

**Lehman Brothers**  
**Global Financial Services Conference**  
**September 8, 2008**

**John R. Koelmel**  
**President and**  
**Chief Executive Officer**

**Michael W. Harrington**  
**Chief Financial Officer**



*First Niagara*

# Safe Harbor Statement

This presentation contains forward-looking information for First Niagara Financial Group, Inc. Such information constitutes forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995) which involve significant risks and uncertainties. Actual results may differ materially from the results discussed in these forward-looking statements.



*First Niagara*

# Key Takeaways

- ✦ Performing well in a difficult environment
- ✦ Avoided the pitfalls of the industry
- ✦ Investing in core strengths and talent
- ✦ Operating in a stable region

*Moving the needle forward*



First Niagara

# Over The Last 18 Months...

- ✦ Repositioning resources
- ✦ Focusing on growth franchises
- ✦ Maintaining credit discipline
- ✦ Managing liquidity
- ✦ Deploying capital intelligently

*What have we been doing?*

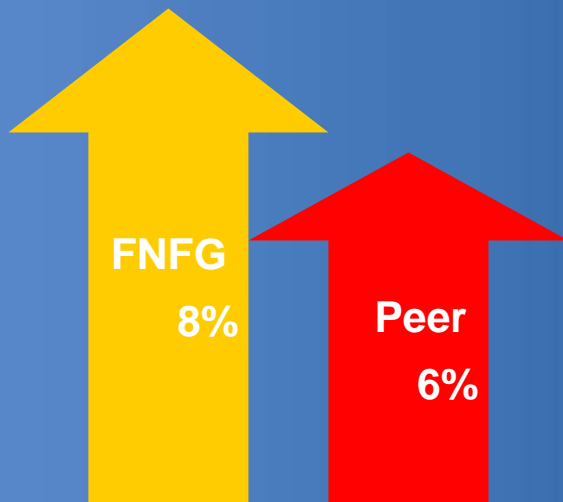


First Niagara

# Our Efforts Have Paid Off

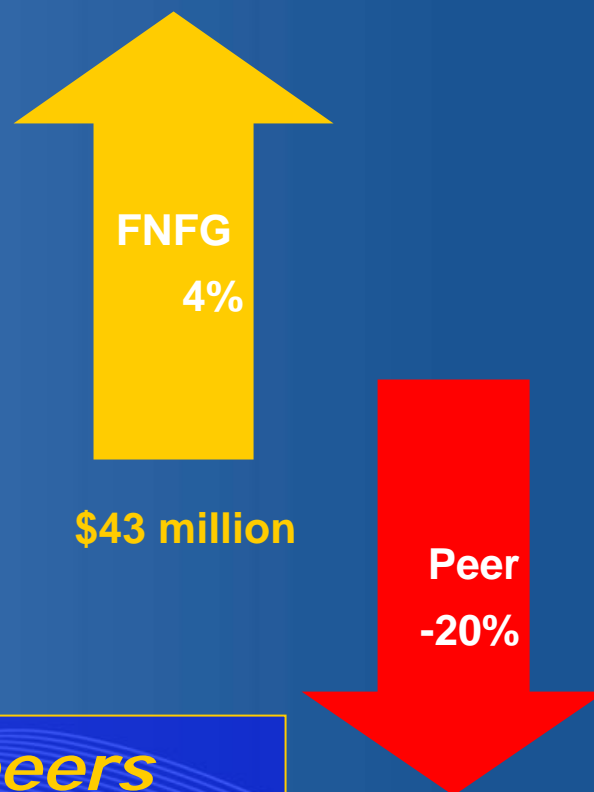
Top and bottom line growth - 6 mos. '08 vs. 6 mos. '07

## Total Revenue



June '08 YTD \$186 Million

## Net Income



\$43 million

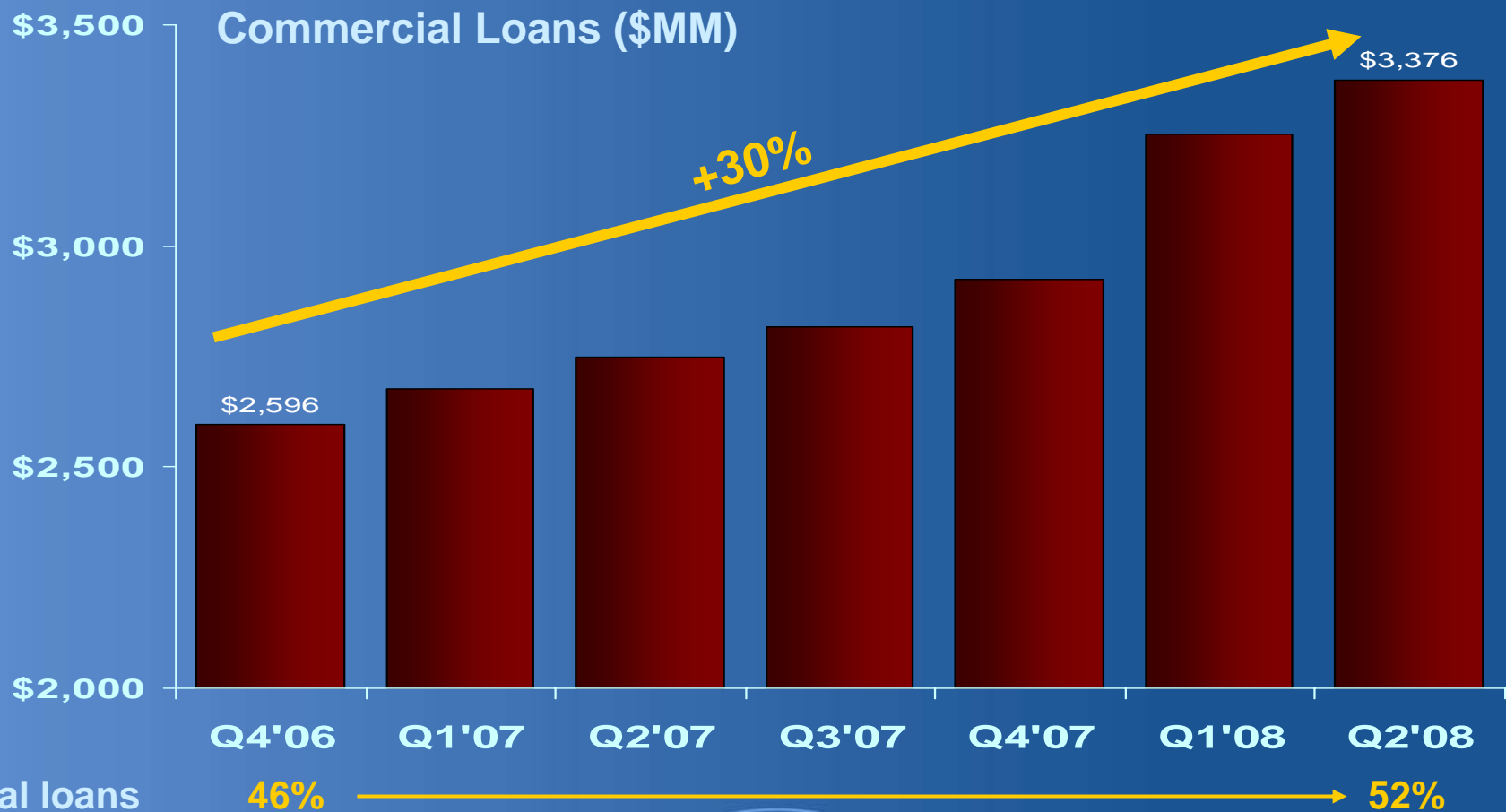
*Outperformed peers*

Median for SNL banks & thrifts \$1-5 billion in Mkt Cap. FNFG Revenue and Net Income excludes non-recurring items (Operating) e.g. merger related charges



First Niagara

# Core Strength: Commercial Banking Franchise

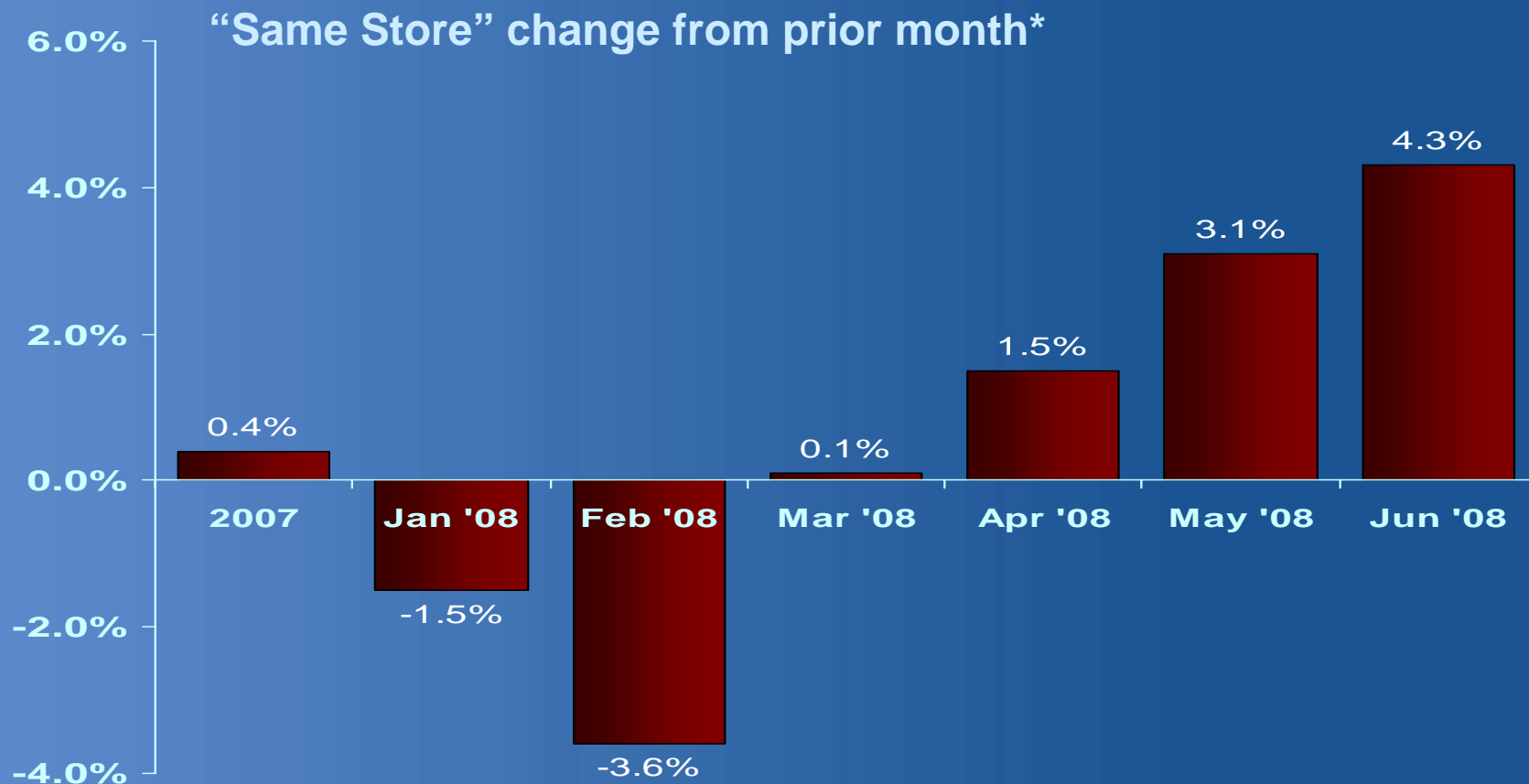


*Improved loan mix as well*



First Niagara

# Growing Core Deposits in 2Q 2008



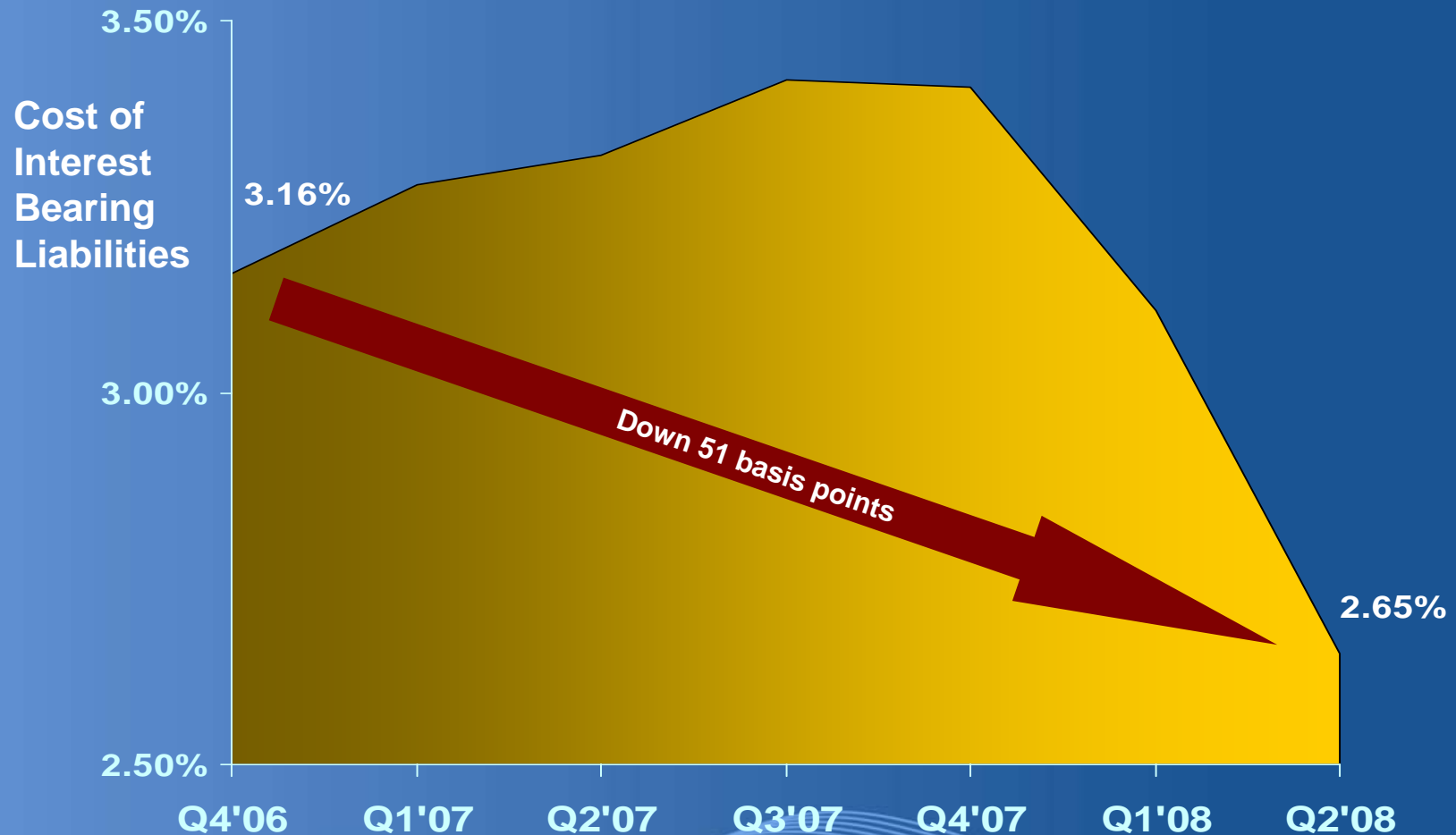
***95% retention of active checking accounts***

\* Does not include Greater Buffalo Savings Bank (acquired) branches



**First Niagara**

# Significantly Reduced Funding Costs



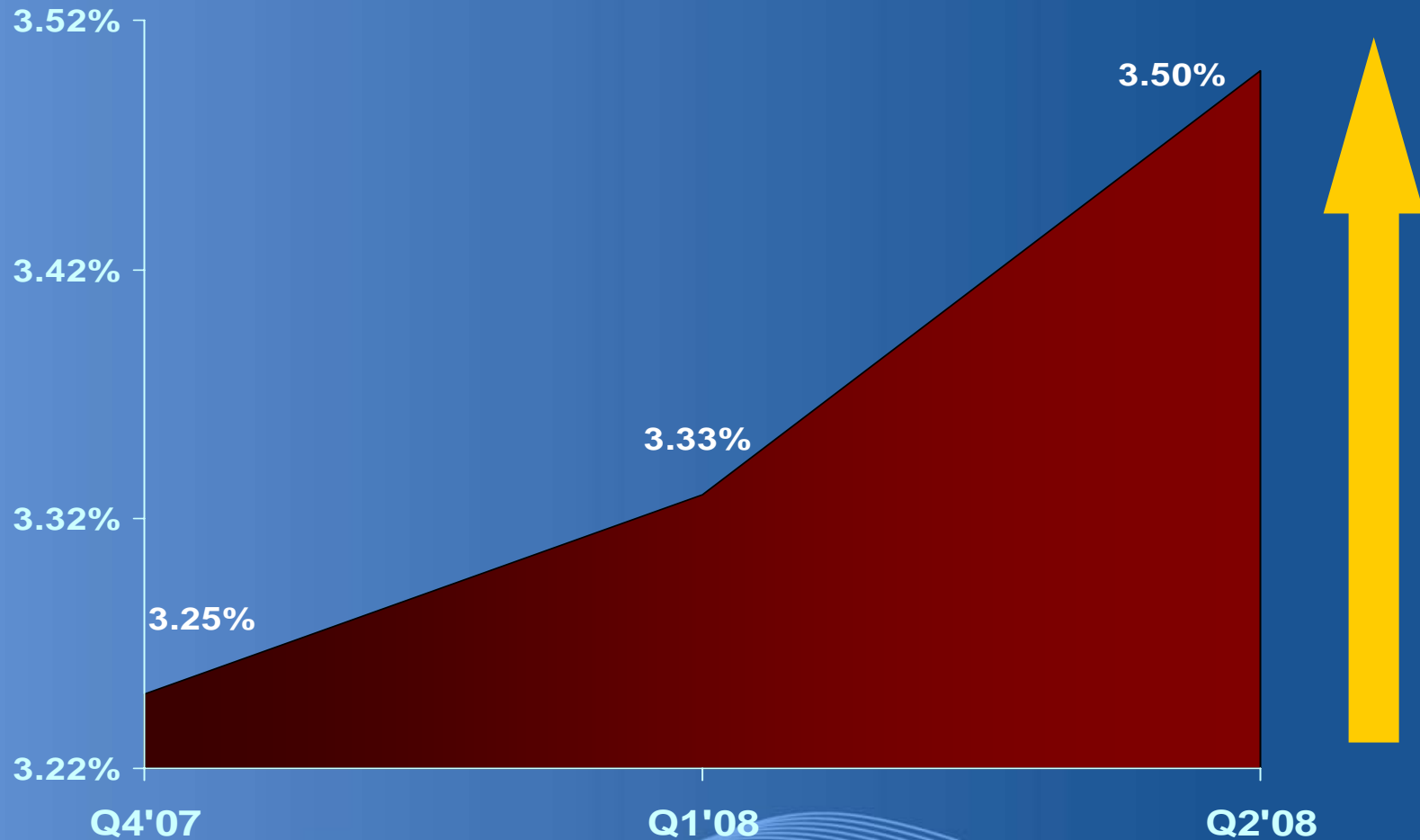
*Lowest level in over 2 years*



First Niagara



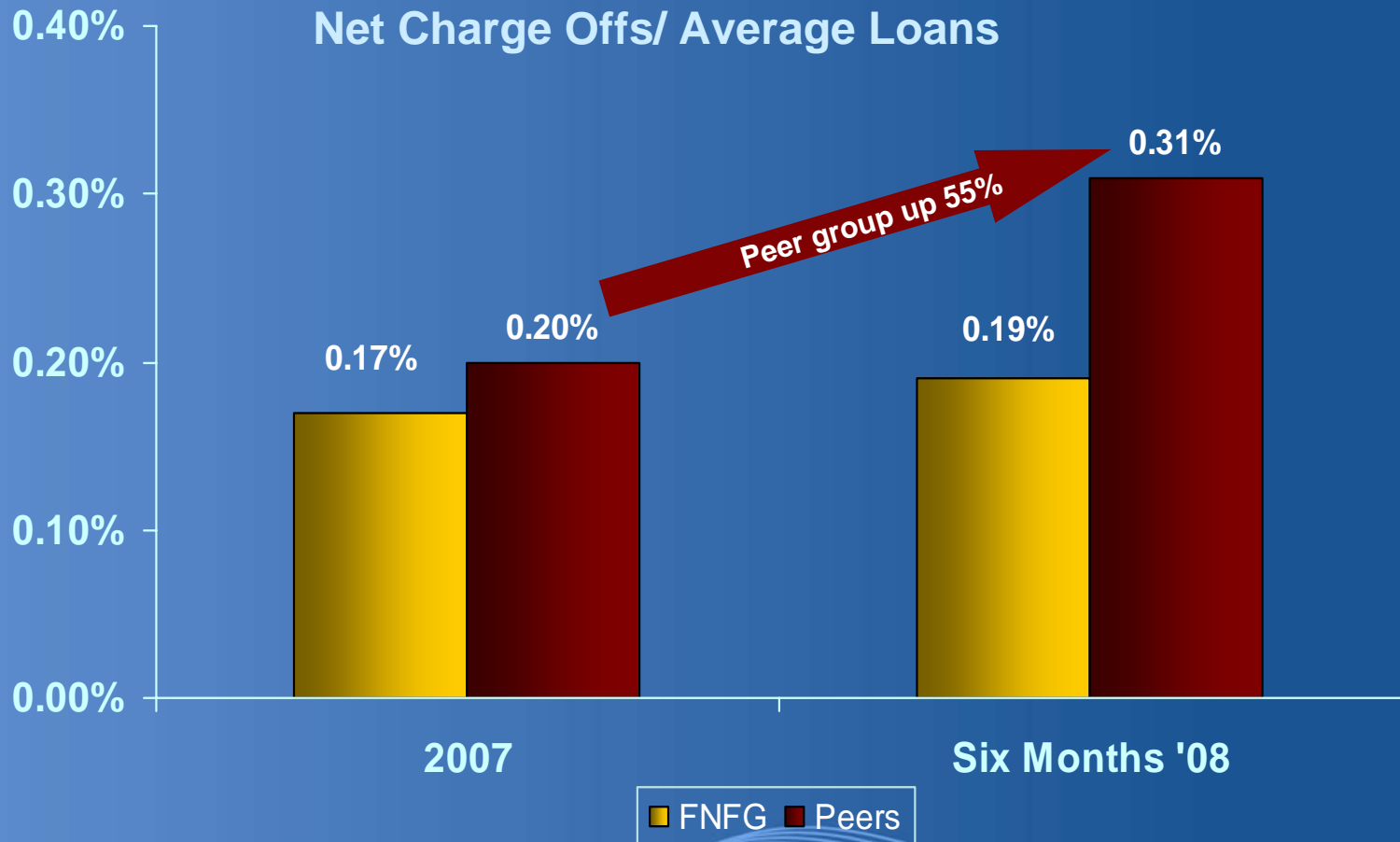
# Substantial Interest Margin Expansion in 2008



*Up 25 basis points from year end '07*

# Maintaining Credit Discipline

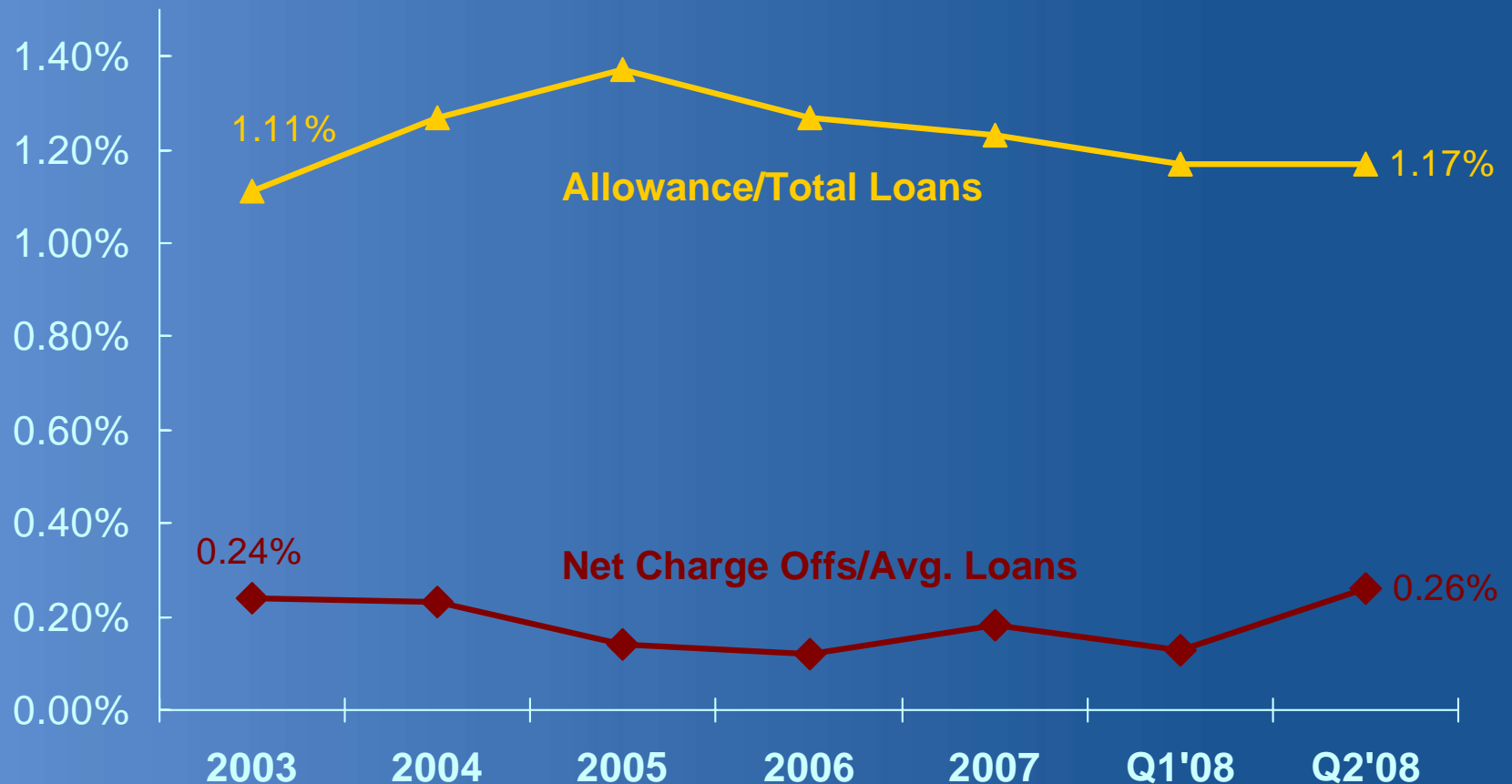
## Strong Credit Performance



*Very favorable to industry*

Median is SNL banks & thrifts \$1-5 billion in Mkt Cap.

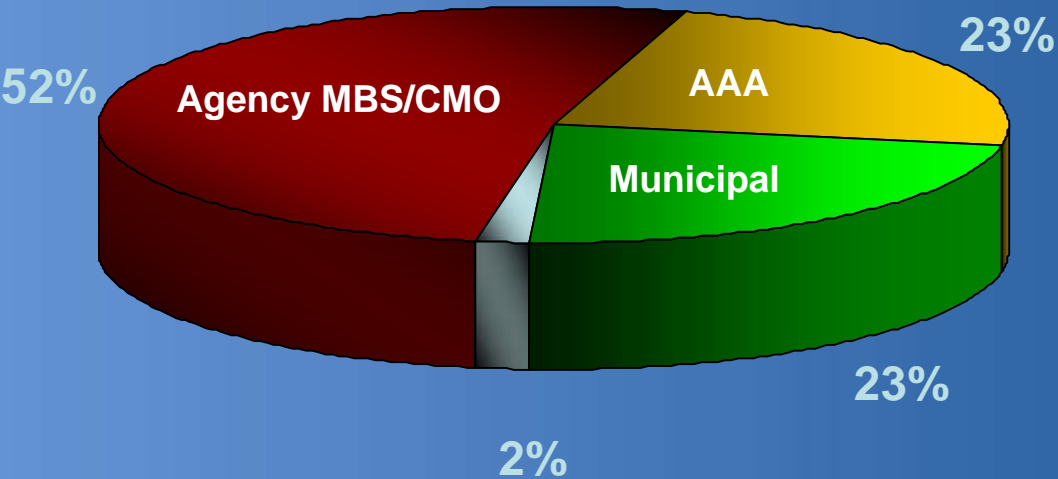
# History of Disciplined Credit Process



***Strong coverage of loan losses***

# History of Disciplined Credit Process

## Securities Portfolio



Trust Preferred, Corp. Bonds,  
Asset Backed, Agency Debt

- ✦ No exposure to Fannie or Freddie stock
- ✦ Negligible corporate bonds/ bank trust preferreds
- ✦ Duration management used to offset longer term loans

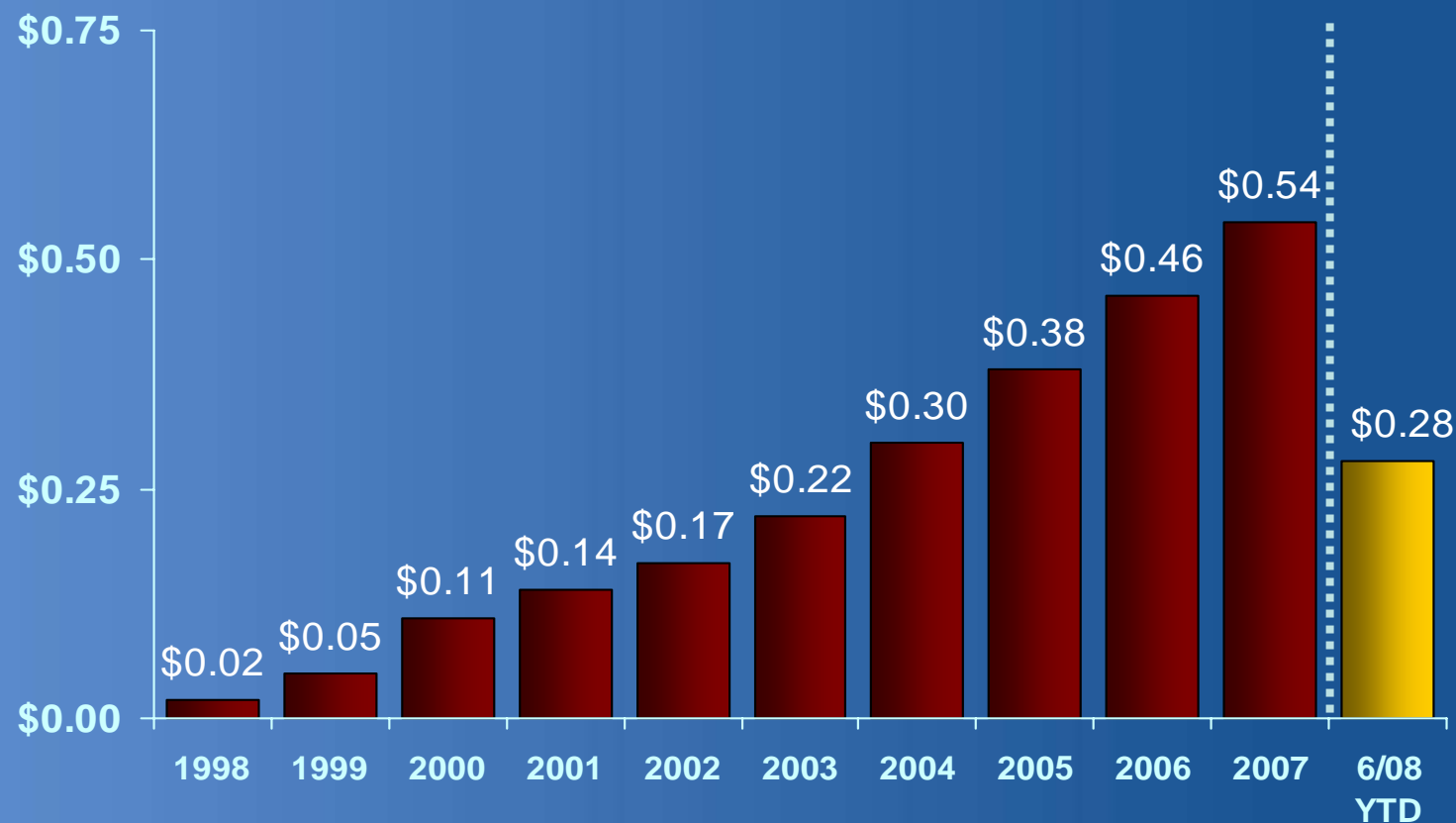
*Avoided taking credit risk*



First Niagara

# Deploying Capital Intelligently

## Strong Record on Cash Dividends



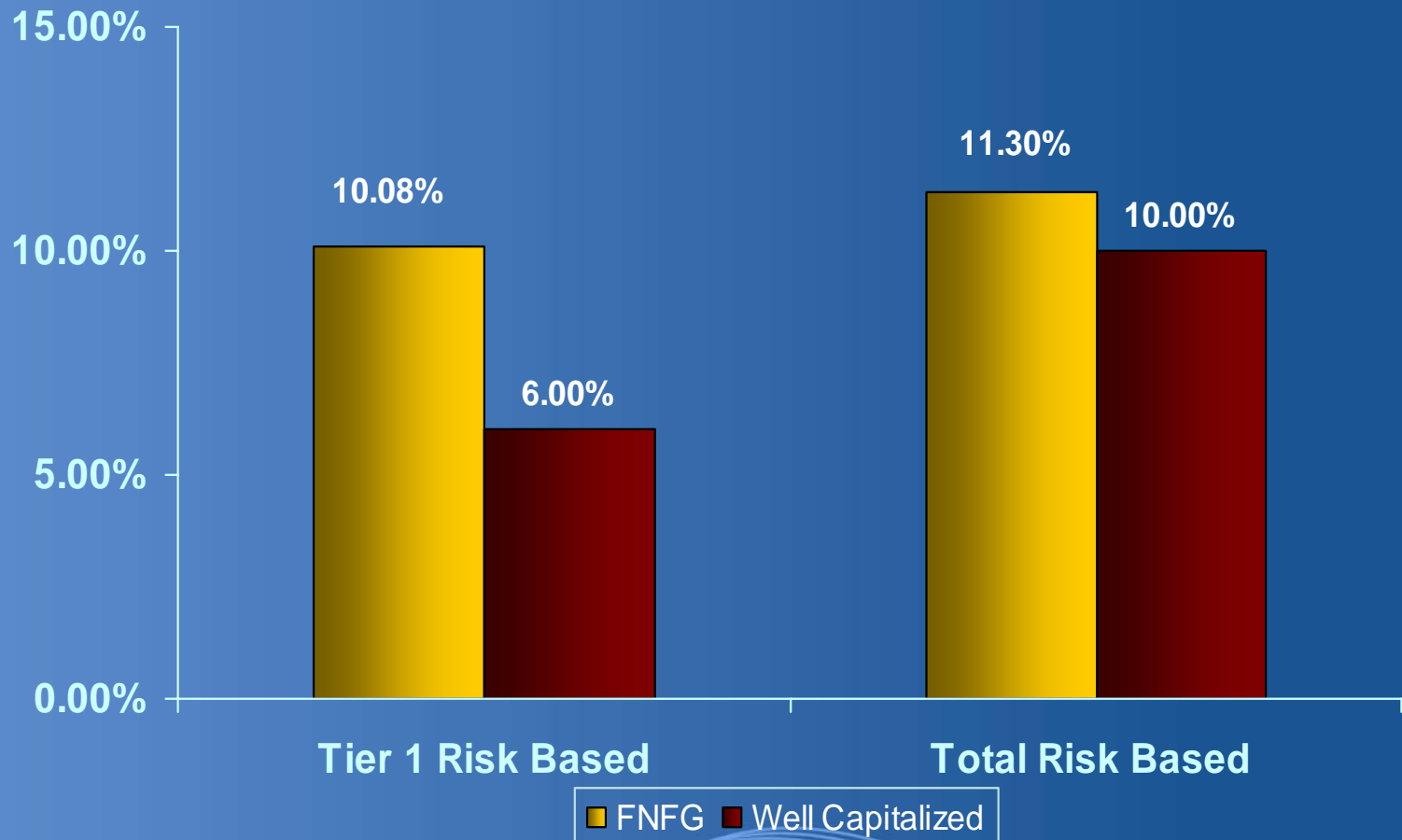
*Consistent and on-track*



First Niagara

# Deploying Capital Intelligently

Regulatory Capital Ratios 6/30/08



*Levels remain strong*



First Niagara

# Recap

- ✦ Performing well
- ✦ Credit profile is solid
- ✦ Balanced view of capital accumulation vs. deployment
- ✦ Continuing to invest and position for the long term

*Proactively driving our results*



First Niagara

# **Outlook - Focused on the Future**

**John R. Koelmel**  
**President and**  
**Chief Executive Officer**



*First Niagara*

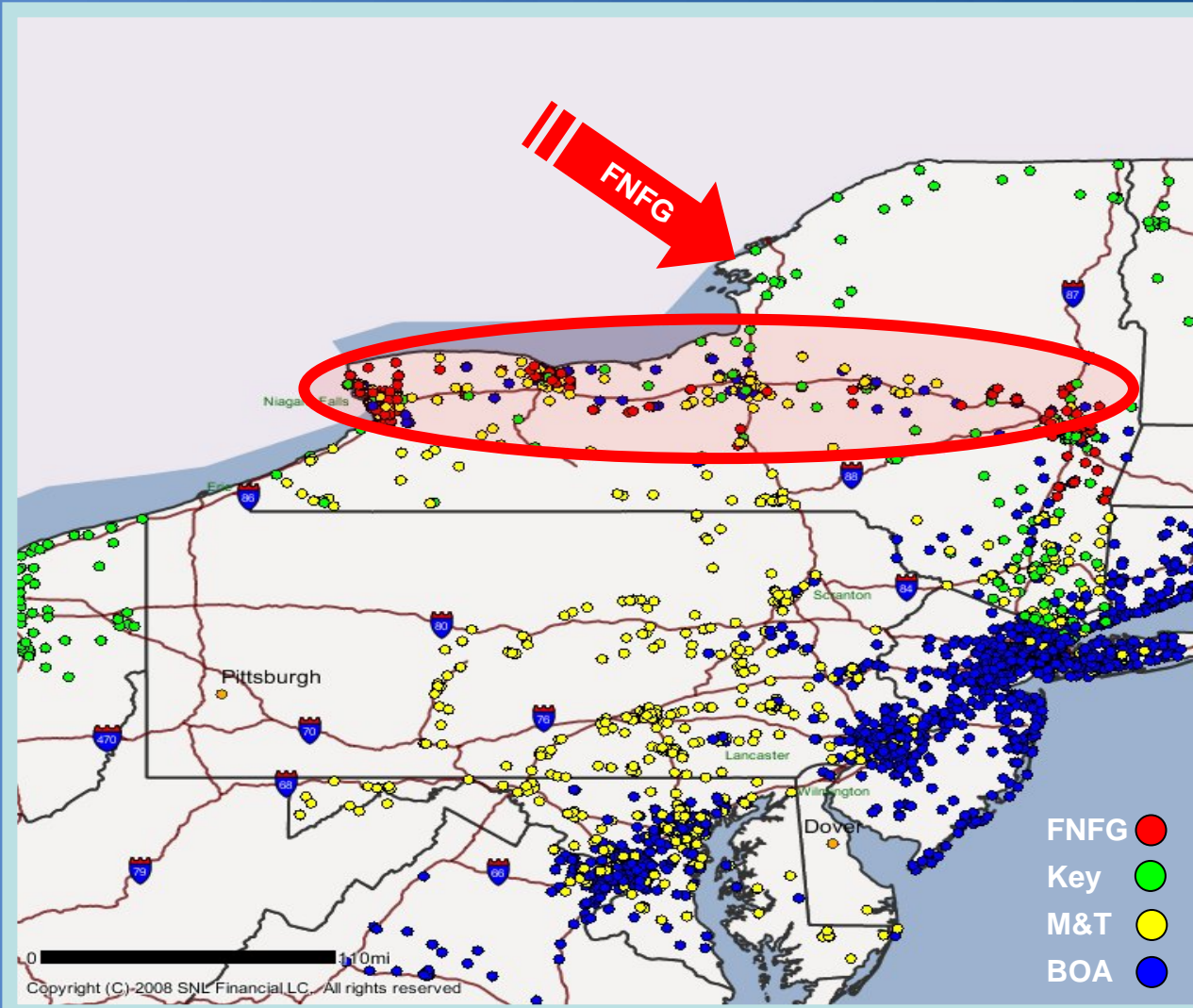


# The Opportunity is Clear

- ★ Well positioned
- ★ Resilient Upstate NY economy
- ★ Plenty of room to grow
- ★ Positive response by customers
- ★ Strong team in place

**Focused on long-term growth**

# Focused on Our Markets



*We're belief backers to the people, businesses and communities of Upstate NY*

# Optimistic on Upstate NY

- ★ New York State ranked 4<sup>th</sup> in job production
  - ★ Buffalo- Niagara beat 13 NYS metro areas
- ★ Capital Region-FNFG's largest deposit base
  - ★ Per capita income second only to NYC
  - ★ Population growth next 5 years above NYC
- ★ WNY business activity index highest in a year

***Attractive marketplace***

U.S. Bureau of Labor Statistics June 2007 to June 2008, National Association of  
Purchasing Management - July , SNL Interactive

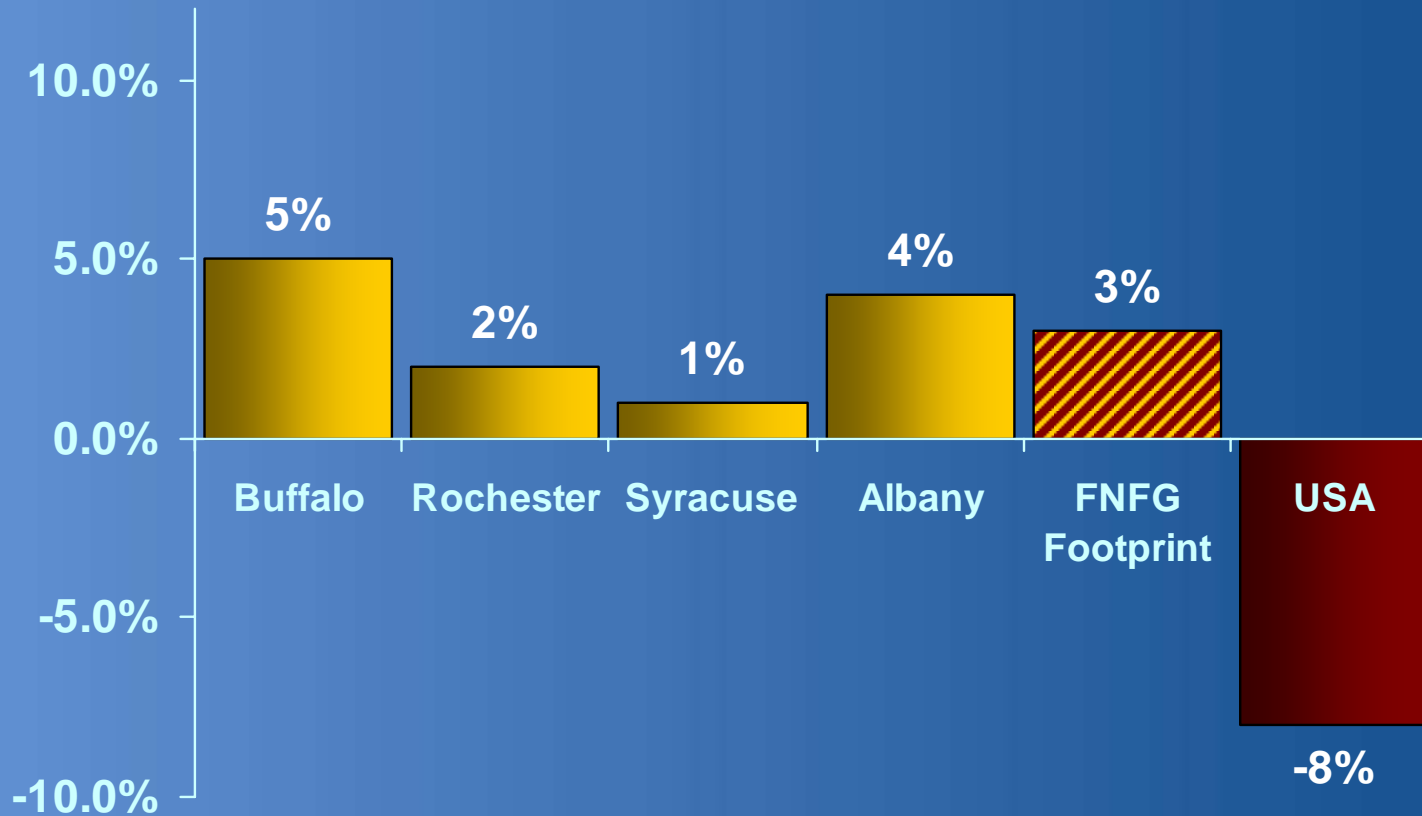


**First Niagara**

# Resilient Upstate NY Economy

## Median Sales Price of Existing Single Family Homes

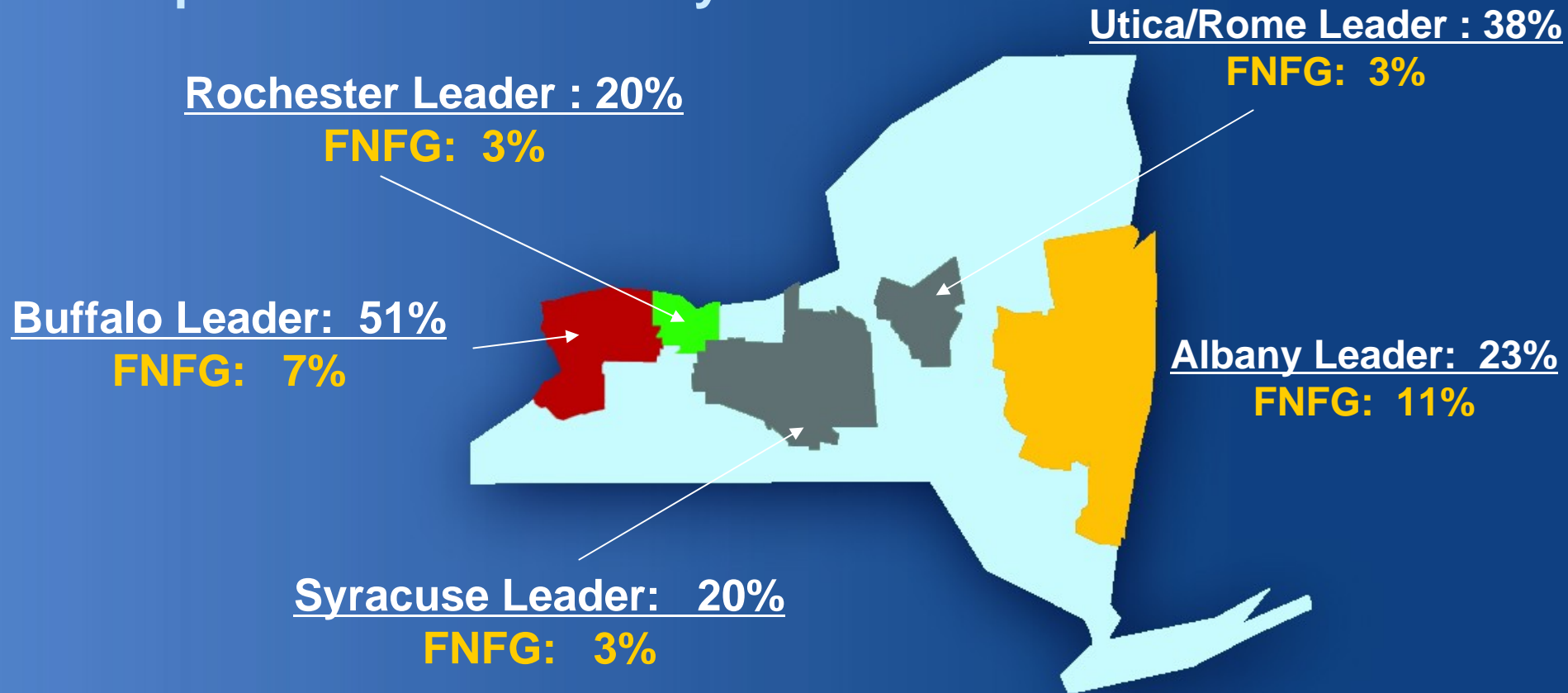
June 2008 vs. June 2007



*Relative strength of upstate markets*

# FNFG Has Plenty of Room to Grow

## Deposit Market Share by Market\*



*Filling gap between less sophisticated smaller banks and distracted larger institutions*

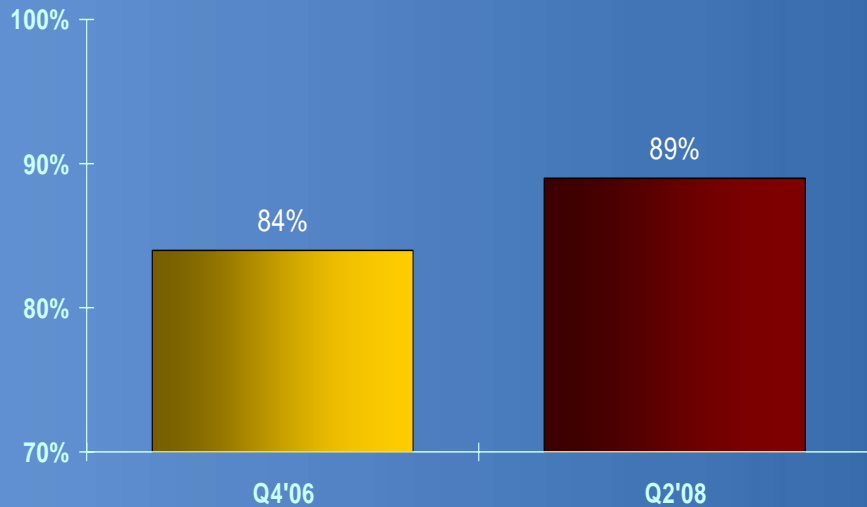
\* SNL Interactive



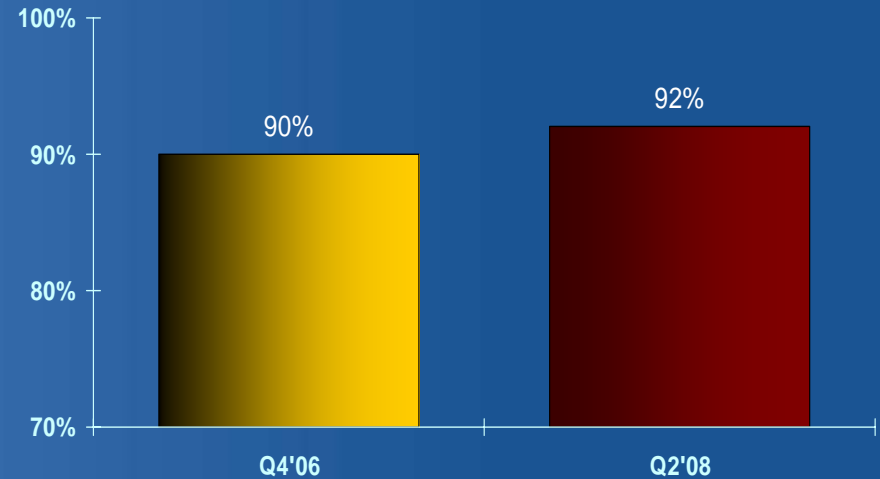
# Putting the Customer First

## Major Progress Over Past 18 Months

Customer Loyalty



Customer Satisfaction



*Achieving level of high performing, service driven organizations*

# Strong Team in Place

- ★ Key adds to executive management
- ★ Upgraded talent at all levels
  - ★ Leadership, Lenders, branch managers and support staff
- ★ Enhanced ongoing efforts to:
  - ★ Attract
  - ★ Retain
  - ★ Develop

***Our most important resource***



First Niagara

# First Niagara Must...

- ✦ Stay on offensive
- ✦ Stay disciplined
- ✦ Stay focused on core strengths

*...And we will*



# Question & Answer



*The power to get more out of your money  
The power of First Niagara*



First Niagara

First Niagara Financial Group's common stock is listed on the NASDAQ National Market System and is traded under the symbol **FNFG**

Additional information is available at **[www.fnfg.com](http://www.fnfg.com)**

Investor Inquires:

Tony Alessi

Vice President

716.625.7692

[tony.alessi@fnfg.com](mailto:tony.alessi@fnfg.com)

