

2026 National Assembly (AGM) Report

We are grateful for the partnership we share with you and for the trust you place in Legacy as part of the Mennonite Brethren family. In this year's report we seek to provide a transparent update regarding recent investment losses, the resulting liquidity pressures we are experiencing, and the steps we are taking to move forward faithfully and responsibly.

Our Mission

We exist to provide ministry-focused financial services to facilitate Kingdom growth.

Legacy serves as a resource to the conferences, churches, agencies, and employees of the Canadian Conference of Mennonite Brethren Churches. We provide payroll and accounting services, administer group benefits and pension plans, and provide mortgages to MB churches and pastors.

Investors fund our mortgage program, enabling churches and pastors to establish and sustain a faithful presence in the communities they serve. Through this partnership, investors facilitate Kingdom growth, impacting more than 230 MB congregations and approximately 1,000 employees from British Columbia through Quebec. Almost every MB church and church employee uses at least one of Legacy's services.

Legacy accepts deposits from MB churches and partner organizations. CCMBC Investments, which is part of Legacy, sells notes to individual investors and non-MB organizations. These funds are used primarily to finance mortgages for MB churches and organizations across Canada.

Recent Developments Involving Capstone Asset Management

Capstone Asset Management provides investment management services for funds not deployed to church mortgages. For CCMBC Investments, Capstone also acts as an Exempt Market Dealer, a required intermediary between investors and CCMBC Investments. Capstone has served as an external investment manager for portions of our non-mortgage investments for several years.

On February 4, 2026, we informed Legacy depositors and CCMBC Investments investors of write-downs in certain underlying funds managed by Capstone. We made this disclosure approximately one week after learning of the magnitude of these write-downs.

The affected holdings were in fixed-income funds with exposure to commercial and real-estate development, sectors that experienced significant strain in 2025, even as broader equity markets remained strong. These are not realized losses but rather reflect valuation changes and resulting liquidity pressures in those markets.

Although we were under no legal obligation to disclose this information when we did, we believed we had a moral obligation to do so. Transparency, accountability, and faithfulness in stewardship are core to who we are, even when openness carries cost.

Liquidity Pressures and Investor Withdrawals

Following our February communication, we have experienced a material increase in both investor withdrawal and repayment requests. At the same time, several underlying funds within our Capstone

investments have implemented temporary withdrawal restrictions. Together, these factors have created short-term liquidity pressure.

Under our existing agreements, Capstone is required to provide liquidity within defined timeframes to support mortgage funding requirements and investor withdrawals. However, the current withdrawal restrictions at the underlying-fund level have delayed the pace at which cash is being returned.

Legacy currently has stronger access to liquidity than CCMBC Investments due to its broader diversification beyond Capstone. We anticipate being able to repay all repayment requests over time, but the timing of these repayments will depend on the pace at which capital is released from our Capstone investments.

We continue to actively manage liquidity and will provide further updates as conditions evolve.

As a result:

- Legacy depositors (MB churches and organizations) that submitted withdrawal requests have received 100% of their requested amounts.
- CCMBC Investments investors (primarily individuals) who submitted repayment requests have received partial repayments, with the balance to be paid as additional cash becomes available.
- These differing outcomes reflect structural differences between the two organizations, including the sources and timing of available liquidity, and not a preferential decision between investor groups.
- Elevated repayment requests reduce the liquidity available for new mortgage funding in the short term.

To ensure fairness and equal treatment, all repayment requests are being processed on a pro rata basis. No investor group is being prioritized. As additional cash is received, whether from Capstone distributions or other sources, it is applied equitably to outstanding requests.

Governance, Oversight, and Concrete Actions

Our Board and leadership are fully engaged in addressing these matters and committed to ongoing, transparent communication with stakeholders.

We are actively pursuing a path toward restoring financial strength, including:

- Evaluating subsidized ministries
- Identifying cost reductions and operational efficiencies
- Considering the sale of certain capital assets
- Conducting a top-to-bottom review of non-mortgage investments

While some affected Capstone funds may recover value in future quarters, our plan does not rely on that outcome. Our goal is to rebuild toward pre-write-down levels over time, recognizing that this will require patience and shared commitment. Notably in 2025, and prior to learning of Capstone's challenges, we initiated an independent asset-allocation study and implemented a capital-adequacy policy to support long-term financial stability. These continue to inform our strategic response.

Our Mission and Our Hope

We recognize that this situation may reawaken past wounds for some, particularly memories associated with *Telling Our Financial Story*, even though these circumstances are unrelated. We are sensitive to the effect this has on our relationships with provincial conferences and churches nationwide.

We will not minimize how investors or churches feel about these circumstances, nor our responsibility as stewards. Our values call us to steward resources with integrity, accountability, and openness. We are committed to walking through this season with clarity, fairness, and integrity.

Our mission remains unchanged. For more than forty years, investors have supported CCMBC's church mortgage program, an expression of shared stewardship that facilitates Kingdom growth. We deeply value the trust you have placed in CCMBC. That trust is the foundation of our investment and church lending program and is not taken lightly. Decisions during this period are being made with care for individual investors while being mindful of the long-term health of the organization.

We are deeply encouraged by your expressions of prayer, support, and trust. We are especially grateful for our staff, who have carried extraordinary communication responsibilities under intense pressure. Leadership has been intentional in supporting and caring for them during this season, and we are thankful for the grace with which they have served.

“I lift my eyes to the mountains - where does my help come from? My help comes from the LORD, the Maker of heaven and earth.” (Psalm 121:1–2)

“For I know the plans I have for you,” declares the Lord, “plans to prosper you and not to harm you, plans to give you hope and a future. Then you will call on me and come and pray to me, and I will listen to you.” (Jeremiah 29: 11-12)

God is with us. We see a path forward, even without all the answers today. We remain committed to serving our churches faithfully. As we navigate the complexity of these interrelated matters, we ask for your prayers. We rely on the wisdom and guidance of the Father, Son, and Holy Spirit, and seek to honor God's name in all we do.

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