



Federal
Home Loan Bank
of New York

I, Paul S. Friend, the Assistant Corporate Secretary of the Federal Home Loan Bank of New York ("FHLBNY"), hereby certify that the following is a true and correct copy of the document called "Statement of Principles to Guide Development of the Bank's Retained Earnings Policy", which was adopted by resolution of the Board of Directors of the FHLBNY on December 18, 2003:

**Federal Home Loan Bank of New York ("FHLBNY")
Statement of Principles to Guide Development of the Bank's
Retained Earnings Policy**

Adopted by the Board of Directors of the FHLBNY on December 18, 2003

The FHLBNY will develop a retained earnings policy using the following principles.

- Members' contributed capital should be of a sufficient amount to: operate the Bank safely and soundly, capitalize members' activities with the Bank and further immunize the Federal Home Loan Bank System from any systemic risk.
- The purpose of retained earnings is to:
 - Protect the members' contributed capital from realized and unrealized losses related to market, credit, operational, and other risks that arise in the Bank's ordinary course of business
 - Preserve the par value of the stock
 - Maintain the confidence of members, counterparties and other entities in the Bank's ability to operate as an ongoing concern
- The Bank will establish a target amount of retained earnings based on an assessment of the risks in the Bank's activities.
- The calculation of the target level will take into consideration measures of the Bank's credit risk, market risk, operations risk and income at risk.
- The Bank will build retained earnings to this target level over a period of three to five years.
- Contributions to retained earnings that are required by the Bank's policy will have a priority claim on the Bank's distribution of net income.
- Stockholders need to receive a reasonable dividend on their investment in capital. These dividends should be sufficient to attract and retain members, and should encourage member borrowing.
- The Bank will assess the adequacy of its retained earnings at least annually.
- The Board will establish a retained earnings target amount no less than annually. At the same time, the Board may also adjust the Bank's plan to achieve the target level based on the Bank's then-current position.

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