



NewAlliance Bancshares

**Lehman Brothers
Global Financial Services Conference**

September 8, 2008

Discussion Topics

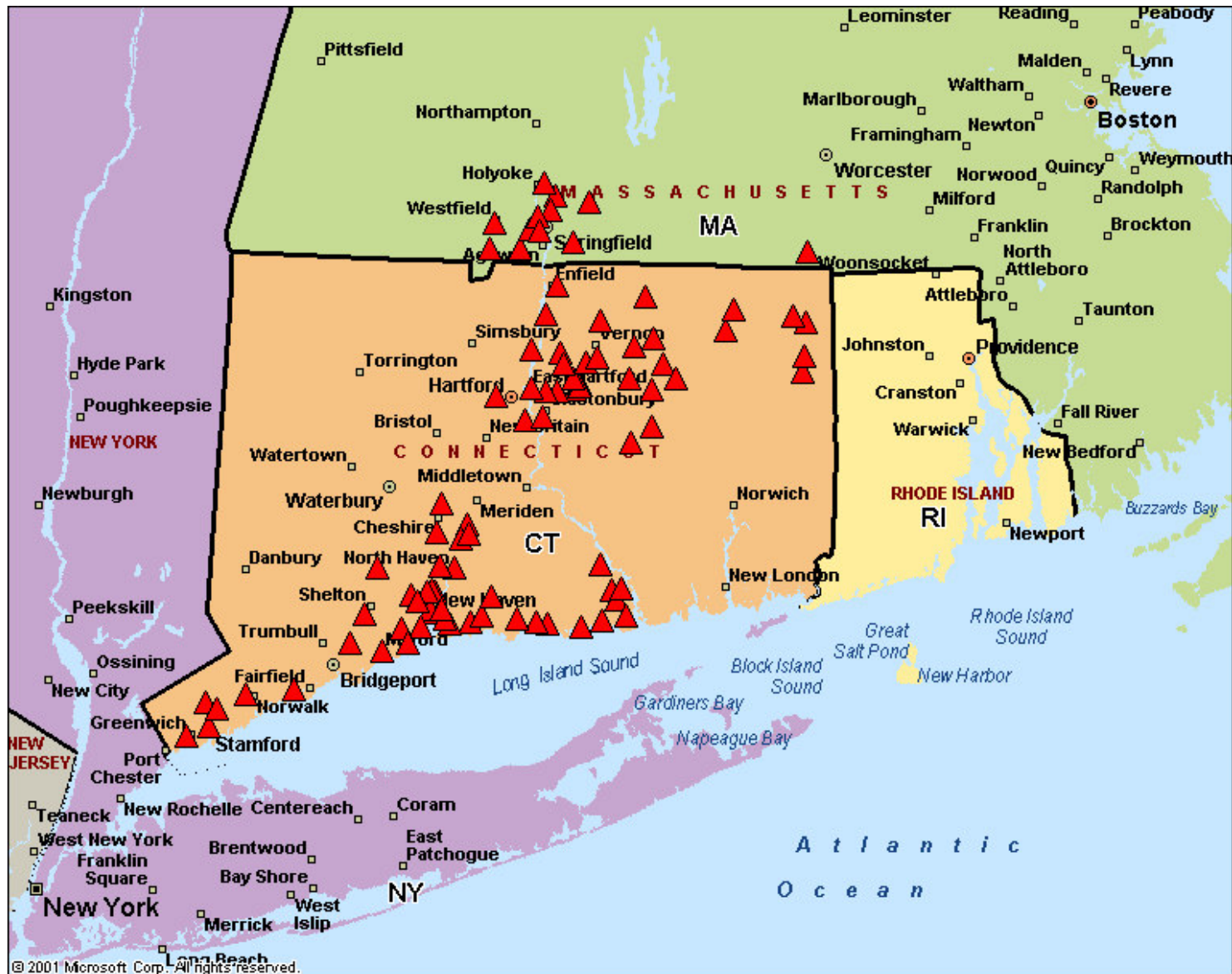
- **Company Profile and Business Focus**
- **Key 2008 Business Priorities**
- **Highlights of Second Quarter 2008**
- **Balance Sheet Composition and Credit Quality**

Company Profile

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

- **Approximately \$8.3 billion in assets and \$4.3 billion in deposits;**
- **89 branches in Connecticut and Massachusetts;**
- **3rd largest bank headquartered in Connecticut; 4th largest 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 11.2%.**

Building the NewAlliance Franchise



2008 Business Priorities

- PRIORITY Build revenue momentum;**
- PRIORITY Invest in technology and breadth of business capabilities;**
- PRIORITY Maintain vigilant risk management focus;**
- PRIORITY Deploy capital opportunistically.**

Consolidated Statements of Income

(In millions) (Unaudited)	Three Months Ended		
	June 30, 2008	March 31, 2008	June 30, 2007
Interest and dividend income	\$ 99.2	\$ 102.2	\$ 98.1
Interest expense	50.9	56.2	55.5
Net interest income before provision	48.3	46.0	42.6
Provision	3.7	1.7	0.6
Net interest income after provision	44.6	44.3	42.0
Total non-interest income	14.5	15.6	(7.8) (1)
Total non-interest expense	41.3	42.2	40.9
Income (loss) before income taxes	17.8	17.7	(6.7)
Income tax provision (benefit)	6.0	4.8	(2.8)
Net income (loss)	\$ 11.8	\$ 12.9	\$ (3.9) (2)
Diluted EPS	0.12	0.13	(0.04) (3)
Net interest margin	2.67%	2.56%	2.44%

Proforma 6/30/07 Data:

- (1) 14.8 before securities restructuring charge
- (2) 10.8 before securities restructuring charge
- (3) 0.10 before securities restructuring charge

Highlights of 2nd Quarter 2008

Priority

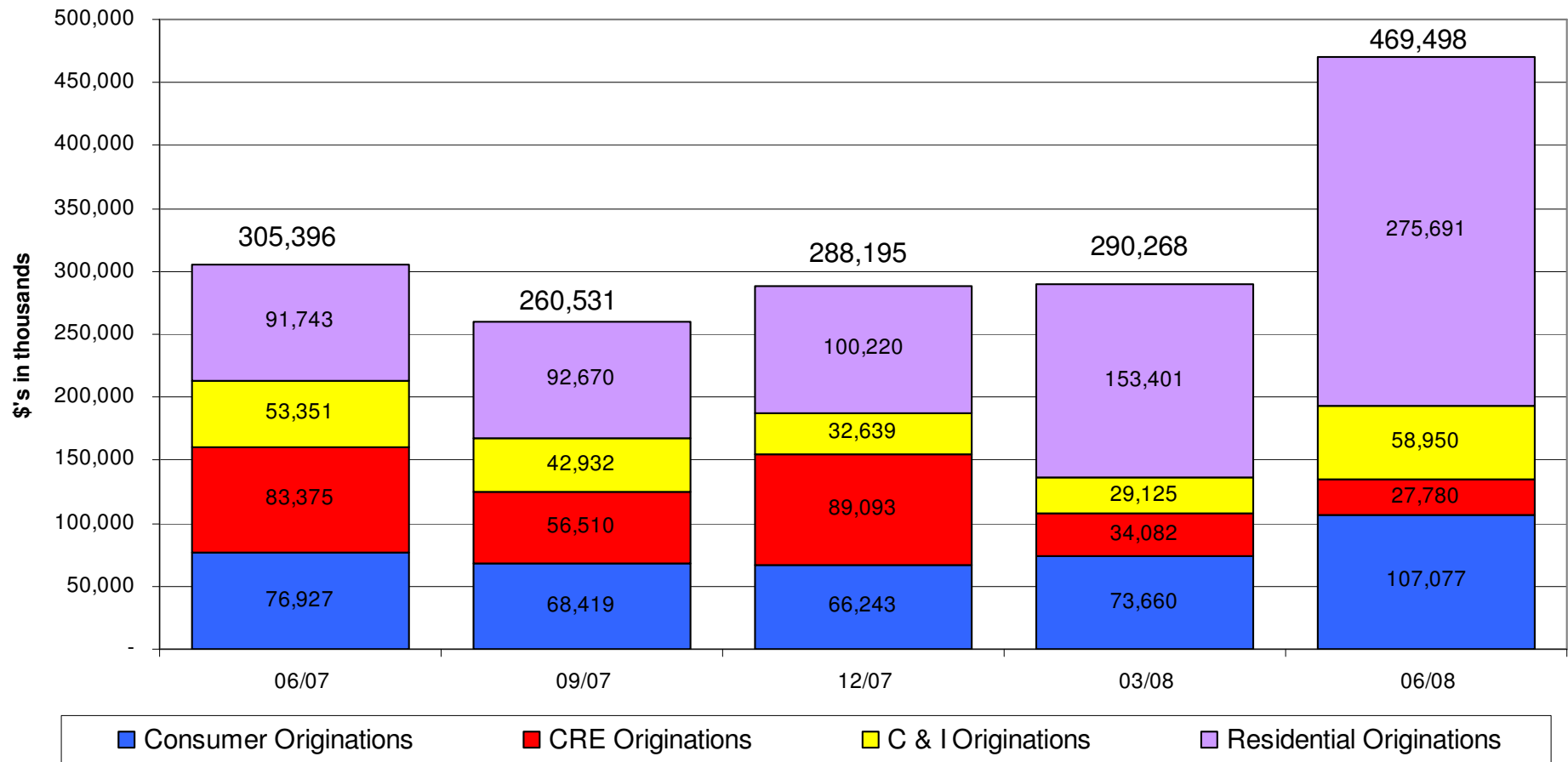
Build revenue momentum:

Progress Against Goals

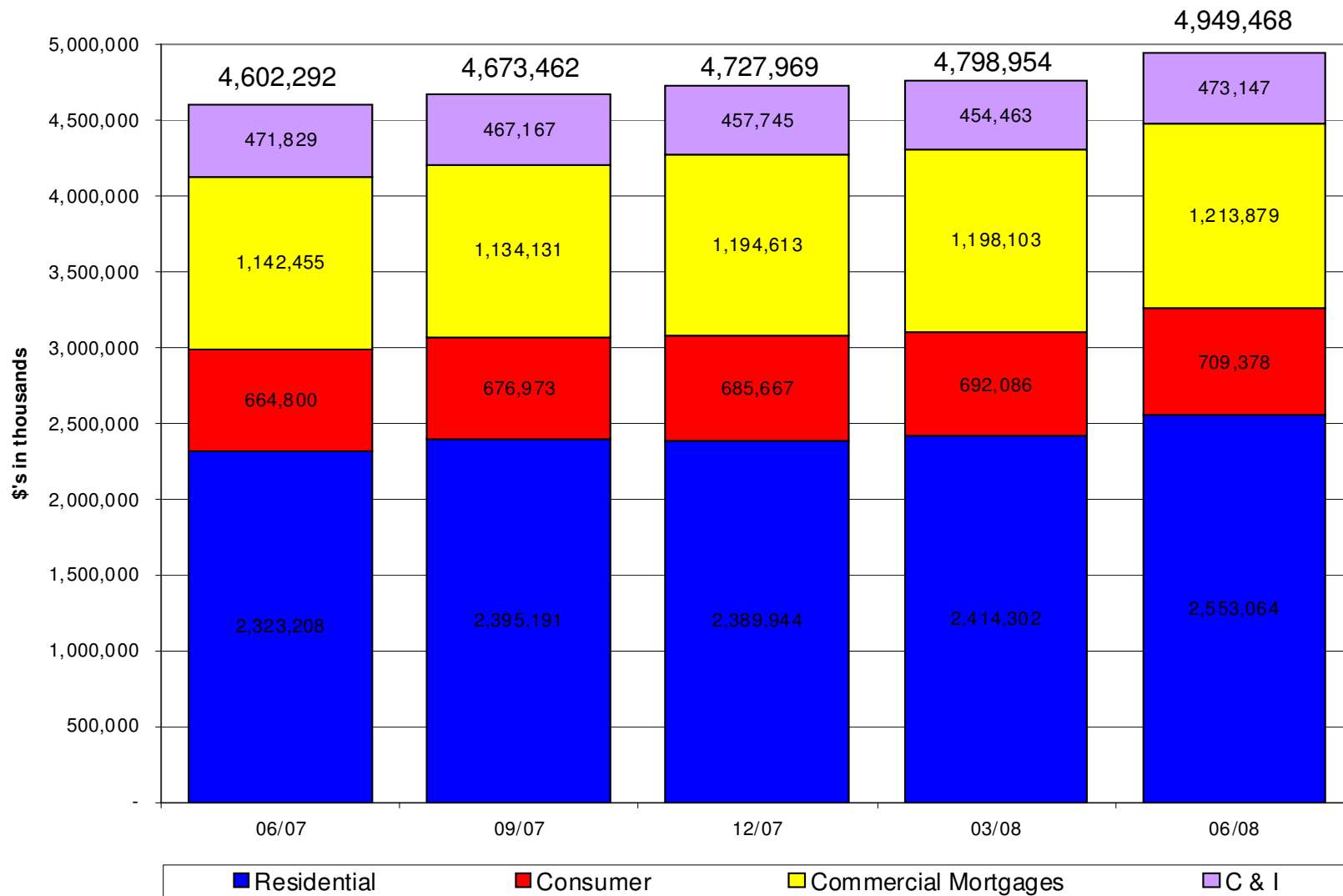
- **Overall operating revenue* increased \$1.1 million over Q1 '08;**
- **Loans increased \$191 million from Q1 '08;**
- **Average core deposits increased \$237 million, or 10.2%;**
- **Reduced deposit costs by \$5.2 million or 51 b.p. from Q1 '08.**
- **NIM improved 11 b.p. from Q1 '08 to 2.67%.**

*excluding net gain (loss) on securities & limited partnerships

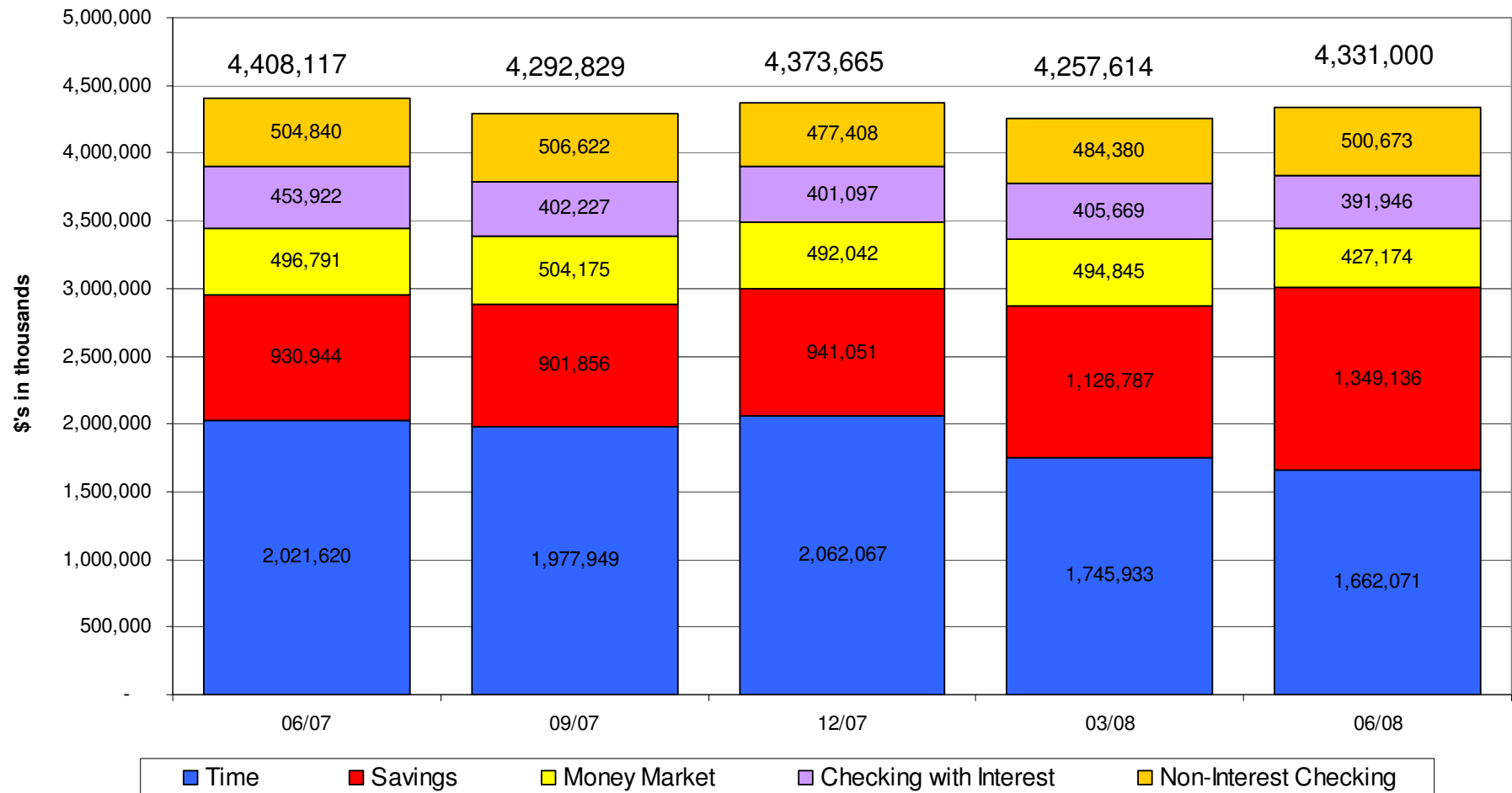
Quarterly Loan Originations



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
Premium Checking Blended Rate	1.73%	.99%	.50%	.50%
Premium Money Market Blended Rate	4.17%	3.25%	2.31%	2.32%
Blended Savings Rate	2.34%	2.25%	2.33%	2.48%
Weekly Special Relationship CD (under 1 year) Posted Rate	4.17%	2.47%	2.72%	4.00%

Weighted cost of total deposits for the month	3.08%	3.01%	2.68%	2.29%
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June 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 debit card ownership by 2% and usage by 8%;**
- **Continued technology upgrade of branch platform.**

June 2008 Year-to-Date Highlights (continued)

Priority

Maintain vigilant risk management focus:

Progress Against Goals

- Accelerated account monitoring;
- Introduced credit scoring on commercial loan portfolio;
- Total delinquencies of 89 b.p.;
- Non-performing loans to total loans at 53 b.p.;
- Net charge-offs of 6 b.p. annualized;
- Adequate reserve coverage at 97 b.p.

June 2008 Year-to-Date Highlights (continued)

Priority

Deploy capital opportunistically:

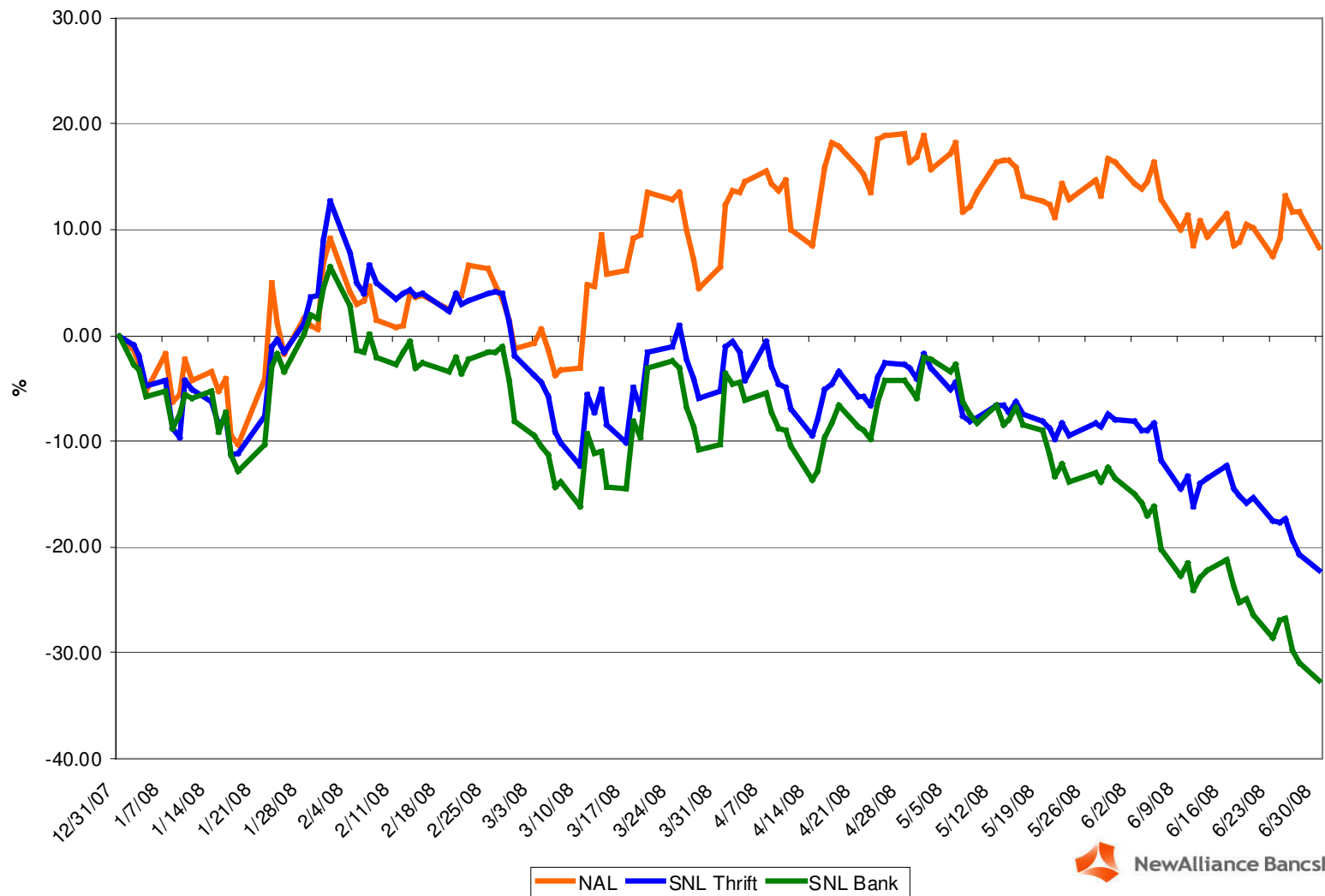
Progress Against Goals

- **Twice “well capitalized” regulatory benchmark;**
 - ◇ **Tier 1 capital 11.2%;**
 - ◇ **Risk-based capital of 19.7%;**
- **Repurchased 783,033 shares at average price of \$12.48;**
- **Continue to evaluate prudent M & A opportunities:**
 - ◇ **Banks**
 - ◇ **Branches**
 - ◇ **New lines of business**

Stock Price Comparison

NAL vs. SNL Thrift and Bank Indices for 1st Half '08

NAL up 8.3%





NewAlliance Bancshares

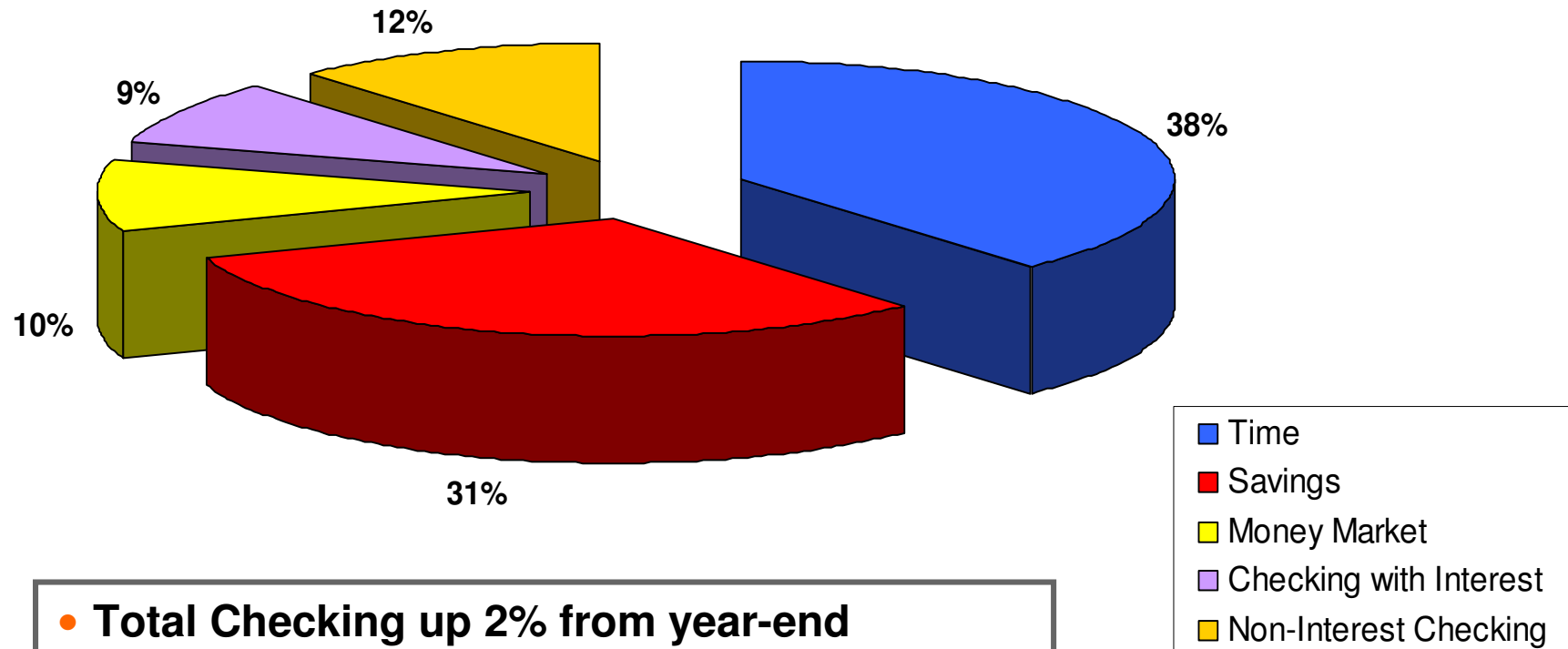
**Balance Sheet Composition and
Credit Quality**

Deposits

June 30, 2008

TOTAL DEPOSITS: \$4.3 billion

Total Core = 62%

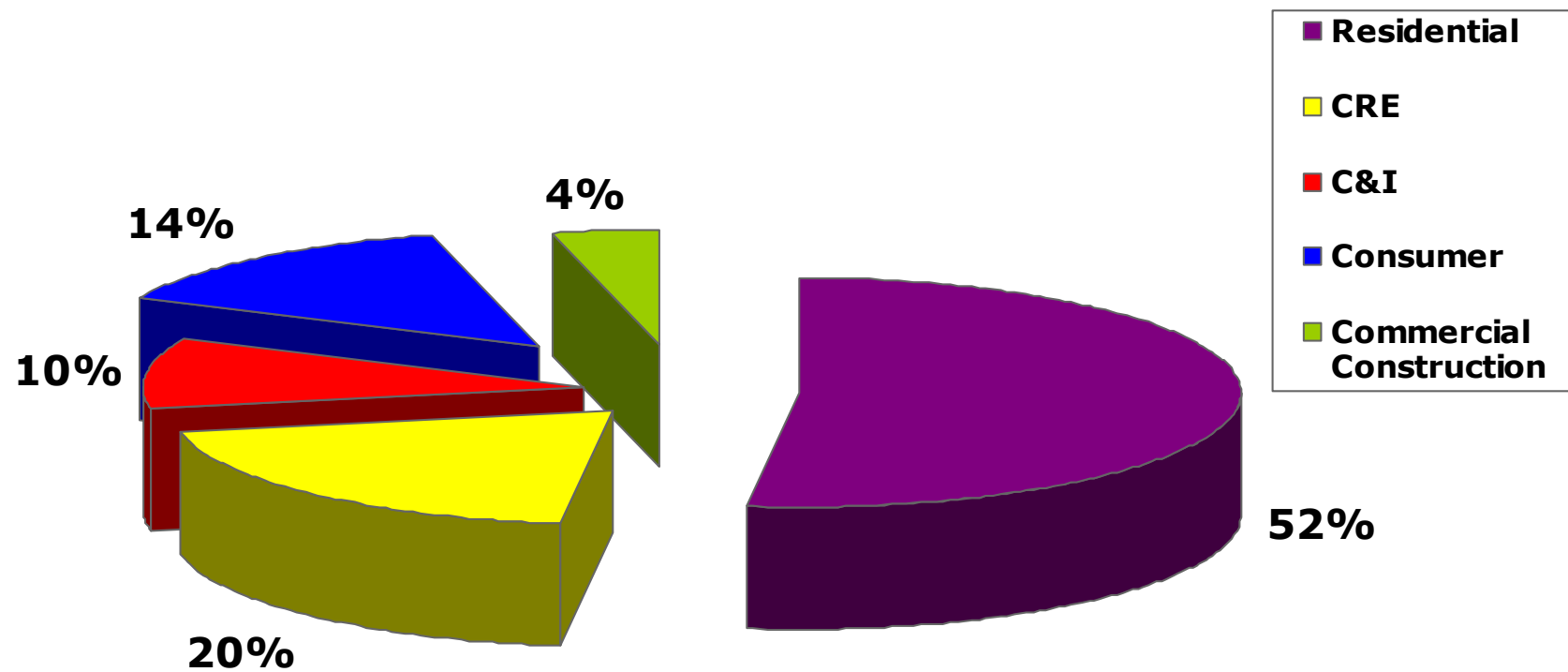


- Total Checking up 2% from year-end
- Total Core Deposits up 15% from year-end

Loan Portfolio

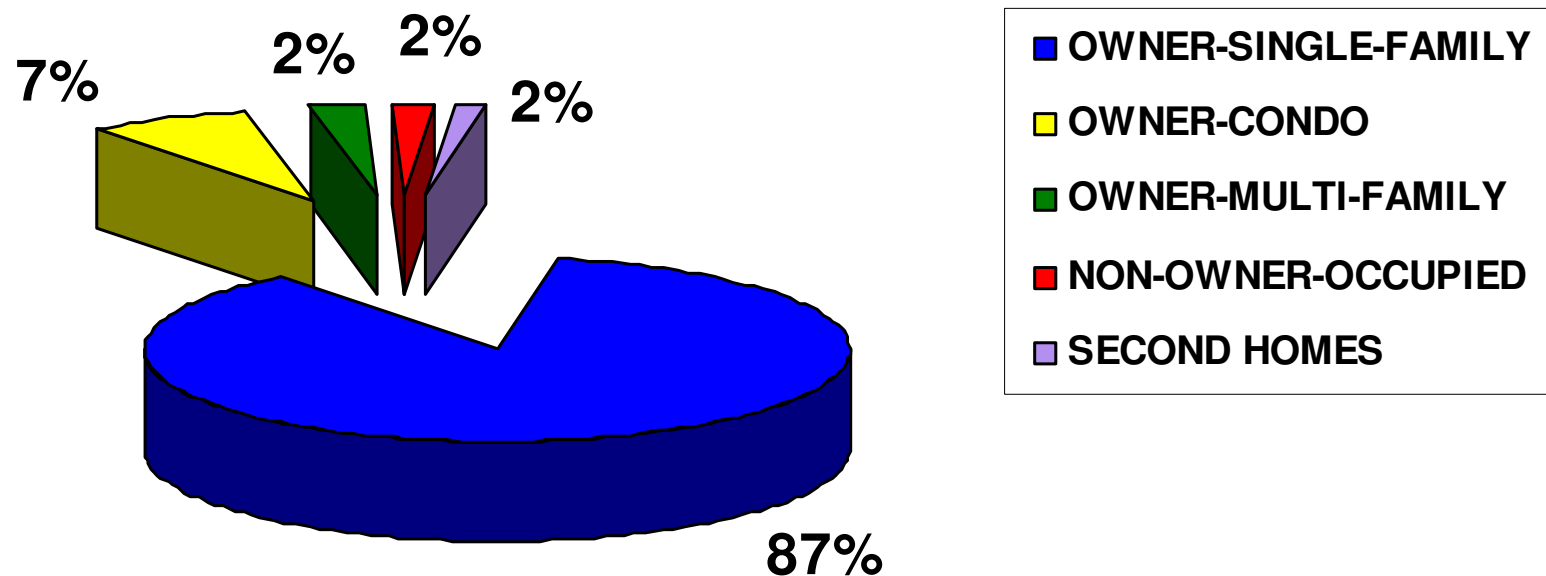
June 30, 2008

TOTAL LOANS: \$4.9 billion



Residential Portfolio Snapshot

June 30, 2008

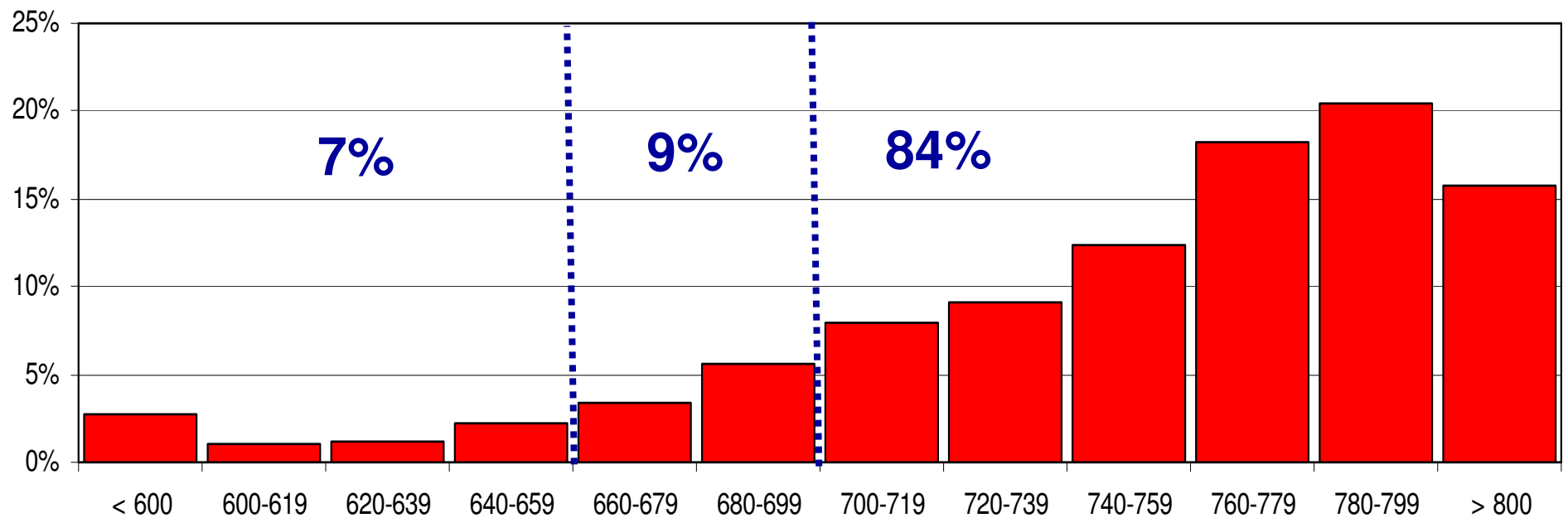


- Residential Portfolio \$2.6 billion
- Total delinquencies 0.55%
- Net Credit Losses 0.004% (year-to-date, annualized)
- Average FICO 748
- Average LTV 48%

Residential Portfolio Score Distribution

June 30, 2008

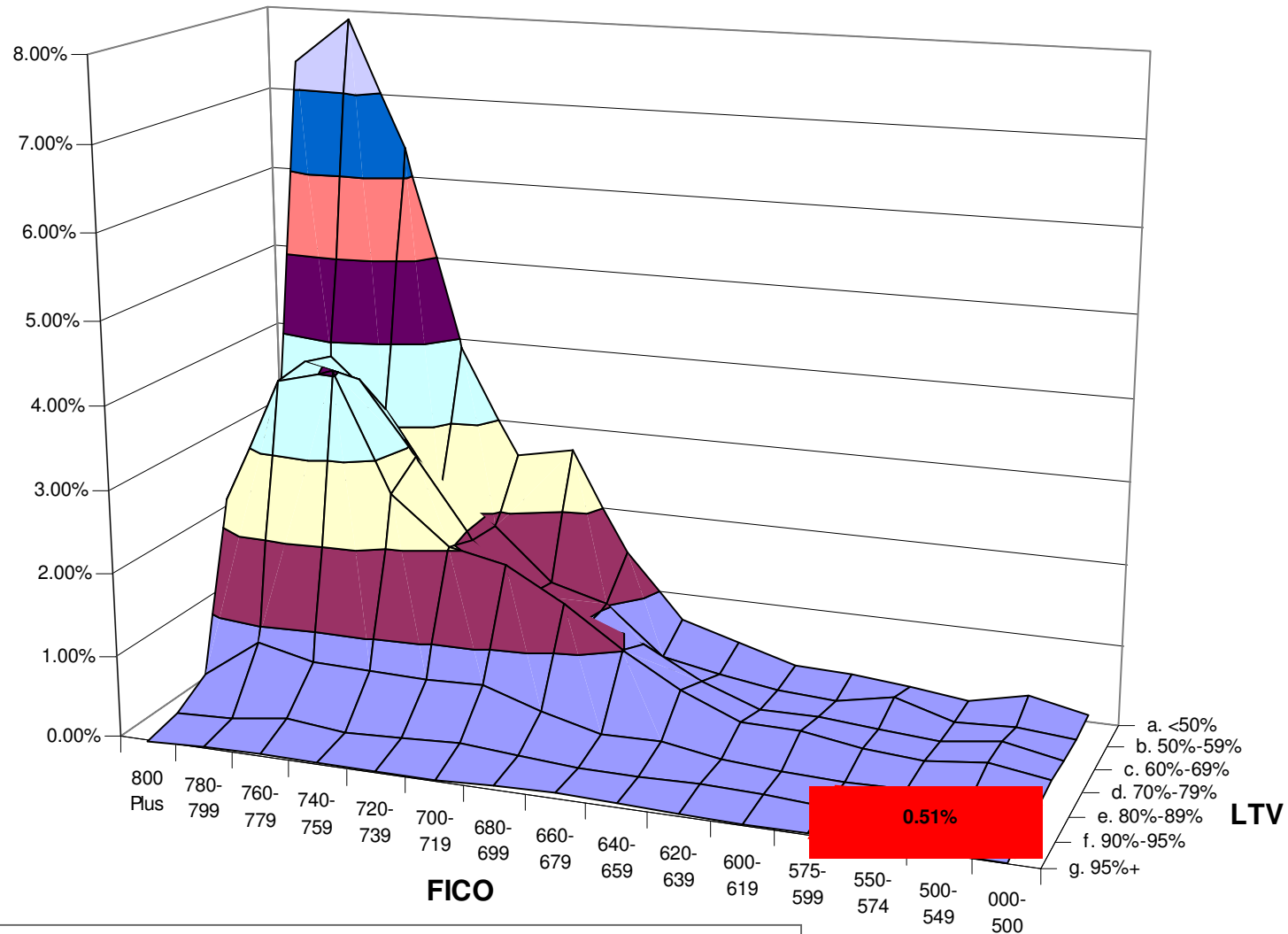
Residential (Purchased+Organic)



CLTV	53%	55%	54%	55%	54%	53%	52%	52%	52%	50%	47%	43%
BAL %	2.73%	1.07%	1.19%	2.21%	3.38%	5.55%	7.94%	9.15%	12.37%	18.23%	20.41%	15.76%
DEL	14.00%	5.00%	2.00%	0.41%	1.00%	0.63%	0.08%	0.00%	0.00%	0.02%	0.04%	0.00%

Total Mortgages

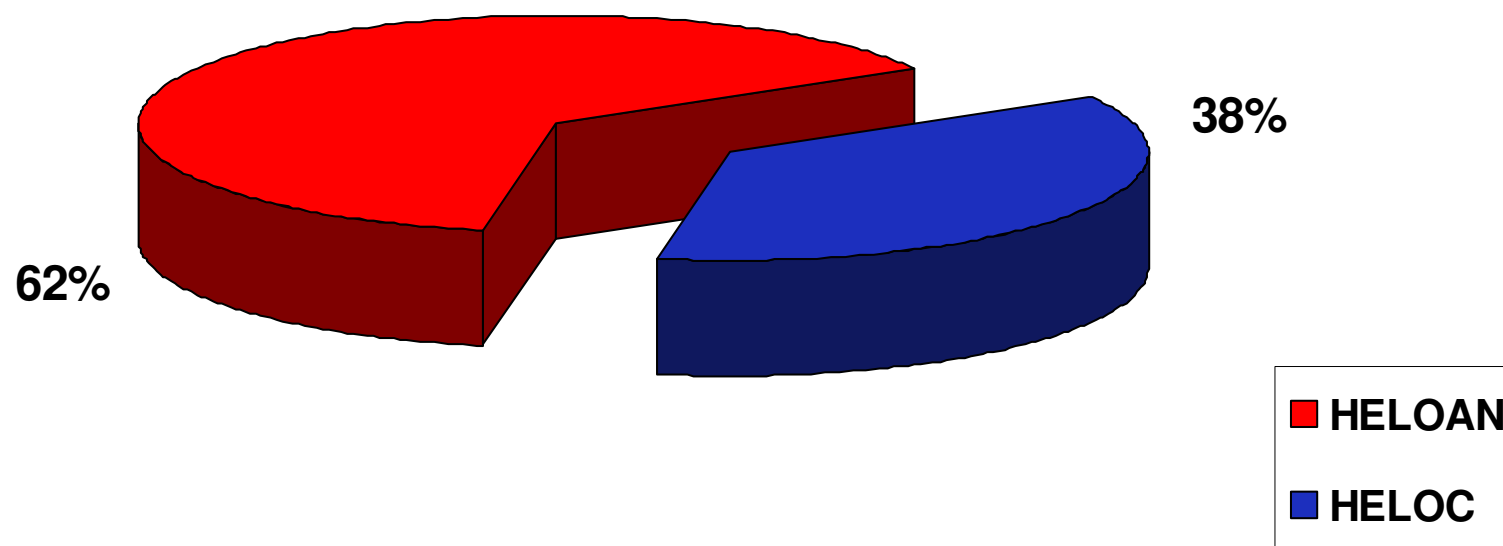
June 30, 2008



- Concentration of loans with favorable credit characteristics
- Only 0.51% of Mortgages have LTV > 80% and FICO under 600

Home Equity Portfolio Snapshot

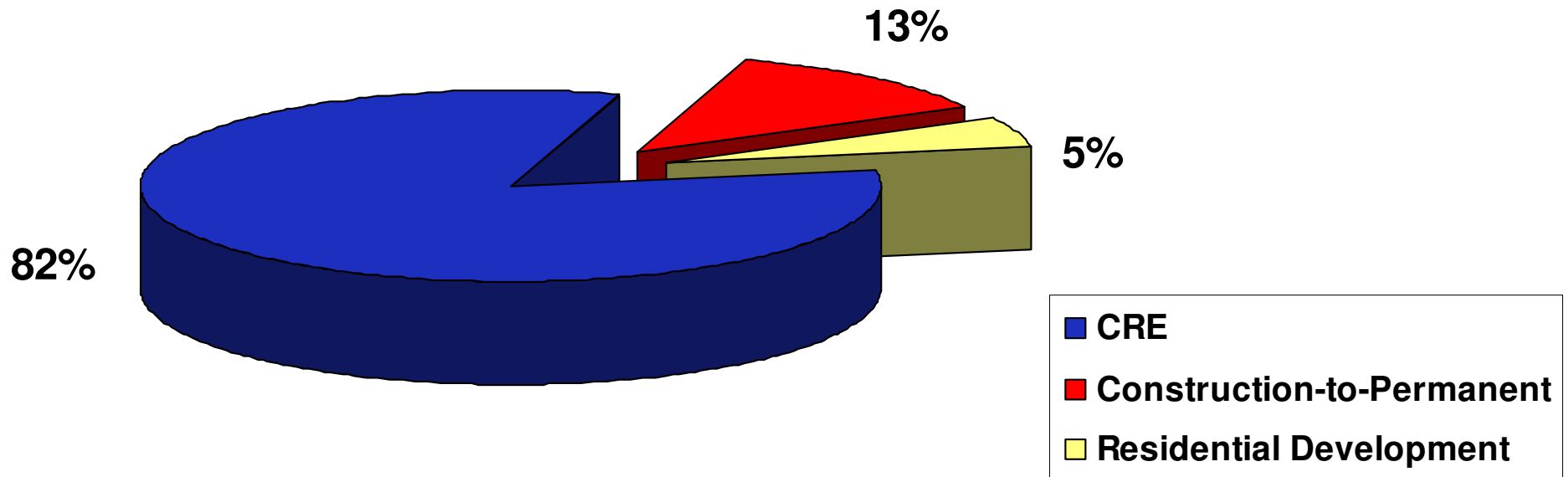
June 30, 2008



- Total outstandings \$681MM
- Total delinquencies 0.34%
- Net credit losses 0.00% (year-to-date, annualized)
- Average CLTV 46%

Total CRE Portfolio Snapshot

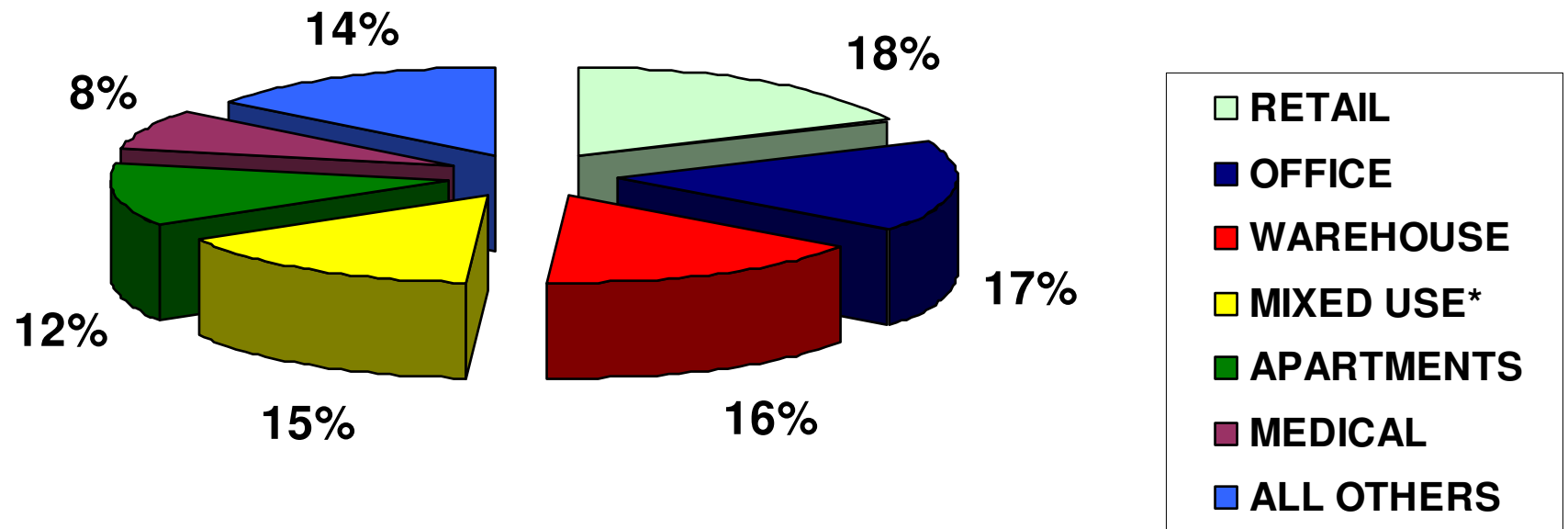
June 30, 2008



- Total outstandings \$1.2 billion
- Total delinquencies 1.32%
- Non Performing Loans 0.98%
- Net credit losses 0.18% (year-to-date, annualized)

CRE Portfolio Snapshot

June 30, 2008

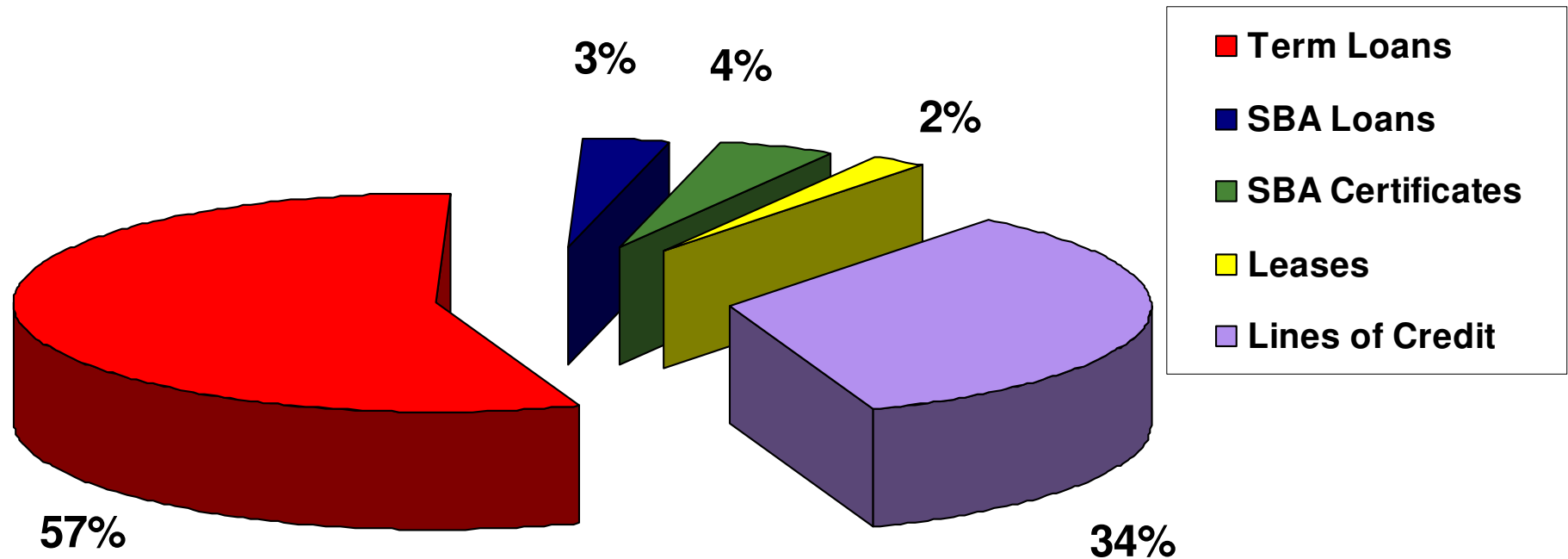


Balanced distribution of risk

* Primarily retail/office & retail/apartments

C&I Portfolio Snapshot

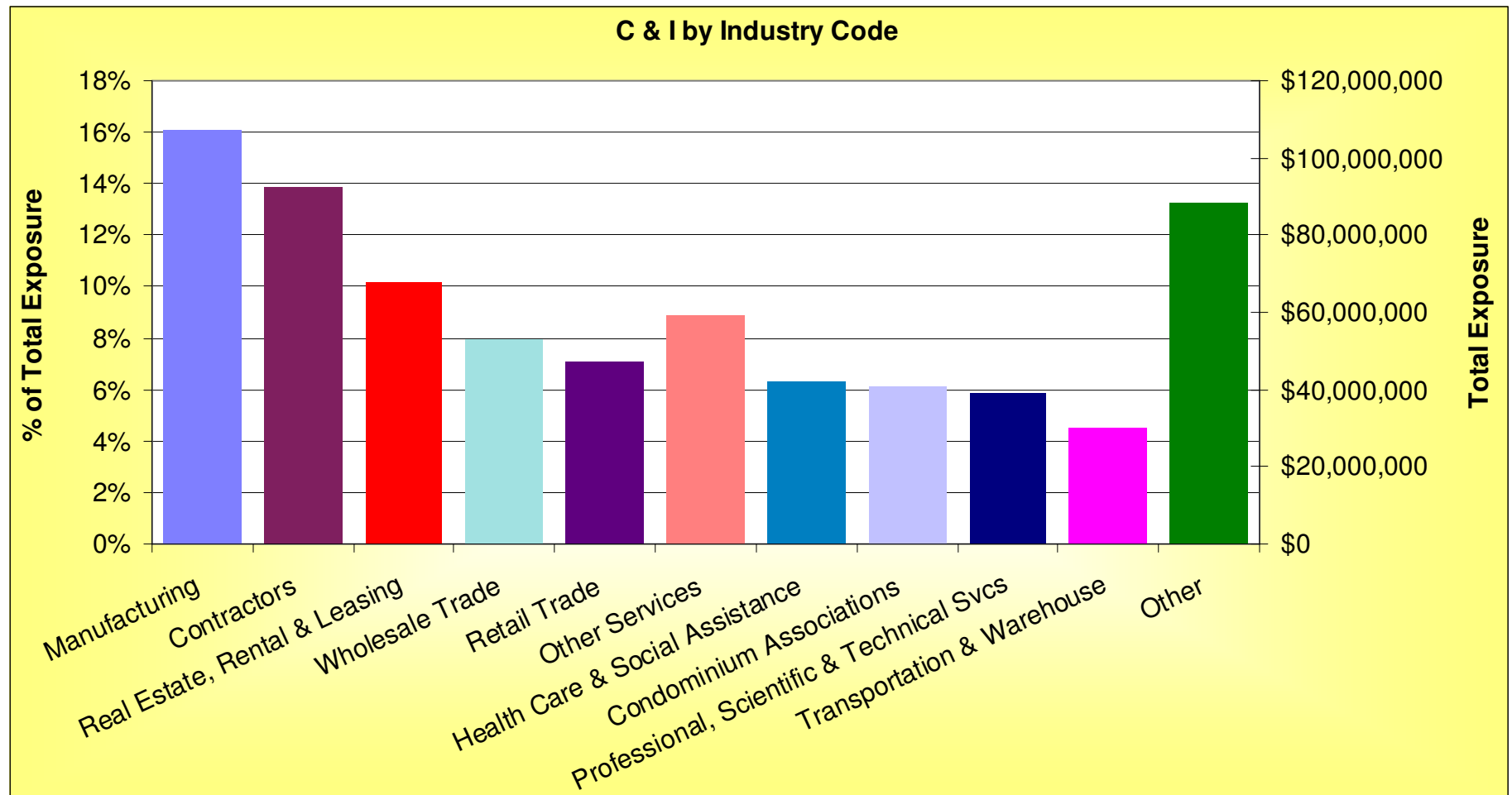
June 30, 2008



- Total outstanding balance \$473MM
- Total delinquencies 1.52%
- Net credit losses 0.005% (year-to-date, annualized)

C&I Portfolio Snapshot

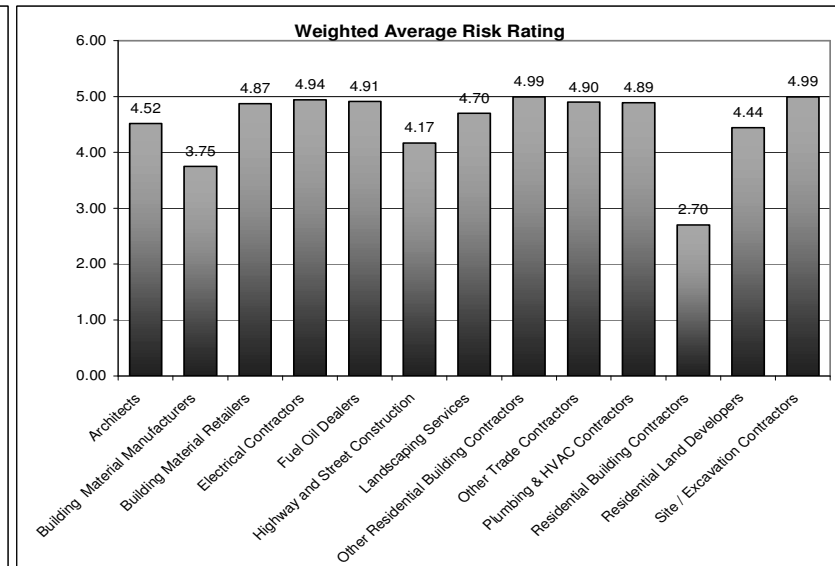
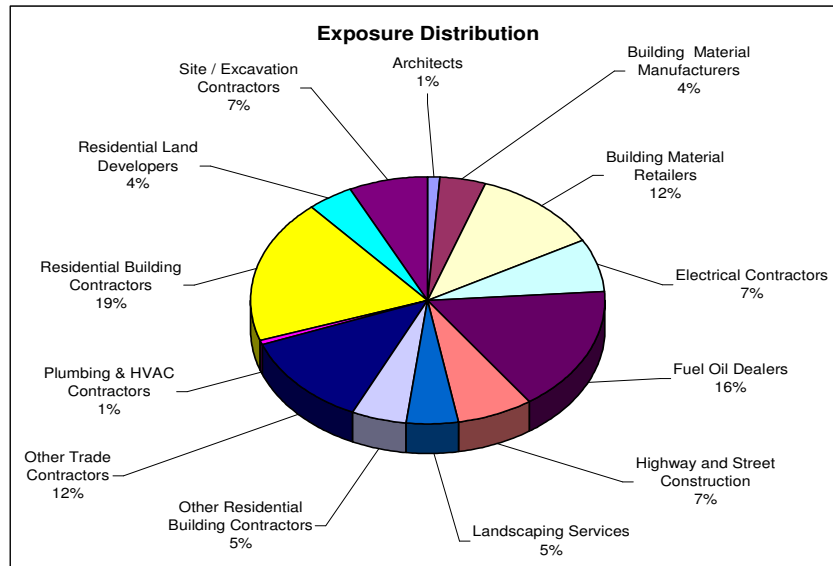
June 30, 2008



No excessive concentrations

Housing Related C & I Analysis

As of June 30, 2008



	Vol	Principal Balance	Total Exposure	Delinquency	% Delinq	% Non Accrual	2008 Gross Charge-offs	Risk Rating
Architects	15	401,468	596,582	-	0.00%	0.00%	-	4.52
Building Material Manufacturers	13	1,811,653	2,221,653	-	0.00%	0.00%	-	3.75
Building Material Retailers	34	2,980,814	6,323,501	345,127	11.58%	4.87%	-	4.87
Electrical Contractors	29	972,517	3,658,824	309,767	31.85%	0.00%	-	4.94
Fuel Oil Dealers	52	6,300,632	8,744,371	-	0.00%	0.00%	-	4.91
Highway and Street Construction	24	1,850,894	3,821,519	284,287	15.36%	14.79%	-	4.17
Landscaping Services	25	1,314,442	2,464,436	39,346	2.99%	0.00%	-	4.70
Other Residential Building Contractors	25	1,930,269	2,604,967	9,158	0.47%	0.47%	66,727	4.99
Other Trade Contractors	63	2,959,227	6,542,751	24,891	0.84%	0.23%	-	4.90
Plumbing & HVAC Contractors	8	319,263	416,500	35,000	10.96%	10.96%	-	4.89
Residential Building Contractors	47	5,913,765	10,031,173	100,000	1.69%	0.00%	-	2.70
Residential Land Developers	16	1,110,068	2,259,483	-	0.00%	0.00%	-	4.44
Site / Excavation Contractors	38	3,421,340	3,875,735	394,489	11.53%	11.09%	-	4.99
Total Housing-Related C&I	389	31,286,351	53,561,494	1,542,066	4.93%	2.71%	66,727	4.36
Total C&I	3712	474,494,445	722,672,803	7,233,643	1.52%	1.03%	674,075	4.53

Asset Quality Key Indicators

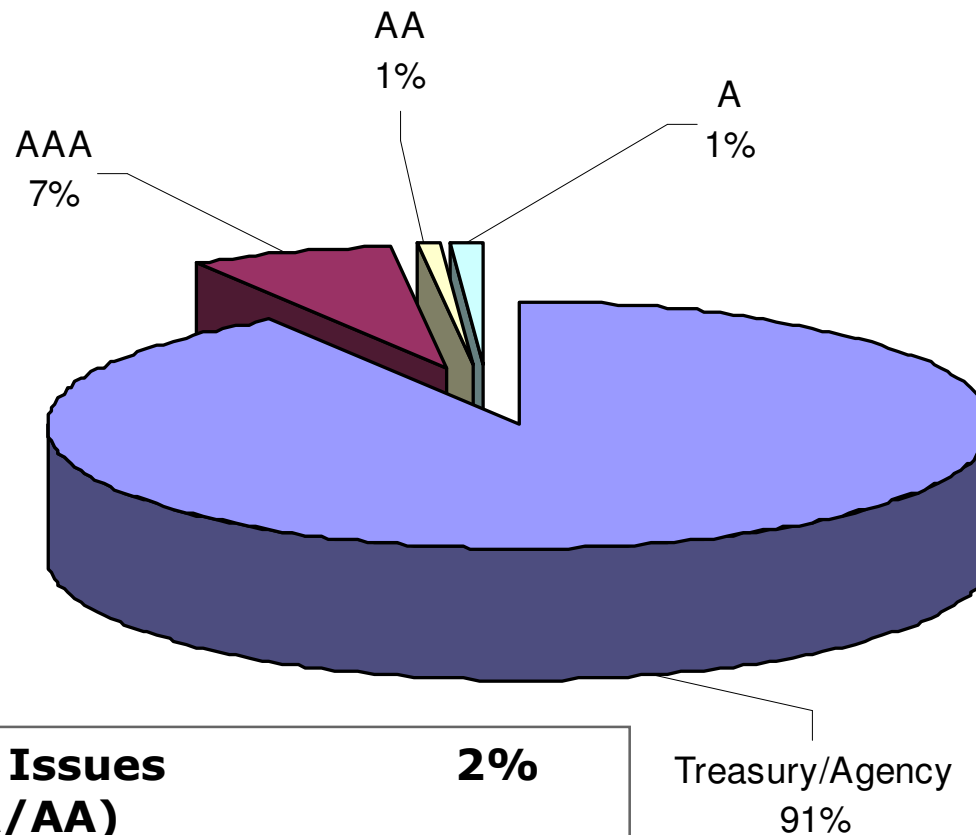
	<u>6/07</u>	<u>9/07</u>	<u>12/07</u>	<u>3/08</u>	<u>6/08</u>
● Non-performing loans to total loans	0.33%	0.42%	0.35%	0.40%	0.53%
● Allowance for losses to total loans	0.92%	0.92%	0.93%	0.95%	0.97%
● Allowance for losses to non-accrual loans	280%	221%	267%	239%	183%
● Net charge-offs to total loans *	0.02%	0.04%	0.13%	0.01%	0.11%
● Total delinquencies/ loans (30+)	0.67%	0.73%	0.63%	0.70%	0.89%
● Loan loss provision	\$0.6MM	\$1.0MM	\$2.3MM	\$1.7MM	\$3.7MM

*annualized

Investment Portfolio

June 30, 2008

Total Portfolio \$2.4 billion



Auction Rate Issues (AAA/AA)	2%
Fixed Maturity Trust Preferred Stock (AAA/AA/A)	2%

Gap Report June 2008

			< 1 Year Gap		
Jun-08			< 3 Months	3 - 12 Months	Jun-08
Balance			Balance	Balance	Balance
Assets:					
Cash and Due From Bank	112,287	-	-	-	-
Short Term Investments	100,000	2.65	100,000	-	100,000
Long Term Investments	2,272,615	5.09	467,674	573,397	1,041,071
Total Investments:	2,372,615	4.99	567,674	573,397	1,141,071
Loans - Adjustable and Variable	2,928,684	5.65	821,715	531,371	1,353,086
Loans - Fixed	1,997,952	5.89	126,248	340,883	467,131
Total Loans:	4,926,636	5.75	947,963	872,254	1,820,217
Nonaccrual Loans	26,181	-	-	-	-
Other Assets	824,537	-	-	-	-
Total Assets	8,262,256	4.86	1,515,637	1,445,651	2,961,287
Liabilities:					
Certificates of Deposit	1,662,071	3.32	640,535	625,339	1,265,874
Core Accounts	2,668,929	1.61	62,666	1,046,929	1,109,595
Total Deposits:	4,331,000	2.26	703,201	1,672,267	2,375,468
Borrowed Money	2,454,606	4.40	281,946	331,047	612,992
Other Liabilities	69,540	-	-	-	-
Total Liabilities	6,855,146	3.01	985,147	2,003,314	2,988,461
Capital:	1,407,110	-	-	-	-
Total Liabilities & Equity	8,262,256	2.50	985,147	2,003,314	2,988,461
Total Rate Sensitive Assets:	7,273,112	5.52	1,515,637	1,445,651	2,961,287
Total Rate Sensitive Liabilities:	6,284,933	3.28	985,147	2,003,314	2,988,461
Cumulative RSA/RSL:			1.54	0.99	0.99
Period Gap:			530,490	(557,663)	(27,173)
Cumulative Gap:			530,490	(27,173)	(27,173)
Cumulative Gap/Total Assets:			6.42%	-0.33%	-0.33%

Challenges Ahead

- **Consumer & market stress**
- **Impact of deposit flows on NIM outlook**
- **Pressure on expenses**
- **Upward drift in delinquencies**

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.