



REPORT FROM THE PRESIDENT

May 30, 2003

TO: All Stockholders
(Individually Addressed)

SUBJECT: Report for the Month

At the Bank

THE HOME LOAN BANK CONTINUES ITS STRONG FINANCIAL PERFORMANCE

I am pleased to report that the team at the Home Loan Bank continued to produce solid results for our 304 member community lenders. For the month of April, advances averaged \$70.6 billion. This level is a \$1.1 billion increase from March and an \$11 billion increase from a year ago. Member lenders took advantage of short-term, adjustable rate credit, and repo advances.

Increases in advances combined with increases in short-term, high quality investments contributed to total average assets reaching \$98 billion. This is a \$16.7 billion increase from April of 2002.

Annualized net income for April 2003 was \$189 million, a decrease of \$2.7 million from the previous month. Through our competitive pricing, innovative products, and exceptional service, we look forward to providing sustained performance and enhanced value for your investment in the Home Loan Bank.

CAPITAL PLAN INFORMATION STATEMENT SOON IN THE MAIL

Please be on the lookout for the Bank's Capital Plan Information Statement, which will be mailed to all stockholders during the week of June 16. The Information Statement is designed to provide details for our members about the Bank's new risk-based Capital Plan, which will become effective on October 1, 2003. Also included with the Information Statement will be a copy of the Home Loan Bank's 2002 Annual Report and a *pro forma* statement of the stock-purchase requirement if the conversion to the new Plan had occurred on May 31, 2003. The documents will assist members in evaluating the impact of the new Capital Plan so that each member can make an informed decision about retaining membership. Should you have any

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questions at any time regarding the Capital Plan, please contact Jim Gilmore, Senior Vice President of Banking Services, at 212-441-6812.

NEW FEATURES AVAILABLE ON THE HOME LOAN BANK'S 1LINKsm

We are pleased to offer enhanced functionality through 1Linksm, our secure Internet banking system. Through 1Linksm, members can now initiate Wire Transfers, Safekeeping, and OLOC Advances through the convenience of their own PCs. These new web applications were designed to enhance the flexibility of doing business with the Home Loan Bank.

1Linksm allows instant Internet access to your account information. Now, you can process transactions quickly and easily right from your PC. 1Linksm lets you view your transaction status at any time rather than waiting for the following day's combined advice. In addition, you can receive Automatic Customer Notifications of your transaction status right into your e-mail.

These new features of 1Linksm were designed to help add value to your membership in the Home Loan Bank. Sign up for Wires, OLOC Advances, and Safekeeping today. We look forward to continually adding enhanced functionality as we expand this new Internet channel.

Should you have any questions about the capabilities of 1Linksm, please contact your Calling Officer or Jim Gilmore, Senior Vice President of Banking Services, at 212-441-6812.

TWENTY-FIVE COMMUNITY LENDERS JOIN FHLB NY SINCE MAY OF 2002

Since May 2002, 25 community member lenders have joined the Home Loan Bank. I am pleased to welcome sixteen members headquartered in New Jersey and the nine members from New York.

The new members in New Jersey are: Allaire Community Bank, Sea Girt, NJ; Bayonne Community Bank, Bayonne, NJ; Cornerstone Bank, Moorestown, NJ; First BankAmericano, Elizabeth, NJ; Fort Lee Federal Savings Bank FSB, Fort Lee, NJ; Hopewell Valley Community Bank, Pennington, NJ; Mariner's Bank, Edgewater, NJ; Merrill Lynch Bank & Trust Co., Plainsboro, NJ; New Millennium Bank, New Brunswick, NJ; Panasia Bank, National Association, Fort Lee, NJ; Paragon Federal Credit Union, Township of Washington, NJ; Red Oak Bank, Morristown, NJ; Rumson-Fair Haven Bank & Trust Company, Rumson, NJ; Select Bank, Egg Harbor City, NJ; TD Waterhouse Bank, National Association, Jersey City, NJ; and Two River Community Bank, Middletown, NJ.

The new members in New York are: Bank of Cattaraugus, Cattaraugus, NY; BPD International Bank, New York, NY; Community Federal Savings Bank, Woodhaven, NY; Intervest National Bank, New York, NY; NorthEastern Engineers Federal Credit Union, Richmond Hill, NY; Sidney Federal Credit Union, Sidney, NY; Signature Bank, New York, NY; Victory State Bank, Staten Island, NY; and Watertown Savings Bank, Watertown, NY.

I would like to welcome our newest members and thank all customers and stockholders for their business.

In Washington

HOUSE FINANCIAL SERVICES COMMITTEE PASSES REGULATORY RELIEF BILL WITH THREE HOME LOAN BANK AMENDMENTS

On May 20, 2003, the full committee chaired by Congressman Mike Oxley (R-OH) marked up H.R. 1375, the "Financial Services Regulatory Relief Act of 2003."

The Home Loan Bank provisions are essentially the same as reported to you on April 30. They would: 1) permit state-chartered, privately insured credit unions to apply for membership at a Home Loan Bank; 2) eliminate caps on Federal Home Loan Bank director compensation; and 3) extend the terms of appointed and elected Federal Home Loan Bank directors from three to four years. There was a change in the last amendment so that the extension of the term of service from three to four years affects only future directors and not those currently serving.

What was not included in the bill was a proposed amendment supported by the FDIC that would limit the Home Loan Banks' ability to collect prepayment fees on advances to institutions that fail. The 12 Home Loan Banks and the ABA, ACB, and ICBA worked together to ensure that Chairman Oxley and his staff were aware that this change in public policy could have far-reaching, negative implications for the 8,000 members of the Home Loan Bank System in their cost of funds.

The Federal Home Loan Banks and the FDIC are discussing the development of an operating agreement to resolve the issue. The Home Loan Banks are working to ensure that they are made whole for the cost of unwinding the transactions involving advances held by failed institutions and that these costs are not transferred to the member/stockholders of the Home Loan Bank System.

The Home Loan Bank team wishes to thank you, our members, for your use of our credit products and services to expand the availability of mortgage credit, to compete effectively in your markets, and to promote strong communities.

Sincerely,

Alfred A. DelliBovi
President