

Providing Solutions to Today's Housing Finance Challenges

2011 Affordable Housing Advisory Council Annual Report



FHLBank Atlanta is a cooperative serving the Southeast that enables its shareholder financial institutions large and small to better serve their customers and their community. We do this by being a reliable resource of sound counsel and low-cost, customizable funding products many institutions cannot get anywhere else.

Working in partnership with our shareholders, we help make homeownership affordable, local communities thrive, and the U.S. financial system stronger.

FHLBank Atlanta's Impact 2011

RENTAL AND OWNERSHIP DEVELOPMENT: AFFORDABLE HOUSING PROGRAM (AHP) COMPETITIVE

Funding: \$37.6 million

Units: 3,922

Total development costs: \$457.3 million

Leveraging: 1:12

Cumulative AHP Competitive Funding since 1990: \$420 million

Cumulative AHP Competitive Units since 1990: 68,656

HOME PURCHASE AND REHABILITATION: AFFORDABLE HOUSING PROGRAM (AHP) SET-ASIDE PRODUCTS

Funding: \$14.4 million

Households: 1,982

Shareholder mortgage originations: \$247 million

Leveraging: 1:17

Cumulative AHP Set-aside Funding since 1997: \$84.8 million

Cumulative Households Served by AHP Set-aside since 1997: 13,449

CUMULATIVE AHP AND CICA* CONTRIBUTIONS SINCE 1990: \$539,347,997

*Community Investment Cash Advance total includes funds for EDGE, EDGE Opportunity Fund, Predevelopment Fund, and New Markets Fund.

All cumulative data is as of December 31, 2011.

Letter from the Chair

Dear FHLBank Atlanta Community:

FHLBank Atlanta plays a unique and critical role in meeting the housing and economic development needs of communities throughout the Southeast. As one of 12 regional Federal Home Loan Banks, FHLBank Atlanta helps make home mortgages affordable by extending credit to its shareholders, which range in size from the largest financial institutions in the country to the smaller, local community bank or credit union in your neighborhood.

Throughout the Bank's 80-year history, shareholders have relied on FHLBank Atlanta's efficient, cooperative structure to support them in building and sustaining communities. Even in the midst of the difficult economic challenges our communities have faced over the last four years, including the credit crisis and subsequent recession, FHLBank Atlanta has continued to serve its shareholders and communities with steadfast dependability and strength.

Today, although an economic recovery is underway, communities continue to struggle with high unemployment and unstable housing prices, driven by a persistent oversupply of unsold homes, many of which are foreclosures.

Economic experts agree that for a full recovery to take hold, issues in the housing market must be resolved. It is in this critical area of our economy that FHLBank Atlanta and the FHLBank System have been and will continue to be part of the solution.

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RESPONDING TO CRITICAL MARKET NEEDS

Each year FHLBank Atlanta by regulation allocates 10 percent of its annual net income to the Affordable Housing Program (AHP). These funds are delivered to communities through the Bank's shareholder financial institutions to help build or preserve housing for low- to moderate-income households. The Advisory Council, the Bank's management, and the Bank's board of directors work to ensure that AHP funds are directed toward helping shareholder financial institutions meet current demands of the housing market most effectively.

Today the housing market continues to be in transition, but we have seen some notable trends that are driving the evolution of FHLBank Atlanta's AHP. While the housing market has shown sporadic signs of a turnaround, distressed properties are hindering sustained improvement and additional foreclosures threaten gains in pricing stability. At the same time, historically low mortgage rates and strong rental rate growth have created an environment ripe for home purchases.

Additionally, existing homeowners have stepped up investments in their homes, and in 2011, total expenditures on home improvements exceeded investments in new home construction by a significant margin.

In 2011, FHLBank Atlanta responded to these market demands by expanding its portfolio of purchase assistance products and introducing new products that provide rehabilitation funding to existing homeowners. The new purchase products, Foreclosure Recovery and Community Stability, complement the Bank's existing First-time Homebuyer Product by providing down-payment and closing-cost funding to prospective homebuyers. Importantly, these products are targeting the foreclosure recovery and neighborhood stabilization efforts that are top priorities for many communities today. The two rehabilitation products, Accessibility Rehabilitation and Energy Efficiency/Weatherization, help pay for improvements that make homes safer and more cost efficient to own. In total, the Bank dispersed more than \$14 million through the five products, assisting 1,982 homebuyers and homeowners in 2011.

These products are not just responsive to housing needs in communities; they also support the business goals of the Bank's shareholders. Last year, shareholders originated more than \$247 million in new first mortgages in transactions using funding from the First-time Homebuyer, Foreclosure Recovery, and Community Stability products. Shareholders also used the products to reach new customer markets and establish new relationships with developers and contractors in their communities. In addition, because the products provide an "equity infusion" into a real estate loan transaction, they help reduce a financial institution's loan risk, enabling more extensions of credit to individuals, families, and businesses.

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Letter from the Chair

FACILITATING RESIDENTIAL DEVELOPMENT

While significant resources were devoted to the Bank's purchase and rehabilitation products, the Bank continued to support larger scale affordable housing development through the Competitive Affordable Housing Program (AHP). In 2011, the Bank announced new AHP awards of \$36.7 million to help build or preserve 3,922 housing units in markets where affordable housing continues to be scarce. When combined with other financing sources, this funding will support \$457 million in housing development, creating jobs and boosting tax bases in local communities. Since the program's inception in 1990, the Bank has dispersed more than \$420 million to support 68,656 units. Going forward, funding from the Competitive AHP will remain critical to helping the Bank's shareholders facilitate community lending and provide the gap financing that, in many cases, makes an affordable housing development viable.

Looking ahead, we are optimistic about improvements in the housing market and broader economy, and we are committed to helping shareholders find opportunities in a challenging environment. The next two years will also be critical for our country's housing finance system. As legislative and regulatory reforms are proposed and implemented, we must look at what has worked and what is working to support affordable housing, economic development, and sustainable homeownership. It is clear that FHLBank Atlanta and the FHLBank System are critical parts of the solution to today's challenges in the housing market and housing finance system. The cooperative structure, regional focus, and proven programs to support affordable housing should be preserved and strengthened.

As we navigate the economic recovery, FHLBank Atlanta and its Advisory Council will continue to serve as a trusted, reliable partner to shareholders and community developers. Our focus remains on delivering solutions that support shareholders' business development goals and extensions of credit that facilitate affordable housing, homeownership, and job creation. We look forward to meeting your business needs in 2012 and beyond. Thank you for your continued support of FHLBank Atlanta.

Stephen P. Auger

Chair, FHLBank Atlanta Affordable Housing Advisory Council

W. Wesley McMullan

President and Chief Executive Officer, FHLBank Atlanta

Delivering Solutions

MAKING HOMEOWNERSHIP AFFORDABLE, LOCAL COMMUNITIES THRIVE, AND THE U.S. FINANCIAL SYSTEM STRONGER

FHLBank Atlanta serves as a reliable source of low-cost funding for shareholder financial institutions. The Bank's primary business is to provide advances (loans) to shareholders to help them make affordable home mortgages and business loans in their local communities.

As part of its housing finance mission, the Bank also delivers a broad portfolio of products that directly supports affordable housing development, home rehabilitation, and home ownership.

How FHLBank Atlanta creates solutions

FHLBANK ATLANTA'S COMMUNITY DIVIDEND: A UNIQUE OFFERING TO SHAREHOLDERS

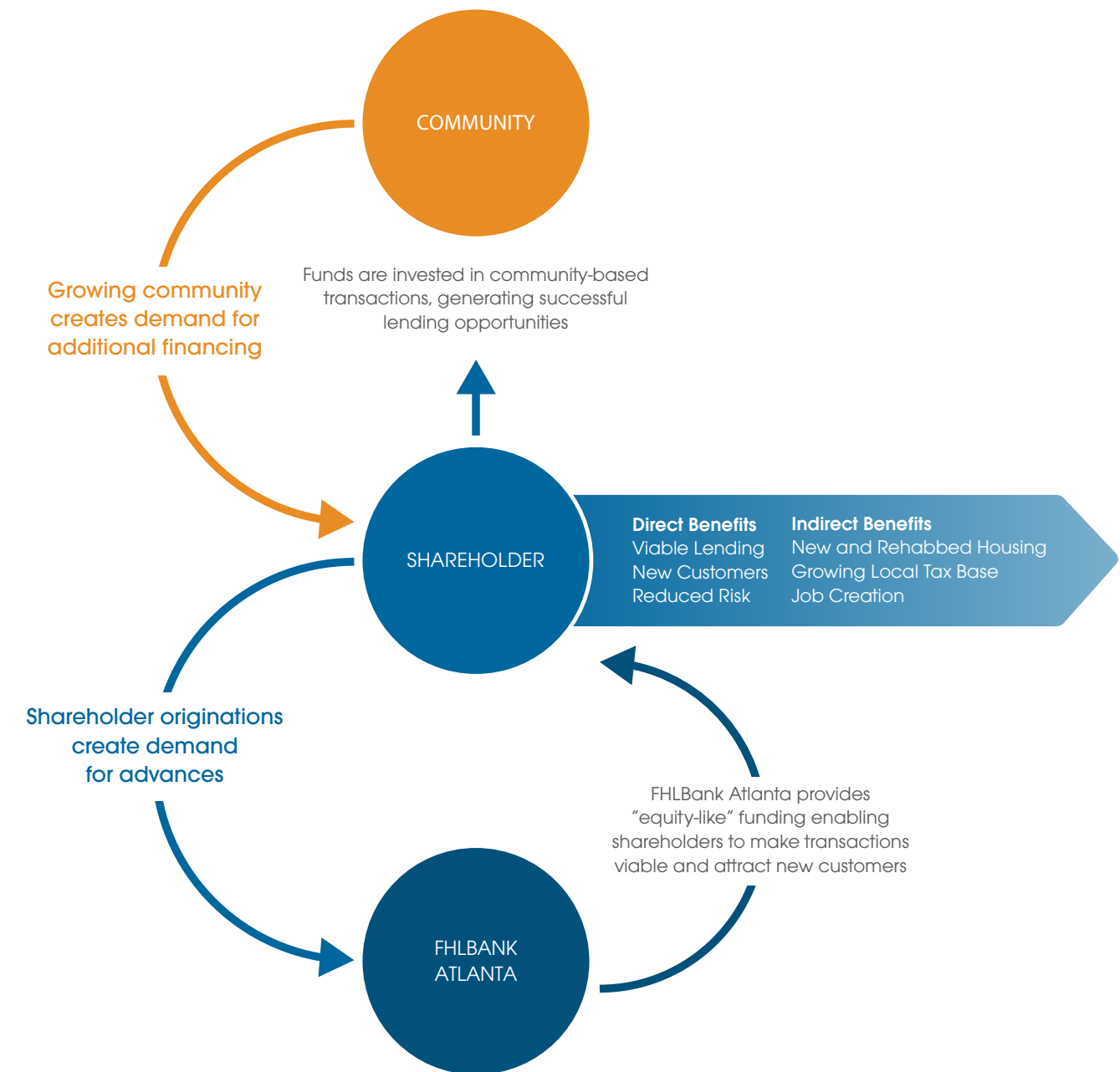
FHLBank Atlanta provides financial resources to shareholders so that they can invest in their local markets to improve housing, economic vitality, and quality of life. It's a unique offering to shareholders that no other wholesale funder provides.

The Bank funds its "community dividend" by allocating 10 percent of annual net income to the Affordable Housing Program. Like any dividend, the Bank's community dividend is predicated on earnings: the more the Bank earns, the more resources are available for community investment.

This 10 percent of earnings is delivered to shareholders through a variety of community investment products. It serves as equity-like capital for real estate transactions, including gap funding for affordable housing development, down-payment assistance for a home purchase, or funding for home rehabilitation projects.

CONNECTING THE DOTS: A CONTINUOUS CYCLE OF INVESTMENT IN OUR COMMUNITIES

The Bank's shareholders serve as the critical conduits for putting this community dividend to work in local markets. As shareholders use this funding to reach new customers, build their businesses, and support affordable housing development, demand for their products and services grows. This growth creates additional demand for FHLBank Atlanta advances and helps drive earnings, fueling the cycle of continued investment in communities.



Serving Diverse Markets

VIRGINIA



In Virginia, the demand and competition for affordable housing funding is intense as communities seek to rehabilitate aging housing stock and bring new mixed-use, mixed-income developments into downtown areas. Many urban communities and outer ring suburban areas in northern Virginia also continue to struggle with the effects of widespread foreclosures. However, the current real estate environment has created opportunities for developers and homebuyers alike. Home prices have declined, mortgage rates remain at historic lows, and rents have increased 17 percent in the last three years.

NORTH CAROLINA



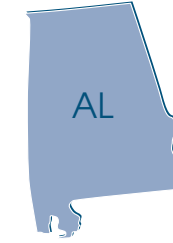
High rates and prolonged periods of unemployment and underemployment have put pressures on economic stability and state resources in North Carolina. These macro factors have shed light on an undersupply of housing units and vouchers for very low-income households and an abundance of owner-occupied housing stock that is aging and in various stages of disrepair. Housing with supportive services for special needs residents is also a top priority for the state. As in other states, government and other traditional sources of financing for affordable housing development and rehabilitation are in limited supply and competition for funding is intense.

SOUTH CAROLINA



Unemployment in South Carolina remains higher than the national rate and a persistent backlog of foreclosures is hindering a housing market and economic recovery. Competition for affordable housing funding has grown in recent years even as the availability of these funds has declined. Facing a shortage of needed financing, urban communities in the state have created regional housing trust funds that are successfully raising private capital to match public funding at this critical time.

ALABAMA



All regions of Alabama are working to replace housing stock. Several outbreaks of tornadoes devastated communities in 2011, compounding the state's ongoing efforts to rebuild coastal areas affected by severe hurricanes several years ago. Rural affordable housing stock is aging and in need of rehabilitation, and workforce housing continues to be in short supply in smaller communities. With reduced federal funding and state revenues at historic lows, communities are struggling to finance reconstruction.

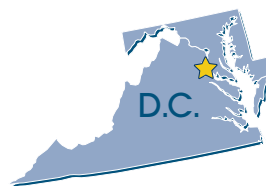
With a geographic footprint spanning from Maryland to Florida, FHLBank Atlanta serves diverse communities that are facing an array of challenges in affordable housing development and finance. Some of today's issues, such as high distressed property inventories, are common across the district, while many other challenges are driven by the housing landscape and financing environment on a local level.

MARYLAND



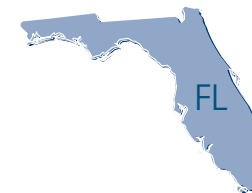
Historically, while other parts of the country experience economic challenges, Maryland enjoys the benefits of stable employment related to government jobs and government contractors. However, with the recent recession, areas in Maryland have been hit harder than usual. Construction has slowed with more stalled projects, and foreclosures are an issue in many communities. Financial resources have also been scarce as federal funds have been cut and the competition for Low-income Housing Tax Credits has increased. Despite the economic downturn, land prices remain high in Maryland compared to other areas in the Southeast, creating challenges in developing and financing affordable housing.

DISTRICT OF COLUMBIA



A significant inventory of the affordable housing stock in Washington, D.C., is aging and has passed its initial life expectancy. Many units no longer meet the needs of today's household, including families with children and senior residents. Real estate costs in Washington remain high, making development of new units challenging in light of decreasing government financing resources. Average rehabilitation costs have also increased with local requirements for significant renovations to meet current ADA accessibility standards and include environmentally sustainable building materials.

FLORIDA



Florida was hit particularly hard by unemployment and the housing crisis and continues to rank seventh among states with the highest number of foreclosures. Despite lower housing prices and higher vacancies, Florida continues to have affordable housing challenges. Prolonged unemployment and underemployment have depressed household incomes, driving up the cost-burdened rate for homeowners and creating more low-income renters without a corresponding increase in affordable units.

GEORGIA



While various programs have had some success putting vacant properties back into productive use, Georgia still struggles with a large number of foreclosures and the related impacts they have on neighborhood stability and tax revenues. Affordable housing preservation also is a key issue, as an increasing number of tax credit developments reach the 15-year mark in the next couple of years. Tax credit resources for recapitalization of these properties are scarce, requiring creative approaches to financing in order to keep the units in the affordable housing stock.

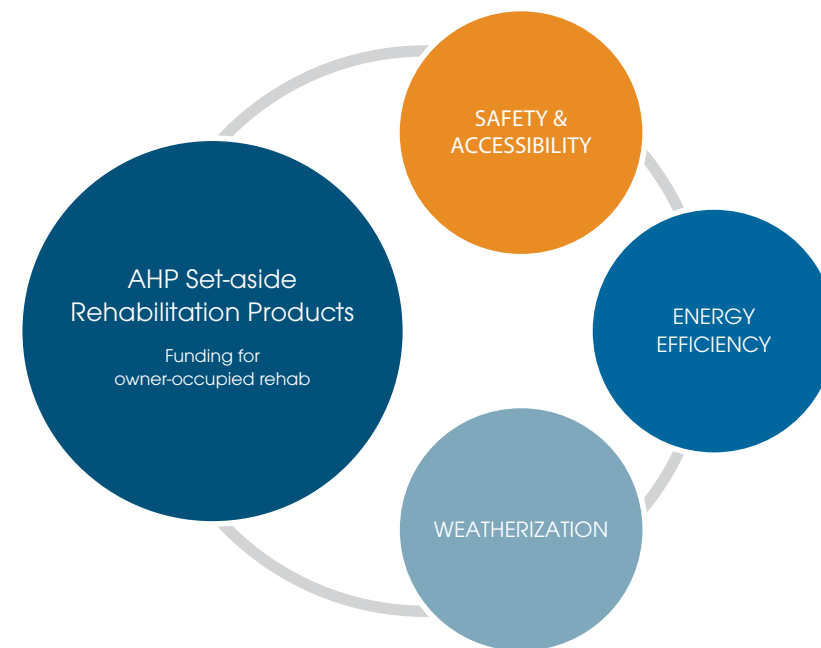
Responding to Shareholder and Community Needs

A Broad Portfolio of Solutions

Through the partnerships with its shareholders and a broad, flexible product portfolio, FHLBank Atlanta has continued to deliver effective housing finance solutions to meet the diverse needs of communities across the district.



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Products and Services

AFFORDABLE HOUSING PROGRAM (AHP)

AHP COMPETITIVE

AHP Competitive provides critical gap funding that helps make affordable housing projects viable. Building stimulated through the AHP provides safe, decent housing for low- to moderate-income families while creating jobs and increasing the tax base in communities. The program encourages shareholder investment in community deals by reducing loan-to-value and transaction risk.

Shareholders partner with local development organizations to apply for up to \$500,000 in grant funding each year from the AHP Competitive. Funding can be used for ownership and rental development, new construction or rehabilitation, single-family or multi-family, and acquisition or owner-occupied projects.

AHP SET-ASIDE PRODUCTS

AHP Set-aside Products help individuals and families purchase and rehabilitate homes. The products create stability in communities by reducing unsold inventories, including foreclosures, promoting homeownership to qualified buyers, and facilitating improvement of existing housing stock. Shareholders use the Set-aside Products to reach new customer markets, originate new mortgages and lines of credit, expedite REO sales, and reduce loan risk.

AHP Set-aside Products deliver down-payment, closing-cost, and rehabilitation funding to shareholders on a non-competitive first-come, first-served basis. These products include the First-time Homebuyer Product, which the Bank has offered since 1997, as well as four purchase and rehabilitation products introduced in 2011 and the new Veterans Products, introduced in 2012.

FIRST-TIME HOMEBUYER PRODUCT

Provides up to \$5,000 in funding for the down payments and closing costs of first-time homebuyers.

COMMUNITY STABILITY PRODUCT

Provides up to \$5,000 in down-payment and closing-cost assistance for the purchase or purchase/rehabilitation of an existing home in neighborhoods targeted for stabilization by a government or special district or authority.

FORECLOSURE RECOVERY PRODUCT

Provides up to \$12,000 in down-payment, closing-cost, and rehabilitation funding for the purchase or purchase/rehabilitation of an existing home from the Real Estate Owned (REO) inventory of an FHLBank Atlanta shareholder financial institution, shareholder's affiliate, or housing associate member.

ENERGY EFFICIENCY/WEATHERIZATION PRODUCT

Provides up to \$12,000 for weatherization and energy efficient improvements of an existing owner-occupied home.

ACCESSIBILITY REHABILITATION PRODUCT

Provides up to \$12,000 to pay for accessibility improvements of an existing owner-occupied home.

Advances

COMMUNITY INVESTMENT AND ECONOMIC DEVELOPMENT PROGRAMS

Discounted advance products for residential and economic development projects benefiting low- to moderate-income families and neighborhoods.

The Crossings at Fourth and Preston



MEMBER
Branch Banking and Trust Company

DEVELOPER/SPONSOR
Virginia Supportive Housing

AHP COMPETITIVE SUBSIDY
\$600,000

The Crossings at Fourth and Preston is an innovative, mixed-income community that provides housing for low-income and homeless individuals in the Charlottesville, VA. area. Half of the development's 60 studio units are reserved as permanent supportive housing for chronically homeless, medically vulnerable individuals, while the remaining 30 units serve as affordable housing for individuals earning 50 percent or less than the area median income. Residents have access to supportive services.

Virginia Supportive Housing leveraged a direct subsidy from FHLBank Atlanta's AHP with tax credit equity from the Virginia Community Development Corporation, an acquisition loan from the City of Charlottesville, a Virginia Housing Development Authority SPARC loan, a Department of Housing and Community Development HOME loan, and other financing sources to build the \$8 million development.

Products and Services

Benefits to Shareholders, Homeowners and Renters, and Communities at Large

SHAREHOLDER FINANCIAL INSTITUTIONS

- Enables extension of credit
- Reduces loan risk
- Expedites sale of REO property inventory
- Expands customer base

HOMEBUYERS AND TENANTS

- Provides safe, decent, affordable housing
- Facilitates home purchases
- Enables improvements to existing home

COMMUNITY

- Provides capital for difficult to finance transactions
- Stimulates residential construction and stabilizes home prices
- Reduces foreclosures and excess unsold home inventories
- Creates local jobs

2011 Affordable Housing Advisory Council

Steve Auger - Chair

Executive Director, Florida Housing Finance Corporation
Tallahassee, FL

Robert B. Cooke - Vice Chair

Executive Director, Southwest Georgia United Empowerment Zone, Inc.
Vienna, GA

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Richmond, VA

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President, Alabama Association of Community Development Corporations
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Reginal Barner

President/CEO,
The Barner Group, LLC
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Vice President & Chief Operating Officer,
North Carolina Association of Community Development Corporations
Raleigh, NC

Maurice M. Simpkins

Retired Homebuilder
Columbia, MD

William H. Tilly, Jr.

Executive Director, Alabama Multifamily Loan Consortium
Montgomery, AL

Cindy Wiggins-Tiede

Executive Vice President,
Community Investment Corporation of the Carolinas
Wake Forest, NC

The Greens at Rolling Road



MEMBER

SunTrust Bank

DEVELOPER/SPONSOR

Enterprise Housing Corporation

AHP COMPETITIVE SUBSIDY

\$373,500

The Greens at Rolling Road is a newly constructed community of 83 units of affordable rental housing for seniors. The three-story building consists of 65 one-bedroom and 18 two-bedroom units. Designed with steep sloping roofs and stone cladding, the building complements the early 20th century historic residences located in the community.

The Greens at Rolling Road is designed with several features to increase energy efficiency and conservation of raw materials. Doublepane, low-E windows; water-conserving plumbing fixtures; EnergyStar® appliances; energy-saving light fixtures; and green label carpeting throughout contribute to a healthy, sustainable living environment.

Outdoor amenities include a quarter-mile walking path, planter beds, a bocce ball court, an entrance porch and a paved patio off the community room. Interior common areas such as a community room, TV lounge, activity room, laundry room, mail room, and fitness room are clustered together on one wing of the first floor to encourage socialization among residents.

Enterprise Housing Corporation leveraged a direct subsidy from FHLBank Atlanta's AHP with funding from the State of Maryland Department of Housing and Community Development, Baltimore County HOME Funds, Enterprise Community Investment, Inc., Maryland Affordable Housing Trust, and Enterprise Green Communities to build the \$13.7 million development.

FHLBank Atlanta Management

W. Wesley McMullan
President and Chief
Executive Officer

EXECUTIVE VICE PRESIDENTS

Cathy Adams
Chief Operations Officer

Robert Dozier
Chief Business Officer

Kirk Malmberg
Chief Financial Officer

SENIOR VICE PRESIDENTS

Robert Bennett
Chief Information Officer

Dan Counce
Controller

Arthur Fleming
Director of Community
Investment Services

Robert Kovach
Chief Credit Officer

Eric Mondres
Director of Government and
Industry Relations

Andrew Mills
Treasurer

Reginald O'Shields
General Counsel

Richard Patrick
Chief Audit Officer

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Arthur Fleming
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