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W. K. Kellogg Foundation Deposits \$22.4 million in Banks and Credit Unions Under Cash Management Plan to Increase Social Returns

BATTLE CREEK, Michigan – The W.K. Kellogg Foundation has committed \$22.4 million to an investment strategy that will enable several banks and local financial institutions in the United States to increase lending for community development activities.

This is part of a larger investment strategy, known as mission-driven investing, where the Foundation has earmarked \$100 million of its endowment assets to invest in both for-profit and nonprofit enterprises over the next three to five years that can return both social and financial returns. The goal is to see investments grow in ways that allow the Foundation to continue making grants to improve opportunities for vulnerable children, while simultaneously creating social benefits that work in tandem to advance its mission.

To date, \$22 million has been earmarked for select banks that qualify for the federally insured Certificate of Deposit Account Registry (CDARS) program. Another \$400,000 has been targeted at community-based financial institutions, such as credit unions and other local lending institutions.

“The objective is to provide a market rate of return on our investments, while enabling community development banks and credit unions to increase their lending activity in areas that align with our programming interests,” said Sterling

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The W.K. Kellogg Foundation supports children, families, and communities as they strengthen and create conditions that propel vulnerable children to achieve success as individuals and as contributors to the larger community and society.

Speirn, the Kellogg Foundation's president and chief executive officer.

“Supporting community development institutions is a simple, yet effective, way to create greater impact that benefits people and the communities in which they live.”

Anne Mosle, vice president for programs at the Foundation, said that such institutions are well-positioned to understand and tackle the challenges their communities face.

“We believe there is great value in supporting larger, top-tier banks that have the potential to be significant financial institutions in their areas, while also providing needed resources to smaller, more focused credit unions that target specific communities or populations,” Mosle said. “These institutions can put capital to work relatively quickly, providing us with short-term investment options, and there is real value in giving longer-term capital that more broadly strengthens their balance sheets.”

Currently, deposits of amounts between \$2 to \$4 million, with maturities ranging from three months to two years, have been made in seven banks across the country. Four credit unions will receive deposits of \$100,000 each. This strategy is one piece of the Kellogg Foundation's mission-driven investment effort, announced in 2007. The aim of the investment program is to use a portion of the Foundation's endowment resources to reap both financial and social returns and benefits.

“Ultimately, we want to make a positive difference by improving opportunities for individuals, families and communities, and still meet our financial investment goals,” Speirn said. “Mission-driven investing is another tool that we can use to leverage our resources. Among other things, it allows us to preserve and grow our financial resources, while realizing greater social change by being able to leverage our endowment to serve the public good.”

In determining which banks to select for the deposits, the Kellogg Foundation looked at a range of criteria, including alignment with the goals and

strategies of the Foundation's mission-driven investment program. Candidates were assessed by geography, size and participation in the CDARS program. Consideration was also given to community impact, racial equity/ownership, financial health, capital deployment capability and financial rates of return. Similarly, credit unions and other community-based financial institutions were assessed by geography, and their focus on race/gender, rural and innovative programs and models.

Those institutions selected for these deposits include:

Banks

ShoreBank, Chicago, IL

Southern Bancorp of Mississippi, Little Rock, AR

First Bank of the Delta, Little Rock, AR

Liberty Bank and Trust, New Orleans, LA

Carver Federal Savings Bank, Brooklyn, NY

New Mexico Bank & Trust, Albuquerque, NM

South Carolina Community Bank, Columbia, SC

Credit Unions

Dakotaland Federal Credit Union, Huron, SD

Hope Community Credit Union, New Orleans, LA

Latino Community Credit Union, Durham, NC

Self Help Credit Union, Durham, NC

Established in 1930, the W.K. Kellogg Foundation supports children, families and communities as they strengthen and create conditions that propel vulnerable children to achieve success as individuals and as contributors to the larger community and society. Grants are concentrated in the United States, Latin

America and the Caribbean, and the southern African countries of Botswana, Lesotho, Malawi, Mozambique, South Africa, Swaziland and Zimbabwe.

For more information about the W.K. Kellogg Foundation, please visit the Foundation's website at www.wkkf.org. For more about the Foundation's mission-driven investment program, follow this link: www.wkkf.org/mdi.

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