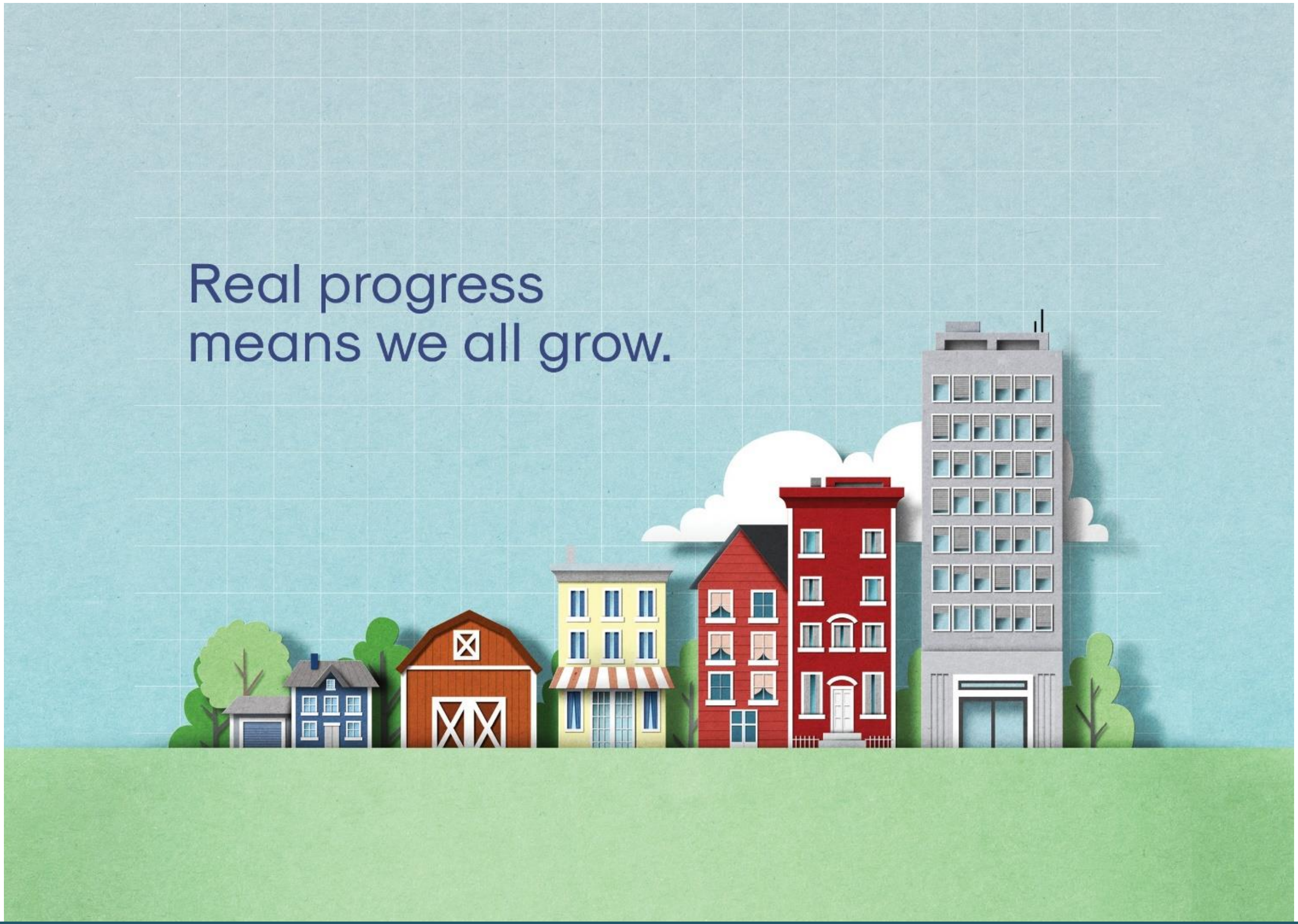


FINANCIAL INSTITUTIONS, INC. (Nasdaq: FISI)

Fourth Quarter and Year-End 2019 Earnings Presentation

January 30, 2020

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

Key Statistics as of December 31, 2019

Assets:	$4.4 billion
Loans:	$3.2 billion
Deposits:	$3.6 billion
Shareholders' Equity:	$438.9 million
NPAs(1)/Total Assets:	0.21%
Employees:	~ 700
ROACE (TTM):	11.74%
ROATCE(2) (TTM):	14.45%
ROAA (TTM):	1.14%
Annualized Dividend Per Share:	$1.00
Closing Stock Price Per Share:	$32.10
Dividend Yield:	3.12%
Market Capitalization:	$513.7 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

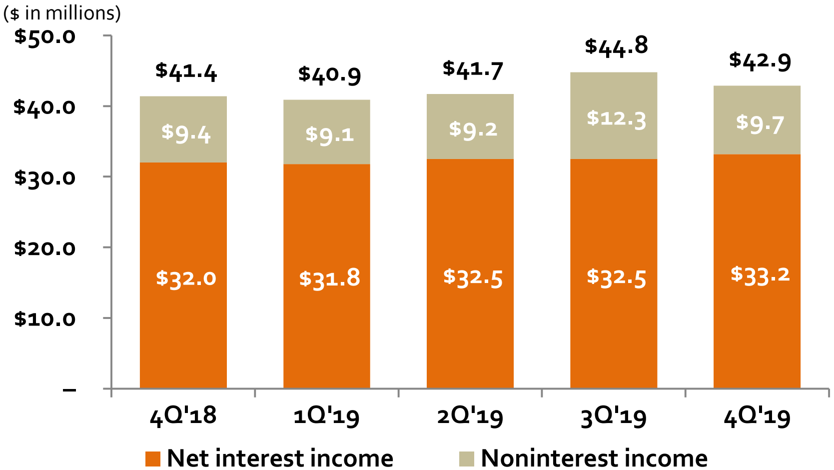
Fourth Quarter Highlights[1]

- Diluted earnings per share of $0.79 was $0.34, or 75.6%, higher than 2018
- Pre-tax pre-provision income[2] increased $2.5 million to $16.1 million
- Net interest margin ("NIM") expanded to 3.33% from 3.21%
- Return on average assets ("ROA") increased to 1.21% from 0.70%
- Common equity to assets ratio at quarter-end was 9.62% – an increase of four basis points during the quarter and an increase of 83 basis points from December 31, 2018
- Tangible common equity to tangible assets[2], or TCE ratio, was 8.05% at quarter-end – an increase of six basis points during the quarter and an increase of 90 basis points from December 31, 2018
- Strategy to downscale the consumer indirect portfolio continued
  - Portfolio decreased 7.6% from December 31, 2018
  - Portfolio comprised 26.4% of total loan portfolio at December 31, 2019, compared to 29.8% at December 31, 2018

(1) As compared to fourth quarter 2018 unless otherwise noted
(2) Refer to "Non-GAAP Reconciliation" in Appendix

Fourth Quarter 2019

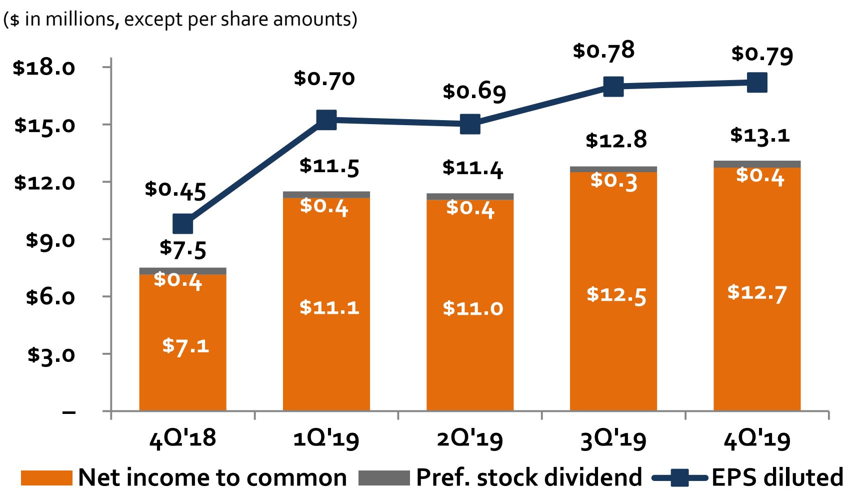
Revenue



Results Summary

	4Q'18	3Q'19	4Q'19
Return on average assets	0.70%	1.19%	**1.21%**
Return on average common equity	7.46%	12.00%	**12.02%**
Return on average tangible common equity[(1)]	9.40%	14.69%	**14.64%**
Net interest margin	3.21%	3.29%	**3.33%**
Efficiency ratio[(2)]	66.64%	59.52%	**62.05%**
Dividends per share	$0.24	$0.25	**$0.25**
Dividend yield (annualized)	3.70%	3.29%	**3.09%**

Net Income & EPS



Commentary

- Net interest income increased $1.1MM from 4Q'18 as a result of the positive impact of the balance sheet repositioning through the rotation of securities into loans and reduction of consumer indirect portfolio; and increased $690K from 3Q'19 primarily due to organic loan growth.
- Noninterest income increased $319K from 4Q'18 due to higher income from derivative instruments ($972K), partially offset by net loss on tax credit investments ($528K); and decreased $2.7MM from 3Q'19 due to 3rd quarter gain on investment securities ($1.6MM), lower insurance income ($558K) and net loss on tax credit investments ($528K), partially offset by higher income from derivative instruments ($371K).
- Noninterest expense decreased $1.0MM from 4Q'18 due to $2.4MM non-cash goodwill impairment in 4Q'18, partially offset by higher professional fees in '19; and increased $882K from 3Q'19 due to higher professional fees ($278K) and advertising promotions ($481K)

(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

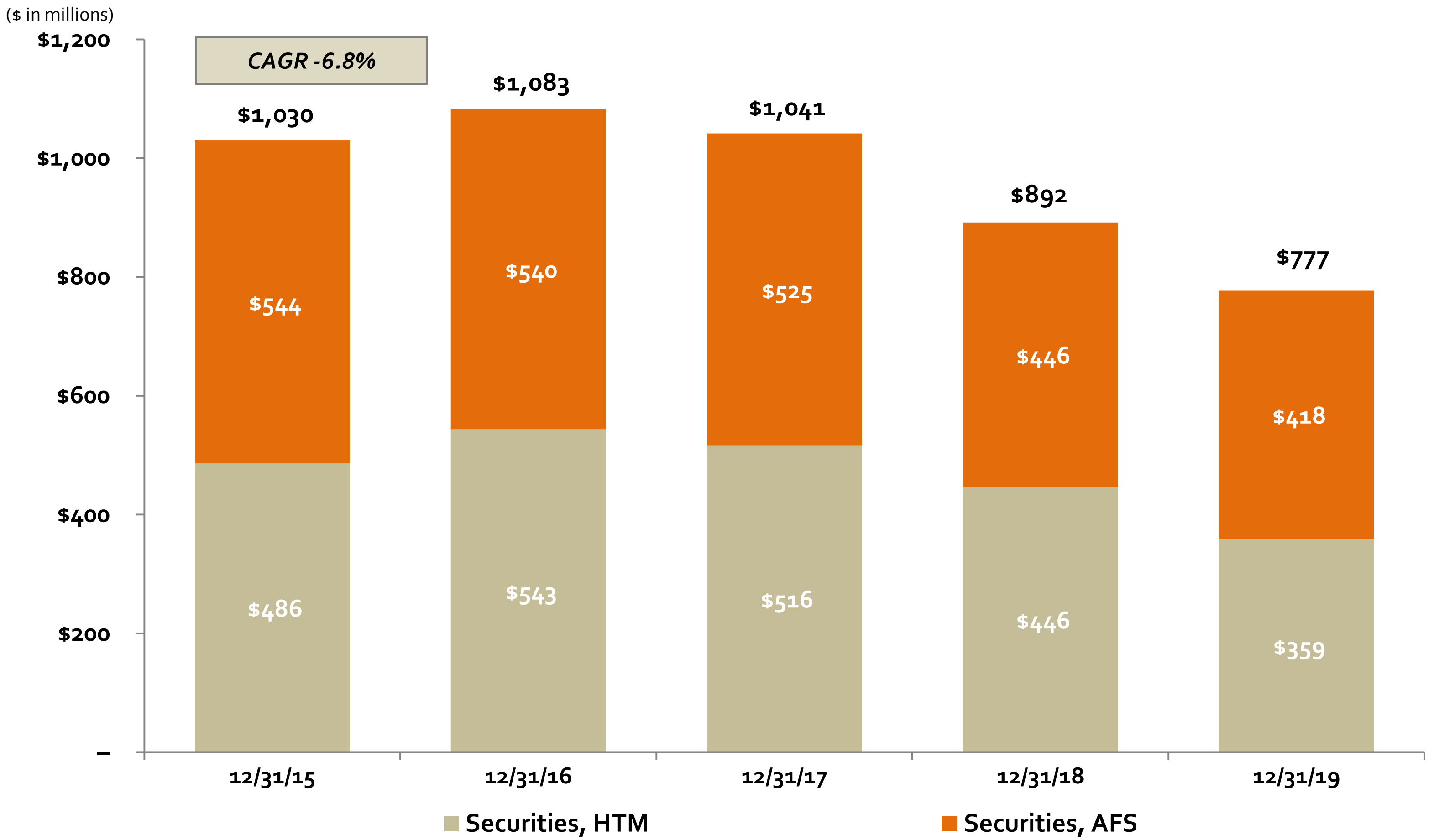
Quarterly Earnings Highlights (4Q'18 – 4Q'19)

($ in millions, except per share amounts)

Earnings Summary	4Q'18	1Q'19	2Q'19	3Q'19	4Q'19
Average interest-earning assets	$4,004	$3,996	$4,008	$3,959	**$3,994**
Net interest margin	3.21%	3.24%	3.28%	3.29%	**3.33%**
Net interest income	32.0	31.8	32.5	32.5	**33.2**
Noninterest income	9.4	9.1	9.2	12.3	**9.7**
Total revenue	**$41.4**	**$40.9**	**$41.7**	**$44.8**	**$42.9**
Noninterest expense	($27.8)	($25.2)	($25.0)	($25.9)	**($26.8)**
Pre-provision net revenue	13.6	15.7	16.7	18.9	**16.1**
Provision for loan losses	(3.9)	(1.2)	(2.4)	(1.8)	**(2.7)**
Pre-tax net income	9.7	14.5	14.3	17.1	**13.4**
Income tax expense	(2.2)	(3.0)	(2.9)	(4.3)	**(0.3)**
Net income	**$7.5**	**$11.5**	**$11.4**	**$12.8**	**$13.1**
Preferred stock dividends	(0.4)	(0.4)	(0.4)	(0.3)	**(0.4)**
Net income available to common shareholders	**$7.1**	**$11.1**	**$11.0**	**$12.5**	**$12.7**
Earnings per share - diluted	$0.45	$0.70	$0.69	$0.78	**$0.79**
Weighted average common shares outstanding - diluted	15.9	16.0	16.0	16.1	**16.1**

Securities Portfolio

- The Company launched an initiative in 2018 to convert a portion of low-yield, low-risk weighted investment securities into higher-yielding loans. This initiative was completed in the third quarter of 2019.

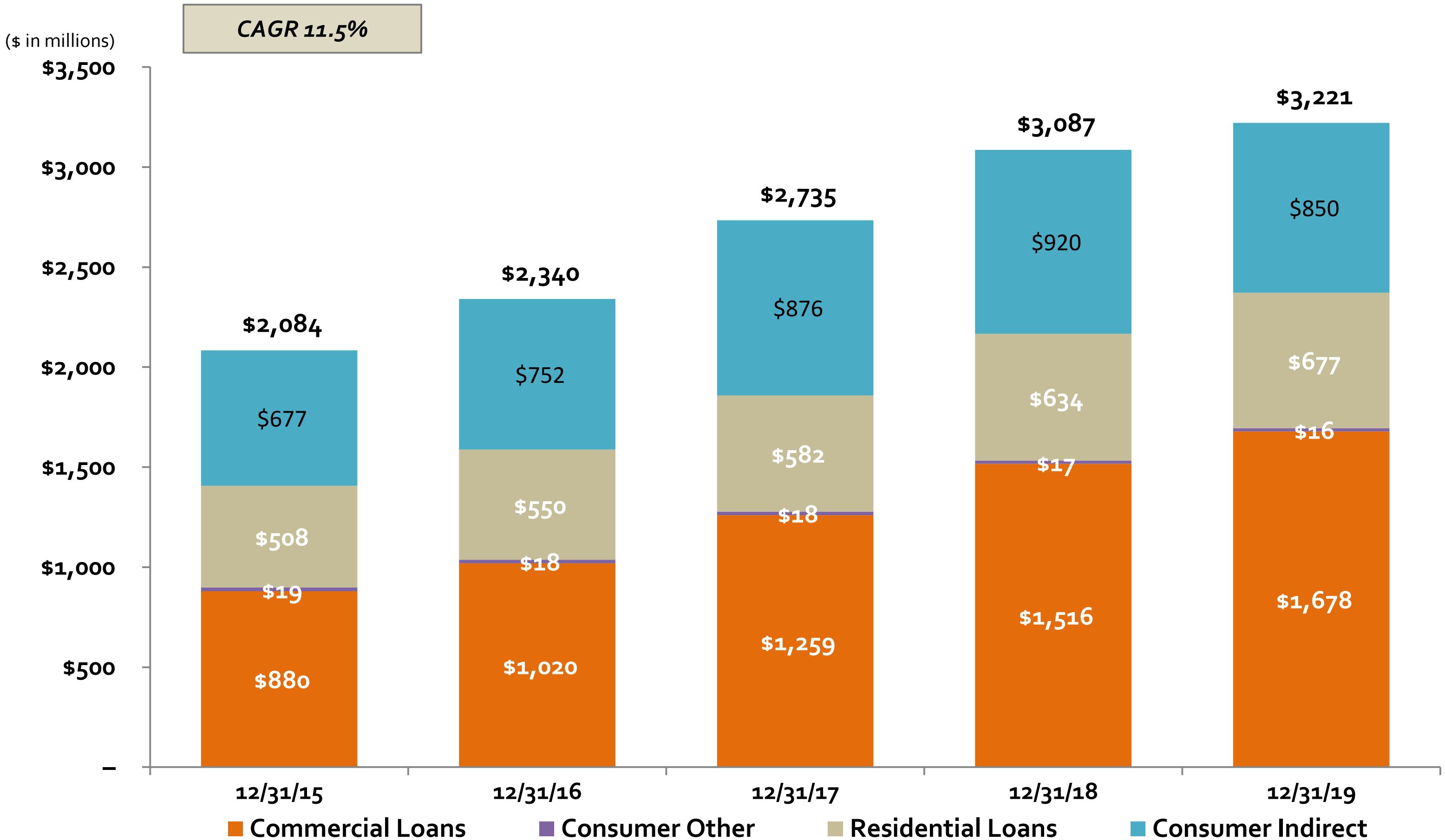


	2015	2016	2017	2018	2019
Security Yield(1)	2.46%	2.45%	2.48%	2.33%(2)	2.39%(2)

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

Total Loans

- 2019 loan growth reflects lower indirect loan production (as focus intensifies on profitability of new loan originations in this portfolio) and second quarter sale of $21 million pool of indirect loans



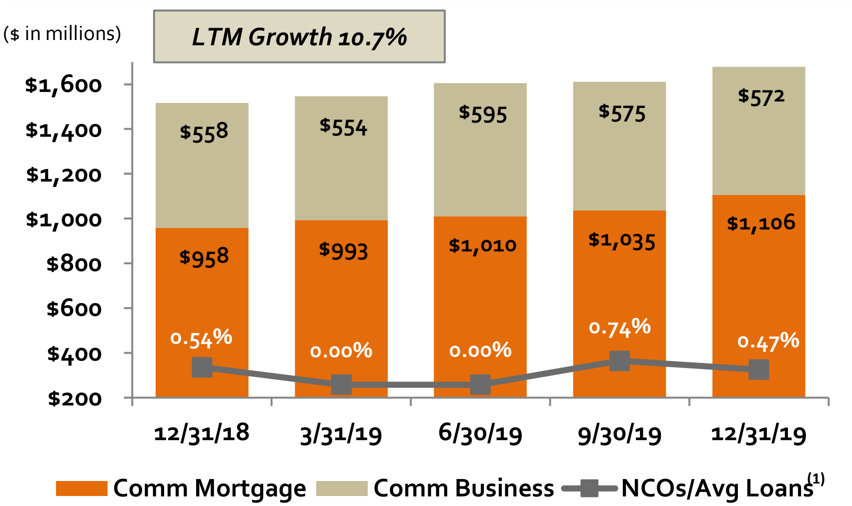
	2015	2016	2017	2018	2019
Loan Yield(1)	4.21%	4.18%	4.22%	4.51%	4.77%

(1) Average yield for the period

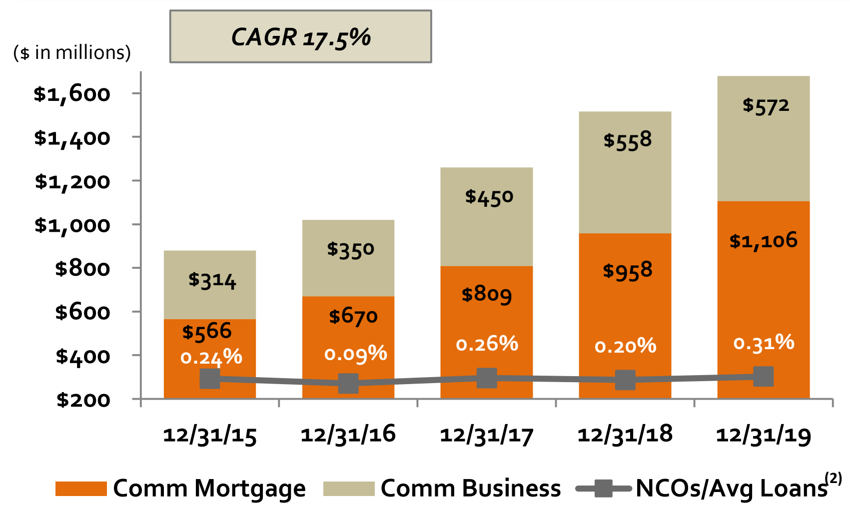
Commercial Banking

- 2019 growth in commercial business loans of 3% and commercial mortgage loans of 16%
- Includes growth in higher-yielding Small Business Commercial Lending
- Third and fourth quarter 2019 growth was muted by higher loan payoff activity
- Over the course of the past 2+ years, we have made 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

Commercial Banking – Quarterly



Commercial Banking – Annual

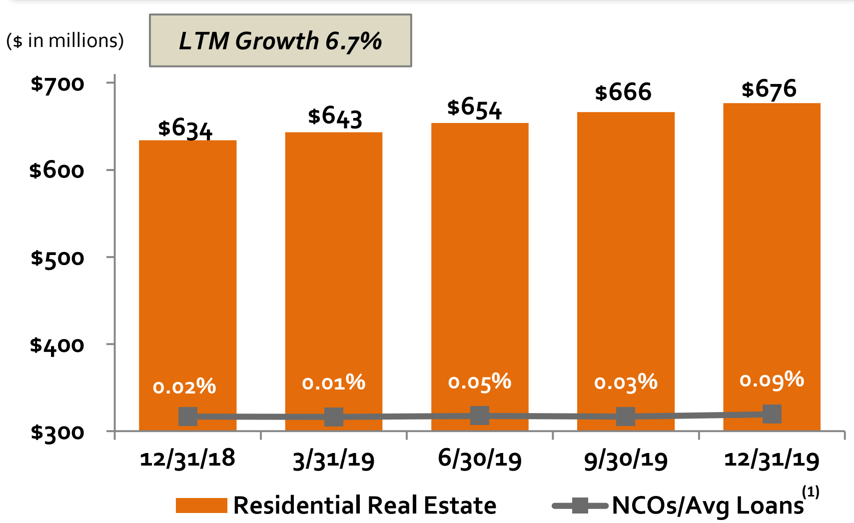


(1) For the quarter (annualized)
(2) For the year

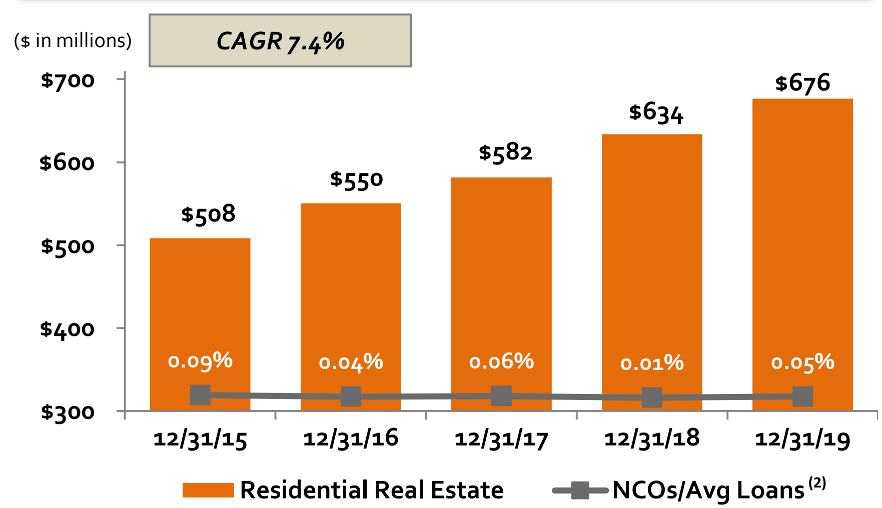
Residential Real Estate Loans and Lines

- 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
- Line of business provides opportunity to establish relationships with new customers: loan and deposit relationships as well as 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



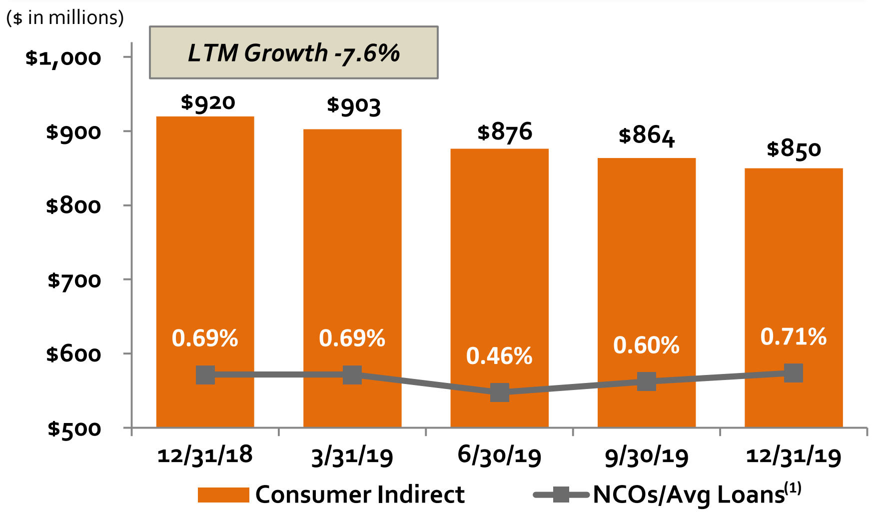
Financial Institutions, Inc.

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

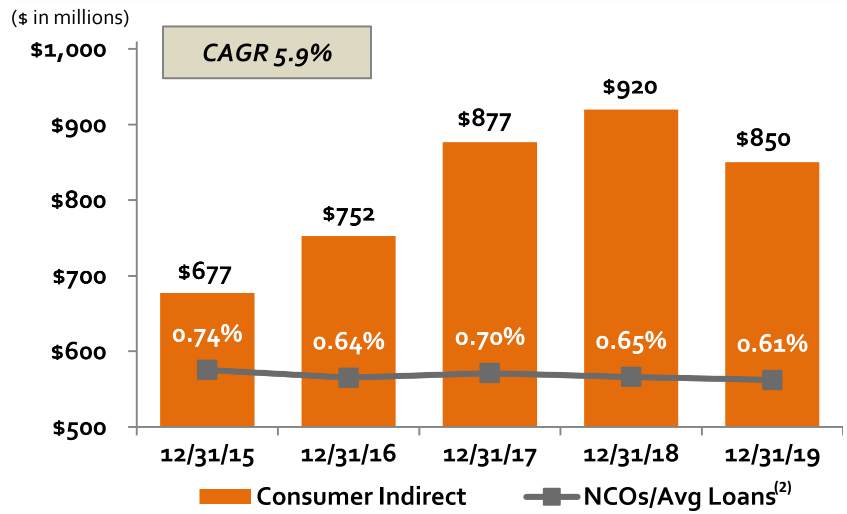
Consumer Indirect Lending

- $850 Million Portfolio at December 31, 2019
  - Portfolio represents 26.4% of total loans, down from 29.8% at 12/31/18 and peak of 35% at 12/31/13
  - 2019 decline reflects lower loan production, as focus intensifies on profitability of new originations, as well as the second quarter sale of a $21 million pool of loans
- Prime Lending Operation with average portfolio FICO score of approximately 725 with 3.2% under 630
- Dealer network of nearly 500 franchised new automobile dealerships
- Relatively Short Duration – Between 2 and 3 years
- Natural Risk Dispersion – Small Loan Size
- Demonstrated track record of consistent performance through economic expansions, recessions and stagnation

Consumer Indirect – Quarterly



Consumer Indirect – Annual

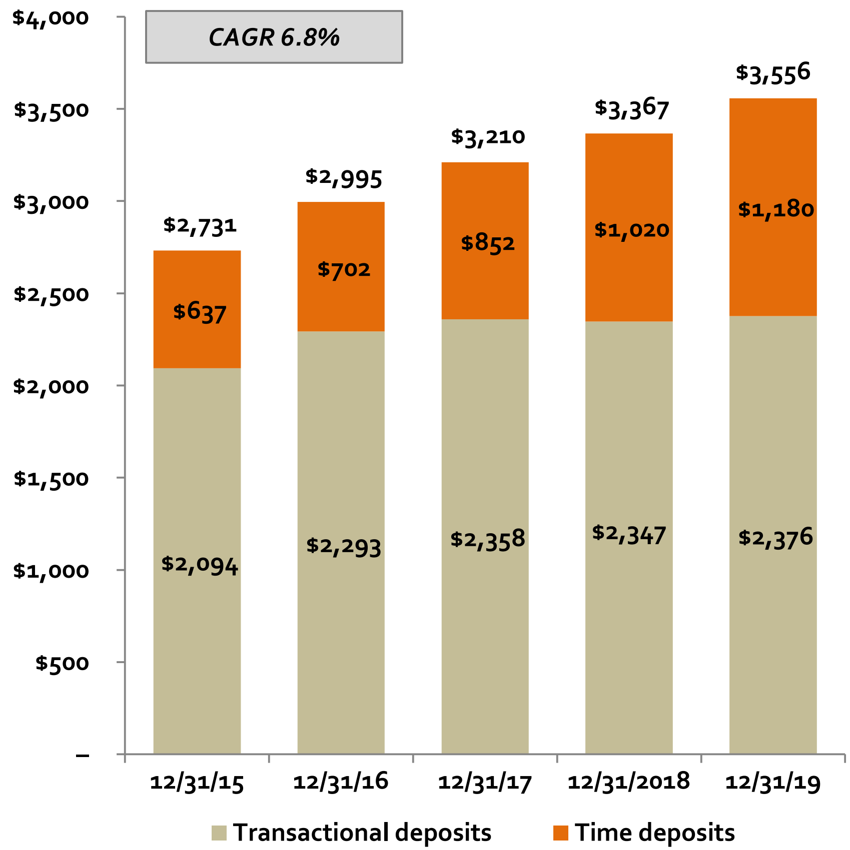


(1) For the quarter (annualized)
(2) For the year

Deposit Growth

Deposits (by account type)

($ in millions)



	2015	2016	2017	2018	2019
Cost of Deposits(1)	0.27%	0.29%	0.35%	0.57%	0.82%

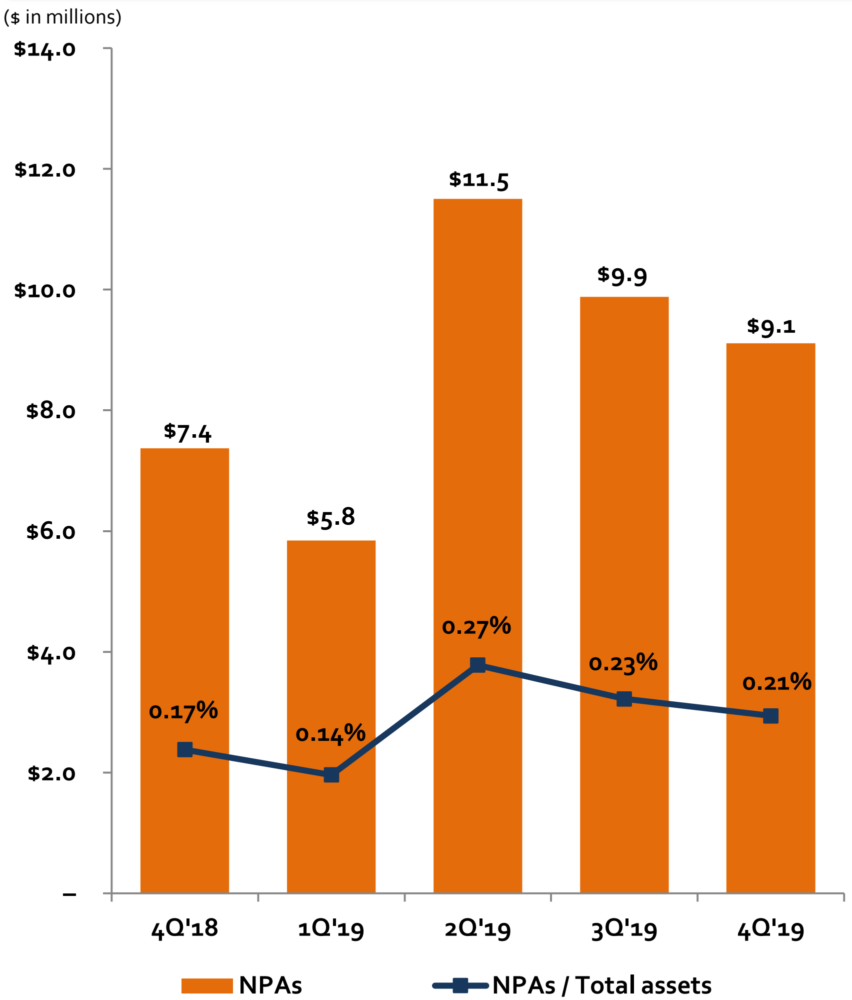
Commentary

- Opportunities for growth
  - Combined Rochester and Buffalo markets represent attractive deposit market of $65 billion
  - Current FSB market share is less than 3%
- We offer a variety of public (municipal) deposit products to the towns, villages, counties and school districts within our market
  - Deposits are seasonal
  - Comprised 24% of deposits at 12/31/19 compared to 25% at 12/31/18
  - Low cost funding source
  - Dedicated sales force
  - FSB currently has 315 municipal customers

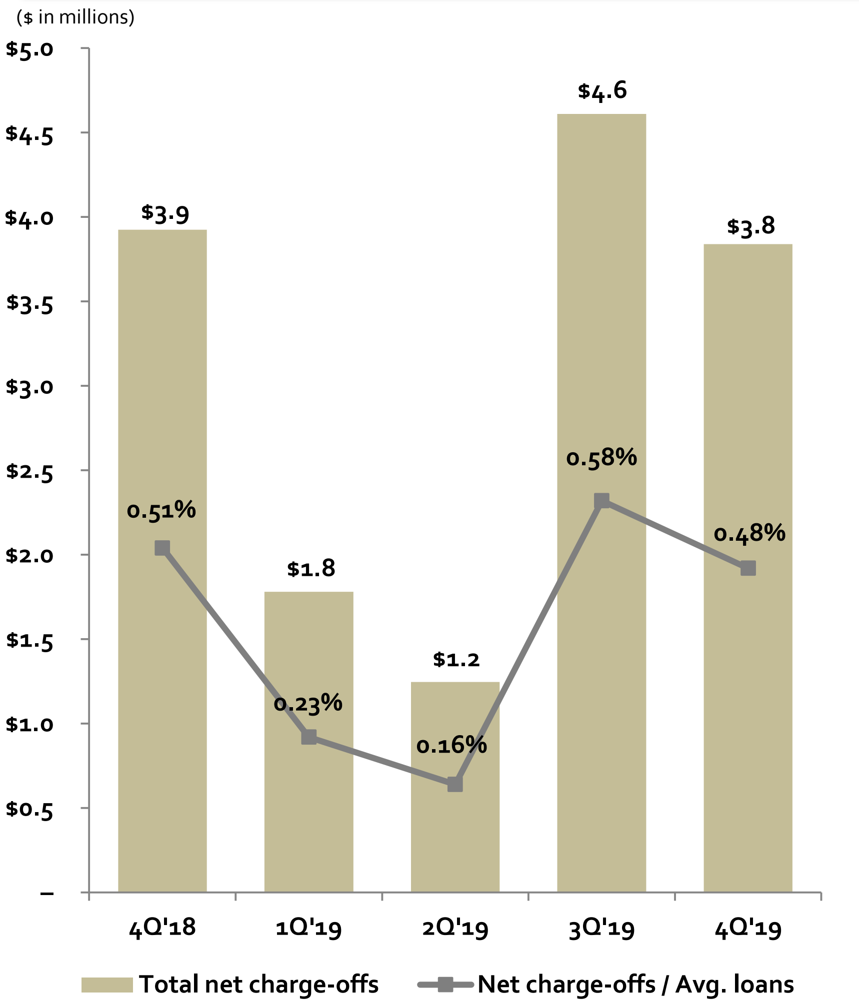
(1) For the year/year-to-date (annualized)

Asset Quality

Non-Performing Assets

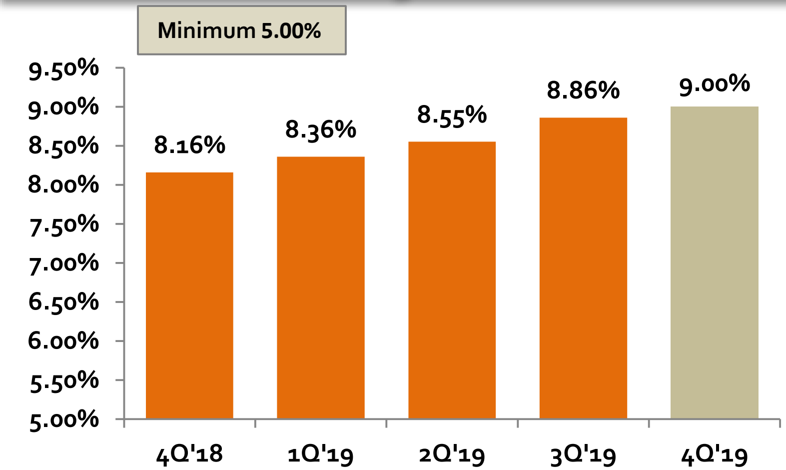


Net Charge-Offs

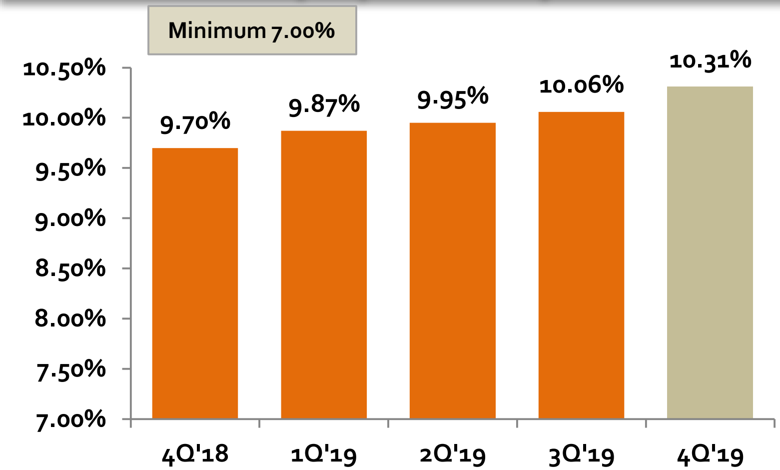


Capital Ratios

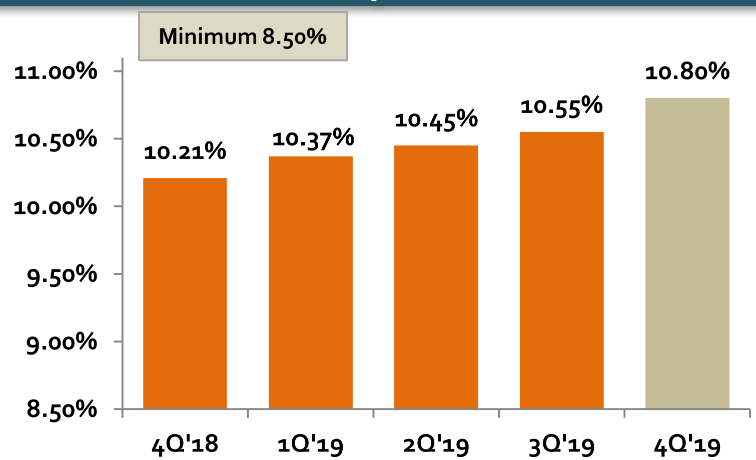
Leverage Ratio (1)



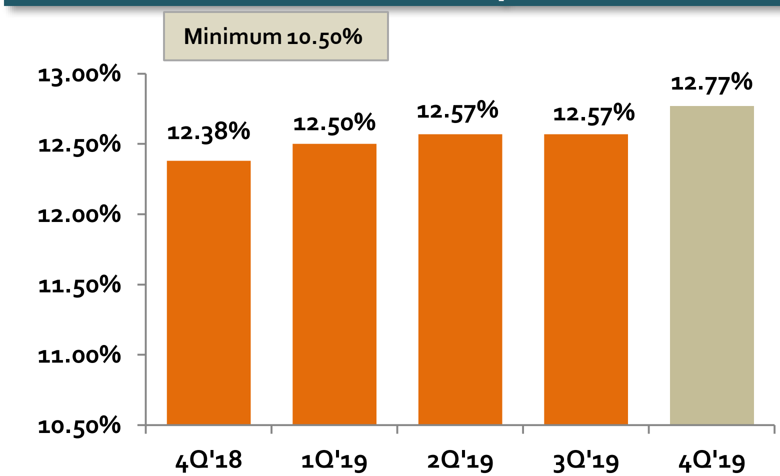
Common Equity Tier 1 Capital Ratio (1)



Tier 1 Capital Ratio (1)



Total Risk-Based Capital Ratio (1)



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

Appendix

Non-GAAP Reconciliation

In addition to results presented in accordance with U.S. generally accepted accounting principles ("GAAP"), this presentation contains certain non-GAAP financial measures. The Company believes that providing certain non-GAAP financial measures provides investors with information useful in understanding our financial performance, performance trends and financial position. Our management uses these measures for internal planning and forecasting purposes and we believe that our presentation and discussion, together with the accompanying reconciliations, allows investors, security analysts and other interested parties to view our performance and the factors and trends affecting our business in a manner similar to management. These non-GAAP measures should not be considered a substitute for GAAP measures and we strongly encourage investors to review our consolidated financial statements in their entirety and not to rely on any single financial measure to evaluate the Company. Non-GAAP financial measures have inherent limitations, are not uniformly applied and are not audited. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names.

	Quarter ended,			Year To Date	
($ in thousands, except per share data)	12/31/2018	9/30/2019	12/31/2019	2018	2019
Computation of ending tangible common equity:					
Common shareholders' equity	$ 378,965	$ 415,289	$ 421,619		
Less: Goodwill and other intangible assets, net	76,173	75,225	74,923		
Tangible common equity	302,792	340,064	346,696		
Computation of ending tangible assets:					
Total assets	$ 4,311,698	$ 4,332,737	$ 4,384,178		
Less: Goodwill and other intangible assets, net	76,173	75,225	74,923		
Tangible assets	4,235,525	4,257,512	4,309,255		
Tangible common equity to tangible assets (1)	7.15%	7.99%	8.05%		
Common shares outstanding	15,929	15,997	16,003		
Tangible common book value per share (2)	$ 19.01	$ 21.26	$ 21.66		
Computation of average tangible common equity:					
Average common equity	$ 378,936	$ 412,073	$ 420,472	$ 371,023	$ 403,689
Less: Average goodwill and other intangible assets, net	78,314	75,401	75,093	76,990	75,557
Average tangible common equity	300,622	336,672	345,379	294,033	328,132
Computation of average tangible assets:					
Average assets	$ 4,268,809	$ 4,260,810	$ 4,299,342	$ 4,171,972	$ 4,285,825
Less: Average goodwill and other intangible assets, net	78,314	75,401	75,093	76,990	75,557
Average tangible assets	4,190,495	4,185,409	4,224,249	4,094,982	4,210,268
Net income available to common shareholders	7,126	12,468	12,742	38,065	47,401
Return on average tangible common equity (3)	9.40%	14.69%	14.64%	12.95%	14.45%
Pre-tax pre-provision income:					
Net income	$ 7,491	$ 12,833	$ 13,107		
Add: Income tax expense	2,199	4,281	312		
Add: Provision for loan losses	3,884	1,844	2,653		
Pre-tax pre-provision income	$ 13,574	$ 18,958	$ 16,072		

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.