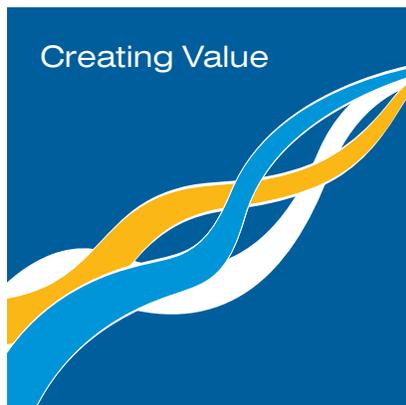


Creating Value

FHLBank Atlanta 2006 Annual Report





About the Cover

The graphs on this report's cover symbolize ways in which FHLBank Atlanta delivers value to its member financial institutions. Advances support members' growth and risk management strategies; community lending dollars help them strengthen their communities; and strong financial performance, as evidenced by the Bank's healthy ROE, provides a competitive return on their investments.

- Return on Equity
- Advances Outstanding
- AHP and Community Lending

To our Shareholders

Creating value for our 1,210 members is the Federal Home Loan Bank of Atlanta's number one priority. In 2006, the Bank created value in several fundamental ways. First, the Bank delivered \$414 million in net income, representing a \$70 million or 20.4 percent increase over net income in 2005. Second, this strong financial result allowed the Bank to pay our shareholders a very handsome, competitive annualized dividend of 5.72 percent. Third, working with our members and community partners, the Bank awarded a record \$44 million through our Affordable Housing Program to help build value in the communities we collectively serve with our members.

In 2006, the Bank also delivered value to our members through its continued dedication to providing and improving our portfolio of highly competitive products and services at very attractive pricing. These products and services, combined with educational sessions held throughout the year, contributed to enhancing the financial performance of our member institutions.

In addition to this strong financial performance and commitment to delivering competitive products, services, and education, the Bank focused on improving its core operations and risk management activities. Our investment in technology also continued to provide new business functionality, improved processes, and convenient, reliable channels of access for all our members.



William H. Ott, Jr.
Interim President and CEO
FHLBank Atlanta

Financial Performance

In 2006, the Bank created value through strong financial performance. The Bank produced healthy growth in net income due primarily to increases in interest rates and the spread between interest-sensitive assets and liabilities. Net income for 2006 totaled \$414 million, an increase of 20.4 percent from 2005 net income. Member demand for Bank advances grew modestly as the Bank ended the year with \$101.5 billion in advances outstanding, a \$212 million increase over 2005 year-end advances. As of December 31, 2006, the Bank had total assets of \$140.8 billion, a decrease of \$2.5 billion, or 1.7 percent, from the Bank's total assets of \$143.2 billion at December 31, 2005.

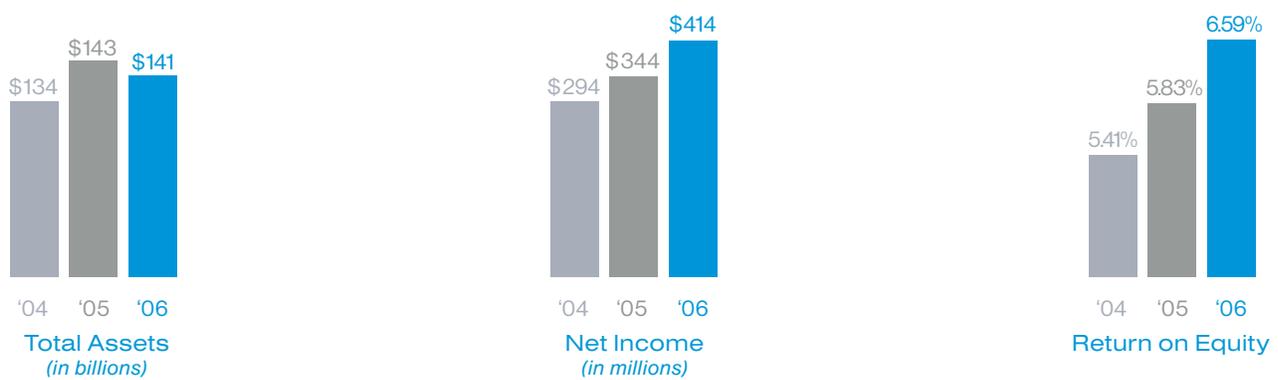
This strong financial performance enabled the Bank to pay members an attractive dividend relative to other investment alternatives. The annualized dividend for the year was 5.72 percent, a spread of 62 basis points over the annual average of three-month LIBOR. At the same time, the Bank ended the year with \$406 million in retained earnings, among the highest in the FHLBank System.

Products and Services

Members continued to benefit from the Bank's flexible products and services, leveraging them to address a wide range of business needs. Fixed-rate borrowings grew significantly and members extended terms of existing advances to take advantage of the inverted yield curve. Members also used the convertible "Flipper" advance and interest-rate floors extensively to minimize risk associated with asset-sensitive balance sheets. The "Expander" advance, which we introduced in 2005, provided exceptional value to our members in 2006 and currently represents nearly \$1 billion of the Bank's total advances outstanding.

In addition, we offered our members a number of valuable educational opportunities throughout the year. The Bank held more than 30 educational events, seminars, and web conferences that provided members with practical guidance on using our financial products and services to their full advantage.

Financials at a Glance



Investing in Communities

Working with our members and community partners, we delivered value to the communities we collectively serve across the Bank's district. Through our flagship community investment program, the Affordable Housing Program (AHP), the Bank awarded \$44 million in 2006 to help build or preserve more than 6,000 units of affordable housing. This investment – in terms of both dollar amount and number of units – is the largest in the history of the Bank's AHP.

The Bank's Economic Development and Growth Enhancement program provided more than \$9.7 million in below-market interest rate loans to support economic development activities in 10 communities. Members also continued to take advantage of long-term reduced-rate advances through the Bank's Economic Development Program (EDP) and Community Investment Program (CIP) to further affordable housing and economic development activities in their communities.

Additionally, in 2006, the Bank made important changes to its First-time Homebuyer (FHP) Program, which provides down-payment and closing-cost assistance to qualified first-time homebuyers through member institutions. The Bank raised the maximum amount of FHP funds available to an individual member during an annual cycle to \$400,000, up from \$250,000. The Bank also doubled the maximum match amount available to the first-time homebuyer to \$10,000. These changes reflect the rapid increase of real estate prices in many parts of the Bank's district and allow members the opportunity to offer more assistance to homebuyers in their communities.

Operational Milestones

In addition to producing outstanding financial results and record community investments, the Bank achieved significant operational milestones in 2006. In May, the Bank's registration with the Securities and Exchange Commission became effective. As an SEC registrant, the Bank is required to adhere to the highest standards in financial reporting and transparency.

The Bank also made continued progress toward compliance with relevant provisions of the Sarbanes-Oxley Act. Through these compliance activities, we have strengthened our internal controls and financial reporting and disclosure processes and procedures. These actions will better position the Bank to manage risk, monitor compliance, and enhance our operational efficiency.

Technology

We rely heavily on technology to facilitate our relationships with our members and manage the complexities of our business. Members use FHLBAccess®, our online member services portal, to obtain a complete picture of their business activities with the Bank as well as to generate reports and conduct transactions with us. In addition, FHLBAccess is instrumental in the implementation of the Bank's AHP, providing members and project sponsors a convenient channel to submit award applications and our staff with sophisticated tools to evaluate these applications.

We are committed to investing appropriately in technology to enhance our business and create value for our members. Over the next several years, we will make important investments in technology to upgrade and improve some of the Bank's core systems that drive our business operations and product offerings.

Management Transition

Ray Christman, president and CEO, announced his retirement, effective January 31, 2007. During his tenure, the Bank grew from \$50 billion to \$141 billion in assets and increased advances to members from \$34 billion to \$101 billion. Mr. Christman played a key role in the continuing success of the Bank's affordable housing programs. We are grateful for his service and for his dedication to our members and the communities they serve.

Upon Mr. Christman's retirement, the board of directors asked me to serve as interim president and CEO. During this interim period, I will work closely with our board, executive management, and staff to build on the Bank's record of success.

Looking Ahead

In 2007, the FHLBank System marks 75 years of providing low-cost funding to support residential lending. The industry and regulatory landscapes have changed dramatically during this time, and FHLBank Atlanta has grown and evolved to meet the changing needs of our members.

As the future unfolds, we remain committed to building on our past success as a reliable funding source and trusted business partner. We also remain dedicated to delivering financial products and services that support our members' growth; resources and education to help our members develop and grow profitably; and programs and funding to strengthen the communities we collectively serve.

Finally, central to our overall priority of creating value, the Bank is unwavering in its commitment to you, our shareholders and members. We understand and recognize that your trust and confidence in the Bank is the foundation of our collective success. With this in mind, the management and our board of directors wish to thank two key constituents in delivering value: our hard-working, talented staff and our members for the great partnership that we have created.



William H. Ott, Jr.
Interim President and
Chief Executive Officer



Jack Bell
Senior Relationship Manager
FHLBank Atlanta

Kitty Payne
Chief Financial Officer

Jerry Calvert
Chief Executive Officer
First National Bank
Spartanburg, SC

From low-cost funding to dividends to affordable housing grants, FHLBank Atlanta membership has value.

In business, we often hear the saying “the whole is worth more than the sum of the parts.” This notion rings especially true when describing the value of membership in FHLBank Atlanta. Low-cost funding has value. Dividends have value. But combine all the Bank has to offer – advances, cash management services, community investment products, educational opportunities, dividends – and the value of membership is optimized.

Jerry Calvert and Kitty Payne, chief executive officer and chief financial officer of Spartanburg, S.C.-based First National Bank, know first hand the value of membership in FHLBank Atlanta. The financial institution uses a variety of Bank advances to fund a rapidly growing commercial real estate lending business as well as discounted advances from the Bank’s Economic Development Program to support a small-business lending division. First National Bank also leverages safekeeping and wire transfer services, overnight deposit accounts, and the Bank’s online member services application, FHLBAccess®, to streamline its business relationship with the Bank.

Above and beyond these products and services, Payne points to the flexibility and convenience of working with FHLBank Atlanta as a key benefit of First National Bank’s membership.

“We serve a variety of markets and industries, each with different borrowing needs. FHLBank Atlanta provides a range of advance structures to fund various types of loans, and our relationship manager works with us to help us accomplish our lending goals while minimizing risk.

“Throughout our five-year relationship with FHLBank Atlanta, we have valued the Bank’s willingness to adapt its product offerings and practices to better meet the needs of its customers and help them grow their businesses more effectively,” says Payne.

Our goal at FHLBank Atlanta is to optimize total value of membership. We strive daily to create value for our members, delivering innovative products and services that help our customers grow their businesses, affordable housing and economic development grants that help communities prosper, and strong financial performance that ensures a competitive return on our members’ investments.

Returning Value to our Members

6.0

5.5

5.0

4.30%

5.41%

5.83%

6.59%

Return on Average Equity

(percent as of December 31)

2003

2004

2005

2006

The Bank creates value through strong financial performance. As a cooperative, the Bank returns this value to our members. Return on average equity is a measure of this value. In 2006, the Bank generated a return on average equity of 6.59 percent, a 13 percent increase over 2005.



Scott Brennan
Regional Sales Coordinator
FHLBank Atlanta

John Milleson
Chief Executive Officer
Bank of Clarke County
Berryville, VA

Jason Clayton
Senior Relationship Manager
FHLBank Atlanta

Providing attractively priced and readily available funding, FHLBank Atlanta helps its member financial institutions grow.

In 1881, Berryville, Va., was a prosperous, bustling community of 1,500 people. Situated in the rolling hills of the northern Shenandoah Valley, Berryville and the greater Clarke County area supported high-quality agriculture, including apples, as well as logging operations, and a number of mills. It was also a popular vacation destination for those looking to relax in the countryside. In that same year, Bank of Clarke County opened for business as the only local financial institution serving Clarke County.

In 2006, Bank of Clarke County celebrated its 125th anniversary. While Berryville remains a small, vibrant town with locally owned shops and restaurants lining Main Street, it sits at the crossroads of one of the most dynamic areas of the country. Nearby counties are some of the fastest growing in Virginia, and Berryville itself is rapidly becoming a suburb of Washington, D.C.

Bank of Clarke County is taking part in this growth. While remaining financially strong throughout its 125 years, the company has experienced its most rapid expansion in the last eight years, growing its assets from \$150 million to more than \$500 million.

A key enabler of this growth has been the bank's membership in FHLBank Atlanta. The company relies on FHLBank Atlanta advances to help support its healthy residential lending business.

"Bank of Clarke County has grown steadily over the last 15 to 20 years, and we have maintained robust lending over this period," says John Milleson, CEO of Bank of Clarke County. "When our deposits fall, we turn to FHLBank Atlanta as a source of readily available funding to support this lending activity. If we had to rely solely on deposits as opposed to the Bank's advances, we would not have grown as fast as we have."

Through its innovative advance products, FHLBank Atlanta helps its members grow and achieve their goals for serving their customers, communities, and shareholders. Whether providing fixed-rate or variable-rate advances, long-term or short-term credit, \$1 million or \$100 million in funding, we strive to ensure our financial products and services provide value and meet the diverse and changing needs of our members.

Advancing Value to our Members

100

95

90

\$88.1

\$95.9

\$101.3

\$101.5

2003

2004

2005

2006

Advances Outstanding

(dollars in billions as of December 31)

FHLBank Atlanta advances create value by helping member financial institutions grow their businesses, minimize risk, and support asset/liability management strategies. The Bank ended 2006 with more than \$101 billion in advances outstanding. Since 2003, the Bank's advances' balance has increased 15 percent.



Eric Wimbush
Relationship Manager
FHLBank Atlanta

Grey Winstead
Chief Financial Officer
Greater Rome Bank
Rome, GA

Offering affordable housing and economic development funding, FHLBank Atlanta helps build stronger communities.

Relationships are the essence of a community bank. Community banking is about looking beyond the numbers to the individual. It's responding to the needs of residents and local business owners. It's knowing customers on a first-name basis.

FHLBank Atlanta member, Greater Rome Bank, excels at community banking. The \$160 million financial institution has established a successful niche providing commercial real estate loans and other banking services to small businesses in Rome, Ga. In a market where 12 different banks serve an area population of only 95,000 people, Greater Rome Bank stands out by cultivating personal, long-lasting relationships with its community and making the extra effort to understand the local business owners' goals and potential for success. And, through its membership in FHLBank Atlanta, Greater Rome Bank is better equipped to meet the borrowing needs of its customers.

"Rome is a very competitive market for deposits. Buying money can be expensive and time consuming so we have to look carefully at our funding needs," says Grey Winstead, chief financial officer of Greater Rome Bank. "FHLBank Atlanta funding is valuable to us because it is more efficient and more controlled than trying to raise dollars through retail CDs."

Greater Rome Bank taps a variety of Bank advance products to fund its small-business lending. For example, it makes extensive use of reduced-rate advances from the Bank's Economic Development Program to support business and community growth.

Like any community bank, Greater Rome Bank greatly values its relationships, including its association with FHLBank Atlanta. Just as Greater Rome Bank is attuned to the needs of its community, Winstead says that FHLBank Atlanta is attuned to the needs of its community bank members. "The Bank does a lot to build advance structures that help community banks more effectively manage their cost of funds and interest-rate risk. This makes it unique because other funding providers have not provided such innovative products."

At FHLBank Atlanta, we are champions of the communities in our district and the financial institutions that serve them. Our advances are structured and priced effectively to help our members meet the diverse needs of their communities. We also offer grants and subsidized loans that enable members to finance affordable housing, promote homeownership, and support economic development, all of which aim to strengthen communities and enhance the quality of life for residents.

Contributing Value to our Communities

310

290

270

\$264

\$283

\$311

\$349

AHP and Community Lending

(cumulative dollars in millions as of December 31)

2003

2004

2005

2006

In 2006, the Bank's cumulative Affordable Housing Program (AHP) and community lending* contributions reached \$349 million at year end. Since the AHP's inception in 1990, the Bank has provided funding to help build or preserve more than 56,000 units of affordable housing.

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



David Eckardt
Senior Relationship Manager
FHLBank Atlanta

William Heffernan
Chief Executive Officer
TotalBank
Miami, FL

Alberto Manrara
Chief Financial Officer
TotalBank
Miami, FL

More than a provider of low-cost funding, FHLBank Atlanta helps its members develop strategies for success.

Downtown Miami, Fla., is booming with new development. Construction cranes dot the city skyline, heralding the arrival of new high-rise office towers and luxury condominium residences. Over the last decade, South Florida has undergone an economic renaissance fueled by an exploding population and unprecedented real estate and business investment.

FHLBank Atlanta member, Miami-based TotalBank, has experienced a renaissance of its own during this time. Focusing on commercial real estate and small-business lending, TotalBank has grown from a \$100 million community bank to a \$1 billion financial institution in less than 20 years.

While FHLBank Atlanta's funding products help support TotalBank's lending activities, the company's chief financial officer Alberto Manrara points to the Bank's educational programs and knowledgeable relationship managers as invaluable contributors to their success. Manrara and other TotalBank executives are regular attendees of FHLBank Atlanta conferences and workshops where they gain fresh insight into strategies for interest-rate risk and asset/liability management.

"FHLBank Atlanta has some proactive products, and Bank staff reach out to members to educate them on how to use these products best," says Manrara. "There are few transactions with the Bank that we enter without consulting the funding desk staff. We have listened, paid attention, and executed successfully based on their advice."

"FHLBank Atlanta provides its members with many tools, and each member has to determine how to utilize them in the best way," adds Bill Heffernan, chief executive officer of TotalBank. "The Bank's staff spends a lot of time discussing these tools with us so that we can use them to our full advantage."

At FHLBank Atlanta, we believe that providing reliable funding is only part of the equation and that success also depends on sound strategic thinking. As a result, we continually develop innovative advance products that meet our members' specific business needs and address the challenges of the current interest-rate environment. And, we serve as a strategic resource, providing educational workshops and conferences as well as personalized one-on-one guidance to help our members succeed in a competitive marketplace.

Delivering Educational Value to our Members

2100

1900

1700

1531

1667

2118

2188

Educational Attendance

(educational event attendance as of December 31)

2003

2004

2005

2006

The Bank offers numerous seminars, workshops, small-group meetings, and web-based conferences to help members and community partners gain a better understanding of how the Bank's products and services can help them achieve their goals. In 2006, attendance at Bank-sponsored events totaled more than 2,100 people.

Financial Highlights

<i>(dollars in thousands)</i>	2006	2005	2004
SELECTED ITEMS AT YEAR END			
Total Assets	\$140,785,431	\$143,212,839	\$134,012,583
Advances	101,476,335	101,264,208	95,867,345
Investments	23,845,020	24,888,817	23,117,034
Deposits	4,620,468	5,234,874	5,412,626
Capital stock	5,771,798	5,753,203	5,225,149
Retained earnings	406,376	328,369	216,640
Membership	1,210	1,210	1,183
ANNUAL OPERATING RESULTS			
Net Income	\$414,198	\$344,136	\$294,061
Dividends paid	336,191	232,407	186,348
Dividend rate	5.72%	4.15%	3.56%
PERFORMANCE RATIOS			
Return on average assets	0.29%	0.25%	0.24%
Return on average equity	6.59%	5.83%	5.41%
Total average equity to average assets	4.41%	4.26%	4.36%

Credit Products

FHLBank Atlanta offers a variety of flexible advance products, allowing members to select an amount, structure, and term to meet their needs. Bank advances are an excellent source for liquidity and are effective tools for managing interest-rate risk and supporting asset/liability management strategies.

Credit products include

- Adjustable Rate Credit
- Cash Collateral Liquidity Advances
- Daily Rate Credit
- Expander Advances
- Fixed Rate Credit
- Interest-rate Caps and Floors
- Loans Held for Sale Advances
- Principal Reducing Credit
- Standby Letters of Credit

Mortgage Purchase Products

The Bank offers the Mortgage Purchase Program to provide members with an attractive alternative to the traditional secondary market.

Community Investment Programs

The Bank works with members, affordable housing advocates, community development corporations, and economic development proponents to build stronger communities.

Community investment programs include

- Affordable Housing Program
- Community Investment Program
- Economic Development and Growth Enhancement Program
- Economic Development Program
- First-time Homebuyer Program
- Technical and Capacity-building Assistance

Cash Management and Other Services

The Bank offers cash management and other wholesale banking services similar to those provided by large correspondent banks to help members meet their day-to-day cash management needs and increase their flexibility and competitiveness in the marketplace.

These services include

- Automated Clearing House
- Disbursement Accounts
- Daily Investment Accounts
- Lagged Reserve Requirements
- Settlement Services
- Securities Safekeeping
- Time Deposits
- Wire Transfer

2006 FHLBank Atlanta Board of Directors

Chairman

[John D. Kottmeyer](#)
Executive Vice President
and Treasurer
AmSouth Bank
Birmingham, Alabama

Vice Chairman

[Scott C. Harvard](#)
President and CEO
Shore Bank
Onley, Virginia

[Shaza Anderson](#)
CEO
WashingtonFirst Bank
Reston, Virginia

[John M. Bond, Jr.](#)
Chairman and CEO
The Columbia Bank
Columbia, Maryland

[R. Bradford Burnette](#)
Director
The Park Avenue Bank
Valdosta, Georgia

[W. Russell Carothers](#)
Chairman, President and CEO
Citizens Bank of Winfield
Winfield, Alabama

[James Thomas Johnson](#)
Vice Chairman and EVP
First Community Bank
Newberry, South Carolina

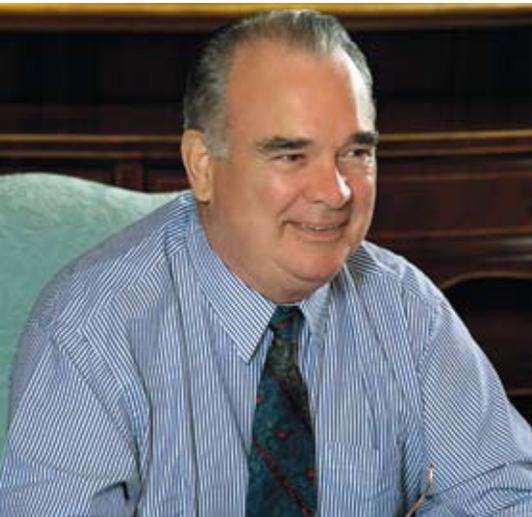
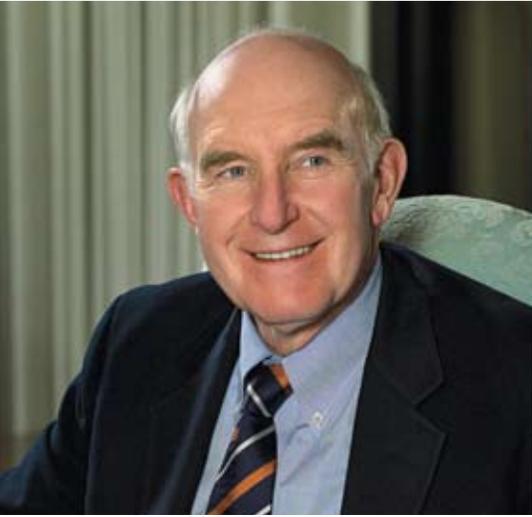
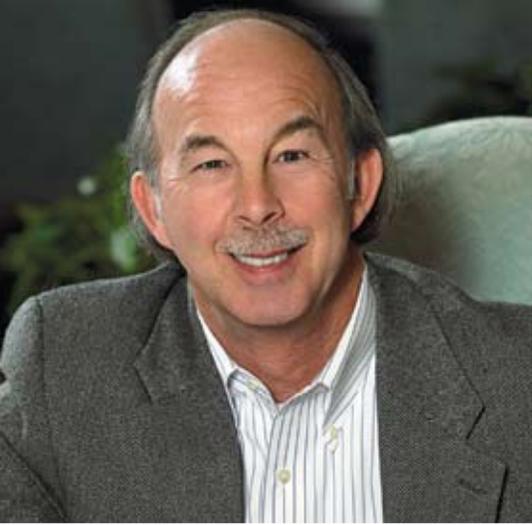
[K. Reid Pollard](#)
President and CEO
Randolph Bank & Trust Company
Asheboro, North Carolina

[Rep. Wilma M. Sherrill](#)
North Carolina
State Legislature
Raleigh, North Carolina

[James V. Stanton](#)
Stanton and Associates
Washington, D.C.

[Rick Willetts](#)
Chairman, President and CEO
Cooperative Bank
Wilmington, North Carolina

[Jerry J. Williams](#)
Chairman, President and CEO
Orion Bank
Naples, Florida



2006 FHLBank Atlanta Management

Chief Executive Officer

[William H. Ott, Jr.](#)
Interim President and
Chief Executive Officer

Executive Vice Presidents

[Marian M. Lucia](#)
Chief Information Officer

[Gregory N. Mayfield](#)
General Counsel and
Chief Risk Officer

[W. Wesley McMullan](#)
Financial Management

[Jill Spencer](#)
Chief Operating Officer

Senior Vice Presidents

[Charles I. Abbitt](#)
Chief Credit Officer

[Cathy C. Adams](#)
Human Resources
and Staff Services

[Praveen Jha](#)
Member Sales and
Trading Management

[Kirk R. Malmberg](#)
Mortgage Programs
Financial Modeling/Operations

[Charlotte McRanie](#)
Financial Operations Management

[Andrew B. Mills](#)
Treasury and
Asset/Liability Management

[Richard A. Patrick](#)
Internal Audit

First Vice Presidents

[Jeff Avery](#)
[Lynn M. Brazen](#)
[J. Dan Counce](#)
[Ralph L. Crisp](#)
[M. Bryan Delong](#)
[Terry M. Dugan](#)
[D. Haddon Foster](#)
[Richard G. Fritz](#)
[Janemarie B. Gagen](#)
[Lamont H. Glover](#)
[Randy B. Gonzalez](#)
[K. Annette Hunter](#)
[Haig H. Kazazian](#)
[Eric M. Mondres](#)
[Steve A. Zagoudis](#)

[FHLBank Atlanta Corporate Offices](#)

1475 Peachtree Street, N.E.

Atlanta, Georgia 30309

800.536.9650

www.fhlbatl.com

[Media Relations](#)

Chris McEntee

404.888.8158

cmcentee@fhlbatl.com

[Member Sales, Trading
and Membership](#)

Praveen Jha

404.888.5575

pjha@fhlbatl.com

www.fhlbatl.com/2006annualreport

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.



A FEDERAL HOME LOAN BANK

1475 Peachtree Street, NE

Atlanta, Georgia 30309

800.536.9650

www.fhlbatl.com