



FORM 10-Q

BANK OF NEW YORK CO INC – bk

Filed: May 07, 2004 (period: March 31, 2004)

Quarterly report which provides a continuing view of a company's financial position

Table of Contents

PART I

FINANCIAL INFORMATION

Item 1 Financial Statements

Item 2 Management's Discussion and Analysis of

Item 3 Quantitative and Qualitative Disclosures

ITEM 4. CONTROLS AND PROCEDURES

PART II.

OTHER INFORMATION

Item 1. Legal Proceedings

Item 2. Changes in Securities, Use of Proceeds and

Item 6. Exhibits and Reports on Form 8-K

SIGNATURE

EXHIBIT INDEX

EX-10 (Material contracts)

EX-12 (Statement regarding computation of ratios)

EX-31 (Certifications required under Section 302 of the Sarbanes-Oxley Act of 2002)

EX-31 (Certifications required under Section 302 of the Sarbanes-Oxley Act of 2002)

EX-32 (Certifications required under Section 906 of the Sarbanes-Oxley Act of 2002)

EX-32 (Certifications required under Section 906 of the Sarbanes-Oxley Act of 2002)

THE BANK OF NEW YORK COMPANY, INC.

Quarterly Report on Form 10-Q
For the quarterly period ended March 31, 2004

The Quarterly Report on Form 10-Q and cross reference index is on page 52.

THE BANK OF NEW YORK COMPANY, INC.
FINANCIAL REVIEW
TABLE OF CONTENTS

Consolidated Financial Highlights	1
Management's Discussion and Analysis of Financial Condition and Results of Operations	
- Introduction	2
- Overview	2
- Summary of Results	3
- Other First Quarter Developments	5
- Consolidated Income Statement Review	6
- Business Segments Review	10
- Consolidated Balance Sheet Review	20
- Critical Accounting Policies	28
- Liquidity	30
- Capital Resources	32
- Trading Activities	34
- Asset/Liability Management	35
- Statistical Information	37
- Forward Looking Statements and Factors That Could Affect Future Results	38
- Website Information	39
Consolidated Financial Statements	
- Consolidated Balance Sheets March 31, 2004 and December 31, 2003	40
- Consolidated Statements of Income For the Three Months Ended March 31, 2004 and 2003	41
- Consolidated Statement of Changes In Shareholders' Equity for the Three Months Ended March 31, 2004	42
- Consolidated Statements of Cash Flows For the Three Months Ended March 31, 2004 and 2003	43
- Notes to Consolidated Financial Statements	44
Form 10-Q	
- Cover	52
- Controls and Procedures	53
- Legal Proceedings	53
- Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities	54
- Exhibits and Reports on Form 8-K	54
- Signature	55

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

	March 31, 2004	December 31, 2003	March 31, 2003
Revenue (tax equivalent basis)	\$1,677	\$1,694	\$1,429
Net Income	364	307	295
Basic EPS	0.47	0.40	0.41
Diluted EPS	0.47	0.40	0.41
Cash Dividends Per Share	0.19	0.19	0.19
Return on Average Common Shareholders' Equity	17.17%	14.81%	17.80%
Return on Average Assets	1.47	1.26	1.49
Efficiency Ratio	68.9	66.9	60.0
Assets	\$92,652	\$92,397	\$79,710
Loans	36,070	35,283	31,573
Securities	24,083	22,903	19,599
Deposits - Domestic	33,639	33,730	33,280
- Foreign	22,443	22,676	23,664
Long-Term Debt	6,276	6,121	5,685
Common Shareholders' Equity	8,760	8,428	6,874
Common Shareholders' Equity Per Share	\$11.27	\$10.85	\$ 9.41
Market Value Per Share of Common Stock	31.50	33.12	20.50
Allowance for Credit Losses as a Percent of Total Loans	2.19%	2.28%	2.63%
Allowance for Credit Losses as a Percent of Non-Margin Loans	2.64	2.72	2.67
Allowance for Loan Losses as a Percent of Total Loans	1.75	1.89	2.12
Allowance for Loan Losses as a Percent of Non-Margin Loans	2.11	2.26	2.14
Tier 1 Capital Ratio	7.52	7.44	7.92
Total Capital Ratio	11.57	11.49	12.72
Leverage Ratio	5.83	5.82	6.68
Tangible Common Equity Ratio	5.22	4.91	5.52
Employees	22,820	22,901	19,491
Assets Under Custody (In trillions)			
Total Assets Under Custody	\$8.6	\$8.3	\$6.8
Equity Securities	33%	34%	25%
Fixed Income Securities	67	66	75
Cross-Border Assets Under Custody	\$2.4	\$2.3	\$1.9
Assets Under Administration (In billions)	33	32	27
Assets Under Management (In billions)			
Total Assets Under Management	92	89	76
Equity Securities	36%	34%	29%
Fixed Income Securities	22	22	24
Alternative Investments	13	10	9
Liquid Assets	29	34	38

Management's Discussion and Analysis of Financial Condition and

Results of Operations

INTRODUCTION

The Bank of New York Company, Inc.'s (the "Company") actual results of future operations may differ from those estimated or anticipated in certain forward-looking statements contained herein for reasons which are discussed below and under the heading "Forward Looking Statements and Factors That Could Affect Future Results." When used in this report, the words "estimate," "forecast," "project," "anticipate," "expect," "intend," "believe," "plan," "goal," "should," "may," "strategy," and words of similar meaning are intended to identify forward looking statements in addition to statements specifically identified as forward looking statements.

OVERVIEW

The Bank of New York Company, Inc. (NYSE: BK) is a global leader in securities servicing for investors, financial intermediaries and issuers. The Company plays an integral role in the infrastructure of the capital markets, servicing securities in more than 100 markets worldwide. The Company provides services based on leading technology for global financial institutions, asset managers, governments, non-profit organizations, corporations, 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.

The Company has executed a consistent strategy over the past decade by focusing on highly scalable, fee-based securities servicing and fiduciary businesses, with top 3 market share in most of its major product lines. The Company distinguishes itself competitively by offering the broadest array of products and services around the investment lifecycle. These include: advisory and asset management services to support the investment decision; extensive trade execution, clearance and settlement capabilities; custody, securities lending, accounting and administrative services for investment portfolios; and sophisticated risk and performance measurement tools for analyzing portfolios. The Company also provides services for issuers of both equity and debt securities. By providing integrated solutions for clients' needs, the Company strives to be the preferred partner in helping its clients succeed in the world's rapidly evolving financial markets.

The Company consistently invests in technology to improve the breadth and quality of its product offerings, and to increase economies of scale. The Company believes the extent to which it is able to invest in technology is a key long-term competitive advantage.

The Company also actively pursues strategic acquisitions to expand product offerings and increase market share in its scale businesses. The Company has made over 80 acquisitions since 1995, almost exclusively in its securities servicing and fiduciary businesses. The acquisition of Pershing in 2003 for \$2 billion was the largest of these acquisitions.

As part of the transformation to a leading securities servicing provider, the Company has also de-emphasized or exited its slower growth traditional banking businesses over the past decade. The Company's more significant actions include selling its credit card business in 1997 and its factoring business in 1999, and most recently, significantly reducing non-financial corporate credit exposures by 44% from December 31, 2000 to December 31, 2003. Capital generated by these actions has been reallocated to the Company's higher growth businesses.

The Company's business model is well positioned to benefit from a number of long-term secular trends. These include the growth of worldwide financial assets, globalization of investment activity, structural market changes, and increased outsourcing. These trends benefit the Company by driving higher levels of financial asset trading volume and other transactional activity, as well as higher asset price levels and growth in client assets, all factors by which the Company prices its services. In addition, international markets offer excellent growth opportunities.

The start of the year exceeded the Company's expectations in several respects. Trading volumes were strong, particularly for equities in January, and remained at healthy levels throughout the quarter. As of March 31, 2004, assets under custody rose to \$8.6 trillion, from \$8.3 trillion at December 31, 2003 and \$6.8 trillion at March 31, 2003. The sequential quarter increase in assets under custody primarily reflects new business wins. Cross-border custody assets were \$2.4 trillion at March 31, 2004. Equity securities composed 33% of the assets under custody at March 31, 2004, while fixed income securities were 67%. Cross-border investing and currency volatility picked up significantly. While equity price levels ended flat for the quarter, average daily prices were up sequentially. Average daily combined first quarter NYSE and NASDAQ trading volume increased 13% from the fourth quarter of 2003 and 27% from the first quarter of 2003. The S&P 500 index rose 1% during the quarter while the NASDAQ index was flat. These better business conditions supported strong results in the Company's securities servicing businesses, led by the investor services and execution and clearing businesses. Higher volumes and average equity values benefited investor services on a global basis, while Pershing responded well to strengthening retail investor activity.

The Company's asset management business continued to perform well, responding to growing institutional investor interest in alternative investments. In addition, record foreign exchange results benefited from currency volatility and increased cross-border investing.

The actions the Company has taken over the past several years with respect to reducing risk in the credit portfolio, through absolute reductions and greater granularity, are now generating tangible results. In addition, the strengthening economy has helped the financial condition of corporate borrowers, leading to improved risk ratings in the Company's loan portfolio. Credit spreads have also tightened, allowing the Company to liquidate impaired credits or reduce the allowance allocated to these credits. These factors led to a reduced provision for credit losses in the quarter.

The Company continued to focus on improving productivity, which resulted in positive operating leverage for the third consecutive quarter while also maintaining strategic spending priorities.

SUMMARY OF RESULTS

The Company reported first quarter net income of \$364 million and diluted earnings per share of 47 cents compared with net income of \$295 million and diluted earnings per share of 41 cents in the first quarter of 2003. In the fourth quarter of 2003, the Company reported net income of \$307 million and diluted earnings per share of 40 cents, which included 4 cents of merger and integration costs associated with the acquisition of Pershing.

The Company achieved solid organic growth in earnings this quarter reflecting strength in nearly all major business lines. In particular, the investor services and execution and clearing businesses benefited from improving market conditions, higher global equity trading volumes and increased activity by retail investors. Greater cross-border investing activity and exchange rate volatility also drove foreign exchange revenues to historically high levels. In addition, proactive management of the Company's expense base resulted in the third consecutive quarter of positive operating leverage.

The Company's credit risk reduction program continues to deliver tangible results. These efforts, combined with the stronger economy, have led to

significant improvement in the Company's asset quality metrics and a lower quarterly loan loss provision. The Company expects credit costs to remain at lower levels through the remainder of the year.

Looking ahead, the sustainability of the improving market fundamentals will be key for the balance of 2004. In addition, debates over market structure as well as increased regulatory rules and oversight in industries the Company serves have not abated and will not for the foreseeable future. The Company is confident, however, that the breadth of its business model enables the Company to benefit as the market evolves, and positions the Company to meet its long-term financial goals.

First quarter highlights include record securities servicing fees of \$716 million, an increase of \$32 million, or 5%, over the fourth quarter of 2003. Investor services, execution and clearing, and broker-dealer services were strong during the quarter benefiting from active equity markets and the conversion of new business wins. Foreign exchange and other trading increased sequentially by \$25 million, or 31%, due to higher exchange rate volatility and significantly increased cross-border investment flows. Private client services and asset management fees increased sequentially by \$5 million, or 5%, principally due to continued strong performance by Ivy Asset Management ("Ivy"), the Company's fund of funds hedge fund manager. Nonperforming assets and charge-offs continued to decline, reflecting continued improvement in credit quality. As a result of this and other factors, the Company lowered its provision for credit losses from \$35 million in the fourth quarter to \$12 million in the first quarter of 2004.

Reflecting this strong first quarter performance and expectations for the future, the Company's Board of Directors increased the dividend for the Company's common stock by 5.3% to 20 cents per quarter (80 cents on an annual basis) on April 13, 2004.

OTHER FIRST QUARTER DEVELOPMENTS

During the first quarter, the Company recorded several gains and charges that in the aggregate did not influence reported earnings per share. These items are described in the following table:

(In millions)

Item	Income Statement Caption	Pre-tax Income	Tax	After-Tax Income
----	-----	-----	---	-----
SFAS 13 cumulative lease adjustment	Net Interest Income	\$(145)	\$113	\$(32)
Severance	Salaries and Employee Benefits	(10)	4	(6)
Lease terminations	Net Occupancy	(8)	3	(5)
Gain on sale of Wing Hang	Other Income	48	(21)	27
Gain on sponsor fund investments	Securities Gains	19	(7)	12
Total		\$ (96)	\$ 92	\$ (4)
		=====	=====	=====

The first item relates to an after-tax charge of \$32 million resulting from a cumulative adjustment to the leasing portfolio, which was triggered under Statement of Financial Accounting Standards No. 13 "Accounting for Leases" ("SFAS 13") by the combination of a reduction in state and local taxes and a restructuring of the lease portfolio completed this quarter. The SFAS 13 adjustment impacts the timing of lease income reported by the Company, and resulted in a reduction in net interest income of \$145 million, offset by tax benefits of \$113 million. The Company estimates that the reduction in state and local taxes will reduce its overall effective tax rate by approximately 1% prospectively to 34.25% for the balance of the year.

The Company also took several actions in the first quarter which were associated with its long-term cost reduction initiatives. These actions included an after-tax severance charge of \$6 million related to staff reductions tied to job relocations and a \$5 million after-tax charge for terminating high cost leases associated with staff redeployments.

Offsetting these charges were a \$27 million after-tax gain on the previously reported sale of a portion of the Company's interest in Wing Hang Bank Limited ("Wing Hang"), a Hong Kong based bank, which was recorded in other income, and \$19 million (\$12 million after-tax) of higher than anticipated securities gains in the quarter resulting from realized gains on sponsor fund investments in Kinkos, Inc., Bristol West Holdings, Inc., Willis Group Holdings, Ltd., and True Temper Sports, Inc.

CONSOLIDATED INCOME STATEMENT REVIEW

Noninterest Income

	1st Quarter	4th Quarter	1st Quarter
(In millions)	2004	2003	2003
-----	-----	-----	-----
Servicing Fees			
Securities	\$ 716	\$ 684	\$474
Global Payment Services	79	76	78
	-----	-----	-----
	795	760	552
Private Client Services and Asset Management Fees	108	103	90
Service Charges and Fees	96	97	97
Foreign Exchange and Other Trading Activities	106	81	65
Securities Gains	33	9	7
Other	92	52	33
	-----	-----	-----
Total Noninterest Income	\$1,230	\$1,102	\$844
	=====	=====	=====

Noninterest income for the first quarter of 2004 was \$1,230 million, an increase of 12% sequentially and 46% from a year ago. Excluding the previously mentioned gains on sale of Wing Hang and sponsor fund investments, the sequential quarter increase in noninterest income was 6%.

Securities servicing fees were a record \$716 million in the first quarter, an increase of \$32 million, or 5%, from the fourth quarter.

Execution and clearing services fees increased \$13 million sequentially, or 4%, to \$303 million in the first quarter. These businesses benefited from higher equity trading volumes in the first quarter although equity price levels were essentially flat by the end of the quarter. This increased level of market activity more than offset an anticipated decline in soft-dollar related execution activities. Pershing also benefited from strong retail investor activity, especially in January, which contributed to increased billable trades.

Investor services fees recorded a strong quarter, increasing 8% sequentially as a result of higher transaction volumes and average asset price levels, the conversion of new business wins and favorable exchange rates. Investor services include custody, global fund services, securities lending, global liquidity services and outsourcing. As of March 31, 2004, assets under custody rose to \$8.6 trillion, from \$8.3 trillion at December 31, 2003 and \$6.8 trillion at March 31, 2003.

Issuer services fees were up slightly from the fourth quarter, reflecting a solid quarter in corporate trust and stock transfer, offset by a modest decline in depositary receipts. While there was increased interest in cross-border investing during the quarter, reflected in the 21% growth in DR share trading compared to the fourth quarter of 2003, there were fewer corporate actions in the quarter.

Broker-dealer services fees increased \$2 million, or 4%, on a sequential quarter basis, as a result of continued strong performance in global collateral management services and securities clearance. Expanded use of the Company's tri-party repo product by clients to fund their activities drove revenue growth during the quarter.

Global payment services fees were up \$3 million, or 4%, compared with the prior quarter and up \$1 million from the first quarter of 2003, resulting from higher volumes and improved pricing.

Private client services and asset management fees for the first quarter were up 5% from the prior quarter and 20% from the first quarter of 2003. The sequential quarter increase reflects continued strong growth at Ivy Asset Management and new business wins. The increase from 2003 reflects the same factors involved in the sequential quarter increase as well as higher equity price levels. Total assets under management were \$92 billion at March 31, 2004, up from \$89 billion at December 31, 2003 and \$76 billion a year ago.

Service charges and fees were down marginally from the prior quarter and one year ago, as higher service and transaction fees were offset by lower capital market fees.

Foreign exchange and other trading revenues increased \$25 million from the prior quarter and \$41 million, or 63%, from one year ago. The strong performance this quarter in foreign exchange reflects higher levels of client activity, resulting from several factors including hedging against currency volatility, renewed interest in cross-border investing, and asset reallocations into equities. The increase from a year ago was also positively impacted by the acquisition of Pershing and new business wins.

Securities gains in the first quarter were \$33 million, up from both the prior quarter and a year ago primarily due to the realization of significant gains in the Company's private equity portfolio, which included \$19 million in realized gains on four sponsor fund investments.

Other noninterest income was \$92 million, compared with \$52 million in the prior quarter and \$33 million in the first quarter of 2003. In January 2004, the Company sold 20% of its investment in Wing Hang, which generated a pre-tax gain of \$48 million. The sale was part of the Company's continuing plan to reduce capital invested in non-strategic areas. The Company continues to own approximately 20% of Wing Hang's outstanding shares, which are accounted for on the equity method.

Net Interest Income

(Dollars in millions)	1st	1st	4th	1st
	Quarter	Quarter	Quarter	Quarter
	2004	2004	2003	2003
	-----	-----	-----	-----
	Reported	Core**	Reported	Reported
	-----	-----	-----	-----
Net Interest Income	\$268	\$413	\$418	\$386
Tax Equivalent Adjustment*	6	6	8	9
	----	----	----	----
Net Interest Income on a Tax Equivalent Basis	\$274	\$419	\$426	\$395
	====	====	====	====
Net Interest Rate Spread	1.13%	1.85%	1.92%	2.18%
Net Yield on Interest Earning Assets	1.36	2.08	2.15	2.44

<FN>

* 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.

** Excludes SFAS 13 adjustment

</FN>

Net interest income on a taxable equivalent basis was \$274 million in the first quarter of 2004, which reflects a net interest rate spread of 1.13% and a net yield on interest earning assets of 1.36%. Excluding the impact of the SFAS 13 leasing adjustment on the leveraged lease portfolio, net interest income was down on a sequential quarter to \$419 million in the first quarter of 2004, compared with \$426 million in the fourth quarter of 2003, and up from \$395 million in the first quarter of 2003. On the same basis, the net interest rate spread was 1.85% in the first quarter of 2004, compared with

1.92% in the fourth quarter of 2003, and 2.18% in the first quarter of 2003, while the net yield on interest earning assets was 2.08% in the first quarter of 2004, compared with 2.15% in the fourth quarter of 2003, and 2.44% in the first quarter of 2003.

Excluding the impact of the SFAS 13 leasing adjustment on the leveraged lease portfolio, the decrease in net interest income from the fourth quarter of 2003 is primarily due to a day variance versus the fourth quarter, as well as higher loan breakage fees in the fourth quarter. The increase in net interest income from the first quarter of 2003 reflects the Pershing acquisition and higher average balances of investment securities, which were partially offset by lower reinvestment yields on the investment securities portfolio and lower loan balances.

Noninterest Expense and Income Taxes

	1st Quarter	4th Quarter	1st Quarter
(In millions)	2004	2003	2003
Salaries and Employee Benefits	\$ 574	\$ 548	\$423
Net Occupancy	81	70	58
Furniture and Equipment	51	49	36
Clearing	48	43	29
Sub-custodian Expenses	22	21	16
Software	49	46	35
Communications	24	23	20
Amortization of Intangibles	8	7	3
Merger and Integration Costs	-	48	-
Other	156	161	119
Total Noninterest Expense	\$1,013	\$1,016	\$739

Noninterest expense for the first quarter of 2004 was \$1,013 million, compared with \$1,016 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. Of this amount, \$10 million was in salaries and employee benefits and \$8 million was in net occupancy.

On a sequential quarter basis, after excluding \$48 million of fourth quarter merger and integration costs, and the \$18 million associated with the cost reduction initiatives, expenses increased by \$27 million or 3%. Driving this increase were higher performance related incentives and benefits, a lower pension credit, and higher variable expenses associated with revenue growth.

Compared to a year ago, noninterest expenses were up 37% primarily due to Pershing and higher variable costs associated with revenue growth.

The effective tax rate for the first quarter of 2004 was 23.1%, compared to 34.6% in the fourth quarter and 34.6% in the first quarter of 2003. The decrease reflects the benefit associated with the SFAS 13 adjustment as described in "Other First Quarter Developments."

Credit Loss Provision and Net Charge-Offs

	1st Quarter	4th Quarter	1st Quarter
(In millions)	2004	2003	2003
Provision	\$ 12	\$ 35	\$ 40
Net Charge-offs:			
Commercial	\$ (5)	\$ (24)	\$ (21)
Foreign	(10)	(7)	-
Other	-	(5)	(14)
Consumer	(11)	(12)	(5)
Total	\$ (26)	\$ (48)	\$ (40)
Other Real Estate Expenses	\$ -	\$ -	\$ -

The provision for credit losses was \$12 million in the first quarter of 2004 compared to \$35 million in the fourth quarter of 2003 and \$40 million in the first quarter of 2003. The lower provision reflects the Company's improved risk profile and its strong asset quality metrics including improved borrower ratings, lower levels of expected losses, declining nonperforming assets, and the planned reductions in the large sub-investment grade exposures. Furthermore, continued improvements in the U.S. economy as reflected in recent government statistics, tightening of corporate credit spreads and lower corporate defaults all led to the reduced level of provisioning.

Net charge-offs were \$26 million in the first quarter of 2004 versus \$48 million and \$40 million in the fourth and first quarters of 2003. These represent 0.29% of total loans in the most recent quarter, down from 0.54% and 0.51% in the prior periods, respectively.

BUSINESS SEGMENTS REVIEW

The Company has an internal information system that produces performance data for its four business segments along product and service lines.

Business Segments Accounting Principles

The Company's segment data has been determined on an internal management basis of accounting, rather than the generally accepted accounting principles used for consolidated financial reporting. These measurement principles are designed so that reported results of the segments will track their economic performance. Segment results are subject to restatement whenever improvements are made in the measurement principles or organizational changes are made. In the first quarter of 2004, the Company changed its methodology for allocating its pension credit to the segments. Prior periods have been restated.

The measure of revenues and profit or loss by operating segment has been adjusted to present segment data on a taxable equivalent basis. The provision for credit losses allocated to each reportable segment is based on management's judgment as to average credit losses that will be incurred in the operations of the segment over a credit cycle of a period of years. Management's judgment includes the following factors among others: historical charge-off experience and the volume, composition, and size of the loan portfolio. This method is different from that required under generally accepted accounting principles as it anticipates future losses, which are not yet probable, and therefore not recognizable under generally accepted accounting principles. Assets and liabilities are match funded. Support and other indirect expenses are allocated to segments based on general internal guidelines.

Description of Business Segments

The results of individual business segments exclude unusual items such as the GMAC settlement and the Pershing related merger and integration costs of 2003, which are included with reconciling amounts.

The Company reports data for the four business segments: Servicing and Fiduciary, Corporate Banking, Retail Banking, and Financial Markets.

The Servicing and Fiduciary businesses segment comprises the Company's core services, including securities servicing, global payment services, and private client services and asset management. These businesses all share certain favorable attributes: they are well diversified and fee-based; the Company serves the role of an intermediary rather than principal, thereby limiting risk and generating more stable earnings streams; and the businesses are scalable, which result in higher margins as revenues grow. Long-term trends that favor these businesses include the growth of financial assets worldwide, the globalization of investment activity, heightened demand for financial servicing outsourcing, and continuing structural changes in financial markets.

Securities servicing provides financial institutions, corporations and financial intermediaries with a broad array of products and customized services for every step of the investment lifecycle. The Company facilitates the movement, settlement, recordkeeping and accounting of financial assets around the world by delivering timely and accurate information to issuers, investors and broker-dealers. The Company groups its securities servicing businesses into four categories, each comprised of separate, but related businesses. Issuer services include corporate trust, depositary receipts and stock transfer. Investor services include global fund services, global custody, securities lending, global liquidity services and outsourcing. Broker-dealer services include government securities clearance and collateral management. Execution and clearing services include in the execution area institutional agency brokerage, electronic trading, transition management services, and independent research. Through Pershing, the clearing part of the business provides clearing, execution, financing, and custody for introducing brokers/dealers. The Servicing and Fiduciary segment also includes customer-related foreign exchange.

In Issuer Services, the Company's ADR business has over 1,300 programs representing 65 countries. As a trustee, the Company provides diverse services for corporate, municipal, mortgage-backed, asset-backed, derivative and international debt securities. Over 90,000 appointments for more than 30,000 worldwide clients have resulted in the Company being trustee for more than \$1 trillion in outstanding debt securities. The Company is the third largest stock transfer agent representing over 1,950 publicly traded companies with over 19 million shareholder accounts.

In investor services, the Company is the second largest custodian with \$8.6 trillion of assets at March 31, 2004. The Company is the second largest mutual fund custodian with \$1.3 trillion in assets. The Company is the largest U.K. custodian. The Company services over 25% of total exchange traded fund industry assets. In securities lending, the Company is the largest lender of U.S. Treasury securities and depository receipts.

The Company's broker-dealer services business clears over 50% of U.S. Government securities. With over \$800 billion in tri-party balances worldwide, the Company is the world's largest collateral management agent.

The Company's execution and clearing services business is the largest global institutional agency brokerage organization. In addition, it is the world's largest institutional elective broker for global execution. The Company provides execution and clearing services in over 80 global markets, clearing over 600,000 trades daily. The Company has 26 seats on the New York Stock Exchange. Pershing services over 1,100 introducing brokers and registered investment advisors who employ approximately 100,000 investment professionals.

Global payment services facilitate the flow of funds between the Company's customers and their clients through such business lines as funds transfer, cash management and trade services. Private client services and asset management includes traditional banking and trust services to affluent clients and investment management services for institutional and high net worth clients.

The Company's strategy is to be a market leader in these businesses and continue to build out its product and service capabilities and add new clients. The Company has completed 55 acquisitions since 1998 in this segment, has made significant investments in technology to maintain its industry-leading position, and has continued the development of new products and services to meet its clients' needs.

The Corporate Banking segment provides lending and credit-related services to large public and private financial institutions and corporations nationwide, as well as to public and private mid-size businesses in the New York metropolitan area. Special industry groups focus on industry segments such as banks, broker-dealers, insurance, media and telecommunications, energy, real estate, retailing, and government banking institutions. Through BNY Capital Markets, Inc., the Company provides syndicated loans, bond underwriting, private placements of corporate debt and equity securities, and merger, acquisition, and advisory services.

Corporate Banking coordinates delivery of all of the Company's services to customers through its global relationship managers. The two main client bases served are financial institution clients and corporate clients. The Company's strategy is to focus on those clients and industries that are major users of securities servicing and global payment services.

The Company believes that credit is an important product for many of its customers to execute their business strategies. However, the Company has continued to reduce its credit exposures in recent years by culling its loan portfolio of non-strategic exposures, focusing on increasing total relationship returns through cross-selling and limiting the size of its individual credit exposures and industry concentrations to reduce earnings volatility.

The Retail Banking segment includes retail deposit services, branch banking, and consumer and residential mortgage lending. The Company operates 341 branches in 23 counties in the Tri-State region. The retail network is a stable source of low cost funding and provides a platform to cross-sell core services from the Servicing and Fiduciary businesses to both individuals and small businesses in the New York metropolitan area.

The Financial Markets segment includes trading of foreign exchange and interest rate risk management products, investing and leasing activities, and treasury services to other business segments. The segment offers a comprehensive array of multi-currency hedging and yield enhancement strategies, and complements the other business segments. The Financial Markets segment centralizes interest rate risk management for the Company.

There were no major customers from whom revenues were individually material to the Company's performance.

Servicing and Fiduciary Businesses

(In Millions)

	1st Quarter 2004	4th Quarter 2003	1st Quarter 2003
	-----	-----	-----
Net Interest Income	\$ 140	\$ 138	\$ 105
Provision for Credit Losses	-	-	-
Noninterest Income	990	944	691
Noninterest Expense	757	732	525
Income Before Taxes	373	350	271
Average Assets	22,771	22,733	7,617
Average Deposits	35,138	34,503	31,128
Nonperforming Assets	3	9	16
Assets Under Custody (In billions)			
Total Assets Under Custody	8,577	8,297	6,783
Equity Securities	33%	34%	25%
Fixed Income Securities	67	66	75
Cross-Border Assets	\$ 2,401	\$ 2,323	\$ 1,899
Assets Under Administration (In billions)	33	32	27
Assets Under Management (In billions)	92	89	76
Equity Securities	36%	34%	29%
Fixed Income Securities	22	22	24
Alternative Investments	13	10	9
Liquid Assets	29	34	38
S&P 500 Index (Period End)	1,126	1,112	848
NASDAQ Index (Period End)	1,994	2,003	1,341
NYSE Volume (In billions)	95.4	85.5	86.6
NASDAQ Volume (In billions)	128.2	112.6	88.8

The first quarter results showed continued improvement in the Company's primary businesses, including securities servicing and related foreign exchange, and private client services and asset management. Noninterest income increased to \$990 million from \$944 million in the fourth quarter of 2003 and \$691 million in the first quarter of 2003. First quarter highlights include record securities servicing fees of \$716 million, an increase of \$32 million, or 5%, over the fourth quarter of 2003. Investor services, execution and clearing, and broker-dealer services were strong during the quarter benefiting from active equity markets and the conversion of new business wins.

Average daily combined first quarter NYSE and NASDAQ trading volume increased 13% from the fourth quarter of 2003 and 27% from the first quarter of 2003. The S&P 500 index rose 1% during the quarter while the NASDAQ index was flat.

Securities Servicing Fees

	1st Quarter	4th Quarter	3rd Quarter
(In millions)	2004	2003	2003
Execution and Clearing Services	\$ 303	\$ 290	\$ 271
Investor Services	226	210	212
Issuer Services	137	136	127
Broker-Dealer Services	50	48	47
Securities Servicing Fees	\$ 716	\$ 684	\$ 657

Securities servicing fees were a record \$716 million in the first quarter, an increase of \$32 million, or 5%, from the fourth quarter.

Execution and clearing services fees increased \$13 million sequentially, or 4%, to \$303 million in the first quarter. These businesses benefited from higher equity trading volumes in the first quarter although equity price levels were essentially flat by the end of the quarter. This increased level of market activity more than offset an anticipated decline in soft-dollar related execution activities. Pershing also benefited from strong retail investor activity, especially in January, which contributed to increased billable trades. Other metrics such as customer accounts, money fund and mutual fund balance were all higher than the fourth quarter and stayed strong throughout the quarter. In comparison to a year ago, execution and clearing services were up significantly as a result of the Pershing acquisition.

Investor services fees recorded a strong quarter, increasing 8% sequentially as a result of higher transaction volumes and average asset price levels, the conversion of new business wins and favorable exchange rates. Investor services include custody, global fund services, securities lending, global liquidity services and outsourcing. Investor services were also up significantly over the first quarter of 2003 reflecting strength in custody, global fund services, and securities lending. As of March 31, 2004, assets under custody rose to \$8.6 trillion, from \$8.3 trillion at December 31, 2003 and \$6.8 trillion at March 31, 2003. The sequential quarter increase in assets under custody primarily reflects new business wins. Cross-border custody assets were \$2.4 trillion at March 31, 2004. Equity securities composed 33% of the assets under custody at March 31, 2004, while fixed income securities were 67%.

Issuer services fees were up slightly from the fourth quarter, reflecting a solid quarter in corporate trust and stock transfer, offset by a modest decline in depositary receipts. While there was increased interest in cross-border investing during the quarter, reflected in the 21% growth in DR share trading compared to the fourth quarter of 2003, there were fewer corporate actions in the quarter. Issuer services were up modestly over the first quarter of 2003 led by depositary receipts and stock transfer.

Broker-dealer services fees increased \$2 million, or 4%, on a sequential quarter basis, as a result of continued strong performance in global collateral management services and securities clearance. Expanded use of the Company's tri-party repo product by clients to fund their activities drove revenue growth during the quarter. In comparison to a year ago, broker-dealer service fees were up strongly driven by the same factors that impacted sequential quarter growth.

Global payment services fees were up \$3 million, or 4%, compared with the prior quarter and up \$1 million from the first quarter of 2003, resulting from higher volumes and improved pricing.

Private client services and asset management fees for the first quarter were up 5% from the prior quarter and 20% from the first quarter of 2003. The sequential quarter increase reflects continued strong growth at Ivy Asset Management and new business wins. The increase from 2003 reflects the same factors involved in the sequential quarter increase as well as higher equity price levels.

Assets under management ("AUM") were \$92 billion at March 31, 2004, up from \$89 billion at December 31, 2003 and \$76 billion at March 31, 2003. Assets under administration were \$33 billion compared with \$32 billion at December 31, 2003 and \$27 billion at March 31, 2003. The sequential quarter and year-over-year increases in assets under management reflect growth in the Company's alternative investments business and a rise in equity market value. Institutional clients represent 66% of AUM while individual clients equal 34%. AUM at March 31, 2004, are 36% invested in equities, 22% in fixed income, 13% in alternative investments and the remainder in liquid assets. At Ivy, AUM climbed to \$11.7 billion at March 31, 2004 from \$9.1 billion at December 31, 2003 and \$6.5 billion at March 31, 2003.

Foreign exchange and other trading revenues increased \$25 million from the prior quarter and \$41 million, or 63%, from one year ago. The strong performance this quarter in foreign exchange reflects higher levels of client activity, resulting from several factors including hedging against currency volatility, renewed interest in cross-border investing, and asset reallocations into equities. The increase from a year ago was also positively impacted by the acquisition of Pershing and new business wins.

Net interest income in the Servicing and Fiduciary businesses segment was \$140 million for the first quarter of 2004 compared with \$138 million for the fourth quarter of 2003 and \$105 million in the first quarter of 2003. The increase in net interest income on a sequential quarter basis is primarily attributable to higher levels of client activity which led to an increase in the average level of deposits. The increase in net interest income from the first quarter of 2003 is primarily due to the Pershing acquisition partially offset by the decline in interest rates. Average assets for the quarter ended March 31, 2004 were \$22.8 billion compared with \$22.7 billion in the fourth quarter of 2003 and \$7.6 billion in the first quarter of 2003. The increase in assets in 2004 compared with 2003 is primarily attributable to the Pershing acquisition. The first quarter of 2004 average deposits were \$35.1 billion compared with \$34.5 billion in the fourth quarter of 2003 and \$31.1 billion in the first quarter of 2003.

Net charge-offs in the Servicing and Fiduciary Businesses segment were \$5 million in the first quarter of 2004, compared with \$7 million in the fourth quarter of 2003 and zero in the first quarter of 2003. Nonperforming assets were \$3 million in the first quarter of 2004, compared with \$9 million in the fourth quarter of 2003 and \$16 million in the first quarter of 2003.

Noninterest expense for the first quarter of 2004 was \$757 million, compared with \$732 million in the fourth quarter of 2003 and \$525 million in the first quarter of 2003. The rise in noninterest expense from fourth quarter of 2003 was primarily due to the Company's continued investment in technology, a reduced pension credit, as well as higher volume-related expenses related to revenue growth. In addition to the above factors, the increase from the first quarter of 2003 also reflects the Pershing acquisition.

Corporate Banking

(In Millions)

	1st Quarter 2004	4th Quarter 2003	1st Quarter 2003
	-----	-----	-----
Net Interest Income	\$ 89	\$ 94	\$ 92
Provision for Credit Losses	20	26	30
Noninterest Income	80	73	71
Noninterest Expense	53	52	48
Income Before Taxes	96	89	85
Average Assets	\$17,358	\$18,685	\$20,708
Average Deposits	6,800	6,049	7,219
Nonperforming Assets	325	327	409
Net Charge-offs	11	30	35

The Corporate Banking segment's net interest income was \$89 million in the first quarter of 2004, compared with \$94 million in the fourth quarter of 2003 and \$92 million in the first quarter of 2003. The decline from both the first and fourth quarters of 2003 reflects continued reduction in lending to corporate borrowers. Average assets for the quarter were \$17.4 billion compared with \$18.7 billion in the fourth quarter of 2003 and \$20.7 billion in the first quarter of last year. Average deposits in the corporate bank were \$6.8 billion versus \$6.0 billion in the fourth quarter of 2003 and \$7.2 billion in 2003.

The first quarter 2004 provision for credit losses was \$20 million compared with \$26 million in the fourth quarter of 2003 and \$30 million last year. The decline in the provision from the fourth and first quarters of 2003 reflects reduced credit exposures. Net charge-offs in the Corporate Banking segment were \$11 million in the first quarter of 2004, \$30 million in the fourth quarter of 2003, and \$35 million in the first quarter of 2003. The charge-offs in 2004 primarily relate to loans to media and foreign borrowers. Nonperforming assets were \$325 million at March 31, 2004, down from \$327 million at December 31, 2003 and \$409 million in the first quarter of 2003. The decrease in nonperforming assets from the first quarter of 2003 primarily reflects paydowns and charge-offs of commercial and foreign loans.

Noninterest income was \$80 million in the current quarter, compared with \$73 million in the fourth quarter and \$71 million in the first quarter of 2003. The increase on a sequential quarter basis and year-over-year reflects higher income from unconsolidated subsidiaries and better results from credit derivatives.

Noninterest expense in the first quarter was \$53 million, compared with \$52 million in the fourth quarter of 2003 and \$48 million in the first quarter of 2003. The increases over 2003 reflect higher compensation costs due in part to a reduced pension credit and higher stock option expense.

Retail Banking

(In Millions)

	1st Quarter 2004	4th Quarter 2003	1st Quarter 2003
	-----	-----	-----
Net Interest Income	\$ 123	\$ 123	\$ 116
Provision for Credit Losses	5	5	4
Noninterest Income	29	28	29
Noninterest Expense	93	93	87
Income Before Taxes	54	53	54
Average Assets	\$ 5,377	\$ 5,752	\$ 5,387
Average Noninterest Bearing Deposits	5,028	4,955	4,830
Average Deposits	14,807	14,761	14,122
Nonperforming Assets	15	13	10
Net Charge-offs	6	5	5
Number of Branches	341	341	341
Total Deposit Accounts (In Thousands)	1,133	1,163	1,192
Number of ATMS	378	378	370

Net interest income in the first quarter of 2004 was \$123 million, compared with \$123 million in the fourth quarter of 2003 and \$116 million in the first quarter of 2003. On a sequential quarter basis, net interest income was flat as spread compression on deposits was offset by higher levels of noninterest bearing deposits. The increase from the first quarter of 2003 reflects higher levels of deposits primarily from municipalities in the retail bank's service area.

Noninterest income was \$29 million for the quarter compared with \$28 million on a sequential quarter basis and \$29 million in last year's first quarter.

Noninterest expense in the first quarter of 2004 was \$93 million, compared with \$93 million in the fourth quarter of 2003 and \$87 million last year. The increase from the first quarter of 2003 reflects higher advertising, legal, and occupancy expenses.

Net charge-offs were \$6 million in the first quarter of 2004, compared with \$5 million in the fourth quarter and first quarter of 2003. Nonperforming assets were \$15 million in the first quarter of 2004 compared with \$13 million at December 31, 2003 and \$10 million at March 31, 2003 reflecting an increase in the level of nonperforming small business loans.

Average deposits generated by the Retail Banking segment were \$14.8 billion in the first quarter of 2004, compared with \$14.8 billion in the fourth quarter of 2003 and \$14.1 billion in the first quarter of 2003. Noninterest bearing deposits were \$5.0 billion this quarter, compared with \$5.0 billion in the fourth quarter of 2003 and \$4.8 billion in the first quarter of 2003. Average assets in the retail banking sector were \$5.4 billion, compared with \$5.8 billion in the fourth quarter of 2003 and \$5.4 billion in the first quarter of 2003.

Financial Markets

(In Millions)

	1st Quarter 2004	4th Quarter 2003	1st Quarter 2003
Net Interest Income	\$ 80	\$ 85	\$ 77
Provision for Credit Losses	5	5	5
Noninterest Income	50	41	50
Noninterest Expense	27	28	24
Income Before Taxes	98	93	98
Average Assets	\$50,051	\$45,476	\$44,334
Average Deposits	3,864	3,568	4,917
Average Investment Securities	22,997	22,352	17,977
Net Charge-offs	4	5	-

Net interest income for the first quarter was \$80 million compared with \$85 million on a sequential quarter basis and \$77 million a year ago. The decrease from the fourth quarter of 2003 reflects a slightly lower yield on the investment portfolio, one less day in the quarter as well as higher loan breakage fees in the fourth quarter. The increase from the first quarter of 2003 reflects higher average balances of investment securities partially offset by lower reinvestment yields. Average first quarter 2004 assets in the Financial Markets segment composed primarily of short-term liquid assets and investment securities were \$50.1 billion, up from \$45.5 billion on a sequential quarter basis and \$44.3 billion last year. The increase in assets reflects the Company's continuing strategy to reduce investment in higher risk corporate loans and increase holdings of highly rated, more liquid investment securities. The Company continues to invest in adjustable or short life classes of structured mortgage-backed securities, both of which have short average lives.

Noninterest income was \$50 million in the first quarter of 2004, compared with \$41 million in the fourth quarter of 2003 and \$50 million in the first quarter of 2003. The positive variance versus the fourth quarter of 2003 reflects higher trading-related revenues in both foreign exchange and fixed income as well as improved hedging of foreign currency investments.

Net charge-offs were \$4 million in the first quarter of 2004, compared with \$5 million in the fourth quarter of 2003 and zero a year ago. Noninterest expense was \$27 million in the first quarter of 2004, essentially flat compared with \$28 million in the fourth quarter of 2003 and up from \$24 million in last year's first quarter. The increase from last year's first quarter is attributable to higher employee incentive and other compensation.

The consolidating schedule below shows the contribution of the Company's segments to its overall profitability.

In Millions

For the Quarter Ended March 31, 2004	Servicing and Fiduciary Businesses	Corporate Banking	Retail Banking	Financial Markets	Reconciling Items	Consolidated Total
(In Millions)						
Net Interest Income	\$ 140	\$ 89	\$ 123	\$ 80	\$(164)	\$ 268
Provision for Credit Losses	-	20	5	5	(18)	12
Noninterest Income	990	80	29	50	81	1,230
Noninterest Expense	757	53	93	27	83	1,013
Income Before Taxes	\$ 373	\$ 96	\$ 54	\$ 98	\$(148)	\$ 473
Contribution Percentage Average Assets	60%	15%	9%	16%		
	\$22,771	\$17,358	\$5,377	\$50,051	\$4,121	\$99,678

In Millions

For the Quarter Ended December 31, 2003	Servicing and Fiduciary Businesses	Corporate Banking	Retail Banking	Financial Markets	Reconciling Items	Consolidated Total
Net Interest Income	\$ 138	\$ 94	\$ 123	\$ 85	\$(22)	\$ 418
Provision for Credit Losses	-	26	5	5	(1)	35
Noninterest Income	944	73	28	41	16	1,102
Noninterest Expense	732	52	93	28	111	1,016
Income Before Taxes	\$ 350	\$ 89	\$ 53	\$ 93	\$(116)	\$ 469
Contribution Percentage Average Assets	60%	15%	9%	16%		
	\$22,733	\$18,685	\$5,752	\$45,476	\$3,975	\$96,621

In Millions

For the Quarter Ended March 31, 2003	Servicing and Fiduciary Businesses	Corporate Banking	Retail Banking	Financial Markets	Reconciling Items	Consolidated Total
Net Interest Income	\$ 105	\$ 92	\$ 116	\$ 77	\$(4)	\$ 386
Provision for Credit Losses	-	30	4	5	1	40
Noninterest Income	691	71	29	50	3	844
Noninterest Expense	525	48	87	24	55	739
Income Before Taxes	\$ 271	\$ 85	\$ 54	\$ 98	\$(57)	\$ 451
Contribution Percentage Average Assets	53%	17%	11%	19%		
	\$ 7,617	\$20,708	\$5,387	\$44,334	\$2,605	\$80,651

Reconciling Items

Description - Reconciling items for net interest income primarily relate to the recording of interest income on a taxable equivalent basis, reallocation of capital and the funding of goodwill and intangibles. Reconciling items for noninterest income primarily relate to the sale of certain securities and certain other gains. Reconciling items for noninterest expense primarily reflects corporate overhead as well as amortization of intangibles and severance.

In the first quarter of 2004, the following adjustments (see "Other First Quarter Developments") were included in reconciling items: (i) SFAS 13 cumulative adjustment to the leasing portfolio, which impacted net interest income by \$145 million, (ii) four large securities gains and the gain on sale of Wing Hang Bank, which impacted noninterest income by \$67 million, and (iii) severance and lease termination expense, which impacted noninterest expense by \$18 million.

In the fourth quarter of 2003, merger and integration costs associated with Pershing were a reconciling item. The adjustment to the provision for credit losses reflects the difference between the aggregate of the credit provision over a credit cycle for the reportable segments and the Company's recorded provision. The reconciling items for average assets consist of goodwill and other intangible assets.

(In millions)	1st Quarter 2004	4th Quarter 2003	1st Quarter 2003
	-----	-----	-----
Segments' revenue	\$1,581	\$1,526	\$1,231
Adjustments:			
Earnings associated with assignment of capital	(29)	(30)	(20)
Securities gains	19	-	-
Other gains	62	16	3
SFAS 13 cumulative lease adjustment (145)	(145)	-	-
Taxable equivalent basis and other tax-related items	10	8	16
Subtotal-revenue adjustments	(83)	(6)	(1)
Consolidated revenue	\$1,498	\$1,520	\$1,230
	=====	=====	=====
Segments' income before tax	\$ 621	\$ 585	\$ 508
Adjustments:			
Revenue adjustments (above)	(83)	(6)	(1)
Provision for credit losses different than GAAP	18	1	(1)
Severance	(11)	(2)	(2)
Goodwill and intangible amortization	(8)	(7)	(3)
Pershing-related integration expenses	-	(48)	-
Lease termination	(8)	-	-
Corporate overhead	(56)	(54)	(50)
Consolidated income before tax	\$ 473	\$ 469	\$ 451
	=====	=====	=====
Segments' total average assets	\$95,557	\$92,646	\$78,046
Adjustments:			
Goodwill and intangibles	4,121	3,975	2,605
Consolidated average assets	\$99,678	\$96,621	\$80,651
	=====	=====	=====

Allocation to Segments - Earnings associated with the assignment of capital relate to preferred trust securities which are assigned as capital to segments. Since the Company considers these issues to be capital, it does not allocate the interest expense associated with these securities to individual segments. If this interest expense were allocated to segments, it could be assigned based on segment capital, assets, risks, or some other basis.

The reconciling item for securities gains relates to the Financial Markets business. The taxable equivalent adjustment is not allocated to segments because all segments contribute to the Company's taxable income and the Company believes it is arbitrary to assign the tax savings to any particular segment. Most of the assets that are attributable to the tax equivalent adjustment are recorded in the Financial Markets segment. In 2004, the \$145 million reconciling item related to SFAS 13 cumulative lease adjustment would be attributable to the Financial Markets segment. In addition, the gain on the sale of Wing Hang would be attributable to the Corporate Banking segment.

The reconciling item for the provision for loan losses primarily relates to Corporate Banking. Goodwill and intangible amortization primarily relates to the Securities Servicing and Fiduciary segment. Corporate overhead is difficult to specifically identify with any particular segment. Approaches to allocating corporate overhead to segments could be based on revenues, expenses, number of employees, or a variety of other measures. In 2004, the \$18 million of severance and lease termination would be allocated primarily to the Servicing and Fiduciary segment. Merger and integration charges would be allocated to the Securities and Fiduciary businesses segment.

CONSOLIDATED BALANCE SHEET REVIEW

Total assets were \$92.7 billion at March 31, 2004, compared with \$92.4 billion at December 31, 2003, and \$79.7 billion at March 31, 2003. The increase versus a year ago mainly reflects the Pershing acquisition. Total shareholders' equity was \$8.8 billion at March 31, 2004, compared with \$8.4 billion at December 31, 2003, and \$6.9 billion at March 31, 2003. The major reasons for the increase in shareholders' equity from a year ago are the issuance of common stock to finance the Pershing acquisition, the retention of earnings, and an increase in the securities valuation allowance.

Return on average common equity for the first quarter of 2004 was 17.17%, compared with 14.81% in the fourth quarter of 2003, and 17.80% in the first quarter of 2003.

Return on average assets for the first quarter of 2004 was 1.47%, compared with 1.26% in the fourth quarter of 2003, and 1.49% in the first quarter of 2003.

Investment Securities

The table below shows the distribution of the Company's securities portfolio:

Investment Securities (at Fair Value)

(In millions)	03/31/04	12/31/03
Fixed Income:		
Mortgage-Backed Securities	\$19,942	\$18,703
Asset-Backed Securities	20	20
Corporate Debt	1,294	1,326
Short-Term Money Market Instruments	855	917
U.S. Treasury Securities	440	505
U.S. Government Agencies	305	241
State and Political Subdivisions	241	251
Emerging Market Debt	111	109
Other Foreign Debt	525	518
Subtotal Fixed Income	23,733	22,590
Equity Securities:		
Money Market Funds	248	200
Federal Reserve Bank Stock	96	96
Other	12	12
Subtotal Equity Securities	356	308
Total Securities	\$24,089	\$22,898

Total investment securities were \$24.1 billion at March 31, 2004, compared with \$22.9 billion at December 31, 2003. Average investment securities were \$23.0 billion in the first quarter of 2004, compared with \$18.0 billion in the first quarter of 2003. The increases were primarily due to growth in the Company's portfolio of highly rated mortgage-backed securities which are 94% rated AAA, 2% AA, and 4% A. Since December 31, 2002, the Company has added approximately \$6.8 billion of mortgage-backed securities to its investment portfolio. The Company has been adding either adjustable or short life classes of structured mortgage-backed securities, both of which have short average lives. The Company has maintained an effective duration of approximately 1.7 years on its mortgage portfolio to better match its liabilities and reduce the adverse impact from a rise in interest rates.

Net unrealized gains for securities available-for-sale were \$359 million at March 31, 2004, compared with \$201 million at December 31, 2003. As interest rates rise, the Company expects the unrealized gains will decline, which will lower shareholders' equity and adversely impact the Company's tangible common equity ratio.

Loans

(In billions)	Period End			Average		
	Total	Non-Margin	Margin	Total	Non-Margin	Margin
March 31, 2004	\$36.1	\$30.0	\$6.1	\$36.5	\$30.3	\$6.2
December 31, 2003	35.3	29.6	5.7	37.3	31.5	5.8
March 31, 2003	31.6	31.1	0.5	32.0	31.6	0.4

Total loans were \$36.1 billion at March 31, 2004, compared with \$35.3 billion at December 31, 2003. The increase in total loans primarily reflects higher loans to the securities industry and higher margin loans. Non-margin loans were \$30.0 billion at March 31, 2004, compared with \$29.6 billion at December 31, 2003. The Company continues to focus on its strategy of reducing

non-strategic and outsized corporate loan exposures to improve its credit risk profile. Average total loans were \$36.5 billion in the first quarter of 2004, compared with \$32.0 billion in the first quarter of 2003 reflecting the Pershing acquisition.

During the quarter, the Company achieved two previously announced goals in its credit portfolio: to reduce corporate exposure below \$24 billion and telcom exposure below \$750 million by year-end 2004. The following tables provide additional details on the Company's loan exposures and outstandings at March 31, 2004 in comparison to December 31, 2003.

Overall Loan Portfolio

(In billions)	Unfunded		Total	Unfunded		Total
	Loans	Commitments	Exposure	Loans	Commitments	Exposure
	3/31/04	3/31/04	3/31/04	12/31/03	12/31/03	12/31/03
Financial Institutions	\$10.1	\$22.0	\$32.1	\$ 9.2	\$21.8	\$31.0
Corporate	3.7	20.0	23.7	4.0	20.5	24.5
	-----	-----	-----	-----	-----	-----
	13.8	42.0	55.8	13.2	42.3	55.5
	-----	-----	-----	-----	-----	-----
Consumer & Middle Market	8.3	4.2	12.5	8.2	4.1	12.3
Leasing Financings	5.6	0.1	5.7	5.8	-	5.8
Commercial Real Estate	2.3	0.8	3.1	2.4	0.8	3.2
Margin Loans	6.1	-	6.1	5.7	-	5.7
	-----	-----	-----	-----	-----	-----
Total	\$36.1	\$47.1	\$83.2	\$35.3	\$47.2	\$82.5
	=====	=====	=====	=====	=====	=====

Financial Institutions

The financial institutions portfolio exposure was \$32.1 billion March 31, 2004 compared to \$31.0 billion at December 31, 2003. These exposures are of high quality, with 88% meeting the investment grade criteria of the Company's rating system. The exposures are generally short-term, with 67% expiring within one year and are frequently secured. For example, mortgage banking, securities industry, and investment managers often borrow against marketable securities held in custody at the Company. The diversity of the portfolio is shown in the accompanying table.

(Dollars in billions)

Lending Division	03/31/04				12/31/03			
	Loans	Unfunded Commitments	Total Exposures	%Inv Grade	%due <1 Yr	Loans	Unfunded Commitments	Total Exposures
Banks	\$ 3.0	\$ 3.6	\$ 6.6	73%	83%	\$2.6	\$ 3.1	\$ 5.7
Securities								
Industry	2.5	3.0	5.5	87	85	1.9	3.5	5.4
Insurance	0.3	5.0	5.3	97	52	0.3	5.0	5.3
Government	0.1	5.8	5.9	99	41	0.2	5.6	5.8
Asset Managers	3.7	3.4	7.1	85	73	3.6	3.5	7.1
Mortgage Banks	0.3	0.6	0.9	88	59	0.4	0.5	0.9
Endowments	0.2	0.6	0.8	98	56	0.2	0.6	0.8
	-----	-----	-----	-----	-----	-----	-----	-----
Total	\$10.1	\$22.0	\$32.1	88%	67%	\$9.2	\$21.8	\$31.0
	=====	=====	=====	=====	=====	=====	=====	=====

Corporate

The corporate portfolio exposure declined to \$23.7 billion at March 31, 2004 from \$24.5 billion at year-end 2003. The Company has reached its goal of reducing corporate exposure below \$24.0 billion. Approximately 75% of the portfolio is investment grade while 22% of the portfolio matures within one year.

(Dollars in billions)

Lending Division	03/31/04					12/31/03		
	Loans	Unfunded Commitments	Total Exposures	%Inv Grade	%due <1 Yr	Loans	Unfunded Commitments	Total Exposures
Media	\$ 0.9	\$ 2.2	\$ 3.1	66%	13%	\$0.9	\$ 2.3	\$ 3.2
Cable	0.8	0.5	1.3	30	1	0.7	0.7	1.4
Telecom	0.2	0.5	0.7	56	17	0.3	0.6	0.9
Subtotal	1.9	3.2	5.1	55%	11%	1.9	3.6	5.5
Energy	0.3	4.4	4.7	85	30	0.4	4.2	4.6
Retailing	0.1	2.2	2.3	79	32	0.1	2.3	2.4
Automotive	0.1	2.0	2.1	77	37	0.1	2.1	2.2
Healthcare	0.2	1.3	1.5	88	13	0.2	1.3	1.5
Other*	1.1	6.9	8.0	76	19	1.3	7.0	8.3
Total	\$ 3.7	\$20.0	\$23.7	75%	22%	\$4.0	\$20.5	\$24.5

<FN>

* Diversified portfolio of industries and geographies

</FN>

The Company had previously targeted the telecom exposure for reduction to a total of \$750 million by December 31, 2004. This goal was accomplished in the first quarter as exposures were reduced to \$730 million with the percentage of investment grade borrowers rising from 52% at year-end 2003 to 56% at March 31, 2004. The improved quality of the portfolio is largely due to reductions in lower rated credits.

The Company's exposure to the airline industry consists of a \$579 million leasing portfolio (including a \$14 million real estate lease exposure) as well as \$23 million of direct lending. The airline leasing portfolio consists of \$265 million to major U.S. carriers, \$225 million to foreign airlines and \$89 million to U.S. regionals.

During the first quarter of 2004, the industry continued to face the dilemma of strong competition from the regionals, a relatively high cost structure, and weak demand. The industry's stagnant demand and considerable excess capacity has negatively impacted valuation of the industry's aircraft in the secondary market. Because of these factors, the Company continues to maintain a sizable allowance for loan losses against these exposures and to closely monitor the portfolio.

Nonperforming Assets

(Dollars in millions)	3/31/04	12/31/03	Change
			3/31/04 vs. 12/31/03
Loans:			
Commercial	\$231	\$219	\$ 12
Foreign	66	79	(13)
Other	46	51	(5)
Total Nonperforming Loans	343	349	(6)
Other Real Estate	-	-	-
Total Nonperforming Assets	\$343	\$349	\$ (6)
	====	====	====
Nonperforming Assets Ratio	1.2%	1.2%	
Allowance for Loan			
Losses/Nonperforming Loans	184.4	191.2	
Allowance for Loan			
Losses/Nonperforming Assets	184.4	191.2	
Allowance for Credit			
Losses/Nonperforming Loans	230.5	230.2	
Allowance for Credit			
Losses/Nonperforming Assets	230.5	230.2	

Nonperforming assets declined by \$6 million, or 2% during the first quarter of 2004 to \$343 million and are down 21% from a year ago. The decrease primarily reflects paydowns, sales of assets and charge-offs of commercial and foreign loans. The improved quality of the portfolio is largely due to reductions in lower rated credits. A loan to a bankrupt cable operator accounts for 33% of the total of nonperforming assets.

The ratio of the allowance for credit losses to nonperforming assets increased to 230.5% at March 31, 2004, compared with 230.2% at December 31, 2003 and 190.4% at March 31, 2003.

Activity in Nonperforming Assets

(In millions)	Quarter	Quarter
	End March 31, 2004	End December 31, 2003
Balance at Beginning of Period	\$ 349	\$ 388
Additions	34	50
Charge-offs	(19)	(42)
Paydowns/Sales	(21)	(47)
Other	-	-
Balance at End of Period	\$ 343	\$ 349
	====	====

Interest income would have been increased by \$4 million and \$5 million for the first quarters of 2004 and 2003 if loans on nonaccrual status at March 31, 2004 and 2003 had been performing for the entire period.

Impaired Loans

The table below sets forth information about the Company's impaired loans. The Company uses the discounted cash flow, collateral value, or market price methods for valuing its impaired loans:

(Dollars in millions)	March 31 2004	December 31 2003	March 31 2003
	-----	-----	-----
Impaired Loans with an Allowance	\$197	\$287	\$371
Impaired Loans without an Allowance(1)	124	41	40
	----	----	----
Total Impaired Loans	\$321	\$328	\$411
	====	====	====
Allowance for Impaired Loans(2)	\$ 88	\$106	\$183
Average Balance of Impaired Loans during the Quarter	\$306	\$373	\$407
Interest Income Recognized on Impaired Loans during the Quarter	\$0.9	\$0.7	\$1.0

(1) When the discounted cash flows, collateral value or market price equals or exceeds the carrying value of the loan, then the loan does not require an allowance under the accounting standard related to impaired loans.

(2) The allowance for impaired loans is included in the Company's allowance for loan losses.

Allowance

(Dollars in millions)	March 31 2004	December 31 2003	March 31 2003
	-----	-----	-----
Margin Loans	\$ 6,130	\$ 5,712	\$ 467
Non-Margin Loans	29,940	29,571	31,106
Total Loans	36,070	35,283	31,573
Allowance for Loan Losses	632	668	668
Allowance for Lending-Related Commitments	158	136	162
Total Allowance for Credit Losses	790	804	830
Allowance for Credit Losses As a Percent of Total Loans	2.19%	2.28%	2.63%
Allowance for Credit Losses As a Percent of Non-Margin Loans	2.64	2.72	2.67
Allowance for Loan Losses As a Percent of Total Loans	1.75	1.89	2.12
Allowance for Loan Losses As a Percent of Non-Margin Loans	2.11	2.26	2.14

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.

The allowance for credit losses to total loans was \$790 million, or 2.19% of total loans at March 31, 2004, compared with \$804 million, or 2.28% of total loans at December 31, 2003, and \$830 million, or 2.63% of total loans at March 31, 2003.

The acquisition of Pershing added \$6.1 billion of secured margin loans to the Company's balance sheet at March 31, 2004. The Company has rarely suffered a loss on these types of loans and doesn't allocate any of its allowance for credit losses to these loans. As a result, the Company believes the ratio of allowance for credit losses to non-margin loans is a more appropriate metric to measure the adequacy of the reserve.

The ratio of the allowance for credit losses to non-margin loans decreased to 2.64% at March 31, 2004, compared with 2.72% at December 31, 2003 and 2.67% at March 31, 2003, reflecting continued improvement in the credit quality in the first quarter of 2004. The Company expects credit costs to remain at lower levels through the remainder of the year as both external and internal credit metrics continue to improve.

Nonperforming assets declined another 2% this quarter, but have declined by over 20% from a year ago, and the Company's criticized and classified loans experienced a mid-teens decline from the fourth quarter of 2003 and are down by over a third from a year ago.

The ratio of the allowance to nonperforming assets was 184.4% at March 31, 2004, down from 191.2% at December 31, 2003, and 190.4% at March 31, 2003. Included in the Company's allowance for credit losses at March 31, 2004 is an allocated transfer risk reserve related to Argentina of \$20 million.

The allowance for loan losses and the allowance for lending-related commitments consist of four elements: (1) an allowance for impaired credits, (2) an allowance for higher risk rated loans and exposures, (3) an allowance for pass rated loans and exposures, and (4) an unallocated allowance based on general economic conditions and certain risk factors in the Company's individual portfolio and markets.

The first element (impaired credits) is based on individual analyses of all nonperforming commercial credits over \$1 million. The allowance is measured by the difference between the recorded value of impaired loans and their fair value in accordance with FASB 114. Fair value is either the present value of the expected future cash flows from borrowers, the market value of the loan, or the fair value of the collateral securing the obligation.

The second element (higher risk rated credits) is based on the assignment of loss factors for each specific risk category of higher risk credits. The Company risk rates each credit in its portfolio that exceeds \$1 million and assigns the credits to specific pools. A potential loss factor is assigned to each pool, and an amount is included in the allowance equal to the multiple of the amount of the loan in the pool times a risk factor. Reviews of higher risk rated loans and exposures are conducted at least quarterly and each loan's rating is reaffirmed or updated, as necessary. The Company maintains and updates loss migration analysis by comparing actual loss experiences to the loss factors assigned to each exposure pool. Past due consumer obligations are included in specific risk categories based on the length of time the loan is past due.

The third element (pass rated credits) is based on the Company's expected loss model. Borrowers are assigned to pools based on their credit rating, the maturity of the loan, the estimated exposure at default, and the loss given a default. The credit rating is derived from the borrower's probability of default. The loss given default incorporates an analysis of structure and collateral. These ratings are frequently reviewed by the relationship managers and their respective division portfolio managers and more formally on a semi-annual basis. The ratings are mapped to independent parties, including the rating agencies in order to ensure consistency and validity. At the time of approval, loans are individually analyzed and assigned a risk rating and loss given default rating. Performing consumer loans are included in the pass rated consumer pools. The Company uses an exposure at default estimate as a way of quantifying the amount the Company will lose in case of default. This estimate varies depending on the level of commitment, the type of exposure, and the credit rating of the borrower.

The fourth element (the unallocated allowance) is based on management's judgment regarding the following factors:

- Economic conditions including duration of the current cycle
- Past experience including recent loss experience
- Credit quality trends
- Collateral values
- Volume, composition, and growth of the loan portfolio
- Specific credits and industry conditions
- Results of bank regulatory and internal credit exams
- Actions by the Federal Reserve Board
- Delay in receipt of information to evaluate loans or confirm existing credit deterioration
- Geopolitical issues and their impact on the economy

Based on an evaluation of these four elements, including individual credits, historical credit losses, and global economic factors, the Company has allocated its allowance for credit losses as follows:

	March 31 2004	December 31 2003
	-----	-----
Domestic		
Real Estate	2%	2%
Commercial	75	74
Consumer	1	1
Foreign	8	9
Unallocated	14	14
	---	---
	100%	100%
	===	===

Such an allocation is inherently judgmental, and the entire allowance for credit losses is available to absorb credit losses regardless of the nature of the loss.

Deposits

Total deposits were \$56.1 billion at March 31, 2004, compared with \$56.4 billion at December 31, 2003 and \$56.9 billion at March 31, 2003. Noninterest-bearing deposits were \$14.4 billion at March 31, 2004, compared with \$14.8 billion at December 31, 2003. Interest-bearing deposits were \$41.7 billion at March 31, 2004, compared with \$41.6 billion at December 31, 2003.

CRITICAL ACCOUNTING POLICIES

The Company's significant accounting policies are described in the "Notes to Consolidated Financial Statements" under "Summary of Significant Accounting and Reporting Policies" in the Company's 2003 Annual Report on Form 10-K. Three of the Company's more critical accounting policies are those related to the allowance for credit losses, to the valuation of derivatives and securities where quoted market prices are not available, and goodwill and other intangibles.

Allowance for Credit Losses

The allowance for credit losses represents management's estimate of probable losses inherent in the Company's loan portfolio. This evaluation process is subject to numerous estimates and judgments. Probabilities of default/borrower ratings are assigned after analyzing the credit quality of each borrower/counterparty and the Company's internal ratings are consistent with external rating agency default databases. Loss given default ratings are driven by the collateral, structure, and seniority of each individual asset and are consistent with external loss given default/recovery databases. The Company uses an exposure at default estimate as a way of quantifying the amount the Company could lose in case of default. This estimate varies depending on the level of commitment, the type of exposure, and the credit rating of the borrower. The portion of the allowance related to impaired credits is based on the present value of future cash flows, market prices, or collateral values. Changes in the estimates of probability of default, risk ratings, loss given default/recovery rates, and cash flows could have a direct impact on the allocated allowance for loan losses.

The Company's unallocated allowance is established via a process that begins with estimates of probable loss inherent in the portfolio, based upon the following factors:

- Economic conditions, including duration of the current cycle
- Past experience, including recent loss experience
- Credit quality trends
- Collateral values
- Volume, composition, and growth of the loan portfolio
- Specific credits and industry conditions
- Results of bank regulatory and internal credit exams
- Actions by the Federal Reserve Board
- Delay in receipt of information to evaluate loans or confirm existing credit deterioration
- Geopolitical issues and their impact on the economy

To the extent actual results differ from forecasts or management's judgment the allowance for credit losses may be greater or less than future charge-offs.

The Company considers it difficult to quantify the impact of changes in forecast on its allowance for credit losses. Nevertheless, the Company believes the following discussion may enable investors to better understand the variables that drive the allowance for credit losses.

One key variable in determining the allowance is management's judgment around the size of the unallocated portion of the allowance. At March 31, 2004, the unallocated allowance was 14% of the total allowance. If the unallocated allowance were five percent higher or lower, the allowance would have increased or decreased by \$40 million, respectively.

The credit rating assigned to each pass credit is another significant variable in determining the allowance. If each pass credit were rated one grade better, the allowance would have decreased by \$67 million, while if each pass credit were rated one grade worse, the allowance would have increased by \$96 million.

For higher risk rated credits, if the loss given default were 10% worse, the allowance would have increased by \$19 million, while if the loss given default were 10% better, the allowance would have decreased by \$25 million.

For impaired credits, if the fair value of the loans were 10% higher or lower, the allowance would have increased or decreased by \$23 million, respectively.

Valuation of Derivatives and Securities Where Quoted Market Prices Are Not

Available

When quoted market prices are not available for derivatives and securities values, such values are determined at fair value, which is defined as the value at which positions could be closed out or sold in a transaction with a willing counterparty over a period of time consistent with the Company's trading or investment strategy. Fair value for these instruments is determined based on discounted cash flow analysis, comparison to similar instruments, and the use of financial models. Financial models use as their basis independently sourced market parameters including, for example, interest rate yield curves, option volatilities, and currency rates. Discounted cash flow analysis is dependent upon estimated future cash flows and the level of interest rates. Model-based pricing uses inputs of observable prices for interest rates, foreign exchange rates, option volatilities and other factors. Models are benchmarked and validated by external parties. The Company's valuation process takes into consideration factors such as counterparty credit quality, liquidity and concentration concerns. The Company applies judgment in the application of these factors. In addition, the Company must apply judgment when no external parameters exist. Finally, other factors can affect the Company's estimate of fair value including market dislocations, incorrect model assumptions, and unexpected correlations.

These valuation methods could expose the Company to materially different results should the models used or underlying assumptions be inaccurate. See "Use of Estimates" in the footnote 1 "Summary of Significant Accounting and Reporting Policies" in the Company's 2003 Annual Report on Form 10-K.

To assist in assessing the impact of a change in valuation, at March 31, 2004, approximately \$3.1 billion of the Company's portfolio of securities and derivatives is not priced based on quoted market prices. A change of 2.5% in the valuation of these securities and derivatives would result in a change in pre-tax income of \$76 million.

Goodwill and Other Intangibles

The Company records all assets and liabilities acquired in purchase acquisitions, including goodwill, indefinite-lived intangibles, and other intangibles, at fair value as required by SFAS 141. Goodwill (\$3,355 million at March 31, 2004) and indefinite-lived intangible assets (\$370 million at March 31, 2004) are not amortized but are subject to annual tests for impairment or more often if events or circumstances indicate they may be impaired. Other intangible assets are amortized over their estimated useful lives and are subject to impairment if events or circumstances indicate a possible inability to realize the carrying amount. The initial recording of goodwill and other intangibles requires subjective judgments concerning estimates of the acquired assets fair value. The goodwill impairment test is performed in two phases. The first step of the goodwill impairment test compares the fair value of the reporting unit with its carrying amount, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired; however, if the carrying amount of the reporting unit exceeds its fair value, an additional procedure must be performed. That additional procedure compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. An impairment loss is recorded to the extent that the carrying amount of goodwill exceeds its implied fair value. Indefinite-lived intangible assets are evaluated for impairment at least annually by comparing its fair value to its carrying value.

Other identifiable intangible assets (\$417 million at March 31, 2004) are evaluated for impairment if events and circumstances indicate a possible impairment. Such evaluation of other intangible assets is based on undiscounted cash flow projections. Fair value may be determined using: market prices, comparison to similar assets, market multiples, discounted cash flow analysis and other determinates. Estimated cash flows may extend far into the future and, by their nature, are difficult to determine over an extended timeframe. Factors that may significantly affect the estimates include, among others, competitive forces, customer behaviors and attrition, changes in revenue growth trends, cost structures and technology, and changes in discount rates and specific industry or market sector conditions. Other key judgments in accounting for intangibles include useful life and classification between goodwill and indefinite lived intangibles or other intangibles which require amortization. See Note 4 of the Notes to Consolidated Financial Statements for additional information regarding intangible assets.

The following discussion may assist investors in assessing the impact of a goodwill or intangible asset impairment charge. The Company has \$4.1 billion of goodwill and intangible assets at March 31, 2004. The impact of a 5% impairment charge would result in a change of pre-tax income of approximately \$205 million.

LIQUIDITY

The Company maintains its liquidity through the management of its assets and liabilities, utilizing worldwide financial markets. The diversification of liabilities reflects the Company's efforts to maintain flexibility of funding sources under changing market conditions. Stable core deposits, including demand, retail time, and trust deposits from processing businesses, are generated through the Company's diversified network and managed with the use of trend studies and deposit pricing. The use of derivative products such as interest rate swaps and financial futures enhances liquidity by enabling the Company to issue long-term liabilities with limited exposure to interest rate risk. Liquidity also results from the maintenance of a portfolio of assets which can be easily sold and the monitoring of unfunded loan commitments, thereby reducing unanticipated funding requirements. Liquidity is managed on both a consolidated basis and also at The Bank of New York Company, Inc. parent company ("Parent").

On a consolidated basis, non-core sources of funds such as money market rate accounts, certificates of deposits greater than \$100,000, federal funds purchased and other borrowings were \$14.6 billion and \$14.4 billion on an average basis for the first three months of 2004 and 2003. Average foreign deposits, primarily from the Company's European based securities servicing business, were \$25.8 billion and \$23.9 billion at March 31, 2004 and 2003. Savings and other time deposits were \$10.2 billion on an average basis at March 31, 2004 compared to \$9.8 billion at March 31, 2003. Average payables to customers and broker-dealers rose to \$7.0 billion from \$0.1 billion and long-term debt increased to \$6.2 billion from \$5.4 billion reflecting the Pershing acquisition.

The Parent has five major sources of liquidity: dividends from its subsidiaries, a line of credit with the Bank, the commercial paper market, a revolving credit agreement with third party financial institutions, and access to the capital markets.

At March 31, 2004, the Bank could pay dividends of approximately \$761 million to the Parent without the need for regulatory waiver. This dividend capacity would increase in the remainder of 2004 to the extent of the Bank's net income less dividends. Nonbank subsidiaries of the Parent have liquid assets of approximately \$264 million. These assets could be liquidated and the proceeds delivered by dividend or loan to the Parent.

The Parent has a \$300 million line of credit with the Bank, which is subject to limits imposed by federal banking law. At March 31, 2004, the Parent could use the subsidiaries' liquid securities as collateral to allow it to borrow \$47 million rather than liquidate the securities and loan or dividend the proceeds to the Parent and remain in compliance with federal banking regulations. The Parent had no borrowings from the Bank at March 31, 2004.

For the quarter ended March 31, 2004, the Parent's quarterly average commercial paper borrowings were \$77 million compared with \$161 million in 2003. At March 31, 2004, the Parent had cash of \$585 million compared with cash of \$434 million at December 31, 2003 and \$518 million at March 31, 2003. Net of commercial paper outstanding, the Parent's cash position at March 31, 2004 was up \$151 million compared with March 31, 2003.

The Parent has a back-up line of credit of \$275 million with 15 financial institutions. This line of credit matures in October 2006. There were no borrowings under the line of credit at March 31, 2004 and March 31, 2003.

The Parent also has the ability to access the capital markets. At March 31, 2004, the Parent had a shelf registration statement with a capacity of \$591 million of debt, preferred stock, preferred trust securities, or common stock. Access to the capital markets is partially dependent on the Company's credit ratings, which as of March 31, 2004 were as follows:

	Parent Commercial Paper	Parent Subordinated Long-Term Debt	Parent Senior Long-Term Debt	The Bank of New York Long-Term Deposits	Outlook
	-----	-----	-----	-----	-----
Standard & Poor's	A-1	A	A+	AA-	Stable
Moody's	P-1	A1	Aa3	Aa2	Stable
Fitch	F1+	A+	AA-	AA	Stable

The Parent's major uses of funds are payment of principal and interest on its borrowings, acquisitions, and additional investment in its subsidiaries.

The Parent has \$300 million of long-term debt that becomes due in 2004 subsequent to March 31, 2004 and \$100 million of long-term debt that is due in 2005. In addition, at March 31, 2004, the Parent has the option to call \$175 million of subordinated debt in 2004 and \$93 million in 2005, which it will call and refinance if market conditions are favorable. As of April 30, 2004, the Company redeemed \$20 million of debt. The Parent expects to refinance any debt it repays by issuing a combination of senior and subordinated debt.

Double leverage is the ratio of investment in subsidiaries divided by the Company's consolidated equity plus trust preferred securities. The Company's double leverage ratio at March 31, 2004 and 2003 was 99.28% and 100.82%. The Company's target double leverage ratio is a maximum of 120%. The double leverage ratio is monitored by regulators and rating agencies and is an important constraint on the Company's ability to invest in its subsidiaries to expand its businesses.

The following comments relate to the information disclosed in the Consolidated Statements of Cash Flows.

Earnings and other operating activities provided \$2.1 billion in cash flows through March 31, 2004, compared with \$0.8 billion used by operating activities through March 31, 2003. The sources of cash flows from operations in 2004 were principally the result of changes in trading activities and net income.

In the first quarter of 2004, cash used by investing activities was \$2.5 billion as compared to cash used by investing activities in the first quarter of 2003 of \$1.7 billion. In the first quarter of 2004 and 2003, purchases of securities available-for-sale were a significant use of funds.

In the first quarter of 2004, cash used by financing activities was \$0.9 billion as compared to cash provided by financing activities in the first quarter of 2003 of \$2.2 billion. Sources of funds in 2004 include other borrowed funds, the issuance of long-term debt and common stock. In first quarter of 2004, deposits and payables to customers and broker-dealers were a net use of funds, while these items were a source of funds the Company used to finance its investing activities in the first quarter of 2003.

CAPITAL RESOURCES

Regulators establish certain levels of capital for bank holding companies and banks, including the Company and the Bank, in accordance with established quantitative measurements. In order for the Company to maintain its status as a financial holding company, the Bank must qualify as well capitalized. In addition, major bank holding companies such as the Company are expected by the regulators to be well capitalized. As of March 31, 2004 and 2003, the Company and the Bank were considered well capitalized on the basis of the ratios (defined by regulation) of Total and Tier 1 capital to risk-weighted assets and leverage (Tier 1 capital to average assets), which are shown as follows:

	March 31, 2004		March 31, 2003		Company Targets	Well Capitalized Guidelines	Adequately Capitalized Guidelines
	Company	Bank	Company	Bank			
Tier 1*	7.52%	7.35%	7.92%	7.92%	7.75%	6%	4%
Total Capital**	11.57	11.51	12.72	12.34	11.75	10	8
Leverage	5.83	5.66	6.68	6.63	6.50	5	3-5
Tangible Common Equity	5.22	5.77	5.52	6.26	5.25-6.00	N.A.	N.A.

<FN>

* Tier 1 capital consists, generally, of common equity, preferred trust securities, and certain qualifying preferred stock, less goodwill and most other intangibles.

**Total Capital consists of Tier 1 capital plus Tier 2 capital. Tier 2 capital consists, generally, of certain qualifying preferred stock and subordinated debt and a portion of the loan loss allowance.

</FN>

The Company's estimated regulatory Tier 1 capital and Total capital ratios were 7.52% and 11.57% at March 31, 2004, compared with 7.44% and 11.49% at December 31, 2003, and 7.92% and 12.72% at March 31, 2003. The regulatory leverage ratio was 5.83% at March 31, 2004, compared with 5.82% at December 31, 2003, and 6.68% at March 31, 2003. The Company's tangible common equity as a percentage of total assets was 5.22% at March 31, 2004, up from 4.91% at December 31, 2003, and close to the Company's target of 5.25%. This ratio varies depending on the size of the balance sheet at quarter-end and the impact of interest rates on unrealized gains and losses among other things. The Company expects to repurchase 3 million shares of common stock later this year. The improvement in the Company's capital ratios versus December 31, 2003 reflects the retention of earnings during the quarter as well as an increase in the securities valuation allowance. The decline from March 31, 2003 primarily reflects the Pershing acquisition.

The Federal Reserve has indicated that it is reviewing the continued treatment of preferred trust securities as Tier 1 Capital. See "Accounting Changes and New Accounting Pronouncements" in the Footnotes to the Consolidated Financial Statements.

The following table presents the components of the Company's risk-based capital at March 31, 2004 and 2003:

(in millions)	2004 ----	2003 ----
Common Stock	\$8,760	\$6,874
Preferred Stock	-	-
Preferred Trust Securities	1,150	1,100
Adjustments:		
Intangibles	(4,136)	(2,612)
Securities Valuation Allowance	(212)	(179)
Merchant Banking Investments	(6)	(3)
Tier 1 Capital	5,556 -----	5,180 -----
Qualifying Unrealized Equity Security Gains	-	-
Qualifying Subordinated Debt	2,227	2,330
Qualifying Allowance for Loan Losses	770	804
Tier 2 Capital	2,997 -----	3,134 -----
Total Risk-based Capital	\$8,553 =====	\$8,314 =====
Risk-Adjusted Assets	\$73,904 =====	\$65,378 =====

TRADING ACTIVITIES

The fair value and notional amounts of the Company's financial instruments held for trading purposes at March 31, 2004 and March 31, 2003 are as follows:

(In millions)	March 31, 2004			1st Quarter 2004 Average	
	Notional Amount	Fair Value		Fair Value	
		Assets	Liabilities	Assets	Liabilities
Trading Account					
Interest Rate Contracts:					
Futures and Forward					
Contracts	\$ 63,241	\$ 93	\$ -	\$ 101	\$ -
Swaps	194,504	1,286	80	1,451	171
Written Options	149,946	-	1,442	-	1,400
Purchased Options	94,357	215	-	214	-
Foreign Exchange Contracts:					
Swaps	3,080	-	-	-	-
Written Options	10,623	-	84	-	69
Purchased Options	12,767	86	-	79	-
Commitments to Purchase and Sell Foreign Exchange	71,165	862	934	916	978
Debt Securities	-	1,598	42	2,168	39
Credit Derivatives	1,325	3	4	3	8
Equity Derivatives	401	166	127	90	73
Total Trading Account		\$4,309	\$2,713	\$5,022	\$2,738

(In millions)	March 31, 2003			1st Quarter 2003 Average	
	Notional Amount	Fair Value		Fair Value	
		Assets	Liabilities	Assets	Liabilities
Trading Account					
Interest Rate Contracts:					
Futures and Forward					
Contracts	\$ 53,723	\$ 63	\$ -	\$ 87	\$ -
Swaps	153,355	1,883	576	1,627	441
Written Options	118,467	-	1,495	-	1,387
Purchased Options	54,614	254	-	225	-
Foreign Exchange Contracts:					
Swaps	2,455	-	-	-	-
Written Options	13,205	-	64	-	71
Purchased Options	16,845	72	-	58	-
Commitments to Purchase and Sell Foreign Exchange	51,863	283	324	425	399
Debt Securities	-	5,190	1	5,712	2
Credit Derivatives	1,808	6	2	6	2
Equity Derivatives	-	16	-	23	7
Total Trading Account		\$7,767	\$2,462	\$8,163	\$2,309

The Company's trading activities are focused on acting as a market maker for the Company's customers. The risk from these market making activities and from the Company's own positions is managed by the Company's traders and limited in total exposure as described below.

The Company manages trading risk through a system of position limits, a value at risk (VAR) methodology, based on a Monte Carlo simulation, stop loss advisory triggers, and other market sensitivity measures. Risk is monitored and reported to senior management by an independent unit on a daily basis. The VAR methodology captures, based on certain assumptions, the potential

overnight pre-tax dollar loss from adverse changes in fair values of all trading positions. The calculation assumes a one day holding period for most instruments, utilizes a 99% confidence level, and incorporates the non-linear characteristics of options. The VAR model is used to calculate economic capital, which is allocated to the business units for computing risk-adjusted performance. As the VAR methodology does not evaluate risk attributable to extraordinary financial, economic or other occurrences, the risk assessment process includes a number of stress scenarios based upon the risk factors in the portfolio and management's assessment of market conditions. Additional stress scenarios based upon historic market events are also tested.

The following table indicates the calculated VAR amounts for the trading portfolio for the periods indicated.

(In millions)	1st Quarter 2004			
	Average	Minimum	Maximum	3/31/04
Interest Rate	\$4.4	\$2.2	\$ 6.2	\$4.9
Foreign Exchange	1.0	0.5	1.5	1.2
Equity	1.2	0.6	1.9	1.9
Credit Derivatives	2.0	1.9	2.1	2.1
Diversification	(0.7)	NM	NM	(1.0)
Overall Portfolio	7.9	4.9	10.5	9.1

(In millions)	1st Quarter 2003			
	Average	Minimum	Maximum	3/31/03
Interest Rate	\$4.8	\$2.3	\$11.4	\$7.8
Foreign Exchange	0.8	0.5	1.3	0.8
Equity	0.1	-	0.4	-
Credit Derivatives	-	-	-	-
Diversification	(1.2)	NM	NM	(1.0)
Overall Portfolio	4.5	2.0	11.4	7.6

<FN>

NM - Because the minimum and maximum may occur on different days for different risk components, it is not meaningful to compute a portfolio diversification effect.

</FN>

During the first quarter of 2004, interest rate risk generated approximately 51% of average VAR, credit derivatives generated 23% of average VAR, foreign exchange accounted for 12% of average VAR, and equity generated 14% of average VAR. During the first quarter of 2004, the Company's daily trading loss did not exceed the Company's calculated VAR amounts on any given day.

ASSET/LIABILITY MANAGEMENT

The Company's asset/liability management activities include lending, investing in securities, accepting deposits, raising money as needed to fund assets, and processing securities and other transactions. The market risks that arise from these activities are interest rate risk, and to a lesser degree, foreign exchange risk. The Company's primary market risk is exposure to movements in US dollar interest rates. Exposure to movements in foreign currency interest rates also exists, but to a significantly lower degree. The Company actively manages interest rate sensitivity. In addition to gap analysis, the Company uses earnings simulation and discounted cash flow models to identify interest rate exposures.

An earnings simulation model is the primary tool used to assess changes in pre-tax net interest income. The model incorporates management's assumptions regarding interest rates, balance changes on core deposits, and changes in the prepayment behavior of loans and securities. These assumptions have been developed through a combination of historical analysis and future expected pricing behavior. Derivative financial instruments used for interest rate risk management purposes are also included in this model.

The Company evaluates the effect on earnings by running various interest rate ramp scenarios up and down from a baseline scenario, which assumes no changes in interest rates. These scenarios are reviewed to examine the impact of large interest rate movements. Interest rate sensitivity is quantified by calculating the change in pre-tax net interest income between the scenarios over a 12 month measurement period. The measurement of interest rate sensitivity is the percentage change in net interest income as shown in the following table:

(Dollars in millions)	March 31, 2004	
	\$	%
+200 bp Ramp vs. Stable Rate	\$ (4)	(0.22)%
+100 bp Ramp vs. Stable Rate	7	0.39
-25 bp Shock vs. Stable Rate	-	-

These scenarios do not include the strategies that management could employ to limit the impact as interest rate expectations change. The Company's interest rate positioning continues to be relatively neutral to changes in interest rates in either direction.

The above table relies on certain critical assumptions including depositors' behavior related to interest rate fluctuations and the prepayment and extension risk in certain of the Company's assets. For example, based on the level of interest rates at March 31, 2004, the Company does not believe it would be able to reduce rates on all its deposit products if there are further declines in interest rates. In addition, if interest rates decline, the Company's portfolio of mortgage-related assets would have reduced returns if the borrowers pay off their mortgages earlier than anticipated. To the extent that actual behavior is different from that assumed in the models, there could be a change in interest rate sensitivity.

STATISTICAL INFORMATION

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

	For the three months ended March 31, 2004			For the three months ended March 31, 2003		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
ASSETS						

Interest-Bearing						
Deposits in Banks (primarily foreign)	\$11,692	\$ 68	2.35%	\$ 4,987	\$ 30	2.40%
Federal Funds Sold and Securities Purchased Under Resale Agreements	7,115	16	0.93	5,003	15	1.24
Margin Loans	6,179	34	2.18	432	3	2.51
Loans						
Domestic Offices	21,074	55	1.05	18,652	214	4.68
Foreign Offices	9,201	63	2.74	12,888	97	3.04
	-----	-----		-----	-----	
Non-Margin Loans	30,275	118	1.56	31,540	311	4.01

Securities						
U.S. Government Obligations	440	3	2.31	325	3	3.70
U.S. Government Agency Obligations	4,300	35	3.23	3,253	34	4.19
Obligations of States and Political Subdivisions	247	3	5.56	381	7	6.85
Other Securities	18,010	155	3.44	14,018	138	3.95
Trading Securities	2,753	15	2.15	5,712	44	3.13
	-----	-----		-----	-----	
Total Securities	25,750	211	3.27	23,689	226	3.83

Total Interest-Earning Assets	81,011	447	2.22%	65,651	585	3.62%

Allowance for Credit Losses	(679)			(655)		
Cash and Due from Banks	2,971			2,811		
Other Assets	16,375			12,844		
	-----			-----		
TOTAL ASSETS	\$99,678			\$80,651		
=====						
LIABILITIES AND SHAREHOLDERS' EQUITY						

Interest-Bearing Deposits						
Money Market Rate Accounts	\$ 6,607	\$ 11	0.68%	\$ 7,678	\$ 19	0.99%
Savings	9,149	15	0.67	8,490	18	0.92
Certificates of Deposit						
\$100,000 & Over	3,987	12	1.24	4,726	20	1.75
Other Time Deposits	1,016	4	1.46	1,272	6	1.82
Foreign Offices	25,834	76	1.18	23,867	83	1.39
	-----	-----		-----	-----	
Total Interest-Bearing Deposits	46,593	118	1.02	46,033	146	1.29
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	1,612	3	0.66	1,291	3	0.96
Other Borrowed Funds	2,398	9	1.49	660	2	1.44
Payables to Customers and Broker-Dealers	6,973	13	0.73	128	-	0.84
Long-Term Debt	6,209	30	1.95	5,441	39	2.85
	-----	-----		-----	-----	
Total Interest-Bearing Liabilities	63,785	173	1.09%	53,553	190	1.44%

Noninterest-Bearing Deposits	14,016			11,353		
Other Liabilities	13,355			9,021		
Common Shareholders' Equity	8,522			6,724		
	-----			-----		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$99,678			\$80,651		
=====						
Net Interest Earnings and Interest Rate Spread		\$ 274	1.13%		\$ 395	2.18%
		=====	=====		=====	=====
Net Yield on Interest-Earning Assets			1.36%			2.44%
			=====			=====

<FN>

Excluding SFAS 13 Leveraged Lease adjustment, the rates on Domestic Office Loans and Non-Margin Loans would have been 3.82% and 3.49%, respectively. The Net Interest Rate Spread and Net Yield on Interest-Earning Assets would have been 1.85% and 2.08%, respectively.

</FN>

FORWARD LOOKING STATEMENTS AND FACTORS THAT COULD AFFECT FUTURE RESULTS

The information presented with respect to, among other things, earnings and revenue outlook, projected business growth, the outcome of legal, regulatory and investigatory proceedings, the Company's plans, objectives and strategies for reallocating assets and moving further into fee-based businesses, and future nonperforming loans and loan losses, is forward looking information. Forward looking statements are the Company's current estimates or expectations of future events or future results.

The Company or its executive officers and directors on behalf of the Company, may from time to time make forward looking statements. When used in this report, any press release or oral statements, the words "estimate," "forecast," "project," "anticipate," "target," "expect," "intend," "think," "continue," "seek," "believe," "plan," "goal," "could," "should," "may," "will," "strategy," and words of similar meaning are intended to identify forward looking statements in addition to statements specifically identified as forward looking statements.

Forward looking statements, including the Company's discussions and projections of future results of operations and discussions of future plans contained in Management's Discussion and Analysis and elsewhere in this Form 10-Q, are based on management's current expectations and assumptions and are subject to risks and uncertainties, some of which are discussed herein, that could cause actual results to differ materially from projected results. Forward looking statements could be affected by a number of factors, some of which by their nature are dynamic and subject to rapid and possibly abrupt changes which the Company is necessarily unable to predict with accuracy, including:

General business and economic conditions-Disruptions in general economic activity in the United States or abroad, to the Company's operational functions or to financial market settlement functions. The economic and other effects of the continuing threat of terrorist activity following the WTC disaster and subsequent U.S. military actions. Changes in customer credit quality, future changes in interest rates, inflation, general credit quality, the levels of economic, capital market, and merger and acquisition activity, consumer behavior, government monetary policy, competition, credit, market and operating risk, and loan demand. The pace of recovery of the domestic economy, technological change in our industry, market demand for the Company's products and services, the savings rate of individuals and future global political, economic, business and market conditions. Variations in management projections, methodologies used by management to set adequate reserve levels for contingent liabilities, evaluate risk or market forecasts and the actions that management could take in response to these changes.

Acquisitions-Lower than expected performance or higher than expected costs in connection with acquisitions and integration of acquired businesses, changes in relationships with customers, entering new and unfamiliar markets, incurring undiscovered liabilities, incorrectly valuing acquisition candidates, the ability to satisfy customer requirements, retain customers and realize the growth opportunities of acquired businesses and management's ability to achieve efficiency goals.

Competition-Increased competition from other domestic and international banks and financial service companies such as trading firms, broker dealers and asset managers as well as from unregulated financial services organizations. Rapid technological changes require significant and ongoing investments in technology to develop competitive new products and services or adopt new technologies.

Dependence on fee based business-Revenues reflect changes in the volume of financial transactions in the United States and abroad, the level of capital market activity affects processing revenues, changes in asset values affect fees which are based on the value of assets under custody and management, the

level of cross-border investing, investor sentiment, the level of debt issuance and currency exchange rate volatility all impact our revenues.

Reputational and legal risk-Adverse publicity and damage to our reputation arising from the failure or perceived failure to comply with legal and regulatory requirements, financial reporting irregularities involving other large and well known companies and regulatory investigations of the mutual fund industry could affect our ability to attract and retain customers, maintain access to the capital markets or result in suits, enforcement actions, fines and penalties.

Legislative and regulatory environment-Changes or potential changes in domestic and international legislation and regulation as well as domestic or international regulatory investigations impose compliance and response costs and may allow additional competition, facilitate consolidation of competitors, or attract new competitors into the Company's businesses.

This is not an exhaustive list and as a result of variations in any of these factors actual results may differ materially from any forward looking statements.

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

Government Monetary Policies

The Federal Reserve Board has the primary responsibility for United States monetary policy. Its actions have an important influence on the demand for credit and investments and the level of interest rates and thus on the earnings of the Company.

Competition

The businesses in which the Company operates are very competitive. Competition is provided by both unregulated and regulated financial services organizations, whose products and services span the local, national, and global markets in which the Company conducts operations.

A wide variety of domestic and foreign companies compete for processing services. For securities servicing and global payment services, international, national, and regional commercial banks, trust banks, investment banks, specialized processing companies, outsourcing companies, data processing companies, stock exchanges, and other business firms offer active competition. In the private client services and asset management markets, international, national, and regional commercial banks, standalone asset management companies, mutual funds, securities brokerage firms, insurance companies, investment counseling firms, and other business firms and individuals actively compete for business. Commercial banks, savings banks, savings and loan associations, and credit unions actively compete for deposits, and money market funds and brokerage houses offer deposit-like services. These institutions, as well as consumer and commercial finance companies, national retail chains, factors, insurance companies and pension trusts, are important competitors for various types of loans. Issuers of commercial paper compete actively for funds and reduce demand for bank loans.

WEBSITE INFORMATION

The Company makes available, on its website: www.bankofny.com its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to these reports as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. In addition, the Company's earnings releases and management conference calls and presentations are available through the website.

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

	March 31, 2004 ----	December 31, 2003 ----
Assets		

Cash and Due from Banks	\$ 2,615	\$ 3,843
Interest-Bearing Deposits in Banks	9,903	8,286
Securities		
Held-to-Maturity (fair value of \$1,388 in 2004 and \$256 in 2003)	1,382	261
Available-for-Sale	22,701	22,642
	-----	-----
Total Securities	24,083	22,903
Trading Assets at Fair Value	4,309	5,406
Federal Funds Sold and Securities Purchased Under Resale Agreements	3,775	4,829
Loans (less allowance for loan losses of \$632 in 2004 and \$668 in 2003)	35,438	34,615
Premises and Equipment	1,388	1,398
Due from Customers on Acceptances	263	170
Accrued Interest Receivable	309	214
Goodwill	3,355	3,276
Intangible Assets	787	816
Other Assets	6,427	6,641
	-----	-----
Total Assets	\$92,652	\$92,397
	=====	=====
Liabilities and Shareholders' Equity		

Deposits		
Noninterest-Bearing (principally domestic offices)	\$14,390	\$14,789
Interest-Bearing		
Domestic Offices	19,696	19,282
Foreign Offices	21,996	22,335
	-----	-----
Total Deposits	56,082	56,406
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	869	1,039
Trading Liabilities	2,713	2,519
Payables to Customers and Broker-Dealers	9,934	10,192
Other Borrowed Funds	855	834
Acceptances Outstanding	265	172
Accrued Taxes and Other Expenses	4,116	4,256
Accrued Interest Payable	158	82
Other Liabilities (including allowance for lending-related commitments of \$158 in 2004 and \$136 in 2003)	2,624	2,348
Long-Term Debt	6,276	6,121
	-----	-----
Total Liabilities	83,892	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 in 2003	-	-
Common Stock-par value \$7.50 per share, authorized 2,400,000,000 shares, issued 1,042,425,158 shares in 2004 and 1,039,968,482 shares in 2003	7,818	7,800
Additional Capital	1,668	1,647
Retained Earnings	5,548	5,330
Accumulated Other Comprehensive Income	158	72
	-----	-----
Total Shareholders' Equity	15,192	14,849
	-----	-----
Less: Treasury Stock (264,891,643 shares in 2004		

and 264,649,827 shares in 2003), at cost	6,431	6,420
Loan to ESOP (126,960 shares in 2004 and in 2003), at cost	1	1
	-----	-----
Total Shareholders' Equity	8,760	8,428
	-----	-----
Total Liabilities and Shareholders' Equity	\$92,652	\$92,397
	=====	=====

<FN>

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

</FN>

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

	For the three months ended March 31,	
	2004	2003
	----	----
Interest Income		

Loans	\$ 118	\$ 311
Margin loans	34	3
Securities		
Taxable	181	160
Exempt from Federal Income Taxes	10	13
	-----	-----
	191	173
Deposits in Banks	68	30
Federal Funds Sold and Securities Purchased		
Under Resale Agreements	16	15
Trading Assets	14	44
	-----	-----
Total Interest Income	441	576
	-----	-----
Interest Expense		

Deposits	118	146
Federal Funds Purchased and Securities Sold		
Under Repurchase Agreements	3	3
Other Borrowed Funds	9	2
Customer Payables	13	-
Long-Term Debt	30	39
	-----	-----
Total Interest Expense	173	190
	-----	-----
Net Interest Income	268	386

Provision for Credit Losses	12	40
	-----	-----
Net Interest Income After Provision for Credit Losses	256	346
	-----	-----
Noninterest Income		

Servicing Fees		
Securities	716	474
Global Payment Services	79	78
	-----	-----
	795	552
Private Client Services and Asset Management Fees	108	90
Service Charges and Fees	96	97
Foreign Exchange and Other Trading Activities	106	65
Securities Gains	33	7
Other	92	33
	-----	-----
Total Noninterest Income	1,230	844
	-----	-----
Noninterest Expense		

Salaries and Employee Benefits	574	423
Net Occupancy	81	58
Furniture and Equipment	51	36
Clearing	48	29
Sub-custodian Expenses	22	16
Software	49	35
Communications	24	20
Amortization of Intangibles	8	3
Other	156	119
	-----	-----
Total Noninterest Expense	1,013	739
	-----	-----
Income Before Income Taxes	473	451
Income Taxes	109	156
	-----	-----
Net Income	\$ 364	\$ 295
-----	=====	=====
Per Common Share Data:		

Basic Earnings	\$0.47	\$0.41
Diluted Earnings	0.47	0.41

Cash Dividends Paid	0.19	0.19
Diluted Shares Outstanding	778	726

<FN>

See accompanying Notes to Consolidated Financial Statements.

</FN>

THE BANK OF NEW YORK COMPANY, INC.
 Consolidated Statement of Changes in Shareholders' Equity
 For the three months ended March 31, 2004
 (In millions)
 (Unaudited)

Common Stock			
Balance, January 1			\$ 7,800
Issuances in Connection with Employee Benefit Plans			18

Balance, March 31			7,818

Additional Capital			
Balance, January 1			1,647
Issuances in Connection with Employee Benefit Plans			21

Balance, March 31			1,668

Retained Earnings			
Balance, January 1			5,330
Net Income	\$ 364		364
Cash Dividends on Common Stock			(146)

Balance, March 31			5,548

Accumulated Other Comprehensive Income			
Balance, January 1			72
Change in Fair Value of Securities Available-for-Sale, Net of Taxes of \$68 Million	83		83
Reclassification Adjustment, Net of Taxes of (\$1) Million	(1)		(1)
Foreign Currency Translation Adjustment, Net of Taxes of \$- Million	-		-
Net Unrealized Derivative Gains on Cash Flow Hedges, Net of Taxes of \$4 Million	6		6
Minimum Pension Liability Adjustment, Net of Taxes of (\$1) Million	(2)		(2)

Balance, March 31			158

Total Comprehensive Income	\$ 450		=====
Less Treasury Stock			
Balance, January 1			6,420
Issued			(10)
Acquired			21

Balance, March 31			6,431

Less Loan to ESOP			
Balance, January 1			1

Balance, March 31			1

Total Shareholders' Equity, March 31, 2004			\$ 8,760
			=====

<FN>

 Comprehensive Income for the three months ended March 31, 2004 and 2003 was \$450 million and \$283 million.

See accompanying Notes to Consolidated Financial Statements.
</FN>

THE BANK OF NEW YORK COMPANY, INC.
Consolidated Statements of Cash Flows
(In millions)
(Unaudited)

	For the three months ended March 31,	
	2004	2003
	----	----
Operating Activities		
Net Income	\$ 364	\$ 295
Adjustments to Determine Net Cash Attributable to Operating Activities		
Provision for Credit Losses and Losses on Other Real Estate	12	40
Depreciation and Amortization	119	89
Deferred Income Taxes	(63)	106
Securities Gains	(33)	(7)
Change in Trading Activities	1,313	(871)
Change in Accruals and Other, Net	419	(489)
	-----	-----
Net Cash Provided (Used) by Operating Activities	2,131	(837)
	-----	-----
Investing Activities		
Change in Interest-Bearing Deposits in Banks	(1,568)	1,070
Change in Margin Loans	(418)	(115)
Purchases of Securities Held-to-Maturity	(809)	-
Paydowns of Securities Held-to-Maturity	24	295
Maturities of Securities Held-to-Maturity	-	1
Purchases of Securities Available-for-Sale	(3,879)	(7,289)
Sales of Securities Available-for-Sale	1,341	965
Paydowns of Securities Available-for-Sale	1,688	1,837
Maturities of Securities Available-for-Sale	641	2,844
Net Principal Received (Disbursed) on Loans to Customers	(578)	(547)
Sales of Loans and Other Real Estate	1	233
Change in Federal Funds Sold and Securities Purchased Under Resale Agreements	1,054	(1,380)
Purchases of Premises and Equipment	(46)	(31)
Acquisitions, Net of Cash Acquired	(46)	(53)
Proceeds from the Sale of Premises and Equipment	4	1
Other, Net	104	465
	-----	-----
Net Cash Provided (Used) by Investing Activities	(2,487)	(1,704)
	-----	-----
Financing Activities		
Change in Deposits	(399)	1,602
Change in Federal Funds Purchased and Securities Sold Under Repurchase Agreements	(170)	(184)
Change in Payables to Customers and Broker-Dealers	(446)	501
Change in Other Borrowed Funds	205	176
Proceeds from the Issuance of Long-Term Debt	63	420
Repayments of Long-Term Debt	-	(194)
Issuance of Common Stock	49	58
Treasury Stock Acquired	(21)	(14)
Cash Dividends Paid	(146)	(137)
	-----	-----
Net Cash Provided (Used) by Financing Activities	(865)	2,228
	-----	-----
Effect of Exchange Rate Changes on Cash	(7)	18
	-----	-----
Change in Cash and Due From Banks	(1,228)	(295)
Cash and Due from Banks at Beginning of Period	3,843	4,748
	-----	-----
Cash and Due from Banks at End of Period	\$2,615	\$4,453
	=====	=====

Supplemental Disclosure of Cash Flow Information		
Cash Paid During the Period for:		
Interest	\$ 97	\$ 177
Income Taxes	72	212
Noncash Investing Activity (Primarily Foreclosure of Real Estate)	-	-

<FN>		

See accompanying Notes to Consolidated Financial Statements.		
</FN>		

THE BANK OF NEW YORK COMPANY, INC.
Notes to Consolidated Financial Statements

1. General

The accounting and reporting policies of The Bank of New York Company, Inc., a financial holding company, and its consolidated subsidiaries (the "Company") conform with generally accepted accounting principles and general practice within the banking industry. Such policies are consistent with those applied in the preparation of the Company's annual financial statements.

The accompanying consolidated financial statements are unaudited. In the opinion of management, all adjustments necessary for a fair presentation of financial position, results of operations and cash flows for the interim periods have been made.

2. Accounting Changes and New Accounting Pronouncements

The Company adopted SFAS No. 123, "Accounting for Stock-Based Compensation," in 1995. At that time, as permitted by the standard, the Company elected to continue to apply the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and accounted for the options granted to employees using the intrinsic value method, under which no expense is recognized for stock options because they were granted at the stock price on the grant date and therefore have no intrinsic value.

On January 1, 2003, the Company adopted the fair value method of accounting for its options under SFAS 123 as amended by SFAS 148 "Accounting for Stock-Based Compensation- Transition and Disclosure". SFAS 148 permits three different methods of adopting fair value: (1) the prospective method, (2) the modified prospective method, and (3) the retroactive restatement method. Under the prospective method, options issued after January 1, 2003 are expensed while all options granted prior to January 1, 2003 are accounted for under APB 25 using the intrinsic value method. Consistent with industry practice, the Company elected the prospective method of adopting fair value accounting.

For the first quarter of 2004, approximately 7 million options were granted. In the first three months of 2004, the Company recorded \$7 million of stock option expense.

The retroactive restatement method requires the Company's financial statements to be restated as if fair value accounting had been adopted in 1995. The following table discloses the pro forma effects on the Company's net income and earnings per share as if the retroactive restatement method had been adopted.

(In millions, except per share amounts)	1st Quarter	
	2004	2003
Reported net income	\$364	\$295
Stock based employee compensation costs, using prospective method, net of tax	5	2
Stock based employee compensation costs, using retroactive restatement method, net of tax	(17)	(19)
Pro forma net income	\$352	\$278
Reported diluted earnings per share	\$0.47	\$0.41
Impact on diluted earnings per share	(0.01)	(0.02)
Pro forma diluted earnings per share	\$0.46	\$0.39

The fair value of options granted in 2004 and 2003 were estimated at the grant date using the following weighted average assumptions:

	First Quarter	
	2004	2003
Dividend yield	2.50%	3.00%
Expected volatility	25.00	33.00
Risk free interest rates	2.60	2.66
Expected options lives	5	5

On February 1, 2003, the Company adopted FASB Interpretation No. 46 (FIN 46), "Consolidation of Variable Interest Entities". This interpretation requires a company that holds a variable interest in an entity to consolidate the entity if the company's interest in the variable interest entities (VIE) is such that the company will absorb a majority of the VIE's expected losses and/or receives a majority of the entity's expected residual returns. FIN 46 also requires additional disclosures by primary beneficiaries and other significant variable interest holders. The consolidation requirements of FIN 46 applied immediately to VIEs created after January 31, 2003. Various amendments to FIN 46 delayed the effective date for certain previously established entities until the first quarter of 2004. The adoption of FIN 46 did not have a significant impact on the Company's results of operations or financial condition.

As of December 31, 2003, the Company had variable interests in 9 securitization trusts. These trusts are qualifying special-purpose entities, which are exempt from the consolidation requirements of FIN 46. See Footnote "Securitizedizations" in the 2003 Annual Report.

The most significant impact of FIN 46 was to require that the trusts used to issue trust preferred securities be deconsolidated. As a result, the trust preferred securities no longer represent a minority interest. Under regulatory capital rules, minority interests count as Tier 1 Capital. The Company has \$1,150 million of trust preferred securities outstanding. On July 2, 2003, the Board of Governors of the Federal Reserve issued a letter, SR 03-13, stating that notwithstanding FIN 46, trust preferred securities will continue to be included in Tier 1 capital until notice is given to the contrary. On May 6, 2004, the Board of Governors of the Federal Reserve issued a Notice of Proposed Rulemaking which would be more restrictive as to the amount of trust preferred securities that could be included in Tier 1. While the Company is currently reviewing the impact of the proposed rule, both the Company and the Bank are expected to remain "well capitalized" under the proposed rule.

In January 2004, the FASB issued Staff Position No. 106-1, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003" ("FSP 106-1"). FSP 106-1 permits a sponsor of a postretirement health care plan that provides a prescription drug benefit to make a one-time election to defer accounting for the effects of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 ("the Act"). The guidance in FSP 106-1 is effective for interim or annual financial statements of fiscal years ending after December 7, 2003. The Company has elected to defer accounting for any effect of the Act until specific authoritative accounting guidance is issued. Therefore, the amounts included in the financial statements related to the Company's postretirement benefit plans do not reflect the effects of the Act. The Company is currently assessing the provisions of FSP 106-1 and the Act and is unable to estimate their impact on the Company's consolidated financial statements.

Certain other prior year information has been reclassified to conform its presentation with the 2004 financial statements.

3. Acquisitions and Dispositions

The Company continues to be an active acquirer of securities servicing and asset management businesses.

During the first three months of 2004, 2 businesses were acquired for the total cost of \$16.7 million, primarily paid in cash. The Company frequently structures its acquisitions with both an initial payment and a later contingent payment tied to post-closing revenue or income growth. The Company records the fair value of contingent payments as an additional cost of the entity acquired in the period that the payment becomes probable.

Goodwill related to first quarter was \$10.1 million. The tax deductible portion of goodwill for the first quarter is \$10.1 million. All of the goodwill was assigned to the Company's Servicing and Fiduciary Business segment. At March 31, 2004, the Company was liable for potential contingent payments related to acquisitions in the amount of \$628 million. During the first quarter of 2004, the Company paid \$0.3 million for contingent payments related to acquisitions made in prior years.

2004

In February 2004, the Company acquired the corporate trust business of The Bank of Hawaii. The transaction includes 80 bond trust and agency agreements representing approximately \$3 billion of principal debt outstanding to BNY Western Trust Company.

In March 2004, the Company acquired software and other assets of Sonic Financial Technologies LLC, a leading provider of direct access electronic trading solutions. The acquisition brings in-house advanced electronic trading capabilities that will enhance the trading platforms of Pershing and BNY Brokerage.

4. Goodwill and Intangibles

Goodwill by business segment is as follows:

(In millions)	March 31 2004	December 31 2003
Servicing and Fiduciary Businesses	\$ 3,215	\$ 3,136
Corporate Banking	31	31
Retail Banking	109	109
Financial Markets	-	-
Consolidated Total	\$ 3,355	\$ 3,276

The Company's business segments are tested annually for goodwill impairment.

Intangible Assets

(In millions)	March 31, 2004				December 31, 2003		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Amortization Period in Years	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trade Names	\$370	\$ -	\$370	Indefinite Life	\$370	\$ -	\$370
Customer Relationships	447	(43)	404	17	461	(39)	422
Other Intangible Assets	36	(23)	13	7	43	(19)	24

The aggregate amortization expense of intangibles was \$8 million and \$3 million for the quarters ended March 31, 2004 and 2003, respectively. Estimated amortization expense for the next five years is as follows:

(In millions)	For the Year Ended December 31,	Amortization Expense
	2004	\$25
	2005	33
	2006	33
	2007	31
	2008	31

5. Allowance for Credit Losses

The allowance for credit losses is maintained at a level that, in management's judgment, is adequate to absorb probable losses associated with specifically identified loans, as well as estimated probable credit losses inherent in the remainder of the loan portfolio at the balance sheet date. Management's judgment includes the following factors, among others: risks of individual credits; past experience; the volume, composition, and growth of the loan portfolio; and economic conditions.

The Company conducts a quarterly portfolio review to determine the adequacy of its allowance for credit losses. All commercial loans over \$1 million are assigned to specific risk categories. Smaller commercial and consumer loans are evaluated on a pooled basis and assigned to specific risk categories. Following this review, senior management of the Company analyzes the results and determines the allowance for credit losses. The Risk Committee of the Company's Board of Directors reviews the allowance at the end of each quarter.

The portion of the allowance for credit losses allocated to impaired loans (nonaccrual commercial loans over \$1 million) is measured by the difference between their recorded value and fair value. Fair value is the present value of the expected future cash flows from borrowers, the market value of the loan, or the fair value of the collateral.

Commercial loans are placed on nonaccrual status when collateral is insufficient and principal or interest is past due 90 days or more, or when there is reasonable doubt that interest or principal will be collected. Accrued interest is usually reversed when a loan is placed on nonaccrual status. Interest payments received on nonaccrual loans may be recognized as income or applied to principal depending upon management's judgment. Nonaccrual loans are restored to accrual status when principal and interest are current or they become fully collateralized. Consumer loans are not classified as nonperforming assets, but are charged off and interest accrued is suspended based upon an established delinquency schedule determined by product. Real estate acquired in satisfaction of loans is carried in other assets at the lower of the recorded investment in the property or fair value minus estimated costs to sell.

Transactions in the allowance for credit losses are summarized as follows:

(In millions)	Three Months Ended March 31, 2004			Three Months Ended March 31, 2003
	Allowance for Loan Losses	Allowance for Lending-Related Commitments	Allowance for Credit Losses	Allowance for Credit Losses
Balance, Beginning of Period	\$ 668	\$ 136	\$ 804	\$ 831
Charge-Offs	(29)	-	(29)	(44)
Recoveries	3	-	3	3
Net Charge-Offs	(26)	-	(26)	(41)
Provision	(10)	22	12	40
Balance, End of Period	\$ 632	\$ 158	\$ 790	\$ 830
Allowance for Loan Losses				\$668
Allowance for Lending-Related Commitments				162

6. Capital Transactions

At March 31, 2004, the Company has a registration statement with a remaining capacity of approximately \$591 million of debt, preferred stock, preferred trust securities, or common stock.

7. Earnings Per Share

The following table illustrates the computations of basic and diluted earnings per share:

(In millions, except per share amounts)	Three Months Ended March 31,	
	2004 ----	2003 ----
Net Income (1)	\$364 ====	\$295 ====
Basic Weighted Average Shares Outstanding	771	722
Shares Issuable on Exercise of Employee Stock Options	7 ----	4 ----
Diluted Weighted Average Shares Outstanding	778 ====	726 ====
Basic Earnings Per Share:	\$0.47	\$0.41
Diluted Earnings Per Share:	0.47	0.41

<FN>

(1) Net Income, net income available to common shareholders and diluted net income are the same for all periods presented.

</FN>

8. Employee Benefit Plans

The components of net periodic benefit cost are as follows:

(Dollars in millions)	Pension Benefits		Healthcare Benefits	
	Three Months Ended March 31,		Three Months Ended March 31,	
	2004	2003	2004	2003
Net Periodic Cost (Income):				
Service Cost	\$ 14	\$ 11	\$ -	\$ 1
Interest Cost	15	12	3	2
Expected Return on Asset	(35)	(34)	(2)	(2)
Other	2	1	2	2
Net Periodic Cost (Income)	\$ (4)	\$ (10)	\$ 3	\$ 3

9. Commitments and Contingent Liabilities

In the normal course of business, various commitments and contingent liabilities are outstanding which are not reflected in the accompanying consolidated balance sheets. Management does not expect any material losses to result from these matters.

A summary of the notional amount of the Company's off-balance-sheet credit transactions, net of participations, at March 31, 2004 and December 31, 2003 follows:

Off-Balance-Sheet Credit Risks

In millions	March 31, 2004	December 31, 2003
Lending Commitments	\$ 35,556	\$ 35,576
Standby Letters of Credit, net	9,968	10,168
Commercial Letters of Credit	1,094	1,013
Securities Lending Indemnifications	197,246	173,974

The total potential loss on undrawn commitments, standby and commercial letters of credit, and securities lending indemnifications is equal to the total notional amount if drawn upon, which does not consider the value of any collateral. Since many of the commitments are expected to expire without being drawn upon, the total amount does not necessarily represent future cash requirements. The allowance for lending-related commitments at March 31, 2004 and December 31, 2003 was \$158 million and \$136 million.

In securities lending transactions, the Company generally requires the borrower to provide 102% cash collateral which is monitored on a daily basis, thus reducing credit risk. Security lending transactions are generally entered into only with highly-rated counterparties. At March 31, 2004 and December 31, 2003, securities lending indemnifications were secured by collateral of \$200.8 billion and \$177.1 billion.

The notional amounts for other off-balance-sheet risks express the dollar volume of the transactions; however, credit risk is much smaller. The Company performs credit reviews and enters into netting agreements to minimize the credit risk of foreign currency and interest rate risk management products. The Company enters into offsetting positions to reduce exposure to foreign exchange and interest rate risk.

Standby letters of credit principally support corporate obligations and include \$0.7 billion that were collateralized with cash and securities on March 31, 2004 and December 31, 2003. At March 31, 2004, approximately \$6.7 billion of the standbys will expire within one year, and the balance between one to five years.

At March 31, 2004, the notional amounts and credit exposures for the Company's credit derivatives swaps were \$1,326 million and \$2 million, compared to \$1,413 million and \$3 million at December 31, 2003.

Other

In the ordinary course of business, the Company makes certain investments that have tax consequences. From time to time, the IRS may question or challenge the tax position taken by the Company. The Company engaged in certain types of structured leasing transactions prior to mid-1999 that the IRS has challenged. The Company believes that its tax position related to these transactions was proper based upon applicable statutes, regulations and case law and that it should prevail with respect to such challenge. However, a court or other judicial or administrative authority, if presented with the transactions, could disagree. The Company intends to defend its position vigorously in accordance with its view of the law controlling these investments. The IRS has recently indicated that it may consider settlement with taxpayers in such cases, but it is not known whether settlements could be reached that would be acceptable to the Company.

The Company currently believes it has adequate tax reserves to cover these and other potential tax exposures the IRS could raise.

In the ordinary course of business, there are various legal claims pending against the Company and its subsidiaries. In the opinion of management, liabilities arising from such claims, if any, would not have a material effect upon the Company's consolidated financial statements. See "Legal Proceedings" under Part II, Item 1 for further details.

QUARTERLY REPORT ON FORM 10-Q
THE BANK OF NEW YORK COMPANY, INC.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period March 31, 2004

Commission file number 1-6152

THE BANK OF NEW YORK COMPANY, INC.
Incorporated in the State of New York
I.R.S. Employer Identification No. 13-2614959
Address: One Wall Street
New York, New York 10286
Telephone: (212) 495-1784

As of April 30, 2004, The Bank of New York Company, Inc. had 777,541,966 shares of common stock (\$7.50 par value) outstanding.

The Bank of New York Company, Inc. (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

The registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

The following sections of the Financial Review set forth in the cross-reference index are incorporated in the Quarterly Report on Form 10-Q.

	Cross-reference	Page(s)

PART I	FINANCIAL INFORMATION	
Item 1	Financial Statements	
	Consolidated Balance Sheets as of March 31, 2004 and December 31, 2003	40
	Consolidated Statements of Income for the three months ended March 31, 2004 and 2003	41
	Consolidated Statement of Changes in Shareholders' Equity for the three months Ended March 31, 2004	42
	Consolidated Statement of Cash Flows for the three months ended March 31, 2004 and 2003	43
	Notes to Consolidated Financial Statements	44 - 51
Item 2	Management's Discussion and Analysis of Financial Condition and Results of Operations	2 - 39
Item 3	Quantitative and Qualitative Disclosures About Market Risk	34 - 36

ITEM 4. CONTROLS AND PROCEDURES

Within the 90-day period prior to the filing of this report, an evaluation was carried out under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective. No significant changes were made in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company continues to cooperate with investigations by federal and state law enforcement and bank regulatory authorities. The investigations focus on funds transfer activities in certain accounts at the Bank, principally involving wire transfers from Russian and other sources in Eastern Europe, as well as certain other matters involving the Bank and its affiliates. The funds transfer investigations center around accounts controlled by Peter Berlin, his wife, Lucy Edwards (until discharged in September 1999, an officer of the Bank), and companies and persons associated with them. Berlin and Edwards pled guilty to various federal criminal charges. The Company cannot predict when or on what basis the investigations will conclude or their effect, if any, on the Company.

As previously disclosed, the U.S. Attorney's Office for the Eastern District of New York (the "Office") is conducting an investigation of an alleged fraudulent scheme by RW Professional Leasing Services Corp. ("RW"), a former customer of a Long Island branch of the Company's principal banking subsidiary, The Bank of New York (the "Bank"). The Bank has been notified that it and certain of its employees are subjects of the ongoing investigation. Criminal charges have been filed against RW, certain of its principals and other individuals including a former employee who had served as a branch manager of the Bank. The Bank is cooperating fully in the investigation.

The Company is broadly involved with the mutual fund industry, and various governmental and self-regulatory agencies have sought information from it in connection with investigations relating to that industry.

In the ordinary course of business, there are various legal claims pending against the Company and its subsidiaries. In the opinion of management, liabilities arising from such claims, if any, would not have a material effect on the Company's consolidated financial statements.

Item 2. Changes in Securities, Use of Proceeds and
Issuer Purchases of Equity Securities

Under its stock repurchase program, the Company buys back shares from time to time. The following table discloses the Company's repurchases of the Company's common stock made during the first quarter of 2004.

Month	Total Number of Shares Acquired	Average Price Per Share	Maximum Shares That May be Repurchased
January 1-31	2,955	\$33.24	16,628,335
February 1-29	252,901	32.18	16,375,434
March 1-31	408,139	32.76	15,967,295

All shares were repurchased through the Company's stock repurchase programs, which were announced on December 11, 2001 and November 12, 2002. Each plan permits the repurchase of 16 million shares. The December 11, 2001 plan has been completed. Shares repurchased in the first quarter result from transaction related to employee benefit plans.

Item 6. Exhibits and Reports on Form 8-K

(a) The exhibits filed as part of this report are as follows:

Exhibit 10(a) - 2004 Management Incentive Compensation Plan of The Bank of New York Company, Inc. as amended and restated

Exhibit 12 - Statement Re: Ratio of Earnings to Fixed Charges March 31, 2004 and March 31, 2003.

Exhibit 31 - Certification of Chairman and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 31.1 - Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 32 - Certification of Chairman and Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.1 - Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) The Company filed the following reports on Form 8-K since December 31, 2003:

On January 21, 2004: the Company filed a Form 8-K Current report (Item 5, 7 and 12), which report included unaudited interim financial information and accompanying discussion for the fourth quarter of 2003 contained in the Company's press release dated January 21, 2004.

On January, 26 2004: the Company filed a Form 8-K Current Report (Items 5 and 7), which report included projections and earnings estimates presented to financial analysts on January 26, 2004.

On April 21, 2004, the Company filed a Form 8-K Current report (Item 5, 7 and 12), which report included unaudited interim financial information and accompanying discussion for the first quarter of 2004 contained in the Company's press release dated April 21, 2004.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE BANK OF NEW YORK COMPANY, INC.

(Registrant)

Date: May 7, 2004

By: /s/ Thomas J. Mastro

Name: Thomas J. Mastro

Title: Comptroller

EXHIBIT INDEX

Exhibit	Description
-----	-----
10 (a)	2004 Management Incentive Compensation Plan of The Bank of New York Company, Inc. as amended and restated
12	Ratio of Earnings to Fixed Charges for the Three Months Ended March 31, 2004 and 2003.
31	Certification of Chairman and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.1	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Chairman and Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

</TEXT>
</DOCUMENT>

2004 MANAGEMENT INCENTIVE COMPENSATION PLAN
OF THE BANK OF NEW YORK COMPANY, INC.
AS AMENDED AND RESTATED

1. Purpose. The purpose of the 2004 Management Incentive Compensation Plan of The Bank of New York Company, Inc. (the "Plan") is to promote the financial interests of The Bank of New York Company, Inc. (the "Company") and its subsidiaries, including its growth, by (i) attracting and retaining officers and key personnel possessing outstanding ability; (ii) motivating officers and key personnel by means of performance-related incentives; and (iii) providing incentive compensation opportunities which are competitive with those of other major banking companies.

2. Definitions. The following definitions are applicable to the Plan:

"Average Shareholders' Equity" means the average of the daily amounts of shareholders' equity during the Plan Year as shown on the Company's consolidated balance sheet.

"Board of Directors" means the Board of Directors of the Company.

"Compensation Committee" means the Compensation and Organization Committee of the Board of Directors.

"Covered Employee" means, for any Plan Year, the Company's Chief Executive Officer (or an individual acting in such capacity) and any employee of the Company or its subsidiaries who, in the discretion of the Committee for purposes of determining those employees who are "covered employees" under Section 162(m) of the Internal Revenue Code, is likely to be among the four other highest compensated officers of the Company for such Plan Year.

"Incentive Fund" means the amount available for awards under the Plan with respect to each Plan Year. Such amount shall in no event, however, exceed 10% of the amount by which Income exceeds 7% of the Average Shareholders' Equity for the Plan Year.

"Income" for any year means the consolidated net income of the Company for such year, as reported to shareholders. This amount shall be adjusted to exclude to the extent, if any, determined by the Compensation Committee, unusual or non-recurring items of income and expense.

"Participant" means an employee of the Company or its subsidiaries who is selected to participate in the Plan.

"Plan Year" means the calendar year.

3. Administration. The Plan shall be administered by the Compensation Committee, which shall in no event have as a member a person entitled to an award under the Plan. A majority of the Compensation Committee shall constitute a quorum, and the acts of a majority of the members present, or acts approved in writing by a majority of the Compensation Committee without a meeting, shall be the acts of the Compensation Committee.

Subject to the express provisions of the Plan, the Compensation Committee shall have authority to:

(i) select the Participants;

(ii) determine the size of the awards to be made under the Plan, subject to Section 5 hereof; and

(iii) establish from time to time regulations for the administration of the Plan, interpret the Plan, and make all determinations deemed necessary or advisable for the administration of the Plan.

4. Participation. Participants in the Plan shall be selected for each Plan Year from those employees of the Company and its subsidiaries who have contributed, or have the capacity for contributing, in a substantial measure to the successful performance of the Company for that Plan Year. No director who is not an employee of the Company or any of its subsidiaries may be a Participant in the Plan. No employee shall at any time have a right to be selected as a Participant in the Plan for any Plan Year, to be entitled automatically to an award, nor, having been selected as a Participant for one Plan Year, to be a Participant in any other Plan Year.

5. Maximum Amount Available for Awards. The maximum amount which may be paid as awards for any Plan Year shall be limited to the amount of the Incentive Fund for that year. If the accounting rules or principles to which the Company is subject are changed, or if the Company elects to change its method of accounting, after the effective date of the Plan so as to materially change, in the judgment of the Compensation Committee, the manner in which Income is determined, the Compensation Committee may make such adjustments as it deems advisable in order to arrive at substantially the same amounts as would have been derived if the accounting rules, principles or methods applicable on the effective date of the Plan were in effect. The amount of the Incentive Fund shall be computed by the Company in accordance with the Plan.

6. Determination of Awards. Subject to the provisions of Section 5 hereof, (i) the Compensation Committee shall determine the total amount of awards for each Plan Year, and (ii) the Compensation Committee (or its delegate, with respect to non-Covered Employees) shall determine the award for each Participant, taking into consideration, as it deems appropriate, the individual performance for the Plan Year of the Participant.

7. Awards to Covered Employees. Notwithstanding anything contained herein to the contrary, the award for any Plan Year to a Participant who is a Covered Employee may be determined on the basis of the achievement by (a) the Company of a target total shareholder return, earnings per share or stock price, or (b) the Company or a specified business unit of (i) a specified target operating or net income, return on assets or business diversification, (ii) a specified target return on equity, (iii) one or more operating ratios or results, (iv) market share, (v) cash flow, (vi) expense or cost control, (vii) favorable comparison to competitors, or (viii) the accomplishment of or the meeting of thresholds related to mergers, acquisitions, dispositions or similar extraordinary business transactions, or any combination of the above. If an award is made on such basis, the Compensation Committee shall establish such goals prior to the beginning of the Plan Year (or such later date as may be prescribed by the Internal Revenue Service for purposes of Section 162(m) of the Internal Revenue Code). The Compensation Committee may, in its discretion, reduce or eliminate an award to a Covered Employee, notwithstanding the achievement of a specified target. Awards to each Covered Employee for each Plan Year will be limited to 0.5% of the Company's pre-tax income for such Plan Year as reported to shareholders, adjusted for extraordinary items, changes in accounting principles, and restructuring or non-recurring events. An award for a Plan Year to a Participant who is a Covered Employee may, in the discretion of the Compensation Committee, provide that in the event of the Participant's termination of employment during the Plan Year for any reason, such award will be payable only (A) if the applicable target is achieved and (B) to the extent, if any, as the Compensation Committee shall determine. Any award paid with respect to a Plan Year under this Section shall not be subject to the provisions of Section 5, 6 or 9 hereof, but shall reduce the amount of the Incentive Fund for such Plan Year.

8. Payment of Awards. Awards under the Plan shall be paid in cash within 90 days of the close of the Plan Year. An award to a Participant who is a Covered Employee may, in the discretion of the Compensation Committee, be paid in whole or in part with restricted shares of common stock of the Company ("Stock") to be awarded under The Bank of New York Company, Inc. 1999 Long-Term Incentive Plan or any successor plan. The number of restricted shares so awarded shall be determined by dividing the dollar value of the award to be paid in Stock by the closing price of the Stock on the New York Stock Exchange (the "NYSE") at the NYSE's official closing time on the date the award is paid or, if there are no sales of Stock on the NYSE on such date, the closing price of the Stock on the last previous day on which a sale on the NYSE is reported. An award to a non-Covered Employee Participant made to a person employed at a non-U.S. office of the Company or subsidiary thereof may be made in such tax-advantaged non-cash form (not including Company securities or derivatives thereof) as may be authorized by the Chief Executive Officer of the Company.

9. Termination of Employment. A Participant shall not be entitled to receive payment of an award, unless the Compensation Committee determines otherwise, if at any time prior to payment of the award (i) the Participant's employment terminates for any reason, including retirement, or (ii) the Participant gives or receives notice of termination for any reason, including retirement.

10. No Assignments and Transfers. A Participant shall not assign, encumber or transfer his rights and interests under the Plan and any attempt to do so shall render those rights and interests null and void.

11. No Rights to Awards or Employment. No employee of the Company or its subsidiaries or other person shall have any claim or right to be granted an award under this Plan. Neither the Plan nor any action taken thereunder shall be construed as giving any employee any right to be retained in the employ of the Company or its subsidiaries.

12. Withholding Tax. The Company shall deduct from all amounts paid any taxes required by law to be withheld with respect to such payments.

13. Amendment or Termination. The Board of Directors may amend, suspend or terminate the Plan or any portion thereof at any time.

14. Effective Date. The Plan shall be effective as of January 1, 2004.

15. Term. Subject to earlier termination pursuant to the provisions of Section 13, the Plan shall have a term of ten years from its effective date.

(As approved by shareholders on April 13, 2004)

</TEXT>
</DOCUMENT>

THE BANK OF NEW YORK COMPANY, INC.
 Ratios of Earnings to Fixed Charges
 (Dollars in millions)

	Three Months Ended March 31,	
	2004	2003
	-----	-----
EARNINGS		

Income Before Income Taxes	\$ 473	\$ 451
Fixed Charges, Excluding Interest on Deposits	70	54
	-----	-----
Income Before Income Taxes and Fixed Charges Excluding Interest on Deposits	543	505
Interest on Deposits	118	146
	-----	-----
Income Before Income Taxes and Fixed Charges, Including Interest on Deposits	\$ 661	\$ 651
	=====	=====
FIXED CHARGES		

Interest Expense, Excluding Interest on Deposits	\$ 55	\$ 44
One-Third Net Rental Expense*	15	10
	-----	-----
Total Fixed Charges, Excluding Interest on Deposits	70	54
Interest on Deposits	118	146
	-----	-----
Total Fixed Charges, Including Interest on Deposits	\$ 188	\$ 200
	=====	=====
EARNINGS TO FIXED CHARGES RATIOS		

Excluding Interest on Deposits	7.76x	9.35x
Including Interest on Deposits	3.52	3.26

<FN>

*The proportion deemed representative of the interest factor.

</FN>

</TEXT>

</DOCUMENT>

CERTIFICATION OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

I, Thomas A. Renyi, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Bank of New York Company, Inc.(the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2004

/s/ Thomas A. Renyi

Thomas A. Renyi
Chief Executive Officer

</TEXT>
</DOCUMENT>

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Bruce W. Van Saun, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Bank of New York Company, Inc.(the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2004

/s/ Bruce W. Van Saun

Bruce W. Van Saun
Chief Financial Officer

</TEXT>
</DOCUMENT>

Certification

Pursuant to 18 U.S.C. Section 1350, the undersigned officer of The Bank of New York Company, Inc. (the "Company"), hereby certifies, that the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 5, 2004

/s/ Thomas A. Renyi

Thomas A. Renyi
Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

</TEXT>
</DOCUMENT>

Certification

Pursuant to 18 U.S.C. Section 1350, the undersigned officer of The Bank of New York Company, Inc. (the "Company"), hereby certifies, that the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 7, 2004

/s/ Bruce W. Van Saun

Bruce W. Van Saun
Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

</TEXT>
</DOCUMENT>

Created by 10KWizard www.10KWizard.com