

FHLBank Atlanta's Forward Starting advances enable you to take advantage of the current interest rate environment without adding liquidity to the balance sheet immediately. Any structured advance can be forward starting, including the Fixed Rate Credit (FRC), Adjustable Rate Credit, Amortizing, Expander, Floating-to-Fixed, and more. The advance will have all of the features and benefits of the selected structure once it has funded. Interest payments begin once the forward starting period ends. This advance should only be issued with the good faith intention by the shareholder to fund the advance. Additional fees and limitations apply for terminating the advance transaction prior to the funding date.

COMMON USES

- Hedge tail risk on loans that are being originated and kept on the books
- Fund loans with delayed disbursements, such as construction loans
- Obtain interest-rate protection in a rising-rate environment without taking on additional funding today
- Secure known funding costs for future loan production
- Manage anticipated deposit runoff or uncertainty in the future

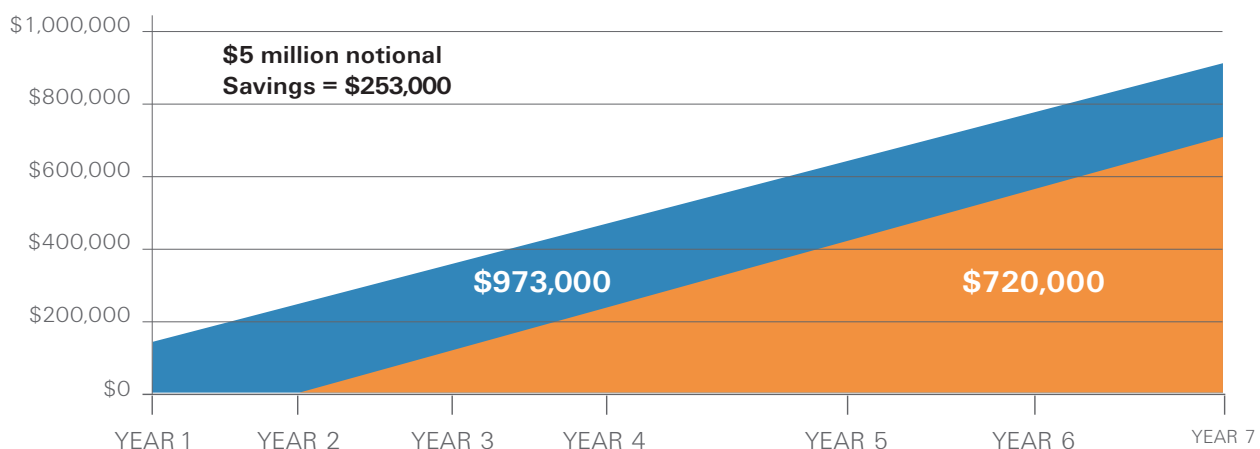
SHAREHOLDER BENEFITS

- Protect net interest margins by locking in an interest rate today for future funding
- Gain flexibility in liquidity management
- Capture positive net present value in rising-rate scenarios
- Avoid hedge accounting implications as seen in other off-balance sheet hedging tools

Example: Reduce Interest Expense with a Forward Starting Advance

You can minimize interest expense by using a five-year FRC advance with a two-year forward starting period compared to a seven-year FRC that funds immediately. For example, the interest rate on the forward starting structure is 2.88% vs. 2.78% for the seven-year FRC. Interest payments begin after the two-year forward starting period ends.

7-yr FRC 2.78% vs. 2-yr Forward Starting, 5-Year FRC 2.88%



TERMS

- **Pricing and Maturity:** Pricing and maturity are based on the terms of the specific advance structure selected.
- **Interest:** The advance amount will accrue interest beginning on the funding date. Interest is calculated and payable to the Bank based on the terms of the specific advance structure selected.
- **Voluntary Termination Prior to Funding Date:** The shareholder may terminate the advance confirmation prior to the funding date subject to a fee. The fee is equal to the Bank's cost of unwinding the related hedge, plus 50 basis points times the advance amount, plus an administrative fee. The shareholder shall not receive any payment from the Bank upon voluntary prepayment prior to the funding date, regardless of whether or not the Bank has received any amount greater than zero on the underlying hedge.
- **Prepayment Fee:** The shareholder may prepay the advance amount in whole or in part after the funding date and prior to the maturity date. The prepayment fee is equal to the Bank's cost of unwinding the related hedge plus an administrative fee.

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