



NewAlliance Bancshares

Sandler O'Neill

East Coast Financial Services
Conference

November 13, 2008

Discussion Topics

- **Company Profile and Business Focus**
- **Key 2008 Business Priorities**
- **Highlights of Third Quarter 2008**
- **Balance Sheet Composition and Credit Quality**

Company Profile

NewAlliance is a regional community bank with a significant southern New England presence:

- **Approximately \$8.3 billion in assets and \$4.4 billion in deposits;**
- **89 branches in Connecticut and Massachusetts;**
- **3rd largest bank headquartered in Connecticut; 4th largest headquartered in New England;**
- **Dominant market share in its core markets;**
- **Balance sheet growth driven by strong sales culture and acquisitions;**
- **Strong capital - - Tier 1 leverage of 11.0%.**

Building the NewAlliance Franchise



2008 Business Priorities

PRIORITY: Focus on profitable organic balance sheet growth;

PRIORITY: Maintain vigilant risk management focus;

PRIORITY: Invest in technology and breadth of business capabilities;

PRIORITY: Deploy capital opportunistically.

Consolidated Statements of Income

(In millions) (Unaudited)	Three Months Ended		
	Sept 30, 2008	June 30, 2008	Sept 30, 2007
Interest and dividend income	\$ 99.0	\$ 99.2	\$ 101.9
Interest expense	50.9	50.9	58.2
Net interest income before provision	48.1	48.3	43.7
Provision	4.2	3.7	1.0
Net interest income after provision	43.9	44.6	42.7
Total non-interest income	13.4	14.5	10.4 (1)
Total non-interest expense	41.4	41.3	38.6
Income before income taxes	15.9	17.8	14.5 (2)
Income tax provision	5.0	6.0	7.1 (3)
Net income	\$ 10.9	\$ 11.8	\$ 7.4 (4)
Diluted EPS	0.11	0.12	0.07
Net interest margin	2.63%	2.67%	2.49%

Proforma 9/30/07 Data:

- (1) \$16.1 before net loss on sale of restructured securities
- (2) \$20.2 before net loss on sale of restructured securities
- (3) \$4.5 before charitable contribution valuation allowance adjustment
- (4) \$13.7 before net loss on sale of restructured securities & charitable contribution valuation allowance adjustment

Highlights of 3rd Quarter 2008

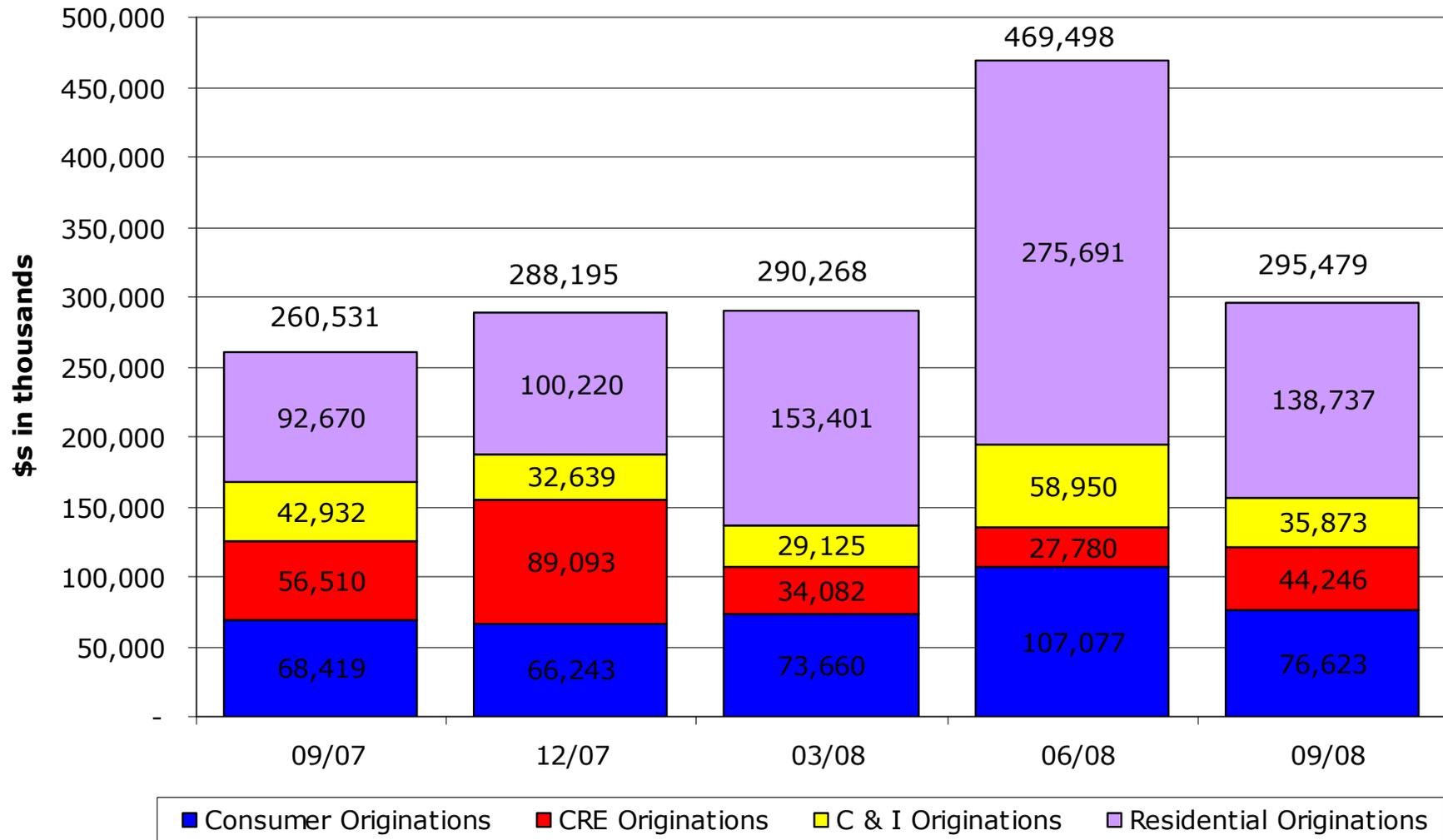
Priority

Focus on profitable organic balance sheet growth:

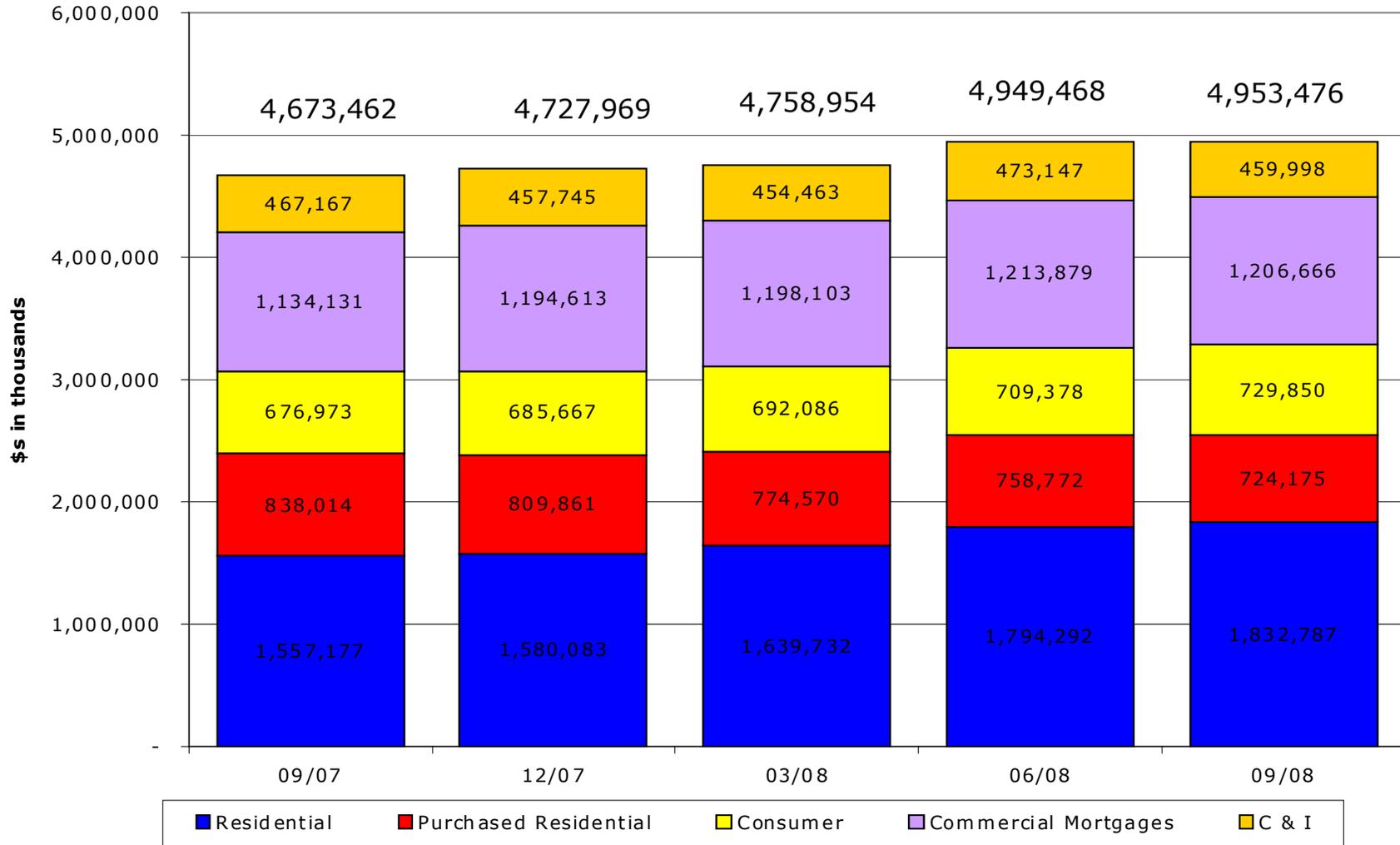
Progress Against Goals

- **Total deposits up 3% year over year; core deposits up 12%;**
- **Savings accounts up 56% over Q3 '07;**
- **Total loans up 6% from Q3 '07, mostly from residential mortgages;**
- **NIM improved 14 b.p. from a year ago to 2.63%;**
- **Non-interest expense was controlled and flat with previous quarter.**

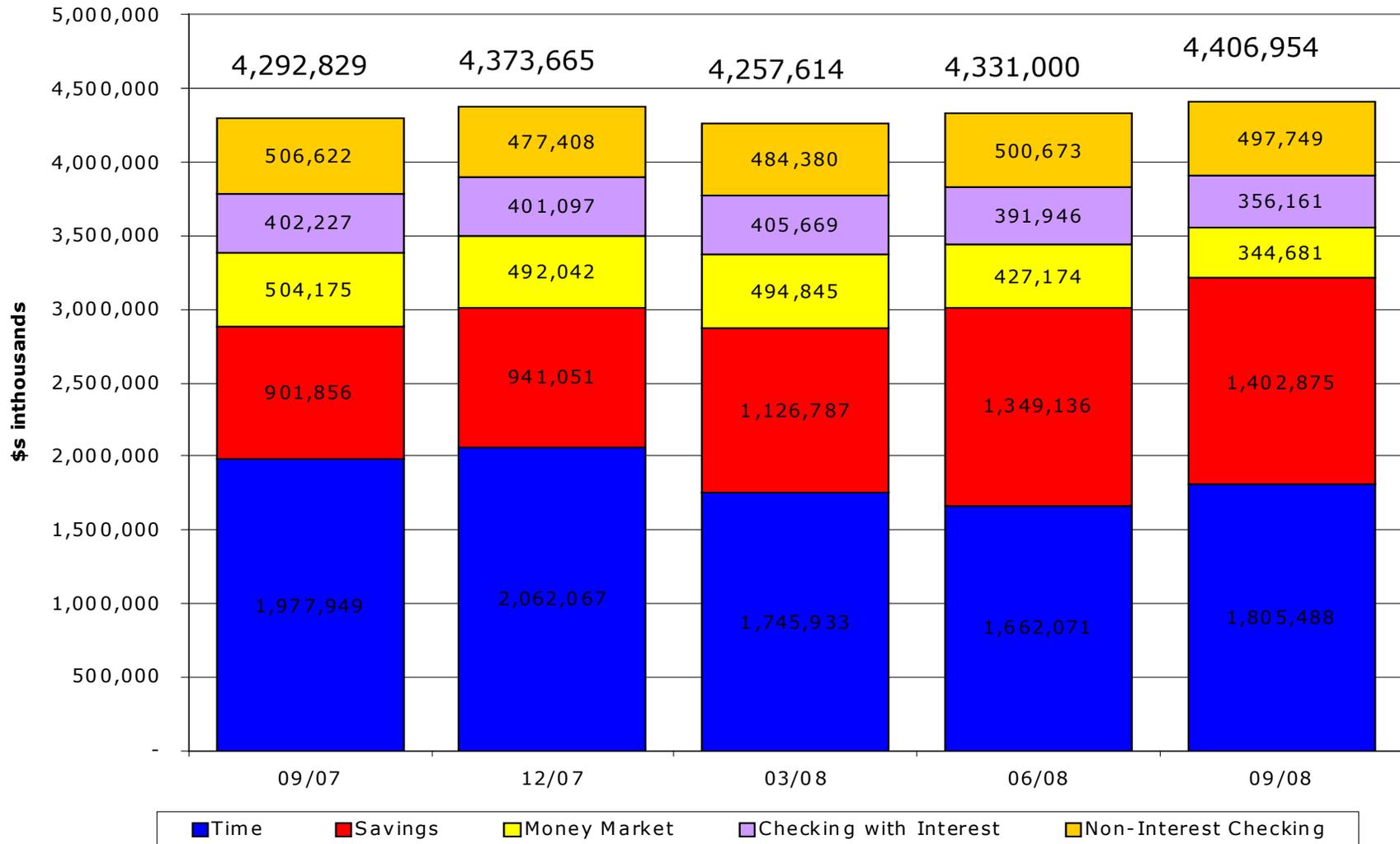
Quarterly Loan Originations



Quarter End Loan Balances



Quarter End Deposit Balances



Deposit Pricing Trends

	Pricing 12/31/07	Pricing 1/31/08	Pricing 3/31/08	Pricing 6/30/08	Pricing 9/30/08
Premium Checking Blended Rate	1.73%	.99%	.50%	.50%	.50%
Premium Money Market Blended Rate	4.17%	3.25%	2.31%	2.32%	2.28%
Blended Savings Rate	2.34%	2.25%	2.33%	2.48%	2.30%
Weekly Special Relationship CD (under 1 year) Posted Rate	4.17%	2.47%	2.72%	4.00%	3.15%
Weighted cost of total deposits for the month	3.08%	3.01%	2.68%	2.29%	2.22%

September 2008 Year-to-Date Highlights

Priority

Maintain vigilant risk management focus:

Progress Against Goals

- Accelerated account monitoring;
- Introduced credit scoring on commercial loan portfolio;
- Total delinquencies of 105 b.p.;
- Non-performing loans to total loans at 71 b.p.;
- Net charge-offs of 12 b.p. annualized;
- Adequate reserve coverage at 99 b.p.

September 2008 Year-to-Date Highlights

Priority

Invest in technology and breadth of business capabilities:

Progress Against Goals

- **Expanded Internet sales channel;**
- **Initiated new debit card cash rewards program to enhance checking growth; increased average monthly debit card usage by 11% and ownership by 3%;**
- **Continued technology upgrade of branch platform;**
- **Reengineering bank-wide processes to improve operating efficiencies and streamline turnaround times.**

September 2008 Year-to-Date Highlights

Priority

Deploy capital opportunistically:

Progress Against Goals

■ Twice “well capitalized” regulatory benchmark;

◇ Tier 1 capital 11.0%;

◇ Risk-based capital of 19.9%;

■ Repurchased 1,656,473 shares at price of \$12.33;

average

■ Continue to evaluate prudent opportunities:

M & A

◇ Banks

◇ Branches

◇ New lines of business

Fed's Capital Purchase Program

Our conclusions:

TARP Capital Purchase Program would -

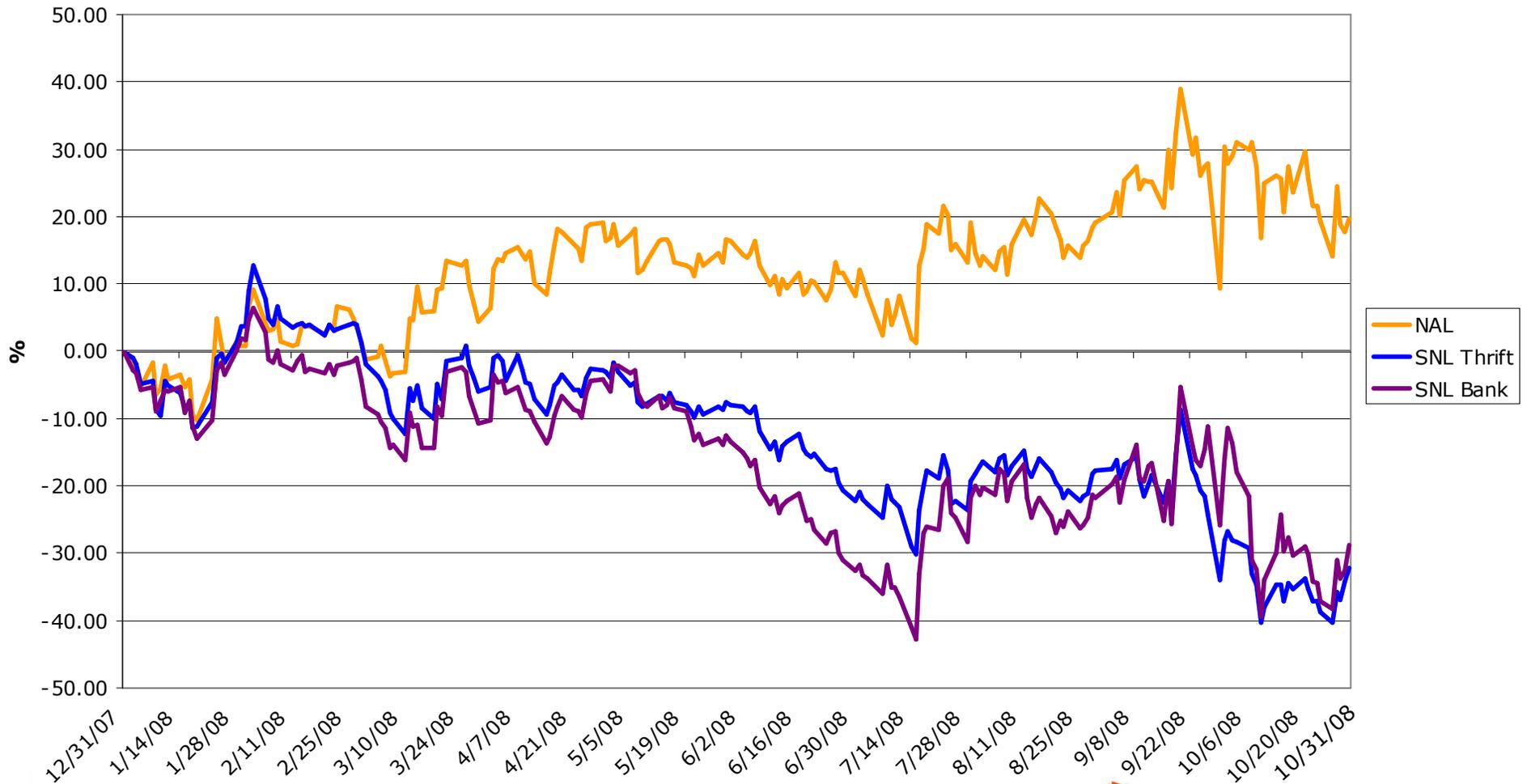
- **Restrict share repurchases;**
- **Restrict dividend increases;**
- **Dilute current shares through grant of warrants;**
- **Reduce EPS & ROE.**

NewAlliance has enough capital and liquidity to meet credit demands of our customers.

Stock Price Comparison

NAL vs. SNL Thrift and Bank Indices YTD '08

NAL + 20% YTD





NewAlliance Bancshares

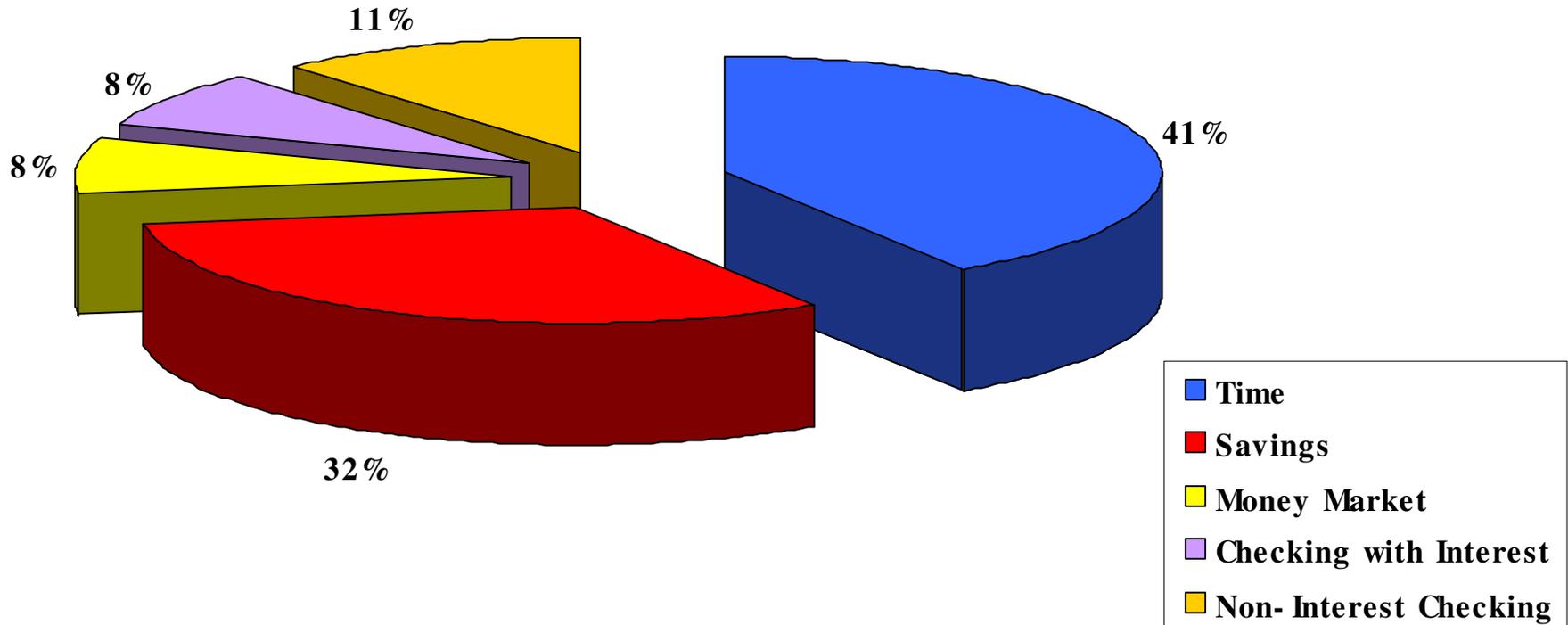
Balance Sheet Composition and Credit Quality

Deposits

September 30, 2008

TOTAL DEPOSITS: \$4.4 billion

Total Core = 59%

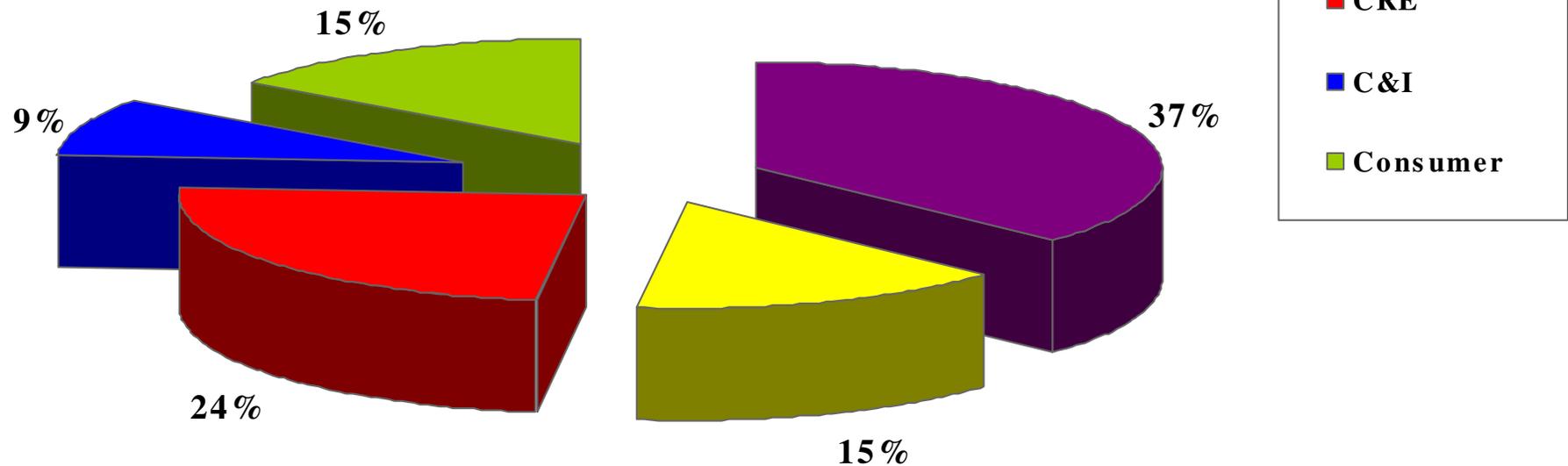


● **Total Core Deposits up 12.5% YTD**

Loan Portfolio

September 30, 2008

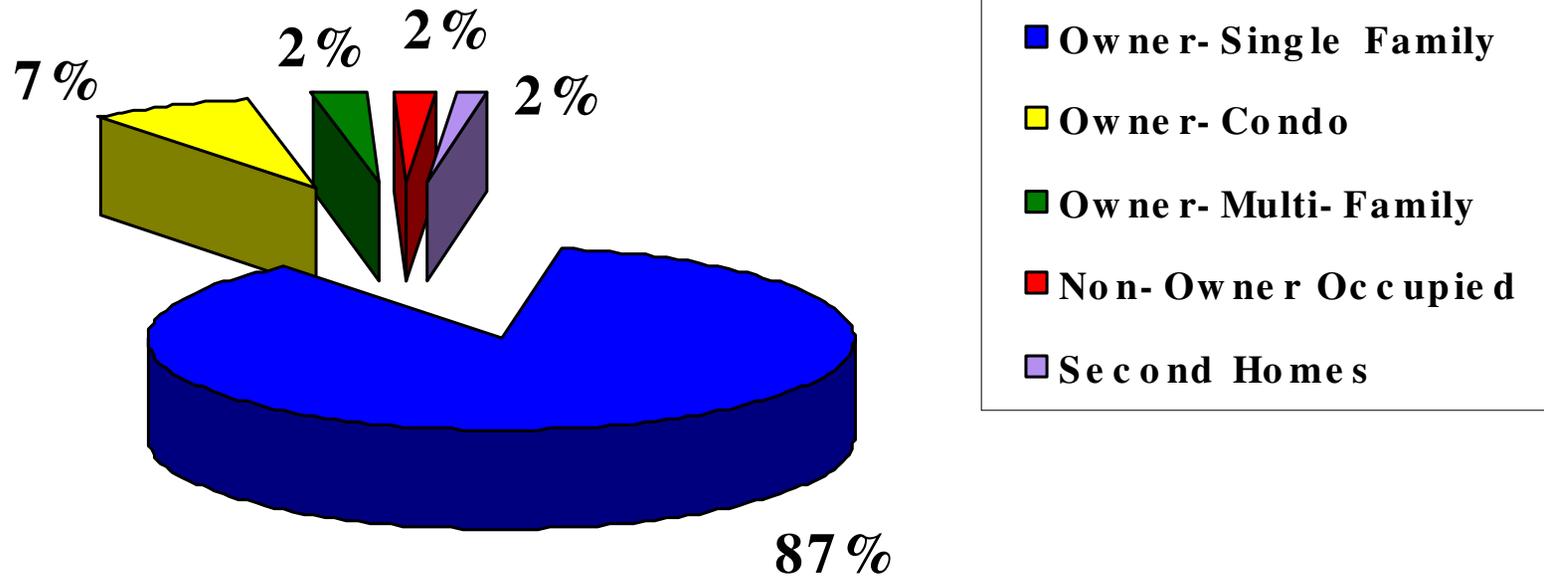
TOTAL LOANS: \$4.9 billion



• **Total loans up 4.8% YTD**

Residential Portfolio Snapshot

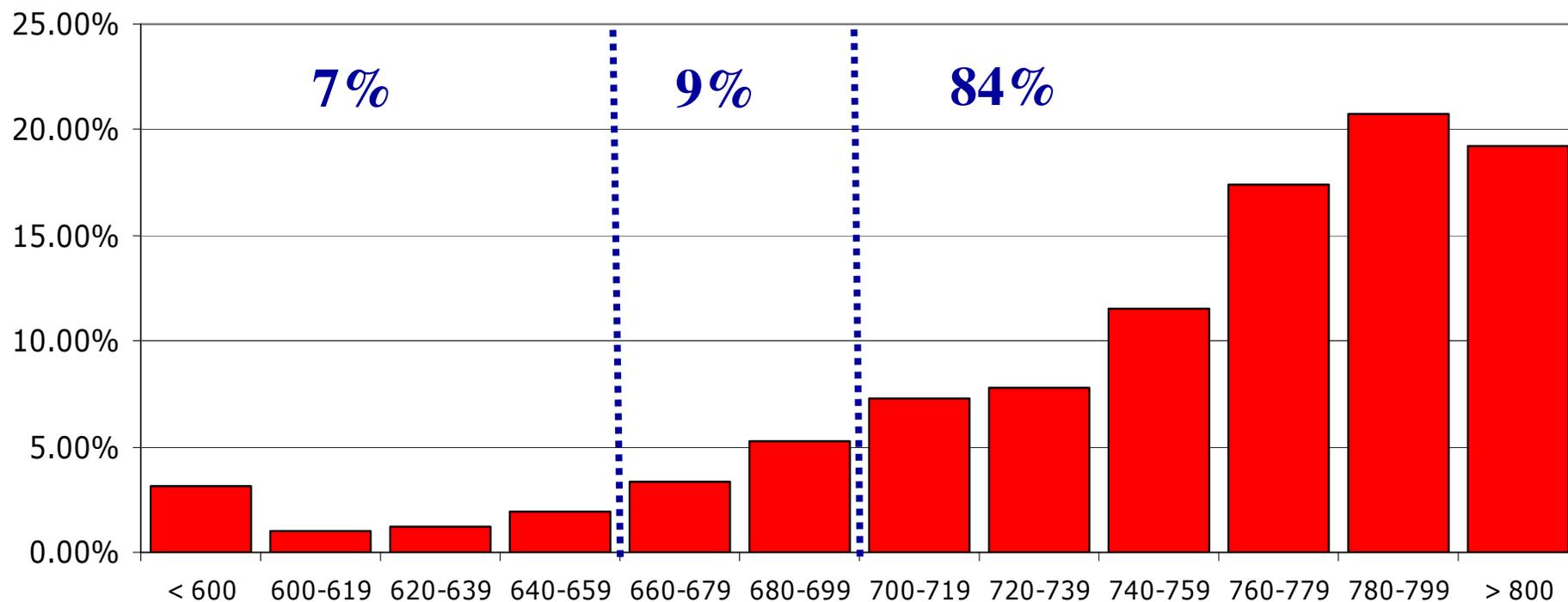
September 30, 2008



- Residential Portfolio \$2.6 billion
- Total delinquencies 0.68%
- Net Credit Losses 0.01% (year-to-date, annualized)
- Average FICO 750
- Average LTV 48%

Residential Portfolio Score Distribution (Purchased + Organic)

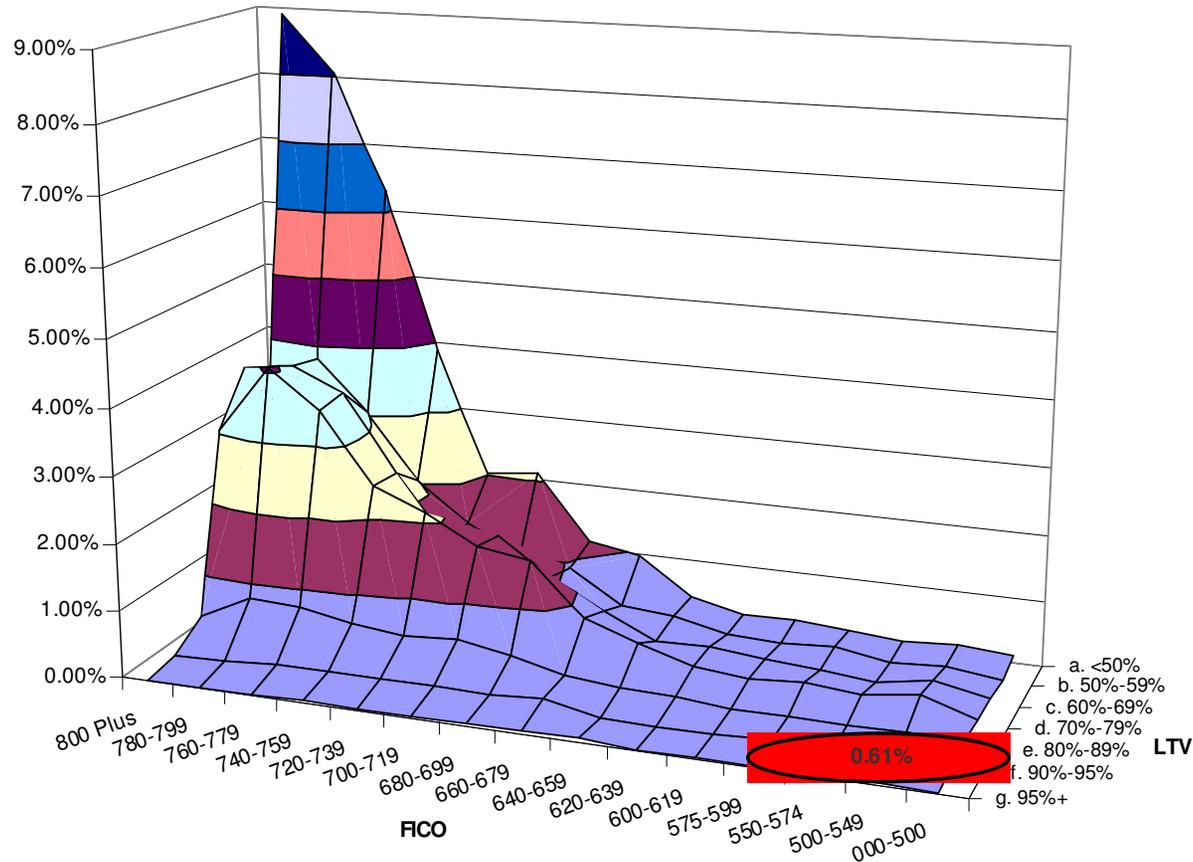
September 30, 2008



CLTV	55%	54%	54%	54%	51%	57%	52%	53%	50%	51%	48%	44%
BAL %	3.16%	1.02%	1.23%	1.90%	3.38%	5.31%	7.24%	7.8%	11.57%	17.38%	20.74%	19.28%
DEL	18%	2%	0.21%	0.00%	0.33%	0.34%	0.38%	0.32%	0.00%	0.01%	0.00%	0.11%

Residential Mortgage FICO/LTV/Volume Matrix

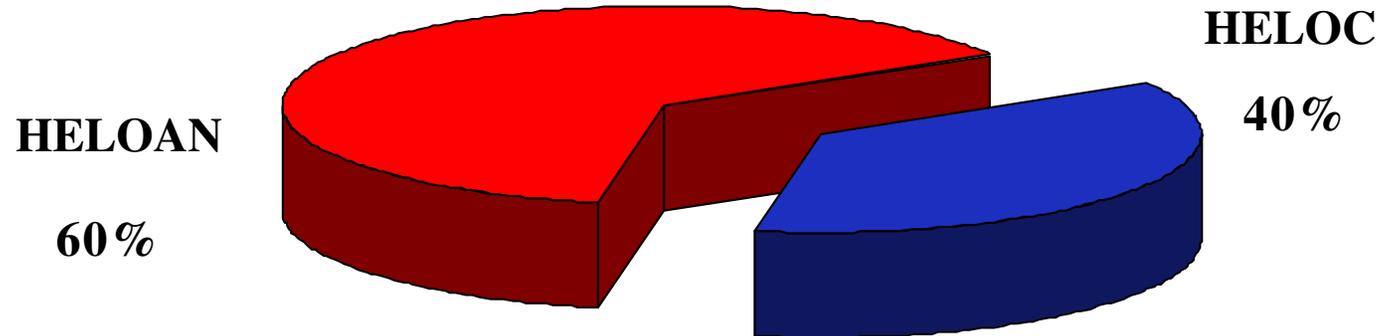
September 30, 2008



- Concentration of loans with favorable credit characteristics
- Only 0.61% of Mortgages are designated high risk

Home Equity Portfolio Snapshot

September 30, 2008

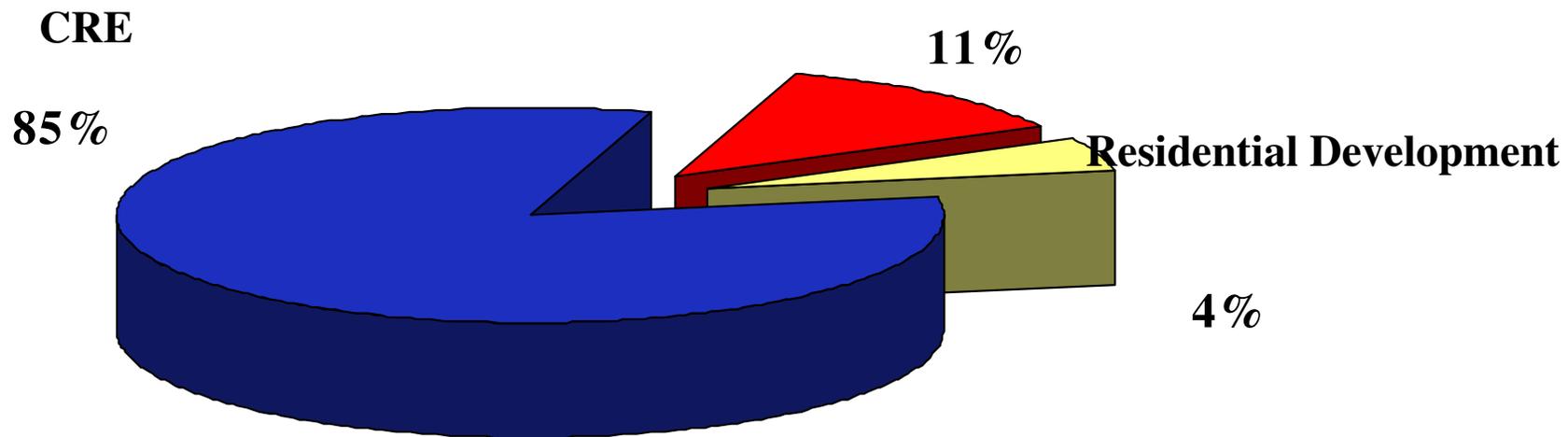


- Total outstandings \$705.2MM
- Total delinquencies 0.41%
- Net credit losses 0.05% (year-to-date, annualized)
- Average CLTV 47%

Total CRE Portfolio Snapshot

September 30, 2008

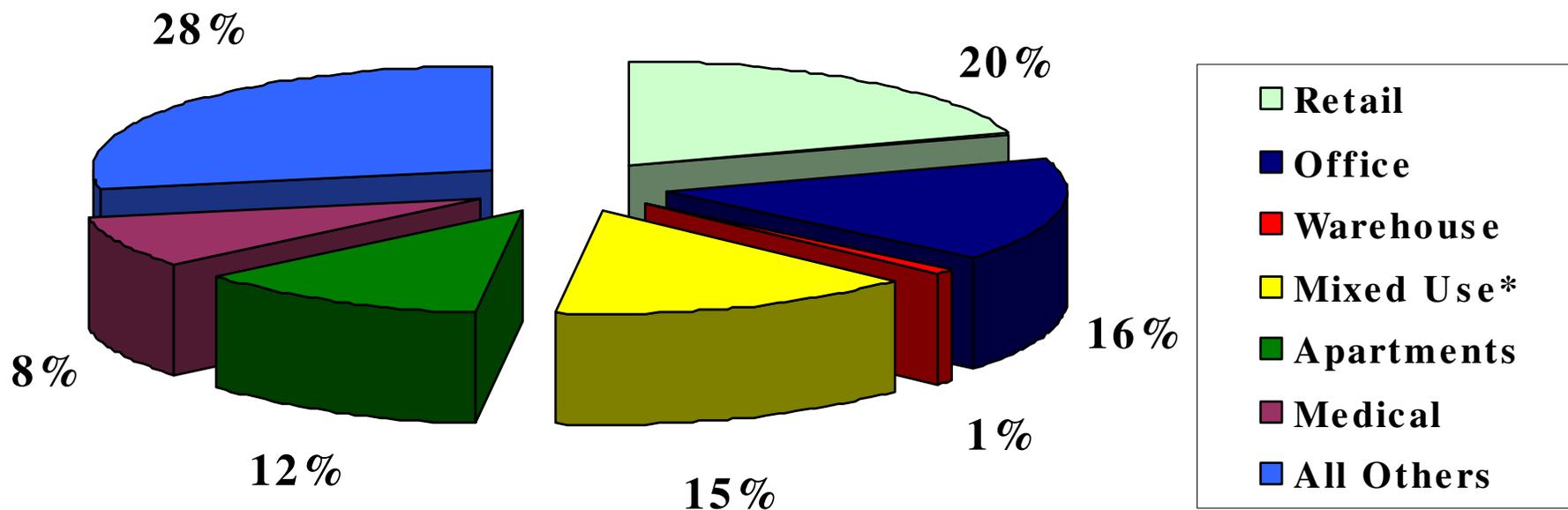
Construction to Permanent



- Total outstandings \$1.2 billion
- Total delinquencies 1.94%
- Non Performing Loans 1.59%
- Net credit losses 0.33% (year-to-date, annualized)

CRE Portfolio Snapshot

September 30, 2008



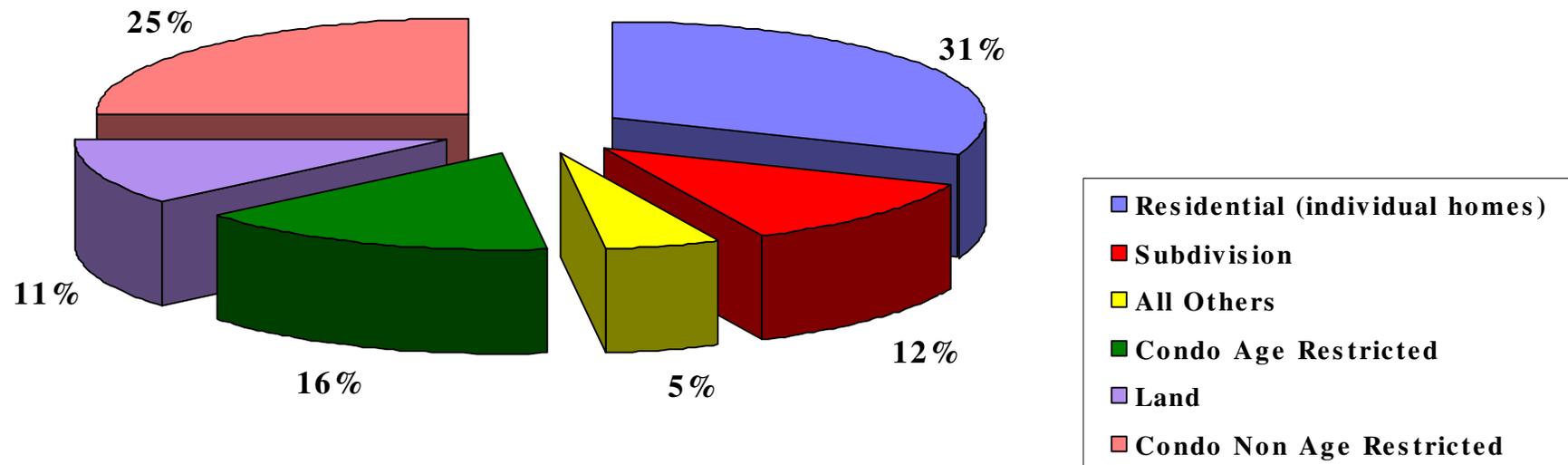
Balanced distribution of risk

* Primarily retail/office & retail/apartments

Residential Development Portfolio Snapshot

September 30, 2008

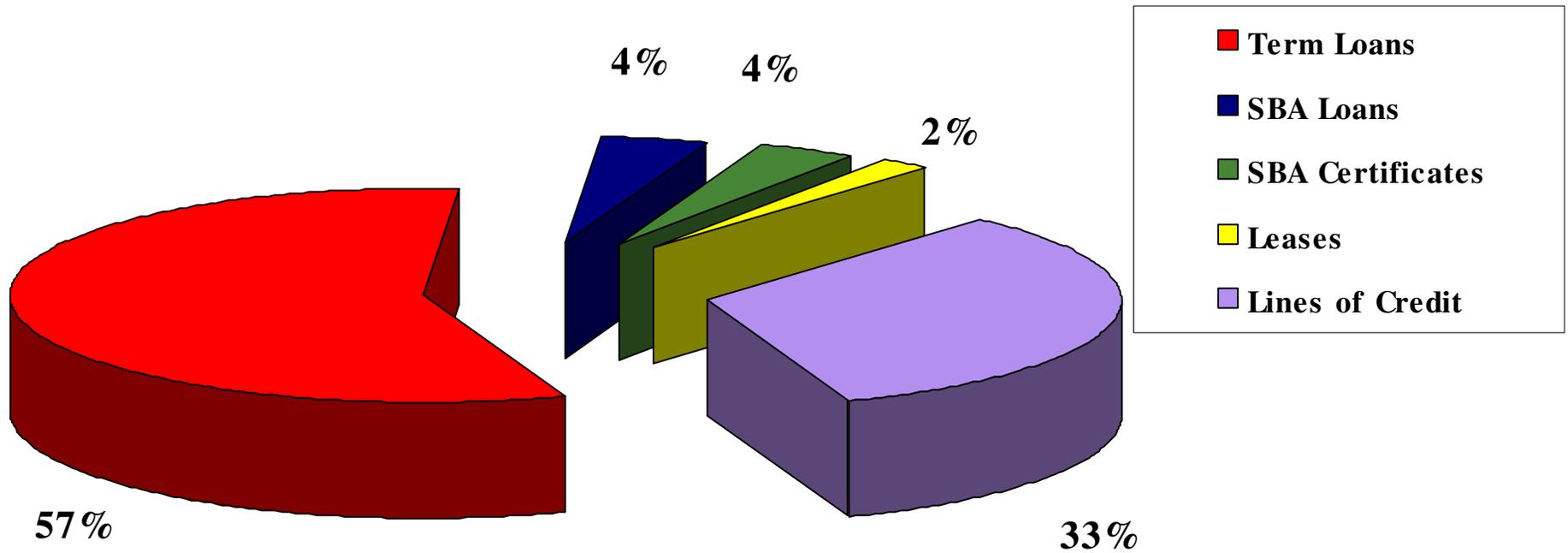
\$53 million
Less than 1% of total loan portfolio



- YTD portfolio declined by 20%
- Total condo project portfolio \$20.7MM
- Total NPL's for condo portfolio \$11.4MM
- Established specific reserves and/or have already charged-off projects where losses identified
- Problem small and contained

C&I Portfolio Snapshot

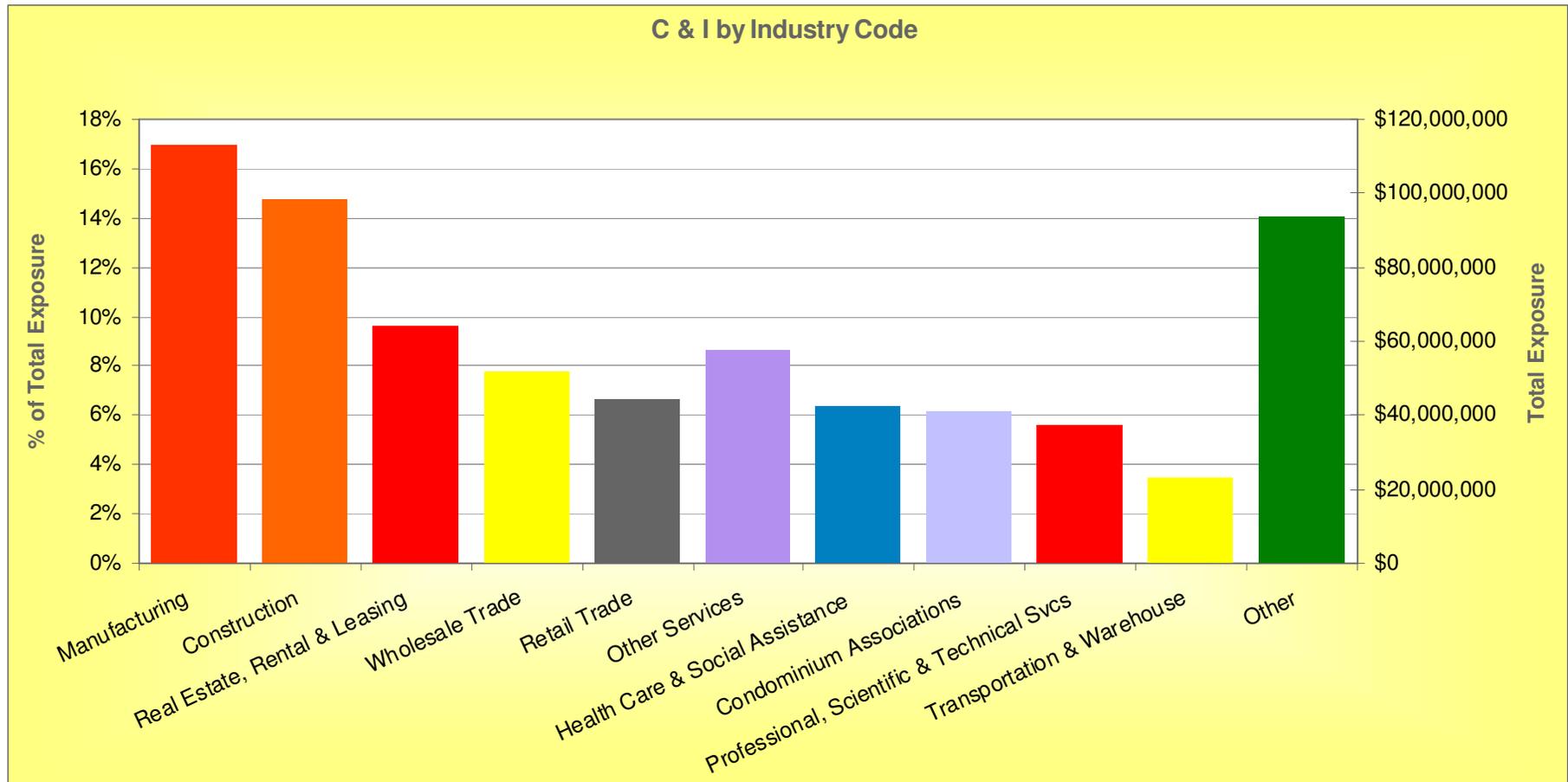
September 30, 2008



- Total outstanding balance \$461MM
- Total delinquencies 1.69%
- Net credit losses 0.09% (year-to-date, annualized)

C&I Portfolio Snapshot

September 30, 2008



No excessive concentrations

Asset Quality Key Indicators

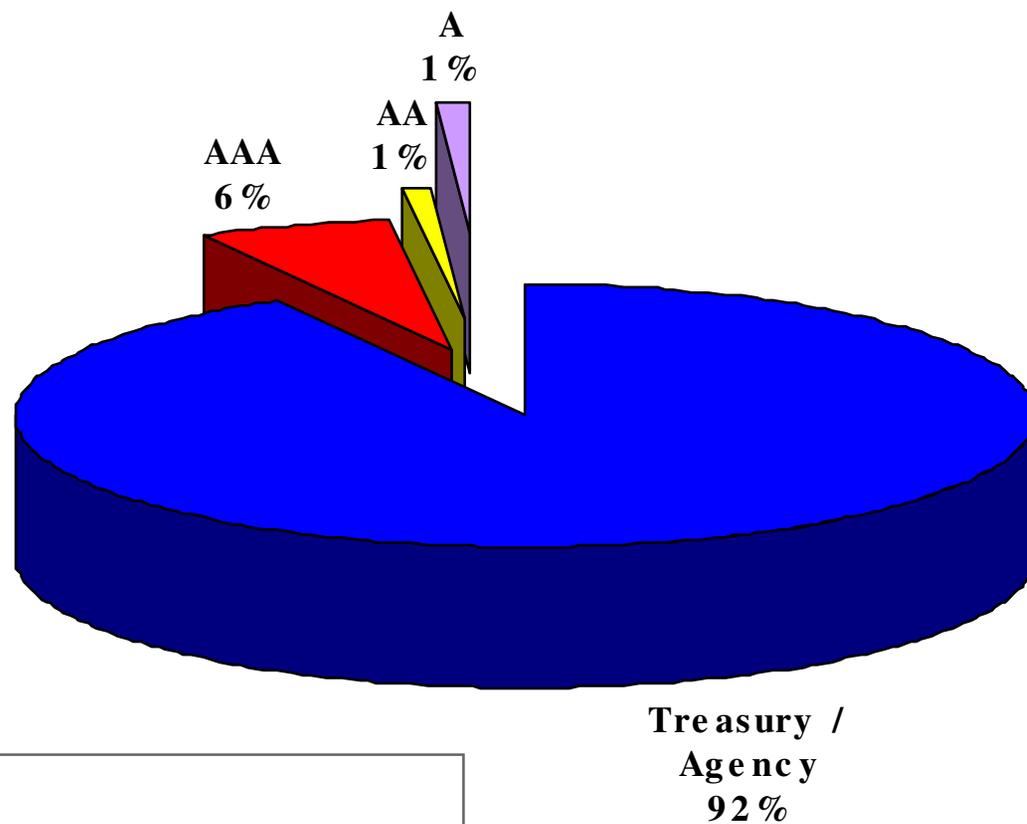
	9/07	12/07	3/08	6/08	9/08
● Non- performing loans to total loans	0.42 %	0.35 %	0.40 %	0.53 %	0.71 %
● Allowance for losses to total loans	0.92 %	0.93 %	0.95 %	0.97 %	0.99 %
● Allowance for losses to non- accrual loans	221 %	267 %	239 %	183 %	141 %
● Net charge- offs to total loans *	0.04 %	0.13 %	0.01 %	0.11 %	0.23 %
● Total delinquencies/ loans (30+)	0.73 %	0.63 %	0.70 %	0.89 %	1.05 %
● Loan loss provision	\$1.0MM	\$2.3MM	\$1.7MM	\$3.7MM	\$4.2MM

*annualized

Investment Portfolio

September 30, 2008

Total Portfolio \$2.3 billion



Trust Preferred Issues:

Individual Names (A- to AA)

Book \$38,402MM Market \$31,448MM

Pools (AA to AAA)

Book \$6,815MM Market \$5,169MM

Gap Report September 2008

	Sep-08		< 3 Months		3 - 12 Months		< 1 Year Gap	
	Balance	Rate	Balance	Rate	Balance	Rate	Balance	Rate
Assets:								
Cash and Due From Banks	112,121	-	-	-	-	-	-	-
Short Term Investments	75,000	2.41	75,000	2.41	-	-	75,000	2.41
Long Term Investments	2,306,444	4.97	490,937	4.46	674,672	5.03	1,165,608	4.81
Total Investments:	2,381,443	4.84	565,937	4.02	674,672	5.03	1,240,608	4.57
Loans - Adjustable and Variable	2,919,416	5.63	786,413	5.23	516,755	5.68	1,303,167	5.41
Loans - Fixed	1,954,576	5.89	122,224	6.03	332,353	5.99	454,578	6.00
Total Loans:	4,873,992	5.74	908,637	5.34	849,108	5.80	1,757,745	5.56
Nonaccrual Loans	34,996	-	-	-	-	-	-	-
Other Assets	862,708	-	-	-	-	-	-	-
Total Assets	8,265,261	4.81	1,474,574	4.83	1,523,780	5.46	2,998,354	5.15
Liabilities:								
Certificates of Deposit	1,805,488	3.32	282,143	2.61	852,537	3.20	1,134,680	3.06
Core Accounts	2,601,466	1.54	29,481	2.35	1,052,720	2.19	1,082,201	2.20
Total Deposits:	4,406,954	2.27	311,624	2.59	1,905,257	2.64	2,216,881	2.64
Borrowed Money	2,386,788	4.44	262,541	3.07	386,790	4.89	649,331	4.15
Other Liabilities	71,113	-	-	-	-	-	-	-
Total Liabilities	6,864,855	3.00	574,165	2.81	2,292,046	3.02	2,866,212	2.98
Capital:	1,400,406	-	-	-	-	-	-	-
Total Liabilities & Equity	8,265,261	2.50	574,165	2.81	2,292,046	3.02	2,866,212	2.98
Total Rate Sensitive Assets:	7,278,656	5.46	1,474,574	4.83	1,523,780	5.46	2,998,354	5.15
Total Rate Sensitive Liabilities:	6,295,993	3.28	574,165	2.81	2,292,046	3.02	2,866,212	2.98
Cumulative RSA/RSL:			2.57		1.05		1.05	
Period Gap:			900,409		(768,267)		132,142	
Cumulative Gap:			900,409		132,142		132,142	
Cumulative Gap/Total Assets:			10.89%		1.60%		1.60%	

Focus Areas

- **Managing through challenging economic environment;**
- **Sustaining business momentum;**
- **Building profit potential;**
- **Identifying venues for growth.**

Organizational Strengths

- **Management depth**
- **Strong sales culture**
- **Risk management**
- **Regulatory compliance**
- **Disciplined acquirer and integrator**
- **Capital management**

Disclaimer & Forward-Looking Statements

This presentation contains forward-looking statements which involve risks and uncertainties. The Company's actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, changes in market interest rates, loan prepayment rates, general economic conditions, legislation and regulation; changes in the monetary and fiscal policies of the U.S. Government including policies of the U.S. Treasury and the Federal Reserve Board; changes in the quality or composition of the loan or investment portfolios; changes in deposit flows, competition and demand for financial services; changes in accounting principles and guidelines; the ability of the Company to successfully complete and integrate acquisitions; the pace of growth and profitability of possible de novo branches; the impact of additional equity awards yet to be determined; war or terrorist activities; and other economic, competitive, governmental, regulatory, geopolitical, and technological factors affecting the Company's operations, pricing and services.



NewAlliance Bancshares

Capital ideas. Human values.