



**The Bank of New York Company, Inc.**  
*Lehman Brothers Financial Services Conference*

**May 11, 2005**



## Cautionary Language

---

The forward looking statements presented today including, among other things, projections with respect to revenue and earnings growth and the Company's plans and objectives are subject to risks and uncertainties that could cause actual results to differ materially from the projections. 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, inaccuracies in management projections or market forecasts, the actions that management could take in response to these changes and other factors described in the SEC filings referred to below.

For additional detailed information, we refer you to the discussions under the heading "Forward Looking Statements and Factors That Could Affect Future Results" in the Company's 2004 10-K and our most recent 10-Q filed with the SEC.

The forward looking statements speak only as of May 11, 2005. We will not update forward looking statements to reflect facts, assumptions, circumstances, or events which have changed after they were made.

*The* **BANK of** **NEW YORK**

## Today's Agenda

---

- **Overview of our franchise**
  - **1Q '05 recap**
- **Update on European strategy**
- **Update on '05 key priorities**
  - **Accelerating revenue momentum**
  - **Managing cost base lower**
- **Summary**



*The* **BANK of** **NEW YORK**

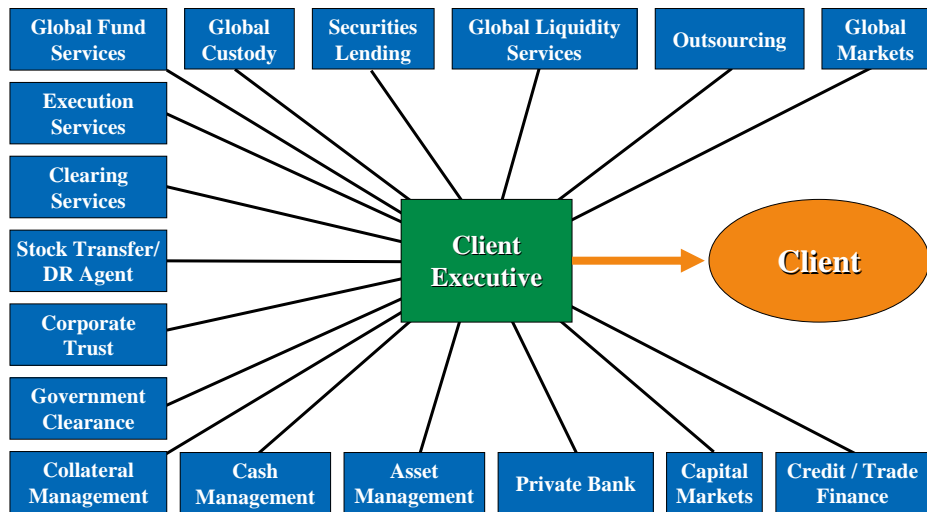
## A Uniquely Positioned Franchise

- We help financial institutions, corporations and individual investors move and manage financial assets globally
- Our largest client constituency is a diverse range of financial institutions
  - Banks & central banks
  - Insurance companies
  - Investment managers
  - Public sector entities
  - Securities firms
  - Endowments & foundations
- We leverage our servicing capabilities to meet the wide-ranging needs of an extensive corporate client base
- We provide investment and wealth management solutions for individuals

A global leader helping our clients succeed in the world's rapidly evolving financial markets

*The* **BANK** of **NEW YORK**

## Effectively Leveraging Broad Product Capability



*The* **BANK** of **NEW YORK**

## **Differentiating Characteristics**

---

- **Broadest array of products and services to meet the needs of our clients**
- **A market leader in all key servicing businesses**
- **Proven ability to generate new products and serve new markets**
- **Proactive and consistent expense management**

**Business model well positioned to benefit from long-term trends**

*The* **BANK of** **NEW YORK**

## **Attractive Long-Term Trends Support Growth**

---

- **Growth of worldwide financial assets**
- **Globalization of investment activity**
- **Changing market structures**
- **Continuing industry consolidation**
- **Accelerating outsourcing trend**
- **Attractive international growth prospects**

*The* **BANK of** **NEW YORK**

## First Quarter Financial Summary

	1Q/05	4Q/04	1Q/04
EPS	\$0.49	\$0.45	\$0.47
ROE	16.52%	15.34%	17.17%
Tier 1 Capital Ratio	8.13%	8.31%	7.60%
TCE Ratio	5.48%	5.56%	5.22%

*The* BANK of NEW YORK

## First Quarter Financial Results

- **Securities servicing up 1% sequentially and 5% vs. a year ago**
  - Strong performance in investor services and broker-dealer services partly offset by lower execution services fees
- **PCS & AM up 5% sequentially and 12% vs. a year ago**
  - Paced by Ivy Asset Management
- **Lower fees in non-core areas impacted growth**
  - Service charges & fees, securities gains, other

*The* BANK of NEW YORK

## **First Quarter Financial Results (Cont'd)**

---

- **NII up 2% sequentially and 10% from a year ago**
  - Good balance sheet positioning
  - Attractive deposit base
- **Expenses well controlled**
- **Credit trends continued to be favorable**

*The* **BANK of** **NEW YORK**

## **First Quarter Securities Servicing Performance**

---

- **Investor services up 10% sequentially and 16% from a year ago**
  - Fueled by new business wins
- **Broker-dealer services up 8% sequentially and 12% from a year ago**
  - Continued new business in collateral management and increased volumes
- **Execution & clearing down 3% sequentially and vs. a year ago**
  - Execution impacted by lower transition management activity, fewer trading days, lower year over year non-program market volumes
- **Issuer services down 7% sequentially and up 1% vs. a year ago**
  - Seasonality in DRs impacted sequential results

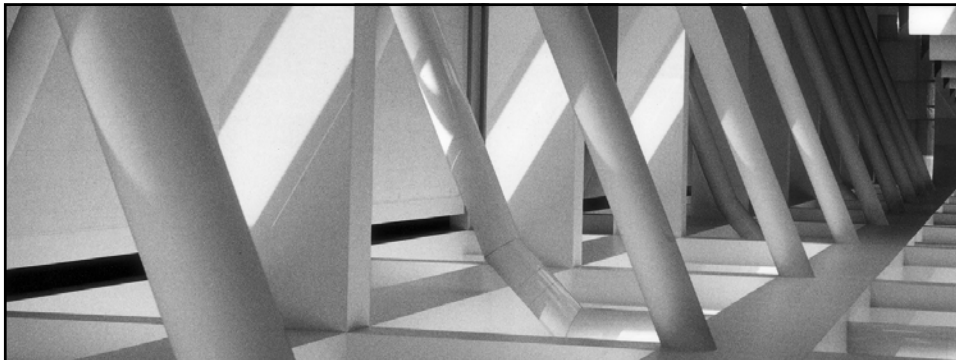
*The* **BANK of** **NEW YORK**

## **Balance Sheet / Capital Management**

---

- **Above target capital ratios provide flexibility**
- **Purchased 3.5 million shares in Q1**
- **Recently announced Lynch, Jones & Ryan acquisition**
- **Balance sheet remains asset sensitive**

*The* **BANK of** **NEW YORK**



## **Update on European Strategy**

*Timothy F. Keaney*

*EVP*

*The* **BANK of** **NEW YORK**

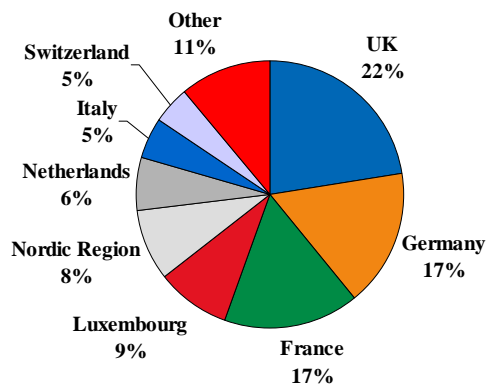
## European Overview

- Region generates 29% of institutional servicing and fiduciary fees
- Market leader across targeted client segments
  - Investment managers
  - Broker-dealers
  - Pension funds
  - Commercial and central banks
  - Corporates - cross-border issuers
- Favorable secular trends and the expansion of our offerings support 14 to 16% long-term growth

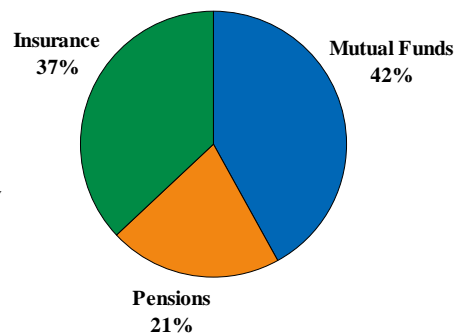
The BANK of NEW YORK

## Europe Represents a \$16 Trillion Asset Market

Largest 4 countries represent 65% of assets



Mutual Funds represent the largest asset pool



Sources: Investment & Pensions Europe, EFAMA, CEA, The Bank of New York

The BANK of NEW YORK

## Well Positioned in Europe

- **A leading provider throughout the region**
  - \$3.9 trillion of AUC worldwide for Europe based clients
  - Top 3 provider in key product lines – offshore fund services, custody, issuer services, correspondent clearing
- **Over 1,100 relationships across all client segments**
  - 19 of the top 25 European investment managers
  - 31 of the top 50 European insurance groups
  - 40 of the top 50 European banks
  - 35 of the top 100 UK corporate pension funds
- **4,700 staff deployed throughout Europe**
- **Operational presence in UK, Belgium and Luxembourg**
- **Relationship management presence in key European centres**

*The* **BANK** of **NEW YORK**

## Sustaining Revenue Momentum Across Segments

### Asset Managers

- **ING Investment Managers**                      **BNY SmartSource<sup>sm</sup> – €67 billion in assets**
- **Abbey National Asset Managers**            **Global Custody – £30 billion in assets**

### Pension Funds

- **Electricity Supply Pension Scheme**    **Commission recapture**

### Insurance Companies

- **Aon Asset Management**                      **Investor Services – \$1.5 billion in assets**
- **Prudential Asset Management**            **Fund administration – \$1.8 billion**

### Banks

- **Natexis Banques Populaires**            **Global Custody – €80 billion in assets**

### Corporates

- **Thomson SA**                                      **Depository Receipts**
- **J Sainsbury**                                      **Depository Receipts**
- **Travelex**                                         **T/C clearance & asset management**

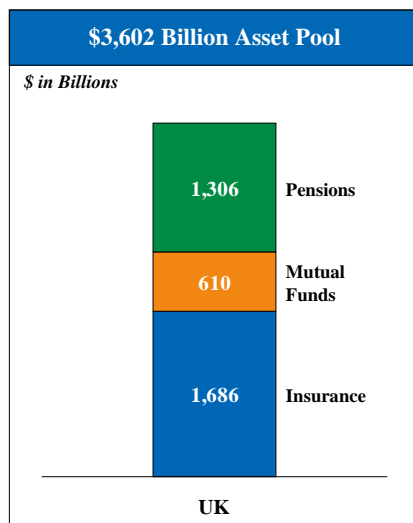
*The* **BANK** of **NEW YORK**

## Growth Opportunities Across Many Dimensions

- **Countries**
  - Increase presence in markets with attractive growth characteristics
  - Selectively augment global capabilities with expanded local market capabilities
- **Client segments**
  - Develop partnerships with long-term winners
  - Support our clients as they develop new products and enter new markets
- **Product lines**
  - Expand relationships through solution-driven cross-selling
  - Acquire/venture to build out product and market presence

The BANK of NEW YORK

## Country Focus: UK



### Key Market Characteristics

- Established, mature market
- Pensions and mutual funds driving growth
- Outsourcing well-accepted

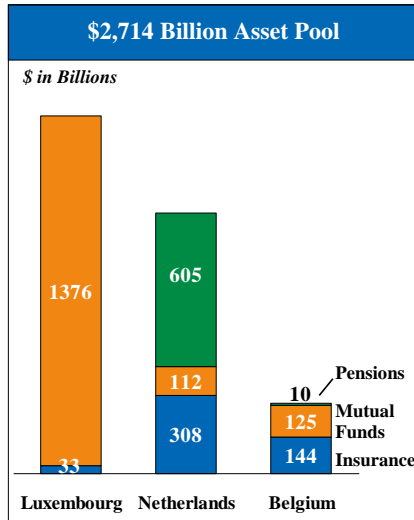
### BNY Approach to Market

- Long standing local provider (3,000 staff)
- Leading market positions
  - 17% UK pensions sector
  - 20% retail fund administration
- Active in transformational transactions
  - Threadneedle, RCM (UK), Standard Life
- Expanding service offering to increase cross-sell opportunities
  - Pershing, execution services

Sources: Investment & Pensions Europe, EFAMA, CEA, The Bank of New York

The BANK of NEW YORK

## Country Focus: Benelux Region



### Key Market Characteristics

- Luxembourg is largest offshore fund centre
- Universal bank model in Belgium, Netherlands
- Financial institutions focusing on core activities

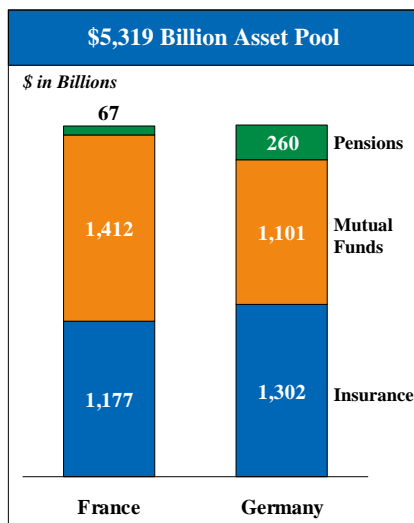
### BNY Approach to Market

- Expanding funds capability in Luxembourg
  - Support US, UK and European fund sponsors
  - Continental Fund Services acquisition
- Direct operational presence in Luxembourg (90 staff) and Belgium (900 staff)
- Local market access in Belgium and Netherlands through ING alliance

Sources: Investment & Pensions Europe, EFAMA, CEA, The Bank of New York

The BANK of NEW YORK

## Country Focus: France and Germany



### Key Market Characteristics

- Assets concentrated with top 5 local providers
- Pension reforms driving growth in assets
- Increasing focus on core activities

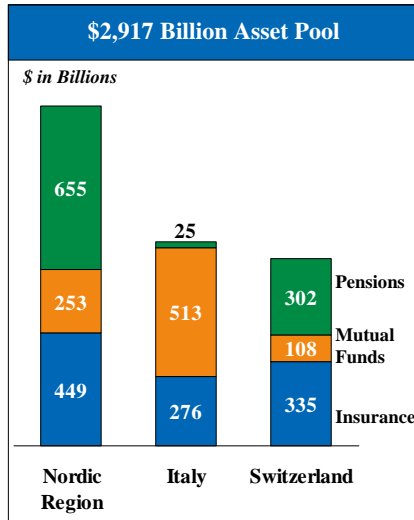
### BNY Approach to Market

- Serving clients through local representative offices and branches
- Increasing demand for expanding global product range
- Recognize need for local market insight and expertise to complement global capability
- Where appropriate, partner with leading local provider to achieve market presence
  - Natexis

Sources: Investment & Pensions Europe, EFAMA, CEA, The Bank of New York

The BANK of NEW YORK

## Country Focus: Other Major Markets



Sources: Investment & Pensions Europe, EFAMA, CEA, The Bank of New York

### Key Market Characteristics

- Nordics – Recent period of consolidation; investors increasingly global in outlook
- Italy – Large funds market; small number of universal banks dominate investment sector
- Switzerland – Mature market; large local and private banks with global investor expertise

### BNY Approach to Markets

- Serving clients through local or regional representative offices
- Continue to deliver growing product range leveraging existing securities servicing base
- Where appropriate, consider partnering to achieve market presence

The BANK of NEW YORK

## Client Focus: European Asset Managers

### Sector Change Drivers

- Increased focus on core activities
- Cost pressures and the decision to outsource or not
- Growing use of alternative asset classes
- Emergence of new distribution platforms
- Entrance of international players in local markets

### Key Market Characteristics

- \$8.7 trillion managed by the largest 100 European Asset Managers
- Significant transformation in the sector

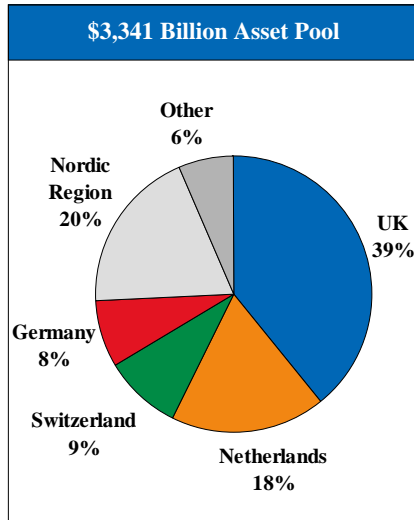
### BNY Approach to Client Segment

- Long standing provider of solutions to the Asset management sector
- Fully established product range to enable Asset Managers to achieve their goals
- Continue to support our clients with expanding product suite and in multiple locations
- Innovative product development to continue to support clients – e.g. hedge fund administration

Source: The Bank of New York

The BANK of NEW YORK

## Client Focus: Pension Funds



### Key Market Characteristics

- Pension assets concentrated in 5 markets
- Different structures in different countries
- Continued move towards DC

### BNY Approach to Client Segment

- Largest provider to UK pension funds with 140 direct plan sponsor clients
- Key growth opportunity on the Continent
- Enhancing key product offerings
  - Risk services – Wilshire alliance
  - Commission recapture – LJR acquisition
- Continue to broaden product range
  - Fund accounting, Dutch regulatory reporting, transition management

Sources: Investment & Pensions Europe, The Bank of New York

The BANK of NEW YORK

## The Bank of New York in Europe – Summary

- Well positioned to benefit from favorable secular trends
- Strong new business momentum
- Participating in transformational deals in the region
- Focused on delivering revenue growth to the bottom line

The BANK of NEW YORK



## **Update on 2005 Key Priorities**

*The* **BANK of** **NEW YORK**

### **2005 Key Management Priorities**

---

- **Accelerating revenue momentum**
- **Managing costs lower**
- **Concluding current regulatory reviews**
- **Enhance service delivery to clients**

*The* **BANK of** **NEW YORK**

## **Delivering On Key Revenue Growth Opportunities**

### **Hedge fund servicing**

- Well-positioned with comprehensive and advanced product offering
- Grew AUA to \$62 billion at 3/31/05 from \$48 billion at 12/31/04 and \$30 billion at 12/31/03

### **Plan Sponsors**

- Diversity and sophistication of our products positions us to meet growing demand for bundled services and advanced technology
- Enhancing our product suite in key areas – risk services, commission recapture
- 14 new investor services clients YTD with AUC of \$12 billion

*The* BANK of NEW YORK

## **Delivering On Key Revenue Growth Opportunities**

### **Asian market**

- Well positioned in region with diverse product set
- Expanding our presence and reach in the region
  - Ivy's new Tokyo office
  - Mizuho alliance
  - Trust Company of Australia Joint venture

### **Collateral management**

- Developing new products to meet client financing needs
- Expanding domestic and international client base
- Grew tri-party volume to over \$1 trillion, up > 33% from 12/03

*The* BANK of NEW YORK

## **Delivering On Key Revenue Growth Opportunities**

---

### **Registered investment advisor market**

- **Current market share less than 5% – significant upside**
- **Targeting market with extensive BNY/Pershing product offering**
- **20 new clients in 1Q totaling \$7 billion in AUA**

### **Separately managed accounts**

- **Broadest range of solutions to program sponsors**
  - **Complete private label program or operational outsourcing**
- **Demonstrating success**
  - **\$29 billion in AUA at 3/31 – up 28% since 12/31/03**

*The* **BANK of** **NEW YORK**

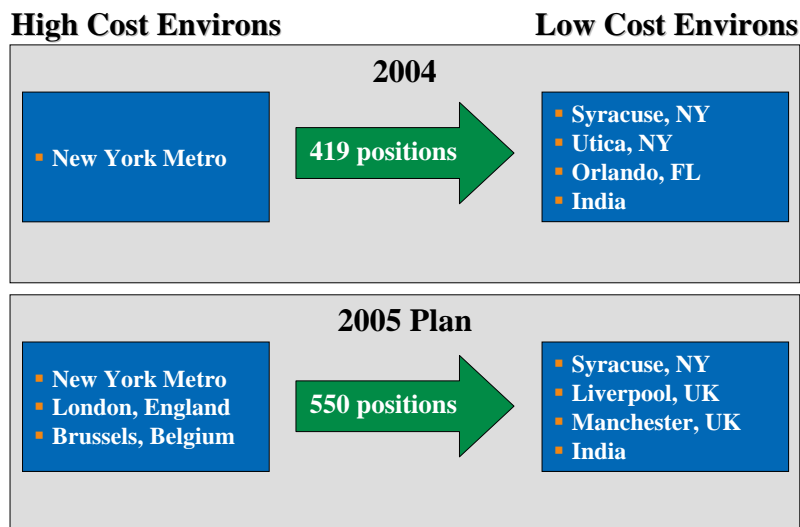
## **Managing Cost Base Lower**

---

- **Moving staff to lower cost environs**
- **Reengineering initiatives**
- **Identifying additional opportunities**

*The* **BANK of** **NEW YORK**

## Staff Moves



*The* BANK of NEW YORK

## Update On Reengineering

- Designing efficient processes and enhancing revenue yields
- Utilize consultants to accelerate the process
- Results so far: \$120 million of cost saves
  - \$40 million realized in '04
  - \$50 million projected incremental saves in '05
  - Additional \$30 million identified so far for '06
- Implemented over \$25 million of revenue enhancements

*The* BANK of NEW YORK

## **Other Opportunities**

---

- **Reduce costs in underperforming areas**
- **Focus on rationalizing acquired infrastructure**
- **Improve efficiency in technology development**

*The* **BANK of** NEW YORK

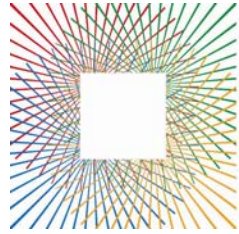
## **Summary**

---

- **Diversity of business model remains a key strength**
- **Strong momentum in Europe**
- **Well-positioned across businesses for continued top-line growth**
- **Committed to delivering positive operating leverage**

**Franchise remains unique and stronger than ever**

*The* **BANK of** NEW YORK



*The* **BANK**  
*of* **NEW YORK** <sup>SM</sup>