

**THE  
BANK OF  
NEW  
YORK  
COMPANY, INC.**

**NEWS**

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PUBLIC AND INVESTOR RELATIONS

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IMMEDIATELY  
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**THE BANK OF NEW YORK COMPANY, INC. REPORTS THIRD QUARTER EPS OF 46 CENTS,  
UP 35% ON REPORTED BASIS AND 10% ON OPERATING BASIS FROM THIRD QUARTER 2003**

NEW YORK, N.Y., October 20, 2004 -- The Bank of New York Company, Inc. (NYSE: BK) reports third quarter net income of \$354 million and diluted earnings per share of 46 cents, compared with net income of \$371 million and diluted earnings per share of 48 cents in the second quarter of 2004, and net income of \$260 million and diluted earnings per share of 34 cents in the third quarter of 2003. On an operating basis, third quarter 2003 net income was \$322 million and diluted earnings per share were 42 cents. Third quarter of 2003 results included merger and integration costs associated with the Pershing acquisition of 2 cents per share and the cost of the settlement of claims related to the Company's 1999 sale of BNY Financial Corporation to General Motors Acceptance Corporation ("GMAC") of 6 cents per share.

Year-to-date net income was \$1,089 million, or \$1.40 diluted earnings per share, compared to \$850 million, or \$1.13 diluted earnings per share in 2003. These 2003 reported results included Pershing merger and integration costs of 4 cents and GMAC settlement costs of 6 cents per share. In 2003 on an operating basis, year-to-date net income was \$928 million while diluted earnings per share were \$1.23.

Third quarter highlights include strong sequential fee performance in global payment services, broker-dealer services and asset management. Net interest income was up \$7 million, or 2%, on a sequential quarter basis. The Company continues to be positioned to benefit from a rise in interest rates. The Company made no provision for credit losses as credit quality trends remained excellent.

The weak capital markets environment, particularly in equities and foreign exchange, where volumes were lackluster and volatility very low, adversely impacted the Company's securities servicing and trading businesses. Securities servicing, where execution and clearing revenues were particularly affected, declined by 4% sequentially, although servicing revenues were up 4% versus a year ago demonstrating the benefits of the Company's diverse business model. Foreign exchange and other trading revenues decreased sharply both sequentially and versus a year ago to \$67 million, which represents the lowest quarter for trading revenues since the first quarter of 2003.

Chairman and Chief Executive Officer Thomas A. Renyi stated, "Our performance this quarter in a challenging environment reinforces the value of the breadth and diversification of our securities servicing and fiduciary businesses. The market environment this quarter was weak, continuing a trend we first saw in June which intensified through the seasonally slow summer months. Our equity-linked and foreign exchange businesses were most directly affected, yet our fixed income-linked and asset management areas performed reasonably well, cushioning the softness in the global capital markets.

"Our balance sheet continues to be appropriately positioned for the expected rise in interest rates and credit quality remains strong. Expense control was important to our performance this quarter, and will continue to be a major focus as we implement our reengineering initiatives.

"While we cannot predict when the market environment will improve, economic indicators remain favorable. Geopolitical factors still appear to be restraining investment activity, yet untapped liquidity in the market continues to increase, offering a basis for future growth. We are confident that our diverse businesses and client base position us well to capitalize as market volumes and investment flows increase."

**SECURITIES SERVICING FEES**

	3rd <u>Quarter</u>	2nd <u>Quarter</u>	3rd <u>Quarter</u>
(Dollars in millions)	2004	2004	2003
Execution and Clearing Services	\$ 262	\$ 280	\$ 271
Investor Services	228	229	212
Issuer Services	141	155	127
Broker-Dealer Services	<u>54</u>	<u>53</u>	<u>47</u>
Securities Servicing Fees	\$ 685	\$ 717	\$ 657
	=====	=====	=====

Securities servicing fees were \$685 million in the third quarter, a decrease of \$32 million, or 4%, from the second quarter of 2004, but up \$28 million, or 4% from the third quarter of 2003. For the first nine months of 2004, securities servicing fees were \$2,117 million, an increase of \$389 million from the first nine months of 2003, principally due to the full period impact of the Pershing acquisition which closed on May 1, 2003 and better market conditions for most of the servicing businesses.

Execution and clearing services fees decreased \$18 million, or 6% from the second quarter of 2004, and \$9 million, or 3% from the third quarter of 2003. The execution business was impacted by lower equity market trading volumes in the third quarter, as combined NYSE and NASDAQ trading volumes, excluding program trading, were down 10% from the second quarter and 15% from the third quarter of 2003. The Company's correspondent clearing business conducted by its Pershing subsidiary was impacted by lower retail investor trading both sequentially and compared to the third quarter of 2003.

Investor services fees were \$228 million, down \$1 million from the second quarter of 2004, but up \$16 million, or 8% from the third quarter of 2003. The sequential quarter decrease reflects lower transaction activity and seasonally lower securities lending revenues, offset in part by new business wins in global fund services. The increase relative to the third quarter of 2003 was a result of good organic growth in most areas. As of September 30, 2004, assets under custody rose to \$8.9 trillion, from \$8.7 trillion at June 30, 2004 and \$7.9 trillion at September 30, 2003.

Issuer services fees were \$141 million in the third quarter, down \$14 million or 9% from the second quarter of 2004, but up \$14 million or 11% from the third quarter of 2003. Depository receipts revenues decreased sequentially due to seasonally lower trading and dividend activity. Corporate trust revenues declined sequentially as good performance in global and specialty products was outweighed by a decline in overall market issuance during the quarter. The increase in issuer services revenues relative to the third quarter of 2003 primarily reflects higher debt issuance as well as acquisitions in corporate trust. Depository receipts fees were also up due to higher dividend activity since the third quarter of 2003.

Broker-dealer services fees showed good growth, increasing \$1 million, or 2%, from the second quarter of 2004 and \$7 million, or 15% from the third quarter of 2003. On a sequential basis, new business wins offset lower market volumes. Year-over-year, new business was the dominant driver, particularly in collateral management, as volumes have been relatively stable.

**NONINTEREST INCOME**

	3rd Quarter	2nd Quarter	3rd Quarter	Year-to-date	
(Dollars in millions)	2004	2004	2003	2004	2003
Servicing Fees					
Securities	\$ 685	\$ 717	\$ 657	\$2,117	\$1,728
Global Payment Services	84	81	80	245	238
	769	798	737	2,362	1,966
Private Client Services and Asset Management Fees	113	113	97	333	281
Service Charges and Fees	98	94	89	287	278
Foreign Exchange and Other Trading Activities	67	100	92	273	246
Securities Gains	14	12	9	59	26
Other	49	49	39	191	107
Total Noninterest Income	\$ 1,110	\$ 1,166	\$ 1,063	\$3,505	\$2,904
	=====	=====	=====	=====	=====

Total noninterest income for the third quarter of 2004 was \$1,110 million, a decrease of 5% sequentially and an increase of 4% from the third quarter of 2003. Noninterest income for the nine months ended September 30, 2004 was \$3,505 million, an increase of 21% over the comparable 2003 period.

Global payment services fees were up \$3 million, or 4%, from the second quarter of 2004, and \$4 million, or 5% from the third quarter of 2003, primarily resulting from new business wins. Global payment services increased by 3% on a year-to-date basis over 2003.

Private client services and asset management fees for the third quarter were flat from the prior quarter and increased 16% from the third quarter of 2003. For the nine months ended September 30, 2004, private client services and asset management fees were \$333 million, a 19% increase over the same period in 2003. The increase from the third quarter of 2003 and on a year-to-date basis reflects strong growth in Ivy Asset Management as well as higher equity price levels. Total assets under management were \$97 billion at September 30, 2004, up from \$93 billion at June 30, 2004 and \$85 billion a year ago.

Service charges and fees were up 4% from the second quarter of 2004 and 10% from the third quarter of 2003 due to higher capital markets fees and improved pricing on retail products.

Foreign exchange and other trading revenues declined sharply to \$67 million, down 33% from the second quarter and 27% from the third quarter of 2003, reflecting lower exchange rate volatility and lower levels of cross-border trading activity as well as weak demand for interest rate hedging products. For the nine months ended September 30, 2004, foreign exchange and other trading activities were up 11% over the nine months ended September 30, 2003 due to more active and volatile markets in the first half of 2004.

Securities gains in the third quarter were \$14 million, compared with \$12 million in the second quarter of 2004 and \$9 million in the third quarter of 2003. The gains in the third quarter were primarily attributable to the Company's private equity portfolio. For the nine months ended September 30, 2004, securities gains were \$59 million, up \$33 million from the nine months ended September 30, 2003, primarily reflecting realized gains of \$19 million in the first quarter on four sponsor fund investments.

Other noninterest income was \$49 million, compared with \$49 million in the second quarter of 2004 and \$39 million in the third quarter of 2003. For the first nine months of 2004, other noninterest income was \$191 million, an increase of \$84 million from \$107 million for the first nine months of 2003.

The increase primarily reflects the gain on the sale of a portion of the Company's investment in Wing Hang Bank Limited in the first quarter of 2004.

**NET INTEREST INCOME**

(Dollars in millions)	3rd	2nd	3rd	Year-to-date		
	Quarter	Quarter	Quarter	Reported	Core**	
	Reported	Reported	Reported	Reported	Reported	
	2004	2004	2003	2004	2003	
Net Interest Income	\$ 428	\$ 421	\$ 407	\$ 1,118	\$1,263	\$ 1,190
Tax Equivalent Adjustment*	8	8	9	20	20	27
Net Interest Income on a Tax Equivalent Basis	\$ 436	\$ 429	\$ 416	\$ 1,138	\$1,283	\$ 1,217
Net Interest Rate Spread	1.88%	1.84%	1.87%	1.62%	1.86%	1.99%
Net Yield on Interest Earning Assets	2.18	2.08	2.10	1.87	2.11	2.24

\* See Note (1)

\*\* Excludes SFAS 13 adjustment

Net interest income on a taxable equivalent basis was \$436 million in the third quarter of 2004, compared with \$429 million in the second quarter of 2004, and \$416 million in the third quarter of 2003. The net interest income rate spread was 1.88% in the third quarter of 2004, compared with 1.84% in the second quarter of 2004, and 1.87% in the third quarter of 2003. The net yield on interest earning assets was 2.18% in the third quarter of 2004, compared with 2.08% in the second quarter of 2004, and 2.10% in the third quarter of 2003.

The sequential quarter increase in net interest income in the third quarter of 2004 reflects the collection of past due interest on nonperforming loans as well as the benefit of a rise in short-term interest rates. The increase in net interest income from the third quarter of 2003 reflects the same factors affecting the sequential quarter increase and a higher level of investment securities.

For the first nine months of 2004, reported net interest income on a taxable equivalent basis was \$1,138 million, compared with \$1,217 million in the first nine months of 2003, as the full year impact of Pershing and the benefit of rising rates were outweighed by the first quarter 2004 pre-tax charge of \$145 million resulting from a cumulative adjustment to the leasing portfolio, which was triggered under Statement of Financial Accounting on Standards No. 13. ("SFAS 13"). Excluding this charge, net interest income on

a taxable equivalent basis for the first nine months of 2004 equaled \$1,283 million, an increase of \$66 million from last year. The reported year-to-date net interest income spread was 1.62% in 2004 compared with 1.99% in 2003, while the net yield on interest earning assets was 1.87% in 2004 and 2.24% in 2003.

**NONINTEREST EXPENSE AND INCOME TAXES**

(Dollars in millions)	3rd	2nd	3rd	Year-to-date	
	Quarter	Quarter	Quarter	2004	2003
	2004	2004	2003	2004	2003
Salaries and Employee Benefits	\$ 564	\$ 570	\$ 533	\$1,708	\$1,454
Net Occupancy	77	72	69	230	192
Furniture and Equipment	51	51	50	153	134
Clearing	39	44	42	131	111
Sub-custodian Expenses	21	22	18	65	53
Software	52	50	45	151	123
Communications	22	23	24	69	68
Amortization of Intangibles	9	8	8	26	18
Merger and Integration Costs	-	-	23	-	48
GMAC Settlement	-	-	78	-	78
Other	164	172	149	492	402
Total Noninterest Expense	\$ 999	\$ 1,012	\$ 1,039	\$3,025	\$2,681
	=====	=====	=====	=====	=====

Noninterest expense for the third quarter of 2004 was \$999 million, compared with \$1,012 million in the prior quarter and \$1,039 million in the third quarter of 2003. The decrease principally reflects lower incentive compensation tied to revenues, lower volume-related clearing and sub-custodian expenses as well as a decline in legal and travel & entertainment expenses. Net occupancy increased by \$5 million reflecting expansion of regional facilities.

The third quarter of 2003 results included \$23 million of merger and integration costs related to the Pershing acquisition and \$78 million of net costs related to the GMAC settlement. After excluding these items, the net growth in expenses from a year ago principally reflects higher staff and occupancy costs. Salaries and employee benefits were up reflecting higher staffing levels due to business expansion as well as higher stock option expense and a lower pension credit. Occupancy increased due to the expansion of regional facilities.

For the first nine months of 2004, noninterest expense was \$3,025 million, up 13% compared to \$2,681 million from the equivalent period of 2003.

Noninterest expense in 2003 includes \$126 million of costs related to the Pershing merger and integration and the GMAC settlement. The growth in expenses versus a year ago mainly reflects the full period impact of the Pershing acquisition as well as the same factors affecting the comparisons with last year's third quarter.

The effective tax rate for the third quarter of 2004 was 34.3%, compared to 34.2% in the second quarter and 33.4% in the third quarter of 2003. The increase from the third quarter of 2003 reflects the tax benefit on the GMAC settlement in 2003. The effective tax rate for the nine month period ended September 30, 2004 was 30.9%, compared with 34.3% for the nine month period ended September 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 \$93.2 billion at September 30, 2004, compared with \$97.5 billion at June 30, 2004, and \$95.2 billion at September 30, 2003. The decrease in assets reflects lower market activity levels, which resulted in a lower level of customer deposits at quarter end. Total shareholders' equity increased to \$9.1 billion at September 30, 2004, compared with \$8.8 billion at June 30, 2004, and \$8.2 billion at September 30, 2003. The increase in shareholders' equity from the prior quarter reflects retention of earnings and an increase in the securities valuation allowance. 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 third quarter of 2004 was 15.90%, compared with 17.14% in the second quarter of 2004, and 12.82% in the third quarter of 2003. Return on average assets for the third quarter of 2004 was 1.45%, compared with 1.49% in the second quarter of 2004, and 1.06% in the third quarter of 2003. For the nine months of 2004, return on average common equity was 16.73% compared with 15.23% in 2003, while return on average assets was 1.47% compared with 1.27% in 2003.

The Company's estimated regulatory Tier 1 capital and Total capital ratios were 8.10% and 12.13% at September 30, 2004, compared with 7.70% and 11.63% at June 30, 2004, and 7.08% and 11.18% at September 30, 2003. The

regulatory leverage ratio was 6.39% at September 30, 2004, compared with 6.00% at June 30, 2004, and 5.64% at September 30, 2003. The Company's tangible common equity as a percentage of total assets was 5.49% at September 30, 2004 up from 4.95% at June 30, 2004 and 4.65% at September 30, 2003. The sequential quarter improvement in the TCE ratio reflects the retention of earnings, an increase in the mark-to-market on the investment portfolio and a smaller balance sheet.

**CREDIT LOSS PROVISION AND NET CHARGE-OFFS**

(Dollars in millions)	<u>3rd</u> <u>Quarter</u> <u>2004</u>	<u>2nd</u> <u>Quarter</u> <u>2004</u>	<u>3rd</u> <u>Quarter</u> <u>2003</u>	<u>Year-to-date</u>	
	2004	2004	2003	2004	2003
Provision	\$ -	\$ 10	\$ 40	\$ 22	\$ 120
Net Charge-offs:					
Commercial	\$ (4)	\$ (11)	\$ (25)	\$ (21)	\$ (85)
Foreign	(9)	(8)	(12)	(26)	(18)
Other	(1)	-	(4)	(1)	(15)
Consumer	(5)	(6)	(6)	(22)	(16)
Total	\$ (19)	\$ (25)	\$ (47)	\$ (70)	\$ (134)
Other Real Estate Expenses	\$ -	\$ -	\$ -	\$ -	\$ -

No provision was taken in the third quarter of 2004 compared to \$10 million in the second quarter of 2004 and \$40 million in the third quarter of 2003. The absence of any provision reflects the improved quality of the loan portfolio and the continued decline in nonperforming and criticized assets. For the first nine months of 2004, the provision was \$22 million compared with \$120 million in 2003.

The allowance for credit losses was \$756 million at September 30, 2004, \$775 million at June 30, 2004, and \$817 million at September 30, 2003. The allowance for credit losses as a percent of non-margin loans was 2.42% at September 30, 2004, compared with 2.42% at June 30, 2004, and 2.55% at September 30, 2003.

(Dollars in millions)	September 30, 2004	June 30, 2004	September 30, 2003
Margin Loans	\$ 5,911	\$ 6,114	\$ 5,472
Non-Margin Loans	31,208	32,091	32,068
Total Loans	37,119	38,205	37,540
Allowance for Loan Losses	598	598	665
Allowance for Lending-Related Commitments	158	177	152
Total Allowance for Credit Losses*	756	775	817
Allowance for Loan Losses As a Percent of Total Loans	1.61%	1.57%	1.77%
Allowance for Loan Losses As a Percent of Non-Margin Loans	1.92	1.86	2.07
Allowance for Credit Losses As a Percent of Total Loans	2.04	2.03	2.18
Allowance for Credit Losses As a Percent of Non-Margin Loans	2.42	2.42	2.55

\* See Note (2)

#### NONPERFORMING ASSETS

(Dollars in millions)	9/30/04	6/30/04	Change 9/30/04 vs. 6/30/04
Loans:			
Commercial	\$ 209	\$ 208	\$ 1
Foreign	27	53	(26)
Other	50	50	-
Total Nonperforming Loans	286	311	(25)
Other Real Estate	1	-	1
Total Nonperforming Assets	\$ 287	\$ 311	\$ (24)
Nonperforming Assets Ratio	0.9%	1.0%	
Allowance for Loan Losses/Nonperforming Loans	209.0	192.2	
Allowance for Loan Losses/Nonperforming Assets	208.1	192.2	
Allowance for Credit Losses/Nonperforming Loans	264.4	249.1	
Allowance for Credit Losses/Nonperforming Assets	263.3	249.1	

Nonperforming assets declined by \$24 million, or 8%, during the third quarter to \$287 million and are down 26% from a year ago. The sequential quarter decrease primarily reflects paydowns and charge-offs of foreign loans. The ratio of the allowance for credit losses to nonperforming assets increased to 263.3% at September 30, 2004, compared with 249.1% at June 30, 2004, and 210.5% at September 30, 2003.

## **OTHER DEVELOPMENTS**

In September 2004, the Company formed a strategic alliance with Wilshire Associates, one of the world's leading providers of global risk services, to meet the increasingly sophisticated risk management demands of institutional investors. As part of the strategic alliance, the Company and Wilshire Analytics, a business unit of Wilshire Associates, will integrate their comprehensive selection of risk services, including performance measurement, analytics, fixed income and equity attribution, universe comparisons, compliance, risk budgeting, and advanced risk measures. Altogether, the Company and Wilshire provide global risk services to more than 600 institutional investor clients that manage approximately \$14 trillion in assets.

In September 2004, the Company agreed to acquire the execution and commission management assets of Wilshire Associates. Under the terms of the agreement, BNY Brokerage will assume Wilshire's client relationships in these businesses.

In September the Company announced its appointment by RCM (UK) Ltd, part of the Allianz Dresdner Asset Management Group, to offer comprehensive middle and back office outsourcing services in the UK for \$8.75 billion of assets under management. This follows the Company's appointment earlier this year by RCM Capital Management LLC to provide outsourcing services to its San Francisco operations. Taken together these two appointments mark the first time an asset manager has outsourced operations on two continents to a single strategic global platform, demonstrating the Company's market leading capabilities.

In August the Company announced its appointment by Threadneedle Investments to outsource its fund administration and transfer agency operations in the UK. This deal provides the Company with added scale and expertise in these businesses, positioning it well for further expansion in continental Europe.

**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 10:00 am ET. The presentation will be accessible from the Company's website at [www.bankofny.com/earnings](http://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) 360-8712 within the United States or (203)369-0180 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](http://www.bankofny.com).

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## **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 and changes in other economic conditions, 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 Second Quarter 2004 Form 10-Q which have been filed with the SEC and are available at the SEC's website ([www.sec.gov](http://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)

	September 30, 2004 -----	June 30, 2004 -----	September 30, 2003 -----
<u>Quarter</u>			
Revenue (tax equivalent basis)	\$ 1,747	\$ 1,775	\$ 1,647
Net Income	354	371	260
Basic EPS	0.46	0.48	0.34
Diluted EPS	0.46	0.48	0.34
Cash Dividends Per Share	0.20	0.20	0.19
Return on Average Common Shareholders' Equity	15.90%	17.14%	12.82%
Return on Average Assets	1.45	1.49	1.06
Efficiency Ratio	65.2	63.9	70.7
<u>Year-to-date</u>			
Revenue (tax equivalent basis)	\$ 5,197	\$ 3,450	\$ 4,676
Net Income	1,089	735	850
Basic EPS	1.41	0.95	1.14
Diluted EPS	1.40	0.94	1.13
Cash Dividends Per Share	0.59	0.39	0.57
Return on Average Common Shareholders' Equity	16.73%	17.15%	15.23%
Return on Average Assets	1.47	1.48	1.27
Efficiency Ratio	66.0	66.3	65.5
Assets	\$ 93,175	\$ 97,536	\$ 95,193
Loans	37,119	38,205	37,540
Securities	23,246	22,986	22,862
Deposits - Domestic	34,786	36,279	35,660
- Foreign	23,654	24,781	23,283
Long-Term Debt	6,137	6,025	6,298
Common Shareholders' Equity	9,054	8,785	8,223
Common Shareholders' Equity Per Share	\$ 11.66	\$ 11.29	\$ 10.63
Market Value Per Share of Common Stock	29.17	29.48	29.11
Allowance for Credit Losses as a Percent of Total Loans	2.04%	2.03%	2.18%
Allowance for Credit Losses as a Percent of Non-Margin Loans	2.42	2.42	2.55
Allowance for Loan Losses as a Percent of Total Loans	1.61	1.57	1.77
Allowance for Loan Losses as a Percent of Non-Margin Loans	1.92	1.86	2.07
Tier 1 Capital Ratio	8.10	7.70	7.08
Total Capital Ratio	12.13	11.63	11.18
Leverage Ratio	6.39	6.00	5.64
Tangible Common Equity Ratio	5.49	4.95	4.65
Employees	23,034	23,001	22,926
Assets Under Custody (In trillions)			
Total Assets Under Custody	\$ 8.9	\$ 8.7	\$ 7.9
Equity Securities	33%	34%	32%
Fixed Income Securities	67	66	68
Cross-Border Assets Under Custody	\$ 2.5	\$ 2.4	\$ 2.2
Assets Under Administration (In billions)	\$ 31	\$ 32	\$ 32
Assets Under Management (In billions)			
Total Assets Under Management	97	93	85
Equity Securities	35%	36%	31%
Fixed Income Securities	21	22	22
Alternative Investments	15	14	10
Liquid Assets	29	28	37

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2004	2003	2004	2003
<u>Interest Income</u>				
Loans	\$ 290	\$ 284	\$ 680	\$ 904
Margin loans	40	31	108	54
Securities				
Taxable	181	162	543	477
Exempt from Federal Income Taxes	10	11	30	37
	191	173	573	514
Deposits in Banks	77	38	224	109
Federal Funds Sold and Securities Purchased				
Under Resale Agreements	20	22	53	61
Trading Assets	11	27	34	103
	629	575	1,672	1,745
<u>Interest Expense</u>				
Deposits	139	113	384	397
Federal Funds Purchased and Securities Sold				
Under Repurchase Agreements	4	3	10	10
Other Borrowed Funds	9	6	27	13
Customer Payables	14	10	38	19
Long-Term Debt	35	36	95	116
	201	168	554	555
Net Interest Income	428	407	1,118	1,190
Provision for Credit Losses	-	40	22	120
Net Interest Income After Provision for Credit Losses	428	367	1,096	1,070
<u>Noninterest Income</u>				
Servicing Fees				
Securities	685	657	2,117	1,728
Global Payment Services	84	80	245	238
	769	737	2,362	1,966
Private Client Services and Asset Management Fees	113	97	333	281
Service Charges and Fees	98	89	287	278
Foreign Exchange and Other Trading Activities	67	92	273	246
Securities Gains	14	9	59	26
Other	49	39	191	107
	1,110	1,063	3,505	2,904
<u>Noninterest Expense</u>				
Salaries and Employee Benefits	564	533	1,708	1,454
Net Occupancy	77	69	230	192
Furniture and Equipment	51	50	153	134
Clearing	39	42	131	111
Sub-custodian Expenses	21	18	65	53
Software	52	45	151	123
Communications	22	24	69	68
Amortization of Intangibles	9	8	26	18
Merger and Integration Costs	-	23	-	48
GMAC Settlement	-	78	-	78
Other	164	149	492	402
	999	1,039	3,025	2,681
Income Before Income Taxes	539	391	1,576	1,293
Income Taxes	185	131	487	443
Net Income	\$ 354	\$ 260	\$ 1,089	\$ 850
<u>Per Common Share Data:</u>				
Basic Earnings	\$ 0.46	\$ 0.34	\$ 1.41	\$ 1.14
Diluted Earnings	0.46	0.34	1.40	1.13
Cash Dividends Paid	0.20	0.19	0.59	0.57
Diluted Shares Outstanding	778	774	778	753

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

	September 30, 2004	December 31, 2003
<b>Assets</b>		
Cash and Due from Banks	\$ 3,057	\$ 3,843
Interest-Bearing Deposits in Banks	8,856	8,286
Securities		
Held-to-Maturity	1,694	261
Available-for-Sale	21,552	22,642
Total Securities	23,246	22,903
Trading Assets at Fair Value	4,021	5,406
Federal Funds Sold and Securities Purchased		
Under Resale Agreements	5,078	4,829
Loans (less allowance for loan losses of \$598 in 2004 and \$668 in 2003)	36,521	34,615
Premises and Equipment	1,426	1,398
Due from Customers on Acceptances	238	170
Accrued Interest Receivable	356	214
Goodwill	3,386	3,276
Intangible Assets	784	816
Other Assets	6,206	6,641
Total Assets	\$ 93,175	\$ 92,397
<b>Liabilities and Shareholders' Equity</b>		
<b>Deposits</b>		
Noninterest-Bearing (principally domestic offices)	\$ 15,536	\$ 14,789
Interest-Bearing		
Domestic Offices	19,551	19,282
Foreign Offices	23,353	22,335
Total Deposits	58,440	56,406
Federal Funds Purchased and Securities		
Sold Under Repurchase Agreements	1,174	1,039
Trading Liabilities	2,855	2,519
Payables to Customers and Broker-Dealers	7,732	10,192
Other Borrowed Funds	851	834
Acceptances Outstanding	239	172
Accrued Taxes and Other Expenses	4,222	4,256
Accrued Interest Payable	174	82
Other Liabilities (including allowance for lending-related commitments of \$158 in 2004 and \$136 in 2003)	2,297	2,348
Long-Term Debt	6,137	6,121
Total Liabilities	84,121	83,969
<b>Shareholders' Equity</b>		
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 1,044,113,939 shares in 2004 and 1,039,968,482 shares in 2003	7,831	7,800
Additional Capital	1,736	1,647
Retained Earnings	5,964	5,330
Accumulated Other Comprehensive Income	28	72
Total Shareholders' Equity	15,559	14,849
Less: Treasury Stock (267,225,571 shares in 2004 and 264,649,827 shares in 2003), at cost	6,504	6,420
Loan to ESOP (126,960 shares in 2004 and 126,960 shares in 2003), at cost	1	1
Total Shareholders' Equity	9,054	8,428
Total Liabilities and Shareholders' Equity	\$ 93,175	\$ 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 September 30, 2004			For the three months ended September 30, 2003		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
<b>ASSETS</b>						
-----						
Interest-Bearing						
Deposits in Banks (primarily foreign)	\$11,416	\$ 77	2.69%	\$ 7,085	\$ 38	2.12%
Federal Funds Sold and Securities						
Purchased Under Resale Agreements	6,443	20	1.22	9,200	22	0.96
Margin Loans	6,315	40	2.50	5,419	31	2.25
Loans:						
Domestic Offices	21,333	218	4.06	21,409	208	3.86
Foreign Offices	9,939	72	2.89	10,571	76	2.85
	-----	-----		-----	-----	
Non-Margin Loans	31,272	290	3.69	31,980	284	3.52
	-----	-----		-----	-----	
Securities						
U.S. Government Obligations	450	3	2.64	313	2	3.00
U.S. Government Agency Obligations	3,560	30	3.37	3,464	30	3.44
Obligations of States and						
Political Subdivisions	227	4	8.29	311	6	7.17
Other Securities	18,236	162	3.55	16,516	144	3.49
Trading Securities	1,587	11	2.81	4,357	27	2.47
	-----	-----		-----	-----	
Total Securities	24,060	210	3.50	24,961	209	3.35
	-----	-----		-----	-----	
Total Interest-Earning Assets	79,506	637	3.19%	78,645	584	2.94%
	-----	-----		-----	-----	
Allowance for Credit Losses	(592)			(822)		
Cash and Due from Banks	3,027			2,914		
Other Assets	15,414			16,416		
	-----			-----		
TOTAL ASSETS	\$97,355			\$97,153		
	=====			=====		
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
-----						
Interest-Bearing Deposits						
Money Market Rate Accounts	\$ 6,474	\$ 13	0.83%	\$ 7,657	\$ 13	0.67%
Savings	9,296	16	0.70	9,281	17	0.72
Certificates of Deposit						
\$100,000 & Over	3,640	14	1.56	3,840	14	1.47
Other Time Deposits	934	4	1.61	1,183	4	1.49
Foreign Offices	25,227	92	1.44	24,452	65	1.06
	-----	-----		-----	-----	
Total Interest-Bearing Deposits	45,571	139	1.22	46,413	113	0.97
Federal Funds Purchased and						
Securities Sold Under Repurchase						
Agreements	1,572	4	1.12	1,687	3	0.68
Other Borrowed Funds	2,416	9	1.51	2,464	6	1.00
Payables to Customers and Broker-Dealers	5,785	14	0.95	5,407	10	0.72
Long-Term Debt	6,083	35	2.26	6,310	36	2.27
	-----	-----		-----	-----	
Total Interest-Bearing Liabilities	61,427	201	1.31%	62,281	168	1.07%
	-----	-----		-----	-----	
Noninterest-Bearing Deposits	14,576			13,266		
Other Liabilities	12,489			13,555		
Common Shareholders' Equity	8,863			8,051		
	-----			-----		
TOTAL LIABILITIES AND						
SHAREHOLDERS' EQUITY	\$97,355			\$97,153		
	=====			=====		
Net Interest Earnings						
and Interest Rate Spread		\$ 436	1.88%		\$ 416	1.87%
		=====	=====		=====	=====
Net Yield on Interest-Earning Assets			2.18%			2.10%
			=====			=====

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

	For the nine months ended September 30, 2004			For the nine months ended September 30, 2003		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
<b>ASSETS</b>						
-----						
Interest-Bearing						
Deposits in Banks (primarily foreign)	\$11,960	\$ 224	2.50%	\$ 6,381	\$ 109	2.28%
Federal Funds Sold and Securities						
Purchased Under Resale Agreements	6,964	53	1.02	7,394	61	1.11
Margin Loans	6,330	108	2.29	3,133	54	2.33
Loans:						
Domestic Offices	21,547	483	2.99	20,124	642	4.27
Foreign Offices	9,364	197	2.81	11,799	262	2.97
	-----	-----		-----	-----	
Non-Margin Loans	30,911	680	2.94	31,923	904	3.79
	-----	-----		-----	-----	
Securities:						
U.S. Government Obligations	456	8	2.47	282	8	3.55
U.S. Government Agency Obligations	3,955	98	3.29	3,246	93	3.82
Obligations of States and Political Subdivisions	236	13	7.23	348	19	7.10
Other Securities	18,169	474	3.48	15,234	421	3.69
Trading Securities	2,139	34	2.17	4,802	103	2.88
	-----	-----		-----	-----	
Total Securities	24,955	627	3.35	23,912	644	3.59
	-----	-----		-----	-----	
Total Interest-Earning Assets	81,120	1,692	2.79%	72,743	1,772	3.26
	-----	-----		-----	-----	
Allowance for Credit Losses	(633)			(826)		
Cash and Due from Banks	2,947			2,825		
Other Assets	15,695			14,837		
	-----			-----		
TOTAL ASSETS	\$99,129			\$89,579		
	=====			=====		
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
-----						
Interest-Bearing Deposits:						
Money Market Rate Accounts	\$ 6,648	\$ 36	0.73%	\$ 7,493	\$ 48	0.86%
Savings	9,267	47	0.68	8,971	54	0.81
Certificates of Deposit						
\$100,000 & Over	3,847	39	1.33	4,402	54	1.62
Other Time Deposits	967	11	1.55	1,268	16	1.62
Foreign Offices	25,874	251	1.30	24,051	225	1.25
	-----	-----		-----	-----	
Total Interest-Bearing Deposits	46,603	384	1.10	46,185	397	1.15
	-----	-----		-----	-----	
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	1,599	10	0.82	1,470	10	0.90
Other Borrowed Funds	2,400	27	1.50	1,510	13	1.17
Payables to Customers and Broker-Dealers	6,521	38	0.78	3,160	19	0.79
Long-Term Debt	6,143	95	2.04	6,077	116	2.54
	-----	-----		-----	-----	
Total Interest-Bearing Liabilities	63,266	554	1.17%	58,402	555	1.27%
	-----	-----		-----	-----	
Noninterest-Bearing Deposits	14,465			12,341		
Other Liabilities	12,701			11,370		
Common Shareholders' Equity	8,697			7,466		
	-----			-----		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$99,129			\$89,579		
	=====			=====		
Net Interest Earnings and Interest Rate Spread		\$ 1,138	1.62%		\$ 1,217	1.99%
		=====	=====		=====	=====
Net Yield on Interest-Earning Assets			1.87%			2.24%
			=====			=====

**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.

(3) The Company believes that providing supplemental non-GAAP financial information is useful to investors in understanding the underlying operational performance of the Company and its businesses and performance trends and, therefore, facilitates comparisons with the performance of other financial service companies. Specifically, the Company believes that the exclusion of the Pershing merger and integration costs, and the settlement with GMAC, permits evaluation and a comparison of results for ongoing business operations, and it is on this basis that the Company's management internally assesses performance. Although the Company believes that the non-GAAP financial measures presented in this report enhance investors' understanding of the Company's business and performance, these non-GAAP measures should not be considered an alternative to GAAP.

The following is a reconciliation of 2003 reported net income to net income on an operating basis:

(Dollars in millions)	For the quarter ended September 30, 2003	Year-to-date September 30, 2003
Reported Net Income	\$ 260	\$ 850
Pershing Merger and Integration Costs	23	48
GMAC Settlement	78	78
Tax Effect	(39)	(48)
Operating Net Income	\$ 322	\$ 928

The following is a reconciliation of 2003 reported earnings per share to earnings per share on an operating basis:

(Dollars in millions)	For the quarter ended September 30, 2003	Year-to-date September 30, 2003
Reported Earnings per Share	\$ 0.34	\$ 1.13
Pershing Merger and Integration Costs	0.02	0.04
GMAC Settlement	0.06	0.06
Operating Earnings per Share	\$ 0.42	\$ 1.23