FIRST NIAGARA CARRIES EARNINGS MOMENTUM INTO 2011

- **6% annualized revenue growth in the first quarter**
- **18% commercial loan growth; 11% increase in total loans**
- **NewAlliance merger expands platform for growth**
- **Solid credit trends and capital levels sustain position of strength**

BUFFALO, N.Y. – April 21, 2011 – First Niagara Financial Group, Inc. (NASDAQ: FNFG) furthered its track record of strong business growth and consistent financial performance by delivering first quarter operating (Non-GAAP) earnings of $49.8 million or $0.24 per diluted share. With the just completed merger with NewAlliance Bancshares, First Niagara is now a $30 billion financial services company with over $18 billion in deposits and 345 branches across the Northeast.

"We entered the new year with confidence and determination," President and Chief Executive Officer John R. Koelmel said. "This quarter's performance is marked by strong overall momentum and organic growth. Business fundamentals remain positive as demonstrated by the ongoing increase in top-line revenues and commercial loan generation, combined with a strong credit profile and capital levels. We are taking steps to maximize the potential of our new franchise by employing multiple profitability levers to further enhance revenues, productivity, and returns. These repositioning initiatives are aimed at raising the contribution and mix of fee-based revenues, improving the efficiency of our branch distribution network, continuing loan and deposit growth, and scrutinizing underperforming assets. We are committed to capitalizing on the strong position and potential of the First Niagara franchise."

Mr. Koelmel added, "We are excited to have completed our merger with NewAlliance Bancshares. Early enthusiasm among customers and employees has exceeded our expectations and positions us well for growth. By combining the strengths of our respective companies, we are accelerating our growth trajectory. This week's conversion and integration was very smooth and efficient, and we are ready to bring our full array of products and services to meet the needs of consumers and businesses in our newest markets."

First Quarter Results

For the quarter ended March 31, 2011, operating (Non-GAAP) net earnings - that is, reported net income exclusive of non-operating items - were $49.8 million or $0.24 per diluted share. This compared to $49.7 million or $0.24 per diluted share in the linked quarter and $32.6 million or $0.18 per diluted share in the first quarter of 2010. Reported (GAAP) net income inclusive of non-operating items, primarily acquisition and integration expenses, totaled $44.9 million or $0.22 per diluted share compared to $45.9 million or $0.22 in the linked quarter and $28.9 million or $0.16 in the prior year.

Operating Results (Non-GAAP)	Q1 2011	Q4 2010	Q1 2010
Net interest income	$ 172.9	$ 167.5	$ 114.2
Provision for credit losses	12.9	13.5	13.1
Noninterest income	52.1	54.1	36.9
Noninterest expense	137.9	133.4	87.0
Net income before non-operating items	$ 49.8	$ 49.7	32.6
Weighted average diluted shares outstanding	206.6	206.2	185.6
Earnings per diluted share	$ 0.24	$ 0.24	$ 0.18

Reported Results (GAAP)			
Net income before non-operating items	$ 49.8	$ 49.7	$ 32.6
Non-operating items(a)	4.9	3.8	3.7
Net income	$ 44.9	$ 45.9	$ 28.9
Weighted average diluted shares outstanding	206.6	206.2	185.6
Earnings per diluted share	$ 0.22	$ 0.22	$ 0.16

All amounts in millions except earnings per diluted share. The Non-GAAP/Operating Results table above summarized the Company's operating results excluding certain non-operating items.
(a) Amounts are shown net of tax and represent non-recurring expenses related to acquisition, integration and restructuring.

Strong fundamentals continue

The Company's performance continues to be marked by top-line revenue growth, high volume customer activity, strong credit metrics, and balance sheet strength.

in millions	Q1 2011	vs. Q4 2010 (annualized)
Revenues	$ 224.9	+6%
Commercial loans (avg.)	7,046	+18%
Core deposits (avg.)	9,827	+1%
Tax equivalent net interest margin	3.80%	+15bps
Net charge-offs to average loans	0.31%	-18bps

Robust organic commercial loan growth throughout the franchise

The Company has again generated exceptional double-digit commercial loan growth, outpacing the industry by a wide margin. It continues to capitalize on its comprehensive relationship banking model by expanding the range of services to existing customers while adding many new ones. Market share gains were again achieved in both its legacy Upstate New York and newer Pennsylvania markets where its efforts are resulting in incremental success.

	Upstate New York		(acquired Sept 2009) Western Pennsylvania		(acquired Apr 2010) Eastern Pennsylvania	
Loan balances in millions	Mar 31 '11	vs. Mar 31'10	Mar 31 '11	vs. Mar 31'10	Mar 31 '11	vs. Jun 30 '10
Commercial Business [(a)]	$ 1,516	+17%	$ 806	+86%	$ 375	+7%
Commercial Real Estate [(a)]	$ 3,041	+9%	$ 463	+51%	$ 1,038	+2%

(a) Includes net deferred costs and discounts

Loans

Total loan origination activity remained strong in both the Upstate New York and newer Pennsylvania markets with first quarter volumes of $1.6 billion. The commercial loan portfolio continued its strong upward trajectory, rising by an annualized 18% to $7.0 billion on average as solid first quarter activity followed last quarter's record origination levels. This exceptional growth trend is a direct result of the Company's concerted efforts to add capacity and product depth to its relationship banking model. Home equity application volume kept pace with the prior quarter's level while increased payoffs moderated the portfolio's overall average balance growth. Residential mortgage balances declined only modestly as the Company focused on the origination and retention of shorter-term product while continuing to sell longer term product in the secondary market.

Credit Quality

First quarter credit trends improved from the fourth quarter of last year, and the Company's overall credit profile remained solid. Both nonperforming loans and net chargeoffs declined in the first quarter. Nonperforming loans at March 31, 2011 of $80.4 million equated to 0.75% of total loans as compared to 0.85% and 1.05% in the linked quarter and a year ago, respectively. Net chargeoffs of $8.1 million in the first quarter represented 0.31% of average loans on an annualized basis compared to 0.49% last quarter and 0.66% in the first quarter of 2010. Criticized loans remain relatively flat at $954 million at March 31, 2011 compared with year end balances. The provision for credit losses totaled $12.9 million in the first quarter, exceeding charge offs by $4.8 million, as the company continues to build reserves consistent with the growth in its loan portfolio. The allowance equaled 125% of nonperforming loans and 0.93% of total loans. Excluding loans acquired at fair value as of their acquisition dates, the allowance equaled 1.22% of total loans.

Deposits

Average core deposit balances of $9.8 billion were stable with the linked quarter as growth in retail checking and all other interest bearing categories was offset by lower business demand balances. Higher cost CD balances continue to decline with the Company's focus on more profitable relationships. At March 31, 2011 core deposits increased to 76% of total deposits versus 73% a year ago. The loan-to-deposit ratio stood at 80% at quarter end.

Net Interest Income

First quarter net interest income rose by $5.3 million to $172.9 million, as net interest margin increased to 3.80% in the quarter, compared to 3.65% in the linked quarter. That margin increase was driven by the positive impact of higher yields on mortgage backed securities due to slower mortgage prepayments experienced across the industry. Also contributing to the improved yield on the securities portfolio has been the execution of our previously announced strategy to allocate a portion of our investment cash flows into investment grade credit (non-U.S. Government backed) assets. The margin was also helped by a modest decrease in deposit and overall funding costs.

Noninterest Income

Noninterest income of $52.1 million was $2.0 million below the linked quarter primarily reflecting the industry-wide decline in mortgage banking activity and lower transaction revenues in banking services. Partially offsetting this shortfall was seasonal and acquisition driven increases in insurance revenue as well as fees from increased activity in loan syndication and capital market businesses. Wealth management revenues rose in the first quarter as well. The Company continues to provide more sophisticated product offerings as it continues to deepen customer relationships and diversify its sources of fee income.

Noninterest Expense
Operating (Non-GAAP) noninterest expense of $137.9 million in the first quarter reflects the full phase-in of the strategic investment program implemented last year to build out talent, systems, and infrastructure to achieve the operating platform in line with the Company's growth mission. Higher expenses in the first quarter also included the effect of recent insurance agency acquisitions along with increased payroll taxes and employee benefit related costs. Looking ahead, the Company's repositioning initiatives will serve to redeploy current resources to drive improved operating leverage and efficiency.

Reported (GAAP) noninterest expense for the current quarter totaled $145.2 million and included non-operating merger and restructuring costs.

Capital Management
At March 31, 2011 the Company's estimated consolidated Total Risk Based capital and Tier 1 Common Risk Based capital ratios were 14.13 % and 12.56%, respectively, well above current regulatory guidelines for well capitalized institutions. The Company also expects to be substantially above anticipated regulatory thresholds associated with recently released Basel III guidelines.

About First Niagara
As of April 15th, First Niagara Financial Group, Inc., through its wholly owned subsidiary, First Niagara Bank, N.A., has $30 billion in assets, 345 branches and $18 billion in deposits. First Niagara Bank, N.A. is a multi-state community-oriented bank providing financial services to individuals, families and businesses across Upstate New York, Pennsylvania, Connecticut and Massachusetts. For more information, visit www.fnfg.com.

Conference Call – A conference call will be held at 11 a.m. Eastern Time on Thursday, April 21, 2011 to discuss the Company's financial results and business strategy. Those wishing to participate in the call may dial toll-free 1-877-709-8150. A replay of the call will be available until May 12, 2011 by dialing 1-877-660-6853, Account # 240, Conference ID # 369374.

Non-GAAP Measures - The Company believes that non-GAAP financial measures provide a meaningful comparison of the underlying operational performance of the Company, and facilitate investors' assessments of business and performance trends in comparison to others in the financial services industry. In addition, the Company believes the exclusion of these non-operating items enables management to perform a more effective evaluation and comparison of the Company's results and to assess performance in relation to the Company's ongoing operations.

Forward-Looking Statements - This press release contains forward-looking statements with respect to the financial condition and results of operations of First Niagara Financial Group, Inc. including, without limitations, statements relating to the earnings outlook of the Company. These forward-looking statements involve certain risks and uncertainties. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, among others, the following possibilities: (1) changes in the interest rate environment; (2) competitive pressure among financial services companies; (3) general economic conditions including an increase in non-performing loans that could result from an economic downturn; (4) changes in legislation or regulatory requirements; (5) difficulties in continuing to improve operating efficiencies; (6) difficulties in the integration of acquired businesses; and (7) increased risk associated with an increase in commercial real estate and business loans and non-performing loans.

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