

Building to be Even Better ...
Acquisition of HSBC Upstate NY Branches

August 1, 2011



Safe Harbor Statement

The information presented may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based upon current beliefs and expectations and are subject to significant risks and uncertainties (some of which are beyond First Niagara's control). Factors that could cause First Niagara's results to differ materially can be found in the risk factors set forth in First Niagara's Annual Report on Form 10-K for the year ended December 31, 2010 and First Niagara's other filings with the SEC.

Unique Opportunity that Creates A Market Leader



Strategically Compelling

- Upstate NY market share increases from 8% to 22%
- Adds \$11.0 billion in deposits and 100 branches
- Long standing presence; talented team



Financially Attractive

- 2013 Operating EPS accretion of 11-12%
- Deposit funding has grown from 70% to 90% of total liabilities
- ROTCE up more than 400 bps
- IRR > 20%



Low Risk

- In market transaction
- Proven integrator – prepared and ready
- Very limited credit risk

Building to be Even Better

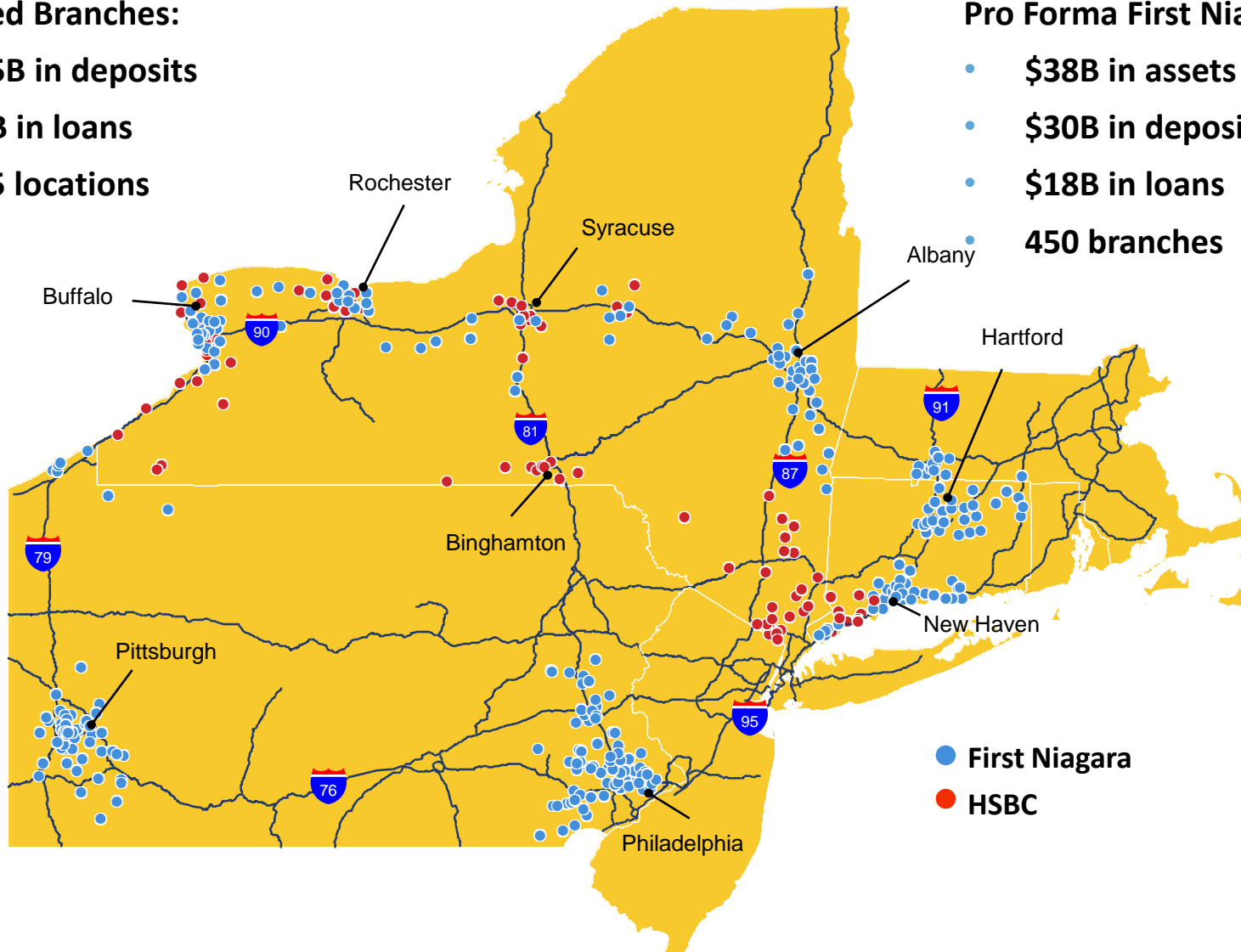
Northeast Regional Banking Profile

Acquired Branches:

- \$15B in deposits
- \$3B in loans
- 195 locations

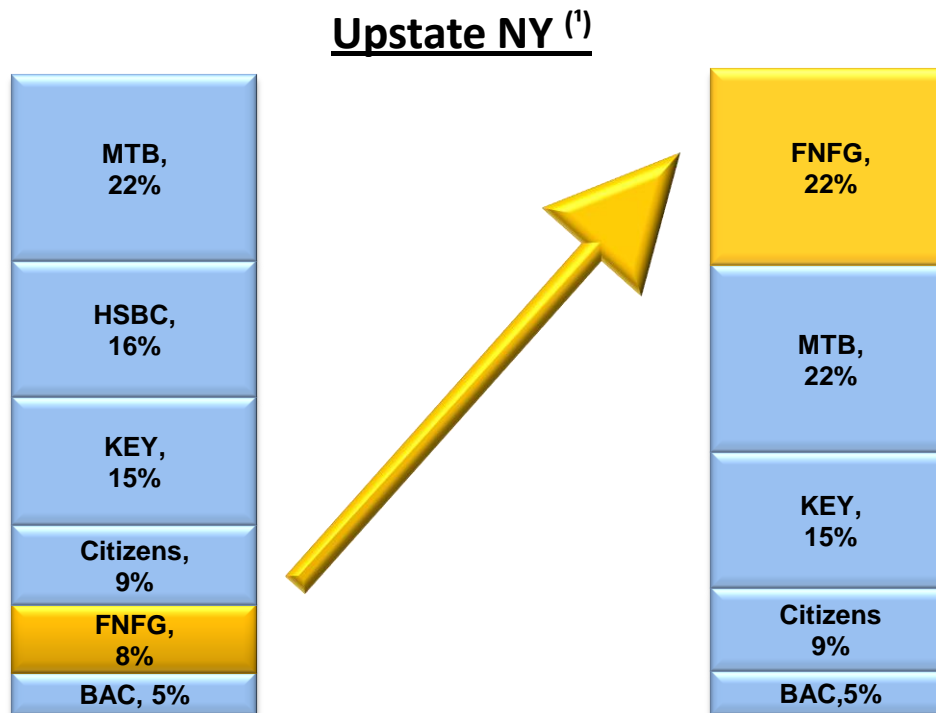
Pro Forma First Niagara:

- \$38B in assets
- \$30B in deposits
- \$18B in loans
- 450 branches



Strategically Compelling

- Accelerates Upstate NY retail growth strategy
- Solidifies market leadership in Buffalo, Albany, Rochester and Syracuse
- Adds strong, experienced retail bankers that know our market well
- Brings scale to business banking, consumer finance and wealth management
- Connects Lower Hudson to Southern CT markets



(1) Combination of Buffalo, Rochester, Syracuse and Albany MSAs; Excludes ~\$7B in HSBC corporate deposits in Buffalo which are not included in this transaction. Includes impact of estimated divestitures. SNL Data as of June 30, 2010.

Key Strengths of Acquired Franchise

- **Well positioned, with a similar strategy**
 - Mature, profitable business platform
 - Relationship focused
 - Knows our marketplace
 - Experienced talent
- **Consumer Banking**
 - Adds more than 1 million accounts; over 650 thousand retail customers
 - ~250 thousand consumer credit card accounts
- **Wealth Management**
 - Source of strong fee revenue generation
 - Over 60 financial advisors providing a broad range of financial products
 - Nearly doubles AUM adding \$4.3 billion
- **Business Banking**
 - Strong relationship between business banking and branch network
 - Focus on deposit gathering and fee income generation
 - Target customer has annual sales of \$30 million or less and credit exposure <\$3 million

Financially Attractive

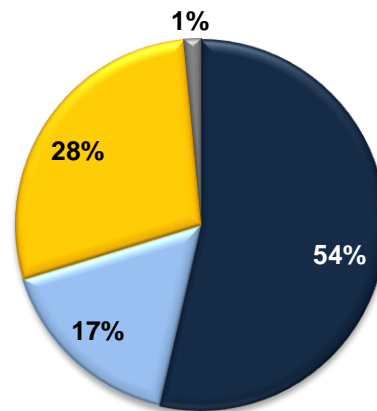
- EPS accretion of 10-11% in 2012; 11-12% in 2013
- TBV dilution of 17-18%, earn back period of 4-5 years
- Drives return on tangible equity up more than 400bps
- IRR 20-22%; ROIC of approximately 10%
- Low cost core deposit funding base

Liability Funding

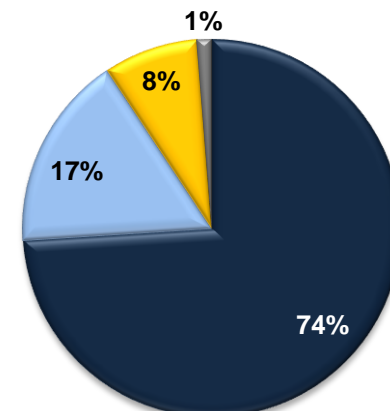
*Core Deposits
improve to
74% of total
liabilities*

*Borrowings
decrease to
8% of total
liabilities*

First Niagara 6/30/11



Pro Forma⁽¹⁾



■ Core Deposits

■ Time

■ Borrowings

■ Other Liabilities

(1): Pro forma based on net increase of \$11B deposits.

Low Risk

Transaction Risk

- In market transaction with deep experience
- Predictability and stability of net interest margin
- Limited credit exposure
- Readily achievable efficiencies driven by branch optimizations
- Strong risk adjusted capital position

Conversion Risk

- Branch/deposit deal simpler than whole bank deal
- Significant capacity to facilitate conversion
- Proven conversion track record driven by seasoned, deep team
- Ready and prepared with New Alliance successfully completed

Highly confident in financial outcomes

Northeast Regional Profile

- Leading position to drive profitable growth
- Significant market share opportunity within major Northeast markets
- Access to nearly 15 million customers in very attractive markets

\$ Billions	Upstate New York ⁽¹⁾	Central Connecticut ⁽²⁾	Philadelphia MSA	Pittsburgh MSA		
Market Share	22% ⁽³⁾	7%	1%	4%		
Ranking	1	4	13	5		
Market Deposits ⁽⁴⁾	\$69.5	\$67.8	\$190.3	\$75.2	National Average	
Population (2010)	3.7M	2.7M	5.9M	2.4M		
Median Household Income (2010)	\$54.6K	\$61.4K	\$64.6K	\$49.5K		\$54.4K

Source: SNL, Deposit Data as of June 30, 2010

(1) Average of Buffalo, Rochester, Syracuse, and Albany MSAs

(2) Average of New Haven, Hartford, and Springfield MSAs

(3) Does not include ~\$7B in HSBC corporate deposits in Buffalo that are not included in this transaction. Includes impact of estimated divestitures.

(4) Includes Home Office Deposits

Transaction Summary

Transaction Scope	<ul style="list-style-type: none">• Attractive, low cost deposit franchise with 195 branch locations and \$15.0B in deposits; \$2.8B in loans
Deposit premium	<ul style="list-style-type: none">• 6.67% or \$1.0B (based on May 31, 2011 deposit balances)
Branch Optimization	<ul style="list-style-type: none">• Expected divestitures and consolidations include approximately 100 locations• Deposits per branch in Upstate NY increases by 40-45% to ~\$80MM per branch• Net retention of approximately \$11.0B in deposits; \$2.0B in loans
Capital Issuance	<ul style="list-style-type: none">• Common equity raise of \$750-800MM prior to closing• Debt issuance of \$350-400MM prior to closing• Timing to be determined based on market conditions
Closing Conditions	<ul style="list-style-type: none">• OCC approval; Other customary conditions• First Niagara shareholder approval not required
Expected Closing	<ul style="list-style-type: none">• First Half of 2012

Financially Attractive Transaction

Pro Forma Metrics

Accretion

- 10-11% accretive to 2012 operating EPS
- 11-12% accretive to 2013 operating EPS

ROE & ROA

- 2013 ROATCE: ~19%
- ROA: ~1.20%

IRR

- 20-22% IRR

Tangible Book Value per Share

- Tangible book value per share dilution of 17-18% at close
- 4-5 year earn back period

Attractive Comparative Pricing

- 6.67% total deposit premium
- Deposit premium comparable to recent industry deals, with lower cost of deposits and business risk

Transaction Pricing

	First Niagara / HSBC	Median of Selected Transactions ⁽¹⁾
Transaction Metrics		
Deposit Premium	6.67%	8.40%
1-Mile Branch Overlap ⁽²⁾	~30%	5%
Target's Financial Metrics⁽³⁾		
Cost of Deposits	0.3%	0.8%
NPAs / Assets	0.0%	1.8%

⁽¹⁾ Source: SNL Financial. Based on selected bank transactions with at least \$1B of deposits in the last 12 months

⁽²⁾ Overlap as a percentage of acquired branches

⁽³⁾ Metrics for selected transactions based on most recent quarter prior to transaction announcement

Key Financial Assumptions

	On Acquired Operations
Incremental Loan Growth	\$100-200MM per year
Loan Credit Mark	3% of loans outstanding at close (~\$80MM)
Deposit Attrition	~5% of total deposits over 9 months post close
Core Deposit Intangibles	2.0% of deposits, amortized using SYD over 8 years
Balance Sheet Restructuring	~\$5B wholesale liability pay down at close
Net Interest Margin ⁽¹⁾	4.50%-5.00%
Noninterest Income	0.80%-0.90% of average deposits
Synergy-Adjusted Operating Costs	~1.4% of average deposits
Provisions	Target reserves of 1.20% of new loan originations
Restructuring Expenses	\$150-\$175MM (pre-tax) expensed 100% in 2012
Income Tax Treatment	CDI and goodwill are tax deductible

(1) Represents net interest margin on the incremental increase in First Niagara's earning assets of approximately \$6B following wholesale liability pay down

Pro Forma Capital & Liquidity Impact

- Strong Pro Forma capital ratios reflect risk profile
- Low risk, highly liquid balance sheet

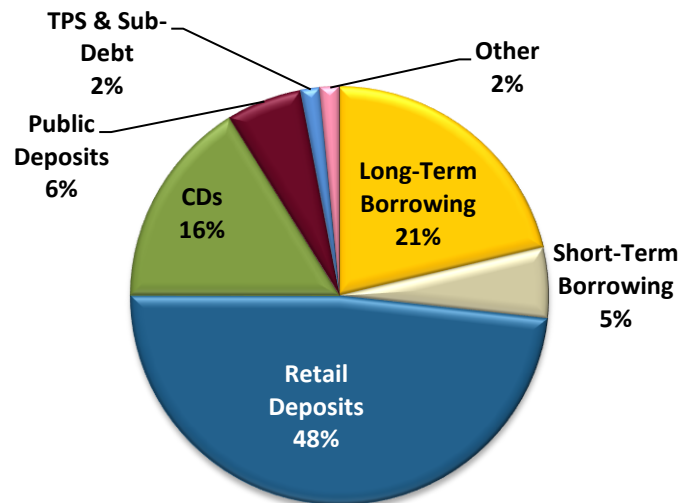
Ratios	First Niagara (6/30/2011)	Pro Forma with HSBC (At Close)
TCE/TA	7.4%	6.0%-6.3%
Tier 1 Common Capital	11.4%	9.6-10.0%
Tier 1 Risk Based Capital	12.0%	10.1-10.5%
Total Risk Based Capital	12.7%	12.3-12.7%
Tier 1 Leverage	7.8%	6.3-6.5%
RWA / Assets	57%	~55%
Loans / Deposits	85%	~65%
Deposits / Total Liabilities	70%	~90%

Note: All capital ratios are at the consolidated level and assumes divestitures occur in the same quarter as the acquisition

Improved Funding Profile

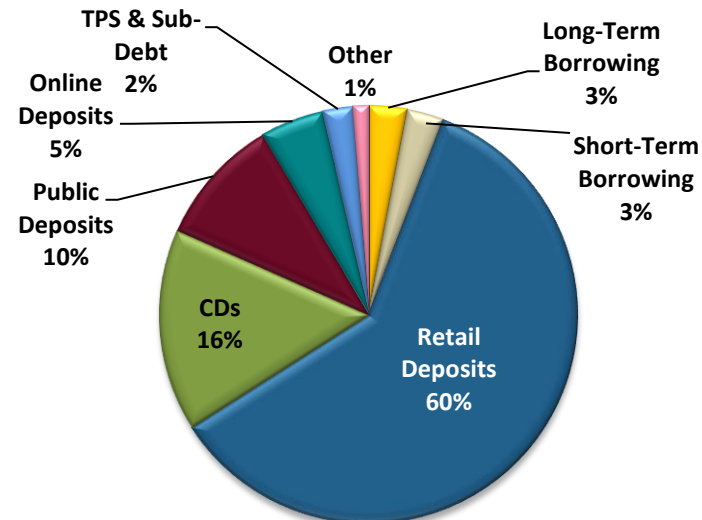
- Liquidity will be used to pay down ~\$5B in wholesale funding; 100-110 basis points improvement
- Significant benefit to funding profile and cost; acquired deposit cost 32 basis points

First Niagara (6/30/11)



Cost of Funds ⁽¹⁾	0.75%
Total Deposits	\$19B
Total Borrowings	\$8B

Pro Forma



Cost of Funds ⁽¹⁾	0.52%
Total Deposits	\$30B
Total Borrowings	\$3B

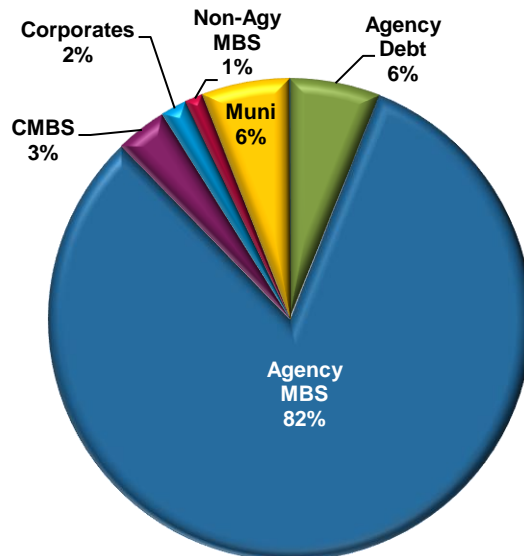
⁽¹⁾ Calculated using weighted average cost of funding for deposits and borrowings as of most recent quarter

High Grade Securities Portfolio

- Transaction affords an opportunity to diversify securities portfolio, reducing MBS concentration, while minimizing interest rate risk
- Cash flow profile of pro forma investment portfolio supports strong liquidity position and allows for redeployment into loans

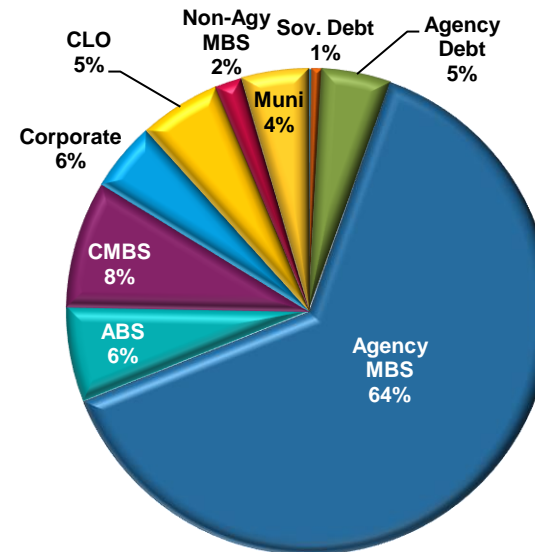
Securities Portfolio Composition

First Niagara (6/30/11)



Market Value \$11B

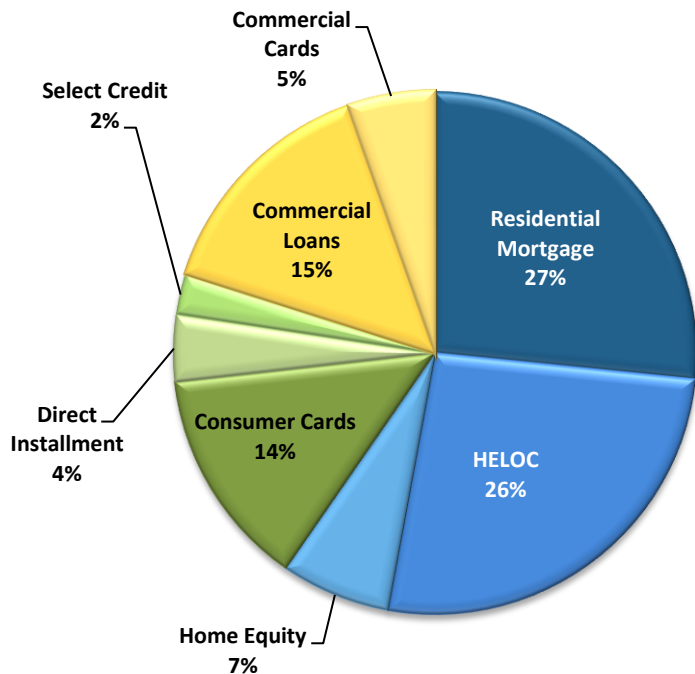
Pro Forma



Market Value \$14B

Acquired Loan Portfolio

Loan Portfolio Composition⁽¹⁾



Total Acquired Loans \$2.8B

Net Retained Loans \$2.0B

- Primarily branch related portfolio
- Excludes loans 60 days or more delinquent
- Conducted extensive due diligence
 - Reviewed by in-market First Niagara credit team
 - Focused on underwriting quality and regulatory compliance
- Estimated credit mark at closing ~3.0%

⁽¹⁾ Balance excludes 60+ delinquent loans, as of May 30, 2011.

Proven Integrator

- Experienced leadership and integration team
 - Deep talent pool dedicated to conversions / integrations
- Comprehensive and tested project plans
 - Simultaneous close / convert process
- Existing market presence further deepens experience
- Consistent track record of core deposit retention
- Solid post-acquisition loan growth in new markets

\$ in Billions	National City	Harleysville	NewAlliance	HSBC ⁽¹⁾
Date of Close	Sept, 2009	April, 2010	April, 2011	
Assets	3.9	5.6	8.7	11.0
% of First Niagara assets	34%	38%	41%	35%
Loans	0.8	3.5	4.9	2.0
% of First Niagara loans	12%	48%	46%	12%
Deposits	3.9	4.1	5.1	11.0
% of First Niagara deposits	62%	42%	38%	58%

Source: SNL Financial for acquired balances
 Percentage calculations based on First Niagara's prior reported quarter
 (1) Represents Pro Forma net retained operations

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Q&A