

THE
BANK OF
NEW
YORK
COMPANY, INC.

NEWS

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FOR RELEASE:

PUBLIC AND INVESTOR RELATIONS

IMMEDIATELY

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**THE BANK OF NEW YORK COMPANY, INC. REPORTS SECOND QUARTER EPS UP 23% to 48 CENTS;
RETURN ON EQUITY OF 17%**

NEW YORK, N.Y., July 21, 2004 -- The Bank of New York Company, Inc. (NYSE: BK) reports second quarter net income of \$371 million and diluted earnings per share of 48 cents, compared with net income of \$364 million and diluted earnings per share of 47 cents in the first quarter of 2004, and net income of \$295 million and diluted earnings per share of 39 cents in the second quarter of 2003. Year-to-date net income was \$735 million, or 94 cents of diluted earnings per share, compared to \$590 million, or 80 cents of diluted earnings per share in 2003. Second quarter and year-to-date 2003 results included dilution of 2 cents per share from merger and integration costs associated with the Pershing acquisition.

Second quarter highlights include issuer services and broker-dealer services fees, which increased 13% and 6%, respectively from the first quarter, as well as private client services and asset management fees, which increased 5%. Net interest income, excluding the first quarter impact of the leveraged

lease adjustment, was up 2% sequentially, reflecting modest growth in liquid earning assets. Credit quality trends remained positive, which allowed the Company to slightly reduce its provision for credit losses. Execution and clearing revenues declined by 8% sequentially, reflecting weaker equity market trading volumes. Foreign exchange and other trading revenues declined by 6% relative to the first quarter to \$100 million, but remained at historically high levels, up 14% versus a year ago.

Chairman and Chief Executive Officer Thomas A. Renyi stated, "The breadth and diversification of our securities servicing and fiduciary businesses again demonstrated its value, driving our fifth straight quarter of sequential earnings growth. While the noticeable drop in equity market trading volumes impacted our execution and clearing business, our fixed-income linked businesses, including securities lending, corporate trust and global collateral management, generated strong revenue growth. In addition, our depositary receipts business continues to build momentum, driven by seasonal dividend activity and higher levels of capital raisings. Continued new business wins across the board further supported growth in revenues and assets under custody.

"We remain very focused on managing our expense base and continuing to implement our reengineering and profitability programs. In addition, credit quality remains strong, reflecting the success of our risk management program as well as the improved economic environment.

"We remain confident that our business model positions us well to benefit from market activity and capital flows regardless of security type, client segment, or geographic region."

SECURITIES SERVICING FEES

| | 2nd Quarter | 1st Quarter | 4th Quarter | 3rd Quarter |
|------------------------------------|------------------------|------------------------|------------------------|------------------------|
| (Dollars in millions) | 2004 | 2004 | 2003 | 2003 |
| Execution and Clearing Services | \$ 280 | \$ 303 | \$ 290 | \$ 271 |
| Investor Services | 229 | 226 | 210 | 212 |
| Issuer Services | 155 | 137 | 136 | 127 |
| Broker-Dealer Services | 53 | 50 | 48 | 47 |
| Securities Servicing Fees | <u>\$ 717</u> ===== | <u>\$ 716</u> ===== | <u>\$ 684</u> ===== | <u>\$ 657</u> ===== |

Notwithstanding the noticeable drop in sequential equity trading volumes, the diversity of the securities servicing businesses allowed fees to hold steady at \$717 million for the second quarter.

Execution and clearing services fees decreased \$23 million sequentially, or 8%, to \$280 million in the second quarter. The execution business was impacted by lower equity market trading volumes in the second quarter, as combined NYSE and NASDAQ trading volumes, excluding program trading, were down 15% from the first quarter. Pershing's correspondent clearing business was also impacted by lower retail activity in May and June which reduced billable trades.

Investor services fees were up slightly to \$229 million, reflecting higher securities lending, domestic custody, and global funds services fees driven by new business wins, partially offset by slightly lower average asset price levels over the quarter. As of June 30, 2004, assets under custody rose to \$8.7 trillion, from \$8.6 trillion at March 31, 2004 and \$7.8 trillion at June 30, 2003.

Issuer services fees recorded a strong quarter, increasing 13% sequentially reflecting good growth in depositary receipts and corporate trust and stable results in stock transfer. Depositary receipts benefited from an increase in seasonal dividend activity, continued active cross-border investing, and an increase in new capital issuances. Corporate trust activity benefited from strength in issuance of international securities.

Broker-dealer services fees also showed good growth, increasing \$3 million, or 6%, on a sequential quarter basis, as a result of higher volumes due to new business wins in the collateral management businesses and higher levels of mortgage backed and government trading activity.

NONINTEREST INCOME

| | 2nd Quarter | 1st Quarter | 2nd Quarter | Year-to-Date | |
|--|-----------------|-----------------|----------------|-----------------|-----------------|
| (Dollars in millions) | 2004 | 2004 | 2003 | 2004 | 2003 |
| Servicing Fees | | | | | |
| Securities | \$ 717 | \$ 716 | \$ 598 | \$ 1,433 | \$ 1,071 |
| Global Payment Services | 81 | 79 | 80 | 160 | 158 |
| | <u>798</u> | <u>795</u> | <u>678</u> | <u>1,593</u> | <u>1,229</u> |
| Private Client Services and Asset Management Fees | 113 | 108 | 94 | 221 | 184 |
| Service Charges and Fees | 94 | 96 | 92 | 190 | 189 |
| Foreign Exchange and Other Trading Activities | 100 | 106 | 88 | 206 | 154 |
| Securities Gains | 12 | 33 | 9 | 45 | 16 |
| Other | 49 | 92 | 35 | 141 | 69 |
| | <u>\$ 1,166</u> | <u>\$ 1,230</u> | <u>\$ 996</u> | <u>\$ 2,396</u> | <u>\$ 1,841</u> |
| | ===== | ===== | ===== | ===== | ===== |
| Total Noninterest Income | | | | | |

Total noninterest income for the second quarter of 2004 was \$1,166 million. Excluding the \$48 million pre-tax gain on sale of a portion of the Company's investment in Wing Hang Bank, Ltd. and the \$19 million gain on four sponsor fund investments in the first quarter of 2004, noninterest income increased by \$3 million. Excluding the aforementioned gains in the first quarter of 2004, noninterest income for the six months ended June 30, 2004 was \$2,329 million, an increase of 27% over the comparable 2003 period, reflecting the impact of the Pershing acquisition and organic growth.

Global payment services fees were up \$2 million, or 3%, compared with the prior quarter and \$1 million, or 1% from a year ago, resulting from higher volumes and conversion of new business. Global payment services increased by 1% on a year-to-date basis over 2003.

Private client services and asset management fees for the second quarter were up 5% from the prior quarter and 20% from the second quarter of 2003. The sequential quarter increase reflects continued strong growth at Ivy Asset Management and seasonally higher private client fees related to tax services. The increase from the second quarter of 2003 and on a year-to-date basis

reflects growth in Ivy Asset Management as well as higher equity price levels. Total assets under management were \$93 billion at June 30, 2004, up from \$92 billion at March 31, 2004 and \$83 billion a year ago.

Service charges and fees were down 2% from the prior quarter, as higher retail service fees were offset by weaker demand for capital markets services. Service charges and fees were up 1% on a year-to-date basis over 2003, reflecting higher retail services fees.

Foreign exchange and other trading revenues decreased \$6 million from the record first quarter but increased \$12 million, or 14%, from a year ago. The continued strong performance this quarter in foreign exchange reflects high levels of client activity, tied to cross-border investing and hedging against currency volatility. For the six months ended June 30, 2004, foreign exchange and other trading activities were up 34% over the six months ended June 30, 2003, reflecting the same factors outlined for the second quarter.

Securities gains in the second quarter were \$12 million, compared with \$33 million in the first quarter of 2004 and \$9 million in the second quarter of 2003. In the first quarter of 2004, securities gains included realized gains of \$19 million on four sponsor fund investments. For the six months ended June 30, 2004, securities gains were \$45 million, up \$29 million from the six months ended June 30, 2003.

Other noninterest income was \$49 million in the second quarter, compared with \$92 million in the first quarter of 2004 when other noninterest income included a pre-tax gain of \$48 million from the sale of a portion of the Company's investment in Wing Hang Bank Limited.

NET INTEREST INCOME

| (Dollars in millions) | 2nd | 1st | 1st | 2nd | Year-to-Date | | |
|--|----------|----------|---------|----------|--------------|--------|----------|
| | Quarter | Quarter | Quarter | Quarter | Reported | Core** | Reported |
| | Reported | Reported | Core** | Reported | Reported | Core** | Reported |
| | 2004 | 2004 | 2004 | 2003 | 2004 | 2004 | 2003 |
| Net Interest Income | \$ 421 | \$ 268 | \$ 413 | \$ 398 | \$ 689 | \$ 834 | \$ 784 |
| Tax Equivalent Adjustment* | 8 | 6 | 6 | 9 | 14 | 14 | 19 |
| Net Interest Income on a Tax Equivalent Basis | \$ 429 | \$ 274 | \$ 419 | \$ 407 | \$ 703 | \$ 848 | \$ 803 |
| Net Interest Rate Spread | 1.84% | 1.13% | 1.85% | 1.96% | 1.49% | 1.84% | 2.06% |
| Net Yield on Interest Earning Assets | 2.08 | 1.36 | 2.08 | 2.21 | 1.72 | 2.08 | 2.32 |

* See Note (1)

** Excludes SFAS 13 adjustment

Net interest income on a taxable equivalent basis was \$429 million in the second quarter of 2004, compared with \$274 million reported in the first quarter of 2004, and \$407 million in the second quarter of 2003. The net interest income rate spread was 1.84% in the second quarter of 2004, compared with 1.13% reported in the first quarter of 2004, and 1.96% in the second quarter of 2003. The net yield on interest earning assets was 2.08% in the second quarter of 2004, compared with 1.36% reported in the first quarter of 2004, and 2.21% in the second quarter of 2003. In the first quarter of 2004, net interest income included a pre-tax charge of \$145 million resulting from a cumulative adjustment to the leasing portfolio, which was triggered under Statement of Financial Accounting Standards No. 13 ("SFAS 13") "Accounting for Leases". Excluding the SFAS 13 adjustment, net interest income on a taxable equivalent basis was \$419 million in the first quarter of 2004, which reflected a net interest rate spread of 1.85% and a net yield on interest earning assets of 2.08%.

The increase in net interest income from the core first quarter of 2004 results is primarily due to a slightly higher level of liquid earning assets, which resulted from the greater deposit flows from servicing customers, as well as a modest shift from fixed rate investment securities to short-term floating assets to better position for higher rates. The increase in net interest

income from the second quarter of 2003 reflects the full quarter impact of the Pershing acquisition.

For the first six months of 2004, net interest income on a taxable equivalent basis was \$703 million, compared with \$803 million in the first half of 2003, reflecting the full impact of the Pershing acquisition. The year-to-date net interest income spread was 1.49% in 2004 compared with 2.06% in 2003, while the net yield on interest earning assets was 1.72% in 2004 and 2.32% in 2003.

NONINTEREST EXPENSE AND INCOME TAXES

| | 2nd Quarter | 1st Quarter | 2nd Quarter | Year-to-date | |
|--------------------------------|-----------------|-----------------|----------------|-----------------|-----------------|
| (Dollars in millions) | 2004 | 2004 | 2003 | 2004 | 2003 |
| Salaries and Employee Benefits | \$ 570 | \$ 574 | \$ 498 | \$ 1,144 | \$ 921 |
| Net Occupancy | 72 | 81 | 64 | 153 | 122 |
| Furniture and Equipment | 51 | 51 | 49 | 102 | 85 |
| Clearing | 44 | 48 | 40 | 92 | 69 |
| Sub-custodian Expenses | 22 | 22 | 19 | 44 | 35 |
| Software | 50 | 49 | 43 | 99 | 78 |
| Communications | 23 | 24 | 23 | 47 | 44 |
| Amortization of Intangibles | 8 | 8 | 7 | 16 | 10 |
| Merger and Integration Costs | - | - | 25 | - | 25 |
| Other | 172 | 156 | 135 | 328 | 253 |
| Total Noninterest Expense | <u>\$ 1,012</u> | <u>\$ 1,013</u> | <u>\$ 903</u> | <u>\$ 2,025</u> | <u>\$ 1,642</u> |

Noninterest expense for the second quarter of 2004 was \$1,012 million, compared with \$1,013 million in the prior quarter. Noninterest expense in the first quarter included \$18 million related to cost reduction initiatives, including lease terminations, severance and relocation expenses. Second quarter of 2003 included \$25 million of merger and integration costs related to the Pershing acquisition.

On a sequential quarter basis, after excluding \$18 million associated with the cost reduction initiatives, expenses increased modestly by \$17 million or 2%. This increase was driven largely by the second year impact of stock option expensing, higher legal costs, increased use of consultants in connection with cost restructuring programs, and seasonal travel and entertainment.

After excluding merger and integration costs, noninterest expense for the first six months of 2004 was \$2,025 million compared with \$1,617 million last

year, mainly reflecting higher business activity and the full half impact of the Pershing acquisition.

The effective tax rate for the second quarter of 2004 was 34.2%, compared to 23.1% in the first quarter and 34.6% in the second quarter of 2003. The effective tax rate for the six months period ended June 30, 2004 was 29.2%, compared with 34.6% for the six months period ended June 30, 2003. The year-over-year decrease reflects the benefit associated with the SFAS 13 adjustment in the first quarter of 2004.

BALANCE SHEET RETURN AND CAPITAL RATIOS

Total assets were \$97.5 billion at June 30, 2004, compared with \$92.7 billion at March 31, 2004, and \$99.8 billion at June 30, 2003. The increase in assets from March 31, 2004 reflects the significant liquidity in the markets at June 30, 2004 which the Company's clients left on deposit rather than invested in the equity and fixed income markets. Total shareholders' equity was \$8.8 billion at June 30, 2004, compared with \$8.8 billion at March 31, 2004, and \$8.1 billion at June 30, 2003. Shareholders' equity at June 30, 2004 compared to March 31, 2004 reflects a decline in the securities valuation allowance offset by the retention of earnings. The major reason for the increase in shareholders' equity from a year ago is the retention of earnings.

Return on average common equity for the second quarter of 2004 was 17.14%, compared with 17.17% in the first quarter of 2004, and 15.56% in the second quarter of 2003. Return on average assets for the second quarter of 2004 was 1.49%, compared with 1.47% in the first quarter of 2004, and 1.30% in the second quarter of 2003. For the six months of 2004, return on average common equity was 17.15% compared with 16.61% in 2003, while return on average assets was 1.48% compared with 1.39% in 2003.

The Company's estimated regulatory Tier 1 capital and Total capital ratios were 7.69% and 11.60% at June 30, 2004, compared with 7.60% and 11.70% at March 31, 2004, and 6.83% and 11.07% at June 30, 2003. The regulatory leverage ratio was 6.00% at June 30, 2004, compared with 5.83% at March 31, 2004, and 5.85% at June 30, 2003. The Company's tangible common equity as a percentage of total assets was 4.95% at June 30, 2004, down from 5.22% at March 31, 2004 driven by

the aforementioned increase in liquidity and a decline in the securities valuation allowance.

CREDIT LOSS PROVISION AND NET CHARGE-OFFS

| | 2nd Quarter | 1st Quarter | 2nd Quarter | Year-to-Date | |
|----------------------------|----------------|----------------|----------------|--------------|---------|
| (Dollars in millions) | 2004 | 2004 | 2003 | 2004 | 2003 |
| Provision | \$ 10 | \$ 12 | \$ 40 | \$ 22 | \$ 80 |
| Net Charge-offs: | | | | | |
| Commercial | \$ (11) | \$ (5) | \$ (34) | \$ (16) | \$ (59) |
| Foreign | (8) | (10) | (7) | (18) | (7) |
| Other | - | - | - | - | (10) |
| Consumer | (6) | (11) | (5) | (17) | (10) |
| Total | \$ (25) | \$ (26) | \$ (46) | \$ (51) | \$ (86) |
| Other Real Estate Expenses | \$ - | \$ - | \$ - | \$ - | \$ - |

The provision was \$10 million in the second quarter of 2004 compared to \$12 million in the first quarter of 2004 and \$40 million in the second quarter of 2003. For the first six months of 2004, provision was \$22 million compared with \$80 million in 2003. The lower provision compared with the second quarter and first half of 2003 reflects the Company's improved risk profile as well as improvements in the U.S. economy. Declines in nonperforming and criticized assets, improved borrower ratings, and reductions in large exposures are indicative of the Company's reduced credit risk.

The allowance for credit losses was \$775 million at June 30, 2004, \$790 million at March 31, 2004, and \$824 million at June 30, 2003. The allowance for credit losses as a percent of non-margin loans decreased to 2.42% at June 30, 2004, compared with 2.64% at March 31, 2004, and 2.50% at June 30, 2003.

| (Dollars in millions) | June 30 2004 | March 31 2004 | June 30 2003 |
|--|-----------------|------------------|-----------------|
| Margin Loans | \$ 6,114 | \$ 6,130 | \$ 4,877 |
| Non-Margin Loans | 32,091 | 29,940 | 32,919 |
| Total Loans | 38,205 | 36,070 | 37,796 |
| Allowance for Loan Losses | 598 | 632 | 669 |
| Allowance for Lending-Related Commitments | 177 | 158 | 155 |
| Total Allowance for Credit Losses* | 775 | 790 | 824 |
| Allowance for Credit Losses As a Percent of Total Loans | 2.03% | 2.19% | 2.18% |
| Allowance for Credit Losses As a Percent of Non-Margin Loans | 2.42 | 2.64 | 2.50 |
| Allowance for Loan Losses As a Percent of Total Loans | 1.57 | 1.75 | 1.77 |
| Allowance for Loan Losses As a Percent of Non-Margin Loans | 1.86 | 2.11 | 2.03 |

* See Note (2)

NONPERFORMING ASSETS

| (Dollars in millions) | 06/30/04 | 03/31/04 | Change 6/30/04 vs. 03/31/04 |
|--|----------|----------|-----------------------------------|
| Loans: | | | |
| Commercial | \$ 208 | \$ 231 | \$ (23) |
| Foreign | 53 | 66 | (13) |
| Other | 50 | 46 | 4 |
| Total Nonperforming Loans | 311 | 343 | (32) |
| Other Real Estate | - | - | - |
| Total Nonperforming Assets | \$ 311 | \$ 343 | \$ (32) |
| Nonperforming Assets Ratio | 1.0% | 1.1% | |
| Allowance for Loan Losses/Nonperforming Loans | 192.2 | 184.4 | |
| Allowance for Loan Losses/Nonperforming Assets | 192.2 | 184.4 | |
| Allowance for Credit Losses/Nonperforming Loans | 249.1 | 230.5 | |
| Allowance for Credit Losses/Nonperforming Assets | 249.1 | 230.5 | |

Nonperforming assets declined by \$32 million, or 9%, during the second quarter to \$311 million and are down 29% from a year ago. The sequential quarter decrease primarily reflects paydowns and charge-offs of commercial and foreign loans. The ratio of the allowance for credit losses to nonperforming assets increased to 249.1% at June 30, 2004, compared with 230.5% at March 31, 2004, and 188.6% at June 30, 2003.

OTHER DEVELOPMENTS

In May, the Company made a strategic investment in London-based Netik, LLC. Netik provides market-leading data management and consolidated reporting capabilities that leverage its data warehouse for portfolio and investment information, reference data, and analytics. The Company uses Netik products as part of its BNY SmartSourceSM outsourcing solution, and will also partner with Netik to make the product available to other financial institutions.

Late in the second quarter, the Company acquired a unit investment trust business that services approximately \$20 billion in assets for over 4,200 different series of unit investment trusts.

During the second quarter, the Company agreed to acquire Osprey Partners LLC's portfolio accounting technology to broaden its managed account services offering. The acquisition will allow the Company to integrate the portfolio accounting function within its proprietary managed account services offering and fully support the comprehensive portfolio view created by unified managed account platforms.

In July, the Company's new \$2 billion shelf registration became effective. Combined with the existing shelf registration the Company now has the capacity to issue approximately \$2.5 billion of debt, preferred stock, preferred trust securities, or common stock.

ADDITIONAL INFORMATION

Thomas A. Renyi, chairman and chief executive officer, and Bruce W. Van Saun, senior executive vice president and chief financial officer, will review the quarterly results in a live conference call and audio webcast today at 8:00 am ET. The presentation will be accessible from the Company's website at www.bankofny.com/earnings and also by telephone at (888) 790-0319 within the United States or (610) 769-3531 internationally. The passcode is "The Bank of New York." A replay of the call will be available through the Company's website and also by telephone at (866) 403-7108 within the United States or (203) 369-0580 internationally.

The Bank of New York Company, Inc. (NYSE: BK) is a global leader in securities servicing for issuers, investors and financial intermediaries. The Company plays an integral role in the infrastructure of the capital markets, servicing securities in more than 100 markets worldwide. The Company provides quality solutions through leading technology for global corporations, financial institutions, asset managers, governments, non-profit organizations, and individuals. Its principal subsidiary, The Bank of New York, founded in 1784, is the oldest bank in the United States and has a distinguished history of serving clients around the world through its five primary businesses: Securities Servicing and Global Payment Services, Private Client Services and Asset Management, Corporate Banking, Global Market Services, and Retail Banking. Additional information on the Company is available at www.bankofny.com.

Notes:

(1) A number of amounts related to net interest income are presented on a "taxable equivalent basis". The Company believes that this presentation provides comparability of net interest income arising from both taxable and tax-exempt sources and is consistent with industry standards.

(2) The Company adopts new accounting policies as they become accepted as a best practice or required by generally accepted accounting principles. Accordingly, at December 31, 2003, the Company split its allowance for credit losses into an allowance for loan losses and an allowance for lending-related commitments such as unfunded loan commitments and standby letters of credit. This resulted in a decrease in the allowance for loan losses of \$136 million and a corresponding increase in other liabilities (which includes the allowance for lending-related commitments). Prior period balance sheets have been restated. Credit expenses related to the allowance for loan losses and the allowance for lending-related commitments are reported in the provision for credit losses in the income statement. To aid in the comparison of the Company's results with other companies that have not yet adopted this practice,

the Company provides various credit ratios based both on the allowance for credit losses and the allowance for loan losses.

FORWARD LOOKING STATEMENTS

All statements in this press release other than statements of historical fact are forward looking statements including, among other things, projections with respect to revenue and earnings and the Company's plans and objectives and as such are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward looking statements. These include lower than expected performance or higher than expected costs in connection with acquisitions and integration of acquired businesses, the level of capital market activity, changes in customer credit quality, the effects of capital reallocation, portfolio performance, ultimate differences from management projections or market forecasts, the actions that management could take in response to these changes and other factors described under the heading "Forward Looking Statements and Factors That Could Affect Future Results" in the Company's 2003 Form 10-K and First Quarter 2004 Form 10-Q which have been filed with the SEC and are available at the SEC's website (www.sec.gov).

Forward looking statements speak only as of the date they are made. The Company will not update forward looking statements to reflect factual assumptions, circumstances or events which have changed after a forward looking statement was made.

(Financial highlights and detailed financial statements are attached.)

THE BANK OF NEW YORK COMPANY, INC.
Financial Highlights
(Dollars in millions, except per share amounts)
(Unaudited)

| Quarter | June 30, 2004 | March 31, 2004 | June 30, 2003 |
|--|------------------|-------------------|------------------|
| Revenue (tax equivalent basis) | \$ 1,775 | \$ 1,677 | \$ 1,601 |
| Net Income | 371 | 364 | 295 |
| Basic EPS | 0.48 | 0.47 | 0.39 |
| Diluted EPS | 0.48 | 0.47 | 0.39 |
| Cash Dividends Per Share | 0.20 | 0.19 | 0.19 |
| Return on Average Common Shareholders' Equity | 17.14% | 17.17% | 15.56% |
| Return on Average Assets | 1.49 | 1.47 | 1.30 |
| Efficiency Ratio | 63.93 | 68.90 | 64.80 |
| <u>Year-to-date</u> | | | |
| Revenue (tax equivalent basis) | \$ 3,450 | \$ 1,677 | \$ 3,031 |
| Net Income | 735 | 364 | 590 |
| Basic EPS | 0.95 | 0.47 | 0.80 |
| Diluted EPS | 0.94 | 0.47 | 0.80 |
| Cash Dividends Per Share | 0.39 | 0.19 | 0.38 |
| Return on Average Common Shareholders' Equity | 17.15% | 17.17% | 16.61% |
| Return on Average Assets | 1.48 | 1.47 | 1.39 |
| Efficiency Ratio | 66.30 | 68.90 | 62.50 |
| Assets | \$ 97,521 | \$ 92,652 | \$ 99,759 |
| Loans | 38,205 | 36,070 | 37,796 |
| Securities | 22,986 | 24,083 | 20,392 |
| Deposits - Domestic | 36,279 | 33,639 | 37,319 |
| - Foreign | 24,781 | 22,443 | 27,336 |
| Long-Term Debt | 6,025 | 6,276 | 6,515 |
| Common Shareholders' Equity | 8,785 | 8,760 | 8,113 |
| Common Shareholders' Equity Per Share | \$ 11.29 | \$ 11.27 | \$ 10.50 |
| Market Value Per Share of Common Stock | 29.48 | 31.50 | 28.75 |
| Allowance for Credit Losses as a Percent of Total Loans | 2.03% | 2.19% | 2.18% |
| Allowance for Credit Losses as a Percent of Non-Margin Loans | 2.42 | 2.64 | 2.50 |
| Allowance for Loan Losses as a Percent of Total Loans | 1.57 | 1.75 | 1.77 |
| Allowance for Loan Losses as a Percent of Non-Margin Loans | 1.86 | 2.11 | 2.03 |
| Tier 1 Capital Ratio | 7.69 | 7.60 | 6.83 |
| Total Capital Ratio | 11.60 | 11.70 | 11.07 |
| Leverage Ratio | 6.00 | 5.83 | 5.85 |
| Tangible Common Equity Ratio | 4.95 | 5.22 | 4.32 |
| Employees | 23,001 | 22,820 | 23,106 |
| <u>Assets Under Custody (In trillions)</u> | | | |
| Total Assets Under Custody | \$ 8.7 | \$ 8.6 | \$ 7.8 |
| Equity Securities | 34% | 33% | 32% |
| Fixed Income Securities | 66 | 67 | 68 |
| Cross-Border Assets Under Custody | \$ 2.4 | \$ 2.4 | \$ 2.2 |
| <u>Assets Under Administration (In billions)</u> | | | |
| Total Assets Under Administration | \$ 32 | \$ 33 | \$ 27 |
| <u>Assets Under Management (In billions)</u> | | | |
| Total Assets Under Management | 93 | 92 | 83 |
| Equity Securities | 36% | 36% | 32% |
| Fixed Income Securities | 22 | 22 | 23 |
| Alternative Investments | 14 | 13 | 9 |
| Liquid Assets | 28 | 29 | 36 |

THE BANK OF NEW YORK COMPANY, INC.
Consolidated Statements of Income
(Dollars in millions, except per share amounts)
(Unaudited)

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---------|---|---------|
| | 2004 | 2003 | 2004 | 2003 |
| <u>Interest Income</u> | | | | |
| Loans | \$ 272 | \$ 310 | \$ 389 | \$ 620 |
| Margin loans | 35 | 21 | 69 | 24 |
| Securities | | | | |
| Taxable | 180 | 155 | 360 | 315 |
| Exempt from Federal Income Taxes | 10 | 13 | 19 | 26 |
| | 190 | 168 | 379 | 341 |
| Deposits in Banks | 78 | 41 | 147 | 71 |
| Federal Funds Sold and Securities Purchased | | | | |
| Under Resale Agreements | 17 | 24 | 33 | 39 |
| Trading Assets | 9 | 32 | 23 | 76 |
| | 601 | 596 | 1,040 | 1,171 |
| <u>Interest Expense</u> | | | | |
| Deposits | 126 | 138 | 244 | 284 |
| Federal Funds Purchased and Securities Sold | | | | |
| Under Repurchase Agreements | 3 | 4 | 5 | 7 |
| Other Borrowed Funds | 9 | 5 | 18 | 7 |
| Customer Payables | 12 | 9 | 24 | 9 |
| Long-Term Debt | 30 | 42 | 60 | 80 |
| | 180 | 198 | 351 | 387 |
| Total Interest Expense | | | | |
| Net Interest Income | 421 | 398 | 689 | 784 |
| Provision for Credit Losses | 10 | 40 | 22 | 80 |
| Net Interest Income After Provision for Credit Losses | 411 | 358 | 667 | 704 |
| <u>Noninterest Income</u> | | | | |
| Servicing Fees | | | | |
| Securities | 717 | 598 | 1,433 | 1,071 |
| Global Payment Services | 81 | 80 | 160 | 158 |
| | 798 | 678 | 1,593 | 1,229 |
| Private Client Services and Asset Management Fees | 113 | 94 | 221 | 184 |
| Service Charges and Fees | 94 | 92 | 190 | 189 |
| Foreign Exchange and Other Trading Activities | 100 | 88 | 206 | 154 |
| Securities Gains | 12 | 9 | 45 | 16 |
| Other | 49 | 35 | 141 | 69 |
| | 1,166 | 996 | 2,396 | 1,841 |
| <u>Noninterest Expense</u> | | | | |
| Salaries and Employee Benefits | 570 | 498 | 1,144 | 921 |
| Net Occupancy | 72 | 64 | 153 | 122 |
| Furniture and Equipment | 51 | 49 | 102 | 85 |
| Clearing | 44 | 40 | 92 | 69 |
| Sub-custodian Expenses | 22 | 19 | 44 | 35 |
| Software | 50 | 43 | 99 | 78 |
| Communications | 23 | 23 | 47 | 44 |
| Amortization of Intangibles | 8 | 7 | 16 | 10 |
| Merger and Integration Costs | - | 25 | - | 25 |
| Other | 172 | 135 | 328 | 253 |
| | 1,012 | 903 | 2,025 | 1,642 |
| Income Before Income Taxes | 565 | 451 | 1,038 | 903 |
| Income Taxes | 194 | 156 | 303 | 313 |
| Net Income | \$ 371 | \$ 295 | \$ 735 | \$ 590 |
| | ===== | ===== | ===== | ===== |
| <u>Per Common Share Data:</u> | | | | |
| Basic Earnings | \$ 0.48 | \$ 0.39 | \$ 0.95 | \$ 0.80 |
| Diluted Earnings | 0.48 | 0.39 | 0.94 | 0.80 |
| Cash Dividends Paid | 0.20 | 0.19 | 0.39 | 0.38 |
| Diluted Shares Outstanding | 779 | 757 | 778 | 742 |

THE BANK OF NEW YORK COMPANY, INC.
Consolidated Balance Sheets
(Dollars in millions, except per share amounts)
(Unaudited)

| | June 30, 2004 | December 31, 2003 |
|--|---------------|-------------------|
| Assets | | |
| Cash and Due from Banks | \$ 3,102 | \$ 3,843 |
| Interest-Bearing Deposits in Banks | 9,846 | 8,286 |
| Securities | | |
| Held-to-Maturity | 1,438 | 261 |
| Available-for-Sale | 21,548 | 22,642 |
| | 22,986 | 22,903 |
| Trading Assets at Fair Value | 3,448 | 5,406 |
| Federal Funds Sold and Securities Purchased | | |
| Under Resale Agreements | 8,091 | 4,829 |
| Loans (less allowance for loan losses of \$598 in 2004 and \$668 in 2003) | 37,607 | 34,615 |
| Premises and Equipment | 1,404 | 1,398 |
| Due from Customers on Acceptances | 311 | 170 |
| Accrued Interest Receivable | 277 | 214 |
| Goodwill | 3,373 | 3,276 |
| Intangible Assets | 792 | 816 |
| Other Assets | 6,284 | 6,641 |
| | \$ 97,521 | \$ 92,397 |
| | ===== | ===== |
| Liabilities and Shareholders' Equity | | |
| Deposits | | |
| Noninterest-Bearing (principally domestic offices) | \$ 16,119 | \$ 14,789 |
| Interest-Bearing | | |
| Domestic Offices | 20,574 | 19,282 |
| Foreign Offices | 24,367 | 22,335 |
| | 61,060 | 56,406 |
| Federal Funds Purchased and Securities | | |
| Sold Under Repurchase Agreements | 1,315 | 1,039 |
| Trading Liabilities | 2,561 | 2,519 |
| Payables to Customers and Broker-Dealers | 9,439 | 10,192 |
| Other Borrowed Funds | 1,100 | 834 |
| Acceptances Outstanding | 313 | 172 |
| Accrued Taxes and Other Expenses | 4,037 | 4,256 |
| Accrued Interest Payable | 136 | 82 |
| Other Liabilities (including allowance for lending-related commitments of \$177 in 2004 and \$136 in 2003) | 2,750 | 2,348 |
| Long-Term Debt | 6,025 | 6,121 |
| | 88,736 | 83,969 |
| Shareholders' Equity | | |
| Class A Preferred Stock - par value \$2.00 per share, authorized 5,000,000 shares, outstanding 3,000 shares in 2004 and 3,000 shares in 2003 | - | - |
| Common Stock-par value \$7.50 per share, authorized 2,400,000,000 shares, issued 1,043,348,210 shares in 2004 and 1,039,968,482 shares in 2003 | 7,825 | 7,800 |
| Additional Capital | 1,696 | 1,647 |
| Retained Earnings | 5,764 | 5,330 |
| Accumulated Other Comprehensive Income | (53) | 72 |
| | 15,232 | 14,849 |
| Less: Treasury Stock (265,321,337 shares in 2004 and 264,649,827 shares in 2003), at cost | 6,446 | 6,420 |
| Loan to ESOP (126,960 shares in 2004 and 126,960 shares in 2003), at cost | 1 | 1 |
| | 8,785 | 8,428 |
| Total Shareholders' Equity | 8,785 | 8,428 |
| Total Liabilities and Shareholders' Equity | \$ 97,521 | \$ 92,397 |
| | ===== | ===== |

Note: The balance sheet at December 31, 2003 has been derived from the audited financial statements at that date.

THE BANK OF NEW YORK COMPANY, INC.
Average Balances and Rates on a Taxable Equivalent Basis
(Preliminary)
(Dollars in millions)

| | For the three months ended June 30, 2004 | | | For the three months ended June 30, 2003 | | |
|---|---|----------|-----------------|---|----------|-----------------|
| | Average Balance | Interest | Average Rate | Average Balance | Interest | Average Rate |
| ASSETS | | | | | | |
| Interest-Bearing | | | | | | |
| Deposits in Banks (primarily foreign) | \$ 12,779 | \$ 78 | 2.47% | \$ 7,049 | \$ 41 | 2.37% |
| Federal Funds Sold and Securities Purchased Under Resale Agreements | 7,340 | 17 | 0.92 | 7,931 | 24 | 1.20 |
| Margin Loans | 6,495 | 35 | 2.18 | 3,492 | 21 | 2.42 |
| Loans | | | | | | |
| Domestic Offices | 22,236 | 209 | 3.79 | 20,281 | 220 | 4.35 |
| Foreign Offices | 8,947 | 62 | 2.80 | 11,964 | 90 | 3.01 |
| Non-Margin Loans | 31,183 | 271 | 3.50 | 32,245 | 310 | 3.85 |
| Securities | | | | | | |
| U.S. Government Obligations | 479 | 3 | 2.46 | 209 | 2 | 4.16 |
| U.S. Government Agency Obligations | 4,008 | 33 | 3.27 | 3,019 | 29 | 3.84 |
| Obligations of States and Political Subdivisions | 235 | 5 | 7.96 | 352 | 6 | 7.30 |
| Other Securities | 18,260 | 158 | 3.44 | 15,140 | 140 | 3.67 |
| Trading Securities | 2,082 | 9 | 1.69 | 4,346 | 32 | 2.95 |
| Total Securities | 25,064 | 208 | 3.29 | 23,066 | 209 | 3.62 |
| Total Interest-Earning Assets | 82,861 | 609 | 2.95% | 73,783 | 605 | 3.29% |
| Allowance for Credit Losses | (629) | | | (826) | | |
| Cash and Due from Banks | 2,842 | | | 2,748 | | |
| Other Assets | 15,299 | | | 15,219 | | |
| TOTAL ASSETS | \$ 100,373 | | | \$ 90,924 | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | |
| Interest-Bearing Deposits | | | | | | |
| Money Market Rate Accounts | \$ 6,864 | \$ 12 | 0.68% | \$ 7,239 | \$ 17 | 0.94% |
| Savings | 9,357 | 15 | 0.66 | 9,039 | 18 | 0.81 |
| Certificates of Deposit \$100,000 & Over | 3,917 | 12 | 1.21 | 4,649 | 19 | 1.63 |
| Other Time Deposits | 953 | 4 | 1.60 | 1,350 | 5 | 1.55 |
| Foreign Offices | 26,568 | 83 | 1.26 | 23,827 | 79 | 1.32 |
| Total Interest-Bearing Deposits | 47,659 | 126 | 1.06 | 46,104 | 138 | 1.20 |
| Federal Funds Purchased and Securities Sold Under Repurchase Agreements | 1,612 | 3 | 0.68 | 1,428 | 4 | 1.10 |
| Payables to Customers and Broker-Dealers | 6,813 | 12 | 0.69 | 3,886 | 9 | 0.88 |
| Other Borrowed Funds | 2,387 | 9 | 1.51 | 1,386 | 5 | 1.57 |
| Long-Term Debt | 6,139 | 30 | 1.92 | 6,469 | 42 | 2.53 |
| Total Interest-Bearing Liabilities | 64,610 | 180 | 1.11% | 59,273 | 198 | 1.33% |
| Noninterest-Bearing Deposits | 14,829 | | | 12,383 | | |
| Other Liabilities | 12,230 | | | 11,661 | | |
| Common Shareholders' Equity | 8,704 | | | 7,607 | | |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 100,373 | | | \$ 90,924 | | |
| Net Interest Earnings and Interest Rate Spread | | \$ 429 | 1.84% | | \$ 407 | 1.96% |
| Net Yield on Interest-Earning Assets | | | 2.08% | | | 2.21% |

THE BANK OF NEW YORK COMPANY, INC.
Average Balances and Rates on a Taxable Equivalent Basis
(Preliminary)
(Dollars in millions)

| | For the six months ended June 30, 2004 | | | For the six months ended June 30, 2003 | | |
|---|---|----------|-----------------|---|----------|-----------------|
| | Average Balance | Interest | Average Rate | Average Balance | Interest | Average Rate |
| ASSETS | | | | | | |
| Interest-Bearing | | | | | | |
| Deposits in Banks (primarily foreign) | \$ 12,235 | \$ 147 | 2.41% | \$ 6,024 | \$ 71 | 2.38% |
| Federal Funds Sold and Securities Purchased Under Resale Agreements | 7,228 | 33 | 0.93 | 6,475 | 39 | 1.21 |
| Margin Loans | 6,337 | 69 | 2.18 | 1,970 | 24 | 2.43 |
| Loans | | | | | | |
| Domestic Offices | 21,655 | 264 | 2.46 | 19,471 | 435 | 4.50 |
| Foreign Offices | 9,074 | 125 | 2.77 | 12,424 | 186 | 3.03 |
| Non-Margin Loans | 30,729 | 389 | 2.55 | 31,895 | 621 | 3.93 |
| Securities | | | | | | |
| U.S. Government Obligations | 459 | 5 | 2.39 | 267 | 5 | 3.88 |
| U.S. Government Agency Obligations | 4,154 | 68 | 3.25 | 3,135 | 63 | 4.02 |
| Obligations of States and Political Subdivisions | 241 | 8 | 6.73 | 367 | 13 | 7.07 |
| Other Securities | 18,135 | 311 | 3.44 | 14,582 | 278 | 3.80 |
| Trading Securities | 2,417 | 24 | 1.95 | 5,025 | 76 | 3.05 |
| Total Securities | 25,406 | 416 | 3.28 | 23,376 | 435 | 3.72 |
| Total Interest-Earning Assets | 81,935 | 1,054 | 2.59% | 69,740 | 1,190 | 3.44% |
| Allowance for Credit Losses | (654) | | | (828) | | |
| Cash and Due from Banks | 2,907 | | | 2,780 | | |
| Other Assets | 15,838 | | | 14,036 | | |
| TOTAL ASSETS | \$100,026 | | | \$85,728 | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | |
| Interest-Bearing Deposits | | | | | | |
| Money Market Rate Accounts | \$ 6,736 | \$ 23 | 0.68% | \$ 7,409 | \$ 35 | 0.97% |
| Savings | 9,253 | 31 | 0.66 | 8,814 | 38 | 0.86 |
| Certificates of Deposit \$100,000 & Over | 3,952 | 24 | 1.23 | 4,687 | 39 | 1.69 |
| Other Time Deposits | 7,916 | 27 | 0.70 | 1,311 | 11 | 1.68 |
| Foreign Offices | 19,269 | 139 | 1.46 | 23,847 | 161 | 1.36 |
| Total Interest-Bearing Deposits | 47,126 | 244 | 1.04 | 46,068 | 284 | 1.24 |
| Federal Funds Purchased and Securities Sold Under Repurchase Agreements | 1,612 | 5 | 0.67 | 1,360 | 7 | 1.04 |
| Other Borrowed Funds | 2,393 | 18 | 1.50 | 823 | 7 | 1.73 |
| Payables to Customers and Broker-Dealers | 6,893 | 24 | 0.71 | 2,219 | 9 | 0.80 |
| Long-Term Debt | 6,174 | 60 | 1.94 | 5,958 | 80 | 2.68 |
| Total Interest-Bearing Liabilities | 64,198 | 351 | 1.10% | 56,428 | 387 | 1.38% |
| Noninterest-Bearing Deposits | 14,422 | | | 11,871 | | |
| Other Liabilities | 12,793 | | | 10,261 | | |
| Common Shareholders' Equity | 8,613 | | | 7,168 | | |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$100,026 | | | \$85,728 | | |
| Net Interest Earnings and Interest Rate Spread | | \$ 703 | 1.49% | | \$ 803 | 2.06% |
| Net Yield on Interest-Earning Assets | | | 1.72% | | | 2.32% |