



FROM THE DESK OF THE PRESIDENT

June 28, 2002

TO: All Stockholders
(individually addressed)

SUBJECT: Report for the Month

At the Bank

BUSINESS UPDATE

I am pleased to report that credit product usage accelerated in May; the month ended at over \$62 billion in advances, up nearly \$2 billion from the end of April. Average advances for the month topped \$60 billion for the first time, standing at \$60.6 billion, up almost \$1 billion from the previous month and up \$7 billion (13%) from May 2001. Advances were about \$3.5 billion above the May 2002 business plan level. Although members continue to report that they are experiencing strong liquidity, some are taking advantage of the interest rate environment to lock in term funding at favorable rates.

Net income for the month declined \$1.4 million from April's level, reflecting narrower net spreads in our balance sheet; however, annualized net income for the year through May 31 was \$231 million, which compares favorably with the \$221 million in net income contained in the 2002 business plan. We are delighted to produce this reasonable return despite the low interest rate environment. We also take great pride in fulfilling our Mission Statement: "To advance housing opportunity and local community development by maximizing the capacity of our community-based member-lenders to serve their markets." Management translates this statement into a profitable and sustainable business proposition through expert risk management, constant innovation, a tight rein on expenses, and dedication to expanding homeownership and affordable housing.

2002 ELECTION OF DIRECTORS OF THE HOME LOAN BANK HAS BEGUN

On June 24, nomination certificates and related information were mailed to all stockholders in New Jersey and New York eligible to vote. Two seats in New York and one seat in New Jersey are up for election this year. Each of the individuals elected will serve a three-year term starting on January 1, 2003. (The Board seat representing our members from Puerto Rico and the U.S. Virgin Islands will be up for election in 2003.) The deadline to return your nomination certificates to the FHLBNY is July 26, 2002.

Should you have any questions on the schedule or process, please contact the Corporate Secretary, Barbara Sperrazza, at 212-294-1766.

54 HOUSING GRANTS APPROVED IN FIRST AHP ROUND OF 2002

The Board of Directors ratified the funding of 54 affordable housing initiatives in this year's first round of the Affordable Housing Program (AHP). In this round, \$12.1 million was awarded. Our funds will help create 1,775 affordable homes in New Jersey, New York, Puerto Rico, and the U.S. Virgin Islands. These 54 successful public/private AHP partnerships will generate a total of \$229.3 million in community investment that produces jobs as well as housing.

Washington Update

NY HOME LOAN BANK CAPITAL PLAN SLATED FOR APPROVAL IN JULY

In a special meeting of the Federal Housing Finance Board (FHFB) on July 18, it is expected that the new capital plan for the Home Loan Bank of New York will be approved. When approved, the capital plan will replace subscription requirements with a permanent capital structure and risk-based capital requirements. At the time of the production of this report, Home Loan Bank staff is responding to what would appear to be minor changes recently suggested by the FHFB. Should the July approval occur as expected, it appears at this time that the implementation date for the new capital structure may be in the third quarter of 2003.

Be assured that, when the Federal Housing Finance Board does give its final approval to our New York Bank capital plan, we will be reaching out to each and every one of our members to ensure that they fully understand the details and the effect of the new plan.

We thank each customer and stockholder for their business and look forward to continuing to provide innovative, cost-effective services while providing a reasonable rate of return on their investment in the Home Loan Bank.

Sincerely,

Alfred A. DelliBovi
President