Federal Home Loan Bank of New York

Financial Statements and Other Reports
December 31, 2004

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Center
300 Madison Avenue
New York NY 10017
Telephone (646) 471 3000
Facsimile (813) 286 6000

Report of Independent Auditors

To the Board of Directors and Stockholders of
the Federal Home Loan Bank of New York

In our opinion, the accompanying statements of condition and the related statements of income, capital and cash flows present fairly, in all material respects, the financial position of the Federal Home Loan Bank of New York (the "Bank") at December 31, 2004 and 2003, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2004 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2005 on our consideration of the Bank's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations for the year ended December 31, 2004. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As discussed in Note 1, the Bank adopted Statement of Financial Accounting Standards No. 150, *Accounting For Certain Financial Instruments with Characteristics of both Liabilities and Equity*, on January 1, 2004.

PricewaterhouseCoopers LLP

March 7, 2005

Federal Home Loan Bank of New York
Statements of Condition (in thousands, except par values)
December 31, 2004 and 2003

	2004	2003
Assets		
Cash and due from banks (Notes 1 and 3)	$ 22,376	$ 20,793
Interest-bearing deposits, includes $1.1 billion pledged at December 31, 2004, and $1.7 billion at December 31, 2003 (Note 4)	2,806,870	1,654,603
Federal funds sold	2,972,000	1,143,000
Available-for-sale securities, net of unrealized gain of $2.2 million at December 31, 2004 and $0 at December 31, 2003 (Note 6)	713,363	-
Held-to-maturity securities, includes $0 pledged at December 31, 2004 and 2003 (Note 5)	11,870,674	11,359,367
Advances (Note 7)	68,507,487	63,923,184
Mortgage loans, net of allowance for credit losses of $507 at December 31, 2004, and December, 2003 (Note 9)	1,178,083	671,644
Loans to other FHLBanks (Note 10)	-	60,000
Accrued interest receivable	315,768	287,827
Premises and equipment, net	13,030	15,921
Derivative assets (Note 19)	11,048	59,240
Other assets	28,261	34,850
Total assets	$ 88,438,960	$ 79,230,429
Liabilities and capital		
Liabilities		
Deposits (Note 11)		
Interest-bearing demand	$ 2,194,359	$ 1,960,800
Non-interest bearing demand	1,660	971
Term	101,000	138,450
Total deposits	2,297,019	2,100,221
Consolidated obligations, net (Note 13)		
Bonds	60,515,356	54,051,869
Discount Notes	19,641,626	16,804,767
Total consolidated obligations	80,156,982	70,856,636
Mandatorily redeemable capital stock (Notes 14 and 15)	126,581	-
Accrued interest payable	437,743	426,437
Affordable Housing Program (Notes 1 and 8)	81,580	92,541
Payable to REFCORP (Notes 1 and 8)	9,966	-
Derivative liabilities (Note 19)	1,372,195	1,913,274
Other liabilities	77,764	77,929
Total liabilities	84,559,830	75,467,038
Commitments and Contingencies (Notes 8, 13, 19 and 21)		
Capital (Notes 1, 14 and 15)		
Capital stock ($100 par value), putable, issued and outstanding 36,550 at December 31, 2004, and 36,386 at December 31, 2003	3,655,047	3,638,720
Unrestricted retained earnings	223,434	126,697
Accumulated other comprehensive income (loss) - (Note 16)		
Net unrealized gain on available-for-sale securities	2,240	-
Net unrealized gain (loss) on hedging activities	898	(13)
Additional minimum liability on benefits equalization plan	(2,489)	(2,013)
Total capital	3,879,130	3,763,391
Total liabilities and capital	$ 88,438,960	$ 79,230,429

The accompanying notes are an integral part of these financial statements.

Federal Home Loan Bank of New York
Statements of Income (in thousands, except per share data)
Years Ended December 31, 2004, 2003 and 2002

	2004	2003	2002
Interest income			
Advances (Note 7)	$ 1,247,568	$ 1,292,990	$ 1,684,716
Interest-bearing deposits	61,096	67,113	113,778
Federal funds sold	16,434	16,493	46,326
Available-for-sale securities (Note 6)	7,797	-	-
Held-to-maturity securities (Note 5)	545,660	652,207	725,126
Mortgage loans and participations, including fees (Note 9)	48,291	29,099	26,413
Loans to other FHLBanks (Note 10)	78	2,491	2,995
Other	48	62	17
Total interest income	1,926,972	2,060,455	2,599,371
Interest expense			
Consolidated obligations (Note 13)	1,631,221	1,733,663	2,167,227
Deposits (Note 11)	21,913	27,977	42,460
Other borrowings (Note 12)	5,312	268	103
Cash collateral held	34	24	363
Total interest expense	1,658,480	1,761,932	2,210,153
Net interest income before provision for credit losses	268,492	298,523	389,218
Provision for credit losses on mortgage loans	-	79	235
Net interest income after provision for credit losses	268,492	298,444	388,983
Other income			
Service fees	4,751	4,936	4,103
Net realized and unrealized gain (loss) on derivatives and hedging activities (Notes 1 and 19)	8,274	(827)	(9,712)
Net realized loss from sale of held-to-maturity securities (Note 5)	-	(189,226)	-
Other, net (Note 13)	(4,059)	-	(26,994)
Total other income	8,966	(185,117)	(32,603)
Other expenses			
Operating	51,103	47,749	39,014
Finance Board and Office of Finance (Note 1)	4,812	4,964	4,399
Other	-	(1,746)	(5,656)
Total other expenses	55,915	50,967	37,757
Income before assessments	221,543	62,360	318,623
Affordable Housing Program (Notes 1 and 8)	18,643	5,091	26,010
REFCORP (Notes 1 and 8)	40,319	11,453	58,523
Total assessments	58,962	16,544	84,533
Income before cumulative effect of change in accounting principle	162,581	45,816	234,090
Cumulative effect of change in accounting principle (Note 2)	(1,305)	-	-
Net income	$ 161,276	$ 45,816	$ 234,090
Basic earnings per share: (Note 17)			
Earnings before cumulative effect of change in accounting principle	$ 4.59	$ 1.12	$ 6.21
Cumulative effect of change in accounting principle	(0.04)	-	-
Net earnings per share	$ 4.55	$ 1.12	$ 6.21

The accompanying notes are an integral part of these financial statements.

Federal Home Loan Bank of New York
Statements of Capital (in thousands, except per share data)
Years Ended December 31, 2004, 2003 and 2002

	Capital Stock* Shares	Capital Stock* Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Capital	Total Comprehensive Income
Balance, December 31, 2001	37,329	$ 3,732,980	$ 177,008	$ -	$ 3,909,988	
Proceeds from sale of capital stock	9,679	967,926	-	-	967,926	
Redemption of capital stock	(6,497)	(649,724)	-	-	(649,724)	
Net income	-	-	234,090	-	234,090	$ 234,090
Cash dividends ($4.51 per share) on capital stock	-	-	(166,662)	-	(166,662)	
						$ 234,090
Balance, December 31, 2002	40,511	4,051,182	244,436	-	4,295,618	
Proceeds from sale of capital stock	15,080	1,508,038	-	-	1,508,038	
Redemption of capital stock	(19,205)	(1,920,500)	-	-	(1,920,500)	
Net income	-	-	45,816	-	45,816	$ 45,816
Other comprehensive loss						
Net unrealized gain (loss) on hedging activity	-	-	-	(13)	(13)	(13)
Additional minimum liability on Benefit Equalization Plan	-	-	-	(2,013)	(2,013)	(2,013)
Cash dividends ($3.97 per share) on capital stock	-	-	(163,555)	-	(163,555)	
						$ 43,790
Balance, December 31, 2003	36,386	3,638,720	126,697	(2,026)	3,763,391	
Proceeds from sale of capital stock	21,742	2,174,170	-	-	2,174,170	
Redemption of capital stock	(17,999)	(1,799,956)	-	-	(1,799,956)	
Net shares reclassified to mandatorily redeemable capital stock	(3,579)	(357,887)			(357,887)	
Net income			161,276	-	161,276	$ 161,276
Other comprehensive income (loss)						
Net unrealized gain on available-for-sale securities				2,240	2,240	2,240
Net unrealized gain (loss) on hedging activities	-	-	-	911	911	911
Additional minimum liability on Benefit Equalization Plan	-	-	-	(476)	(476)	(476)
Cash dividends ($1.83 per share) on capital stock	-	-	(64,539)		(64,539)	
						$ 163,951
Balance, December 31, 2004	36,550	$ 3,655,047	$ 223,434	$ 649	$ 3,879,130	

* Putable

The accompanying notes are an integral part of these financial statements.

Federal Home Loan Bank of New York
Statements of Cash Flows (in thousands)
Years Ended December 31, 2004, 2003 and 2002

	2004	2003	2002
Operating activities			
Net Income	$ 161,276	$ 45,816	$ 234,090
Cumulative effect of change in accounting principle	1,305	-	-
Income before cumulative effect of change in accounting principle	162,581	45,816	234,090
Adjustments to reconcile net income before cumulative effect of change in accounting principle to net cash provided by (used in) operating activities			
Depreciation and amortization			
Net premiums and discounts on consolidated obligations, investments, and mortgage loans	(1,969)	(37,759)	162,650
Concessions on consolidated obligations	14,440	25,809	23,565
Amortization of basis on hedges	(3,055)	(133)	(725)
Premises and equipment	3,990	3,714	2,635
Provision for credit losses on mortgage loans	-	79	235
Net realized losses on sale of held-to-maturity securities	-	189,226	-
Loss (gain) due to change in net fair value adjustments on derivatives and hedging activities	1,245	2,502	1,882
Losses on extinguishment of debt	4,184	-	26,093
(Decrease) increase in accrued interest receivable	(27,941)	89,382	279
(Decrease) increase in derivative assets, net accrued interest	(455)	39,930	71,000
(Decrease) increase in derivative liabilities, net accrued interest	(14,952)	(11,193)	17,968
Decrease in other assets	(8,026)	(13,707)	(30,888)
(Decrease) increase in Affordable Housing Program liability and discount on AHP advances	(10,961)	(17,308)	5,174
Increase (decrease) in accrued interest payable	11,306	(113,044)	(92,057)
Increase (decrease) in REFCORP liability	9,966	(13,846)	(6,460)
(Decrease) increase in other liabilities	(165)	38,230	(11,719)
Total adjustments	(22,393)	181,882	169,632
Net cash provided by operating activities	140,188	227,698	403,722
Investing activities			
Net (increase) decrease in interest-bearing deposits	(1,152,991)	5,994,891	(1,733,219)
Net (increase) decrease in Federal funds sold	(1,829,000)	1,789,000	(1,498,000)
Proceeds from sale of held-to-maturity securities	-	1,597,881	-
Purchase of held-to-maturity securities	(4,036,184)	(4,815,770)	(4,634,517)
Proceeds from maturities of held-to-maturity securities	3,512,602	4,634,611	3,470,860
Purchase of available-for-sale securities	(711,130)	-	-
Principal collected on advances	533,224,883	845,456,110	820,551,704
Advances made	(538,667,268)	(841,209,805)	(826,905,941)
Purchase of mortgage loans held for investment	(654,856)	(870,668)	(208,987)
Principal collected on mortgage loans held for investment	145,882	632,602	198,003
Principal collected on other loans made	175	161	162
Net decrease (increase) in deposits with other FHLBanks' mortgage programs	724	(474)	18
(Increase) in premises and equipment	(1,098)	(4,989)	(9,503)
Net cash (used in) provided by investing activities	(10,168,261)	13,203,550	(10,769,420)

The accompanying notes are an integral part of these financial statements.

Federal Home Loan Bank of New York
Statements of Cash Flows (in thousands)
Years Ended December 31, 2004, 2003 and 2002

	2004	2003	2002
Financing activities			
Net increase (decrease) in deposits	196,798	(642,456)	(119,185)
Net proceeds from issuance of consolidated obligation bonds	29,544,145	44,534,244	44,339,349
Net proceeds from issuance of consolidated obligation discount notes	961,591,191	1,023,313,238	533,019,759
Payments for maturing consolidated obligation bonds	(22,585,164)	(51,570,185)	(33,133,118)
Payments for maturing/retiring consolidated obligation discount notes	(958,794,378)	(1,028,534,705)	(533,840,698)
Proceeds from issuance of capital stock	2,174,169	1,508,038	967,926
Payments for redemption of capital stock	(1,799,955)	(1,920,500)	(649,724)
Payments for redemption of mandatorily redeemable capital stock	(231,306)	-	-
Cash dividends paid	(65,844)	(163,555)	(166,662)
Net cash provided by (used in) financing activities	10,029,656	(13,475,881)	10,417,647
Net increase (decrease) in cash and cash equivalents	1,583	(44,633)	51,949
Cash and cash equivalents at beginning of the period	20,793	65,426	13,477
Cash and cash equivalents at end of the period	$ 22,376	$ 20,793	$ 65,426
Supplemental disclosures			
Interest paid	$ 1,116,132	$ 2,046,886	$ 1,919,101
AHP payments*	30,266	22,398	20,836
REFCORP payments	15,437	40,085	64,983

*AHP payments = (beginning accrual - ending accrual) + AHP assessment for the year, and represents funds released to the AHP program.

The accompanying notes are an integral part of these financial statements.

Background Information

The Federal Home Loan Bank of New York ("FHLBNY" or the "Bank"), a federally chartered corporation, is one of 12 district Federal Home Loan Banks ("FHLBanks"). The FHLBanks serve the public by enhancing the availability of credit for residential mortgages and targeted community development. The FHLBNY provides a readily available, low-cost source of funds to its member institutions. The FHLBNY is a cooperative, which means that current members own nearly all of the outstanding capital stock of the FHLBNY and may receive dividends on their investment. Regulated financial depositories and insurance companies engaged in residential housing finance may apply for membership.

Former members own the remaining capital stock to support business transactions still carried on the FHLBNY's Statement of Condition. All members must purchase stock in the FHLBNY. As a result of these requirements, the FHLBNY conducts business with related parties in the normal course of business. As is the nature of a cooperative, the FHLBNY considers all members as related parties in addition to other FHLBanks. See Note 10 for more information.

The Federal Housing Finance Board ("Finance Board"), an independent agency in the executive branch of the United States Government, supervises and regulates the FHLBanks and the Office of Finance. The Finance Board's principal purpose is to ensure that the FHLBanks operate in a safe and sound manner. In addition, the Finance Board ensures that the FHLBanks carry out their housing finance mission, remain adequately capitalized, and can raise funds in the capital markets. Also, the Finance Board establishes policies and regulations covering the operations of the FHLBanks. Each FHLBank operates as a separate entity with its own management, employees, and board of directors. The FHLBNY does not have any special purpose entities or any other type of off-balance sheet conduits.

The FHLBanks' debt instruments ("consolidated obligations") are the joint and several obligations of all the FHLBanks and are the primary source of funds for the FHLBanks. Deposits, other borrowings, and capital stock issued to members provide other funds. The FHLBanks primarily use these funds to provide advances to members and to purchase loans from members through its Mortgage Purchase Program ("MPP")/Mortgage Partnership Finance® (MPF®) program. Some FHLBanks also provide member institutions with correspondent services, such as wire transfer, security safekeeping, and settlement.

1. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements requires management to make assumptions and estimates. These assumptions and estimates affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of income and expense. Actual results could differ from these estimates.

Federal Funds Sold

Federal funds sold represents short-term, unsecured lending to major banks. The amount of unsecured credit risk that may be extended to individual counterparties is commensurate with the counterparty's credit quality, which is determined by credit ratings of counterparty's debt securities or deposits as reported by nationally recognized statistical rating organizations. Federal funds sold are recorded at cost on settlement date, and interest is accrued using contractual rates.

Investments
The FHLBNY carries, at cost, investments for which it has both the ability and intent to hold to maturity, adjusted for the amortization of premiums and accretion of discounts using the level-yield method.

Under Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities,"("SFAS 115") changes in circumstances may cause the FHLBNY to change its intent to hold a certain security to maturity without calling into question its intent to hold other debt securities to maturity in the future. Thus, the sale or transfer of a held-to-maturity security due to certain changes in circumstances, such as evidence of significant deterioration in the issuer's creditworthiness or changes in regulatory requirements, is not considered to be inconsistent with its original classification. Other events that are isolated, nonrecurring, and unusual for the FHLBNY that could not have been reasonably anticipated may cause the FHLBNY to sell or transfer a held-to-maturity security without necessarily calling into question its intent to hold other debt securities to maturity.

In addition, in accordance with SFAS 115, sales of debt securities that meet either of the following two conditions may be considered as maturities for purposes of the classification of securities: 1) the sale occurs near enough to its maturity date (or call date if exercise of the call is probable) that interest rate risk is substantially eliminated as a pricing factor and the changes in market interest rates would not have a significant effect on the security's fair value, or 2) the sale of a security occurs after the FHLBNY has already collected a substantial portion (at least 85 percent) of the principal outstanding at acquisition due either to prepayments on the debt security or to scheduled payments on a debt security payable in equal instalments (both principal and interest) over its term.

The FHLBNY classifies certain investments that it may sell before maturity as available-for-sale and carries them at fair value. The change in fair value of the available-for-sale securities not being hedged by derivative instruments is recorded in other comprehensive income as a net unrealized gain or loss on available-for-sale securities. For available-for-sale securities that have been hedged under a qualifying fair value hedge, the FHLBNY records the portion of the change in value related to the risk being hedged in other income as "net realized and unrealized gain (loss) on derivatives and hedging activities" together with the related change in the fair value of the derivative, and records the remainder of the change in other comprehensive income as "net unrealized gain (loss) on available-for-sale securities." For available-for-sale securities that have been hedged under a qualifying cash flow hedge, the FHLBNY records the effective portion of the change in value of the derivative related to the risk being hedged in other comprehensive income as a "net unrealized gain (loss) on hedging activities." The ineffective portion is recorded in other income and presented as "net realized and unrealized gain (loss) on derivatives and hedging activities."

The FHLBNY computes the amortization and accretion of premiums and discounts on mortgage-backed securities using the level-yield method over the estimated lives of securities. The estimated life method requires a retrospective adjustment of the effective yield each time the FHLBNY changes the estimated life as if the new estimate had been known since the original acquisition date of the asset.

The FHLBNY computes the amortization and accretion of premiums and discounts on other investments using the level-yield method to the contractual maturity of the securities.

The FHLBNY computes gains and losses on sales of investment securities using the specific identification method and includes these gains and losses in other income. The FHLBNY treats securities purchased under agreements to resell as collateralized financings.

The FHLBNY regularly evaluates outstanding investments for impairment and determines if unrealized losses are temporary based in part on the creditworthiness of the issuers and the underlying collateral as well as a determination of the FHLBNY's intent to hold such securities through to recovery of the unrealized losses. If there is an other-than-temporary impairment in value of an investment, the decline in value is recognized as a loss and presented in the Statement of Income as a loss on securities. The FHLBNY has not experienced any other-than-temporary impairment in value of investments during 2004, 2003 or 2002.

Advances
The FHLBNY presents advances, net of unearned commitment fees and discounts on advances for the Affordable Housing Program (AHP), as discussed below. The FHLBNY credits interest on advances to income as earned using the interest method. Following the requirements of the Federal Home Loan Bank Act of 1932 (the "Act"), as amended, the FHLBNY obtains sufficient collateral on advances to protect it from losses. The Act limits eligible collateral to certain investment securities, residential mortgage loans, cash or deposits with the FHLBNY, and other eligible real estate-related assets. As Note 7 more fully describes, community financial institutions (FDIC-insured institutions with assets of $548 million or less during 2004) are subject to more expanded statutory collateral rules for small business and agricultural loans. The FHLBNY has not incurred any credit losses on advances since its inception. Based upon of the collateral held as security on the advances and repayment history, management of the FHLBNY believes that an allowance for credit losses on advances is unnecessary.

Mortgage Loans and Participations
The FHLBNY participates in the MPF program by purchasing conventional mortgage loans from its participating members, herein after referred to as Participating Financial Institutions ("PFI"). Federal Housing Administration ("FHA") and Veterans Administration ("VA") insured loans purchased aggregate about 2% of the remaining outstanding mortgage loans held for investment at December 31, 2004. The FHLBNY manages the liquidity, interest rate and prepayment option risk of the MPF loans, while the members retain servicing activities. The FHLBNY and the PFI share the credit risks of the uninsured MPF loans by structuring potential credit losses into layers. Collectibility of the loans is first supported by liens on the real estate securing the loan. For conventional mortgage loans, additional loss protection is provided by private mortgage insurance ("PMI") required for MPF loans with a loan-to-value ratio of more than 80% at origination, which is paid for by the borrower. Credit losses are absorbed by the First Loss Account ("FLA"), for which the maximum exposure is estimated to be $11.7 million and $5.6 million at December 31, 2004 and 2003. The aggregate amount of FLA is memorialized and tracked but is neither recorded nor reported as a loan loss reserve in the FHLBNY's financial statements. If "second losses" beyond this layer are incurred, they are absorbed through a credit enhancement provided by the PFI. The credit enhancement held by PFIs ensures that the lender retains a credit stake in the loans it originates. For managing this risk, PFIs receive monthly "credit enhancement fees" from the FHLBNY.

The amount of the credit enhancement is computed with the use of a Standard & Poor's model to determine the amount of credit enhancement necessary to bring a pool of uninsured loans to "AA" credit risk. The credit enhancement becomes an obligation of the PFI. For taking on the credit enhancement obligation, the PFI receives a credit enhancement fee that is paid by the FHLBNY.

For certain MPF products, the credit enhancement fee is accrued and paid each month. For other MPF products, the credit enhancement fee is accrued monthly and is paid monthly after the FHLBNY has accrued 12 months of credit enhancement fees.

Delivery commitment fees are charged to a PFI for extending the scheduled delivery period of the loans. Pair - off fees may be assessed and charged to PFI when the settlement of the delivery commitment 1) fails to occur, or 2) the principal amount of the loan purchased by the FHLBNY under a delivery commitment is not equal to the contract amount beyond established limits. The related amounts are not significant for all periods reported.

The FHLBNY defers and amortizes premiums and discounts as interest income over the estimated life of the related mortgage loans. The FHLBNY aggregates the mortgage loans by similar characteristics (type, maturity, and note rate) in determining prepayment estimates. The FHLBNY records credit enhancement fee expense in interest income from mortgage loans, and records other non-origination fees, such as delivery commitment extension fees and pair-off fees, in Other income. The FHLBNY classifies mortgage loans as held-for-investment and, accordingly, reports them at their principal amount outstanding, net of premiums and discounts.

The FHLBNY places a mortgage loan on non-accrual status when the collection of the contractual principal or interest is 90 days or more past due. When a mortgage loan is placed on non-accrual status, accrued but uncollected interest is reversed against interest income. The FHLBNY records cash payments received on non-accrual loans as interest income and a reduction of principal.

Allowance for loan losses - Management performs periodic reviews of its portfolio to identify the losses inherent within the portfolio and to determine the likelihood of collection of the portfolio. Mortgage loans, that are either classified under regulatory criteria (Special Mention, Sub-standard, or Loss) or past due, are separated from the aggregate pool, and evaluated separately for impairment.

If adversely classified, or on non-accrual status, reserves for mortgage loans, except FHA and VA insured loans, are analyzed under liquidation scenarios on a loan level basis, and identified losses greater than $1,000 are fully reserved. FHA and VA insured mortgage loans have minimal inherent credit risk; risk generally arises mainly from the servicer defaulting on their obligations. FHA and VA mortgage loans, if adversely classified, will have reserves established only in the event of a default of a PFI. Reserves are based on the estimated costs to recover any uninsured portion of the MPF loan.

Management of the FHLBNY identifies inherent losses through analysis of the conventional loans (not FHA and VA insured loans) that are not classified or past due. In the absence of historical loss data, the practice is to look at loss histories of pools of loans, at other financial institutions, with similar characteristics to determine a reasonable basis for loan loss allowance. Management continues to evaluate this practice for appropriateness.

The FHLBNY also holds participation interest in residential and community development mortgage loans thorough its pilot Community Mortgage Asset ("CMA") program. Acquisition of participations under the CMA program were suspended indefinitely in November 2001, and was down to $12.4 million at 2004. If adversely classified, CMA loans will have additional reserves established based on the shortfall of the underlying estimated liquidation value of collateral to cover the remaining balance of the CMA loan. Reserve values are calculated by subtracting the estimated liquidation value of the collateral (after sale value) from the current remaining balance of the CMA Loan.

The FHLBNY has established an allowance for credit losses in the amount of $507,000 as of December 31, 2004 and 2003.

Affordable Housing Program
The FHLBank Act requires each FHLBank to establish and fund an AHP (see Note 8). The FHLBNY charges the required funding for AHP to earnings and establishes a liability. The AHP funds provide subsidies to members to assist in the purchase, construction, or rehabilitation of housing for very low-, low-, and moderate-income households. The FHLBNY also issues AHP advances at interest rates below the customary interest rate for non-subsidized advances. When the FHLBNY makes an AHP advance, the present value of the variation in the cash flow caused by the difference between the AHP advance interest rate and the Bank's related cost of funds for comparable maturity funding is charged against the AHP liability. It is then recorded as a discount on the AHP advance. The amount of such discounts recognized was inconsequential for all years reported. As an alternative, the FHLBNY has the authority to make the AHP subsidy available to members as a grant.

AHP Assessment is based on a fixed percentage of annual net income before assessments and before adjustment for dividends associated with mandatorily redeemable capital stock reported as an expense under SFAS 150 *"Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity"*. If the FHLBNY incurs a loss for the entire year, no assessment or assessment credit is due or accrued.

Prepayment Fees
The FHLBNY charges its members a prepayment fee when members prepay certain advances before the original maturity. The FHLBNY reports prepayment fees associated with hedged advances and the corresponding gains or losses from the termination of the advances in interest income from advances. Prepayment fees not associated with hedged advances are also reported in interest income from advances.

When terms are modified for an existing advance, the FHLBNY evaluates whether the advance meets the criteria to qualify as a modification of an existing advance or a new advance. If the advance qualifies as a modification, the net fee on the prepaid advance is deferred, recorded in the basis of the advance, and amortized over the life of the modified advance. This amortization is recorded in advance interest income. If the modified advance is hedged, it is marked to fair value after the amortization of the basis adjustment. This amortization results in offsetting amounts being recorded in Interest income and Net realized and unrealized gain (loss) on derivatives and hedging activities in Other income. Amortization amounted to $3,785,000, $3,213,000, and $99,500 for the years ended December 31, 2004, 2003 and 2002 and are reported in Net unrealized and realized gain (loss) on derivatives and hedging activities.

If the advance is determined to be a new advance, net prepayment fees are recorded in interest income from advances.

Commitment Fees
The FHLBNY records the present value of fees receivable from standby letters of credit as an asset and an offsetting liability for the obligation to stand ready. Fees, which are generally received for one year in advance, are recorded as unrecognized standby commitment fees (deferred credit) and

amortized monthly over the commitment period. The amount of fees is not significant for all periods reported.

Derivatives
Accounting for derivatives is addressed in Statement of Financial Accounting Standards (SFAS) No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended by SFAS No. 137, *Accounting for Derivative Instruments and Hedging Activities—Deferral of Effective Date of FASB Statement No. 133*, SFAS No. 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities*, and SFAS No. 149, *Amendment of Statement 133 on Derivative Instruments and Hedging Activities* (herein referred to as "SFAS 133"). All derivatives are recognized on the balance sheet at their fair values. Each derivative is designated as one of the following:

(1) a hedge of the fair value of a recognized asset or liability or an unrecognized firm commitment (a "fair value" hedge);
(2) a hedge of a forecasted transaction or the variability of cash flows that are to be received or paid in connection with a recognized asset or liability (a "cash flow" hedge);
(3) a hedge of the foreign currency component of a hedged item in a fair value or cash flow hedge;
(4) a non-qualifying hedge of an asset or liability ("economic hedge") for asset-liability management purposes; or
(5) a non-qualifying hedge of another derivative (an "intermediation" hedge) that is offered as a product to members or used to offset other derivatives with non-member counterparties.

Changes in the fair value of a derivative not qualifying as a hedge are recorded in current period earnings with no fair value adjustment to an asset or liability. Both the net interest on the derivative and the fair value adjustments are recorded in other income as "net realized and unrealized gain (loss) on derivatives and hedging activities."

The FHLBNY routinely issues debt and makes advances in which a derivative instrument is "embedded." Upon execution of these transactions, the FHLBNY assesses whether the economic characteristics of the embedded derivative are clearly and closely related to the economic characteristics of the remaining component of the advance or debt (the host contract) and whether a separate, non-embedded instrument with the same terms as the embedded instrument would meet the definition of a derivative instrument. If the FHLBNY determines that (1) the embedded derivative has economic characteristics that are not clearly and closely related to the economic characteristics of the host contract and (2) a separate, stand-alone instrument with the same terms would qualify as a derivative instrument, the embedded derivative would be separated from the host contract, carried at fair value. However, if the entire contract (the host contract and the embedded derivative) is to be measured at fair value, with changes in fair value reported in current earnings (such as an investment security classified as "trading" under SFAS 115, Accounting for Certain Investments in Debt and Equity Securities), or if the FHLBNY cannot reliably identify and measure the embedded derivative for purposes of separating that derivative from its host contract, the entire contract would be carried on the balance sheet at fair value and no portion of the contract is designated as a hedging instrument.

When hedge accounting is discontinued because the FHLBNY determines that the derivative no longer qualifies as an effective fair value hedge of an existing hedged item, the FHLBNY continues to carry the derivative on the balance sheet at its fair value, ceases to adjust the hedged asset or liability for changes in fair value, and begins amortizing the cumulative basis adjustment on the hedged item into earnings over the remaining life of the hedged item using a method which closely approximates the level-yield methodology.

When hedge accounting is discontinued because the FHLBNY determines that the derivative no longer qualifies as an effective cash flow hedge of an existing hedged item, the FHLBNY continues to carry the derivative on the balance sheet at its fair value and reclassifies the cumulative other comprehensive income adjustment to earnings when earnings are affected by the existing hedge item, which is the original forecasted transaction.

Under limited circumstances, when the FHLBNY discontinues cash flow hedge accounting because it is no longer probable that the forecasted transaction will occur in the originally expected period plus the following two months, but it is probable the transaction will still occur in the future, the gain or loss on the derivative remains in accumulated other comprehensive income and is recognized as earnings when the forecasted transaction affects earnings. However, if it is probable that a forecasted transaction will not occur by the end of the originally specified time period or within two months after that, the gains and losses that were accumulated in other comprehensive income are recognized immediately in earnings.

When hedge accounting is discontinued because the hedged item no longer meets the definition of a firm commitment, the FHLBNY continues to carry the derivative on the balance sheet at its fair value, removing from the balance sheet any asset or liability that was recorded to recognize the firm commitment and recording it as a gain or loss in current period earnings.

During the second quarter of 2004, the FHLBNY changed its manner of assessing effectiveness for certain highly-effective hedging relationship transactions used since the adoption of SFAS 133 on January 1, 2001. See Note 2 for more information.

Mandatorily Redeemable Capital Stock

The FHLBanks adopted SFAS 150, *"Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity ("*SFAS 150*")* as of January 1, 2004. In compliance with SFAS 150, the FHLBNY reclassifies stock subject to redemption from equity to liability once a member exercises a written redemption right, gives notice of intent to withdraw from membership, or attains non-member status by merger or acquisition, charter termination, or involuntary termination from membership. Shares of capital stock meeting this definition are reclassified to a liability at fair value. Unpaid dividends related to capital stock classified as a liability are accrued at the expected dividend rate and reported as interest expense in the Statements of Income. The repayment of these mandatorily redeemable financial instruments is reflected as a cash outflow in the financing activities section of the Statements of Cash Flows.

The FHLBNY reports capital stock subject to mandatory redemption at the redemption value of the stock, which is par plus accrued dividends. The FHLBanks have a unique cooperative structure. Stocks can only be acquired by members at par value and redeemed at par value. Stock is not traded and no market mechanism exists for the exchange of stock outside the cooperative structure.

Premises and Equipment

The FHLBNY recorded premises and equipment at cost less accumulated depreciation and amortization of approximately $13,030,000, and $15,921,000 as of December 31, 2004, and December 31, 2003. Depreciation and amortization expense was $3,990,000, $3,714,000, and $2,635,000 for the years ended December 31, 2004, 2003 and 2002. The FHLBNY computes depreciation and amortization using the straight-line method over the estimated useful lives of assets ranging from three to thirteen years. It amortizes leasehold improvements on the straight-line basis over the shorter of the estimated useful life of the improvement or the remaining term of the lease. The Bank capitalizes improvements and major renewals but expenses ordinary maintenance and repairs when incurred. The FHLBNY includes gains and losses on disposal of premises and equipment in Other income. The net realized gain (loss) on disposal of premises and equipment was not significant in 2004, 2003 and 2002.

Concessions on Consolidated Obligations
The FHLBNY defers and amortizes concessions over the contractual maturity of the bonds, using a methodology which closely approximates the level-yield method. Concessions are paid to dealers in connection with the sale of consolidated obligation bonds. The Office of Finance prorates the amount of the concession to the FHLBNY based upon the percentage of the debt issued that is assumed by the FHLBNY. Unamortized concessions were $20,127,000, and $16,975,000 as of December 31, 2004, and 2003 and were included in Other assets. Amortization of such concessions, included in consolidated obligation interest expense, totaled $16,669,000, $27,916,700, and $25,921,300 for the years ended December 31, 2004, 2003 and 2002. The FHLBNY charges to expense as incurred the concessions applicable to the sale of consolidated obligation discount notes because of their short maturities. These amounts are also recorded in consolidated obligations interest expense.

Discounts and Premiums on Consolidated Obligations
The FHLBNY expenses the discounts on consolidated obligation discount notes, using the level-yield method, over the term of the related notes and amortizes the discounts and premiums on callable and non-callable consolidated bonds, also using the level-yield method, over the term to maturity of the consolidated obligation bonds.

Resolution Funding Corporation (REFCORP) Assessments
Although the FHLBNY is exempt from ordinary federal, state, and local taxation except for local real estate tax, it is required to make payments to REFCORP. Each FHLBank is required to pay 20% of net earnings after AHP to REFCORP. The FHLBank will expense this amount until the aggregate amounts actually paid by all twelve FHLBanks are equivalent to a $300 million annual annuity whose final maturity date is April 15, 2030, at which point the required payment of each FHLBank to REFCORP will be fully satisfied. The Finance Board, in consultation with the Secretary of the Treasury, will select the appropriate discounting factors to be used in this annuity calculation. The cumulative amount to be paid to REFCORP by the FHLBNY is not determinable at this time, due to the interrelationships of all future FHLBanks' earnings. The FHLBanks' payments through 2004 defease all future benchmark payments after the second quarter of 2019 and $45 million of the $75 million benchmark payment for the second quarter of 2019. Because the Assessment is based on net income at all the FHLBanks, which cannot be forecasted with reasonable certainty, satisfaction of the REFCORP assessment cannot be predicted.

REFCORP assessment, as discussed above, is based on a fixed percentage of net income after AHP assessment. If a full-year loss is incurred, no assessment or assessment credit is due or accrued.

Finance Board and Office of Finance Expenses
The FHLBNY is assessed for its proportionate share of the costs of operating the Finance Board and the Office of Finance. The Finance Board is authorized to impose assessments on the FHLBanks including FHLBNY, in amounts sufficient to pay the Finance Board's annual operating expenses. Each FHLBank is assessed a prorated amount based on each FHLBank's capital stock outstanding as a percentage of total capital stock of all 12 FHLBanks.

The Office of Finance is also authorized to impose assessments on the FHLBanks, including the FHLBNY, in amounts sufficient to pay the Office of Finance's annual operating and capital expenditures. Each FHLBank is assessed a prorated amount based on the amount of capital stock outstanding, the volume of consolidated obligations issued, and the amount of consolidated obligations outstanding as percentage of the total of the items for all 12 FHLBanks.

Estimated Fair Values
Many of the Bank's financial instruments lack an available trading market, characterized by transactions between a willing buyer and a willing seller engaging in an exchange transaction. Therefore, the FHLBNY uses significant estimates and present-value calculations when disclosing estimated fair values. Note 20 details the estimated fair values of the Bank's financial instruments.

Earnings per Common Share
SFAS 128 addresses the presentation of basic and diluted earnings per share ("EPS") in the income statement. Basic earnings per share is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the potential dilution that could occur if convertible securities or other contracts to issue common stock were converted or exercised into common stock. Capital stock classified as mandatorily redeemable capital stock is excluded from this calculation. Basic and diluted earnings per share are the same for the FHLBNY as the Bank has no additional potential common shares that may be dilutive.

Cash Flows
In the statements of cash flows, the FHLBNY considers Cash and due from banks as Cash and cash equivalents.

Reclassifications
Certain amounts in the 2003 and 2002 financial statements have been reclassified to conform to the 2004 presentation In particular, for the years ended December 31, 2003 and 2002, the FHLBNY has reclassified prepayment fee income on the Statements of Income. Previously, prepayment fee income was classified as separate line item within Other income. These amounts have been reclassified and are now included in Interest Income for the years ended December 31, 2003 and 2002. As a result of this reclassification, net interest income after provisions for credit losses, and Other Income were adjusted by $8,037,000 and $ 40,394,000 for the years ended December 31, 2003 and 2002. (See Note 7).

2. Accounting Adjustments, Changes in Accounting Principles, and Recently Issued Accounting Standards & Interpretations

Accounting Adjustments
During the second quarter of 2004, the FHLBNY changed the manner in which it assesses effectiveness for certain highly-effective consolidated obligation hedging relationships. Under the FHLBNY's prior approach, the FHLBNY inappropriately assumed no ineffectiveness for these hedging transactions since the consolidated obligation and the designated interest rate swap agreement had identical terms with the exception that the interest rate swaps used in these relationships were structured with one settlement amount under the receive side of the swap that differed from all other receive-side settlements by an amount equivalent to the concession cost associated with the consolidated obligation. During 2004, the FHLBNY changed its method of accounting for these relationships to begin measuring effectiveness for such transactions during each reporting period. The FHLBNY assessed the impact of this change on all prior annual periods

since the adoption of SFAS 133 on January 1, 2001, and all prior quarterly periods for 2004 and 2003, and determined that had the FHLBNY applied this approach since January 1, 2001 it would not have had a material impact on the results of operations or financial condition of the FHLBNY for any of these prior reporting periods. The FHLBNY recorded a $9.3 million increase to income before assessments included in other income in net realized and unrealized gains (losses) on derivatives and hedging activities, as well as an increase of $6.9 million in net income in the second quarter of 2004. These amounts include adjustments of $12.0 million gain related to periods prior to January 1, 2004, and reflect the accounting as if the FHLBNY had employed the new approach from the date of adoption of SFAS 133 until its implementation of the new approach for measuring effectiveness.

Change in Accounting Principle - Adoption of SFAS 150
The FASB issued Statement of Financial Accounting Standards No. 150, *"Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity"* (herein referred to as "SFAS 150") in May 2003. This statement establishes a standard for how certain financial instruments with characteristics of both liabilities and equity are classified in the financial statements and provides accounting guidance for, among other things, mandatorily redeemable financial instruments.

In accordance with the transition provisions of SFAS 150, the FHLBNY recorded the cumulative effect adjustment loss of $1,305,000 as of January 1, 2004. The adjustment was with respect to dividends paid on January 31, 2004 for the quarter-ended December 31, 2003 on capital stock that was considered to be mandatorily redeemable on January 1, 2004. In accordance with the FHLBNY's interpretation of SFAS 150, the dividend was treated as part of the redemption value of the stock.

In addition, on January 1, 2004, the FHLBank reclassified $357,887,000 of its outstanding capital stock to "Mandatorily redeemable capital stock" in the liability section of the Statements of Condition. For the year ended December 31, 2004, dividends on mandatorily redeemable capital stock in the amount of $6,506,000 were reported as interest expense.

Although the mandatorily redeemable capital stock is not included in capital for financial reporting purposes, based on guidance from the Finance Board, such outstanding stock is considered capital for regulatory purposes. See Note 15 for more information, including significant restrictions on stock redemption.

Proposed rule under EITF 03-01
EITF Issue No. 03-1, The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments. In March 2004, the FASB reached a consensus regarding the application of an impairment model to determine whether investments are other-than-temporarily impaired. The provisions of this rule are required to be applied prospectively to all current and future investments accounted for in accordance with SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*. On September 15, 2004, the FASB issued proposed FASB Staff Position (FSP) EITF 03-1-a *Implementation Guidance for the Application of Paragraph 16 of EITF Issue No. 03-1, "The Meaning of Other-Than Temporary Impairment and Its Application to Certain Investments"* ("FSP EITF 03-1-a") to provide guidance on the application of paragraph 16 of EITF 03-1 to debt securities that are impaired because of interest rate and/or sector spread increases. On September 30, 2004, the FASB issued FSP EITF Issue 03-1-1 *Effective Date of Paragraphs 10- 20 of EITF Issue No. 03-1, "The Meaning of Other-Than Temporary Impairment and Its Application to Certain Investments"* ("FSP EITF 03-1-1"), which deferred the effective date of the impairment

measurement and recognition provisions contained in specific paragraphs of EITF 03-1 and expanded the scope of proposed FSP EITF 03-1-a to include all securities, not only debt securities. The comment period for proposed FSP EITF 03-1-a ended on October 29, 2004 and the effective date has been deferred indefinitely. The deferral of the effective date for paragraphs 10-20 of EITF 03-1 as reported in FSP EITF 03-1-1 will be superseded concurrently with the final issuance of proposed FSP EITF Issue 03-1-a.

The FHLBNY does not expect the new rules to have a material impact on its results of operations at the time of adoption. The FHLBNY purchases investments for its held-to-maturity portfolio only when it has the intent and financial ability to hold the investments to maturity. See Note 5 for impairment disclosures related to held-to-maturity securities.

3. Cash and Due from Banks

Cash on hand, cash items in the process of collection, and amounts due from correspondent banks and the Federal Reserve Banks are included in cash.

Compensating Balances

The FHLBNY maintained average required clearing balances with various Federal Reserve Banks of approximately $1,000,000 for the years ended December 31, 2004 and 2003. These are required clearing balances and may not be withdrawn; however, the FHLBNY may use earnings credits on these balances to pay for services received from the Federal Reserve Banks.

Pass-through Deposit Reserves

The FHLBNY acts as a pass-through correspondent for member institutions required to deposit reserves with the Federal Reserve Banks. Pass-through reserves deposited with Federal Reserve Banks were $54,082,000 and $57,678,000 as of December 31, 2004 and 2003. The FHLBNY includes member reserve balances in Other liabilities in the Statements of Condition.

4. Interest-Bearing Deposits

Interest-bearing deposits consist of deposits at financial institutions and certificates of deposit issued by banks and financial institutions. As of December 31, 2004 and 2003, Interest-bearing deposits included cash pledged as collateral of $1.1 billion and $1.7 billion to broker dealers and banks who have credit risk exposure related mainly to derivative contracts.

5. Held-to-Maturity Securities

Held-to-maturity securities consist of mortgage- and asset-backed securities (collectively mortgage-backed securities or “MBS”), and state and local housing finance agency bonds. During the third quarter of 2003, the FHLBNY determined that there had been a significant deterioration in the creditworthiness of certain uninsured securities with an amortized cost of $1,033 million backed by manufactured housing loans and certain other uninsured asset-backed securities with an amortized cost of $944 million backed by residential and business loans. The securities were classified as held-to-maturity, and all of these securities had been rated triple-A by at least two rating agencies at the time of purchase. To avoid exposure over time to further credit deterioration and in accordance with the provisions of SFAS 115, the FHLBNY sold held-to-maturity, mortgage-backed securities, incurring a loss on the sale of approximately $189.0 million and reducing the Bank’s net income by approximately $139.0 million.

Held-to-maturity securities included securities issued by the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Co. ("Freddie Mac"). Neither Fannie Mae nor Freddie Mac are agencies of the U.S. Government nor are their securities guaranteed by the U.S. Government.

Major Security Types

The amortized cost, gross unrealized gains and losses and the fair value of Held-to-maturity securities were as follows (in thousands):

	December 31, 2004			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
State or local housing agency obligations	$ 1,056,982	$ 26,669	$ (718)	$ 1,082,933
Mortgage-backed securities	10,813,692	220,060	(21,808)	11,011,944
Total	$ 11,870,674	$ 246,729	$ (22,526)	$ 12,094,877

	December 31, 2003			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
State or local housing agency obligations	$ 1,164,486	$ 33,269	$ (508)	$ 1,197,247
Mortgage-backed securities	10,194,881	361,756	(5,596)	10,551,041
Total	$ 11,359,367	$ 395,025	$ (6,104)	$ 11,748,288

Temporary Impairment

The following table summarizes Held-to-maturity securities with fair values below their amortized cost, i.e., in an unrealized loss position, as of December 31, 2004 and 2003. The fair values and unrealized losses are aggregated by major security type and rating, and by the length of time individual securities have been in a continuous unrealized loss position. Securities to which different rating levels have been assigned by different rating agencies, i.e., split ratings, are assigned to the lower rating category (in thousands).

The FHLBNY has both the intent and financial ability to hold the temporarily impaired securities to recovery of their value. In addition, the FHLBNY has reviewed the investment security holdings and determined, based on creditworthiness of the securities and including any underlying collateral and/or insurance provisions of the security, that unrealized losses in the analysis below represent temporary impairment at December 31, 2004 and 2003.

Temporary impairment at December 31, 2004 (in thousands):

	Less than 12 months		12 months or more	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
Mortgage- and residential asset-backed securities - fixed rate				
AAA-rated	$ 3,904,642	$ 21,212	$ 7,357	$ 236
AA-rated	-	-	-	-
Below AA	-	-	-	-
Mortgage- and residential asset-backed securities - variable rate				
AAA-rated	181,751	360	-	-
AA-rated	-	-	-	-
Below AA	-	-	-	-
	4,086,393	21,572	7,357	236
State and local housing finance agencies-fixed rate				
AAA-rated	-	-	-	-
AA-rated	-	-	-	-
Below AA	-	-	-	-
State and local housing finance agencies-variable rate				
AAA-rated	-	-	39,645	355
AA-rated	-	-	24,636	363
Below AA	-	-	-	-
	-	-	64,281	718
Total temporarily impaired	$ 4,086,393	$ 21,572	$ 71,638	$ 954

Temporary impairment at December 31, 2003 (in thousands):

	Less than 12 months		12 months or more	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
Mortgage- and residential asset-backed securities - fixed rate				
AAA-rated	$ 1,450,501	$ 4,373	$ 217	$ 2
AA-rated	-	-	-	-
Below AA	-	-	-	-
Mortgage- and residential asset-backed securities - variable rate				
AAA-rated	1,238,679	938	107,998	283
AA-rated	-	-	-	-
Below AA	-	-	-	-
	2,689,180	5,311	108,215	285
State and local housing finance agencies-fixed rate				
AAA-rated	-	-	-	-
AA-rated	-	-	-	-
Below AA	-	-	-	-
State and local housing finance agencies-variable rate				
AAA-rated	-	-	39,770	230
AA-rated	-	-	24,722	278
Below AA	-	-	-	-
	-	-	64,492	508
Total temporarily impaired	$ 2,689,180	$ 5,311	$ 172,707	$ 793

Redemption Terms

The amortized cost and estimated fair value of held-to-maturity securities, by contractual maturity, are shown below (in thousands). Expected maturities of some securities and mortgage-backed securities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment fees.

	December 31, 2004		December 31, 2003	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	$ -	$ -	$ -	$ -
Due after one year through five years	-	-	-	-
Due after five years through ten years	48,063	50,156	67,332	70,563
Due after ten years	1,008,919	1,032,777	1,097,154	1,126,684
	1,056,982	1,082,933	1,164,486	1,197,247
Mortgage-backed securities	10,813,692	11,011,944	10,194,881	10,551,041
Total	$ 11,870,674	$ 12,094,877	$ 11,359,367	$ 11,748,288

The amortized cost of mortgage-backed securities classified as Held-to-maturity includes net premiums of were $26,319,000, and $34,135,000 as of December 31, 2004 and 2003. Amortization expense, net of accretion, that was charged to interest income was $12.3 million and $0.9 million for the years ended December 31, 2004 and 2003.

Interest Rate Payment Terms

The following table summarizes interest rate payment terms for securities classified as held-to-maturity (in thousands):

	December 31,	
	2004	2003
Amortized cost of held-to-maturity securities other than mortgage - backed securities		
Fixed-rate	$ 355,902	$ 401,791
Variable-rate	701,080	762,695
	1,056,982	1,164,486
Amortized cost of held-to-maturity mortgage related securities		
Pass through securities		
Fixed-rate	5,760,446	1,185,898
Variable-rate	1,321,394	
Collateralized mortgage obligations		
Fixed-rate	3,687,353	6,539,026
Variable-rate	44,499	2,469,957
	10,813,692	10,194,881
Total	$ 11,870,674	$ 11,359,367

6. Available-for-Sale Securities

Available-for-sale securities consisted of variable-rate mortgage-backed securities. Unrealized gains and losses are summarized as follows (in thousands). There were no available-for sale securities prior to 2004.

	December 31, 2004			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Mortgage-backed securities	$ 711,123	$ 2,240	$ -	$ 713,363
Total	$ 711,123	$ 2,240	$ -	$ 713,363

Available-for-sale securities include securities issued by the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Co. ("Freddie Mac"). Neither Fannie Mae nor Freddie Mac are agencies of the U.S. Government nor are their securities guaranteed by the U.S. Government.

Redemption Terms

The amortized cost and estimated fair value of Available-for-sale securities, by contractual maturity, are shown below (in thousands). Expected maturities of some securities and mortgage-backed securities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment fees. There was no impairment at December 31, 2004.

	December 31, 2004	
	Amortized Cost	Estimated Fair Value
Due in one year or less	$ -	$ -
Due after one year through five years	-	-
Due after five years through ten years	-	-
Due after ten years	711,123	713,363
Total	$ 711,123	$ 713,363

There were no significant amounts of premiums and discounts amortized for the year ended December 31, 2004. Amortized cost substantially equaled par.

7. Advances

Redemption Terms

Advances outstanding at December 31, including AHP advances, at interest rates ranging from 1.25% to 8.29% in 2004, and 0.8% to 9.87% in 2003, are summarized below (dollars in thousands):

	December 31, 2004		December 31, 2003	
	Amount	Weighted Average	Amount	Weighted Average
Overdrawn demand deposit accounts	$ 237	4.75 %	$ -	-
Due in one year or less	23,111,281	2.90 %	19,054,973	2.12 %
Due after one year through two years	7,583,635	3.38 %	9,428,476	3.22 %
Due after two years through three years	7,967,893	3.05 %	5,712,807	3.31 %
Due after three years through four years	8,435,962	3.79 %	3,341,100	3.89 %
Due after four years through five years	2,300,288	4.91 %	5,424,315	4.44 %
Thereafter	17,865,330	4.65 %	18,802,409	4.76 %
Total par value	67,264,626	3.62%	61,764,080	3.50%
Discount on AHP advances*	(786)		(1,066)	
Net premium on advances*	1,784		2,450	
SFAS 133 hedging adjustments*	1,241,863		2,157,720	
Total	$ 68,507,487		$ 63,923,184	

*Discount on AHP advances are amortized to interest income on a straight-line basis and were not significant for all periods reported. Amortization of fair value basis adjustments were a charge to interest income and amounted to ($0.4) million and ($1.3) million for the years ended December 31, 2004 and 2003. All other amortization charged to interest income aggregated ($0.7) million and ($0.3 million) for the years ended December 31, 2004 and 2003.

Prepayment fees charged to members when members prepay certain advances before original maturity are included in interest income from advances. The weighted average yield reported above is the weighted average original coupon rates of advances. Net prepayment fees reported in interest income were $6.4 million, $8.1 million, and $40.4 million for the years ended December 31, 2004, 2003, and 2002. Amortization of basis on modified advances was a charge to interest income and aggregated $3.8 million, $3.2 million, and $0.1 million for the years ended December 31, 2004, 2003, and 2002.

The FHLBNY offers convertible advances to members. With a convertible advance, the FHLBNY effectively purchases a put option from the member that allows the FHLBNY to terminate the fixed-rate advance, which is normally exercised when interest rates have increased from those prevailing at the time the advance was made. The FHLBNY can then convert the advance to floating rate or terminate the advance and extend additional credit on new terms. As of December 31, 2004 and 2003, the FHLBNY had convertible advances outstanding totaling $24,451,000,000, and $26,514,000,000.

The following table summarizes advances by year of maturity or next put date (in thousands):

	December 31,	
	2004	2003
Overdrawn demand deposit accounts	$ 237	$ -
Due in one year or less	39,671,293	37,657,829
Due after one year through two years	10,042,141	9,074,033
Due after two years through three years	9,475,176	7,357,562
Due after three years through four years	5,718,400	4,160,400
Due after four years through five years	804,388	2,478,153
Thereafter	1,552,991	1,036,103
Total par value	$ 67,264,626	$ 61,764,080

Security Terms
The FHLBNY lends to financial institutions involved in housing finance within its district. The FHLBank Act requires the FHLBNY to obtain sufficient collateral on advances to protect against losses and to accept as collateral on such advances only certain U.S. government or government agency securities, residential mortgage loans, cash or deposits in the FHLBNY and other eligible real estate-related assets. However, Community Financial Institutions ("CFIs") are subject to expanded statutory collateral provisions dealing with loans to small business or agriculture. It is the FHLBNY's policy not to accept such collateral for advances. Borrowing members pledge their capital stock of the FHLBNY as additional collateral for advances. As of December 31, 2004 and 2003, the FHLBNY had rights to collateral with an estimated value greater than outstanding advances. Based upon the financial condition of the member, the FHLBNY:

(1) Allows a member to retain possession of the collateral assigned to the FHLBNY, if the member executes a written security agreement and agrees to hold such collateral for the benefit of the FHLBNY; or

(2) Requires the member specifically to assign or place physical possession of such collateral with the FHLBNY or its safekeeping agent.

Beyond these provisions, Section 10(e) of the FHLBank Act affords any security interest granted by a member to the FHLBNY priority over the claims or rights of any other party. The two exceptions are claims that would be entitled to priority under otherwise applicable law or perfected security interests.

All member obligations with the FHLBNY must be fully collateralized throughout their entire term. The market value of collateral pledged to cover the $67.3 billion par value in outstanding advances as of December 31, 2004 totalled $148.4 billion, consisting of $120.0 billion in market value of eligible mortgages and $28.4 billion in market value of eligible securities, including cash collateral.

As of December 31, 2004, other outstanding member obligations totalling $128.5 million were collateralized by an additional $820.6 million of pledged collateral. The pledged collateral comprised of $754.4 million in mortgage loans and $66.2 million in securities and cash collateral. The outstanding member obligations consisted of $119.5 million of standby letters of credit ("LOC"); $1.0 million of collateralized value of outstanding derivatives, and $8.0 million representing the members' credit enhancement guarantee amount ("MPFCE") on loans sold to the FHLBNY through the MPF program. The FHLBNY's underwriting and collateral requirements for securing LOCs are the same as its requirements for securing advances.

The total of collateral pledged to the FHLBNY includes excess collateral pledged above the FHLBNY's minimum collateral requirements. These minimum requirements range from 103% to 125% of outstanding advances, based on the collateral type. It is not uncommon for members to maintain excess collateral positions with the FHLBNY for future liquidity needs. Based on several factors (e.g.; advance type, collateral type or member financial condition) members are required to comply with specified collateral requirements, including but not limited to, a detailed listing of pledged mortgage collateral and/or delivery of pledged collateral to FHLBNY or its designated collateral custodian(s). For example, all pledged securities collateral must be delivered to the FHLBNY's nominee name at Citibank, N.A., its securities safekeeping custodian. Mortgage collateral that is required to be in the FHLBNY's possession is typically delivered to the FHLBNY's Jersey City, NJ facility. However, in certain instances, delivery to an FHLBNY approved custodian may be allowed.

As of December 31, 2004, of the $149.2 billion in pledged collateral securing all outstanding member obligations, $28.5 billion was in the FHLBNY's physical possession or that of its safekeeping agent(s); $120.5 billion was specifically listed; and $.2 billion was permitted by the FHLBNY to be physically retained by the borrowing member without detailed reporting required.

Credit Risk
While the FHLBNY has never experienced a credit loss on an advance, the expanded eligible collateral for CFIs and nonmember housing associates provides the potential for additional credit risk for the FHLBNY. The management of the FHLBNY has the policies and procedures in place to appropriately manage this credit risk. There were no past due advances and all advances were current for each of the periods ended December 31, 2003 and 2004. Management does not anticipate any credit losses, and accordingly, the FHLBNY has not provided an allowance for credit losses on advances.

The Bank's potential credit risk from advances is concentrated in commercial banks and savings institutions. As of December 31, 2004, the FHLBNY had advances of $1.9 billion to Washington Mutual Bank, FA, a member of the FHLBank of San Francisco, representing 2.80% of total advances outstanding. These advances were acquired by Washington Mutual Bank, FA as a result of its acquisition of The Dime Savings Bank of New York, FSB. The FHLBNY also had advances of $22.3 billion outstanding to five member institutions, representing 33.10% of total advances outstanding at December 31, 2004. The FHLBNY held sufficient collateral to cover the advances to these institutions, and the Bank does not expect to incur any credit losses.

Interest Rate Payment Terms
The following table details interest rate payment terms for advances (dollars in thousands):

	December 31, 2004		December 31, 2003	
	Amount	Percentage of total	Amount	Percentage of total
Fixed-rate	$ 53,373,084	79.35%	$ 50,975,990	82.53%
Variable-rate	11,959,522	17.78%	9,141,090	14.80%
Variable-rate capped	1,932,020	2.87%	1,647,000	2.67%
Total par value	$ 67,264,626	100.00%	$ 61,764,080	100.00%

Variable-rate advances were mainly indexed to the Federal funds effective rate or LIBOR.

8. Affordable Housing Program and REFCORP

Section 10(j) of the FHLBank Act requires each FHLBank to establish an AHP. Each FHLBank provides subsidies in the form of direct grants and below-market interest rate advances to members who use the funds to assist the purchase, construction, or rehabilitation of housing for very low-, low-, and moderate-income households. Annually, the FHLBanks must set aside for the AHP the greater of $100 million or 10% of the current year's adjusted income after the assessment for REFCORP. The FHLBNY charges the amount set aside for AHP to income and recognizes it as a liability. The FHLBNY relieves the AHP liability as members use subsidies. If the result of the aggregate 10% calculation described above is less than $100 million for all twelve FHLBanks, then the Act requires the shortfall to be allocated among the FHLBanks, based on the ratio of each FHLBank's income before AHP and REFCORP to the sum of the income before AHP and REFCORP of the twelve FHLBanks. There was no shortfall in either 2004 or 2003. The FHLBNY had outstanding principal in AHP-related advances of $8,108,000, and $12,387,000 as of December 31, 2004 and 2003.

9. Mortgage Loans Held for Investment

The FHLBNY's mortgage loan portfolio is made up almost entirely of the MPF program. In the CMA program, FHLBNY participated in residential, multi-family and community economic development mortgage loans originated by its members. The members retain servicing rights and may credit-enhance the portion of the loans participated to the FHLBNY. The FHLBNY did not acquire interests in any loans under the CMA program in 2004 and 2003. Acquisitions under the CMA program were suspended indefinitely in November 2001.

The MPF program involves investment by the FHLBNY in mortgage loans that are purchased from its participating members. The total loans represent loans held for investment under the MPF program whereby the FHLBNY's members create, service, and credit-enhance home mortgage loans that are purchased by the FHLBNY.

The MPF outstanding at December 31, 2004 and 2003 represent mortgage loans purchased directly from members participating in the MPF program. No intermediary trusts were involved.

The following table presents information on mortgage loans held for investment (in thousands):

	2004	Percentage	2003	Percentage
Real Estate				
Fixed medium-term single-family mortgages	$ 516,666	44.2%	$ 283,300	42.6%
Fixed long-term single-family mortgages	641,730	54.8%	352,140	52.9%
Mult-family mortgages	9,493	0.8%	27,081	4.1%
Non-residential mortgages	2,771	0.2%	2,824	0.4%
Total par value	1,170,660	100.0%	665,345	100.0%
Net unamortized premiums	13,294		6,736	
Net unamortized discounts	(4,882)		-	
Basis adjustment	(482)		70	
Total mortgage loans held for investment	$ 1,178,590		$ 672,151	

Amortization expense, net of accretion, that was reported as a charge to interest income was $1.9 million and $1.5 million for the years ended December 31, 2004 and 2003. Amortization of the basis adjustment was insignificant for all periods reported.

The par value of mortgage loans held for investment outstanding as of December 31, 2004 and 2003, was comprised of Federal Housing Administration and Veteran Administration insured loans totaling $20,632,000 and $38,818,000, and conventional and other loans totaling $1,150,029,000 and $626,527,000, respectively. As also discussed in Note 1, Summary of Significant Accounting Policies- Mortgage loans and participations, the FHLBNY and its members share the credit risk of MPF loans by structuring potential credit losses into layers. The first layer is typically 100 basis points but varies with the particular MPF program. The amount of the first layer, or FLA, was estimated as $11.7 million and $5.6 million at December 31, 2004 and 2003. The FLA is not recorded or reported as a reserve for loan losses. The FHLBNY is responsible for absorbing the first layer. The second layer is that amount of credit obligations that the PFI has taken on which will equate the loan to a double-A rating. The FHLBNY pays a Credit Enhancement fee to the PFI for taking on this obligation. The FHLBNY assume all residual risk. Credit Enhancement fees paid or deemed paid to PFIs aggregated $0.9 million and $0.4 million for the years ended December 31, 2004 and 2003 and were a charge to interest income.

The amounts of charge-offs in all periods reported were insignificant and it was not necessary for the FHLBNY to recoup any losses from the PFIs.

The allowance for credit losses was as follows (in thousands):

	For the years ended December 31,		
	2004	**2003**	**2002**
Balance, beginning of period	$ 507	$ 428	$ 193
Charge offs	-	-	-
Recoveries	-	-	-
Net charge-off	-	-	-
Provision for credit losses	-	79	235
Balance, end of period	$ 507	$ 507	$ 428

As of December 31, 2004 and 2003, the FHLBNY had $519,000 and $115,000 of non-accrual loans. The estimated fair value of the mortgage loans as of December 31, 2004 and 2003 is reported in Note 20. Mortgage loans, other than those included in large groups of smaller-balance homogeneous loans, are considered impaired when, based on current information and events, it is probable that the FHLBNY will be unable to collect all principal and interest amounts due according to the contractual terms of the mortgage loan agreements. As of December 31, 2004 and 2003, the FHLBNY had no investment in impaired mortgage loans, other than the nonaccrual loans.

The following table summarizes Mortgage loans held for investment, all Veterans Administrations insured loans, past due 90 days or more and still accruing interest (in thousands):

	December 31,	
	2004	**2003**
Secured by 1-4 family	$ 1,898	$ 2,732

10. Related Party Transactions

The FHLBNY is a cooperative and the members own all of the stock of the FHLBNY. The majority of the members of the Board of Directors of the FHLBNY are elected by and from the membership. The FHLBNY conducts its advances business almost exclusively with members. Therefore, in the normal course of business, the FHLBNY extends credit to members, whose officers may serve as directors of the FHLBNY, on market terms that are no more favorable to them than comparable transactions with other members. Capital stock ownership is a prerequisite to transacting any business with the FHLBNY.

The FHLBNY considers its transactions with its members and non-member stockholders as related parties in addition to transactions with other FHLBanks, the Office of Finance, and the Finance Board.

The FHLBNY may from time to time borrow or sell overnight and term Federal funds at market rates to members.

In limited circumstances, the FHLBNY may transfer Consolidated Obligation Bonds to or from other FHLBanks in exchange for cash (See Note 13).

In the MPF program, the FHLBNY may participate out certain portions of its purchases of mortgage loans from its members. Transactions are at market rates. (See Note 9).

No mortgage-backed securities were acquired from other FHLBanks.

Loans to Other FHLBanks
Uncollateralized loans to other FHLBanks as of December 31, 2004 and 2003 were $0 and $60,000,000. Such uncollateralized loans averaged $6,653,000, and $68,189,000 for the years ended December 31, 2004 and 2003. The maximum balance was $385,000,000 and $350,000,000 for the years ended December 31, 2004 and 2003.

Short term, uncollateralized loans to other FHLBanks at December 31, 2003 were as follows (dollars in thousands):

	December 31, 2003	
Year of Maturity	**Principal Amount**	**Weighted Average Rate %**
Due in one year or less	$ 60,000	0.91 %

The following tables summarize outstanding balances and transactions with related parties at December 31, 2004 and 2003 (in thousands):

Related Party: Outstanding Assets, Liabilities and Equity

	December 31, 2004		December 31, 2003	
	Related	Unrelated	Related	Unrelated
Assets				
Cash and due from banks	$ -	$ 22,376	$ -	$ 20,793
Interest-bearing deposits	-	2,806,870	-	1,654,603
Federal funds sold	-	2,972,000	-	1,143,000
Available-for-sale securities	-	713,363	-	-
Held-to-maturity securities	-	11,870,674	-	11,359,367
Advances	68,507,487	-	63,923,184	-
Mortgage loans*	-	1,178,083	-	671,644
Loans to other FHLBanks	-	-	60,000	-
Accrued interest receivable	252,517	63,251	241,204	46,623
Premises and equipment, net	-	13,030	-	15,921
Derivative assets	-	11,048	-	59,240
Other assets**	-	28,261	-	34,850
Total assets	$ 68,760,004	$ 19,678,956	$ 64,224,388	$ 15,006,041
Liabilities				
Deposits	$ 2,297,019	$ -	$ 2,100,221	$ -
Consolidated obligations	-	80,156,982	-	70,856,636
Mandatorily redeemable capital stock	126,581	-	-	-
Accrued interest payable	-	437,743	-	426,437
Affordable Housing Program	81,580	-	92,541	-
Payable to REFCORP	-	9,966	-	-
Derivative liabilities	-	1,372,195	-	1,913,274
Other liabilities***	54,082	23,682	57,678	20,251
Total liabilities	2,559,262	82,000,568	2,250,440	73,216,598
Capital	3,879,130	-	3,763,391	-
	$ 6,438,392	$ 82,000,568	$ 6,013,831	$ 73,216,598

* Includes de minimus amount of mortgage loans purchased from members of another FHLBank.
** Includes not significant amounts of miscellaneous assets that are considered related party
*** Includes member pass-through reserves.

Related Party: Income and Expense transactions

	December 31, 2004		December 31, 2003		December 31, 2002	
	Related	Unrelated	Related	Unrelated	Related	Unrelated
Interest income						
Advances	$ 1,247,568	$ -	$ 1,292,990	$ -	$ 1,684,716	$ -
Interest-bearing deposits	-	61,096	-	67,113	-	113,778
Federal funds sold	-	16,434	-	16,493	-	46,326
Available-for-sale securities	-	7,797	-	-	-	-
Held-to-maturity securities	-	545,660	-	652,207	-	725,126
Mortgage loans and participations*	-	48,291	-	29,099	-	26,413
Loans to other FHLBanks	78	-	2,491	-	2,995	-
Collateral pledged	-	48	-	62	-	17
Total interest income	$ 1,247,646	$ 679,326	$ 1,295,481	$ 764,974	$ 1,687,711	$ 911,660
Interest expense						
Consolidated obligations	$ -	$ 1,631,221	$ -	$ 1,733,663	$ -	$ 2,167,227
Deposits	21,913	-	27,977	-	42,460	-
Other borrowings	-	5,312	-	268	-	103
Cash collateral held	-	34	-	24	-	363
Total interest expense	$ 21,913	$ 1,636,567	$ 27,977	$ 1,733,955	$ 42,460	$ 2,167,693
Service fees	$ 4,751	$ -	$ 4,936	$ -	$ 4,103	$ -

* Includes de minimus amount of mortgage interest income from loans purchased from members of another FHLBank.

11. Deposits

The FHLBNY offers demand and overnight deposits to members. A member that services mortgage loans may deposit in the FHLBNY funds collected in connection with the mortgage loans, pending disbursement of such funds to the owners of the mortgage loans.

The following table summarizes Term deposits (in thousands):

	December 31, 2004	December 31, 2003
Due in one year or less	$ 101,000	$ 138,450
Total term deposits	$ 101,000	$ 138,450

12. Borrowings

Securities Sold under Agreements to Repurchase
The FHLBNY had no amounts of securities sold under agreement to repurchase as December 31, 2004 and 2003.

Other Federal Home Loan Banks
The FHLBNY borrows from other FHLBanks, generally for a period of one day. Such borrowings averaged $9,483,607 and $22,208,219 for the years ended December 31, 2004 and 2003. There were no borrowings outstanding as of December 31, 2004 and 2003.

13. Consolidated Obligations

Consolidated obligations are the joint and several obligations of the FHLBanks and consist of consolidated bonds and discount notes. The FHLBanks issue consolidated obligations through the Office of Finance as their agent. Consolidated bonds are issued primarily to raise intermediate and long-term funds for the FHLBanks and are not subject to any statutory or regulatory limits on maturity. Consolidated discount notes are issued primarily to raise short-term funds. These notes sell at less than their face amount and are redeemed at par value when they mature.

The Finance Board, at its discretion, may require any FHLBank to make principal or interest payments due on any consolidated obligations. Although it has never occurred, to the extent that an FHLBank would make a payment on a consolidated obligation on behalf of another FHLBank, the paying FHLBank would be entitled to reimbursement from the non-complying FHLBank. However, if the Finance Board determines that the non-complying FHLBank is unable to satisfy its obligations, then the Finance Board may allocate the outstanding liability among the remaining FHLBanks on a *pro rata* basis in proportion to each FHLBank's participation in all consolidated obligations outstanding, or on any other basis the Finance Board may determine.

Based on management's review, the FHLBNY has no reason to record actual or contingent liabilities with respect to the occurrence of events or circumstances that would require the FHLBNY to assume such an obligation on behalf of other FHLBanks.

The par amounts of the FHLBanks' outstanding consolidated obligations, including consolidated obligations held by other FHLBanks, were approximately $869.2 billion and $759.5 billion as of December 31, 2004 and 2003, respectively.

Finance Board regulations require the FHLBanks to maintain, in the aggregate, unpledged qualifying assets equal to the consolidated obligations outstanding. Qualifying assets are defined as cash; secured advances; assets with an assessment or rating at least equivalent to the current assessment or rating of the consolidated obligations; obligations, participations, mortgages, or other securities of or issued by the United States or an agency of the United States; and such securities in which fiduciary and trust funds may invest under the laws of the state in which the FHLBank is located.

The FHLBNY met the qualifying unpledged asset requirements in each of the years reported as follows:

	December 31,	
	2004	2003
Percentage of unpledged qualified assets to consolidated obligations	100 %	104 %

On June 2, 2000, the Finance Board set the FHLBanks' leverage limit requirements. The Finance Board limits each FHLBank's assets generally to no more than 21 times its capital. Nevertheless, an FHLBank whose non-mortgage assets, after deducting deposits and capital, do not exceed 11% of its assets may have total assets in an amount not greater than 25 times its capital. At December 31, 2004 and 2003, FHLBNY met its regulatory requirements as follows:

	December 31, 2004		December 31, 2003	
	Actual	Limits	Actual	Limits
Mortgage securities investment authority	287 %	300 %	279 %	300 %
Leverage limits				
Ratio of total assets to capital limit	22.10	25 times	21.04	25 times
Percentage of non-mortgage assets to total assets*	(0.34)%	11.00 %	(3.44)%	11.00 %

* Under applicable regulations (12 CFR Part 966.3), deposit liabilities and capital are subtracted from non-mortgage assets before calculating the ratio of non-mortgage assets to total assets. A negative percentage also indicates the limit has been met. For the purposes of this section, the amount of non-mortgage assets (after subtracting deposits and capital) equals total assets after deduction of: advances, acquired member assets, standby letters of credit, intermediary derivative contracts, and certain investments in MBS and state or local governmental units or agencies.

To provide the holders of consolidated obligations issued before January 29, 1993 (prior bondholders) with the protection equivalent to that provided under the FHLBanks' previous leverage limit of twelve times the FHLBanks' capital stock, prior bondholders have a claim on a certain amount of the qualifying assets [Special Asset Account (SAA)] if capital stock is less than 8.33% of consolidated obligations. As of December 31, 2004 and 2003, the combined FHLBanks' capital stock was 4.56% and 5.14% of the par value of consolidated obligations outstanding, and the SAA balance was approximately $219,000 in each of the years. Further, the regulations require each FHLBank to transfer qualifying assets in the amount of its allocated share of the FHLBanks' SAA to a trust for the benefit of the prior bondholders, if its capital-to-assets ratio falls below 2%.

General Terms

Consolidated obligations are issued with either fixed- or variable-rate coupon payment terms that use a variety of indices for interest rate resets. These indices include the London Interbank Offered Rate (LIBOR), Constant Maturity Treasury (CMT), 11th District Cost of Funds Index (COFI), and others. In addition, to meet the expected specific needs of certain investors in consolidated obligations, both fixed- and variable-rate bonds may also contain certain features that may result in complex coupon payment terms and call options. When such consolidated obligations are issued, the FHLBNY enters into derivatives containing offsetting features that effectively convert the terms of the bond to those of a simple variable- or fixed-rate bond.

These consolidated obligations, beyond having fixed-rate or simple variable-rate coupon payment terms, 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.

With respect to interest payments, consolidated bonds may also have the following terms:

Step-up Bonds generally pay interest at increasing fixed rates for specified intervals over the life of the bond. These bonds generally contain provisions enabling the FHLBNY to call bonds at its option on the step-up dates;

Zero-Coupon Bonds are long-term discounted instruments that earn a fixed yield to maturity or the optional principal redemption date. All principal and interest are paid at maturity or on the optional principal redemption date, if exercised prior to maturity.

Redemption Terms
The following is a summary of the Bank's participation in consolidated bonds outstanding by year of maturity (dollars in thousands):

	December 31, 2004		December 31, 2003	
Maturity	Amount	Weighted Average Rate	Amount	Weighted Average Rate
1 year or less	$ 25,348,025	2.64 %	$ 15,611,780	3.39 %
over 1 year through 2 years	16,297,480	3.41 %	15,914,075	2.86 %
over 2 years through 3 years	8,688,675	3.54 %	10,291,170	3.90 %
over 3 years through 4 years	4,561,750	4.00 %	5,104,750	3.97 %
over 4 years through 5 years	2,227,200	3.89 %	3,407,900	4.17 %
over 5 years through 6 years	1,028,350	4.57 %	1,226,100	4.20 %
Thereafter	2,434,650	5.14 %	2,078,600	5.18 %
Total par value	60,586,130		53,634,375	
Bond premiums	112,768		158,398	
Bond discounts	(19,957)		(20,002)	
SFAS 133 fair value adjustments	(161,370)		281,283	
Deferred net gains on terminated hedges	(2,215)		(2,185)	
Total	$ 60,515,356		$ 54,051,869	

Amortization of bond premiums that was a reduction of interest expense totaled $57.0 million and $52.2 million for the years ended December 31, 2004 and 2003. Amortization of net gains from terminated hedges was $1.5 million and $0.1 million for the years ended December 31, 2004 and 2003.

During the year ended December 31, 2004, the FHLBNY retired $109,600,000 of consolidated bonds at a cost that exceeded book value by $4,184,000. The cost is included in Other income - Other net. The debt retired was associated with the prepayment of advances for which prepayment fees were received. During 2003, the FHLBNY retired no debt.

Consolidated bonds outstanding as of December 31, 2004 and 2003 include callable bonds totaling $20,230,660,000 and $12,472,100,000, respectively. The FHLBNY uses fixed-rate callable debt to finance callable advances and mortgage-backed securities. Simultaneous with such a debt issue, the FHLBNY may also enter an interest-rate swap (in which the FHLBNY pays variable and receives fixed) with a call feature that mirrors the option embedded in the debt (a sold callable swap). The combined sold callable swap and callable debt allows the Bank to provide members attractively priced, variable-rate advances.

	December 31, 2004	December 31, 2003
Non-callable/non-putable	$ 40,355,470	$ 41,162,275
Callable	20,230,660	12,472,100
Total par value	$ 60,586,130	$ 53,634,375

The following table summarizes consolidated bonds outstanding at December 31, 2004 and 2003 by year of maturity or next call date (in thousands):

	December 31, 2004	December 31, 2003
Year of Maturity or next call date		
Due or callable in one year or less	$ 37,897,285	$ 25,354,280
Due or callable after one year through two years	12,616,220	14,461,575
Due or callable after two years through three years	4,948,175	7,871,170
Due or callable after three years through four years	3,202,750	2,542,250
Due or callable after four years through five years	696,700	2,637,900
Thereafter	1,225,000	767,200
Total par value	$ 60,586,130	$ 53,634,375

Interest Rate Payment Terms

The following table summarizes interest rate payment terms for consolidated bonds at December 31, 2004 and 2003 (in thousands).

	December 31, 2004	December 31, 2003
Fixed-rate, non-callable	$ 34,635,470	$ 35,022,275
Fixed-rate, callable	19,001,260	12,453,000
Step ups	1,260,000	50,000
Single-index floating rate	5,689,400	6,109,100
Total	$ 60,586,130	$ 53,634,375

Interbank Transfers of Consolidated Bonds

In order to meet the FHLBNY's asset and liability management objectives, during 2004, $214.3 million par value of consolidated bonds were transferred to the FHLBNY from other FHLBanks in exchange for cash. Par amount of $106.5 million matures on September 16, 2013; par amount of $63.0 million matures April 15, 2009; par amount of $33.5 matures February 15, 2008; and par amount of $11.3 matures August 18, 2009. The average outstanding of transferred consolidated obligations during the year ended December 31, 2004 was $152.9 million. Book value of consolidated obligation bonds transferred during 2004 was $213.2 million. In 2003, two consolidated obligation bonds aggregating $32.0 million at par were transferred to the FHLBNY from other FHLBanks in exchange for cash.

Discount Notes
Consolidated discount notes are issued to raise short-term funds. Discount notes are consolidated obligations with original maturities up to 360 days. These notes are issued at less than their face amount and redeemed at par when they mature. The FHLBNY's outstanding in consolidated discount notes, all of which are due within one year, was as follows (dollars in thousands):

	Book Value	Par Value	Weighted Average Interest Rate
December 31, 2004	$ 19,641,626	$ 19,670,201	1.90%
December 31, 2003	$ 16,804,767	$ 16,819,977	0.99%

The FHLBank Act authorizes the Secretary of the Treasury, at his or her discretion, to purchase consolidated obligations of the FHLBanks aggregating not more than $4 billion. The terms, conditions, and interest rates are determined by the Secretary of the Treasury. There were no such purchases by the U.S. Treasury during the years ended December 31, 2004 and 2003.

14. Mandatorily Redeemable Capital Stock

The FHLBNY's capital stock is redeemable at the option of both the member and the FHLBNY with certain conditions. Capital stock that is mandatorily redeemable, as interpreted under SFAS 150, is considered a liability rather than capital as described more fully in Notes 1 and 2. The FHLBNY considers stock as mandatorily redeemable once a member delivers a written redemption request, or provides a notice of intent to withdraw from membership, or attains non-member status by merger or acquisition, charter termination, or involuntary termination from membership. Dividends related to capital stock classified as mandatorily redeemable are accrued at an estimated dividend rate and reported as interest expense in the Statements of Income.

At December 31, 2004, the mandatorily redeemable capital stock totaled $126,581,000 and was held by banks attaining non-member status by virtue of being acquired by non-members. Substantially all of the banks became non-members in 2002.

Anticipated redemption terms of mandatorily redeemable capital stock were as follows at December 31, 2004 (in thousands):

`	December 31, 2004
Redemption within one year	$ 106,141
Redemption after one year through two years	175
Redemption after three years through five years	9,923
Redemption after six years through ten years	10,294
Redemption after eleven years through fifteen years	48
	$ 126,581

No member's or non-members' redemption request remained pending at December 31, 2004.

Dividends related to capital stock classified as mandatorily redeemable were accrued at an estimated dividend rate and reported as interest expense in the Statements of Income. At December 31, 2004, the FHLBNY had estimated a 3% dividend payout due to holders of mandatorily redeemable capital stock averaging $162,861,000 during the fourth quarter of 2004, and a liability of $1,228,000 representing accrued dividend was recognized as an expense. The actual dividend that was paid on January 31, 2005 was 3.05% (Annualized), or $1,249,000.

The FHLBNY's activity for mandatorily redeemable capital stock was as follows in 2004 (in thousands). Rollforward amounts for 2003 and 2002 are not provided because the FHLBNY adopted SFAS 150 on January 1, 2004.

	December 31, 2004
Balance, beginning of year	$ -
Capital stock subject to mandatory redemption reclassified from equity on adoption of SFAS1	357,887
Redemption of mandatorily redeemable capital stock	(231,306)
Balance, end of year	$ 126,581
Net accrued interest payable, end of the year (3% annualized)	$ 1,228

15. Capital

The FHLBanks, including FHLBNY, have a unique cooperative structure. To access FHLBNY's products and services, a financial institution must be approved for membership and purchase capital stock in FHLBNY. The members' stock requirement is generally based on its use of FHLBNY products, subject to a minimum membership requirement, as prescribed by the FHLBank Act. FHLBNY stock can be issued, exchanged, redeemed and repurchased only at its stated par value of $100 per share. It is not publicly traded. Each member is required to hold capital stock in the FHLBNY equal to the greater of:

- 5 % of the member's total outstanding advances plus 5 percent of the FHLBNY's interest in the aggregate unpaid principal balance of all loans sold by the members to the FHLBNY, or
- 1% of the member's total unpaid principal balance of residential mortgage loans (usually as of the most recent year-end), or
- $500

Option to redeem capital stock that is greater than a member's minimum requirement is held by both the member and the FHLBNY.

In November 1999, the FHLBank Act was significantly modified by the Federal Home Loan Bank System Modernization Act, which was enacted as Title VI of the Gramm-Leach-Bliley Act ("GLB Act"). The GLB Act established voluntary membership for all members. Any member may withdraw from membership and have its capital stock redeemed after providing to the FHLBNY the required notice. Withdrawal from membership requires six months' notice. Members that withdraw from membership must wait five years before being readmitted to membership to any FHLBank.

The GLB Act will result in a number of changes in the capital structure of the FHLBanks. The final Finance Board capital rule was published on January 30, 2001, and required each FHLBank to submit a capital structure plan ("Capital Plan") to the Finance Board by October 29, 2001 in accordance with the provisions of the GLB Act and final capital rule. The Finance Board approved the FHLBNY's Capital Plan on July 18, 2002. FHLBNY's plan to convert to the new stock by October 2003 was deferred as a result of the loss of $189.2 million from the sale of credit deteriorated MBS in the third quarter of 2003. The FHLBNY plans to convert to the new plan during the fourth quarter of 2005.

Until the new Capital Plan is implemented, the current capital rules remain in effect. The FHLBNY does not expect any negative consequences from the delay. In particular, the Act requires members to purchase capital stock equal to the greater of 1 percent of their mortgage-related assets or 5 percent of outstanding FHLBank advances. However, the GLB Act removed the provision that required a non-thrift member to purchase additional stock to borrow from the FHLBank if the non-thrift member's mortgage-related assets were less than 65 percent of total assets. A member may, at the FHLBank's discretion, redeem at par value any capital stock greater than its statutory requirement or sell it at par value to another member of that FHLBank.

Under the new plan, each FHLBank may offer two classes of stock. Members can redeem Class A stock by giving six months' notice, and members can redeem Class B stock by giving 5 year's notice. Only "permanent" capital, defined as retained earnings and Class B stock, satisfies the FHLBank risk based capital requirement. In addition, the GLB Act specifies a 5 percent minimum leverage ratio based on total capital and a 4 percent minimum capital ratio that does not include the 1.5 weighting factor applicable to the permanent capital that is used in determining compliance with the 5 percent minimum leverage ratio.

The FHLBanks Adopted SFAS 150 as of January 1, 2004. In compliance with SFAS 150, the FHLBanks will reclassify stock subject to redemption from equity to liability once a member exercises a written redemption right, gives notice of intent to withdraw from membership, or attains non-member status by merger or acquisition, charter termination, or involuntary termination from membership, since the shares of capital stock will then meet the definition of a mandatorily redeemable financial instrument. Shares of capital stock meeting this definition are reclassified to a liability at fair value. Dividends related to capital stock classified as a liability are accrued at the expected dividend rate and reported as interest expense in the Statements of Incomes. The repayment of these mandatorily redeemable financial instruments is reflected as a cash outflow in the financing activities section of the Statements of Cash Flows.

The Finance Board has confirmed that the SFAS 150 accounting treatment for certain shares of its capital stock will not affect the definition of total capital for purposes of determining the FHLBank's compliance with its regulatory capital requirements, calculating its mortgage securities investment authority (300 percent of total capital), calculating its unsecured credit exposure to other GSEs (100 percent of total capital), or calculating its unsecured credit limits to other counterparties (various percentages of total capital depending on the rating of the counterparty).

When the new capital structure plan has been implemented, the FHLBNY will be subject to risk-based capital rules.

The FHLBNY's board of directors may declare and pay dividends in either cash or capital stock only from retained and current earnings.

The FHLBNY's leverage ratio of 22.10 and 21.04 representing total assets to capital at December 31, 2004 and 2003 were in compliance with the Finance Board's leverage ratio requirements. (See Note 13 – Consolidated obligations).

16. Total Comprehensive Income

Total comprehensive income is comprised of Net Income and Accumulated other comprehensive income (loss), which includes unrealized gains on Available-for-sale securities, cash flow hedging activities and additional minimum liability on Benefits Equalization Plan.

Changes in Accumulated other comprehensive income (loss) for the years ended December 31, 2002 through 2004 were as follows (in thousands):

	Available-for-sale securities	Cash-flow hedges	Benefit Equalization Plan	Accumulated other Comprehensive Income(Loss)
Balance, December 31, 2001	$ -	$ -	$ -	$ -
Net change	-	-	-	-
Balance, December 31, 2002	-	-	-	-
Net change	-	(13)	(2,013)	(2,026)
Balance, December 31, 2003	-	(13)	(2,013)	(2,026)
Net change	2,240	911	(476)	2,675
Balance, December 31, 2004	$ 2,240	$ 898	$ (2,489)	$ 649

17. Earnings per Share of Capital

The following table sets forth the computation of earnings per share of capital (dollars in thousands):

	2004	2003	2002
Net income before cumulative effect of change in accounting principle	$ 162,581	$ 45,816	$ 234,090
Cumulative effect of change in accounting principle	(1,305)	-	-
Net income available to stockholders	$ 161,276	$ 45,816	$ 234,090
Weighted average shares of capital	37,917	40,816	37,674
Less: Mandatorily redeemable capital	(2,467)	-	-
Average number of shares of capital used to calculate earnings per share	35,450	$ 40,816	37,674
Earnings per share of capital before cumulative effect of change in accounting principle	$ 4.59	$ 1.12	$ 6.21
Cumulative effect of change in accounting principle	(0.04)	-	-
Net earnings per share of capital	$ 4.55	$ 1.12	$ 6.21

Basic and diluted earnings per share of capital are the same. The FHLBNY has no dilutive potential common shares or other common stock equivalents.

18. Employee Retirement Plans

The FHLBNY participates in the Financial Institutions Retirement Fund ("FIRF"), a defined-benefit plan. The plan covers substantially all officers and employees of the FHLBNY. The Bank's contributions to FIRF through June 30, 1987 represented the normal cost of the plan. The plan reached the full-funding limitation, as defined by the Employee Retirement Income Security

Act, for the plan year beginning July 1, 1987, because of favorable investment and other actuarial experience during previous years. As a result, FIRF suspended employer contributions for all plan years ending after June 30, 1987 through 2001. Contributions to the plan resumed in 2002. Contributions to FIRF charged to operating expenses for the years ended December 31, 2004, 2003 and 2002 were $4,803,000, $2,769,000 and $1,108,000 respectively. The FIRF is a multi-employer plan and does not segregate its assets, liabilities, or costs by participating employer. As a result, disclosure of the accumulated benefit obligations, plan assets, and the components of annual pension expense attributable to the FHLBNY are not made.

The FHLBNY also participates in the Financial Institutions Thrift Plan, a defined contribution plan. The Bank's contributions are equal to a percentage of participants' compensation and a matching contribution equal to a percentage of voluntary employee contributions, subject to certain limitations. The FHLBNY contributed $1,016,000, $1,040,000 and $653,000 for the years ended December 31, 2004, 2003 and 2002.

In addition, the FHLBNY maintains a deferred compensation plan, available to all employees, which is, in substance, an unfunded supplemental retirement plan, referred to as the Benefits Equalization Plan. The plan's liability consists of the accumulated compensation deferrals and accrued earnings on the deferrals.

The accrued pension cost for the FHLBNY's supplemental retirement plan were as follows (in thousands):

	2004	2003
Accumulated benefit obligation	$ (8,819)	$ (6,760)
Effect of future salary increase	(2,606)	(2,262)
Projected benefit obligation	(11,425)	(9,022)
Unrecognized prior service cost	(383)	(433)
Unrecognized net loss	2,989	2,695
Accrued Pension Cost	$ (8,819)	$ (6,760)

Components of the projected benefit obligation for the FHLBNY's supplemental retirement plan were as follows (in thousands):

	2004	2003
Projected benefit obligation at the beginning of the year	$ (10,760)	$ (6,929)
Service	(600)	(379)
Interest	(664)	(512)
Benefits paid	303	207
Change in discount rate	(351)	(1,409)
Retiree and deferred vested cost	647	-
Projected benefit obligation at the end of the year	$ (11,425)	$ (9,022)

Amounts recognized in the Statements of Condition and Income for the FHLBNY's supplemental retirement plan were as follows (in thousands):

	2004	2003
Accrued benefit liability	$ (8,819)	$ (6,760)
Net amount recognized	6,330	4,747
Accumulated other comprehensive loss	$ (2,489)	$ (2,013)

Changes in the supplemental retirement plan assets were as follows (in thousands):

	2004	2003
Fair value of the plan assets at the beginning of the year	$ -	$ -
Employer contributions	303	207
Benefits paid	(303)	(207)
Fair value of the plan assets at the end of the year	$ -	$ -

Components of the net periodic pension cost for the FHLBNY's supplemental retirement plan were as follows (in thousands):

	2004	2003	2002
Service	$ (600)	$ (379)	$ (389)
Interest	(664)	(512)	(404)
Amortization of unrecognized prior service cost	50	50	50
Amortization of unrecognized net loss	(671)	(372)	(326)
Amortization of unrecognized net obligation	-	-	(5)
Net periodic benefit cost	$ (1,885)	$ (1,213)	$ (1,074)

The measurement date used to determine current period benefit obligation for the supplemental retirement plan was December 31, 2004.

Key assumptions and other information for the actuarial calculations for the FHLBNY's supplemental retirement plan were as follows:

	2004	2003
Discount rate	6.00%	6.25%
Salary Increases	5.50%	5.50%
Amortization period (years)	8	8
Benefits paid during the year	$ 303,389	$ 207,036

The discount rate was reduced in 2004 to reflect the generally lower interest rate environment. Beginning in 2005, the discount rate will be based on the Citigroup Pension Liability Index.

Estimated future benefit payments, which reflect expected future services, as appropriate, are expected to be paid as follows (in thousands):

Years	Payments
2005	$ 393
2006	438
2007	502
2008	575
2009	631
2010-2014	4,192
	$ 6,731

The net periodic benefit cost for 2005 is expected to be $ 1,800,000.

The FHLBNY also offers a postretirement health benefit plan to retirees. There are no funded plan assets that have been designated to provide postretirement health benefits. Assumptions used in determining the accumulated postretirement benefit obligation included a discount rate of 5.75%. The effect of a percentage point increase in the assumed healthcare trend rates would be an increase in postretirement benefit expense of $211,000 and in APBO of $1,648,000. The effect of a percentage point decrease in the assumed healthcare trend rates would be an decrease in postretirement benefit expense of $170,000 and in APBO of $1,345,000. Employees over the age of 55 are eligible provided they have completed ten years of service after age 45.

Components of the accumulated postretirement benefit obligation for the Bank's postretirement health benefits plan for the years ended December 31, 2004 and 2003 were (in thousands):

	2004	2003
Accumulated postretirement benefit obligation at the beginning of the year	$ (6,132)	$ (5,180)
Service Cost	(498)	(277)
Interest Cost	(495)	(353)
Actuarial Loss	(1,406)	(653)
Benefits paid	326	365
Participants' contributions	(41)	(34)
Change in plan assumptions	(1,232)	-
Accumulated postretirement benefit obligation at the end of the year	(9,478)	(6,132)
Unrecognized net loss	1,949	-
Accrued postretirement benefit cost	$ (7,529)	$ (6,132)

Changes in postretirement health benefit plan assets were as follows (in thousands):

	2004	2003
Fair value of plan assets at the beginning of the year	$ -	$ -
Employer Contributions	(285)	(331)
Participant's contributions	(41)	(34)
Benefits Paid	326	365
Fair value of plan assets at the end of the year	$ -	$ -

Components of the net periodic postretirement benefit cost for the FHLBNY's postretirement health were as follows (in thousands):

	2004	2003
Service cost (benefits attributed to service during the period)	$ (498)	$ (277)
Interest cost on accumulated postretirement benefit obligation	(495)	(353)
Amortization of loss	(361)	(80)
Net periodic postretirement benefit cost	$ (1,354)	$ (710)

The measurement date used to determine current year's benefit obligation was December 31, 2004.

Key assumptions and other information for the FHLBNY's postretirement health benefits plan were as follows:

	2004	2003
Weighted average discount rate		
at the end of the year	5.75%	6.25%
Health care cost trend rates:		
Assumed for next year	9.00%	8.00%
Ultimate rate	4.50%	4.50%
Year that ultimate rate is reached	2010	2010
Alternative amortization methods used to amortize		
Prior service cost	Straight- line	Straight- line
Unrecognized net (gain) or loss	Straight- line	Straight- line

The discount rate was reduced in 2004 to reflect the generally lower interest rate environment. Beginning in 2005, the discount rate will be based on the Citigroup Pension Liability Index.

Estimated future benefits payments reflecting expected future services for the years ended December 31, were (in thousands):

Years	Payments
2005	$ 330
2006	323
2007	363
2008	410
2009	450
2010-2014	2,864

The bank is expected to add $1,625,000 to its postretirement health benefits plan accrual for 2005.

19. Derivatives

The contractual or notional amount of derivatives reflects the involvement of the FHLBNY in the various classes of financial instruments. The notional amount of derivatives does not measure the credit risk exposure of the FHLBNY, and the maximum credit exposure of the FHLBNY is substantially less than the notional amount. The maximum credit risk is the estimated cost of replacing favorable interest-rate swaps, forward agreements, mandatory delivery contracts for mortgage loans executed after June 30, 2003, and purchased caps and floors if the counterparty defaults and the related collateral, if any, is of no value to the FHLBNY. This collateral has not been sold or re-pledged.

The FHLBNY uses collateral agreements to mitigate counterparty credit risk in derivatives. When the FHLBNY has more than one derivative transaction outstanding with a counterparty, and a legally enforceable master netting agreement exists with the counterparty, the exposure, less collateral held, represents in the FHLBNY'S view, the appropriate measure of credit risk. Substantially, all derivative contracts are subject to master netting agreements or other right of offset arrangements. At December 31, 2004 and 2003, the FHLBNY's maximum credit risk, as defined above, was approximately $11,047,606 and $59,240,000 without recognition of collateral held by the FHLBNY. These totals included $17,888,297 and $44,587,000 of net accrued interest receivable. In determining maximum credit risk, the FHLBNY considers accrued interest receivables and payables, and the legal right to offset assets and liabilities by counterparty. One counterparty with a double – A rating accounted for $10.9 million, or 99%, of the exposure. The FHLBNY held $600,000 and $34,131,000 in cash as collateral as of December 31, 2004 and 2003.

The FHLBNY transacts most of its derivatives with large banks and major broker-dealers. Some of these banks and broker-dealers or their affiliates buy, sell, and distribute consolidated obligations. Note 21 discusses assets pledged by the FHLBNY to these counterparties.

Intermediation
Derivative agreements in which the FHLBNY is an intermediary may arise when the FHLBNY: (1) enters into offsetting derivatives with members and other counterparties to meet the needs of its members, and (2) enters into derivatives to offset the economic effect of other derivative agreements that are no longer designated to either advances, investments, or consolidated obligations. The notional principal of derivatives in which the FHLBNY was an intermediary was $112,000,000 and $132,000,000 as of December 31, 2004 and 2003. Collateral with respect to derivatives with member institutions includes collateral assigned to the FHLBNY, as evidenced by a written security agreement, and held by the member institution for the benefit of the FHLBNY.

Hedging Activities
General – The FHLBNY may enter into interest-rate swaps, swaptions, and interest-rate cap and floor agreements (collectively, derivatives) to manage its exposure to changes in interest rates. The FHLBNY may adjust the effective maturity, repricing frequency, or option characteristics of financial instruments to achieve risk management objectives. The FHLBNY uses derivatives in three ways: by designating them as a fair value or cash flow hedge of an underlying financial instrument or a forecasted transaction; by acting as an intermediary; or in asset-liability management (i.e., a non-SFAS 133 economic hedge). For example, the FHLBNY uses derivatives in its overall interest-rate risk management to adjust the interest-rate sensitivity of consolidated obligations to approximate more closely the interest-rate sensitivity of assets (both advances and investments), and/or to adjust the interest-rate sensitivity of advances, investments or mortgage loans to approximate more closely the interest-rate sensitivity of liabilities. In addition to using derivatives to manage mismatches of interest rates between assets and liabilities, the FHLBNY also uses derivatives to manage embedded options in assets and liabilities; to hedge the market value of existing assets and liabilities and anticipated transactions; to hedge the duration risk of prepayable instruments; and to reduce funding costs.

A non-SFAS 133 economic hedge is defined as a derivative that hedges specific or non-specific underlying assets, liabilities or firm commitments, but does not qualify for hedge accounting under the rules of SFAS 133 but is an acceptable hedging strategy under the Bank's risk management program. These strategies also comply with Finance Board's regulatory requirements. An economic hedge, by definition, introduces the potential for earnings variability due to the changes in fair value recorded on the derivative(s) that are not offset by corresponding changes in the value of the economically hedged assets, liabilities, or firm commitments.

The FHLBNY, consistent with Finance Board's regulation, enters into derivatives only to reduce the market risk exposures inherent in otherwise unhedged assets and funding positions. The FHLBNY utilizes derivatives in the most cost-efficient manner and may enter into derivatives that do not necessarily qualify for hedge accounting under SFAS 133 accounting rules. As a result, when entering into such non-qualified hedges, the FHLBNY recognizes only the change in fair value of these derivatives in Other income as Net realized and unrealized gain (loss) on derivatives and hedging activities, with no offsetting fair value adjustments for the asset, liability, or firm commitment.

Consolidated Obligations – The FHLBNY manages the risk arising from changing market prices and volatility of a consolidated obligation by matching the cash inflow on the derivative with the cash outflow on the consolidated obligation. In addition, the FHLBNY requires collateral agreements on all derivative agreements with non-members. While consolidated obligations are the joint and several obligations of the FHLBanks, one or more FHLBanks may individually serve as counterparties to derivative agreements associated with specific debt issues. For instance, in a typical transaction, fixed-rate consolidated obligations are issued for one or more FHLBanks, and each of those FHLBanks simultaneously enters into a matching derivative in which the counterparty pays to the FHLBank fixed cash flows designed to mirror in timing and amount the cash outflows the FHLBank pays on the consolidated obligation. Such transactions are treated as fair-value hedges under SFAS 133. In this typical transaction, the FHLBank pays a variable cash flow that closely matches the interest payments it receives on short-term or variable-rate advances. This intermediation between the capital and swap markets permits the FHLBNY to raise funds at lower costs than would otherwise be available through the issuance of simple fixed- or floating-rate consolidated obligations in the capital markets.

Advances – With issuances of convertible advances, the FHLBNY may purchase from the member a put option that enables the FHLBNY to convert an advance from fixed rate to floating rate if interest rates increase, or to terminate the advance and extend additional credit on new terms. The FHLBNY may hedge a convertible advance by entering into a cancellable derivative where the FHLBNY pays fixed and receives variable. This type of hedge is treated as a fair value hedge under SFAS 133. The swap counterparty can cancel the derivative on the put date, which would normally occur in a rising rate environment, and the FHLBNY can convert the advance to a floating rate or terminate the advance and extend additional credit on new terms.

The optionality embedded in certain financial instruments held by the FHLBNY can create interest-rate risk. When a member prepays an advance, the FHLBNY could suffer lower future income if the principal portion of the prepaid advance were invested in lower-yielding assets that continue to be funded by higher-cost debt. To protect against this risk, the FHLBNY generally charges a prepayment fee that makes it financially indifferent to a borrower's decision to prepay an advance. When the Bank offers advances (other than short-term advances) that members may prepay without a prepayment fee, it usually finances such advances with callable debt or otherwise hedges the options.

Mortgage Loans – The FHLBNY invests in mortgage assets. The prepayment options embedded in mortgage assets can result in extensions or reductions in the expected maturities of these investments, depending on changes in estimated prepayment speeds. Finance Board regulation limits this source of interest-rate risk by restricting the types of mortgage assets the Bank may own to those with limited average life changes under certain interest-rate shock scenarios and by establishing limitations on duration of equity and change in market value of equity. The FHLBNY may manage against prepayment and duration risk by funding some mortgage assets with consolidated obligations that have call features. In addition, the FHLBNY may use derivatives to manage the prepayment and duration variability of mortgage assets. Net income could be reduced if the FHLBNY replaces the mortgages with lower yielding assets and if the Bank's higher funding costs are not reduced concomitantly.

The FHLBNY manages the interest-rate and prepayment risks associated with mortgages through debt issuance. The FHLBNY issues both callable and non-callable debt to achieve cash flow patterns and liability durations similar to those expected on the mortgage loans.

The FHLBNY analyzes the duration, convexity, and earnings risk of the mortgage portfolio on a regular basis under various rate scenarios.

Firm Commitment Strategies – Prior to July 1, 2003, the FHLBNY hedged the market value of purchase commitments on fixed-rate mortgage loans by using derivatives with similar market value sensitivity characteristics. When these derivatives settled, the commitment's current market value was included with the basis of the mortgage loans and amortized accordingly. These transactions were treated as fair value hedges. Mortgage purchase commitments entered into after June 30, 2003 are considered derivatives. Accordingly, both the commitment and the derivatives used in the firm commitment hedging strategy are recorded on the balance sheet at fair value, with changes in fair value recognized in the current-period earnings.

The FHLBNY may also hedge a firm commitment for a forward starting advance through the use of an interest-rate swap. In this case, the swap will function as the hedging instrument for both the firm commitment and the subsequent advance. The basis movement associated with the firm commitment will be rolled into the basis of the advance at the time the commitment is terminated and the advance is issued. The basis adjustment will then be amortized into interest income over the life of the advance.

Investments – The FHLBNY invests in mortgage and residential asset-backed securities, mortgage-backed securities and mortgage loans held for investment, U.S. agency securities and the taxable portion of state or local housing finance agency securities. The interest-rate and prepayment risks associated with these investment securities are managed through debt issuance.

Forward Settlements – There were no forward settled securities recorded at December 31, 2004 or at December 31, 2003.

Anticipated Debt Issuance – The FHLBNY may enter into interest-rate swaps on the anticipated issuance of debt to "lock in" a spread between the earning asset and the cost of funding. The swap is terminated upon issuance of the debt instrument, and amounts reported in accumulated other comprehensive income (loss) are reclassified to earnings in the periods in which earnings are affected by the variability of the cash flows of the debt that was issued.

The FHLBNY is not a derivative dealer and does not trade derivatives for short-term profit.

Credit Risk – The FHLBNY is subject to credit risk due to the risk of nonperformance by counterparties to the derivative agreements. The degree of counterparty risk on derivative agreements depends on the extent to which master netting arrangements are included in such contracts to mitigate the risk. The FHLBNY manages counterparty credit risk through credit analysis and collateral requirements and by following the requirements set forth in Finance Board's regulations. Based on credit analyses and collateral requirements, the management of the FHLBNY does not anticipate any credit losses on its derivative agreements.

The FHLBNY has not issued consolidated obligations denominated in currencies other than U.S. dollars.

To meet the hedging needs of its members, the FHLBNY acts as an intermediary between the members and the other counterparties. This intermediation allows smaller members access to the swap market. The derivatives used in intermediary activities do not qualify for SFAS 133 hedge accounting treatment and are separately marked-to-market through earnings. The net results of the accounting for these derivatives do not significantly affect the operating results of the FHLBNY.

The following table represents outstanding notional balances and estimated fair values of the derivatives outstanding at December 31, (in thousands):

	December 31, 2004		December 31, 2003	
	Notional	Estimated Fair Value	Notional	Estimated Fair Value
Interest Rate Swaps				
Fair value	$ 63,311,654	$ (1,405,858)	$ 59,998,388	$ (1,880,175)
Cash Flow	712,150	3,058	126,450	(48)
Economic	67,140	(3,402)	108,000	(3,415)
Interest Rate Caps/Floors				
Fair Value	1,932,000	(11)	1,714,500	(10)
Mortgage Delivery Commitments				
Cash Flow	10,316	16	9,681	(35)
Other				
Intermediation	112,000	9	132,000	13
Total	$ 66,145,260	$ (1,406,188)	$ 62,089,019	$ (1,883,670)

Net Realized and Unrealized Gain (Loss) on Derivatives and Hedging Activities
As a result of SFAS 133, the FHLBNY recorded the following net gains (losses) on derivatives and hedging activities for the years ended December 31, 2004, 2003, and 2002 (in thousands).

	December 31, 2004	December 31, 2003	December 31, 2002
Net gains (losses) on derivatives and hedging activities			
Gains (losses) related to fair value hedge ineffectiveness	$ 12,153	$ 498	$ 438
(Losses) gains on economic hedges	(3,879)	(1,325)	(10,150)
Net (losses) gains on derivatives and hedging activities	$ 8,274	$ (827)	$ (9,712)

Amortization of basis resulting from modified advance hedges amounted to gains of $3.8 million, $3.2 million, and $0.1 million for the years ended December 31, 2004, 2003 and 2002.

Cash Flow Hedges
There were no material amounts for the years ended December 31, 2004, 2003 and 2002 that were reclassified into earnings as a result of the discontinuance of cash flow hedges because it became probable that the original forecasted transactions would not occur by the end of the originally specified time period or within a two-month period thereafter. Over the next 12 months, it is expected that $600,000 of net gains recorded in Other comprehensive income at December 31,

2004, will be recognized in earnings. The maximum length of time over which the FHLBNY is hedging its exposure to the variability in future cash flows for forecasted transactions, excluding those forecasted transactions related to the payment of variable interest on existing financial instruments, is six months.

20. Estimated Fair Values

The following estimated fair value amounts have been determined by the FHLBNY, using available market information and the FHLBNY's judgment of appropriate valuation methods. These estimates were based on pertinent information available to the FHLBNY as of December 31, 2004 and 2003. Although the FHLBNY uses its judgment in estimating the fair value of these financial instruments, there are inherent limitations in any estimation technique or valuation methodology. For example, because an active secondary market does not exist for a portion of the FHLBNY's financial instruments, in certain cases, fair values are not subject to precise quantification or verification and may change as economic and market factors and evaluation of those factors change. Therefore, these estimated fair values are not necessarily indicative of the amounts that would be realized in current market transactions. The Fair Value Summary Tables do not represent an estimate of the overall market value of the FHLBNY as a going concern, which would take into account future business opportunities.

Cash and Due from Banks
The estimated fair value approximates the recorded book balance.

Interest-Bearing Deposits and Investment Securities
The estimated fair value is derived from quoted prices, excluding accrued interest, as of the last business day of the period.

Federal Funds Sold
To estimate the fair values, the cash flows are discounted using the appropriate market rates for the applicable maturity.

Advances and Other Loans
The FHLBNY determines the estimated fair value of advances with fixed rates and advances with complex floating rates by calculating the present value of expected future cash flows from the advances and excluding amounts for accrued interest receivable. The discount rates used in these calculations are the replacement advance rates for advances with similar terms. Following the Finance Board's advances regulations, advances with a maturity and repricing period greater than six months require a prepayment fee sufficient to make the FHLBNY financially indifferent to the borrower's decision to prepay the advances. Therefore, the estimated fair value of advances does not assume prepayment risk.

Mortgage Loans and Participations
The estimated fair values for mortgage loans are determined based on quoted market prices of similar mortgage loans. These prices, however, can change rapidly based upon market conditions and are highly dependent upon the underlying prepayment assumptions.

Accrued Interest Receivable and Payable
The estimated fair value approximates the recorded book value.

Derivative Assets/Liabilities
The FHLBNY estimated fair values of derivatives based on expected cash flows. The fair values are netted by counterparty where such legal right exists. If these netted amounts are positive, they are classified as an asset and if negative, a liability.

Deposits
The FHLBNY determines estimated fair values of deposits by calculating the present value of expected future cash flows from the deposits. The discount rates used in these calculations are the current cost of deposits with similar terms.

Consolidated Obligations
The FHLBNY estimates fair values based on the cost of raising comparable term debt. The estimated cost of issuing debt includes non-interest selling costs.

Borrowings
The FHLBNY determines the estimated fair value of borrowings with fixed rates by calculating the present value of expected future cash flows from the borrowings. The discount rates used in these calculations are the cost of borrowings with similar terms.

Mandatorily Redeemable Capital Stock
The FHLBNY considers the fair value of capital subject to mandatory redemption, as the redemption value of the stock, which is generally par plus accrued dividend. The FHLBank's have a unique cooperative structure. Stocks can only be acquired by members at par value and redeemed at par value. Stock is not traded and no market mechanism exists for the exchange of stock outside the cooperative structure.

Commitments
The estimated fair values of standby letters of credit, standby bond purchase agreements, and commitments to extend credit are based on discounted cash flows from expected fees through the expiration of the agreements, commitments and standby letters of credit.

The carrying value and estimated fair values of the FHLBNY's financial instruments as of December 31, 2004 were as follows (in thousands):

Financial Instruments	Carrying Value	Net Unrealized Gains (Losses)	Estimated Fair Value
Assets			
Cash and due from banks	$ 22,376	$ -	$ 22,376
Interest-bearing deposits	2,806,870	27	2,806,897
Deposits for mortgage loan programs with other FHLBanks	-	-	-
Federal funds sold	2,972,000	(19)	2,971,981
Available-for sale securities	713,363	-	713,363
Held-to-maturity securities	11,870,674	224,203	12,094,877
Advances	68,507,487	(3,466)	68,504,021
Mortgage loans, net	1,178,083	11,860	1,189,943
Other loans		-	-
Accrued interest receivable	315,768	-	315,768
Derivative assets	11,048	-	11,048
Other assets	28,261	23	28,284
Liabilities			
Deposits	2,297,019	(3)	2,297,016
Consolidated obligations			
Discount notes	19,641,626	3,134	19,638,492
Bonds	60,515,356	(166,313)	60,681,669
Mandatorily redeemable capital stock	126,581	-	126,581
Accrued interest payable	437,743	-	437,743
Derivative liabilities	1,372,195	-	1,372,195
Other liabilities	77,764	-	77,764

The carrying value and estimated fair values of the FHLBNY's financial instruments as of December 31, 2003, were as follows (in thousands):

Financial Instruments	Carrying Value	Net Unrealized Gains (Losses)	Estimated Fair Value
Assets			
Cash and due from banks	$ 20,793	$ -	$ 20,793
Interest-bearing deposits	1,654,603	-	1,654,603
Deposits for mortgage loan programs with other FHLBanks	917	-	917
Federal funds sold	1,143,000	-	1,143,000
Held-to-maturity securities	11,359,367	388,921	11,748,288
Advances	63,923,184	266,366	64,189,550
Mortgage loans, net	671,644	15,156	686,800
Loans due to other FHLBanks	60,000	-	60,000
Accrued interest receivable	287,827	-	287,827
Derivative assets	59,240	-	59,240
Liabilities			
Deposits	2,100,221	-	2,100,221
Consolidated obligations			
Discount notes	16,804,767	65	16,804,702
Bonds	54,051,869	(600,709)	54,652,578
Accrued interest payable	426,437	-	426,437
Derivative liabilities	1,913,274	-	1,913,274
Other liabilities	77,929	-	77,929
Other			
Standby letters of credit, standby bond purchase agreements, and commitments to extend credits	147	2,024	2,171

21. Commitments and Contingencies

As described in Note 13, the FHLBanks have joint and several liability for all the consolidated obligations issued on their behalf. Accordingly, should one or more of the FHLBanks be unable to repay their participation in the consolidated obligations, each of the other FHLBanks could be called upon to repay all or part of such obligations, as determined or approved by the Finance Board. Neither the FHLBNY nor any other FHLBank has had to assume or pay the consolidated obligation of another FHLBank. The FHLBNY does not believe that it will be called upon to pay the consolidated obligations of another FHLBank in the future. Under FASB interpretation No. 45, "*Guarantor's Accounting and Disclosure Requirements for Guarantees, including indirect guarantees of indebtedness of other*" ("FIN 45"), FIN 45 would have required FHLBNY to recognize the fair value of the FHLBNY's joint and several liability for all the consolidated obligations, as discussed above. However, the FHLBNY considers the joint and several liability as similar to a related party guarantee, and meets the scope exceptions in FIN 45. Accordingly, the FHLBNY has not recognized a liability for its joint and several obligations related to other FHLBanks' consolidated obligations at December 31, 2004 and 2003.

Commitments for additional advances totalled approximately $ 10,376,197,000 and $10,575,207,000 as of December 31, 2004 and 2003. Commitments generally are for periods of up to twelve months. Extension of credit under these commitments is subject to certain collateral requirements and other financial criteria at the time the commitment is drawn upon. Standby letters of credit are executed for members for a fee. A standby letter of credit is a financing arrangement between the FHLBNY and its member. If the FHLBNY is required to make payment for a beneficiary's draw, these amounts are converted into collateralized advances to the member. Outstanding standby letters of credit were approximately $119,468,000 and $81,370,000 as of December 31, 2004 and 2003, respectively and had original terms of up to fifteen years, with a final expiration in 2019. Unearned fees on standby letters of credit are recorded in other liabilities were not significant as of December 31, 2004 and 2003. Unearned fees for transactions prior to 2003, as well as the value of the guarantees related to standby letters of credit entered into after 2002, are recorded in other liabilities. Based on management's credit analyses and collateral requirements, the FHLBNY does not deem it necessary to have any provision for credit losses on these commitments and letters of credit. Standby letters of credit are fully collateralized at the time of issuance. The estimated fair values of commitments and letters of credit as of December 31, 2004 and 2003 are reported in Note 20.

The FHLBNY has entered into standby bond purchase agreements related to securities issued by state housing authorities within its district whereby the FHLBNY, for a fee, agrees to purchase and hold the authorities' bonds until the designated marketing agent can find a suitable investor or the housing authority repurchases the bonds, according to a schedule established by the standby agreement. Each standby agreement dictates the specific terms that would require the FHLBNY to purchase the bonds. The bond purchase commitments entered into by the FHLBNY expire no later than 2005. Some commitments are renewable at the option of the FHLBNY. Total commitments for bond purchases were $543,721,000 as of December 31, 2004 and 2003, with the New York City Transitional Finance Authority. The FHLBNY was not required to purchase any bonds under these agreements since the inception of the commitment. The estimated fair values of standby bond purchase agreements as of December 31, 2004 and 2003 are reported in Note 20.

Commitments which unconditionally obligate the FHLBNY to fund or purchase mortgage loans under the MPF program totalled $10,316,000 and $9,681,000 as of December 31, 2004 and 2003. Commitments are generally for periods not to exceed 365 days. In accordance with SFAS 149, such commitments entered into after June 30, 2003 were recorded as derivatives at their fair value. In addition, the FHLBNY had entered into conditional agreements under "Master Commitments" with its members in the MPF program to fund or purchase in aggregate $486,746,000 and $333,467,000 as of December 31, 2004 and 2003.

The FHLBNY generally executes derivatives with major banks and broker-dealers and generally enters into bilateral collateral agreements. As of December 31, 2004 and 2003, interest-bearing deposits included $1,091,677,000 and $1,653,686,000 in cash pledged as collateral to broker-dealers and banks with credit-risk exposure to the FHLBNY related to derivatives.

The FHLBNY charged to operating expenses net rental costs of approximately $3,038,742, and $2,906,997 for years ended December 31, 2004 and 2003. Lease agreements for FHLBNY premises generally provide for increases in the basic rentals resulting from increases in property taxes and maintenance expenses. Such increases are not expected to have a material effect on the FHLBNY.

The following table summarizes commitments and contingencies as of December 31, 2004 (in thousands):

	Payments due or expiration terms by period				
	<= 1 year	> 1 year <= 3 years	> 3 years <= 5 years	> 5 years	Total
Contractual Obligations					
Consolidated obligations-bonds at par	$ 25,348,025	$ 24,986,155	$ 6,788,950	$3,463,000	$ 60,586,130
Mandatorily redeemable capital stock	106,141	175	9,923	10,342	126,581
Premise and equipment (rental and lease obligations)	2,845	5,535	4,976	17,751	31,107
Total contractual obligations	25,457,011	24,991,865	6,803,849	3,491,093	60,743,818
Other contractual obligations					
Standby letters of credit	76,359	11,524	21,465	10,120	119,468
Standby bond purchase agreements	543,721	-	-	-	543,721
Unused lines of credit and other commitments	10,376,197	-	-	-	10,376,197
Consolidated obligation bonds traded not settled	400,650	-	-	-	400,650
Open delivery commitments	10,316	-	-	-	10,316
Total other contractual obligations	11,407,243	11,524	21,465	10,120	11,450,352
Total commitments	$ 36,864,254	$ 25,003,389	$ 6,825,314	$3,501,213	$ 72,194,170

The FHLBNY does not anticipate any credit losses from its off-balance sheet commitments and accordingly no provision for loan losses is required.

22. Other Developments

The FHLBNY is subject to legal proceedings arising in the normal course of business. After consultation with legal counsel, the FHLBNY does not anticipate that the ultimate liability, if any, arising out of these matters will have a material effect on the FHLBNY's financial condition or results of operations.

23. Segment Information

The FHLBNY manages its operations as a single business segment. Management and the FHLBNY's Board of Directors review enterprise-wide financial information in order to make operating decisions and assess performance.

The FHLBNY has a unique cooperative structure and is owned by member institutions located within a defined geographic district. The Bank's market is the same as its membership district – New Jersey, New York, Puerto Rico, and the U.S. Virgin Islands. Institutions that are members of the FHLBNY must have their principal places of business within this market, but may also operate elsewhere.

The FHLBNY's primary business is making low-cost, collateralized loans, known as "advances," to its members. Members use advances as a source of funding to supplement their deposit-gathering activities. As a cooperative, the FHLBNY prices advances at minimal net spreads above the cost of its funding to deliver maximum value to members.

Advances to large members constitute a significant percentage of FHLBNY's advance portfolio and its source of revenues.

The FHLBNY's total assets and capital could significantly decrease if one or more large members were to withdraw from membership or decrease business with the Bank. Members might withdraw or reduce their business as a result of consolidating with an institution that was a member of another FHLBank, or for other reasons. The FHLBNY has considered the impact of losing one or more large members. In general, a withdrawing member would be required to repay all indebtedness prior to the redemption of its capital stock. Under current conditions, the FHLBNY does not expect the loss of a large member to impair its operations. Since the FHLBank Act of 1999 does not allow the FHLBNY to redeem the capital of an existing member if the redemption would cause the FHLBNY to fall below its capital requirements, the loss of a large member should not result in an inadequate capital position for the FHLBNY. However, such an event could reduce the amount of capital that the FHLBNY has available for continued growth. This, in turn, could have various ramifications for the FHLBNY, including a possible reduction in net income and dividends, and a lower return on capital stock for remaining members.

The following table summarizes advances to the top 5 members at December 31, 2004 (in thousands):

	City	State	Advances	Percent of Total Advances
GreenPoint Bank	New York	New York	$ 5,125,015	7.60 %
HSBC Bank USA	Buffalo	New York	5,011,786	7.50 %
New York Community Bank	Westbury	New York	4,644,290	6.90 %
Independence Community Bank	New York	New York	3,958,000	5.90 %
Manufacturers and Traders Trust Company	Buffalo	New York	3,529,333	5.20 %
			$22,268,424	33.10 %

The following table summarizes advance interest income from the top 5 members and non-members during year ended December 31, 2004 (in thousands):

	December 31, 2004
New York Community Bank	$ 196,510
GreenPoint Bank	145,738
Independence Community Bank	131,164
Washington Mutual Bank	60,887
HSBC Bank USA	35,507
	$ 569,806

At December 31, 2004, the FHLBNY had 302 members. Interest revenue received from New York Community Bank aggregated $196,510,000, or 10.2% of total revenue for the year ended December 31, 2004.