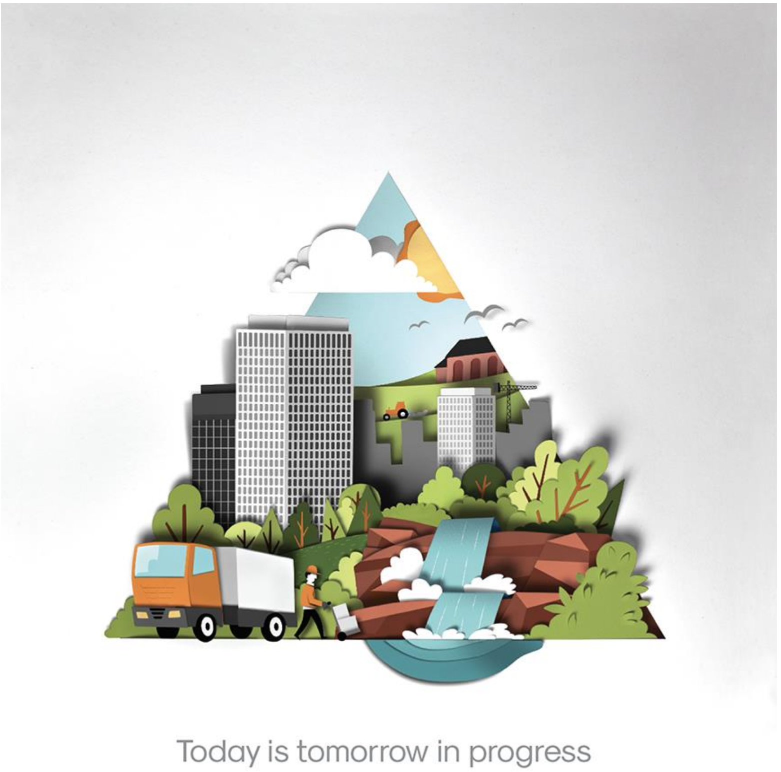


FINANCIAL INSTITUTIONS, INC. (Nasdaq: FISI)

Fourth Quarter and Year-End 2018 Earnings Presentation

January 31, 2019

Safe Harbor Statement

Statements contained in this presentation which are not historical facts and which pertain to future operating results of Financial Institutions, Inc. (the "Company") and its subsidiaries constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Similarly, statements that describe the objectives, plans or goals of the Company are forward-looking. These forward-looking statements can generally be identified as such by the context of the statements, including words such as "believe," "expect," "anticipate," "plan," "may," "would," "intend," "estimate," "guidance" and other similar expressions, whether in the negative or affirmative. These forward-looking statements involve significant risks and uncertainties. All forward-looking statements made herein are qualified by the cautionary language in the Company's Annual Report on Form 10-K, its Quarterly Reports on Form 10-Q and other documents filed with the Securities and Exchange Commission. These documents contain and identify important factors that could cause actual results to differ materially from those contained in our projections or forward-looking statements. Except as required by law, the Company assumes no obligation to update any information presented herein. This presentation includes certain non-GAAP financial measures intended to supplement, not substitute for, comparable GAAP measures. Reconciliations of those non-GAAP financial measures to GAAP financial measures are provided in the Appendix to this presentation.

Overview of Financial Institutions, Inc.

Corporate Overview

- Diversified financial services holding company headquartered in Western New York
- Subsidiaries include:
  - Five Star Bank (regional community bank)
  - SDN Insurance Agency, LLC (full-service insurance agency)
  - Courier Capital, LLC (investment advisory firm)
  - HNP Capital, LLC (investment advisory firm)
- 53 banking locations in 15 contiguous counties in Western and Central New York
- Experienced management team with extensive market knowledge and industry experience
- Franchise offers products and services to a diversified mix of consumer, business, municipal, healthcare and not-for-profit customers
- Generating consistent, strong operating results
- Positioned for growth through key initiatives and market disruption

Key Statistics as of December 31, 2018

Assets:	$4.3 billion
Loans:	$3.1 billion
Deposits:	$3.4 billion
Shareholders' Equity:	$396.3million
NPAs[1]/Total Assets:	0.17%
Employees:	~ 700
ROACE (TTM):	10.26%
ROATCE[2] (TTM):	12.95%
ROAA (TTM):	0.95%
Annualized Dividend Per Share:	$0.96
Closing Stock Price Per Share:	$25.70
Dividend Yield:	3.74%
Market Capitalization:	$409.4 million

(1) NPAs include nonaccrual loans, loans past due 90 days or more and still accruing, and foreclosed assets
(2) Refer to "Non-GAAP Reconciliation" in Appendix

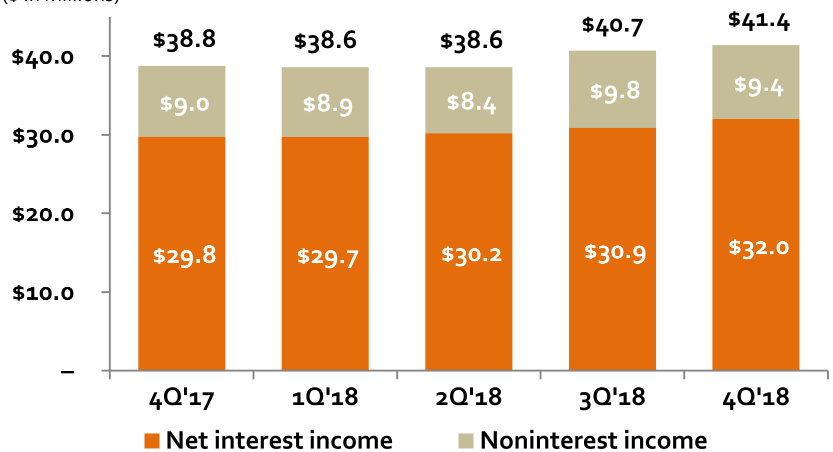
Fourth Quarter and Full Year 2018 Highlights

- Diluted earnings per share ("EPS") for the quarter was $0.45 compared to $0.68 in Q4 2017
  - Results for Q4 2018 were negatively impacted by a non-cash goodwill impairment charge ($0.15 per diluted share) and non-recurring expense incurred in connection with employee retirements and severance ($0.03 per diluted share)
  - EPS for the year of $2.39 was $0.26, or 12.2%, higher than 2017
- Net interest income for the quarter of $32.0 million was $2.3 million, or 7.6%, higher than Q4 2017
  - Net interest income for the year of $122.9 million was $10.2 million, or 9.1%, higher than 2017
- Approximately $143 million of proceeds from marketable securities were redeployed into loans in 2018
- In Q3 2017, an interest rate swap program for commercial loan customers was launched; income from this program increased by $841 thousand for the year 2018 compared to 2017
- Total assets, interest-earning assets, loans and deposits reached record-high year-end levels:
  - Total assets increased $206.5 million, or 5.0%, in 2018 to $4.31 billion
  - Total interest-earning assets increased $248.5 million, or 6.6%, in 2018 to $4.03 billion
  - Total loans increased $351.6 million, or 12.9%, in 2018 to $3.09 billion
  - Total deposits increased $156.7 million, or 4.9%, in 2018 to $3.37 billion
- Consumer indirect portfolio at year-end comprised 29.8% of total loans, down from 32.0% at 12/31/17
- Dividends of $0.96 per common share were paid in 2018, an increase of 12.9% from 2017
- The Company continued to execute its strategy to diversify revenue and grow noninterest income with the Q2 2018 acquisition of HNP Capital, a Rochester-based investment advisory firm

Fourth Quarter 2018

Revenue

($ in millions)

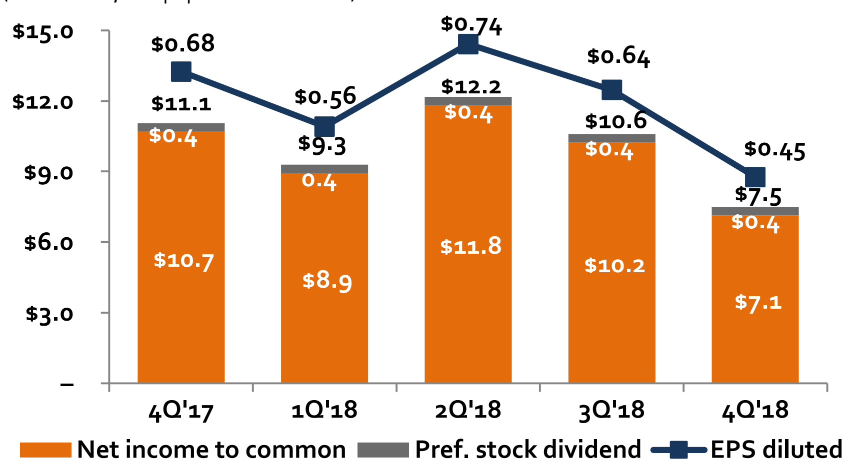


Results Summary

	4Q'17	3Q'18	4Q'18
Return on average assets	1.09%	1.00%	**0.70%**
Return on average common equity	11.88%	10.82%	**7.46%**
Return on average tangible common equity[1]	15.03%	13.71%	**9.40%**
Net interest margin	3.25%	3.17%	**3.21%**
Efficiency ratio[2]	59.62%	62.04%	**66.64%**
Dividends per share	$0.22	$0.24	**$0.24**
Dividend yield (annualized)	2.81%	3.03%	**3.70%**

Net Income & EPS

($ in millions, except per share amounts)



Commentary

- Increase in net interest income primarily due to organic loan growth
- Noninterest expense was $2.3 million higher than 3Q'18 and $4.6 million higher than 4Q'17, primarily due to investments in personnel, wealth management acquisitions and the Q4'18 $2.4 million non-cash goodwill impairment charge.
- Provision for loan losses was $3.9 million compared to $2.1 million in 3Q'18 and $3.9 million in 4Q'17. Charge-offs were $1.9 million higher than 3Q'18 and $304 thousand higher than 4Q'17.
- Q4'18 effective tax rate of 22.7% and Q3'18 rate of 19.5% reflect lower federal tax rate. Q4'17 effective tax rate was 5.0%. Q4'18 rate negatively impacted by non-deductible goodwill impairment charge of $2.4 million. Q4'17 rate positively impacted by $2.9 million reduction in expense due to the Tax Cuts and Jobs Act, primarily driven by revaluation adjustment to net deferred tax liability.

(1) Refer to "Non-GAAP Reconciliation" in Appendix.
(2) Efficiency ratio is calculated by dividing noninterest expense by net revenue, i.e., the sum of net interest income (fully taxable equivalent) and noninterest income before net gains on investment securities. This is a banking industry measure not required by GAAP.

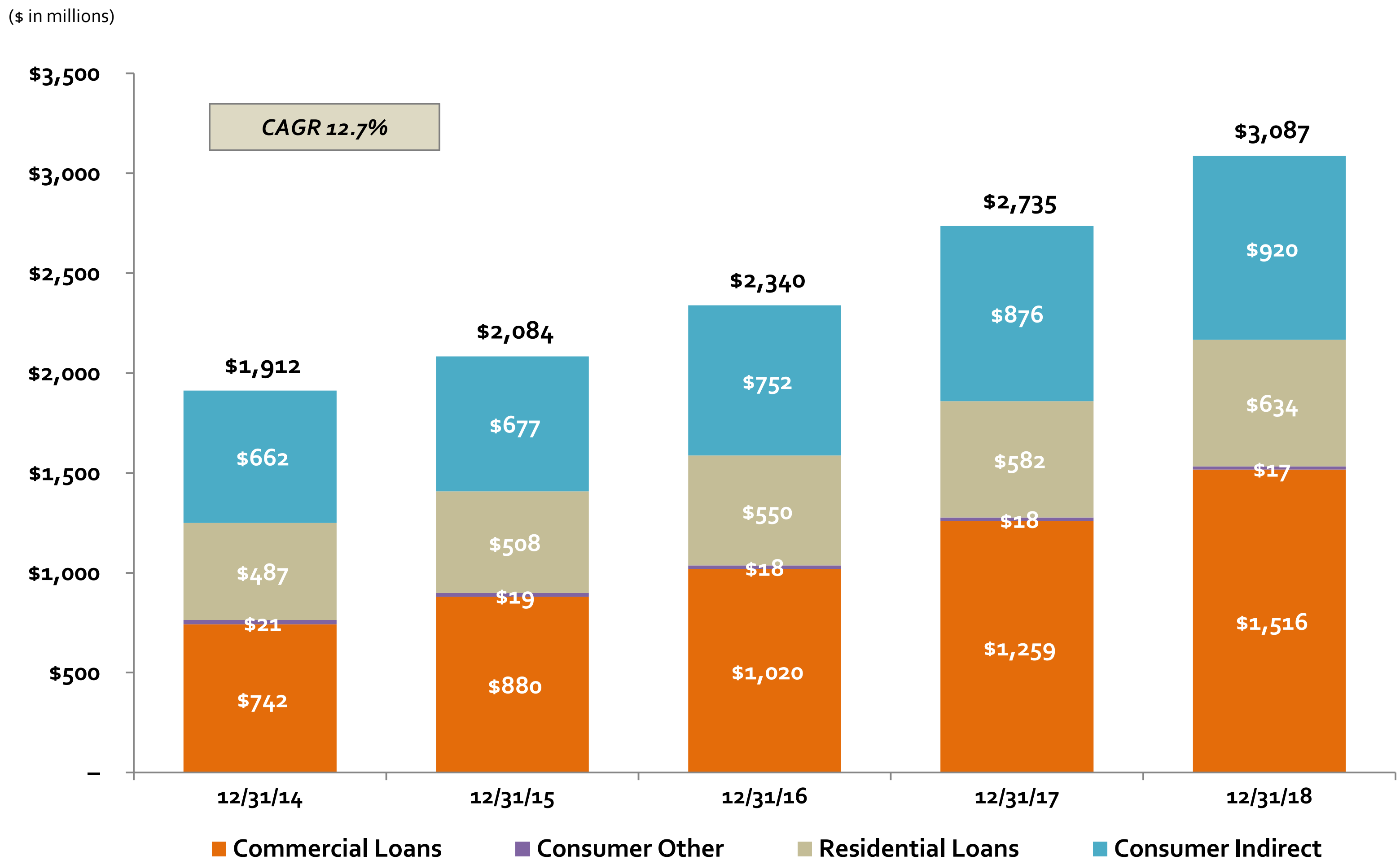
Key Earnings Highlights

Quarterly Earnings Highlights (4Q'17 – 4Q'18)

($ in millions, except per share amounts)

Earnings Summary	4Q'17	1Q'18	2Q'18	3Q'18	4Q'18
Average interest-earning assets	$3,739	$3,820	$3,884	$3,919	$4,004
Net interest margin	3.25%	3.18%	3.16%	3.17%	3.21%
Net interest income	29.8	29.7	30.2	30.9	32.0
Noninterest income	9.0	8.9	8.4	9.8	9.4
Total revenue	**$38.8**	**$38.6**	**$38.6**	**$40.7**	**$41.4**
Noninterest expense	($23.2)	($24.1)	($23.4)	($25.5)	($27.8)
Pre-provision net revenue	15.6	14.5	15.2	15.2	13.6
Provision for loan losses	(3.9)	(2.9)	(0.0)	(2.1)	(3.9)
Pre-tax net income	11.7	11.6	15.2	13.1	9.7
Income tax expense	(0.6)	(2.3)	(3.0)	(2.5)	(2.2)
Net income	**$11.1**	**$9.3**	**$12.2**	**$10.6**	**$7.5**
Preferred stock dividends	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Net income available to common shareholders	**$10.7**	**$8.9**	**$11.8**	**$10.2**	**$7.1**
Earnings per share - diluted	$0.68	$0.56	$0.74	$0.64	$0.45
Weighted average common shares outstanding - diluted	15.8	15.9	15.9	15.9	15.9

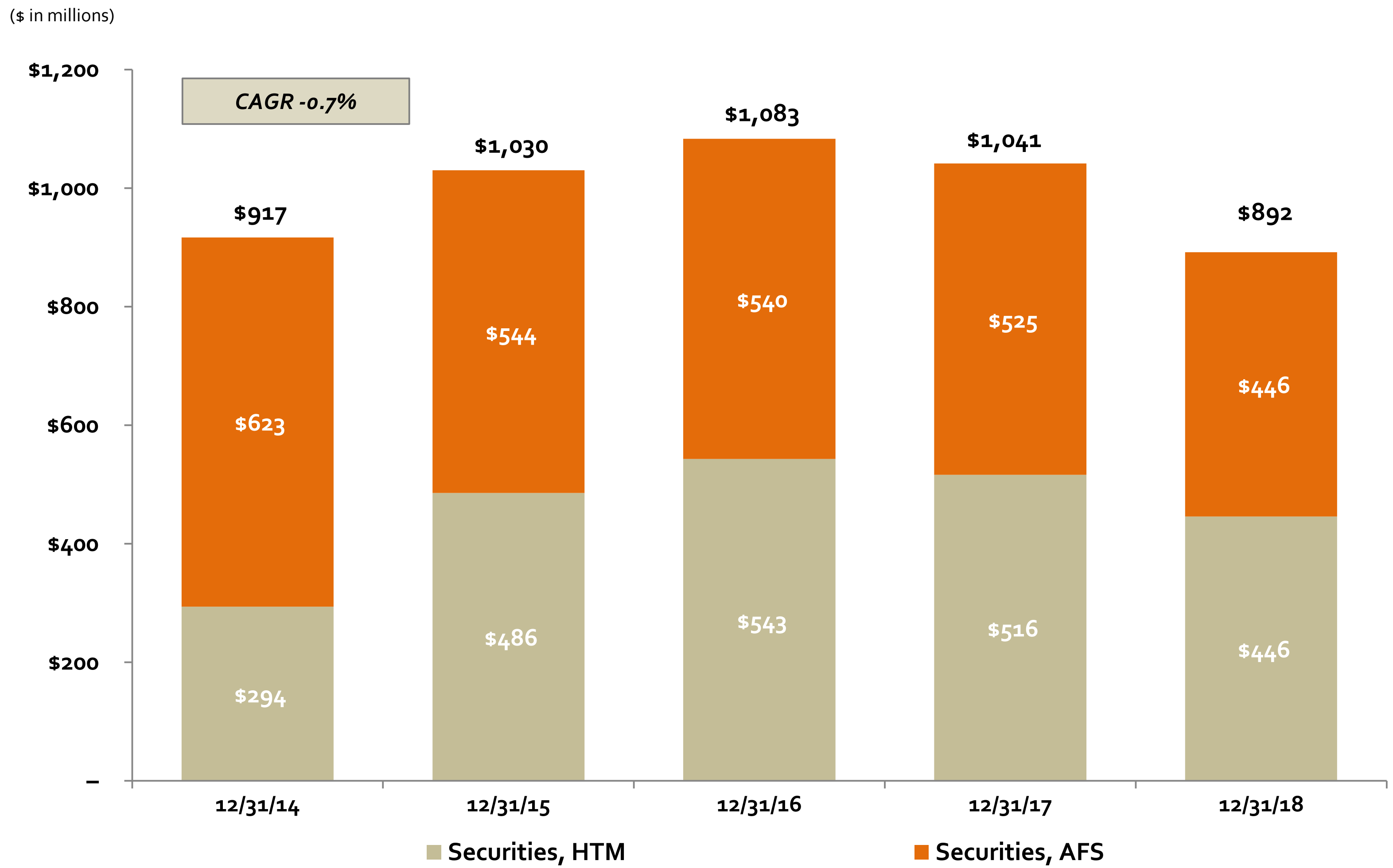
Total Loans



	2014	2015	2016	2017	2018
Loan Yield(1)	4.38%	4.21%	4.18%	4.22%	4.51%

(1) Average yield for the period

Securities Portfolio



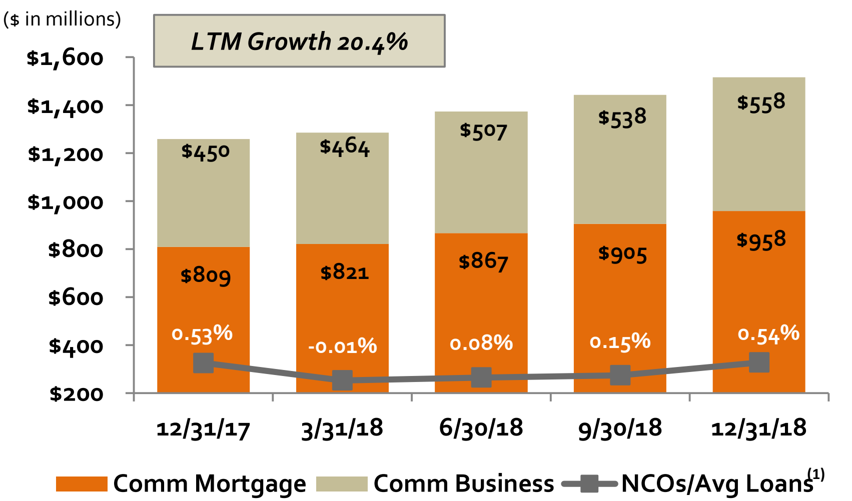
	2014	2015	2016	2017	2018
Security Yield(1)	2.44%	2.46%	2.45%	2.48%	2.33%(2)

(1) Average yield (tax equivalent basis) for the period
(2) Decrease due to lower federal tax rate in 2018

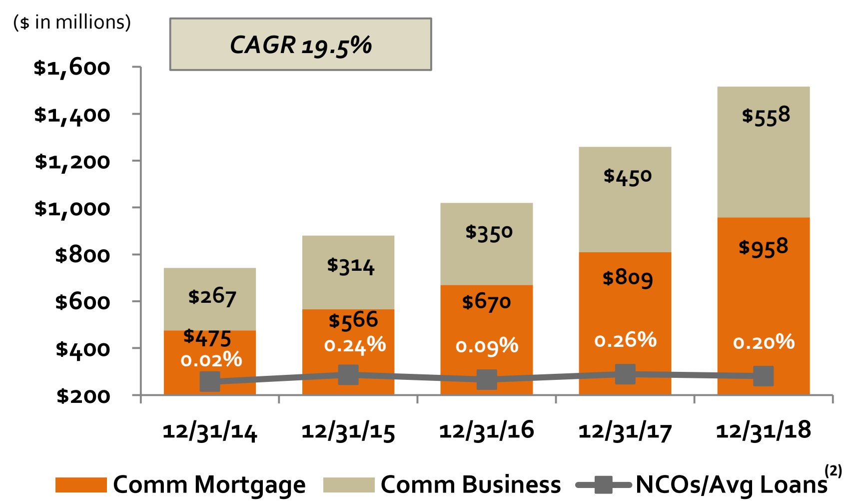
Commercial Banking

- Strong year-over-year growth in commercial business loans of 23.9% and commercial mortgage loans of 18.5%
- Fourth Quarter 2018 growth was 5.9% in commercial mortgage loans and 3.7% in commercial business loans
- Includes growth in higher-yielding Small Business Commercial Lending
- Over the course of the past 2+ years, we have taken advantage of market disruption with strategic hires, adding lenders in nearly all categories
  - Hiring experienced professionals from competing institutions
  - They bring market experience, knowledge and relationships
  - Attracting new customers and generating new loan business as well as noninterest income
- Five Star Bank is gaining momentum in becoming financial partner of choice
  - Provides a wide spectrum of products
  - Responsive to changing customer needs

Commercial Banking – Quarterly



Commercial Banking – Annual

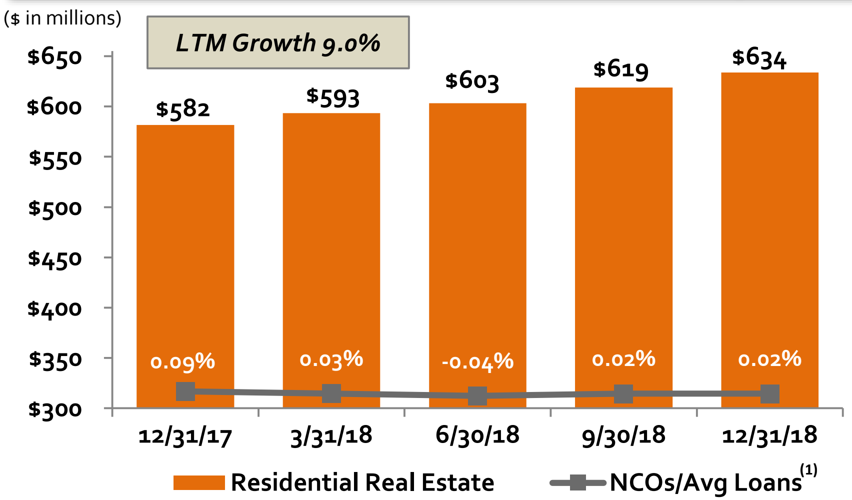


(1) For the quarter (annualized)
(2) For the year

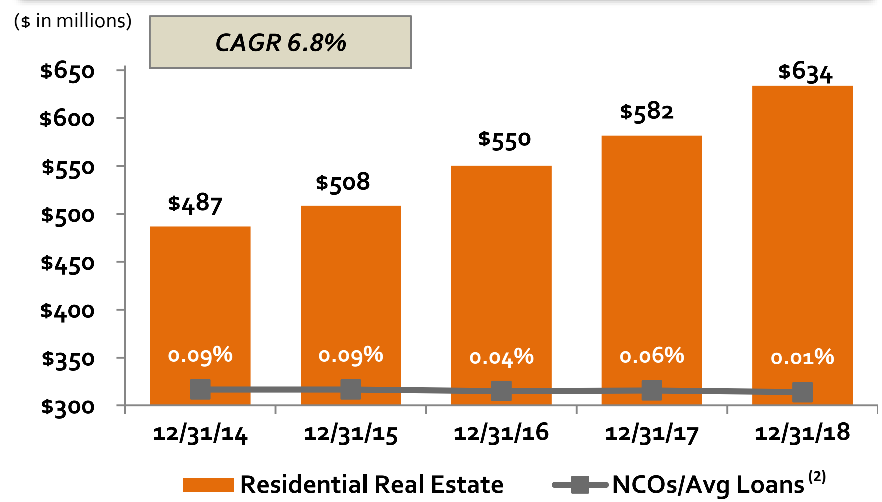
Residential Real Estate Loans and Lines

- In-market originations through mortgage loan originators and Five Star Bank branch network
- Full product menu featuring competitive portfolio and saleable products including government loan programs
- Continuing the build-out of residential mortgage production capabilities
  - Community bank delivery model
- In 2018, 8 incremental MLOs hired (including two Community Development Loan Officers)
- CRA product origination nearly three times higher in 2018 than 2017
- Line of business provides opportunity to establish relationships with new customers
  - Loan and deposit relationships
  - Opportunity to provide wealth management and insurance services
- Increased mortgage lending is expected to result in positive balance sheet impact as well as fee generation

Residential Real Estate – Quarterly



Residential Real Estate – Annual

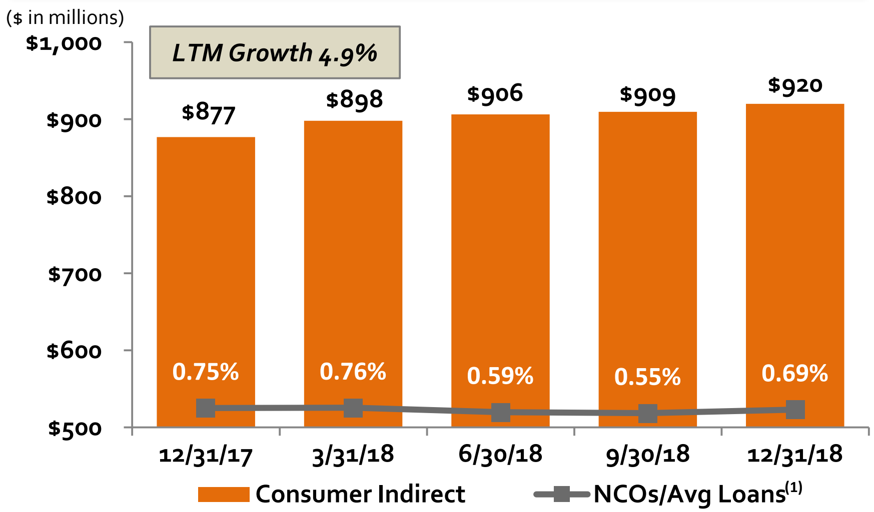


(1) For the quarter (annualized)
(2) For the year

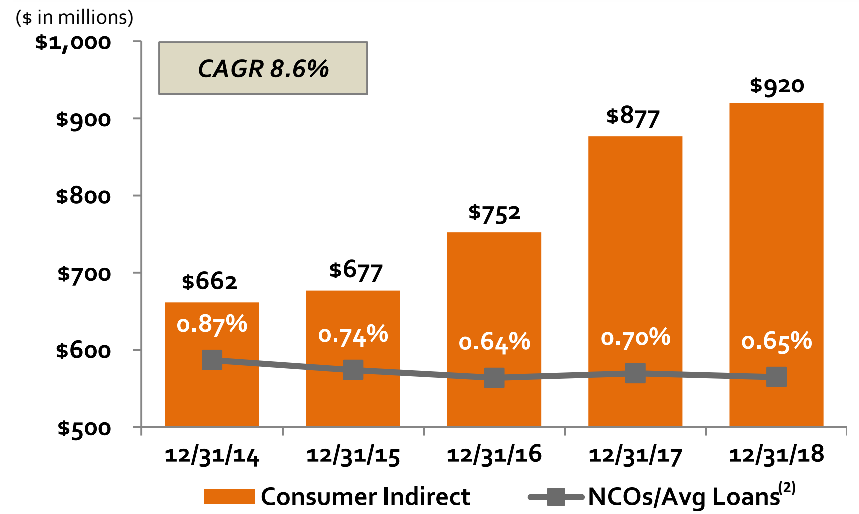
Consumer Indirect Lending

- $920 Million Portfolio at December 31
  - Portfolio represents 29.8% of total loans, down from peak of 35% at 12/31/13
  - Decline due to strong growth in relationship-based commercial and residential lending businesses
- Prime Lending Operation with average portfolio FICO score of approximately 730 and less than 2.5% under 630
- Dealer network of nearly 500 franchised new automobile dealerships
- Relatively Short Duration Allows for Rapid Re-pricing
  - Weighted average interest rate of 2018 new loan production increased due to upward rate movement
- Natural Risk Dispersion – Small Loan Size
- Demonstrated track record of consistent performance through economic expansions, recessions and stagnation

Consumer Indirect – Quarterly



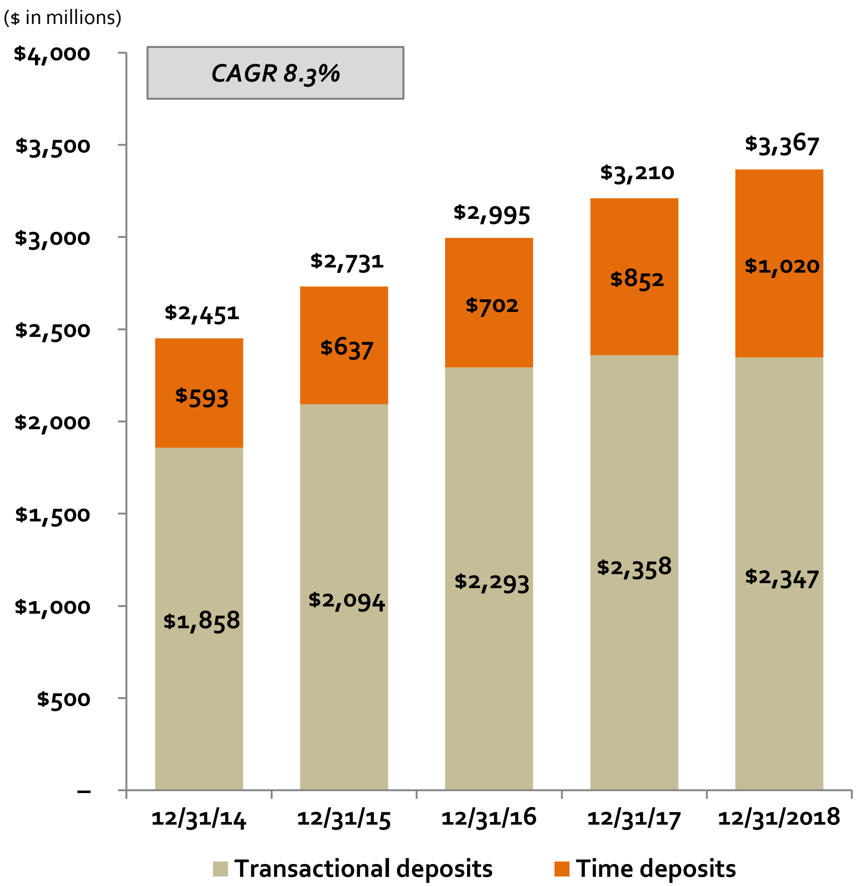
Consumer Indirect – Annual



(1) For the quarter (annualized)
(2) For the year

Deposit Growth

Deposits (by account type)



	2014	2015	2016	2017	2018
Cost of Deposits(1)	0.26%	0.27%	0.29%	0.35%	0.57%

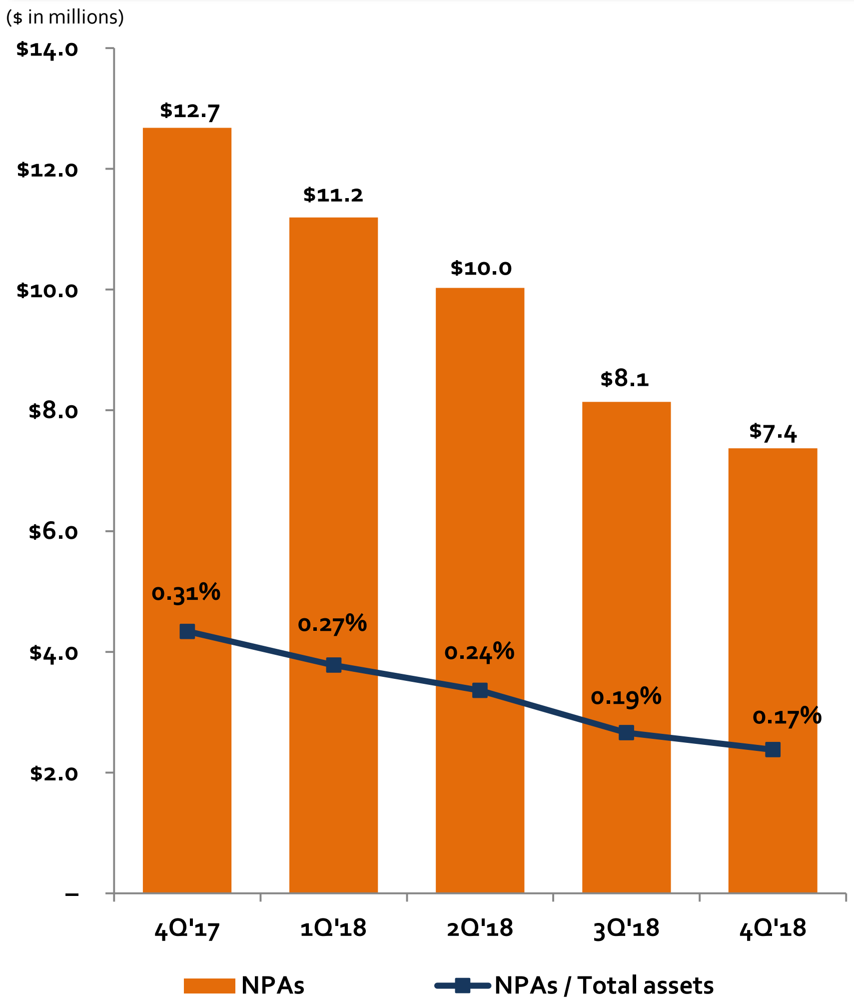
Commentary

- Increase from 12/31/17 to 12/31/18 driven by:
  - Business development efforts
- Opportunities for growth
  - Combined Rochester and Buffalo markets represent attractive local deposit market of $40 billion
  - Current FSB market share is less than 4%
- We offer a variety of public (municipal) deposit products to the towns, villages, counties and school districts within our market
  - Deposits are seasonal
  - Comprised 25% of deposits at 12/31/18 compared to 26% at 12/31/17
  - Low cost funding source
  - Dedicated sales force
  - FSB currently has approximately 320 municipal customers

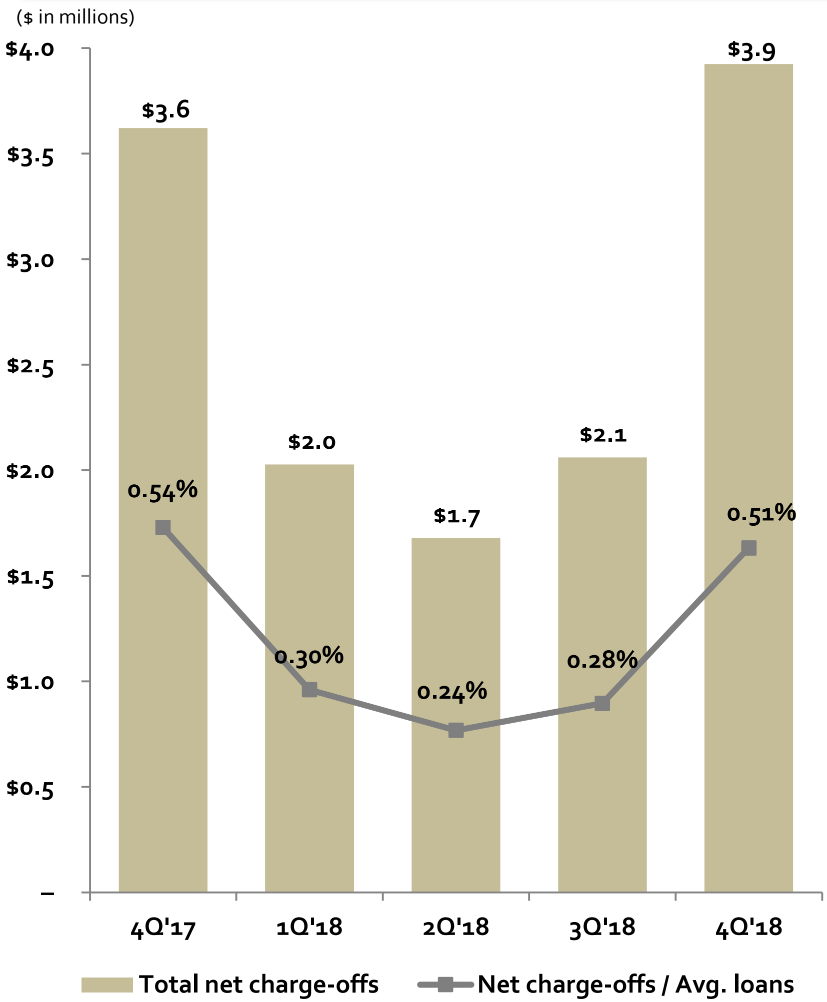
(1) For the year

Asset Quality

Non-Performing Assets



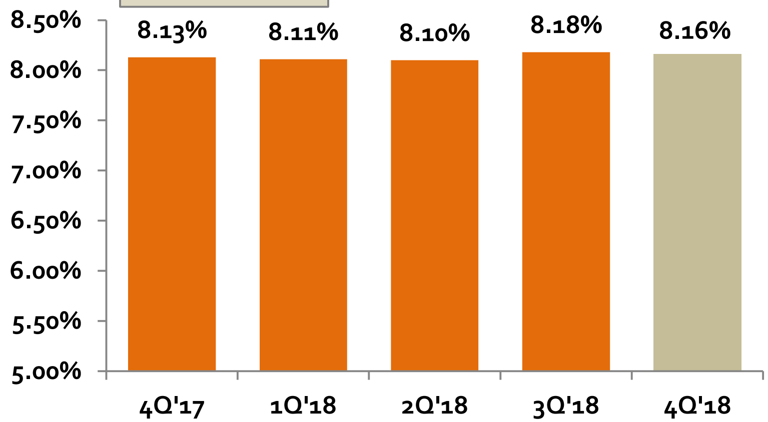
Net Charge-Offs



Capital Ratios

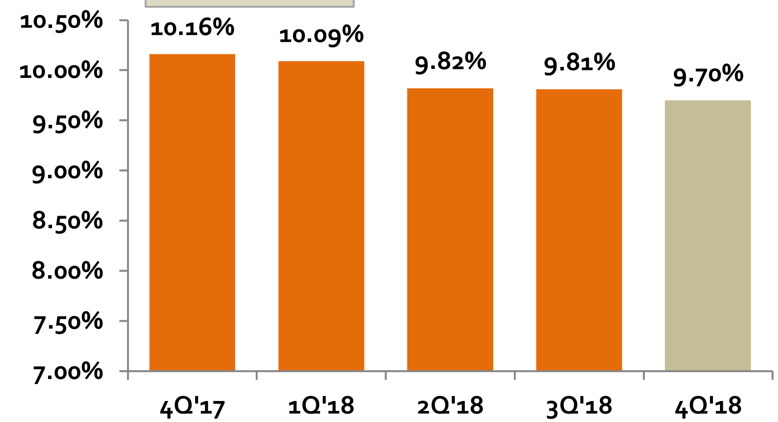
Leverage Ratio [1]

Minimum 5.00%



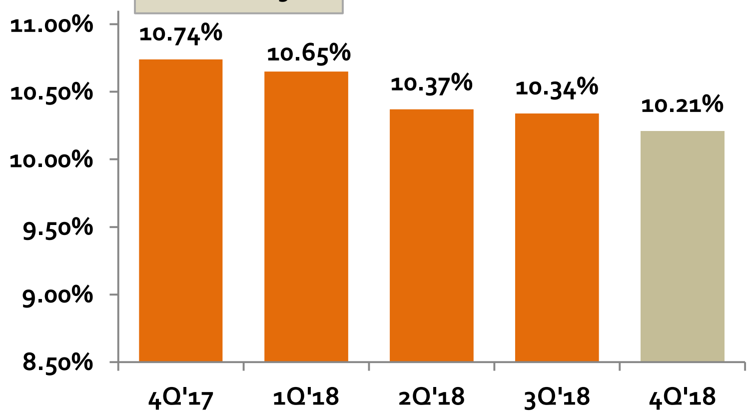
Common Equity Tier 1 Capital Ratio [1]

Minimum 7.00%



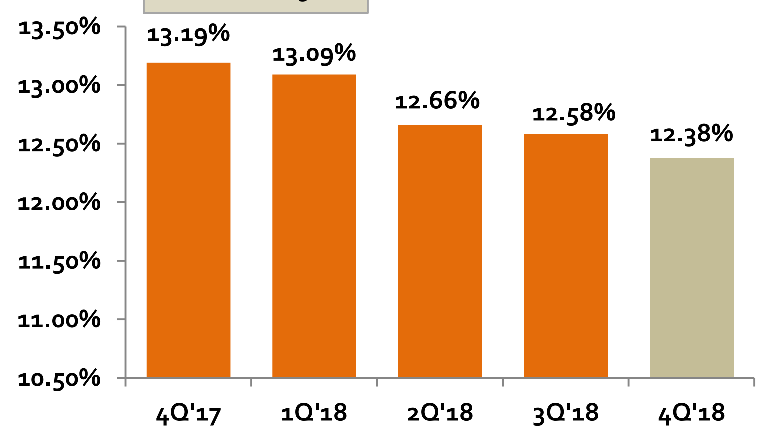
Tier 1 Capital Ratio [1]

Minimum 8.50%



Total Risk-Based Capital Ratio [1]

Minimum 10.50%



[1] Minimum capital ratios based on January 2019 fully phased-in Basel III requirements.

Appendix

Non-GAAP Reconciliation

This presentation contains disclosure regarding tangible common equity, tangible assets, tangible common equity to tangible assets, tangible common book value per share, average tangible common equity, average tangible assets and return on average tangible common equity, which are determined by methods other than in accordance with U.S. generally accepted accounting principles ("GAAP"). The Company believes that these non-GAAP measures are useful to our investors as measures of the strength of the Company's capital and ability to generate earnings on tangible common equity invested by our shareholders. These non-GAAP measures provide supplemental information that may help investors to analyze our capital position without regard to the effects of intangible assets. Non-GAAP financial measures have inherent limitations and are not uniformly applied by issuers. Therefore, these non-GAAP financial measures should not be considered in isolation, or as a substitute for comparable measures prepared in accordance with GAAP. The comparable GAAP financial measures and reconciliation to the comparable GAAP financial measures are provided below.

	Quarter ended,			Year to Date	
($ in thousands, except per share data)	12/31/2017	9/30/2018	12/31/2018	2017	2018
Computation of ending tangible common equity:					
Common shareholders' equity	$ 363,848	$ 374,825	$ 378,965		
Less: Goodwill and other intangible assets, net	74,703	78,853	76,173		
Tangible common equity	289,145	295,972	302,792		
Computation of ending tangible assets:					
Total assets	$ 4,105,210	$ 4,258,385	$ 4,311,698		
Less: Goodwill and other intangible assets, net	74,703	78,853	76,173		
Tangible assets	4,030,507	4,179,532	4,235,525		
Tangible common equity to tangible assets[1]	7.17%	7.08%	7.15%		
Common shares outstanding	15,925	15,925	15,929		
Tangible common book value per share[2]	$ 18.16	$ 18.59	$ 19.01		
Computation of average tangible common equity:					
Average common equity	$ 357,079	$ 374,482	$ 378,936	$ 331,184	$ 371,023
Less: Average goodwill and other intangible assets, net	74,866	79,047	78,314	74,818	76,990
Average tangible common equity	282,213	295,435	300,622	256,366	294,033
Computation of average tangible assets:					
Average assets	$ 4,028,063	$ 4,187,538	$ 4,268,809	$ 3,896,071	$ 4,171,972
Less: Average goodwill and other intangible assets, net	74,866	79,047	78,314	74,818	76,990
Average tangible assets	3,953,197	4,108,491	4,190,495	3,821,253	4,094,982
Net income available to common shareholders	10,693	10,212	7,126	32,064	38,065
Return on average tangible common equity[3]	15.03%	13.71%	9.40%	12.51%	12.95%

Source: Company filings.
(1) Tangible common equity divided by tangible assets.
(2) Tangible common equity divided by common shares outstanding.
(3) Net income available to common shareholders (annualized) divided by average tangible common equity.