



**WESLEYAN
INVESTMENT**
FOUNDATION

Wesleyan District Superintendent Gathering

May 2025

CONFIDENTIAL & PROPRIETARY

This presentation is intended for the sole use and consideration of the District Superintendents of The Wesleyan Church. Distribution to others is expressly prohibited.

Agenda

History

Wesleyan Church

Future Strategy

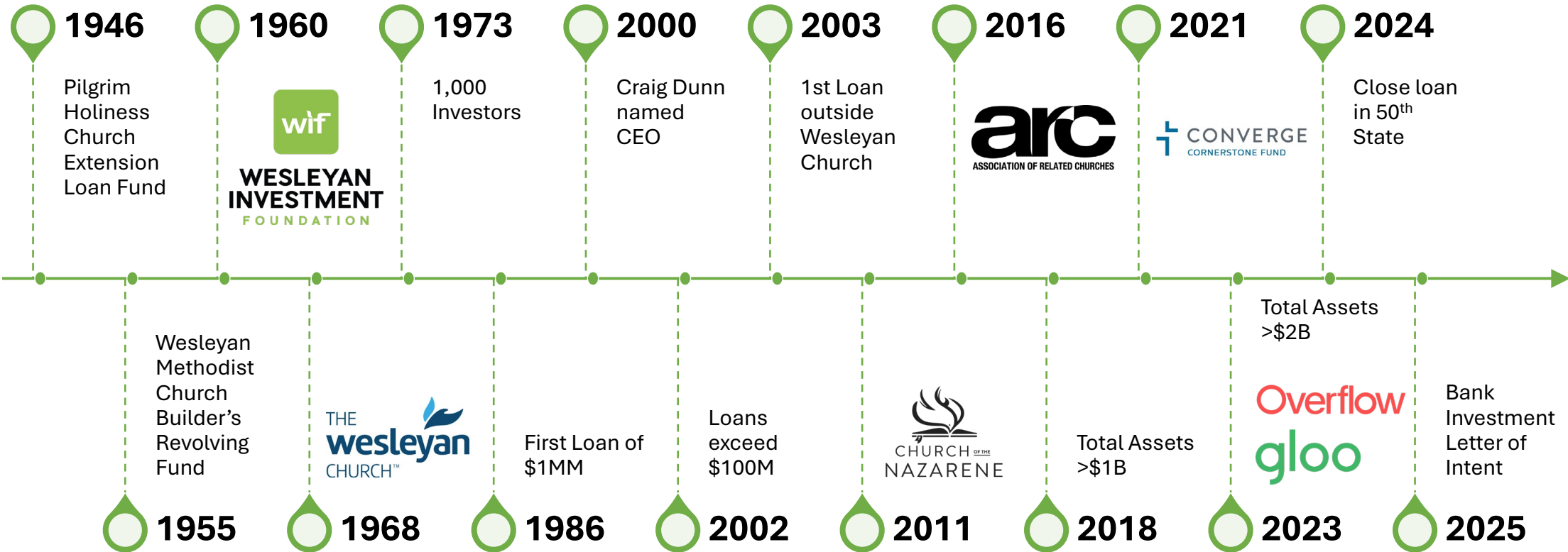
General Conference Memorial

Macroeconomic Dynamics

Our Why



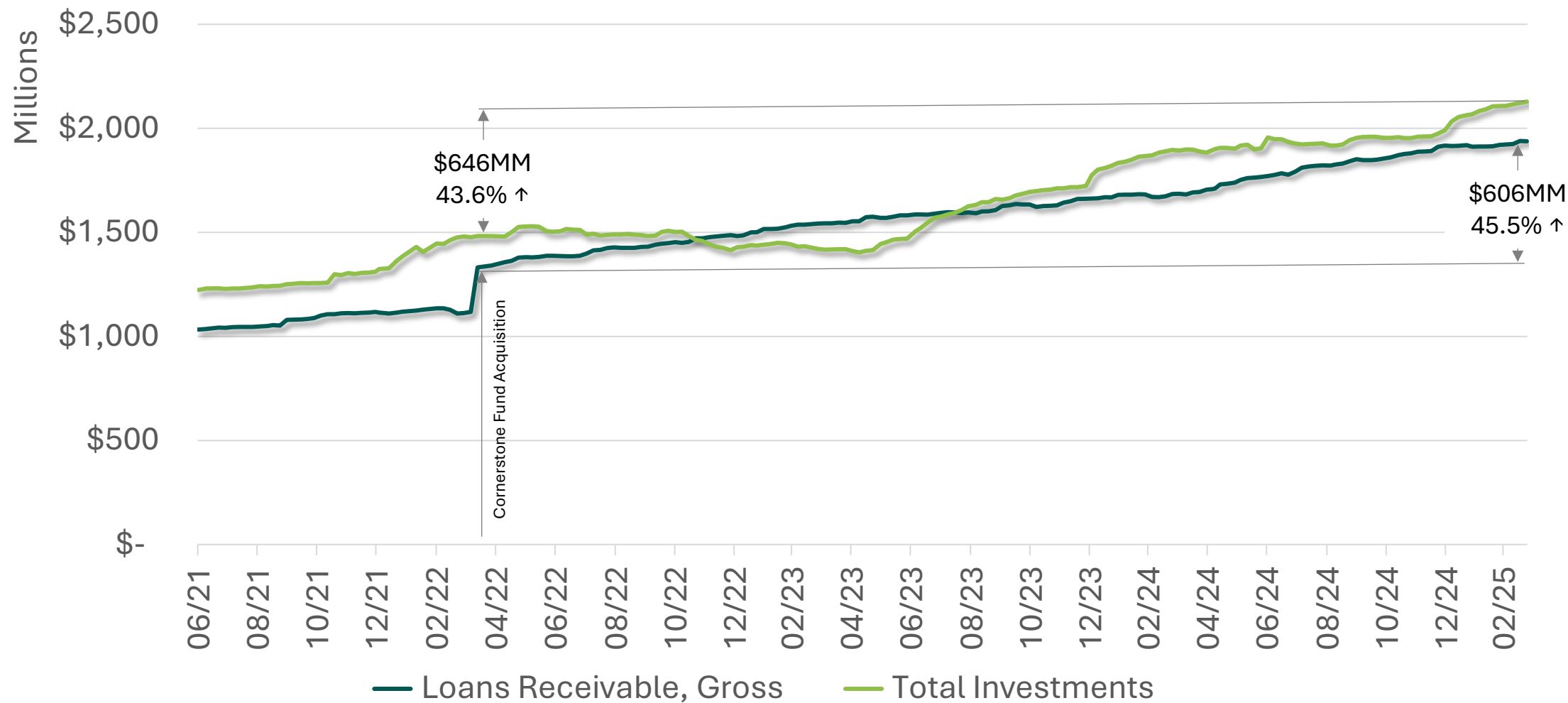
Serving Higher Interests®



Serving 44 Denominations, Networks & Associations



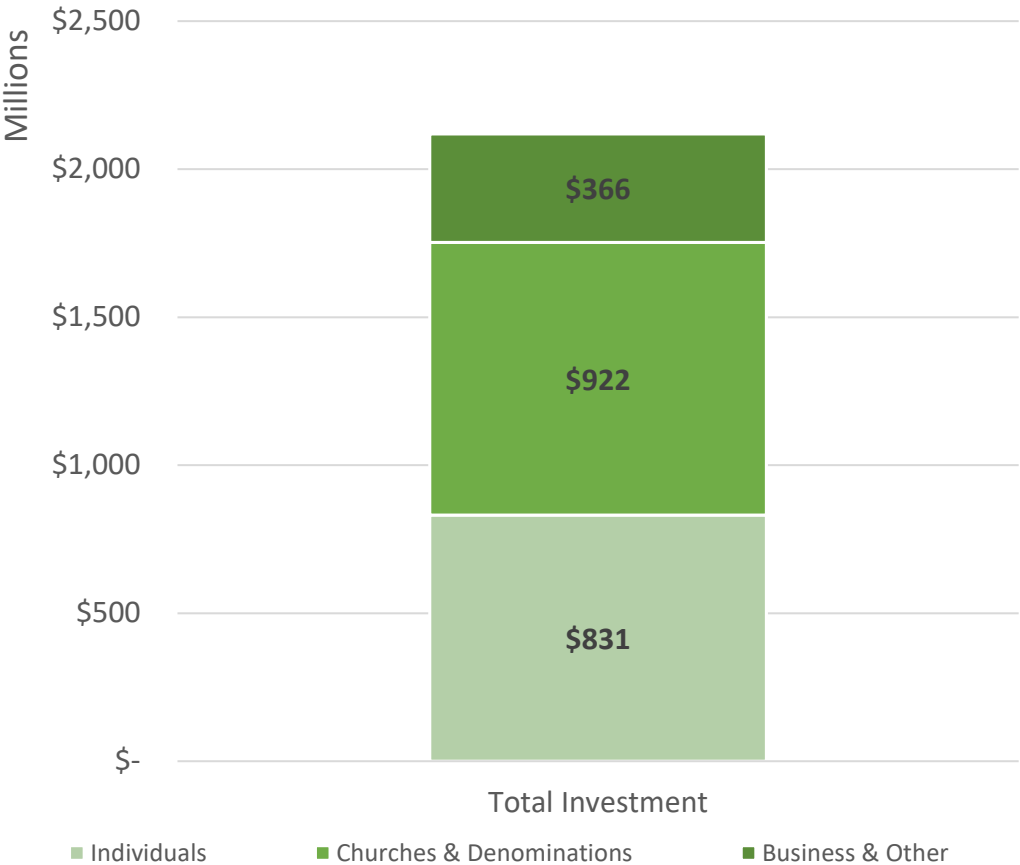
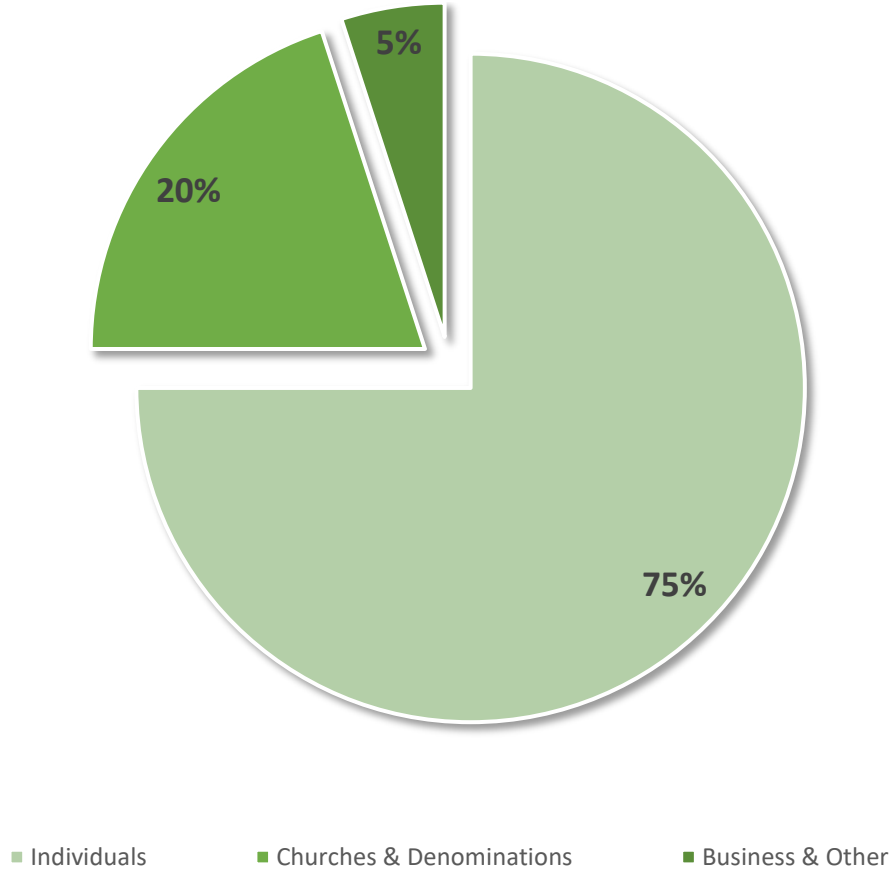
Significant 3YR Growth





\$2.12B Investor Portfolio

15,129 Investor Accounts

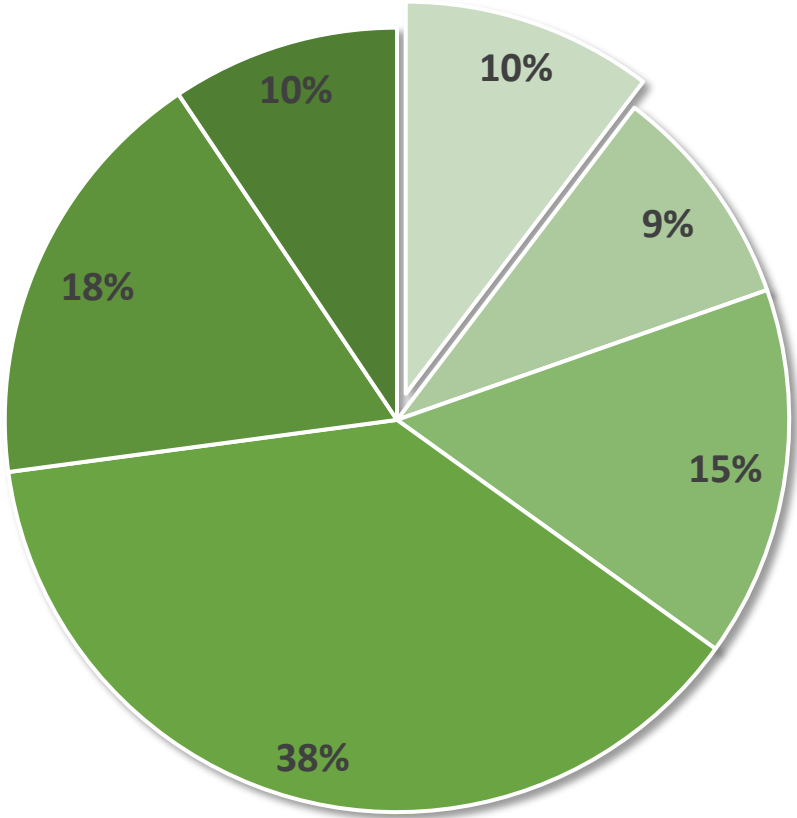


As of February 28, 2025

\$1.92B Loan Portfolio

1,438 Loans | Average \$1,336,914 | YOY ↑ 13.6%

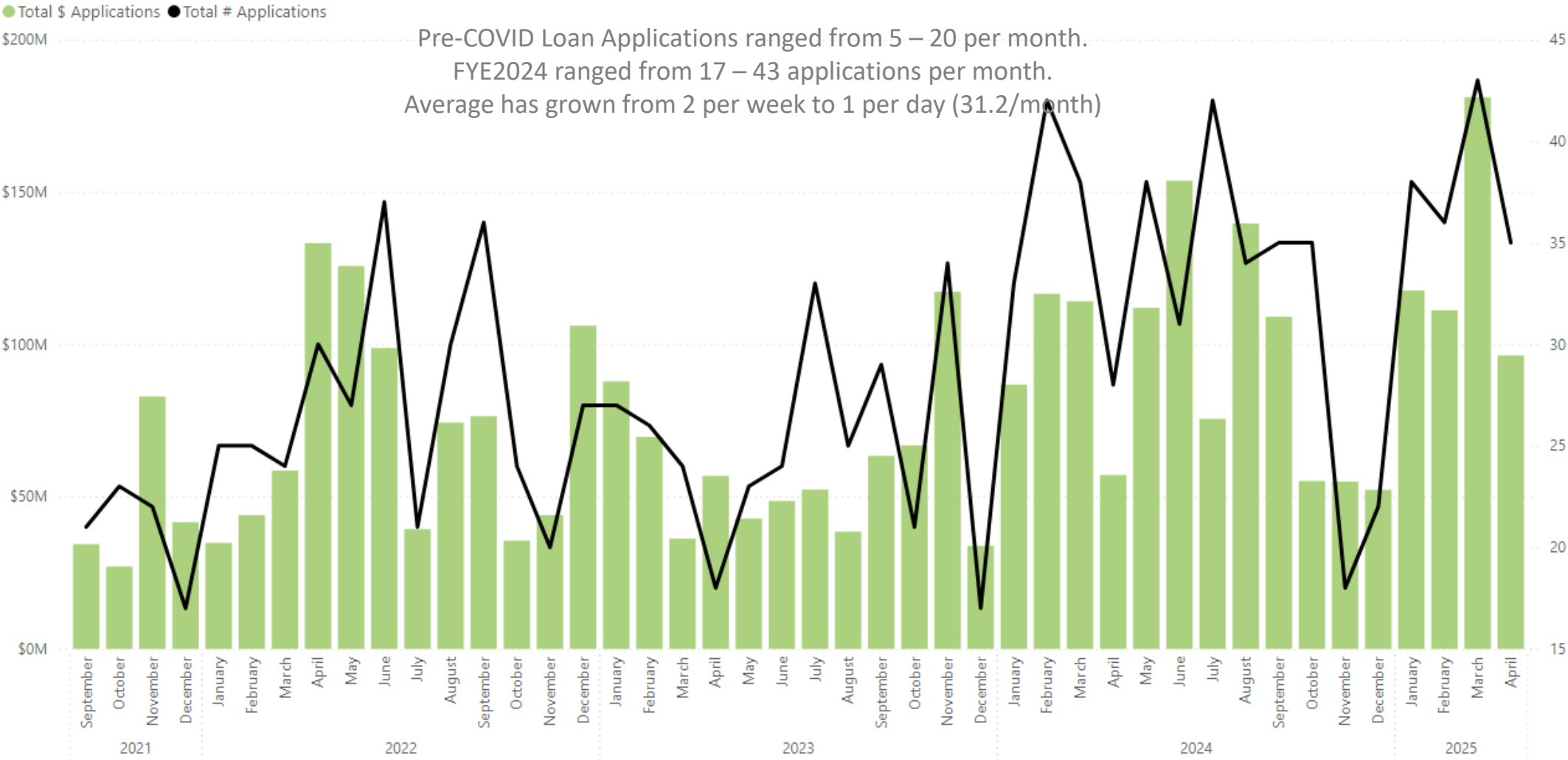
| Affiliation | Total (\$) | Total (#) | Avg. Loan (\$) | %Δ PY |
|-------------|-------------|-----------|----------------|-------|
| Wesleyan | 198,929,768 | 348 | 571,637 | -9.5% |
| Nazarene | 178,468,474 | 474 | 376,516 | -2.6% |
| Converge | 293,914,828 | 176 | 1,669,971 | 8.2% |
| ARC Network | 729,723,465 | 193 | 3,780,951 | 20.3% |
| Independent | 340,590,773 | 108 | 3,153,618 | 29.9% |
| Other | 180,854,702 | 139 | 1,301,113 | 21.6% |



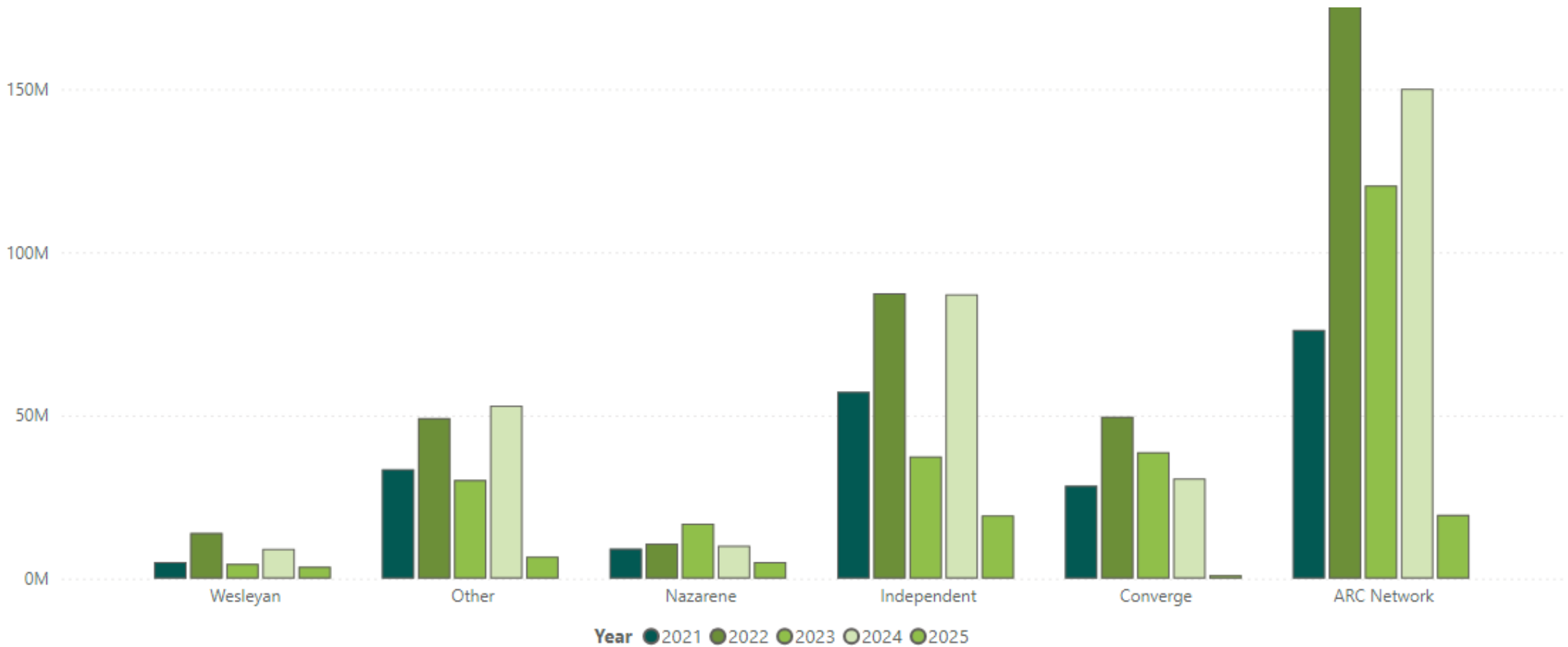
■ Wesleyan ■ Nazarene ■ Converge ■ ARC ■ Independent ■ Other

As of February 28, 2025

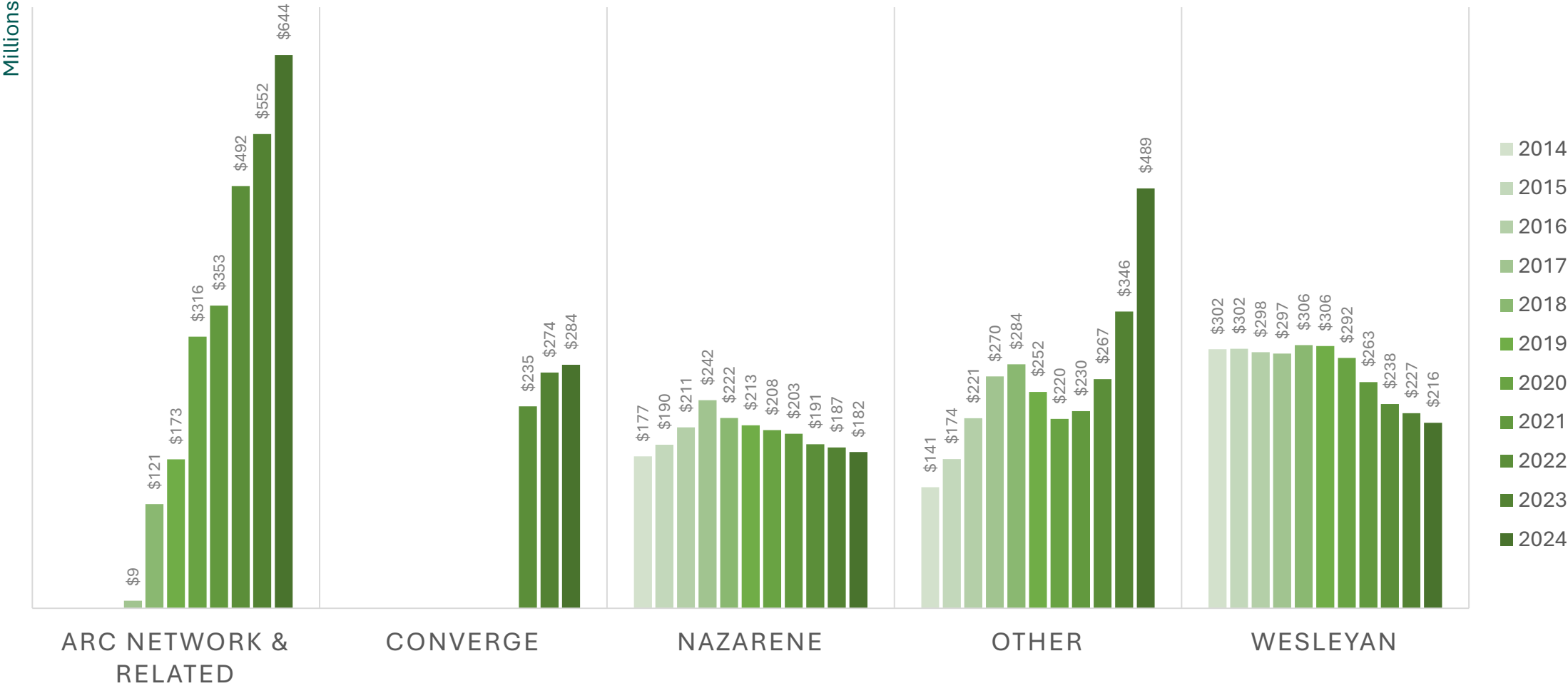
Application Volume Increasing



Loan Originations by Denomination



Shifting Loan Portfolio



Wesleyan Church Portfolio

| | 08/31/21 | 8/31/22 | 8/31/2023 | 8/31/2024 | 8/31/2025 | TOTAL |
|-------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------|
| 1 Loan Balance | \$239,189,859 | \$221,223,839 | \$211,396,746 | \$201,332,365 | \$195,643,998 | |
| 2 Weighted Average Interest Rate | 4.84 | 4.69 | 5.21 | 6.34 | 6.64 | |
| 3 Investment Rate | 1.50 | 1.60 | 3.67 | 5.58 | 4.67 | |
| 4 Net Interest Margin | 3.34 | 3.09 | 1.55 | 0.75 | 1.97 | |
| 5 Loan Interest Received | \$9,652,503 | \$8,638,667 | \$11,021,383 | \$12,755,601 | \$12,990,741 | \$55,058,896 |
| 6 Cost of Funds – Interest Paid | \$3,587,848 | \$3,539,581 | \$7,751,214 | \$11,241,057 | \$9,130,053 | \$35,249,754 |
| 7 Operating Expense Allocation | \$1,572,225 | \$1,909,413 | \$1,739,457 | \$1,752,268 | \$1,695,748 | \$8,669,112 |
| 8 Net Income (before Grant) | \$4,492,430 | \$3,189,673 | \$1,530,711 | (\$237,724) | \$2,164,940 | \$11,140,030 |
| 9 Grants | \$1,162,710 | \$1,388,668 | \$2,108,730 | \$295,000 | \$341,000 | \$5,296,108 |
| 10 Net Income (after Grant) | \$3,329,719 | \$1,801,005 | (\$578,018) | (\$532,724) | \$1,823,940 | \$5,843,922 |
| 11 Grants as % of Net Income | 25.9% | 43.5% | 137.8% | n/a | 15.8% | 47.5% |
| 12 Total Loans | \$1,051,175,459 | \$1,422,106,098 | \$1,577,736,659 | \$1,806,892,209 | \$1,938,270,841 | |
| 13 Wesleyan Portfolio as % of Total Loans | 23% | 16% | 13% | 11% | 10% | |
| 14 Total Operating Expense | \$6,909,510 | \$12,274,390 | \$12,982,252 | \$15,726,030 | \$16,800,000 | |
| 15 Operating Expense Allocation | \$1,572,225 | \$1,909,413 | \$1,739,457 | \$1,752,268 | \$1,695,748 | |

Operating Expense includes personnel, technology, regulatory, etc., & excludes grants, capital.

FYE25 ending 8/31/2025 includes actuals through 5/25 + forecast through 8/25.

Analysis excludes First Wesleyan High Point + Providence Place from analysis.

WIF purchased office building from TWC in 2023 reducing annual grants and increasing Operating Expense.

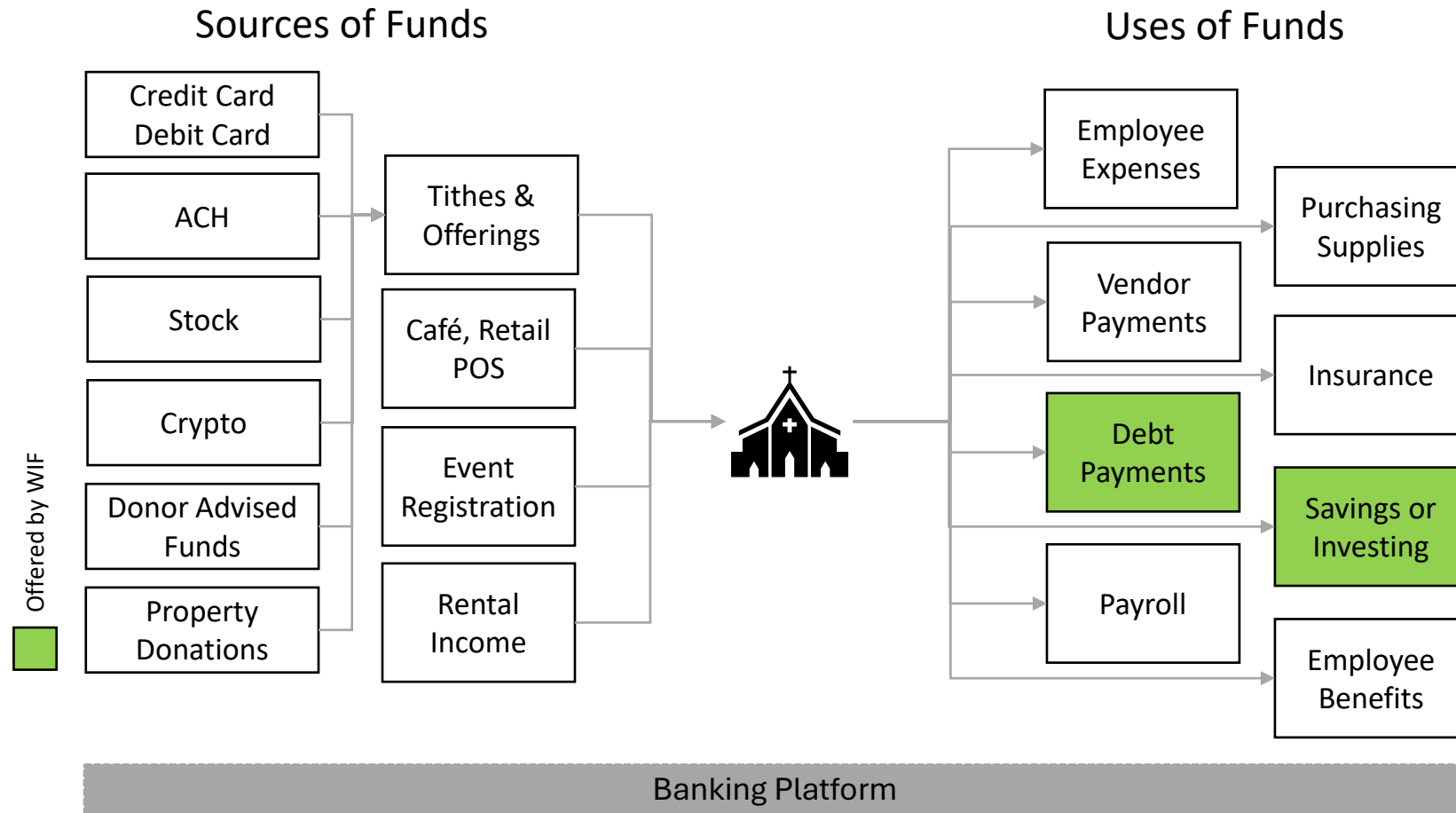
The Big Picture

- The Wesleyan component of the **WIF loan portfolio is declining** on a percentage and absolute basis.
- It currently is less than \$200MM in total down from a peak of \$301MM in 2014 and **below the level in 2005**.
- For the last 5 years, WIF **invested approximately 47.5% of net income** from the portfolio to Wesleyan Church initiatives (e.g., General & District events, church planting, & ministry grants).
- Our ability to continue to **invest** via annual grants is dependent upon **loan growth**.
- We desire for these trends to change . . . and, we're **committed to investing alongside** the General Church and with the Districts to reverse these trends.

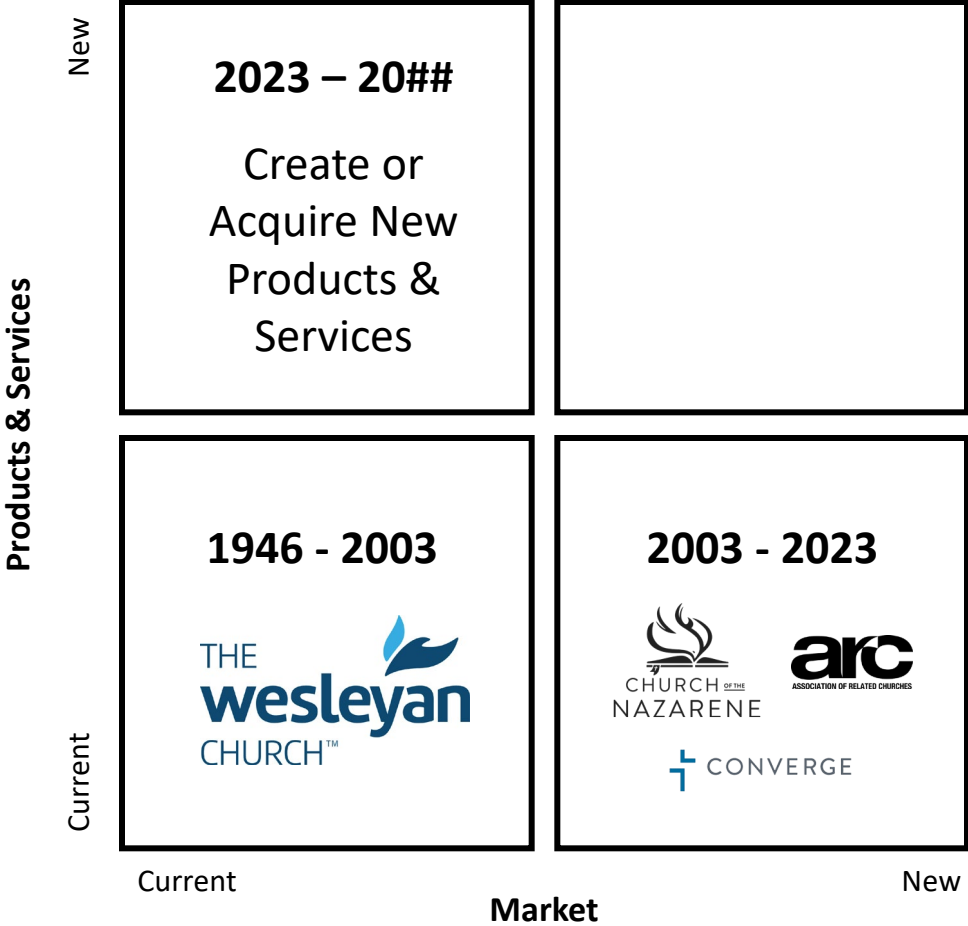
Future Strategy

Building on the Strong Legacy to Serve the Financial Needs of Churches

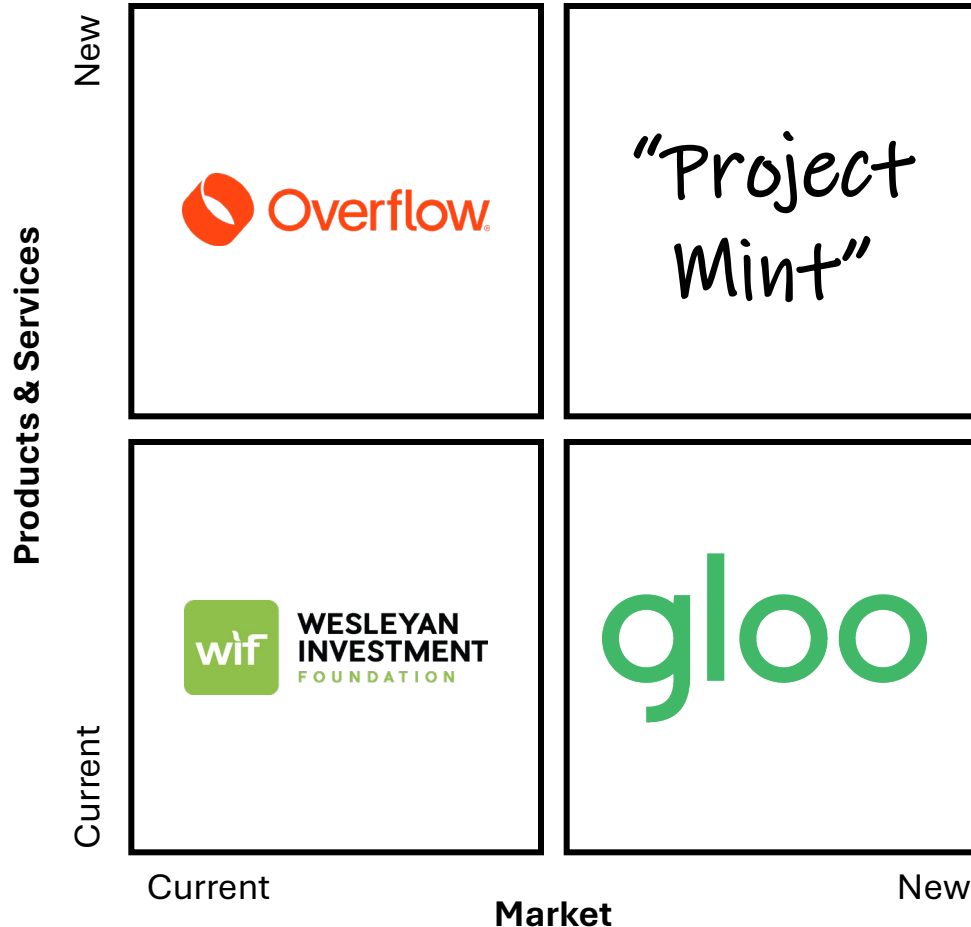
Limited Financial Services Offered



Strategic Options



Strategic Initiatives



Wesleyan Investment Foundation

- Church Loans
- Investment Accounts

Overflow

- Donor Platform
- Spend Management
- Financial Technology Solution

gloo

- Market Expansion
- Thought Leader Positioning

Project Mint (aka, Bank FOR the Church)

- Treasury Management
- Equipment Leasing
- Working Capital Financing

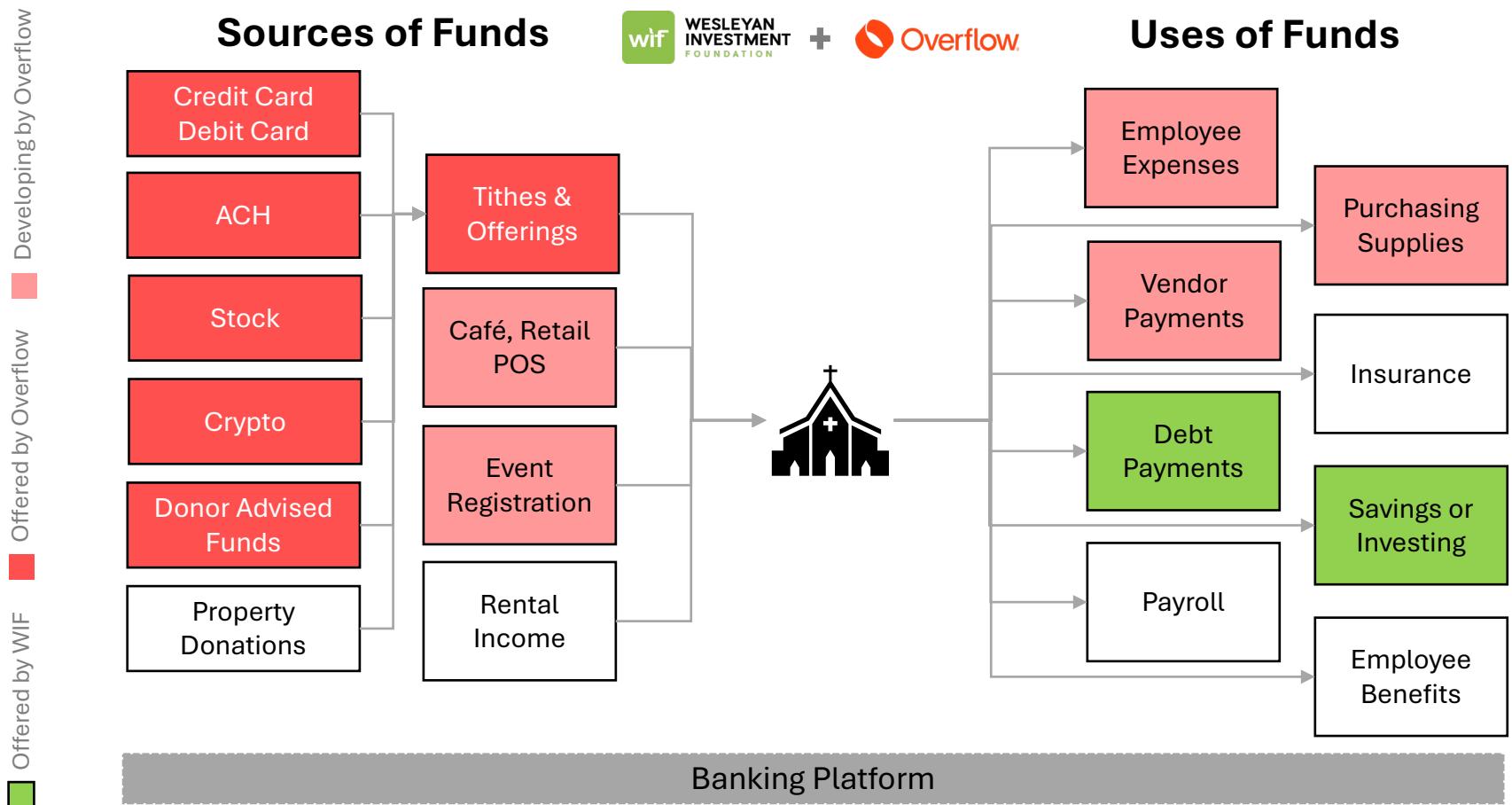


Expanding WIF's Product & Services

A Strategic Investment



Building Finance FOR the Church





Expanding Market Reach & Elevating Market Position

gloo

Gloo connects.



Resources

1 million+

Content offers



People

340,000

Explorers connected



Data & Insights

50+

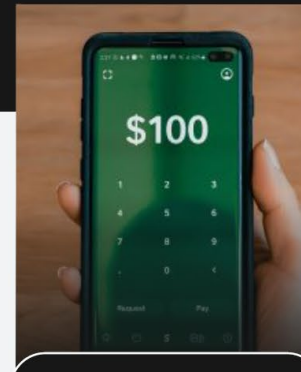
Live 2-way integrations



Channel

70,000

Churches & Orgs



Capital

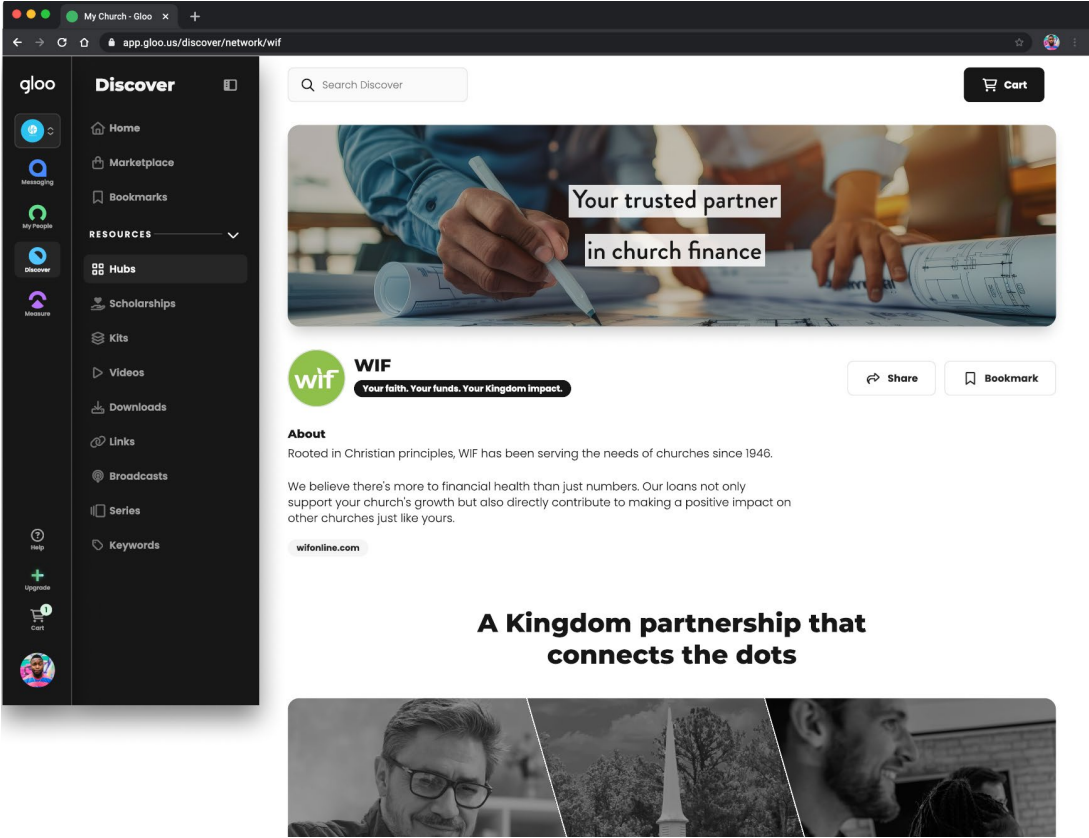
\$50 million+

Committed scholarships

...so you can achieve your goals to get more churches and investors.

- Expands our reach.
- Positions WIF as thought leader to a broad audience.
- Connects to new networks.
- Access to new capital.
- Expands marketing capacity.
- Enhances our customer understanding & data analytics.
- New Loans.
- New Investments.

WIF Hub



Kingdom-Minded Investors

Every day, Christians are looking for ways to grow their savings without supporting causes that conflict with their values.

Through WIF, you can have a clear conscience that your God-given resources are being used for the Kingdom:

- See your dollars work for local churches and change lives
- Earn competitive rates (4-5%)
- Access your money at any time without penalties

Funding Local Churches

Creating Community Impact

Kingdom-Minded Investors

Funding Local Churches

Churches are often denied or find themselves in a maze of requirements when seeking loans from transactional lenders.

With WIF, you can access the funds you need and find a partner with a proven heart for the Church:

- Interest paid directly funds loans for other churches
- Millions invested back into churches
- In over 75 years, we have never had to foreclose on a church loan

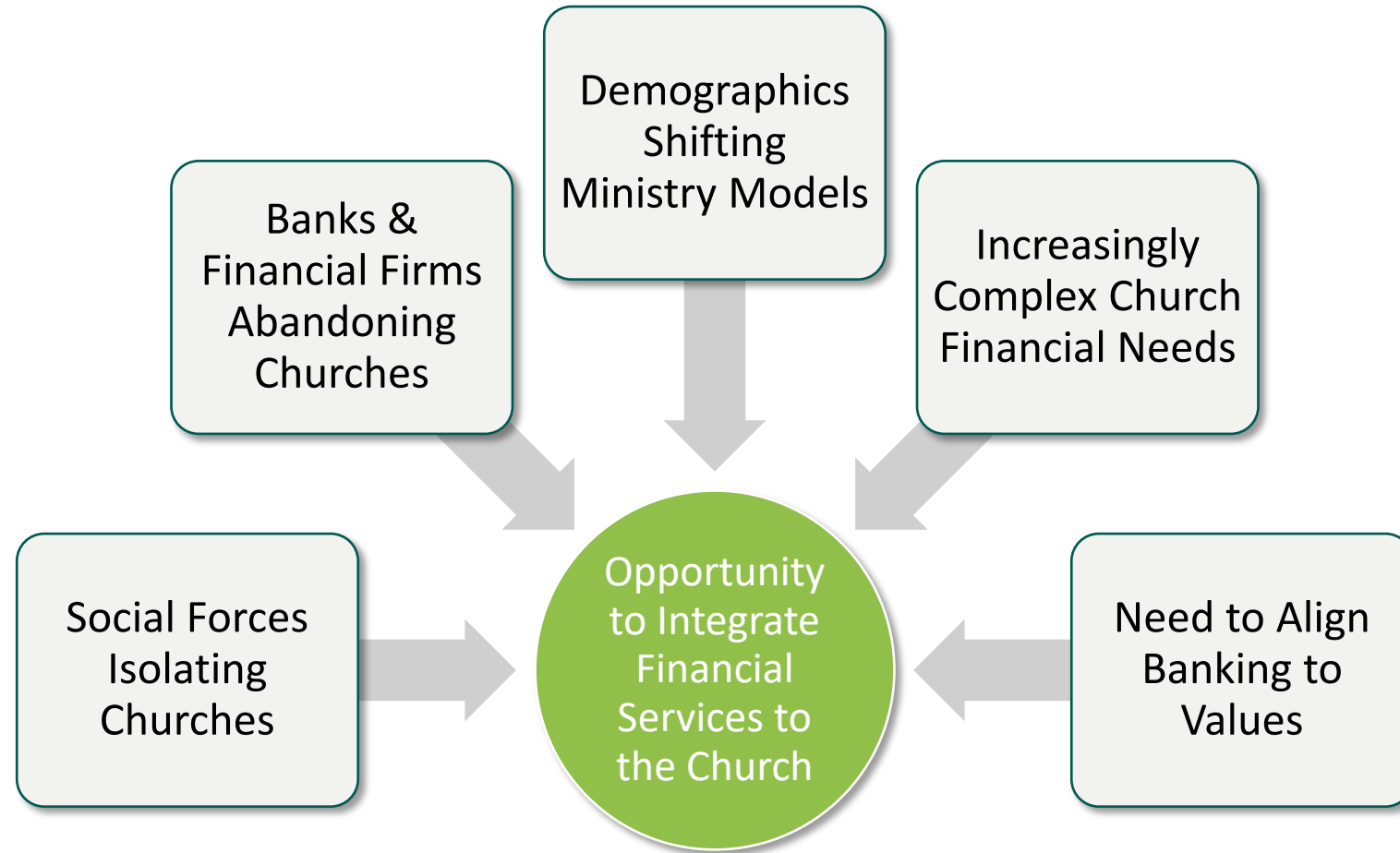
Creating Community Impact



Project Mint

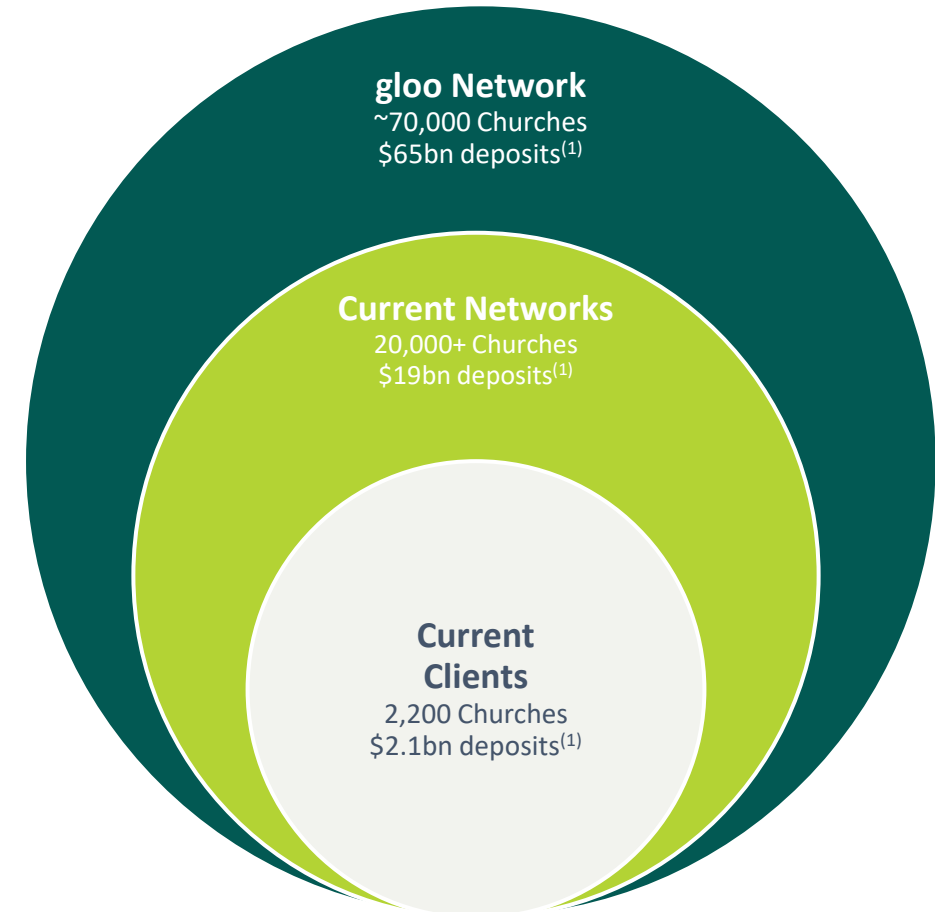
A bank OF the Church, BY the Church & FOR the Church.

Big Idea

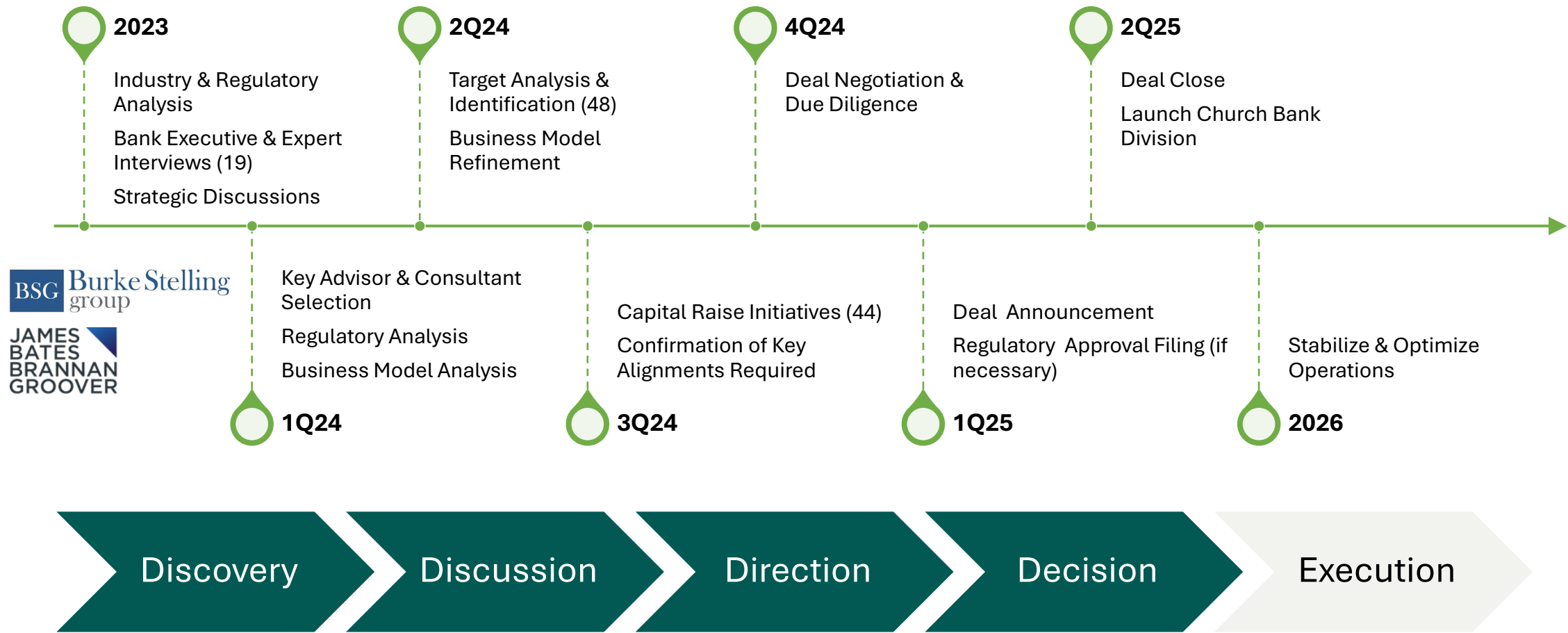


Market Potential

- Current WIF Clients
 - Average borrower cash on hand of \$950k
 - Average annual expenses of \$1.54mm
- WIF customer market size (estimated)
 - 2,200 churches x \$950k/church = \$2.1bn deposits
 - Current WIF investments total \$710mm
 - Deposits at other banks total \$1.4bn
 - 2,200 x \$1.54mm average spend = \$3.4bn annual flow through
- WIF network market size (estimated)
 - 20,000 churches x \$950k/church = \$19bn deposits
 - 20,000 churches x \$1.54mm average spend = \$31bn annual flow through
- 70,000 churches in gloo's network
- *Numbers above do not include:*
 - *Other Christian non-profits in the US (~110,000)*
 - *Other Church Loan Funds*
 - *Christian Universities and Schools*
 - *More than **2MM congregants** in WIF Client Churches*



Project Mint Timeline



WHY?



General Conference Memorial

Overview of Memorial

- Affirms the foundational heritage and connection of WIF to The Wesleyan Church.
- Creates a new category of subsidiary for the Wesleyan Investment Foundation recognizing its unique mission and its complex regulatory structure.
- Removes the requirement for the WIF Board to be comprised of 2/3rd Wesleyan members recognizing the need for highly specialized expertise in financial institutions and technology.
- Establishes the WIF Board as a self-governing and self-perpetuating board consistent with similar financial institutions.

Why?

- WIF is currently regulated by 50 state securities administrators and a patchwork of state financial institution regulations.
- This regulatory burden is rapidly increasing and demanding an ever-increasing degree of Board governance. Regulatory responsibility, scrutiny, and liability is increasingly rising to the highest governance structure for financial institutions. For WIF, this is currently The General Board of the Wesleyan Church.
- As a constituent, representative board, the GB does not have the structure, operational cadence, expertise, insurance coverage, or balance sheet to shoulder this responsibility.

Benefits

Wesleyan Church

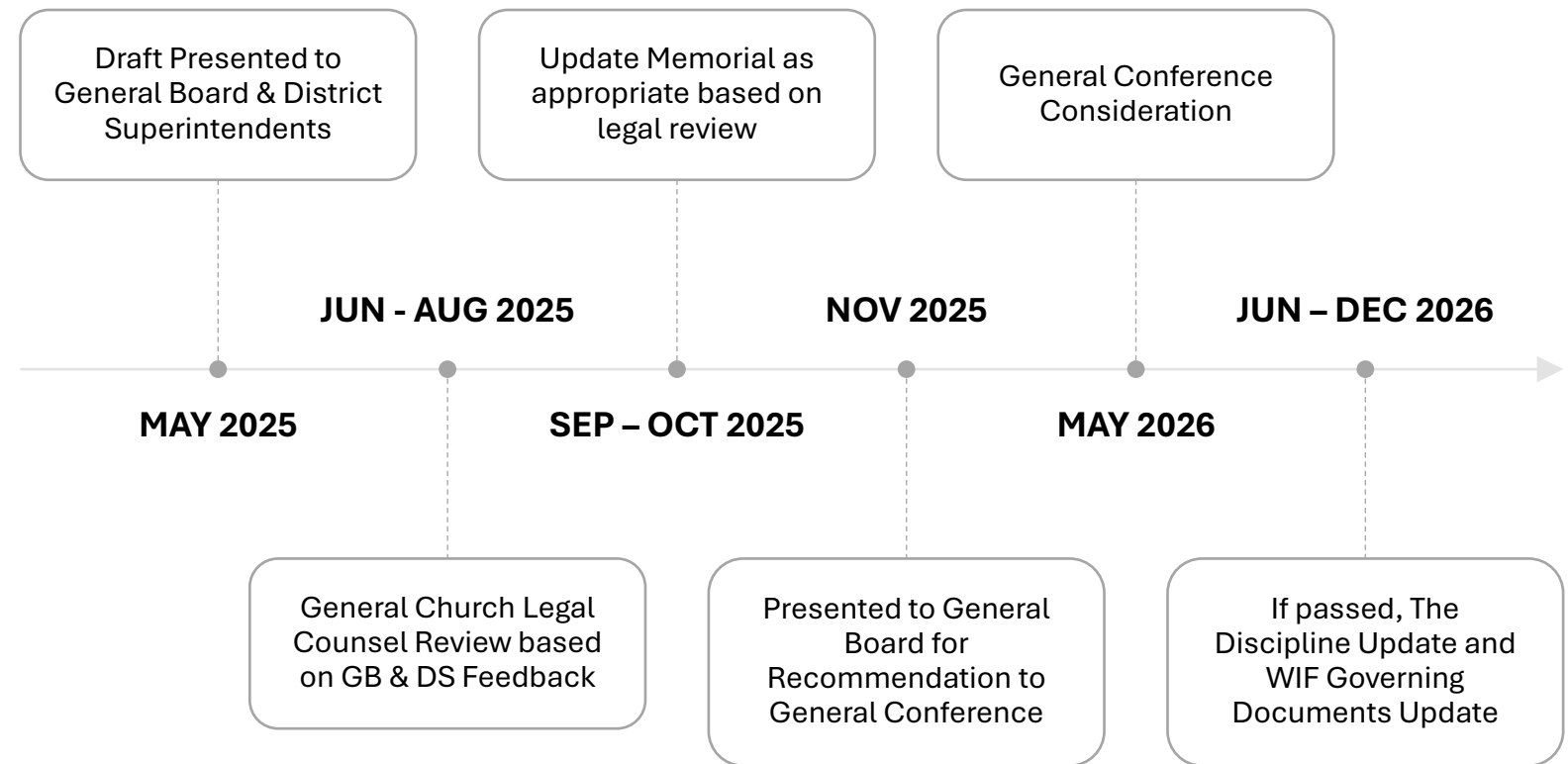
- Eliminates significant and growing regulatory risk from the General Board and General Church
- Affirms WIF's unique role and context without changing relationship with other subsidiaries
- Protects the ecclesiastical role of The General Board, and its members

Wesleyan Investment Foundation

- Aligns the governance structure to the future vision
- Broadens the candidate pool to the realities facing a financial institution of comparable scale
- Allows WIF to move at market speed instead of the speed of GB's ecclesiastical cadence
- Reassures sophisticated financial investors and partners

Timeline

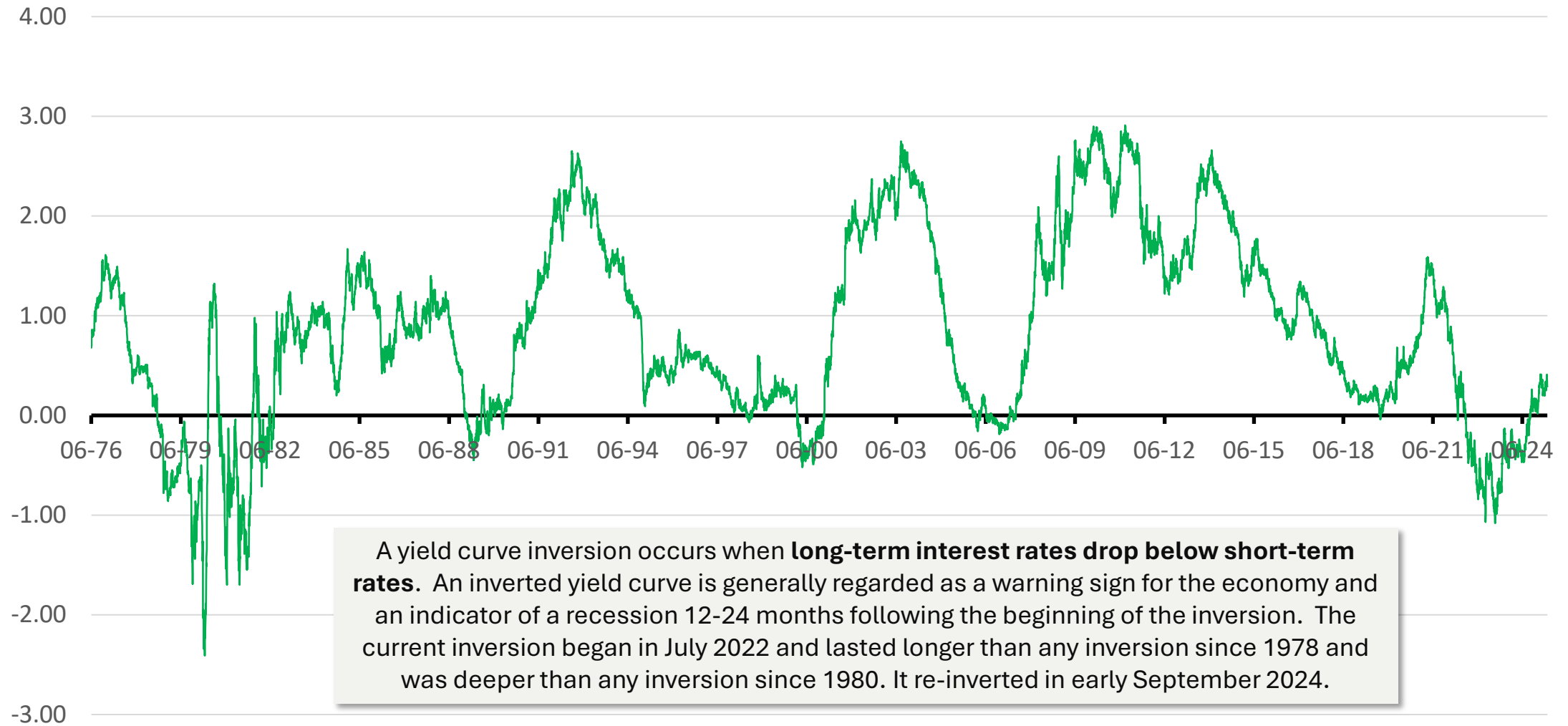
This multi-phased approach allows ample time for full strategic and legal consideration for The Wesleyan Church and the Wesleyan Investment Foundation.



Macro-economic Context

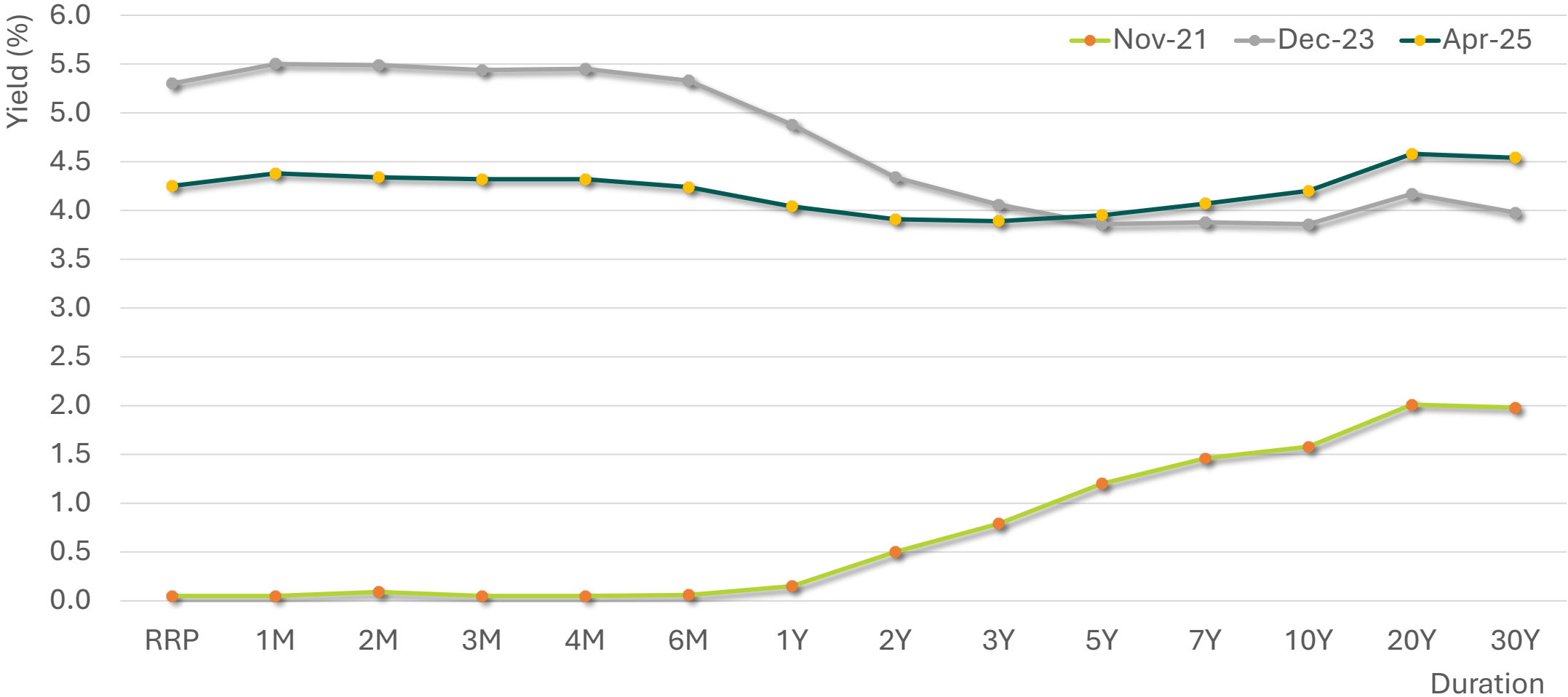
Generational headwinds in 2023 – 2024 are shifting to crosswinds in 2025.

Deep & Long Yield Curve Inversion

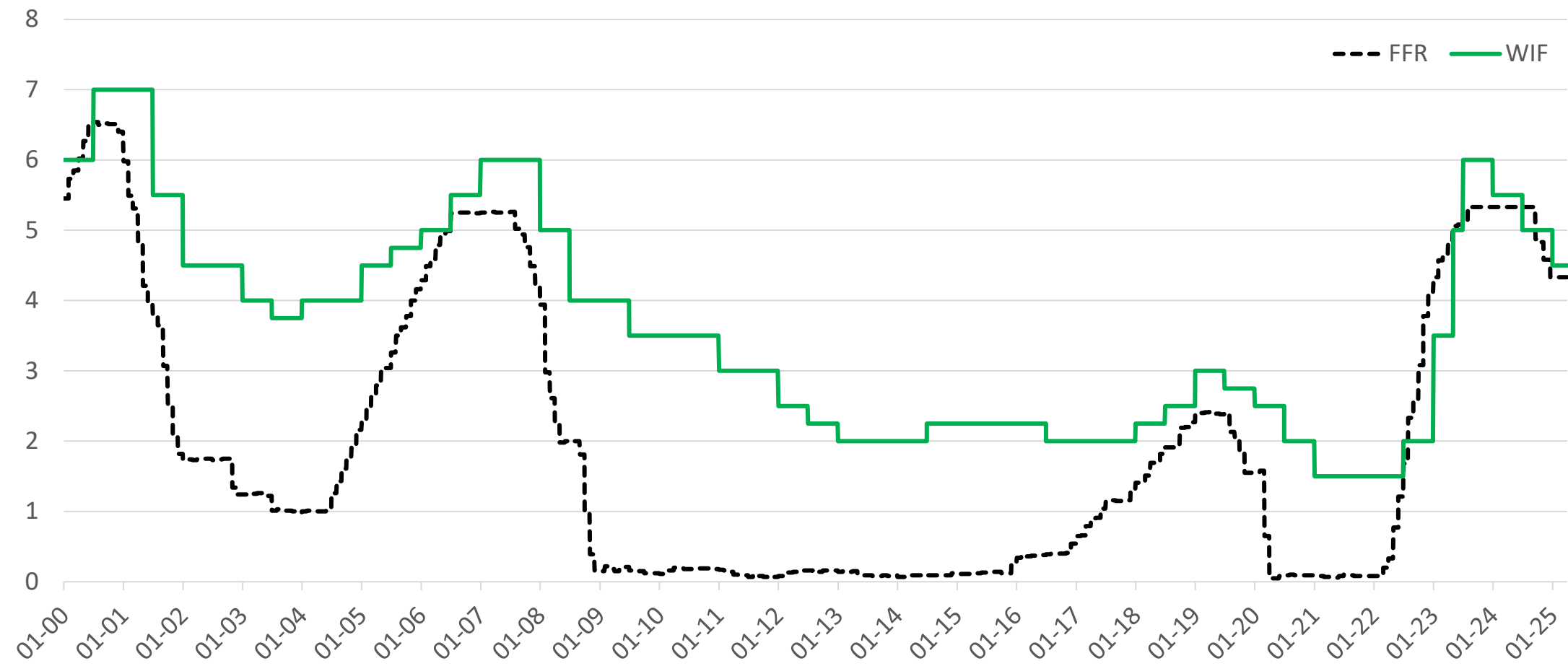


Source: Federal Reserve Bank of St. Louis

US Treasury Yield Curve



Highest Cost of Capital in 15 years . . . & Declining



2025 WIF Environment

EXTERNAL

- Higher rates, longer will increase costs of capital
- “Borrow Short, Lend Long Model” challenged with Inverted Yield Curve
- Possible 2025 Recession
- Possible 2025 Banking Turmoil
- Tariffs, Taxes, Israel, Ukraine & China

INTERNAL

- Technology Assessment & Capacity Upgrades
- C-Suite Leadership Transitions
- Challenging Interest Rate Environment
- Continued Elevated Loan Demand
- Maximizing Strategic Investments



2025 Strategic Priorities



Build Capacity &
Strengthen Resiliency



Maximize Existing
Networks



Expand into New
Denominations &
Networks



Explore & Innovate
New Ideas

Notes



This presentation is intended for the sole use and consideration of the District Superintendents of The Wesleyan Church.
Distribution to others is expressly prohibited.

All information included herein is considered proprietary and confidential.

This presentation and the material provided in it does not constitute an offer to sell nor a solicitation to buy WIF investments. The offering of WIF investments is made solely by WIF's Offering Circular. WIF will offer and sell its investments only in states where authorized. The securities are subject to certain risk factors as described in the Offering Circular. Investors should carefully read the Offering Circular, which more fully describes associated risks. WIF investments are not FDIC-insured bank deposit accounts.