 3 *Material Accounting Policies* of the annual Consolidated Financial Statements for the year ended December 31, 2023.

(b) Discount rates

The bottom-up approach was used to derive the discount rate for the Company's insurance contracts. Under this approach, the discount rate is determined as the risk free yield adjusted for differences in liquidity characteristics between the financial assets used to derive the risk free yield and the relevant liability cash flows (known as an illiquidity premium). The risk free yield was derived using swap rates available in the market denominated in the same currency as the product being measured. When swap rates are not available, highly liquid sovereign bonds with a AAA credit rating were used. Management uses judgment to assess liquidity characteristics of the liability cash flows.

Observable market information is available for up to 30 years. For the unobservable period, the ultimate rate was assumed to be the last observable point.

The yield curves that were used to discount the estimates of future cash flows are as follows:

	Q1 2024					**Q1 2023**				
Product	**1 year**	**5 years**	**10 years**	**20 years**	**30 years**	**1 year**	**5 years**	**10 years**	**20 years**	**30 years**
Long Term Care Insurance	6.92%	6.18%	6.20%	6.53%	6.29%	6.62%	5.58%	5.47%	5.80%	5.65%
Long Term Care Reinsurance	6.92%	6.18%	6.20%	6.53%	6.29%	6.62%	5.58%	5.47%	5.80%	5.65%
MYGA	4.92%	4.18%	4.20%	4.53%	4.29%	4.62%	3.58%	3.47%	3.80%	3.65%

(c) Significant insurance contract liability valuation assumptions

Included in the measurement of each group of contracts in the scope of IFRS 17 are all the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability weighted expected future cash flows. The Company estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Company uses information about past events, current conditions and forecasts of future conditions. The Company’s estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability weighted average of the future cash flows is calculated using a deterministic scenario representing the probability weighted mean of a range of scenarios.

Where estimates of expenses related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis such as activity based costing method. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature. Acquisition cash flows are typically allocated to groups of contracts based on gross premiums written. Expenses of an administrative policy maintenance nature are typically allocated to groups of contracts based on the number of contracts in force within groups. Claims settlement related expenses are allocated based on the number of claims expected for all groups.

Assumptions used to develop estimates about future cash flows are reassessed at each reporting date and adjusted where required.

Significant methods and assumptions used are discussed below.

Mortality

Mortality relates to the occurrence of death and is a key assumption for long term care insurance. Mortality assumptions are based on the Company’s internal experience as well as past and emerging industry experience. Assumptions are differentiated by sex, underwriting class and policy type. The table below shows assumptions made for future mortality:

(in thousands of United States dollars, except per share amounts and where otherwise noted)

Gender	Smoker status	Mortality table - Long Term Care	Mortality table - MYGA
Male	Non-smoker	GAM 1994	IAM 2012
	Smoker	GAM 1994	IAM 2012
Female	Non-smoker	GAM 1994	IAM 2012
	Smoker	GAM 1994	IAM 2012

Morbidity

Morbidity relates to the occurrence of accidents and sickness for insured risks and is a key assumption for long term care insurance. Morbidity assumptions are based on the Company's internal experience as well as past and emerging industry experience and are established for each type of morbidity risk and geographic market. Morbidity assumptions are based on the 2009 Milliman Long Term Care Guidelines with adjustments for actual experience. Morbidity improvement of 0.75% per year is assumed for 17 years starting in 2020.

Lapse

Long term care policies are terminated or enter non-forfeiture status due to non-payment of premiums. MYGA policies are surrendered when a policyholder elects to end their policy prior to maturity in exchange for a cash surrender, and typically includes additional surrender charges or market value adjustment. Surrender charges are a reduction of the amount paid to the customer, whereas, the market value adjustment can be either a positive or negative adjustment to the amount paid to the customer. Policy termination and lapse assumptions are primarily based on the Company's recent experience adjusted for expected future conditions.

The table below shows assumptions about lapse and surrender rates used:

	Q1 2024	Q1 2023
Long Term Care Insurance	0.6%	0.6%
Long Term Care Reinsurance	0.6%	0.6%
Multi Year Guaranteed Annuities	1.0%	1.0%

Expenses

The Group projects estimates of future expenses relating to fulfilment of contracts in the scope of IFRS 17 using current expense levels adjusted for inflation. Expenses comprise expenses directly attributable to the groups of insurance contracts including an allocation of fixed and variable overheads.

The expense inflation assumption is based on Oneland's retail price inflation swap curve adjusted to the Group's own experience and is considered to be a non-financial risk. The Company has not changed its methods used to project expenses in 2023.

Possible increases in expense assumptions increase estimates of future cash outflows and thus decrease in the CSM within the LRC.

(d) Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favorable and unfavorable outcomes in a way that reflects the Company's degree of risk aversion. The Group estimates an adjustment for non-financial risk separately from all other estimates.

The risk adjustment was calculated at the issuing entity level and then allocated down to each group of contracts in accordance with their risk profiles. The Risk Adjustment ("RA") technique used for the Long Term Care and MYGA blocks involves shocking key assumptions and taking the difference of this shocked run and the Best Estimate Liability ("BEL"). The shocks used to calculate the RA were designed to be in line with a 70% Value at Risk ("VaR") confidence level on a direct basis. The methods and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2023.

(e) Insurance contract liability reconciliations

The following tables present reconciliations of the changes in insurance contract liability in accordance with IFRS 17.

The tables below show an analysis by remaining coverage and incurred claims for Long Term Care Insurance:

(in thousands of United States dollars, except per share amounts and where otherwise noted)

	Three months ended March 31, 2024			
	LRC		LIC	Total
Long Term Care Insurance	Excluding loss component	Loss component		
Opening insurance contract liabilities	$ 760,682	$ 259,560	$ —	$ 1,020,242
Opening insurance contract assets	—	—	—	—
Net balance as at January 1, 2024	**760,682**	**259,560**	**—**	**1,020,242**
Insurance revenue	**(22,527)**	-	-	**(22,527)**
Insurance service expenses				—
Incurred claims and other directly attributable expenses	—	(5,836)	27,225	21,389
Changes that relate to past service - adjustments to the LIC	—	—	—	—
Losses on onerous contracts and reversals of those losses	—	(4,512)	—	(4,512)
Insurance acquisitions cash flows amortization	—	—	—	—
Insurance service expenses	**—**	**(10,348)**	**27,225**	**16,877**
Insurance service result	**(22,527)**	**(10,348)**	**27,225**	**(5,650)**
Finance (income) expenses from insurance contracts issued	(16,816)	1,887	—	(14,929)
Total amounts recognized in comprehensive income	**(39,343)**	**(8,461)**	**27,225**	**(20,579)**
Investment components	—	—	—	—
Other changes	—	—	—	—
Cash flows				
Premiums received	11,978	—	—	11,978
Claims and other directly attributable expenses paid	—	—	(27,225)	(27,225)
Insurance acquisition cash flows	—	—	—	—
Total cash flows	**11,978**	**—**	**(27,225)**	**(15,247)**
Net balance as at March 31, 2024	**733,317**	**251,099**	**-**	**984,416**
Closing insurance contract liabilities	733,317	251,099	—	984,416
Closing insurance contract assets	—	—	—	—
Net balance as at March 31, 2024	**$ 733,317**	**$ 251,099**	**$ —**	**$ 984,416**

	Three months ended March 31, 2023			
	LRC		LIC	Total
Long Term Care Insurance	Excluding loss component	Loss component		
Opening insurance contract liabilities	$ 741,331	$ 294,373	$ —	$ 1,035,704
Opening insurance contract assets	—	—	—	—
Net balance as at January 1, 2023	**741,331**	**294,373**	**—**	**1,035,704**
Insurance revenue	**(21,767)**	**—**	**—**	**(21,767)**
Insurance service expenses				—
Incurred claims and other directly attributable expenses	—	(6,725)	27,835	21,110
Changes that relate to past service - adjustments to the LIC	—	—	—	—
Losses on onerous contracts and reversals of those losses	—	41	—	41
Insurance acquisitions cash flows amortization	—	—	—	—
Insurance service expenses	**—**	**(6,684)**	**27,835**	**21,151**
Insurance service result	**(21,767)**	**(6,684)**	**27,835**	**(616)**
Finance (income) expenses from insurance contracts issued	55,485	2,082		57,567
Total amounts recognized in comprehensive income	**33,718**	**(4,602)**	**27,835**	**56,950**
Investment components	—	—	—	—
Other changes	—	—	—	—
Cash flows				
Premiums received	13,216	—	—	13,216
Claims and other directly attributable expenses paid	—	—	(27,835)	(27,835)
Insurance acquisition cash flows	—	—	—	—
Total cash flows	**13,216**	**—**	**(27,835)**	**(14,619)**
Net balance as at March 31, 2023	**788,266**	**289,771**	**-**	**1,078,036**
Closing insurance contract liabilities	788,266	289,771	—	1,078,036
Closing insurance contract assets	—	—	—	—
Net balance as at March 31, 2023	**$ 788,266**	**$ 289,771**	**$ —**	**$ 1,078,036**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

The table below shows an analysis by remaining coverage and incurred claims for MYGA:

	Three months ended March 31, 2024			
	LRC		LIC	Total
MYGA	Excluding loss component	Loss component		
Opening insurance contract liabilities	$ 76,867	$ 9,947	$ —	$ 86,814
Opening insurance contract assets	—	—	—	—
Net balance as at January 1, 2024	**76,867**	**9,947**	**—**	**86,814**
Insurance revenue	**(214)**	—	—	**(214)**
Insurance service expenses				
Incurred claims and other directly attributable expenses	—	(41)	654	613
Changes that relate to past service - adjustments to the LIC	—	—	—	—
Losses on onerous contracts and reversals of those losses	—	7,694	—	7,694
Insurance acquisitions cash flows amortization	—	—	—	—
Insurance service expenses	**—**	**7,653**	**654**	**8,307**
Insurance service result	**(214)**	**7,653**	**654**	**8,093**
Finance (income) expenses from insurance contracts issued	(621)	171	—	(450)
Total amounts recognized in comprehensive income	**(835)**	**7,824**	**654**	**7,643**
Investment components	(856)	—	856	—
Other changes	—	—	—	—
Cash flows				
Premiums received	9,225	—	—	9,225
Claims and other directly attributable expenses paid	—	—	(1,510)	(1,510)
Insurance acquisition cash flows	(416)	—	—	(416)
Total cash flows	**8,809**	**—**	**(1,510)**	**7,299**
Net balance as at March 31, 2024	**83,985**	**17,771**	**—**	**101,756**
Closing insurance contract liabilities	83,985	17,771	—	101,756
Closing insurance contract assets	—	—	—	—
Net balance as at March 31, 2024	**$ 83,985**	**$ 17,771**	**$ —**	**$ 101,756**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

	Three months ended March 31, 2023			
	LRC		LIC	Total
MYGA	**Excluding loss component**	**Loss component**		
Opening insurance contract liabilities	$ 40,833	$ 1,148	$ —	$ 41,981
Opening insurance contract assets	—	—	—	—
Net balance as at January 1, 2023	**$ 40,833**	**$ 1,148**	**$ —**	**$ 41,981**
Insurance revenue	**(38)**	—	—	**(38)**
Insurance service expenses				
Incurred claims and other directly attributable expenses	—	(1)	19	18
Changes that relate to past service - adjustments to the LIC	—	—	—	—
Losses on onerous contracts and reversals of those losses	—	517	—	517
Insurance acquisitions cash flows amortization	—	—	—	—
Insurance service expenses	**—**	**516**	**19**	**535**
Insurance service result	**(38)**	**516**	**19**	**497**
Finance (income) expenses from insurance contracts issued	1,132	51	—	1,183
Total amounts recognized in comprehensive income	**1,094**	**567**	**19**	**1,680**
Investment components	(350)	—	350	—
Other changes	—	—	—	—
Cash flows				
Premiums received	6,841	—	—	6,841
Claims and other directly attributable expenses paid	—	—	(372)	(372)
Insurance acquisition cash flows	—	—	—	—
Total cash flows	**6,841**	**—**	**(372)**	**6,469**
Net balance as at March 31, 2023	**48,417**	**1,714**	**(1)**	**50,130**
Closing insurance contract liabilities	48,417	1,714	(1)	50,130
Closing insurance contract assets	—	—	—	—
Net balance as at March 31, 2023	**$ 48,417**	**$ 1,714**	**$ (1)**	**$ 50,130**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

The tables below show an analysis by measurement component for Long Term Care Insurance:

	Three months ended March 31, 2024			
Long Term Care Insurance	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Total**
Opening insurance contract liabilities	$ 774,576	$ 245,666	$ —	$ 1,020,242
Opening insurance contract assets	—	—	—	—
Net balance as at January 1, 2024	**774,576**	**245,666**	**—**	**1,020,242**
Changes that relate to current service				
CSM recognized in profit or loss for the services provided	—	—	—	—
Change in the risk adjustment for non-financial risk for the risk expired	—	(557)	—	(557)
Experience adjustments	(581)	—	—	(581)
	(581)	**(557)**	**—**	**(1,138)**
Changes that relate to future service				
Changes in estimates that adjust the CSM	—	—	—	—
Changes in estimates that result in onerous contract losses or reversal of losses	326	(4,838)	—	(4,512)
Contracts initially recognized in the period	—	—	—	—
	326	**(4,838)**	**—**	**(4,512)**
Changes that relate to past service				
Changes that relate to past service - adjustments to the LIC	—	—	—	—
Insurance service result	**(255)**	**(5,395)**	**—**	(5,650)
Finance (income) expenses from insurance contracts issued	(10,668)	(4,261)	—	(14,929)
Total amounts recognized in comprehensive income	**(10,923)**	**(9,656)**	**—**	**(20,579)**
Other changes	—	—	—	—
Cash flows				
Premiums received	11,978	—	—	11,978
Claims and other directly attributable expenses paid	(27,225)	—	—	(27,225)
Insurance acquisition cash flows	—	—	—	—
Total cash flows	**(15,247)**	**—**	**—**	**(15,247)**
Net balance as at March 31, 2024	**748,406**	**236,010**	**—**	**984,416**
Closing insurance contract liabilities	748,406	236,010	-	984,416
Closing insurance contract assets	—	—	—	—
Net balance as at March 31, 2024	**$ 748,406**	**$ 236,010**	**$ —**	**$ 984,416**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

	Three months ended March 31, 2023			
Long Term Care Insurance	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Total**
Opening insurance contract liabilities	$ 781,602	$ 254,103	$ —	$ 1,035,705
Opening insurance contract assets	—	—	—	—
Net balance as at January 1, 2023	**781,602**	**254,103**	**—**	**1,035,705**
Changes that relate to current service				
CSM recognized in profit or loss for the services provided	—	—	—	—
Change in the risk adjustment for non-financial risk for the risk expired	—	(457)	—	(457)
Experience adjustments	(201)	—	—	(201)
	(201)	**(457)**	**—**	**(658)**
Changes that relate to future service				
Changes in estimates that adjust the CSM	—	—	—	—
Changes in estimates that result in onerous contract losses or reversal of losses	41	—	—	41
Contracts initially recognized in the period	—	—	—	—
	41	**-**	**—**	**41**
Changes that relate to past service				
Changes that relate to past service - adjustments to the LIC	—	—	—	—
Insurance service result	**(160)**	**(457)**	**—**	(617)
Finance (income) expenses from insurance contracts issued	41,079	16,488	—	57,567
Total amounts recognized in comprehensive income	**40,919**	**16,031**	**—**	**56,950**
Other changes	—	—	—	—
Cash flows				
Premiums received	13,216	—	—	13,216
Claims and other directly attributable expenses paid	(27,835)	—	—	(27,835)
Insurance acquisition cash flows	—	—	—	—
Total cash flows	**(14,619)**	—	—	**(14,619)**
Net balance as at March 31, 2023	**807,903**	**270,134**	**—**	**1,078,036**
Closing insurance contract liabilities	807,903	270,134	—	1,078,036
Closing insurance contract assets	—	—	—	—
Net balance as at March 31, 2023	**$ 807,903**	**$ 270,134**	**$ —**	**$ 1,078,036**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

The table below shows an analysis by measurement component for MYGA:

	Three months ended March 31, 2024			
MYGA	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Total**
Opening insurance contract liabilities	$ 86,723	$ 91	$ —	$ 86,814
Opening insurance contract assets	—	—	—	—
Net balance as at January 1, 2024	**86,723**	**91**	**—**	**86,814**
Changes that relate to current service				
CSM recognized in profit or loss for the services provided	—	—	—	—
Change in the risk adjustment for non-financial risk for the risk expired	—	(65)	—	(65)
Experience adjustments	464	—	—	464
	464	**(65)**	**—**	**399**
Changes that relate to future service				
Changes in estimates that adjust the CSM	—	—	—	—
Changes in estimates that result in onerous contract losses or reversal of losses	5,936	294	—	6,230
Contracts initially recognized in the period	1,409	55	—	1,464
	7,345	**349**	**—**	**7,694**
Changes that relate to past service				
Changes that relate to past service - adjustments to the LIC	—	—	—	—
Insurance service result	7,809	284	—	8,093
Finance (income) expenses from insurance contracts issued	(442)	(8)	—	(450)
Total amounts recognized in comprehensive income	**7,367**	**276**	**—**	**7,643**
Other changes	—	—	—	—
Cash flows	—	—	—	
Premiums received	9,225	—	—	9,225
Claims and other directly attributable expenses paid	(1,510)	—	—	(1,510)
Insurance acquisition cash flows	(416)	—	—	(416)
Total cash flows	**7,299**	**—**	**—**	**7,299**
Net balance as at March 31, 2024	**101,389**	**367**	**—**	**101,756**
Closing insurance contract liabilities	101,389	367	—	101,756
Closing insurance contract assets	—	—	—	—
Net balance as at March 31, 2024	**$ 101,389**	**$ 367**	**$ —**	**$ 101,756**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

	Three months ended March 31, 2023			
MYGA	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Total**
Opening insurance contract liabilities	$ 41,934	$ 47	$ —	$ 41,981
Opening insurance contract assets	—	—	—	—
Net balance as at January 1, 2023	**41,934**	**47**	**—**	**41,981**
Changes that relate to current service				
CSM recognized in profit or loss for the services provided	—	—	—	—
Change in the risk adjustment for non-financial risk for the risk expired	—	(8)	—	(8)
Experience adjustments	(11)	—	—	(11)
	(11)	(8)	**—**	**(19)**
Changes that relate to future service				
Changes in estimates that adjust the CSM	—	—	—	—
Changes in estimates that result in onerous contract losses or reversal of losses	143	3	—	146
Contracts initially recognized in the period	360	9	—	369
	503	**12**	**—**	**515**
Changes that relate to past service				
Changes that relate to past service - adjustments to the LIC	—	—	—	—
Insurance service result	492	4	—	496
Finance (income) expenses from insurance contracts issued	1,168	15	—	1,183
Total amounts recognized in comprehensive income	**1,660**	**19**	**-**	**1,679**
Other changes	—	—	—	—
Cash flows	-	-	-	
Premiums received	6,841	—	—	6,841
Claims and other directly attributable expenses paid	(370)	—	—	(370)
Insurance acquisition cash flows	—	—	—	—
Total cash flows	**6,471**	**-**	**—**	**6,471**
Net balance as at March 31, 2023	**50,064**	**66**	**—**	**50,130**
Closing insurance contract liabilities	50,064	66	—	50,130
Closing insurance contract assets	—	—	—	—
Net balance as at March 31, 2023	**$ 50,064**	**$ 66**	**$ —**	**$ 50,130**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

(f) Reinsurance contract held asset reconciliations

The following tables present reconciliations of the changes in reinsurance contract assets in accordance with IFRS 17. All reinsurance contracts held relate to the Long Term Care business.

The tables below show an analysis by remaining coverage and incurred claims for Long Term Care Reinsurance:

	Three months ended March 31, 2024			
	LRC		LIC	Total
Long Term Care Reinsurance	**Excluding loss-recovery component**	**Loss component**		
Opening reinsurance contract liabilities	$ —	$ —	$ —	$ —
Opening reinsurance contract assets	403,200	231,240	—	634,440
Net balance as at January 1, 2024	**403,200**	**231,240**	**—**	**634,440**
Net income (expenses) from reinsurance contracts held				
Reinsurance expenses	(26,757)	—	—	(26,757)
Other incurred directly attributable expenses	—	—	—	—
Claims recovered	—	(6,309)	31,046	24,737
Changes that relate to past service - adjustments to incurred claims	—	1,190	—	1,190
Changes that relate to future service - changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts	—	—	—	—
Effect of changes in the risk of reinsurers non-performance	181	—	—	181
Net income (expenses) from reinsurance contracts held	**(26,576)**	**(5,119)**	**31,046**	**(649)**
Finance income (expenses) from reinsurance contracts held	(10,085)	1,958	—	(8,127)
Total amounts recognized in comprehensive income	**(36,661)**	**(3,161)**	**31,046**	**(8,776)**
Investment components	—	—	—	—
Other changes	—	—	—	—
Cash flows				
Premiums paid net of ceding commissions and other directly attributable expenses paid	22,283	—	—	22,283
Recoveries from reinsurance	—	—	(31,046)	(31,046)
Total cash flows	**22,283**	**—**	(31,046)	**(8,763)**
Net balance as at March 31, 2024	**388,822**	**228,079**	**—**	**616,901**
Closing reinsurance contract assets	388,822	228,079	—	616,901
Closing reinsurance contract liabilities	—	—	—	—
Net balance as at March 31, 2024	**$ 388,822**	**$ 228,079**	**—**	**$ 616,901**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

	Three months ended March 31, 2023			
	LRC		LIC	Total
Long Term Care Reinsurance	**Excluding loss-recovery component**	**Loss component**		
Opening reinsurance contract liabilities	$ —	$ —	$ —	$ —
Opening reinsurance contract assets	380,042	267,452	—	647,494
Net balance as at January 1, 2023	**380,042**	**267,452**	**—**	**647,494**
Net income (expenses) from reinsurance contracts held				
Reinsurance expenses	(29,808)	—	—	(29,808)
Other incurred directly attributable expenses	—	—	—	—
Claims recovered	—	(6,985)	31,503	24,518
Changes that relate to past service - adjustments to incurred claims	—	—	—	—
Changes in estimates that adjust recoveries of losses on onerous underlying contracts	—	210	—	210
Effect of changes in the risk of reinsurers non-performance	—	—	—	—
Net income (expenses) from reinsurance contracts held	**(29,808)**	**(6,775)**	**31,503**	**(5,080)**
Finance income (expenses) from reinsurance contracts held	32,083	2,182	-	34,266
Total amounts recognized in comprehensive income	**2,275**	**(4,592)**	**31,503**	**29,186**
Investment components	—	—	—	—
Other changes	—	—	—	—
Cash flows				
Premiums paid net of ceding commissions and other directly attributable expenses paid	23,413	—	—	23,413
Recoveries from reinsurance	—	—	(31,503)	(31,503)
Total cash flows	**23,413**	**—**	**(31,503)**	**(8,090)**
Net balance as at March 31, 2023	**405,730**	**262,860**	**—**	**668,589**
Closing reinsurance contract assets	405,730	262,860	—	668,589
Closing reinsurance contract liabilities	—	—	—	—
Net balance as at March 31, 2023	**$ 405,730**	**$ 262,860**	**—**	**$ 668,589**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

The tables below show an analysis by measurement component for Long Term Care Reinsurance:

	Three months ended March 31, 2024			
Long Term Care Reinsurance	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Total**
Opening reinsurance contract assets	$ 439,505	$ 162,347	$ 32,588	$ 634,440
Opening reinsurance contract liabilities	—	—	—	—
Net balance as at January 1, 2024	**439,505**	**162,347**	**32,588**	**634,440**
Changes that relate to current service				
CSM recognized in profit or loss for the services provided	—	—	(1,182)	(1,182)
Change in the risk adjustment for non-financial risk for the risk expired	—	(138)	—	(138)
Experience adjustments	(700)	—	—	(700)
	(700)	**(138)**	**(1,182)**	**(2,020)**
Changes that relate to future service				
Changes in estimates that adjust the CSM	(5,736)	(773)	6,509	—
Contracts initially recognized in the period	—	—	—	—
Changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts	1,107	83	—	1,190
	(4,629)	**(690)**	**6,509**	**1,190**
Changes that relate to past service - adjustments to the incurred claims	—	—	—	—
Effect of changes in the risk of reinsurers non-performance	181	—	—	181
Net income (expenses) from reinsurance contracts held	**(5,148)**	**(828)**	**5,327**	**(649)**
Finance income (expenses) from reinsurance contracts held	(4,916)	(3,448)	237	(8,127)
Total amounts recognized in comprehensive income	**(10,064)**	**(4,276)**	**5,564**	**(8,776)**
Other changes	—	—	—	—
Cash flows	-	-		
Premiums paid net of ceding commissions and other directly attributable expenses paid	22,283	—	—	22,283
Recoveries from reinsurance	(31,046)	—	—	(31,046)
Total cash flows	**(8,763)**	**—**	**—**	**(8,763)**
Net balance as at March 31, 2024	**420,678**	**158,071**	**38,152**	**616,901**
Closing reinsurance contract assets	420,678	158,071	38,152	616,901
Closing reinsurance contract liabilities	—	—	—	—
Net balance as at March 31, 2024	**$ 420,678**	**$ 158,071**	**$ 38,152**	**$ 616,901**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

	Three months ended March 31, 2023			
Long Term Care Reinsurance	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Total**
Opening reinsurance contract assets	$ 429,884	$ 173,274	$ 44,337	$ 647,494
Opening reinsurance contract liabilities	—	—	—	—
Net balance as at January 1, 2023	**429,884**	**173,274**	**44,337**	**647,494**
Changes that relate to current service				
CSM recognized in profit or loss for the services provided	—	—	(4,952)	(4,952)
Change in the risk adjustment for non-financial risk for the risk expired	—	(185)	—	(185)
Experience adjustments	(154)	—	—	(154)
	(154)	**(185)**	**(4,952)**	**(5,290)**
Changes that relate to future service				
Changes in estimates that adjust the CSM	(161)	—	161	—
Contracts initially recognized in the period	—	—	—	—
Changes in estimates that adjust recoveries of losses on onerous underlying contracts	210	—	—	210
	49	**—**	**161**	**210**
Changes that relate to past service - adjustments to the incurred claims	—	—	—	—
Effect of changes in the risk of reinsurers non-performance	—	—	—	—
Net income (expenses) from reinsurance contracts held	**(105)**	**(185)**	**(4,791)**	**(5,080)**
Finance income (expenses) from reinsurance contracts held	22,639	11,312	315	34,266
Total amounts recognized in comprehensive income	**22,534**	**11,127**	**(4,476)**	**29,186**
Other changes	—	—	—	—
Cash flows				
Premiums paid net of ceding commissions and other directly attributable expenses paid	23,413	—	—	23,413
Recoveries from reinsurance	(31,503)	—	—	(31,503)
Total cash flows	**(8,090)**	**—**	**—**	**(8,090)**
Net balance as at March 31, 2023	**444,327**	**184,401**	**39,861**	**668,589**
Closing reinsurance contract assets	444,327	184,401	39,861	668,589
Closing reinsurance contract liabilities	—	—	—	—
Net balance as at March 31, 2023	**$ 444,327**	**$ 184,401**	**$ 39,861**	**$ 668,589**

(g) Impact of contracts recognized during the year

The following tables present the impact of insurance and reinsurance contracts initially recognized in the period, which are within the MYGA portfolio.

	Three months ended March 31, 2024		
MYGA	**Non-onerous contracts originated**	**Onerous contracts originated**	**Total**
Estimates of the present value of future cash outflows			
- Insurance acquisition cash flows	—	484	484
- Claims and other directly attributable expenses	—	11,408	11,408
Estimates of the present value of future cash outflows	**—**	**11,892**	**11,892**
Estimates of the present value of future cash inflows	—	(10,483)	(10,483)
Risk adjustment for non-financial risk	—	55	55
CSM	—	—	—
Increase in insurance contract liabilities from contracts recognized in the period	**$ —**	**$ 1,464**	**$ 1,464**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

	Three Months Ended March 31, 2023		
MYGA	**Non-onerous contracts originated**	**Onerous contracts originated**	**Total**
Estimates of the present value of future cash outflows			
- Insurance acquisition cash flows	—	—	—
- Claims and other directly attributable expenses	—	5,453	5,453
Estimates of the present value of future cash outflows	**—**	**5,453**	**5,453**
Estimates of the present value of future cash inflows	—	(5,092)	(5,092)
Risk adjustment for non-financial risk	—	9	9
CSM	—	—	—
Increase in insurance contract liabilities from contracts recognized in the period	**$ —**	**$ 370**	**$ 370**

(h) Expected recognition of the CSM

An analysis of the expected recognition of the CSM remaining at the end of the reporting period in profit or loss is provided in the following table:

	Reinsurance contracts held	
Number of years until expected to be recognized	**Long Term Care Reinsurance**	**Total CSM for reinsurance contracts held**
As at March 31, 2024		
1	$ (4,433)	$ (4,433)
2	(3,992)	(3,992)
3	(3,585)	(3,585)
4	(3,212)	(3,212)
5	(2,866)	(2,866)
6-10	(10,074)	(10,074)
>10	(9,990)	(9,990)
Total	**$ (38,152)**	**$ (38,152)**

	Reinsurance contracts held	
Number of years until expected to be recognized	**Long Term Care Reinsurance**	**Total CSM for reinsurance contracts held**
As at March 31, 2023		
Less than 1 year	$ (4,489)	(4,489)
1-2	(4,055)	(4,055)
2-3	(3,655)	(3,655)
3-4	(3,286)	(3,286)
4-5	(2,949)	(2,949)
5-10	(10,554)	(10,554)
>10	(10,873)	(10,873)
Total	**$ (39,861)**	**$ (39,861)**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

(i) Insurance contracts contractual obligations

Insurance contracts give rise to obligations fixed by agreement. As at March 31, 2024 and December 31, 2023, the Company's contractual obligations and commitments relating to insurance contracts are as follows.

Long Term Care Insurance

As at March 31, 2024	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Insurance contract liabilities (1)	(60,013)	(133,233)	(148,471)	(1,491,186)	(1,832,903)

As at December 31, 2023	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Insurance contract liabilities (1)	(60,471)	(126,026)	(132,225)	(1,186,973)	(1,505,695)

MYGA

As at March 31, 2024	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Insurance contract liabilities (2)	(4,655)	(23,838)	(78,172)	(11,610)	(118,275)

As at December 31, 2023	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Insurance contract liabilities (2)	(3,648)	(18,542)	(69,932)	(11,355)	(103,477)

(1) Insurance contract liability cash flows for Long term care insurance include estimates related to the timing and payment of disability claims, lapse rates, commissions and premium taxes offset by contractual future premiums on in-force contract and also includes explicit risk adjustment for non financial risk. These estimated cash flows are based on the best estimate assumptions used in the determination of insurance contract liabilities and are discounted to the present value. Due to the use of assumptions, actual cash flows may differ from these estimates.

(2) Insurance contract liability cash flows for MYGA include expected cash flows of fixed annuity products discounted to the present value and an explicit risk adjustment for non-financial risk. Due to the use of assumptions, actual cash flows may differ from these estimates.

14. Investment contract liabilities

Investment contract liabilities are contractual obligations that are measured at amortized cost and do not contain significant insurance risk. Investment contract liabilities include MYGA annuity products that provide guaranteed income payments for a contractually determined period.

The following table presents the carrying and fair values of investment contract liabilities.

As at March 31, 2024	Amortized Cost (1)	Fair Value (2)
U.S. fixed annuity products	$ 203,592	$ 199,079
Investment contract liabilities	$ 203,592	$ 199,079

As at December 31, 2023	Amortized Cost (1)	Fair Value (2)
U.S. fixed annuity products	$ 169,314	$ 159,739
Investment contract liabilities	$ 169,314	$ 159,739

(1) Carrying value of fixed annuity products is the contract value of the annuities which includes premium paid by policyholders and interest accretion less any withdrawals.

(2) Fair value of fixed annuity products is determined by projecting cash flows according to the contract terms and discounting the cash flows at current market rates. As at March 31, 2024 and December 31, 2023, fair value of all investment contract liabilities was determined using Level 2 valuation techniques.

The changes in investment contract liabilities measured at amortized cost was a result of the following business activities.

	Three months ended March 31, 2024
Beginning balance	$ 169,314
Policy deposits	32,503
Interest	2,279
Withdrawals	(504)
Balance as at March 31, 2024	**$ 203,592**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

		Three months ended March 31, 2023
Beginning balance	$	89,358
Policy deposits		22,571
Interest		1,412
Withdrawals		(747)
Balance as at March 31, 2023	**$**	**112,594**

Investment contracts contractual obligations

As at March 31, 2024 and December 31, 2023, the Company's contractual obligations and commitments relating to the investment contracts are as follows.

March 31, 2024

Payments due by period		Less than 1 year		1 to 3 years		3 to 5 years		Over 5 years		Total
Investment contract liabilities	$	—	$	45,331	$	172,776	$	21,755	$	239,862

December 31, 2023

Payments due by period		Less than 1 year		1 to 3 years		3 to 5 years		Over 5 years		Total
Investment contract liabilities	$	—	$	33,250	$	149,538	$	21,045	$	203,833

15. Income taxes

Current tax is the amount of income tax recoverable (payable) in respect of the taxable loss (profit) for a period. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for accounting and tax purposes. Income earned through the Company's foreign subsidiaries is generally taxed in the foreign country in which they operate. Canada also taxes the income earned through the Company's controlled foreign subsidiaries and a deduction is allowed for certain foreign taxes paid on such income.

Tax reconciliation

The effective income tax rate reflected in the Consolidated Statements of Comprehensive Income (Loss) varies from the Canadian tax rate of 26.50 percent for the three months ended March 31, 2024 (March 31, 2023 – 26.50 percent) for the items outlined in the following table.

For the three months ended March 31,		**2024**		**2023**
Income (loss) before income taxes	$	13,148	$	(29,187)
Combined Canadian federal and provincial statutory tax rate		26.50%		26.50%
Income tax expense at Canadian statutory tax rate		3,484		(7,735)
Increase (decrease) resulting from:				
Permanent differences in tax rate on income not subject to tax in Canada		(48)		(659)
Deferred tax asset not recognized		(6,765)		14,352
Effect of tax rate of foreign jurisdictions		(747)		1,508
Foreign Accrual Property Income impact		4,244		(7,154)
Other		(112)		(47)
Income tax expense (recovery)	**$**	**56**	**$**	**265**

The following table presents a summary of the Company's income tax expense (recovery).

For the three months ended March 31,		**2024**		**2023**
Current tax				
Current tax on profits for the year	$	166	$	585
Total current tax		166		585
Deferred tax				
Origination and reversal of timing difference		(110)		(321)
Total deferred tax		(110)		(321)
Total income tax (recovery)	$	56	$	265

(in thousands of United States dollars, except per share amounts and where otherwise noted)

Deferred tax asset – asset management

As at	March 31, 2024	December 31, 2023
Expenditure pools not yet deducted (1)	$ 53,704	$ 54,925
Non-capital losses available (2)	22,053	27,529
Net capital losses available (3)	22,791	23,310
Other (4)	7,613	17,503
Gross deductible temporary differences	106,161	123,267
Deferred tax asset, gross	28,119	32,528
Deferred tax asset not recognized	(26,189)	(30,708)
Deferred tax asset, net	**$ 1,930**	**$ 1,820**

(1) The Company has $53,704 of scientific research and experimental development expenditure pools available for deduction against future income. These expenditure pools have no expiry date.

(2) The Company has $22,053 of non-capital losses available to offset future taxable income. These losses expire between 2032 and 2043.

(3) The Company has $22,791 of net capital losses available to offset future capital gains for which no benefit has been recorded. These losses have no expiry date.

(4) The Company has $276 of temporary differences for which no benefit has been recorded. These temporary differences have no expiry date.

Deferred tax asset – insurance

The insurance segment has unrecorded deferred tax assets of $11.8 million. These unrecorded deferred tax assets are made up of temporary differences that do not have an expiry date and $44.7 million of non-capital losses that will begin to expire in 2036.

As at	March 31, 2024	December 31, 2023
Insurance reserves	$ (12,525)	$ (231)
Deferred acquisition costs	34,569	34,253
Net operating loss carryforward	44,659	45,439
Capital loss carryforward	751	751
Investments	54,688	56,486
Other	(66,184)	(70,087)
Gross deductible temporary differences	55,958	66,611
Deferred tax asset, gross	11,751	13,988
Deferred tax asset not recognized	(11,751)	(13,988)
Deferred tax asset, net	$ —	$ —

Deferred acquisition costs ("DAC") consist of commissions and other costs that are directly related to the successful renewal of long-term care contracts for tax purposes only.

On August 16, 2022, the U.S. enacted the Inflation Reduction Act of 2022 (“IRA”) which is generally effective for years beginning after December 31, 2022. Notably, the bill created a 15% corporate alternative minimum tax (“CAMT”) on corporations with three-year average financial statement income over $1 billion. The Internal Revenue Service has issued limited preliminary guidance. The Company has made certain interpretations and assumptions to comply with CAMT. The Company’s financial statement income is below $1 billion, therefore it is not expected the Company would have a CAMT liability. If CAMT is paid in the future, the amount would be indefinitely available as a credit carryforward that would reduce tax in future years and would be treated as a temporary item reflected within deferred taxes.

The Company has reviewed and made an assessment of the potential exposure to Pillar Two income taxes. The review was generally based on the most recent information available from tax filings, country-by-country reporting and financial statements, and takes into account known changes in the group and its operations. Based on the review and assessment the Company has concluded that they do not have any potential exposure to Pillar Two income taxes.

16. Segment reporting

MLC operates through two reportable segments: asset management and insurance.

The Company defines operating segments by type of product and business line. The Chief Executive Officer analyzes the results of each reportable segment, which are based on their performance as defined by the Company's management structure. Each reportable segment is responsible for managing its operating results, developing products, defining strategies for services and distribution based on the profile and needs of its business and market.

The asset management business consists of management and other fees, and interest and dividend income from investments. Management and other fees are comprised of fees received as the investment manager to the funds managed and servicing fees for providing certain administrative services to SCIM in respect of the management of ACIF. Interest and dividend income are comprised of revenue received from investments held. Historically all corporate and overhead expenses including those which could not be separately reimbursed by the underlying insurance company, Ability, were reflected within the asset management segment. As of June 30, 2023 the Company changed its presentation of its corporate and overhead expenses as a reconciling column to better reflect its asset management and insurance segments' performance and how its Chief Executive Officer analyses the results of each reportable segment. Corporate and overhead expenses that were not directly attributable to either the asset management or insurance segment have been reflected within the "Corporate" column below. The comparative figures as of March 31, 2023 have been recast to reflect this change in presentation.

The insurance business is operated by Ability. Ability's insurance business consists of premium revenue from long term care insurance policies and assumed MYGA premiums, as well as investment income generated from Ability's investment portfolio.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

Financial information for the reportable segments is presented in the following tables:

For the three months ended March 31, 2024	Asset Management [1]	Insurance	Corporate [1]	Intercompany Adjustments [2]	Total
Revenue					
Management and incentive fee	$ 4,923	$ —	$ —	$ (1,429)	$ 3,494
Equity investment earning	224	—	—	—	224
Insurance service result	—	(3,092)	—	—	(3,092)
Net investment income	383	20,375	—	1,429	22,187
Net gains (losses) from investment activities	(71)	2,666	—	—	2,595
Realized and unrealized gains (losses) on embedded derivative — funds withheld	—	(3,829)	—	—	(3,829)
Other income	—	6	—	—	6
Total revenue	5,459	16,126	—	—	21,585
Less:					
Administration and servicing fees	1,057	—	366	—	1,423
Transaction costs	369	—	(118)	—	251
Amortization of intangible assets	346	—	—	—	346
Interest and other credit facility expenses	1,107	—	595	—	1,702
Net insurance finance (income) expenses	—	(7,252)	—	—	(7,252)
Increase (decrease) in investment contract liabilities	—	2,279	—	—	2,279
(Increase) decrease in reinsurance contract assets	—	3,556	—	—	3,556
General, administrative and other	3,005	2,239	888	—	6,132
Income tax expense	56	—	—	—	56
Net income (loss)	$ (481)	$ 15,304	$ (1,731)	$ —	$ 13,092
Total assets	$ 122,069	$ 1,626,005	$ —	$ (58,020)	$ 1,690,054
Total liabilities	$ 43,887	$ 1,547,754	$ 37,848	$ (4,386)	$ 1,625,103

(1) Adjustments are made for allocation of corporate expenses for the asset management segment.

(2) Adjustments are made for the intercompany transactions between MLC and Ability.

For the three months ended March 31, 2023	Asset Management [1]	Insurance	Corporate [1]	Intercompany Adjustments [2]	Total
Revenue					
Management and incentive fee	$ 2,060	$ —	$ —	$ (823)	$ 1,237
Equity investment earning	468	—	—	—	468
Insurance service result	—	(4,961)	—	—	(4,961)
Net investment income	324	19,399	—	823	20,546
Net gains (losses) from investment activities	(103)	2,609	—	—	2,506
Realized and unrealized gains (losses) on embedded derivative — funds withheld	—	(7,684)	—	—	(7,684)
Other income	—	—	—	—	—
Total revenue	2,749	9,363	—	—	12,112
Less:					
Administration and servicing fees	491	—	—	—	491
Transaction costs	158	—	—	—	158
Amortization of intangible assets	140	—	—	—	140
Interest and other credit facility expenses	925	—	329	—	1,254
Net insurance finance (income) expenses	—	24,484	—	—	24,484
Increase (decrease) in investment contract liabilities	—	1,412	—	—	1,412
(Increase) decrease in reinsurance contract assets	—	5,525	—	—	5,525
General, administrative and other	2,092	4,900	843	—	7,835
Income tax expense	265	—	—	—	265
Net income (loss)	$ (1,322)	$ (26,958)	$ (1,172)	$ —	$ (29,452)
Total assets	$ 104,725	$ 1,516,496	$ —	$ (50,055)	$ 1,571,166
Total liabilities	$ 37,022	$ 1,491,364	$ 22,757	$ (1,421)	$ 1,549,722

(1) Adjustments are made for allocation of corporate expenses for the asset management segment.

(2) Adjustments are made for the intercompany transactions between MLC and Ability.

17. Commitments and contingencies

Investment commitments

In the normal course of business, the Company may enter into commitments to fund investments, which are not reflected in the Consolidated Financial Statements. There were $1.4 million of outstanding investment commitments as at March 31, 2024 (December 31, 2023 – $1.4 million).

In connection with the Capitala Acquisition, ML Management issued a promissory note to CIA for $4.0 million, which pursuant to the terms in the agreement, may increase to $6.0 million, based on the maturity date asset values of a predefined list of assets held by Logan Ridge.

Service agreements

In connection with the Capitala Acquisition, ML Management entered into a transition services agreement with CIA to provide certain non-investment advisory services upon reasonable request. There were no outstanding service fees as at March 31, 2024 (December 31, 2023 – $0.3 million) that are payable through March 31, 2024.

Contingent liabilities and litigation

The Company may be subject to lawsuits in the normal course of business. Insurance in particular is a highly regulated industry and lawsuits related to claim payments should be expected in the normal course of business. In the asset management business certain types of investment vehicles, especially those offered to individual investors, may subject the Company to a variety of risks, including new and greater levels of public and regulatory scrutiny, regulation, risk of litigation and reputation risk, which could materially and adversely affect the Company. Other potential lawsuits include allegations of mis-selling in the insurance segment, among others. The Company considers this risk to be less likely given that Ability no longer directly writes insurance policies.

Ability at different times may receive notifications of the insolvency of various insurance companies. It is expected that such insolvencies would result in a Guaranty Fund Assessment against Ability at some future date. At this time, the Company is unable to estimate the possible amounts, if any, of such assessments as no data is available from the National Organization of Life and Health Guaranty Associations in the United States. Accordingly, the Company is unable to determine the impact, if any, that such assessments may have on its financial position or results of operations.

Ability is subject to lawsuits and regulatory actions in the normal course of business that do not arise from or directly relate to claims on insurance policies. This category of business litigation typically involves, among other things, allegations of underwriting errors or misconduct and litigation related to regulatory activity. These nonclaims litigation matters are considered when determining general expense accruals are necessary. As at March 31, 2024, there were no litigation related expense accruals. Potential legal and regulatory actions are subject to inherent uncertainties, and future events could change management's assessment of the probability or estimated amount of potential losses from pending or threatened legal and regulatory matters. A future adverse ruling by the courts in any pending cases could have a material adverse impact on the financial condition of Ability. Based on management's best assessment at this time, Ability is adequately reserved for these cases as at March 31, 2024.

18. Financial risk management

In the normal course of business, the Company is exposed to a variety of financial risks. The Company seeks to minimize potential adverse effects of these risks for the Company's performance through management's professional experience in portfolio management and by monitoring the Company's investment positions and market events, and periodically may use derivatives to hedge certain risk exposures. To assist in managing risks, the Company maintains a governance structure that oversees the investment activities and monitors compliance with the Company's stated investment strategies, internal guidelines, and securities regulations.

Credit and counterparty risk

Credit and counterparty risk is the potential for loss due to the failure of a borrower or counterparty to repay a loan or honor another predetermined financial obligation. Credit risk arises predominantly with respect to loans, derivatives and other credit instruments. The objective of credit risk management is to ensure that all material credit risks to which the Company is exposed are identified, measured, managed, monitored and reported. The Company's credit risk policy is to minimize its exposure to counterparties with perceived higher risk of default by dealing only with counterparties that meet the Company's credit standards and by obtaining collateral through security on assets of the obligors.

All credit risk exposures are subject to regular monitoring. The frequency of review increases in accordance with the likelihood and size of potential credit losses. In addition, regular portfolio and sector reviews are carried out, including scenario analysis based on current, emerging or prospective risks.

The Company's maximum credit risk exposure as at the reporting date is represented by the respective carrying amounts of the financial assets in the Consolidated Statements of Financial Position.

Market risk

Market risk is the potential for adverse changes in the value of the Company's assets and liabilities resulting from market variables such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing). The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk includes currency risk, interest rate risk and other price risk.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company holds certain debt investments with fixed interest rates that exposes it to fair value interest rate risk. The Company also holds debt investments with variable interest rates that exposes it to cash flow interest rate risk and is partially mitigated with those debt investments subject to an interest rate floor. The Company also has obligations to policyholders and other debt obligations that exposes it to interest rate risk. The fair value of these obligation may change if base rate changes in interest rates occur.

Interest rate sensitivity

The following table summarizes the potential impact on net income of hypothetical base rate changes in interest rates on our debt investments, debt obligations, investment contract liabilities, insurance contract liabilities and interest rate swaps assuming a parallel shift in the yield curve, with all other variables remaining constant.

As at	**March 31, 2024**	**December 31, 2023**
50 basis point increase [1]	$ 13,923	$ 20,186
50 basis point decrease [1]	(16,913)	(21,860)

(1) Losses are presented in brackets and gains are presented as positive numbers.

Actual results may differ significantly from these sensitivity analyses. As such, the sensitivities should only be viewed as directional estimates of the underlying sensitivities for the respective factors based on the assumptions outlined above.

During the three months ended March 31, 2024, the Company entered into interest rate swaps to economically hedge fair value interest rate risk on fixed rate debt investments. The Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Derivatives are initially measured at fair value with subsequent changes therein recognized in the Consolidated Statements of Comprehensive Income (Loss). The Company's derivative instruments are disclosed below:

As at March 31, 2024	**Notional**	**Derivative assets**	**Derivative liabilities**
Interest rate swaps	$ 187,000	—	$ (672)
Total	**$ 187,000**	**$ —**	**$ (672)**

The interest rate swaps are recorded on the Consolidated Statement of Financial Position as "Derivatives" within the insurance segment with the mark-to-market changes in fair value being recorded as part of "net gains (losses) from investment activities" within the insurance segment on the Consolidated Statement of Comprehensive Income.

Restricted cash posted as collateral consists of cash deposited at a bank that is pledged as collateral in connection with the interest rate swaps. The below table represents the cash posted as collateral associated with open derivative positions:

As at March 31, 2024	**March 31, 2024**	**December 31, 2023**
Restricted cash posted as collateral	$ 12,253	$ —
Total	**$ 12,253**	**$ —**

Liquidity and funding risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities as they fall due or can only do so on terms that are materially disadvantageous. Prudent liquidity risk management includes maintaining sufficient cash on hand and the availability of funding through an adequate amount of committed credit facilities. The Company may borrow funds to make investments to the extent it determines that additional capital would allow it to take advantage of additional investment opportunities or if the market for debt financing presents attractively priced debt financing opportunities. The Company also has the ability to raise additional liquidity through the issuance of common shares, issuance of debt, and through the sale of its portfolio investments. Periodic cash flow forecasts are performed to ensure the Company has sufficient cash to meet operational and financing costs.

Liquid assets

Liquid assets, including high-quality assets that are marketable, can be pledged as security for borrowings, and can be converted to cash in a time frame that meets liquidity and funding requirements.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

As at		**March 31, 2024**		**December 31, 2023**
Cash and cash equivalents	$	67,850	$	90,220
Restricted cash posted as collateral		12,253		—
Investments		627,216		643,578
Management fee receivable		2,819		2,599
Receivable for investments sold		51		6,511
Accrued interest and dividend receivable		20,229		19,340
Total liquid assets	**$**	**730,418**	**$**	**762,248**

The liquid assets held by the Company's insurance company, Ability, are subject to restrictions which prevent the Company from transferring these assets to other entities within the group without insurance regulatory approvals. These assets are not restricted for use within the insurance company.

Contractual maturities of assets and liabilities and off-balance sheet commitments

The tables below show the remaining contractual maturities of on-balance sheet assets and liabilities and off-balance sheet commitments. The contractual maturity of financial assets and liabilities is an input to, but is not necessarily consistent with, the expected maturity of assets and liabilities that is used in the management of liquidity and funding risk. The Company forecasts asset and liability cash flows, under both normal market conditions and a number of stress scenarios, to manage liquidity and funding risk. Stress scenarios include assumptions for loan repayments, and credit commitment and facility drawdowns. Stress scenarios also consider the time horizon over which liquid assets can be monetized and related haircuts and collateral requirements that may result from both market volatility and credit rating downgrades, among other assumptions.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

The following table summarizes the Company's contractual maturities of financial assets and liabilities and off-balance sheet commitments. Additional information regarding Ability's insurance contract liabilities is included in Note 13.

						March 31, 2024
	Less than 1 year	1-3 years	3-5 years	Over 5 years	No specified maturity	Total
On-Balance Sheet Financial Instruments						
Assets						
Asset Management:						
Cash	$ —	$ —	$ —	$ —	$ 2,602	$ 2,602
Investments	—	—	—	13,587	12,658	26,245
Intangible assets	—	—	—	—	28,433	28,433
Other assets	4,839	—	—	—	1,930	6,769
Insurance:						
Cash	65,248	—	—	—	—	65,248
Restricted cash posted as collateral	—	—	—	—	12,253	12,253
Investments	105,730	126,536	160,644	644,814	5,304	1,043,028
Guaranty funds on deposit	—	—	—	—	71	71
Other assets	22,016	—	—	—	—	22,016
Total assets	197,833	126,536	160,644	658,401	63,251	1,206,665
Liabilities and equity						
Asset Management:						
Due to affiliates	—	—	—	—	10,728	10,728
Debt obligations	1,009	6,692	31,468	27,552	—	66,721
Derivatives - debt warrants	—	—	—	—	296	296
Accrued expenses and other liabilities	3,990	—	—	—	—	3,990
Insurance:						
Debt obligations	—	—	2,250	12,000	—	14,250
Funds held under reinsurance contracts	—	—	—	235,273	—	235,273
Derivatives	—	7	397	268	—	672
Accrued expenses and other liabilities	3,409	—	—	—	—	3,409
Total liabilities	8,408	6,699	34,114	275,093	11,024	335,339
Total equity	—	—	—	—	64,951	64,951
Total liabilities and equity	**$ 8,408**	**$ 6,699**	**$ 34,114**	**$ 275,093**	**$ 75,975**	**$ 400,290**
Off-Balance Sheet Commitments						
Asset Management:						
Commitments to extend credit (1)	$ —	$ —	$ —	$ 1,414	$ —	$ 1,414
Total Off-Balance Sheet Commitments	**$ —**	**$ —**	**$ —**	**$ 1,414**	**$ —**	**$ 1,414**

(1) In the normal course of business the Company may enter into commitments to fund investments which are not reflected in the Consolidated Financial Statements. There were $1.4 million of outstanding investment commitments as at March 31, 2024.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

	December 31, 2023					
	Less than 1 year	1-3 years	3-5 years	Over 5 years	No specified maturity	Total
On-Balance Sheet Financial Instruments						
Assets						
Asset Management:						
Cash	$ —	$ —	$ —	$ —	$ 990	$ 990
Investments	—	—	—	13,587	13,122	26,709
Intangible assets	—	—	—	—	28,779	28,779
Other assets	4,773	—	—	—	1,820	6,593
Insurance:						
Cash	89,230	—	—	—	—	89,230
Investments	109,347	105,942	123,704	660,103	9,541	1,008,637
Guaranty funds on deposit	—	—	—	—	113	113
Other assets	27,395	—	—	—	—	27,395
Total assets	230,745	105,942	123,704	673,690	54,365	1,188,446
Liabilities and equity						
Asset Management:						
Due to affiliates	12,113	—	—	—	—	12,113
Debt obligations	1,346	12,007	31,468	17,210	—	62,030
Accrued expenses and other liabilities	3,494	—	—	—	—	3,494
Insurance:						
Debt obligations	—	—	2,250	12,000	—	14,250
Funds held under reinsurance contracts	—	—	—	238,253	—	238,253
Reinsurance liabilities	—	—	—	—	—	—
Accrued expenses and other liabilities	30,116	—	—	—	—	30,116
Total liabilities	47,069	12,007	33,718	267,463	—	360,256
Total equity	—	—	—	—	51,952	51,952
Total liabilities and equity	**$ 47,069**	**$ 12,007**	**$ 33,718**	**$ 267,463**	**$ 51,952**	**$ 412,208**
Off-Balance Sheet Commitments						
Asset Management:						
Commitments to extend credit (1)	$ —	$ —	$ —	$ 1,414	$ —	$ 1,414
Service agreements	250	—	—	—	—	250
Total Off-Balance Sheet Commitments	**$ 250**	**$ —**	**$ —**	**$ 1,414**	**$ —**	**$ 1,664**

(1) In the normal course of business the Company may enter into commitments to fund investments which are not reflected in the Consolidated Financial Statements. There were $1.4 million of outstanding investment commitments for asset management as at December 31, 2023.

Valuation risk

MLC invests, and plans to continue to invest, primarily in illiquid debt of private companies. The majority of the insurance segment's investments are liquid, have readily available market prices, falling under level 1 or level 2 of the fair value hierarchy. Most of the MLC's, and a portion of the insurance segment's, investments will not have a readily available market price, and the Company values these investments at fair value as determined in good faith by management and independent third-party valuation firm(s), in accordance with the Company's valuation policy. There is no single standard for determining fair value. As a result, determining fair value requires judgment be applied to the specific facts and circumstances of each portfolio investment while employing a consistently applied valuation process for the types of investments the Company makes. If the Company was required to liquidate a portfolio investment in a forced or liquidation sale, it may realize amounts that are different from the amounts presented and such differences could be material.

Price declines in the medium- and large-sized corporate debt market may adversely affect the fair value of the Company's portfolio, reducing the net asset value of the Company through increased net unrealized depreciation.

Concentration risk

Concentration risk arises because of the concentration of exposures within the same category, whether it is geographic location, product type, industry sector or counterparty type.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

The following is a summary of the Company's investments concentration risk:

	March 31, 2024		December 31, 2023	
	Fair value	% of total	Fair value	% of total
Asset management				
United States	$ 24,630	94%	$ 25,038	94%
Canada	1,615	6%	1,671	6%
	26,245	100%	26,709	100%
Insurance				
United States	762,095	73%	733,376	73%
Canada	9,839	1%	9,936	1%
Other	271,094	26%	265,325	26%
	1,043,028	100%	1,008,637	100%
	$ 1,069,273		**$ 1,035,346**	

The insurance segment's insurance contract liabilities are originated entirely in the United States.

Currency risk

Currency risk is the risk that financial instruments which are denominated in currencies other than the Company's functional currency, the United States dollar, will fluctuate due to changes in currency exchange rates and adversely impact the Company's reported income, cash flows or fair values of its investment holdings. The Company may reduce its currency exposure through the use of derivative arrangements such as foreign exchange forward contracts or futures contracts.

As at March 31, 2024 and December 31, 2023, the Company had exposure to the Canadian dollar through its holding of investments and other assets and liabilities denominated in Canadian dollars. The amount by which the net assets of the Company would have increased or decreased, as at March 31, 2024, had the prevailing exchange rates been lowered or raised by $0.01 was $15 (December 31, 2023 – $17). In practice, actual results may differ from this sensitivity analysis.

The table below summarizes the currencies that the Company had significant net exposure on its financial assets and liabilities:

As at	Currency exposure	Non-USD denominated investments	Non-USD denominated assets	Non-USD denominated liabilities	Net exposure	As a % of net equity
March 31, 2024	CAD	$ 3,343	$ 34	$ (535)	$ 2,842	4.4%
December 31, 2023	CAD	3,416	36	(399)	3,053	5.9%

As at March 31, 2024 and December 31, 2023, the majority of the Company's net assets were denominated in U.S. dollars.

Reinsurance Risk

In the normal course of business, Ability limits the amount of loss on any one policy by reinsuring certain levels of risk with other insurers. In addition, the Company accepts reinsurance from other reinsurers. Reinsurance ceded does not discharge Ability's liability as the primary insurer. Failure of reinsurers to honor their obligations could result in losses to Ability; consequently, allowances are established for any amounts deemed uncollectible after considering the benefit of collateral held. Ability continually monitors the financial health and solvency of its reinsurance partners and the quality of the collateral held in the Front Street Re and Vista Life portfolios.

Certain concentrations of credit risk related to reinsurance recoverables exist with the insurance organizations listed in the table below:

As at March 31, 2024	A.M Best Credit Rating	Reinsurance Contract Assets	Funds withheld payable	Net reinsurance credit exposure
Medico Insurance Company	A-	$ 4,403	$ —	$ 4,403
Front Street Re	Not Rated	425,334	235,273	190,061
Vista Life and Casualty Reinsurance Co (1)	Not Rated	—	—	—
Total		**$ 429,737**	**$ 235,273**	**$ 194,464**

As at December 31, 2023	A.M Best Credit Rating	Reinsurance Contract Assets	Funds withheld payable	Net reinsurance credit exposure
Medico Insurance Company	A-	$ 4,416	$ —	$ 4,416
Front Street Re	Not Rated	435,702	238,253	197,449
Vista Life and Casualty Reinsurance Co (1)	Not Rated	2,555	—	2,555
Total		**$ 442,673**	**$ 238,253**	**$ 204,420**

(1) Under the modified coinsurance agreement with Vista Life, the funds withheld assets are held with legal right of offset to the related insurance contract liabilities. As at March 31, 2024, the reinsurance contract asset was $187.1 million and the fair value of assets held in the designated Vista Life portfolios was $191.0 million. As at December 31, 2023, the reinsurance contract asset was $194.3 million and the fair value of assets held in the designated Vista Life portfolios was $191.8 million, therefore there is no credit exposure to report in the table above.

As at March 31, 2024, the insurance segment's exposure to credit risk was mitigated by collateral held as security under funds withheld and modified coinsurance agreements. Net exposure after considering offsetting agreements and the benefit of the fair value of collateral held was $194.5 million as at March 31, 2024 (December 31, 2023 - $204.4 million). Refer to Note 13 for additional information.

19. Capital management and requirements

The Company's equity consists of capital and debt. In order to maintain or adjust the capital structure, the Company actively manages its equity as capital and may adjust the amount of debt borrowings, dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets. The Company's capital management framework takes into account the requirements of the Company as a whole as well as the needs and requirements of each of its subsidiaries. The Company's officers and senior management are responsible for managing the Company's capital and do so through quarterly portfolio management meetings and regular review of financial information.

As at March 31, 2024, the Company was in compliance with all financial covenants in its debt facilities.

Regulatory capital requirements for Ability are determined in accordance with statutory requirements of the Nebraska Department of Insurance. The RBC requirement is a statutory minimum level of capital that is based on multiple factors including: an insurance company's size, and the inherent riskiness of its financial assets, liabilities and operations. That is, the company must hold capital in proportion to its risk. The minimum RBC ratio for Ability is 200% and Ability must have a ratio in excess of 300% to be able to reinsurer new business. Ability's RBC ratio is tested annually at the end of Ability's financial year and estimated on a quarterly basis. When estimated at March 31, 2024 it was in excess of the minimum requirement. From time to time during a particular financial year, Ability may take steps to increase its RBC ratio to ensure it remains above the minimum requirement or exceeds the ratio required to write new business, which steps may include, among other things, securing additional funding. Ability's minimum capital requirements do not require a minimum level of cash to be held. Ability does not have to include cash as part of its regulatory capital provided the minimum capital requirements are satisfied.

20. Current environment updates

Uncertainty with respect to the economic effects of rising interest rates in response to inflation, the war between Russia and Ukraine and other geopolitical events has introduced significant volatility in the financial markets, and the effect of the volatility could materially impact the Company's market risks, including those discussed in Note 18 above.

All of these impacts could negatively affect the Company's financial outlook, results and operations.

21. Subsequent events

On May 9, 2024, the Board declared a cash dividend in the amount of C$0.02 per common share to be paid on May 31, 2024 to shareholders of record on May 22, 2024.

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