



MEMORANDUM

August 30, 2002

TO: All Stockholders
(individually addressed)

SUBJECT: Report for the Month

AT \$62.9 BILLION, ADVANCE DEMAND REMAINS REMARKABLE

For the month of July 2002, average advances outstanding totaled \$62.9 billion, a \$757 million increase since June and a \$7.9 billion increase since July 2001. Members took increased advantage of Adjustable Rate Credit (ARC), convertible, and overnight advance products.

Also for July, reflecting the increase in advance use, average total assets stood at \$84.4 billion. This is an increase of \$1.27 billion from June.

The Home Loan Bank produced a solid bottom line for July in a difficult interest rate environment. Annualized net income was \$208 million; this represented an \$11.5 million decline from June and a \$62.4 million decrease compared to July of 2001. This decline was largely due to continuing declines in the Bank's asset yields and pressure on spreads due to reductions in the general level of market interest rates over the past several quarters.

A constant objective of the Home Loan Bank is to maintain a high level of value for our members. Through our competitive pricing, innovative products, exceptional service, and a reasonable dividend, we look forward to providing sustained strong performance and greater value for your investment in the Home Loan Bank.

FHLBNY LAUNCHES "1LINKsm" TO PROVIDE MEMBERS THE EFFICIENCY OF INTERNET ACCESS

On August 26, 2002, the first phase of 1Linksm went live. 1Link is the Bank's new platform for providing banking services over the Internet. These services will be provided in phases. The first phase enables members to view, via a secure Internet connection, their prior- and current-day account activity and special reports including Combined Daily Advice, Safekeeping Asset Holdings, MPF[®], Wire, and Demand Statements. Our members can now customize their account transaction detail in a report format that meets their needs or download transaction details in a spreadsheet or other file format.

Additional functions that will be added to 1Link in the coming months include wire transfers, OLOC and short-term fixed advance transactions, safekeeping transactions, advance portfolio information, and safekeeping portfolio information. And in the future, the Home Loan Bank plans to add more types of advance transactions, modeling capabilities, and the Affordable Housing Program application process.

I am pleased to report that early feedback is very positive. One hundred and three members have signed up for the service, which is provided at no cost to the member through the end of this year. Among the comments received were: "The system is terrific," "Very user friendly," and "A lot easier than the phone system."

1Link will be a major point of interaction with the membership. I encourage you to go on-line with us as soon as possible. To get the details on 1Link, please contact your calling officer or Jim Gilmore, Senior Vice President of Banking Services, at 201-356-1121.

BUILD-OUT BEGINS AT HOME LOAN BANK'S NEW HEADQUARTERS AT 101 PARK AVENUE

I am delighted to report that earlier this month the Home Loan Bank started the build-out process of our new headquarters at 101 Park Avenue in mid-town Manhattan (between 40th and 41st Streets). The Home Loan Bank will occupy the entire 41,000-square-foot fifth floor of the building when the move is completed by the end of the year.

101 Park Avenue will serve as the Home Loan Bank's principal base of operation. In general, the functions located at 30 Montgomery Street (Jersey City, NJ) and at 200 Park Avenue (New York City) will combine at 101 Park Avenue. The office space is classified as "A," the highest rating. This class-A structure provides the support systems that will enable the Home Loan Bank to provide the high level of technical, cutting-edge service to which our customers have become accustomed.

Moving to 101 Park Avenue begins a new chapter for us. I am sure it will be one marked by the vitality and excitement of being an integral member of the community. The employees at the Home Loan Bank are eager to get into our new office so all of our energy can again be focused on supporting our local member lenders in their efforts to fund homes, create jobs, and build strong communities.

Sincerely,

Alfred A. DelliBovi
President