



CCMBC INVESTMENTS

Ministry-Focused Financial Services

June 28, 2023

Dear Noteholder,

Re: Your investment with CCMBC Investments Ltd.

SUMMARY:

- Beginning on or after September 1, 2023 interest rates will be set by the board
 - No other changes to the program
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First and foremost, we thank you for your ongoing support of the ministry happening in Canada through the Mennonite Brethren Conference made possible by the investment of your funds through us. Many of you have supported this ministry for 20 years, 30 years or more! Some of you have been with us for a year or less. Regardless of your time with us, we thank you for entrusting your funds into our stewardship. As you earn a return on your investment, you enable us to lend money to our churches, support the delivery of valued financial and administrative services to our churches, provincial conferences, and pastors, and support the shared ministry objectives of our national family. CCMBC Legacy Fund exists to provide ministry-focused financial services to facilitate Kingdom growth. Truly, we are partners “Investing in Kingdom Growth Together”.

In the early 1980s, God put people in place who would launch a program, unique to the MB church, that would make millions of dollars available for church planting and growth across Canada (from *MB Herald* article: [How a House Fire Sparked a Million Dollar Ministry](#)). This vision continues today, and has expanded to include payroll services, pension and benefits administration, and accounting services. These financial services are utilized by most of our MB churches and their employees.



Scan for *MB Herald* article

Change is inevitable and a part of running a program for almost 45 years. It can look different - updating computer systems or processes, changes in leadership, or how the investment accounts are managed. In 2019, after several years in the making, we completed the reorganization of our investments program. This structural pivot was necessary to ensure the continuation of the investments program within changing securities regulations. We felt the

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new structure with CCMBC Investments most closely resembled the prior program through CCMBC Stewardship Ministries and allowed our client accounts and loans to largely continue to function in the same way as they had in the past.

Upon reorganization in 2019, we could not have anticipated the COVID-19 pandemic in the spring of 2020 or the subsequent rapid increase of interest rates in 2022. Both events revealed limitations in our process for setting the interest rate for Noteholders. Prior to the 2019 reorganization, the rate was set by the board twice per year on January 1 and July 1. Although influenced by the Bank of Canada rate, our rate was entirely at the discretion of the board. Since reorganization, the rate was still set twice per year on January 1 and July 1, however, it was tied directly to the Bank of Canada overnight lending rate. When interest rates were very low, we found our rate was not high enough to attract new investments and so we amended the Terms and Condition of Notes to authorize the board to pay a higher interest than was provided for in the Terms and Condition of Notes. Now, with the rapid increase in the Bank of Canada rate, the rate we are paying investors is significantly more than even a locked-in 5-year term investment at a bank. While this may sound like good news to investors, it has become increasingly problematic for our borrowers. The rate we pay our investors has consequences for our borrowers. In short, the higher the interest rate we pay you, the more we must necessarily charge on our loans.

We understand a primary reason most Noteholders invest with us is because the earnings help ministry and churches. Our investors share an affinity for Kingdom growth. Furthermore, the primary purpose of the investments program has always been and continues to be to facilitate the lending of money to MB Churches and institutions such as schools and camps as mortgage loans.

We have also heard feedback that you neither want to receive rates that are too low, nor rates that are higher than necessary thereby causing undue hardship to those you are helping. We love that we can agree with you to keep the focus first and foremost on how to best help fund ministry.

With that in mind, we are making a change to the way the interest rate is determined. We will be going back to a system where our board determines the interest rate (without a set formula) set on January 1 and July 1 each year. This will be done through an amendment to the Terms and Conditions of the Notes, which will be referred to as Amendment No.2.

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What does this mean for you?

- Beginning on or after September 1, 2023, the interest rate for all investments will be as set by the CCMBC Investments board, in its discretion. The rate will be posted on our website and communicated to all Noteholders by email and letter mail. If the interest rate change takes effect on a date later than September 1, 2023, this will be separately communicated to you.
- The rate will continue to be variable and set by the board twice per year on January 1 and July 1 each year.

No other changes to the program are anticipated at this time.

If you have further questions about the decision-making process or what this means for you, please reach out.

Investments in the Notes have always been open and not locked-in to a term. While we hope you will continue to partner with us, if you choose not to move forward with us you can redeem your investment and have the funds returned to you (usual processing time is between 2 and 45 days). **If you do not respond by September 1, 2023 (or such later date if the new interest rates will come into effect on a date later than September 1, 2023) with your desire to receive back your investment, you will be deemed to have agreed to the amendment referred to herein.**

We know you have many investment choices. We trust we stand apart as an alternative investment option: firstly, for our joint ministry-mindset and commitment to Kingdom growth; secondly, for the steady returns demonstrated over our history; and thirdly, for rates that are comparable to similar products offered by your bank or credit union.

We appreciate the relationship we have with each one of you as we strive to be partners in ministry together.

Jason Krueger
Chief Executive Officer

Jim Bell
Chief Financial Officer

Elenore Doerksen
Mortgage Manager

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