

Defining Excellence

FHLBank Atlanta | 2007 Annual Report



FEDERAL HOME LOAN BANK
OF ATLANTA

1475

Our members have many choices
for their financial services needs.

We believe that when selecting
a financial services partner,
our members seek excellence.

At FHLBank Atlanta, we strive to be the best choice for all our members' funding needs – whether they are seeking low-cost funding for mortgages, grants or subsidized loans for community development, or simply a competitive return on their investment dollars.

What is excellence?

**At FHLBank Atlanta,
we define excellence in many ways:**





Richard A. Dorfman | President and CEO

To Our Shareholders:

A MESSAGE FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

In 2007, Federal Home Loan Bank of Atlanta fulfilled its mission with excellence. While the subprime mortgage crisis and falling home values created a volatile environment, the Bank provided liquidity to member financial institutions with confidence, strength, and relative ease. The Bank remained a reliable source of funds when funding from other sources became too costly or difficult to obtain. From June 2007 to December 2007, the Bank's advances outstanding grew by more than \$34 billion as we helped members meet the financial services needs of their communities. And, most importantly, we continued to provide this funding in a safe, sound, and reliable manner.

I joined the Bank as President and CEO in June of last year with high expectations regarding the organization's ability to serve its members and strengthen communities. I was delighted to find more than 300 employees who shared this vision. As you will see in this report, the Bank is led by many talented individuals, each committed to excellence in financial performance, product innovation, customer service, risk management, and community support.

Our focus on excellence will enable us to continue serving our members and achieving our housing finance mission through all business cycles. Thanks to our ready access to the global capital markets and strong financial health, we remain well positioned to provide liquidity and products that help our members meet their lending goals, manage risks effectively, and support their communities.

Financial Performance

A significant increase in advance borrowing, continued efficiencies in managing hedging and operating expenses, and effective risk management drove exceptional financial results for the Bank in 2007.

- Total assets as of December 31, 2007, were \$189.7 billion, an increase of 34.7 percent over total assets of \$140.8 billion as of December 31, 2006.
- Advances outstanding, the largest component of the Bank's assets, grew 40.8 percent in 2007 to \$142.9 billion at year end.
- The Bank earned \$444.9 million in net income in 2007, a 7.41 percent increase over net income of \$414.2 million earned in 2006.
- Outstanding financial results enabled the Bank to pay member institutions a competitive return on their investments. The 2007 average annual dividend rate was 5.98 percent, which was 68 basis points above average three-month LIBOR for the year.
- Retained earnings as of December 31, 2007, totaled \$468.8 million, a 15.5 percent increase over retained earnings of \$406 million as of December 31, 2006.

Community Investment

Our excellent financial performance provides funds for the Bank's support of its affordable housing, economic development, and down-payment assistance programs. In 2007, the Bank committed a record \$50.7 million to the Affordable Housing Program (AHP). Our members and their community partners will use this funding to help finance 151 affordable housing developments that will provide nearly 7,000 units for low- to moderate-income households. The Bank experienced strong demand in 2007 for down-payment and closing-cost assistance through the First-time Homebuyer Program (FHP), even in the midst of a housing slowdown. Through our members, the Bank provided more than \$7 million in FHP funding to help 822 families and individuals purchase their first homes.

The Bank also offered members other low-cost options to support affordable housing and community economic development, such as the Community Investment Program (CIP), Economic Development Program (EDP), and Economic Development and Growth Enhancement (EDGE) Program. Members borrowed \$228 million through the CIP and EDP in 2007. Additionally, the Bank provided \$8.1 million in below-market rate loans through its EDGE program to help fund economic development projects in underserved neighborhoods.

Products and Services

Our diverse product portfolio helps members meet many of their critical funding needs. Working closely with our members, we have developed a wide range of products that help them maintain liquidity, fund fixed- and variable-rate mortgages, and manage asset and liability positions.

Equally important to a strong product portfolio is responsiveness to our members' advance requests. During last summer's credit crisis, we were able to provide funding to our members rapidly and seamlessly. In the third quarter alone, we executed more than 4,800 new advance transactions worth nearly \$100 billion. This vital funding helped ensure our members could continue to lend into their communities, making certain that mortgages closed and business loans were not delayed.

We also invested resources in education programs for our members and community partners. In 2007, we offered more than 40 workshops, events, and web conferences that helped members better understand

how advances and community investment products can serve their business needs. Member education will remain a priority in 2008 as we roll out a number of changes to our policies, product offerings, and community investment programs.

Building on Our Success

While we are proud of our accomplishments, we remain focused on seeking new ways to achieve excellence and create value for our members. Regardless of the business cycle or credit environment, our most important priority is to remain a reliable source of funding for our members.

With our solid financial position, effective risk management practices, and dedicated staff, I am confident that we can satisfy this goal. While the housing and credit markets will continue to present challenges, we are here to support our members as they navigate unstable markets, reach out to new customers, and expand their businesses. Together, we can create an environment of excellence - one in which both the Bank and its members exceed their goals.



Richard A. Dorfman
President and CEO

Financial Highlights

<i>(dollars in thousands)</i>	2007	2006	2005
SELECTED ITEMS AT YEAR END			
Total assets	\$189,746,132	\$140,758,431	\$143,212,839
Advances	142,867,373	101,476,335	101,264,208
Investments	25,888,062	23,845,020	24,888,817
Deposits	7,135,027	4,620,468	5,234,874
Capital stock	7,556,016	5,771,798	5,753,203
Retained earnings	468,779	406,376	328,369
Membership	1,217	1,210	1,210
ANNUAL OPERATING RESULTS			
Net income	\$444,903	\$414,198	\$344,136
Dividends paid	382,500	336,191	232,407
Dividend rate	5.98%	5.72%	4.15%
PERFORMANCE RATIOS			
Return on average assets	0.28%	0.29%	0.25%
Return on average equity	6.47%	6.59%	5.83%
Total average equity to average assets	4.27%	4.41%	4.26%



Victor Talarico | Trade Associate

Kevin Wyckoff | Vice President, Regional Sales Coordinator

T.J. Millard | Manager, Member Education

Excellence in Product Innovation

“Product innovation is an important part of delivering value to members. We will continue to develop new products that meet their changing needs.”

HAIG KAZAZIAN | FIRST VICE PRESIDENT, NATIONAL ACCOUNTS & PRODUCT DEVELOPMENT



Lali Shaffer | Senior Transaction & Pricing Specialist II

Haig Kazazian | First Vice President, National Accounts & Product Development

Scott Biehle | Vice President, Manager of Mortgage Program Sales

Access to innovative products is just one of the many reasons membership in FHLBank Atlanta is valuable. Currently, the Bank offers more than 20 types of credit products that help members meet liquidity needs, manage interest-rate risk, and support affordable housing and economic development.

Haig Kazazian and the product development team work in lock-step with the Bank's Funding Desk to develop and deliver products that are attractive to a wide range of members, competitively priced, and profitable for the Bank. Recent product innovation has focused

on advances that assist members in managing their asset and liability positions, enabling them to hedge risks on their balance sheets more effectively.

Many ideas affect the design and launch of a new advance, but the primary driver of the Bank's product innovation is member demand. By focusing on what members need, Kazazian and the product development team ensure that advances address members' key funding challenges and that the Bank remains a valued financial services partner.



D.Haddon Foster II | First Vice President, Investment Portfolio Manager

Steve North | First Vice President, Capital Markets Funding

Excellence in Financial Performance

“Excellence in financial performance means not only doing a job well and making money, but doing so in a way that strengthens our members and furthers the Bank’s housing finance mission.”

D. HADDON FOSTER II | FIRST VICE PRESIDENT, INVESTMENT PORTFOLIO MANAGER

During last year’s subprime crisis, a time when many sources of liquidity had dried up, the Bank stepped in to meet the funding needs of our members.

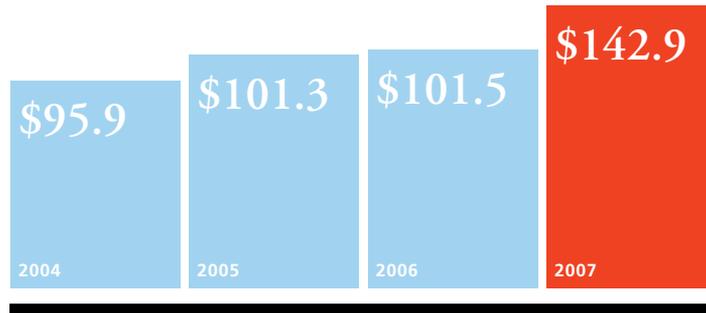
Two of the many individuals who made that happen were Haddon Foster and Steve North. Managing the Bank’s liquidity and long-term borrowing, Foster and North, along with their expert teams, helped ensure that members could access advances seamlessly, whether they needed \$2 million or \$2 billion on any given day.

On the borrowing side of the Bank’s balance sheet, much of what contributes to profit or loss is determined by ever-changing market forces. However, Foster and North look to enhance profitability at the margin and work to ensure that even a half basis point advantage in a single trade is not left on the table. Multiplied by the billions of dollars

the Bank borrows, these marginal basis points contribute significantly to the Bank’s bottom line and flow directly to return on equity.

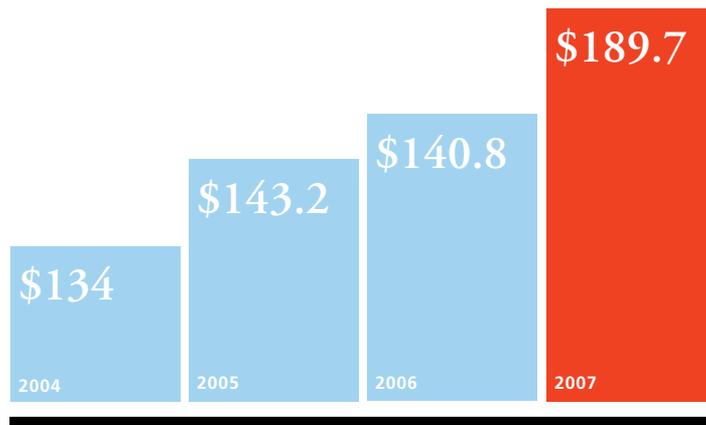
Strong financial performance generates more than just a healthy return on our members’ investments. It drives better advance pricing for members, allows the Bank to support adequate staffing, and generates more dollars for affordable housing and economic development, benefiting communities across the Bank’s district.

For Foster and North, these are the keys to excellence in financial performance. Excellence means more than just making money. It means striving to achieve the best results on every trade in a way that improves the Bank, helps our members grow stronger and more profitable, and furthers the Bank’s housing finance mission.



Advances Outstanding

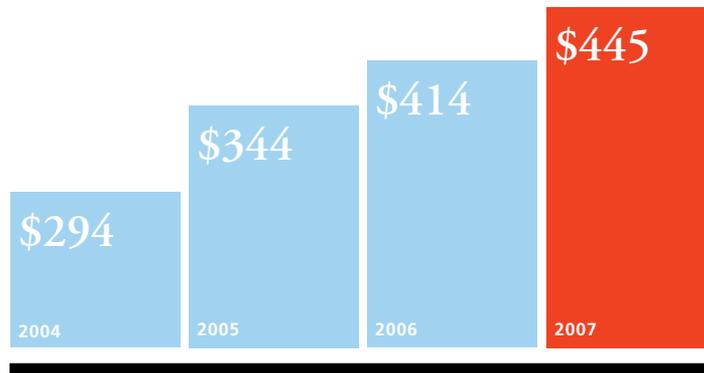
AMOUNTS IN BILLIONS



Total Assets

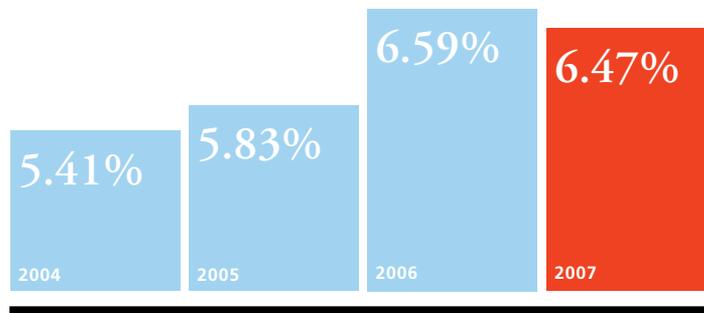
AMOUNTS IN BILLIONS

Measures of Excellence



Net Income

AMOUNTS IN MILLIONS



Return on Equity

Our ability to serve our members' needs and achieve our housing finance mission is dependent in part on strong financial performance. In 2007, the Bank produced excellent financial results by almost any measure. Advances outstanding and total assets grew by 40.8% and 34.7% respectively, demonstrating the Bank's value as a reliable source of funding. Net income grew by 7.41%, due to increased member borrowing and effective hedging activity. Return on equity was 6.47%, representing an attractive return on our members' investment in the Bank.

Excellence in Risk Management

“Part of managing risk is working proactively with our members to help them identify and pledge the right types of collateral. We do this not just to secure the Bank’s lending, but also to help our members maximize their borrowing capacity.”

DAVID COURSON | ASSISTANT VICE PRESIDENT, REGIONAL COLLATERAL MANAGER

For any financial services company, managing risk is paramount. Every Bank employee plays a role in mitigating the myriad types of risk the Bank faces, but for members of the Bank’s Credit and Collateral Services department, risk management is a mission and a passion.

Michelle Simpson and David Courson, two members of Credit and Collateral Services, believe that good risk management is about anticipating a problem before it arises, which is why they take a proactive approach to managing risk in their respective areas.

For Simpson, this means looking for early signs of credit deterioration in the Bank’s unsecured lending and non-agency mortgage-backed

securities portfolios. At the same time, Courson monitors the collateral members pledge to secure advances, not only to ensure that the Bank’s lending remains 100 percent collateralized, but also to help members get the most value from the loans they pledge.

While focused on different sources of risk, Simpson and Courson share the same goal: to enable the Bank to continue operating in a safe and sound manner. Managing risk well creates value in many ways. It protects members’ investments in the Bank, provides a foundation for strong financial performance, and ultimately, enables us to continue delivering products that meet the credit needs of our members and the communities they serve.



David Courson | Assistant Vice President, Regional Collateral Manager

Michelle Simpson | Assistant Vice President, Manager of Unsecured Credit Risk Analysis



Tim Arnold | Senior FHLBAccess Support Specialist

Leigh Chapple | Vice President, Manager Customer Operations & Systems

Excellence in Member Service

“Our ability to provide excellent service depends on many factors, including listening to our members, building technology to meet their needs, and providing the highest levels of support.”

LEIGH CHAPPLE | VICE PRESIDENT, MANAGER CUSTOMER OPERATIONS & SYSTEMS

What makes an excellent service experience? Getting helpful information and support when you need it. Having access to technology that helps you get your job done. Knowing that the individual on the other end of the line is listening. Quality service is an important part of the Bank’s total value of membership. That’s why each employee at the Bank is committed to delivering exceptional service to every member, every day.

Leigh Chapple and Tim Arnold, two members of the Customer Operations and Systems department, are on the front lines of the Bank’s efforts to provide top quality service. Whether overseeing the deployment of customer-facing technology or responding to members’ questions or requests for technical support, Chapple and Arnold work to ensure

that members have the tools, information, and resources that make it easier to do business with the Bank.

In addition to their respective responsibilities, both Chapple and Arnold are passionate about finding out what members think. Listening and gathering feedback, whether through call logs, customer surveys, or focus groups, is critical to creating the best service experience for members.

To further this goal, the department continually asks “How can we make this better?” According to Chapple and Arnold, the difference between good service and excellent service is the ability to focus simultaneously on what customers need today and what they may need tomorrow.

Excellence in Partnership

“The Bank’s Affordable Housing Program was designed to create partnerships between our members and community developers. Each party has its own responsibilities in developing affordable housing, but a project is more successful when they work together.”

SHANNON FOUNTAIN | WORKFLOW INTEGRATION MANAGER

By serving our members, we also serve our communities. An important part of the Bank’s mission is to support affordable housing, homeownership, and economic development in communities throughout our district. We do this by committing significant financial resources to our community investment programs and by fostering partnerships between our members and community developers.

Building partnerships is central to the Bank’s Community Investment Services department. Deborah Miller and Shannon Fountain are two of the many individuals devoted to bringing community development organizations, financial services providers, and a host of other players together to create housing and economic opportunities for low- to moderate-

income families and individuals. They serve as educators, matchmakers, project managers, and financial analysts, representing the many complex roles required to turn an idea for community development into reality.

Through these partnerships, our members contribute to and benefit from the transformation of a community. According to Miller and Fountain, the value of a member’s individual investment is often worth much more than the specific dollar amount. One loan or grant for housing or a small business can start a wave of other affordable housing and economic development. When this happens, the entire community prospers, creating additional opportunities for the member institution.

A photograph of two women standing in front of a large window. The woman on the left is wearing a black ribbed turtleneck sweater and grey trousers. The woman on the right is wearing a black zip-up jacket and grey trousers. Both are smiling. The background shows a cityscape through the window.

Shannon Fountain | Workflow Integration Manager

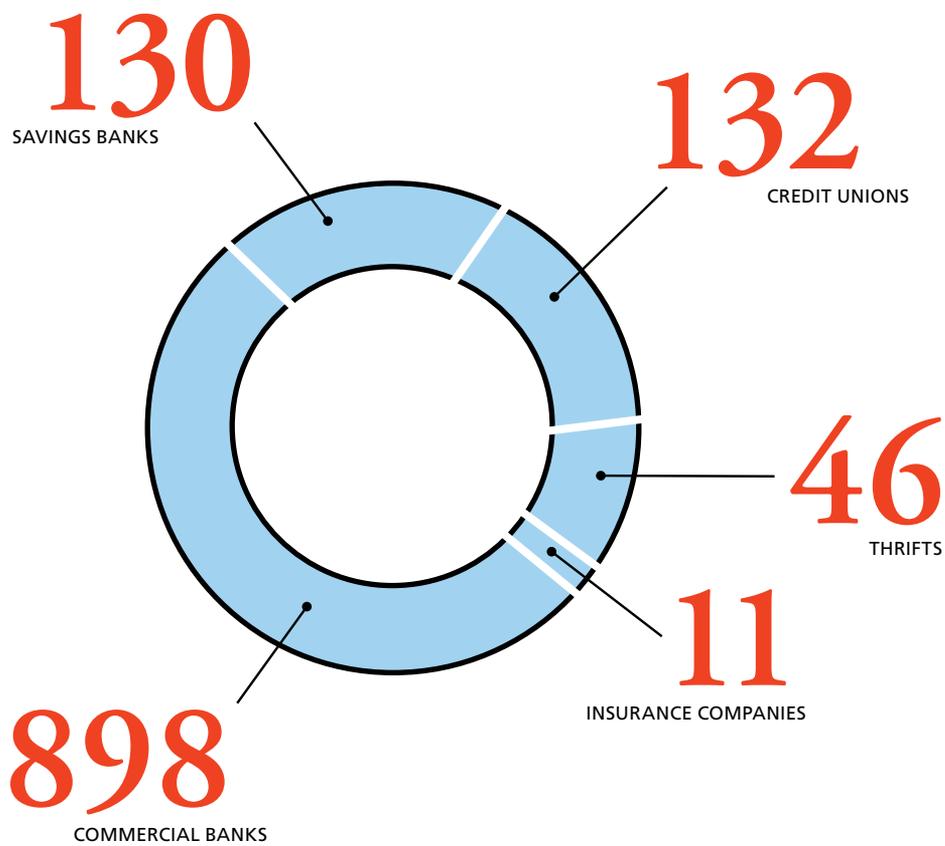
Deborah Miller | Senior Community Investment Services Specialist



AHP and Community Lending*

CUMULATIVE DOLLARS IN MILLIONS

*Includes funds for AHP, EDGE, EDGE Opportunity Fund, FHP, Predevelopment Fund, and New Markets Fund.



Number of Members
BY CHARTER TYPE

FHLBank Atlanta Membership Profile



PICTURED LEFT TO RIGHT:

JAMES V. STANTON
F. GARY GARCZYNSKI
ROBERT L. STRICKLAND
SCOTT C. HARVARD
M. JOY DRASS, M.D.
WILLIAM C. HANDORF
LASALLE D. LEFFALL, III
BEDFORD KYLE GOODWIN, III
JOHN M. BOND, JR.
WILMA M. SHERRILL
JAMES THOMAS JOHNSON
R. BRADFORD BURNETTE
K. REID POLLARD
JERRY J. WILLIAMS
W. RUSSELL CAROTHERS
FREDERICK WILLETTTS

NOT PICTURED:

THOMAS H. WEBBER, III

2007 Board of Directors

Scott C. Harvard (Chair)
President and CEO
Shore Bank
Onley, Va.

Jerry J. Williams (Vice Chair)
Chairman, President and CEO
Orion Bank
Naples, Fla.

John M. Bond, Jr.
Chairman and CEO
The Columbia Bank
Columbia, Md.

R. Bradford Burnette
Director
The Park Avenue Bank
Valdosta, Ga.

W. Russell Carothers
Chairman, President and CEO
The Citizens Bank of Winfield
Winfield, Ala.

M. Joy Drass, M.D.
President
Georgetown University Hospital
Washington, D.C.

F. Gary Garczynski
President
National Capital Land &
Development, Inc.
Woodbridge, Va.

Bedford Kyle Goodwin, III
Chairman, President, and CEO
First Financial Bank
Bessemer, Ala.

William C. Handorf
Professor of Finance
George Washington University
Washington, D.C.



James Thomas Johnson
 Vice Chairman
 First Community Bank
 Newberry, S.C.

LaSalle D. Leffall, III
 President
 LDL Financial
 Washington, D.C.

K. Reid Pollard
 President and CEO
 Randolph Bank &
 Trust Company
 Asheboro, N.C.

Wilma M. Sherrill
 Asheville, N.C.

James V. Stanton
 Stanton and Associates
 Washington, D.C.

Robert L. Strickland
 Executive Director
 Alabama Housing
 Finance Authority
 Montgomery, Ala.

Thomas H. Webber, III
 Vice President and CFO
 IDB-IIC Federal Credit Union
 Washington, D.C.

Frederick Willetts
 President and CEO
 Cooperative Bank
 Wilmington, N.C.

2007 FHLBank Atlanta Management

Richard A. Dorfman

President and Chief Executive Officer

Executive Vice Presidents

Steven Goldstein

Chief Financial Officer

Marian M. Lucia

Chief Information Officer

Kirk R. Malmberg

Chief Credit Officer

Gregory Mayfield

General Counsel

W. Wesley McMullan

Financial Management

Jill Spencer

Chief Operating Officer

Senior Vice Presidents

Cathy C. Adams

Human Resources and Staff Services

Charlotte McRanie

Financial Operations Management

Andrew B. Mills

Treasury and Asset/Liability Management

Richard A. Patrick

Internal Audit

www.fhlbatl.com/2007annualreport

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Some of the statements made in this report are "forward-looking statements," which include statements with respect to the Bank's beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, intentions, and future performance, and involve known and unknown risks, uncertainties and other factors, many of which may be beyond the Bank's control, and which may cause the Bank's actual results, performance or achievements to be materially different from the future results, performance or achievements expressed or implied by the forward-looking statements.

The forward-looking statements may not be realized due to a variety of factors, including, without limitation: legislative and regulatory actions or changes; future economic and market conditions; changes in demand for advances or consolidated obligations of the Bank and/or the FHLBank System; changes in interest rates; political, national and world events; and adverse developments or events affecting or involving other Federal Home Loan Banks or the FHLBank System in general. Additional factors that might cause the Bank's results to differ from these forward-looking statements are provided in detail in our filings with the Securities and Exchange Commission, which are available at www.sec.gov.



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