

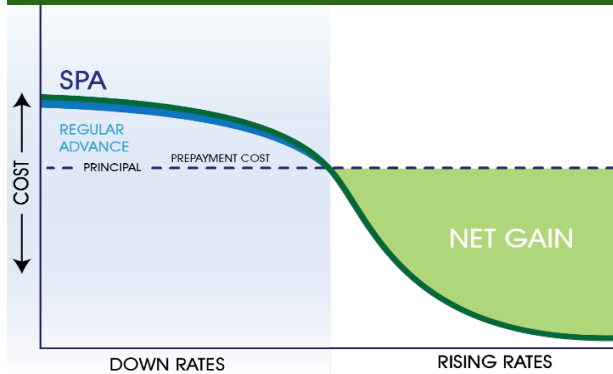


SYMMETRICAL PREPAYMENT ADVANCE (SPA) FEATURE

Federal Home Loan Bank of New York (FHLB NY) members have the ability, at the time of the trade, to add symmetry to certain advances with maturities of one year or greater. The SPA feature allows members to receive compensation for favorable changes in the Fair Value of an advance should a member wish to terminate (prepay) the advance prior to its maturity.

The Symmetry feature is only available at the time of booking an advance transaction at an **additional two basis points** increase over an advance without symmetry.

HOW DOES THE SPA FEATURE WORK?



When terminating advances early, members are always subject to prepayment penalties when the coupons on those borrowings are "out of the money". However, by adding a SPA feature to an advance, if interest rates rise beyond a threshold causing the market value of the Advance to become positive, a net gain may be realized, allowing a member to repay the advance at an amount below the outstanding par value.

Terms	1 year up to 30 years <i>(term dictated by individual product limits)</i>
Minimum Transaction Size	\$3 million
Minimum Partial Prepayment Size	\$3 million
Advance Types with Symmetrical Prepayment Feature	Regular fixed-rate, non-amortizing bullet advances <i>(Not available for Community Lending Program advances)</i>

POTENTIAL BENEFITS TO MEMBERS

- ✓ Provides more flexibility when managing the balance sheet (e.g., gains can serve as an offset to unrealized losses in securities portfolios)
- ✓ Can potentially harvest gains during balance sheet restructuring
- ✓ Unrealized gains on the liability side of the balance sheet may serve to enhance value during merger and acquisition scenarios

HOW DOES THE SPA FEATURE WORK?

The changing market conditions of today require flexibility in managing the balance sheet. The SPA feature was developed to provide an advance alternative for members looking for funding tools which offer greater flexibility in a rising rate environment. Members can add the SPA feature to eligible fixed-rate, non-amortizing advances to meet their liquidity needs and will retain the ability to prepay the advance early like all other advances. However, unlike all other advance products, favorable changes in the Fair Value of the advance may be harvested at the time of prepayment if the advance contains the symmetrical prepayment feature.

In all cases, the member is still required to pay a minimum prepayment fee to ensure the FHLB NY's financial indifference to the prepayment of the advance. However, a portion of the prepayment fee may be eligible for the FHLB NY's Advance Rebate Program.

Interested in adding the SPA feature to your next qualified Fixed-Rate Advance?
Contact a Relationship Manager at (212) 441-6700 or Member Services Desk at (212) 441-6600.

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