

The **BANK**
of **NEW YORK**™



The Bank of New York Company, Inc.

CSFB 2005 Financial Services Conference

February 8, 2005



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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" in the Company's 2003 10-K and our most recent 10-Q filed with the SEC.

The forward looking statements speak only as of February 8, 2005. We will not update forward looking statements to reflect facts, assumptions, circumstances, or events which have changed after they were made.

Today's Agenda

- **Overview of our franchise**
- **2005 Priorities**
- **Capital and balance sheet management**
- **Concluding remarks**



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

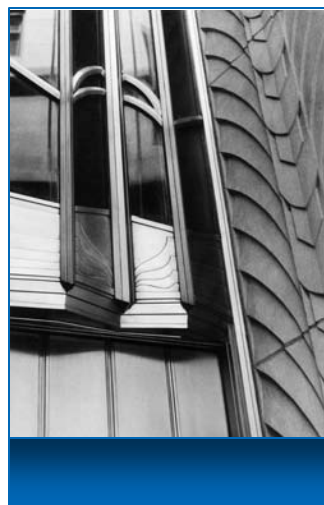
A global leader helping our clients succeed in the world's rapidly evolving financial markets

5

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What Differentiates The Bank of New York

- Market leader in securities servicing
- Leading service provider for broad range of institutions
- Ability to generate new products and serve new markets
- Proactive and consistent expense management



6

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Market Leadership in Securities Servicing

Category	Measure	Rank	Market Share
Global Custody & Fund Services	Assets under custody	1	15%
Depository Receipts	Total programs	1	64%
Corporate Trust	U.S. debt issuance	1	15%
Corresp. Clearing	IBD relationships	1	20%
Government Security Clearance	Average U.S. volume	1	50%
Collateral Management	Average U.S. volume	1	58%
Securities Lending	Loans outstanding	2	15%
ETFs	Assets serviced	2	20%
Stock Transfer	# of shareholders	3	8%

7

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An Unmatched Client Base

- **Extensive relationships with global financial institutions:**
 - ▶ **94 of the top 100 banks**
 - ▶ **71 of the top 75 insurance companies**
 - ▶ **The top 100 investment managers**
 - ▶ **The top 100 broker-dealers**
 - ▶ **63 central banks**
- **250 of the 350 largest U.S. corporates**

8

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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**



2005 Priorities

2005 Key Management Priorities

- **Accelerating revenue momentum**
- **Managing costs lower**
- **Concluding current regulatory reviews**
- **Enhance service delivery to clients**
- **Successful launch of new branding initiative**

Accelerating Revenue Momentum

- **Delivering on key client segment growth opportunities**
 - ▶ **Institutional clients – Investor Services**
 - ▶ **Individual investors – Pershing**
- **Acquisitions in high growth areas**
- **Maintaining focus on traditional client base**
 - ▶ **Greater cross-selling opportunities**
 - ▶ **Clients that deliver operating leverage**

Key Investor Services Client Growth Opportunities

- **European investment managers**
- **Hedge funds**
- **Public sector entities**
- **Corporate pensions**

European Investment Managers

- **Growing demand for accounting, transfer agency and middle office services**
- **Few service providers can meet requirements for pan-European solutions**
- **Selectively partner with large investment managers to expand product and geographic capabilities**
 - ▶ **ING Group**
 - ▶ **Natexis**
- **Expand market share with mid-size asset managers**
 - ▶ **75 names with assets between \$20-\$50 billion**
 - ▶ **RCM, UK – outsourcing**

Hedge Funds

- **Industry assets expected to grow from \$1.5 trillion to \$2.2 trillion by 2010***
- **Comprehensive and advanced product offering**
 - ▶ Administration, execution, research, securities clearance, collateral management, custody, corporate trust, cash management and FX
- **Leveraging relationships with key influencers**
 - ▶ Broker-dealers, execution clients, lawyers, auditors, funds of funds
- **Alternative Investment Services is a growth / success story**
 - ▶ Grew AUA from \$11 billion to \$48 billion over last two years
 - ▶ Objective to become a top 3 player

* Source – The Bank of New York and Casey, Quirk & Acito, September 2004.

15

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Public Sector Entities

- **Target market is 200 public funds with assets > \$1 billion**
 - ▶ Current market penetration approximately 23%
 - ▶ Expanding target market to include supranationals – UN & World Bank
- **Diversity and sophistication of our products positions us to meet growing demand for bundled services and advanced technology**
 - ▶ Custody, securities lending, risk services (Wilshire), accounting, execution, asset management, FX, global payments
- **Strong new business momentum in 2004**
 - ▶ New York City Retirement Systems, Massachusetts PRIM and the World Bank

16

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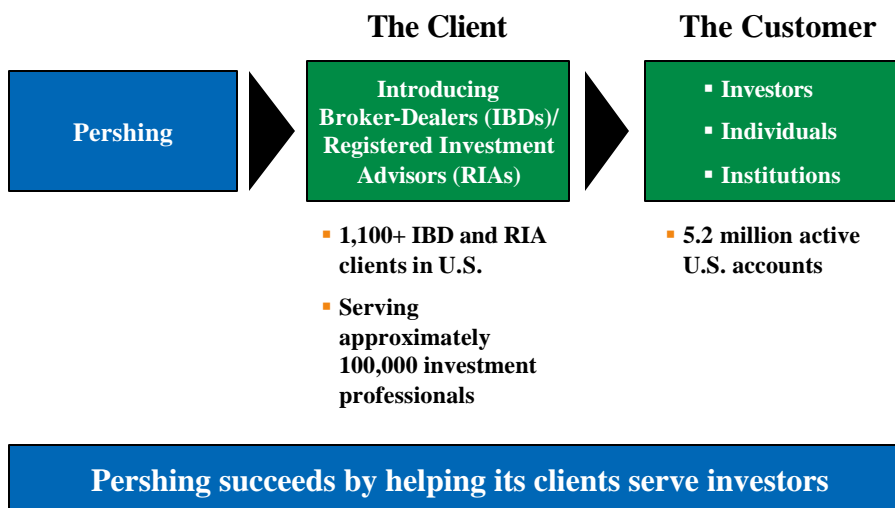
Corporate Pensions

- **Targeting plans with assets up to \$5 billion**
 - ▶ We currently have 13% of this \$600 billion market
- **Mid-sized market strategy (plan assets of \$500 million - \$5 billion)**
 - ▶ 200 key targets - 50% are existing non-pension clients
 - ▶ Access to key decision makers and comprehensive product offering
- **Small-sized market strategy (plan assets up to \$500 million)**
 - ▶ New bundled services offering
- **Focusing on cross-sell opportunities with existing clients**
 - ▶ Risk services (Wilshire), asset management, benefit disbursements, securities lending, FX, execution services
- **Recent wins include Briggs & Stratton, MediaNews and WellChoice**

17

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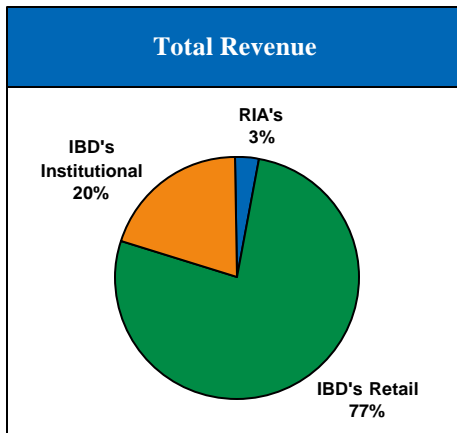
Pershing's Franchise



18

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Key Pershing Growth Opportunities



- **Assist our IBD clients in growing their business**
- **Pursue the RIA market**

Individual investor activity contributed 80% of Pershing's revenue in '04

19

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Introducing Broker-Dealer Growth Opportunities

- **Asset gathering initiatives**
 - ▶ Separately managed accounts
 - ▶ Fee-based brokerage accounts
 - ▶ Mutual fund platform
 - ▶ Retirement products
 - ▶ Directed trust
 - ▶ Annuity platform
- **Expansion of financial planning tools and content**
 - ▶ Naviplan
 - ▶ Research
 - ▶ Jaywalk

20

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Registered Investment Advisor Market

- **RIAs are fee-based investment advisors**
 - ▶ Typical fee structures
 - 75 – 125 bps on AUM plus clearing and other costs
 - On which we make 20 to 50 bps servicing these relationships
- **RIAs manage \$1.5 trillion of financial assets for individuals in the U.S.***
- **Approximately 14,000 RIA firms in the U.S.**
 - ▶ 10,500 broker-dealer affiliated advisors with AUM under \$150 million
 - ▶ 3,000 mid-sized independent firms with AUM of \$150 to \$500 million
 - ▶ 500 large independent firms with AUM over \$500 million

*Excludes RIA assets held at broker-dealers
Source for market data – Cerulli Associates

21

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Growth Strategy – Independent RIAs

- **\$1.4 trillion market, projected to grow by 8% annually to \$1.9 trillion in 2008 – excluding market value appreciation**
- **Market share less than 5% – significant upside**
- **Strategy centered on providing a total solution**
 - ▶ Single front-end for all activities – NetExchange Advisor
 - ▶ Only integrated bank and brokerage service
 - ▶ Consolidated reporting vehicle eliminates need to coordinate information flow between multiple vendors
 - ▶ Value-added products

22

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Growth Strategy – IBD Affiliated RIAs

- **\$150 billion asset market, projected to grow to \$200 billion in 2008 – excludes market value appreciation**
- **Market share less than 5% – significant room for growth**
- **Leveraging introducing broker-dealer relationships**
 - ▶ **RIAs affiliated with Pershing IBDs account for two thirds of the market**
 - ▶ **Most use providers other than Pershing for fee-based business**
- **Pershing offers a superior solution**
 - ▶ **NetExchange Advisor platform offers a single point of control for all brokerage and advisor account activities**
 - ▶ **Relationship pricing aggregates brokerage and advisor accounts**
- **The introducing broker-dealer also benefits**
 - ▶ **Streamlined supervision and compliance**

23

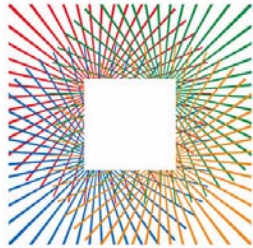
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Accelerating Revenue Momentum – Acquisitions

- **Europe**
 - ▶ **Acquiring local market capabilities**
- **Asset management**
 - ▶ **Alternative asset classes**
 - ▶ **Rounding out product capabilities**
- **Hedge fund services**
 - ▶ **Gaining scale in high growth consolidating market**
- **Independent research**
 - ▶ **Building on reputation and market acceptance of Jaywalk**

24

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Managing Costs Lower

- **Approach to headcount management**
- **Update on staff moves**
- **Update on reengineering**
- **Further integration of acquired infrastructure**

**Providing increased flexibility
to support investments for growth**

Approach to Headcount Management

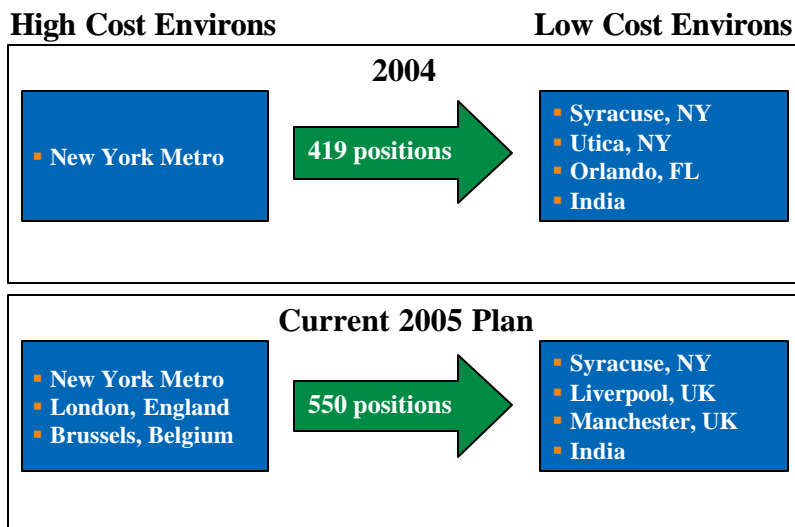
- **Control of headcount – foundation of cost discipline**
 - ▶ Consistency of approach throughout the business cycle
 - ▶ Centrally controlled to ensure resources focused on the right activities
 - ▶ Never compromise client service or control function
 - ▶ All other costs emanate from staff levels
- **Leverage control of staff levels with location**
 - ▶ Nature of our business allows dispersed activities
 - ▶ Client service units remain close to “home”
 - ▶ Serves the need for business resiliency

Multi-year effort to reduce both risk and cost

27

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Staff Moves



28

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Update on Reengineering

- **Designing efficient processes and enhancing revenue yields**
- **Utilize consultants to accelerate the process**
- **15 assessments completed in '04**
- **Results so far: \$90 million of cost saves**
 - ▶ \$40 million realized in '04
 - ▶ \$50 million projected incremental saves in '05
- **Implementing over \$25 million of revenue enhancement**
- **Benefits offset partly by consulting costs**

29

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Further Integration of Acquired Infrastructure

- **Stage 1 – Consolidate procurement best practices & buying power**
 - ▶ **Impact: \$15 million in '04 – '05**
 - ▶ **Part of reengineering savings**
- **Stage 2 – Early consolidations**
 - ▶ **Print center and some business continuity solutions**
 - **Impact: \$6 million to '05 reengineering target**
- **Stage 3 – Major consolidation goals**
 - ▶ **Technology infrastructure consolidation (data centers, command centers, help desks – software and hardware)**
 - **Potential 2008 annual run rate savings of \$30 million**
 - **Phased in over time**

30

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Managing Costs Lower – A Perspective

- **Business units projecting 100 bps + of positive operating leverage in 2005**
 - ▶ Corporate level items create near -term offset
- **Various cost initiatives contributing to '05 performance**
 - ▶ Even greater impact in 2006, 2007
- **Major investment spending programs have either peaked or are in the 2005 run rate**
 - ▶ Business continuity
 - ▶ Quality / training
 - ▶ Marketing / branding
 - ▶ Risk infrastructure

Concluding Current Regulatory Reviews

- **Unprecedented review of all businesses practices for conflicts, transparency**
- **Approaching aggressively**
 - ▶ Business practices review committee
- **Having a near term impact**
- **Long run strengthens franchise**

Enhance Service Delivery to Clients

- **The Office of Quality Assurance**
 - ▶ **CLIENTfirst** – Team-based approach to identifying and addressing client needs
 - ▶ **Six Sigma** – Trained staff utilizing the principles to improve processes directly related to customer satisfaction
- **Learning and Development Center**
 - ▶ **Client Service Excellence training programs**
 - Designed for client facing employees
 - Foundation for consistent and effective service

Building client loyalty through quality service

33

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Successful Launch of New Branding Initiative

Objective:

- Making our Company easier to understand
- Marketing our capabilities in a clear and consistent manner
- Insuring our competitive strengths are recognized

Internal Launch	<ul style="list-style-type: none">▶ Rollout new Vision, Mission and Value Statements▶ Establishing a new brand architecture
External Launch	<ul style="list-style-type: none">▶ New signage, website▶ Brochures and presentation material▶ New institutional advertising

Supporting revenue generating initiatives

34

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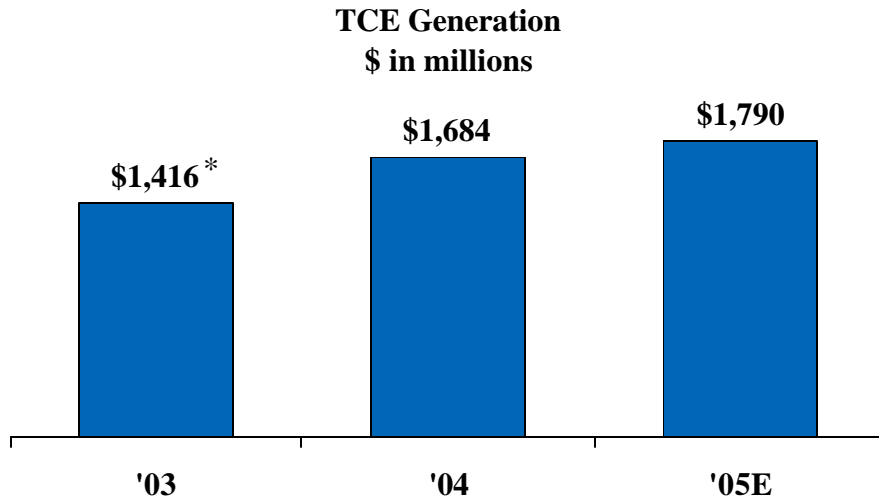
Capital and Balance Sheet Management

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Capital and Balance Sheet Management

- **Strong capital generation**
- **Disciplined allocation process**
- **Sound balance sheet positioning**
- **NII important to EPS growth**

Strong Capital Generation



³⁷* Excluding common stock issuance related to Pershing acquisition

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Disciplined Allocation Process

2005 Projected Sources & Uses of Tangible Common Equity

\$ in Millions	
Sources	\$1,790
Uses	\$1,225
Dividends	640
Acquisitions	400
Balance sheet growth	275
Change in TCE Ratio	-265
Change in securities valuation allowance	175
Available for share repurchases	\$565

- Targeting a year end TCE ratio of 5.25%
- Accretive acquisitions remain priority use of capital

38

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Disciplined Allocation Process: Priorities

- **Maintain capital flexibility and strong debt ratings**
- **Maintain consistent dividend payout ratio**
- **Continue business line acquisition efforts**
- **Facilitate modest earning asset growth**
- **Utilize excess capital to buy back shares**

Disciplined Allocation Process

Redeployment	
Businesses Sold / Reduced	Businesses Added / Major Growth
Credit Cards	Execution Services
Factoring / Asset Based Lending	Clearing
Corporate Bank	Alternative Asset Management
	Hedge Fund Servicing
	Separate Account Servicing
	European Capabilities

Seek higher growth, higher return businesses

Sound Balance Sheet Positioning

	BK	Peer Group Average
2004 Net Interest Income Growth	6%	-3%
2004 Interest Rate Positioning	Asset Sensitive	Liability Sensitive

41 Note – Peer group includes MEL, NTRS and STT. NII growth for BK and STT adjusted for SFAS 13 cumulative lease adjustments.

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Sound Balance Sheet Positioning

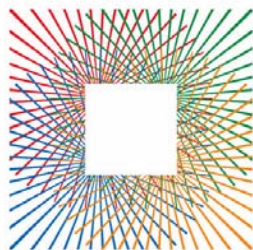
- **Foundation rests on high percentage of low or no cost deposits**
- **Earning asset mix as follows:**
 - Liquidity – 20%**
 - Investment Securities – 30%**
 - Loans – 50%**
- **Highly liquid, high grade asset profile**
 - ▶ **Investment securities are mainly hybrid ARM's, floaters, short fixed CMO's – 90% rated AAA**
 - ▶ **Loans are largely floating rate**
 - ▶ **82% of institutional credit exposure investment grade**

42 Note – statistics as of 4Q/04

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Net Interest Income Important to EPS Growth

- **NII growth driven by**
 - ▶ Treasury Services
 - ▶ Investor Services
 - ▶ Issuer Services
 - ▶ Corporate & Retail Bank
- **Incentives tied to NII low for most of these groups**
- **Few variable costs with NII**
- **Compensates for inherently lower growth rate than for fee income**

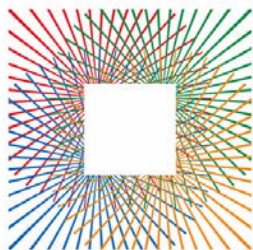


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Conclusion

- **Diversity of business model remains a key strength**
- **Well-positioned for continued top-line growth**
- **Committed to delivering positive operating leverage**
- **Enhancing client-relationships and service delivery**
- **Disciplined capital and balance sheet management**

Franchise remains unique and stronger than ever



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