

NEWS RELEASE

Mount Logan Capital Inc. Announces Agreement to Acquire Ability Insurance Company

All amounts are stated in United States dollars, unless otherwise indicated.

TORONTO, May 19, 2021 – Mount Logan Capital Inc. (NEO: MLC) (“Mount Logan,” “our,” “we,” or the “Company”) announces that it has entered into a non-binding agreement (the “Purchase Agreement”) for the acquisition of 100% of the equity of Ability Insurance Company (“Ability”) for a purchase price of \$20 million (the “Purchase Consideration”) to be satisfied through the issuance of an unsecured promissory note in the amount of \$15 million and \$5 million of common shares of Mount Logan (the “Transaction”). Mount Logan’s wholly-owned subsidiary, Mount Logan Management LLC (“ML Management”) is proposed to manage a meaningful portion of Ability’s assets, significantly increasing ML Management’s assets under management (“AUM”).

Ability is a Nebraska domiciled insurer and reinsurer of long-term care policies with approximately \$900 million of invested statutory assets as of December 31, 2020. Ability is unique in the insurance industry in that its long-term care portfolio’s morbidity risk has been largely re-insured to third parties, and Ability is no longer insuring or re-insuring new long-term care risk. The Seller (as defined below) has also agreed to provide certain protections that increase the credit quality of Ability’s investment portfolio and limit risk associated with Ability’s long-term care liabilities. As part of the Transaction, it is proposed that the Purchase Consideration will be retained by Ability on a contingent basis to support Ability’s investment portfolio. As part of the Transaction, Mount Logan will further invest \$10 million of capital into Ability to strengthen Ability’s balance sheet and launch a platform for the reinsurance of annuities, which is expected to reinsure \$150 million of fixed annuities within six months following the completion of the Transaction.

The acquisition of Ability by Mount Logan will combine two companies providing products and services that Mount Logan believes are, and will continue to be, in high demand – insurance solutions and asset management. The stronger capital base and alignment will allow Mount Logan to scale asset and liability origination for the benefit of Ability’s policy holders as well as Mount Logan and its shareholders.

Completion of the Transaction is subject to the final approval of definitive agreements by the parties, as well as a number of customary terms and conditions including final approval of the Nebraska Department of Insurance and approval of the Neo Exchange Inc. No definitive binding documentation has been entered into in respect of the Transaction and there are no assurances that the Transaction will be completed on the terms described or at all. Assuming all necessary approvals are received, the Company expects the Transaction to be completed in the third quarter of 2021.

Transaction Highlights

- Purchase Consideration represents a discount to statutory book value;
- Mount Logan to infuse \$10 million of capital into Ability;
- \$20 million Purchase Consideration to be retained in Ability on a contingent basis to support Ability’s investment portfolio;
- Transaction is expected to significantly increase ML Management’s AUM and fee income;
- Post-close Risk Based Capital Ratio (“RBC Ratio”) anticipated to be in excess of 400%;
- Ability’s balance sheet would be significantly strengthened by Mount Logan’s investment;
- Mount Logan would continue to decrease Ability’s long-term care exposure and replace and grow assets by



focusing the business on attractive annuity products;

- The Seller has agreed to cede \$150 million of annuities to Ability in the first six months following the completion of the Transaction; and
- Mount Logan has been working constructively with the regulator and subject to final approval anticipates to close the Transaction in the third quarter of 2021

Ted Goldthorpe, Chief Executive Officer and Chairman of Mount Logan, noted, "Completion of the transaction will further progress Mount Logan in its transition into asset management and builds on the experience of MLC's management in directing the investment activity of insurance company assets. Moreover, we are pleased to welcome the management team of Ability to the Mount Logan family. The proposed transaction is beneficial for Ability's policyholders and highly strategic for MLC, and we will look to use it as a growth platform."

Ability is currently owned by Advantage Capital Holdings, LLC (the "Seller"), an insurance and financial business platform.

About Mount Logan Capital Inc.

Mount Logan Capital Inc. is an alternative asset management company that is focused on public and private debt securities in the North American market. The Company actively sources, evaluates, underwrites, manages, monitors and primarily invests 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.

Cautionary Statement Regarding Forward-Looking Statements

This press release contains forward-looking statements and information within the meaning of applicable securities legislation. Forward-looking statements can be identified by the expressions "seeks", "expects", "believes", "estimates", "will", "target" and similar expressions. The forward-looking statements are not historical facts but reflect the current expectations of the Company regarding future results or events and are based on information currently available to them. Certain material factors and assumptions were applied in providing these forward-looking statements. The forward-looking statements discussed in this release include, but are not limited to, statements relating to the receipt of regulatory approval of the Transaction, the completion of satisfactory definitive documentation for the Transaction and alignment with the terms of the Purchase Agreement, the expected timing for the closing of the Transaction, the size, rate, and certainty of the asset management agreement between Ability and ML Management, the assets of Ability at the closing of the Transaction, the AUM and fee income associated with the Transaction that would be attributable to the Company, the benefits of the Transaction to the Company and its shareholders and the policyholders of Ability, the use by the Company of Ability as a platform to grow its business, the continued market demand for insurance solutions and asset management, the ability of Mount Logan to scale asset and liability origination following completion of the Transaction, Mount Logan's plans to decrease Ability's long-term care exposure and replace and grow assets by focusing the business on attractive annuity products; the Company's business strategy, model, approach and future activities, portfolio composition and size, asset management activities and related income, capital raising activities, future credit opportunities of the Company, portfolio realizations, the protection of stakeholder value and the expansion of the Company's loan portfolio. All forward-looking statements in this press release are qualified by these cautionary statements. The Company believes that the expectations reflected in forward-looking statements are based upon reasonable assumptions; however, the Company can give no assurance that the actual results or developments will be realized by certain specified dates or at all. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including that there are number of conditions to the completion of the Transaction and accordingly the Transaction may not be completed on



the terms contemplated or at all, if the Transaction is completed Ability may not generate recurring asset management fees or strategically benefit the Company as expected, the expected synergies by combining the business of Mount Logan with the business of Ability may not be realized as expected, the risk that the Company may not be successful in integrating the business of Ability without significant use of the Company's resources and management's attention and the matters discussed under "Risks Factors" in the most recently filed annual information form and management discussion and analysis for the Company. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, a forward-looking statement speaks only as of the date on which such statement is made. The Company undertakes no obligation to publicly update any such statement or to reflect new information or the occurrence of future events or circumstances except as required by securities laws. These forward-looking statements are made as of the date of this press release.

This press release is not, and under no circumstances is it to be construed as, a prospectus or an advertisement and the communication of this release is not, and under no circumstances is it to be construed as, an offer to sell or an offer to purchase any securities in the Company or in any fund or other investment vehicle.

For additional information, contact:

Jason Roos
Chief Financial Officer
Jason.Roos@mountlogancapital.ca
(212) 891-5046

Mount Logan Capital Inc.
365 Bay Street, Suite 800
Toronto, ON M5H 2V1