Miami Chamber of Commerce
Opportunity Zones Workshop

Federal Home Loan Bank of Atlanta’s
Products and Opportunity Zones

Presented by Art Fleming, Senior Vice President and
Director of Community Investment Services

Tuesday, February 12, 2019
Miami, FL
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Our Discussion Today

• FHLBank System Overview
• Opportunity Zones and FHLBank Atlanta
• What is the Affordable Housing Program?
• How the FHLBanks can Advance Your Opportunity Zone Investment Objectives
  – Affordable Housing Financing
  – Letter of Credit
  – Community Investment Program (CIP)/Economic Development Program (EDP)
FEDERAL HOME LOAN BANK SYSTEM OVERVIEW
FHLBanks Play a Key Role in Financial Services

Provide products and services that help member financial institutions manage their asset-liability and liquidity programs

Increase and expand the availability of funds for residential mortgage and community development lending nationwide
FHLBank Atlanta is one of 11 district banks in the Federal Home Loan Bank System.

The FHLBanks are government-sponsored enterprises, or “GSEs,” created by the Federal Home Loan Bank Act of 1932.

FHLBank Atlanta’s district includes Alabama, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, and the District of Columbia.
FHLBank Atlanta Shareholders
As of September 30, 2018

8 CDFIs

226 Credit Unions

36 Insurance Companies

70 Savings Banks

512 Commercial Banks

852 Total Shareholders
• Total Assets: $155.6 billion
• Total Advances (loans): $109.7 billion
• Third Quarter Net Income: $107 million
• Retained Earnings: $2.1 billion
• Third Quarter 2018 Dividend: 6.19%
• Total Membership: 852 institutions
FHLBanks Products and Services

Affordable Housing Program (AHP)
- Real estate funding for the acquisition, development, construction, or rehabilitation of affordable housing
- Ownership or rental
- Single-family or multifamily

Letters of Credit
- Provide credit enhancement on bonds for residential and economic development

Advances
- Provide FHLBank shareholders low-cost financing for lending in their communities
OPPORTUNITY ZONES AND FHLBANK ATLANTA
Opportunity Zones and FHLBank Atlanta

- Opportunity Zones and FHLBank Atlanta Product Potential Overlap Pending Additional Treasury and IRS Guidance:
  - Designed to drive long-term capital into low-income communities across the nation
  - Encourage public-private partnerships with local governments
  - Funds available for affordable housing, community improvements, and economic development activities
  - Compatible with other funding sources, including New Market Tax Credits and Low Income Housing Tax Credits
  - CRA-eligible activities
WHAT IS THE AFFORDABLE HOUSING PROGRAM?
Connecting the Dots: Scale and Impact of AHP

A Unique Offering to Shareholders and the Community

- Real estate finance “equity” enables residential development and/or rehabilitation
- Enable shareholders to grow business, reduce transactional risk, and achieve CRA regulatory objectives
- Capitalized via 10 percent of net earnings

$760.5 million since 1990
- 120,000 units
- Leverage ratio = 1:14

$208 million since 1997
- 30,800 units
- Leverage ratio = 1:22

$8.4 billion
- Low-cost CICA advances for community economic and affordable housing

As of December 31, 2018
Scale and Impact of FHLBank Atlanta AHP

FHLBank Atlanta AHP CUMULATIVE IMPACT

1:15 Leverage

TOTAL DEVELOPMENT BUDGET ALL DEALS
$15.1 billion
$968.9 million AHP

151,275 units awarded AHP funds

Where Is AHP Financing?

<table>
<thead>
<tr>
<th>State</th>
<th>$ AHP</th>
<th>$ Dev Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>VA</td>
<td>$134,618,256</td>
<td>$2,807,799,237</td>
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<tr>
<td>MD</td>
<td>$104,267,266</td>
<td>$2,506,082,601</td>
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<td>FL</td>
<td>$152,745,932</td>
<td>$2,072,294,818</td>
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<td>GA</td>
<td>$158,167,220</td>
<td>$1,853,083,541</td>
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<td>NC</td>
<td>$129,910,929</td>
<td>$1,728,630,732</td>
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<td>SC</td>
<td>$78,208,170</td>
<td>$803,898,833</td>
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<td>DC</td>
<td>$30,367,154</td>
<td>$766,526,892</td>
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<tr>
<td>AL</td>
<td>$93,090,241</td>
<td>$765,964,383</td>
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<tr>
<td>CA</td>
<td>$7,816,020</td>
<td>$451,391,511</td>
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<tr>
<td>LA</td>
<td>$13,968,071</td>
<td>$212,790,576</td>
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<td>TX</td>
<td>$113,377,443</td>
<td>$189,205,548</td>
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<td>TN</td>
<td>$19,516,596</td>
<td>$187,295,243</td>
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<td>PA</td>
<td>$7,140,547</td>
<td>$157,429,916</td>
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<td>IL</td>
<td>$2,646,000</td>
<td>$99,313,204</td>
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<td>CT</td>
<td>$1,250,000</td>
<td>$67,596,797</td>
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<td>MS</td>
<td>$5,926,576</td>
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<td>MA</td>
<td>$1,040,000</td>
<td>$53,106,144</td>
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<tr>
<td>AR</td>
<td>$3,187,849</td>
<td>$51,159,234</td>
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<tr>
<td>NY</td>
<td>$1,000,000</td>
<td>$46,855,590</td>
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<tr>
<td>NJ</td>
<td>$745,000</td>
<td>$38,881,667</td>
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<td>WV</td>
<td>$3,487,223</td>
<td>$29,914,309</td>
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<tr>
<td>CO</td>
<td>$962,500</td>
<td>$29,778,718</td>
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<tr>
<td>IN</td>
<td>$1,021,500</td>
<td>$26,199,730</td>
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<tr>
<td>DE</td>
<td>$621,960</td>
<td>$23,315,513</td>
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<td>WA</td>
<td>$697,500</td>
<td>$21,298,380</td>
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<tr>
<td>KY</td>
<td>$971,056</td>
<td>$13,000,122</td>
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<td>MI</td>
<td>$1,597,343</td>
<td>$12,025,780</td>
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<tr>
<td>WI</td>
<td>$500,000</td>
<td>$11,563,756</td>
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<tr>
<td>OH</td>
<td>$511,984</td>
<td>$10,330,290</td>
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<tr>
<td>ME</td>
<td>$500,000</td>
<td>$8,316,736</td>
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<tr>
<td>IA</td>
<td>$300,000</td>
<td>$4,975,394</td>
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<td>AZ</td>
<td>$243,392</td>
<td>$4,682,805</td>
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<td>NM</td>
<td>$20,000</td>
<td>$4,475,836</td>
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<td>NV</td>
<td>$5,000</td>
<td>$82,920</td>
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<tr>
<td>Grand Total</td>
<td>$968.9 million</td>
<td>$15.1 billion</td>
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As of December 31, 2018
## AHP Competitive
- $500,000 for rental or ownership development projects
- Competitive application - each FHLBank has its own scoring criteria
- Shareholder contacts:
  - Commercial loan officers
  - CRA officers
  - Business development officers

## Homeowner Assistance
- Down payment, closing costs, and principal reduction funding for home purchase or home rehabilitation
- Generally first come, first served
- Shareholder contacts:
  - Single-family mortgage loan officers
  - CRA officers
  - Business development officers

## CIP/EDP
- Discounted advance products for residential or economic development projects
- Generally first come, first served
- Shareholder contacts:
  - Commercial loan officers
  - CRA officers
  - Business development officers

## Developer / Builder Driven
- New construction
- Rehabilitation
- Multifamily
- Single-family
- Acquisition
- Construction and/or permanent financing

## Shareholder Driven
- Enables Housing Development and Community Revitalization Activities

## Mortgage Professional Driven
- Owner-occupied Products:
  - First-time homebuyer
  - Community Partners
  - Veteran
  - Community Rebuild and Restore
  - Foreclosure Recovery
AHP Competitive Rental Development

Low-Income Housing Tax Credit (LIHTC) → Non-LIHTC multi-family → Mixed-use → Supportive Housing

Rental Transaction Types

Reduces project debt service
• Which thereby permits a reduction in project rents to enable affordability

Use of Funds
• Acquisition
• Rehabilitation
• New construction and/or
• Permanent funding

La Joya Villages | Lake Worth, FL
AHP Investment: $482,945
55 Rental Units
Total Development Cost: $13,490,651
Special Use: Veterans Housing
### Example: 55-unit, family rental project

<table>
<thead>
<tr>
<th>Total Sources</th>
<th>AHP</th>
<th>First Mortgage</th>
<th>Other Sources*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition</td>
<td>$990,000</td>
<td></td>
<td>$990,000</td>
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<tr>
<td>Construction</td>
<td>$7,238,687</td>
<td>$482,945</td>
<td>$2,143,684</td>
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<tr>
<td>Soft Costs</td>
<td>$2,137,494</td>
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<td>$41,150</td>
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<tr>
<td>Other Costs</td>
<td>$3,124,470</td>
<td>$665,166</td>
<td>$2,459,304</td>
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<tr>
<td><strong>Total Development Budget</strong></td>
<td>$13,490,651</td>
<td>$482,945</td>
<td>$2,850,000</td>
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</table>

#### Borrowing the Amount of AHP from the First Mortgage Lender

<table>
<thead>
<tr>
<th>Total First Mortgage</th>
<th>$3,332,945</th>
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<tbody>
<tr>
<td>AHP</td>
<td>$0</td>
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<tr>
<td>Shareholder Loan-to-Value (LTV)/cost</td>
<td>24.7%</td>
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<tr>
<td><strong>DCR</strong></td>
<td><strong>0.90</strong></td>
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</tbody>
</table>

#### Using AHP Funds

- **Making Lending Possible and Projects Feasible**
  - **Total Shareholder First Mortgage**: $2,850,000
  - **AHP**: $482,945
  - **Shareholder Loan-to-Value (LTV)/cost**: 21.1%
  - **DCR**: 1.15

*Other sources include subordinate and soft debt and equity*
How Often Do We Offer the AHP Competitive?

FHLBank Atlanta AHP Competitive

3-Year Application Schedule

- **2019**
  - JAN
  - FEB
  - MAR
  - APR
  - MAY
  - JUN
  - JUL
  - AUG
  - SEP
  - OCT
  - NOV
  - DEC

- **2020**
  - JAN
  - FEB
  - MAR
  - APR
  - MAY
  - JUN
  - JUL
  - AUG
  - SEP
  - OCT
  - NOV
  - DEC

- **2021**
  - JAN
  - FEB
  - MAR
  - APR
  - MAY
  - JUN
  - JUL
  - AUG
  - SEP
  - OCT
  - NOV
  - DEC

- **Open**
- **Deadline**
- **Awards**
AHP Homeowner Assistance Products

Purchase Products
- First-time Homebuyer Product
- Community Partners Product
- Foreclosure Recovery Product
- Veterans Purchase Product
- Returning Veterans Purchase Product

Rehabilitation Products
- Community Rebuild and Restore

Structured Partnership Products
FHLBank Atlanta Community Heroes Product

Up to $4.5 Million in Grants from FHLBank Atlanta

Community Heroes

Leveraging up to $13.5 million in additional grants from local sources to support home purchase activities

- Households must be greater than 80 percent AMI and shall not exceed 120 percent of AMI
- Local Structured Partnership entity (HFA, state, or local municipality) must provide at least 3 to 1 match
- All funding shall be extended exclusively via FHLBank Atlanta shareholder financial institutions
- Local entity will manage local structures, intake, processing, and funding

$18 Million in Total Funding Available
Confirming Letters of Credit (LOC) – Overview

- Support a shareholder’s obligations with respect to the underlying LOC or credit transaction

- A confirming LOC - sometimes called a ‘wrap’ – can help secure improved credit terms for community-focused bonds, enhancing the bond’s credit rating, reducing borrowing costs, and improving marketability

- The LOC provides added benefits to small and medium-sized community banks as it allows them to compete for local business on a level playing field with larger, rated institutions

Commercial and Community Lending

- Housing
- Office (medical, owner occupied, rental)
- Manufacturing
- Car Dealerships
- Hospitality
- Shopping Centers

- Bank Offices
- Educational Facilities
- Utilities
- Wholesalers
- Warehouses
- Transportation
COMMUNITY INVESTMENT PROGRAM (CIP) AND ECONOMIC DEVELOPMENT PROGRAM (EDP)
## Community Investment Program (CIP) and Economic Development Program (EDP)

<table>
<thead>
<tr>
<th>Product</th>
<th>Description</th>
<th>Shareholder Benefits</th>
<th>Application/ Funding Process</th>
<th>Key Requirements</th>
</tr>
</thead>
</table>
| **Community Investment Program** | • Advances to shareholders to assist low and moderate-income families that seek affordable housing opportunities.  
  • Must be used for:  
    • the purchase, construction, and rehabilitation; or  
    • refinancing of housing-related projects or activities that benefit families with an income at or below 115 percent of the area median income | • Reduces funding costs  
  • Supports a broad range of housing projects  
  • Stimulates local housing sector | • Discounted interest rate is based on the Bank’s cost of funds, plus the administrative costs of the advance | • Subject to Bank’s credit and collateral requirements  
  • Prepayment fees may apply |
| **Economic Development Program** | • Advances to shareholders to assist with community economic development activities such as:  
  • business start-ups,  
  • projects that create or maintain jobs,  
  • redevelopment of federal disaster areas,  
  • infrastructure improvement; and  
  • other economic development activities | • Reduces funding costs  
  • Supports small business and microenterprise lending  
  • Stimulates local commercial, industrial and manufacturing sectors | • Discounted interest rate is based on the Bank’s cost of funds, plus the administrative costs of the advance | • Advances subject to the Bank’s credit and collateral requirements  
  • Prepayment fees may apply |
CIP Community Impact

Pine Tree Estates (Miami, FL)
Purchase of a 60-unit apartment complex.

CIP advance: $1,300,000 for 10 years

Value to shareholder:
- Reduced interest-rate risk
- Reduced funding costs
- Generated interest income and fees
- Opened doors to new business opportunity with developers
Doctor’s Memorial Hospital (Perry, FL)
Construction and permanent financing of equipment for new county-owned hospital, located in an Enterprise Community

**EDP Advance:** 3 advances @ $1,000,000 each for 6 months, 1 year, and 2 years

**Value to Shareholder:**
- Reduced interest-rate risk
- Reduced funding costs
- Jobs created represented additional business opportunity
- Opened doors to new business opportunity with developers
EDP - Doctor’s Memorial Hospital – Perry, FL
Contact Us

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Do You Have Any Questions?

We are happy to help!