



CONSOLIDATED OBLIGATIONS

The primary source of funds for the Federal Home Loan Bank of New York (FHLBNY) is the sale of debt securities in the U.S. and Global Capital Markets, known as Consolidated Obligations. Member deposits, capital and, to a lesser extent, borrowings from other Federal Home Loan Banks (FHLBanks), are also funding sources.

Consolidated obligations (COs) are the joint and several obligations of the FHLBanks and consist of Bonds and Discount Notes. Consolidated Bonds have no minimum maturity while Discount Notes are COs with maturities up to 365 days. COs are not obligations of the United States (U.S.) and carry an implicit U.S. government guarantee.

DEBT RATING	LONG-TERM	SHORT-TERM
Moody's	Aaa	P-1
Standard & Poor's	AA+	A-1+

Moody's ratings are as of January 26, 2023; Standard & Poor's ratings are as of July 31, 2023.

Consolidated Obligations are issued with either fixed or variable rate coupon payment terms that use a variety of indices for interest rate resets which include:

- Fed Funds Rate (FED)
- Secured Overnight Funding Rate (SOFR)

To meet the expected specific needs of certain investors in COs, both fixed and variable rate bonds may also contain certain features that will result in complex coupon payment terms and call options. When the FHLBNY cannot use such complex coupons to hedge its assets, the FHLBNY enters into derivative transactions containing offsetting features that effectively convert the terms of the bond to those of a simple variable or fixed-rate bond.

Beyond having fixed-rate or simple variable-rate coupon payment terms COs may also include Optional Principal Redemption Bonds (callable bonds) that the FHLBNY may redeem in whole or in part at its discretion on predetermined call dates, according to the terms of the bond offerings.

See the next page for more information on the Debt Issuance and Servicing programs.

DEBT ISSUANCE & SERVICING PROGRAMS

The issuance and servicing of COs debt is performed by the Office of Finance (OF), the fiscal agent of the FHLBanks governed by the Federal Housing Finance Agency. Each FHLBank independently determines its participation in each issuance of COs based on, among other factors, its own funding and operating requirements, maturities, interest rates, and other terms available for COs in the marketplace.

COs are distributed through dealers selected by the OF using various methods including competitive auction and negotiations with individual or syndicates of underwriters. Some debt issuance is in response to specific inquiries from underwriters; a reverse inquiry. Many COs are issued with the FHLBank concurrently entering into derivatives agreements, such as interest rate swaps. To facilitate issuance, the OF may coordinate communication between underwriters, individual FHLBanks, and financial institutions executing derivative agreements with the FHLBanks.

The FHLB NY participates in the three major debt programs offered by the Office of Finance: The Global Debt Program, TAP Issue Program and Discount Notes.

THE GLOBAL DEBT PROGRAM	TAP ISSUE PROGRAM	DISCOUNT NOTES
<p>Provides the FHLBanks with the ability to distribute debt into multiple primary markets across the globe. The FHLBank global debt issuance facility has been in place since July 1994.</p> <p>Maturities: Typically, 1-30 years, with the majority of issues between 1-5 years.</p> <p>Types: Bullets (most common global bonds particularly in sizes of \$3B or larger), floaters, and fixed-rate callable bonds with maturities of 1-10 years.</p> <p>Size: Typically range from \$1 to \$5B and individual bonds can be reopened to meet additional demand.</p> <p>Benefits:</p> <ul style="list-style-type: none"> • Flexibility and variety • Can be customized to meet changing market demand • Different structures, terms and currencies • Diversification of investors • Introduction of a predetermined issuance schedule has led to greater transparency and predictability thereby aiding in investor investment planning. 	<p>Implemented in mid-1999, by the OF on behalf of the FHLBanks. TAP consolidates domestic bullet bond issuance through daily auctions of common maturities by reopening previously issued bonds. TAP has reduced the number of separate FHLBanks bullet issues, and individual issues have grown as large as \$10B.</p> <p>Maturities: Typically 1-30 years, 3-Month quarterly maturity cycles used for the issuance of "on-the-run" Treasury securities and also have semi-annual coupon payment dates. 1 year TAP matures a year after issuance.</p> <p>Types: Fixed-Rate Bonds</p> <p>Size: \$10-\$50MM per trade on average</p> <p>Benefits:</p> <ul style="list-style-type: none"> • Improved market awareness • Expanded secondary market trading opportunities • Improved liquidity • Stimulated greater demand from investors and dealers seeking high-quality Government Sponsored Enterprises securities with U.S. Treasury-like characteristics. • Flexible maturity dates 	<p>The FHLB NY uses Discount Notes to fund short- and longer-term advances with short re-pricing intervals and money market investments.</p> <p>Through a member selling group, the OF acting on behalf of the FHLBanks, offers discount notes.</p> <p>Maturities: Up to one year</p> <p>Types: N/A</p> <p>Size: N/A</p> <p>Benefits:</p> <ul style="list-style-type: none"> • Sold at a discount from their face amount and mature at par. • The OF offers Discount Notes in four auctioned maturities – 1, 2, 3 and 6 months (auctions held on Tuesday and Thursday of each week).

QUESTIONS? CONTACT US:

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