

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

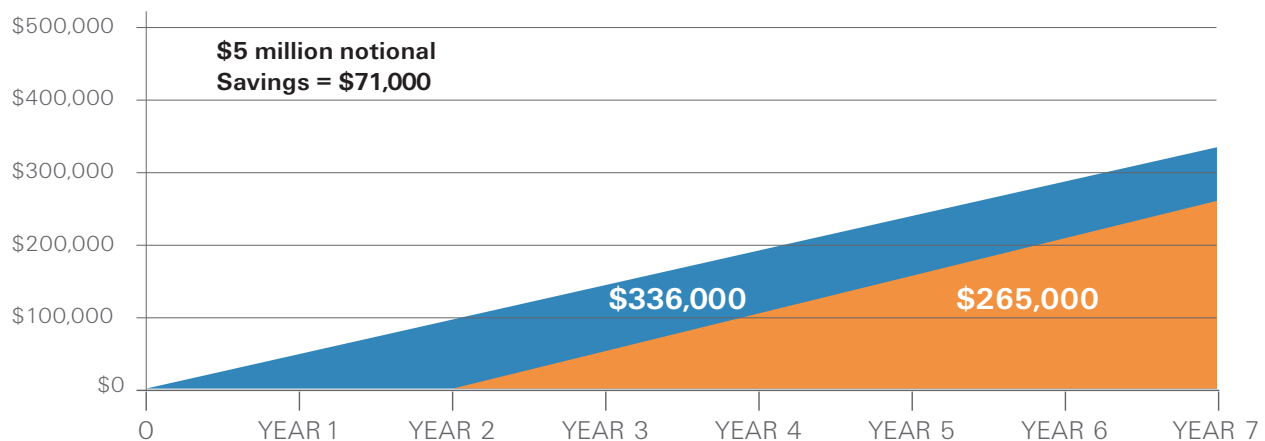
SHAREHOLDER BENEFITS

- 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 once the advance has funded
- 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 1.06% vs. 0.96% for the seven-year FRC. Interest payments begin after the two-year forward starting period ends.

7-yr FRC 0.96% vs. 2-yr Forward Starting, 5-Year FRC 1.06%



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:**
 - If a forward starting advance transaction is terminated at any time prior to the funding date, the voluntary termination fee will be equal to 50 bps times the principal amount of the advance plus the Bank's cost of unwinding the hedge plus an administrative fee
 - The member shall not receive any payment from the Bank upon voluntary termination of the advance transaction prior to the funding date, regardless of whether or not the Bank has received any amount greater than zero on the underlying hedge
- **Prepayment:**
 - On or after the funding date and prior to the maturity date, the prepayment fee on non-specified prepayment dates is generally equal to the Bank's cost of unwinding the hedged transaction, plus a cost of funds amount (which is calculated based on the present value difference between the Bank's cost of funds at the advance trade date and the Bank's costs of funds at the fee determination date applied to the amount of the prepayment), plus an administrative fee. Please consult the advance confirmation for additional details regarding the specific prepayment option on the advance and the prepayment fee

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