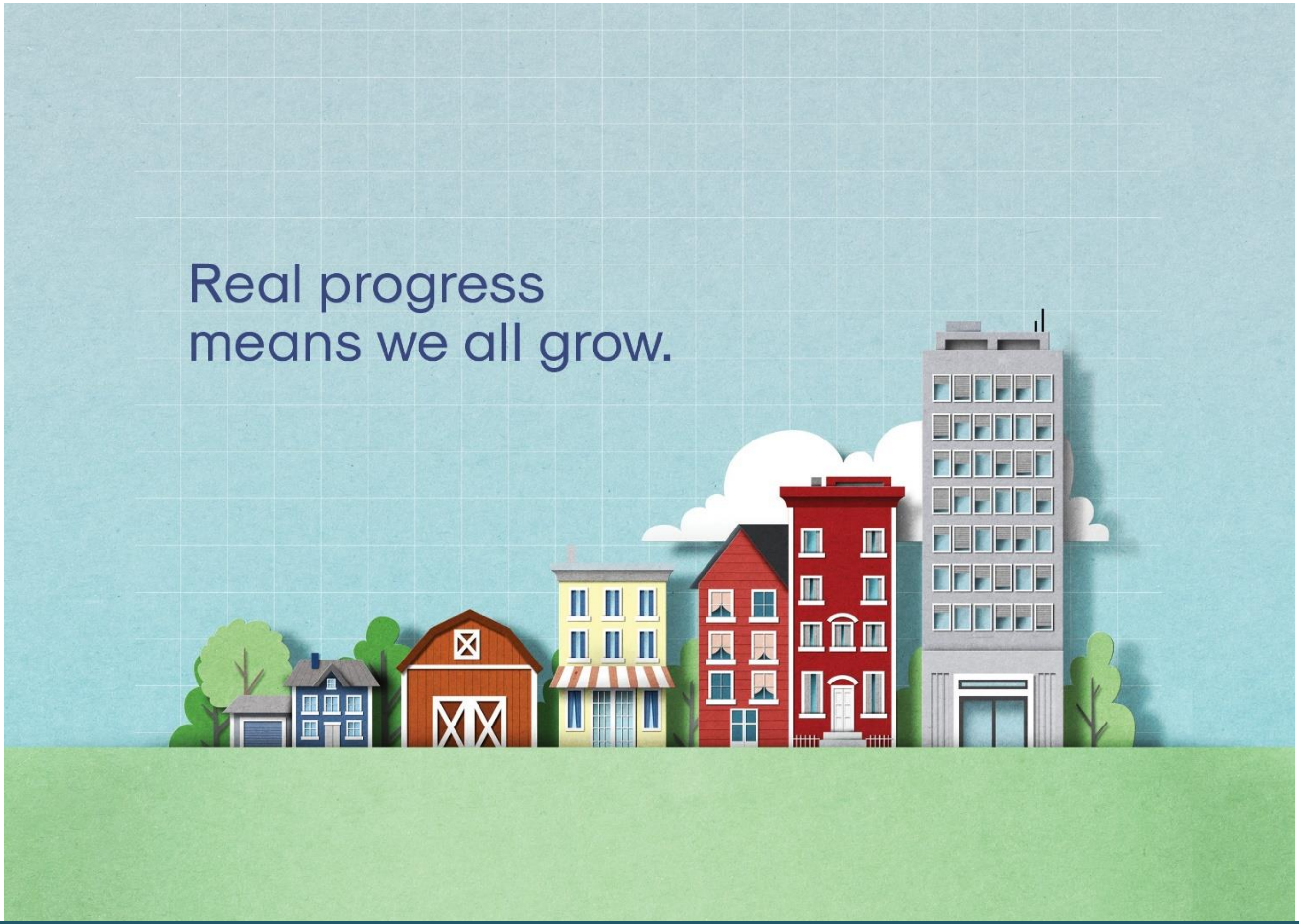


FINANCIAL INSTITUTIONS, INC. (Nasdaq: FISI)

Third Quarter 2019 Earnings Presentation
October 29, 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

Key Statistics as of September 30, 2019

Assets:	$4.3 billion
Loans:	$3.2 billion
Deposits:	$3.6 billion
Shareholders' Equity:	$432.6million
NPAs[1]/Total Assets:	0.23%
Employees:	~ 700
ROACE (9 months ended 9/30/19):	11.64%
ROATCE[2] (9 months ended 9/30/19):	14.38%
ROAA (9 months ended 9/30/19):	1.12%
Annualized Dividend Per Share:	$1.00
Closing Stock Price Per Share:	$30.18
Dividend Yield:	3.31%
Market Capitalization:	$482.8 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

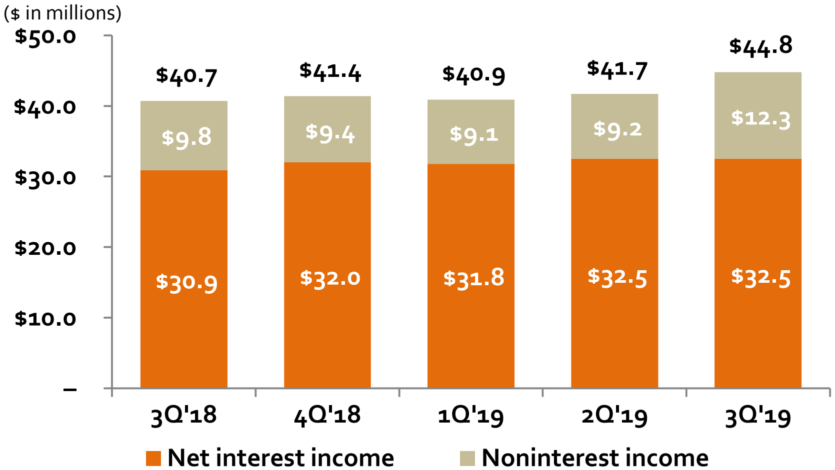
Third Quarter Highlights[1]

- Net income was the highest in Company history at $12.8 million – an increase of $2.3 million
- Pre-tax pre-provision income[2] was also highest in Company history at $19.0 million – an increase of $3.8 million
- Net interest income grew 5.1% to $32.5 million
- Net interest margin expanded to 3.29% from 3.17%
- Return on average assets increased to 1.19% from 1.00%
- Common equity to assets ratio at quarter-end was 9.58% – an increase of 19 basis points during the quarter and an increase of 78 basis points from September 30, 2018
- Tangible common equity to tangible assets[2], or TCE ratio, was 7.99% at quarter-end – an increase of 22 basis points during the quarter and an increase of 91 basis points from September 30, 2018
- Completed a repositioning of the balance sheet, redeploying investment securities into higher-yielding loans
  - Investment securities comprised 18.0% of total assets at quarter-end, down from 21.6% at 9/30/18
- Continued strategy to downscale the consumer indirect portfolio
  - Portfolio decreased 5.0% from September 30, 2018
  - Portfolio comprised 27.4% of total loan portfolio compared to 30.4% at September 30, 2018

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

Third Quarter 2019

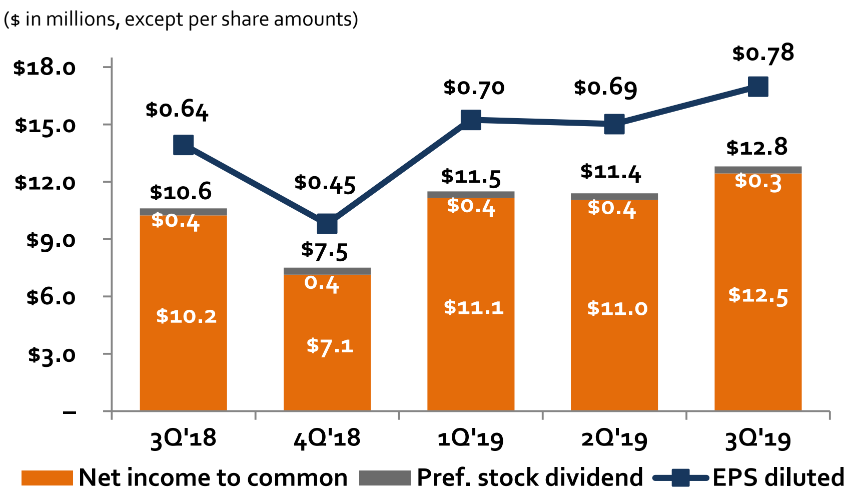
Revenue



Results Summary

	3Q'18	2Q'19	3Q'19
Return on average assets	1.00%	1.06%	**1.19%**
Return on average common equity	10.82%	11.12%	**12.00%**
Return on average tangible common equity[1]	13.71%	13.73%	**14.69%**
Net interest margin	3.17%	3.28%	**3.29%**
Efficiency ratio[2]	62.04%	59.79%	**59.52%**
Dividends per share	$0.24	$0.25	**$0.25**
Dividend yield (annualized)	3.03%	3.44%	**3.29%**

Net Income & EPS



Commentary

- Net interest income increased $1.6 million compared to 3Q'18 as a result of organic loan growth and the positive impact of the deployment of investment securities into higher-yielding loans; and was relatively flat compared to 2Q'19 due to a decrease in the investment securities portfolio greater than growth in the loan portfolio, partially offset by a 1 basis point increase in NIM.
- Noninterest income increased $2.5 million compared to 3Q'18 due to higher income from derivative instruments ($554K) and gain on investment securities ($1.7 million); and increased $3.1 million compared to 2Q'19 due to increases in derivative income ($935K), gain on investment securities ($1.4 million) and insurance income ($567K).
- Noninterest expense increased $365K compared to 3Q'18 primarily due to higher benefits expense and increased $883K compared to 2Q'19 primarily due to investments in personnel, higher commissions and higher healthcare claims.

(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

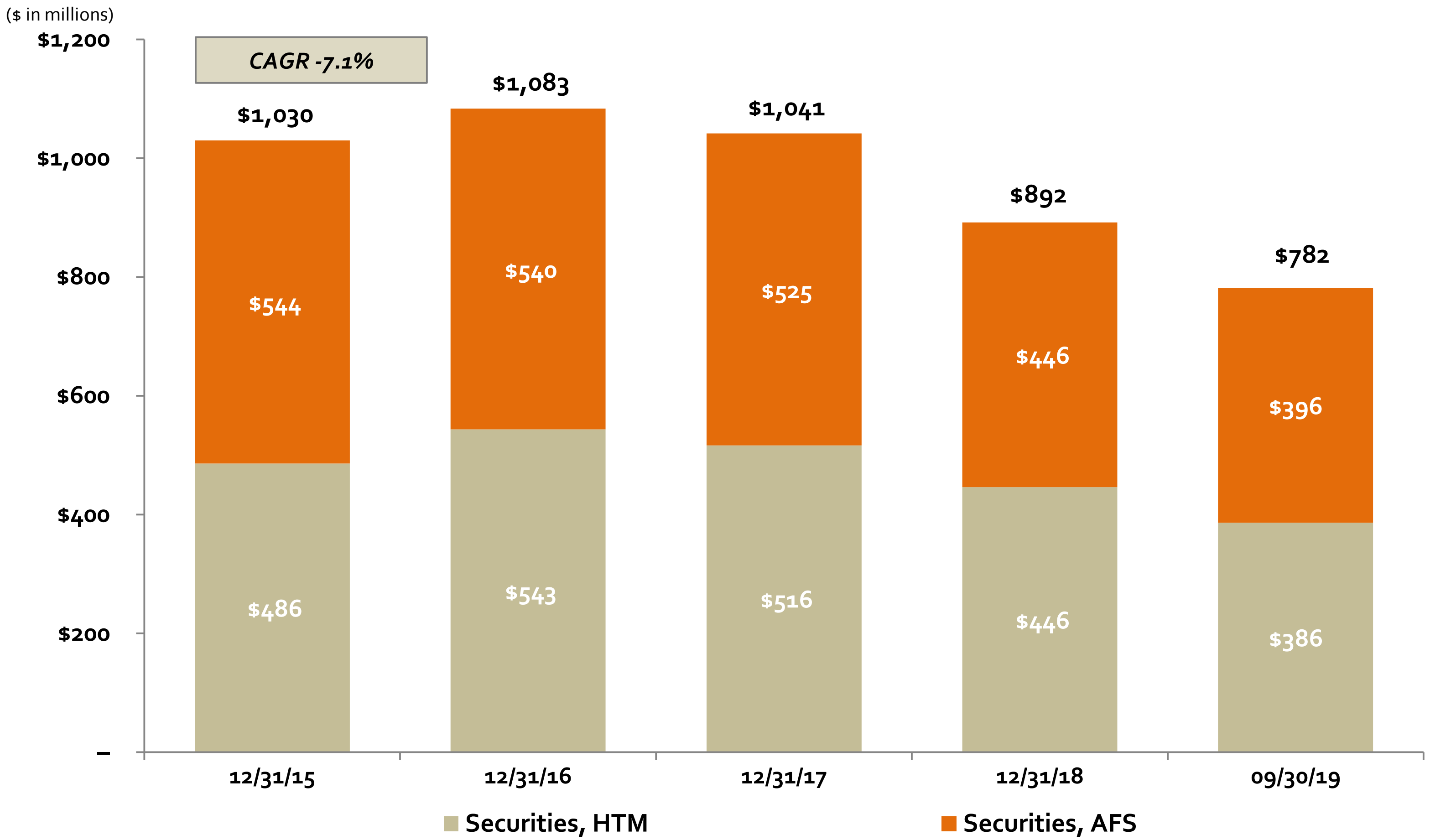
Quarterly Earnings Highlights (3Q'18 – 3Q'19)

($ in millions, except per share amounts)

Earnings Summary	3Q'18	4Q'18	1Q'19	2Q'19	3Q'19
Average interest-earning assets	$3,919	$4,004	$3,996	$4,008	**$3,959**
Net interest margin	3.17%	3.21%	3.24%	3.28%	**3.29%**
Net interest income	30.9	32.0	31.8	32.5	**32.5**
Noninterest income	9.8	9.4	9.1	9.2	**12.3**
Total revenue	**$40.7**	**$41.4**	**$40.9**	**$41.7**	**$44.8**
Noninterest expense	($25.5)	($27.8)	($25.2)	($25.0)	**($25.9)**
Pre-provision net revenue	15.2	13.6	15.7	16.7	**18.9**
Provision for loan losses	(2.1)	(3.9)	(1.2)	(2.4)	**(1.8)**
Pre-tax net income	13.1	9.7	14.5	14.3	**17.1**
Income tax expense	(2.5)	(2.2)	(3.0)	(2.9)	**(4.3)**
Net income	**$10.6**	**$7.5**	**$11.5**	**$11.4**	**$12.8**
Preferred stock dividends	(0.4)	(0.4)	(0.4)	(0.4)	**(0.3)**
Net income available to common shareholders	**$10.2**	**$7.1**	**$11.1**	**$11.0**	**$12.5**
Earnings per share - diluted	$0.64	$0.45	$0.70	$0.69	**$0.78**
Weighted average common shares outstanding - diluted	15.9	15.9	16.0	16.0	**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.

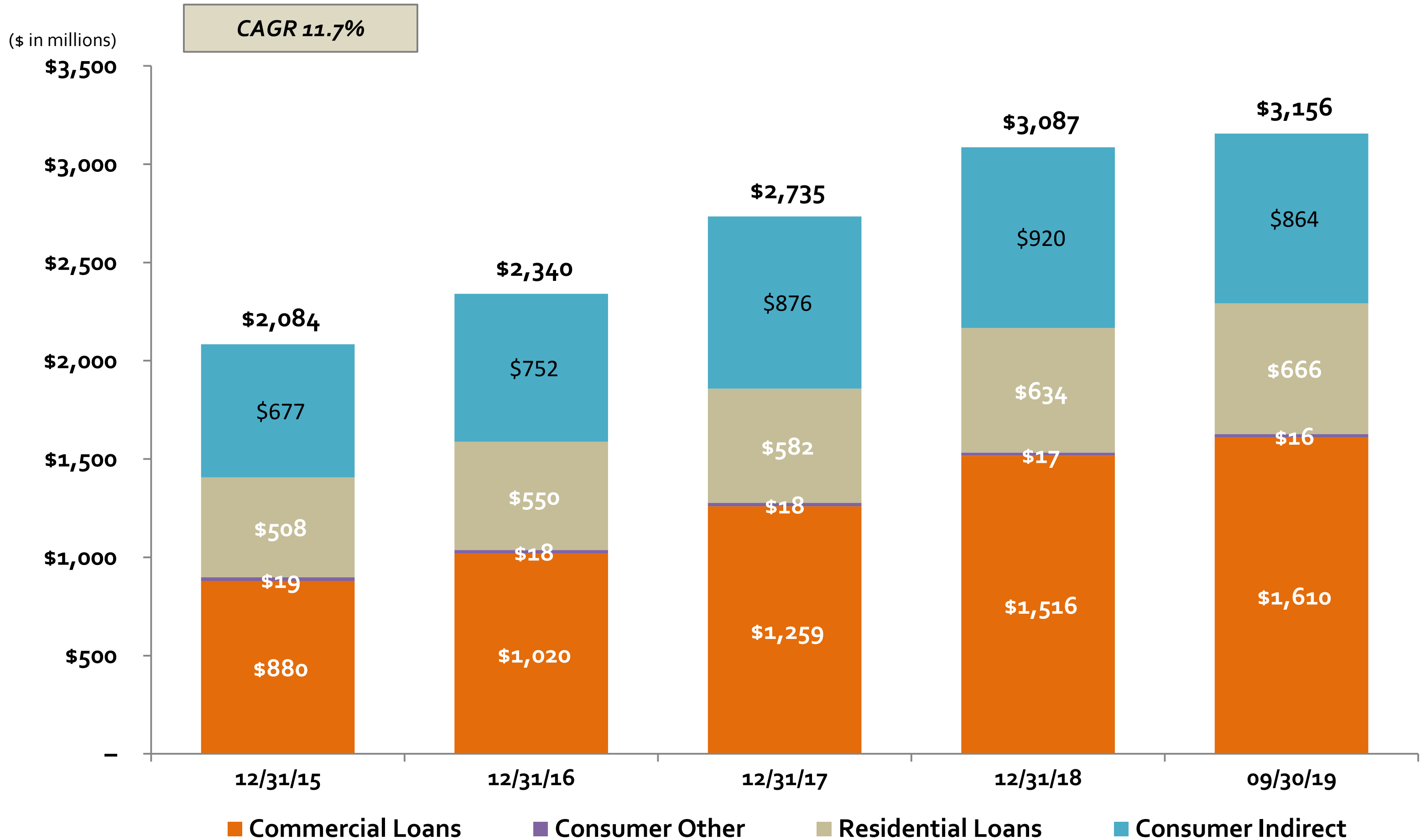


	2015	2016	2017	2018	2019 YTD
Security Yield(1)	2.46%	2.45%	2.48%	2.33%(2)	2.38%(2)

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

Total Loans

- Year-to-date 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



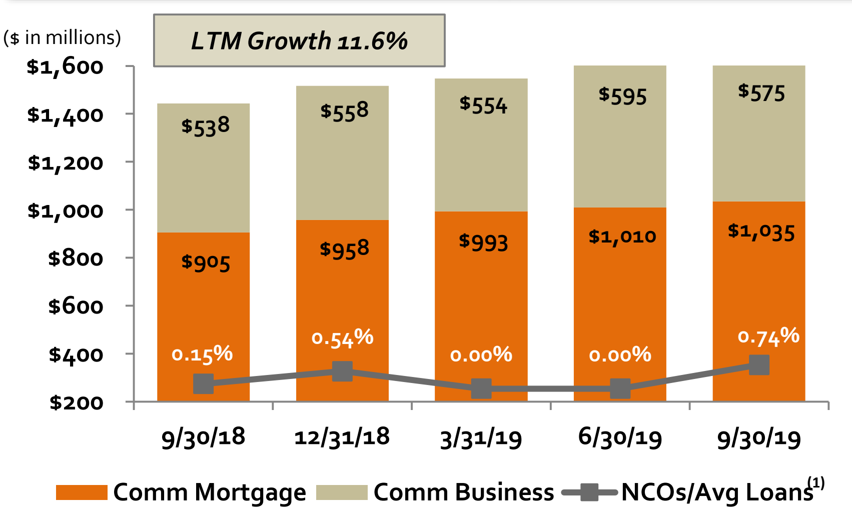
	2015	2016	2017	2018	2019 YTD
Loan Yield(1)	4.21%	4.18%	4.22%	4.51%	4.79%

(1) Average yield for the period

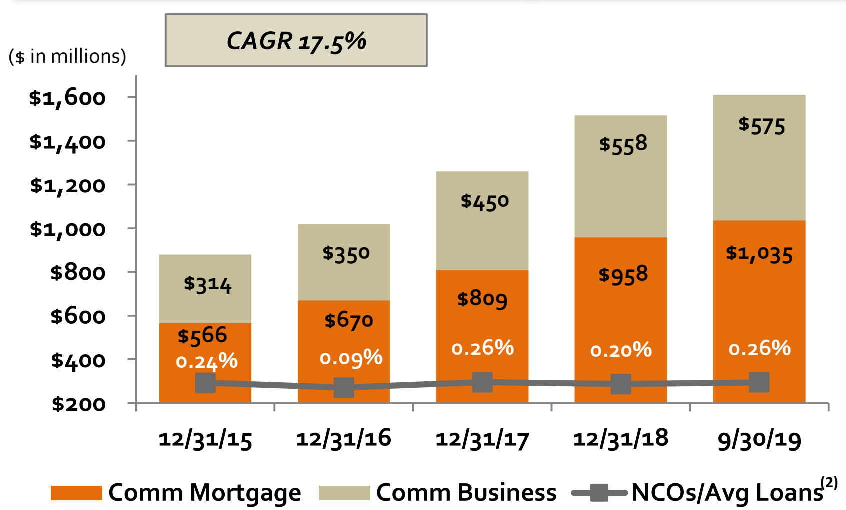
Commercial Banking

- Year-to-date growth in commercial business loans of 3% and commercial mortgage loans of 8%
- Includes growth in higher-yielding Small Business Commercial Lending
- Third quarter 2019 growth was relatively flat as a result of increased 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

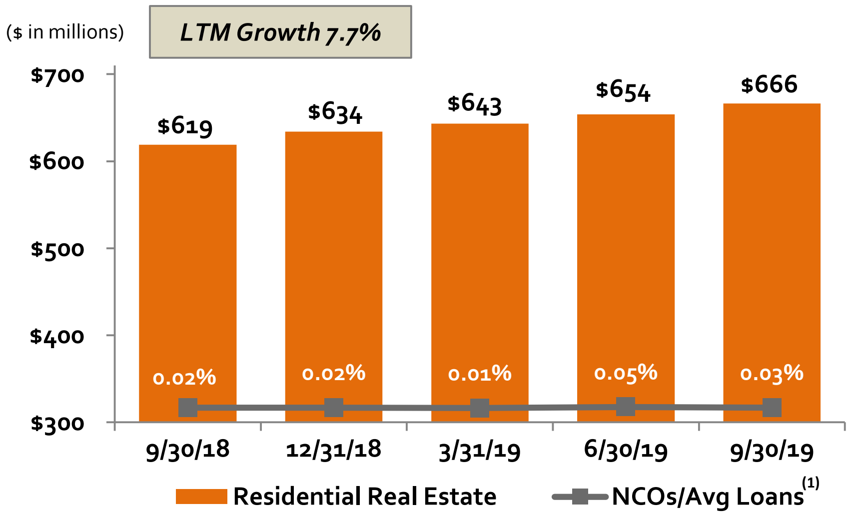


(1) For the quarter (annualized)
(2) For the year/year-to-date (annualized)

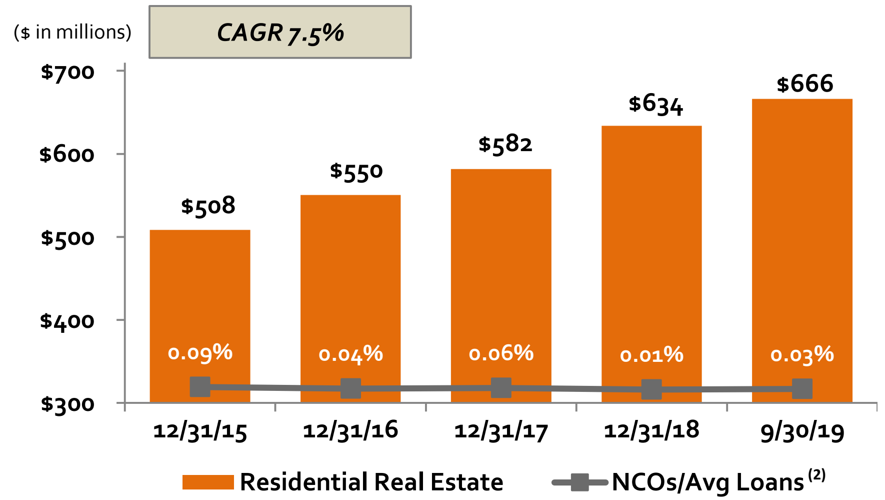
Residential Real Estate Loans and Lines

- 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
- 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 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

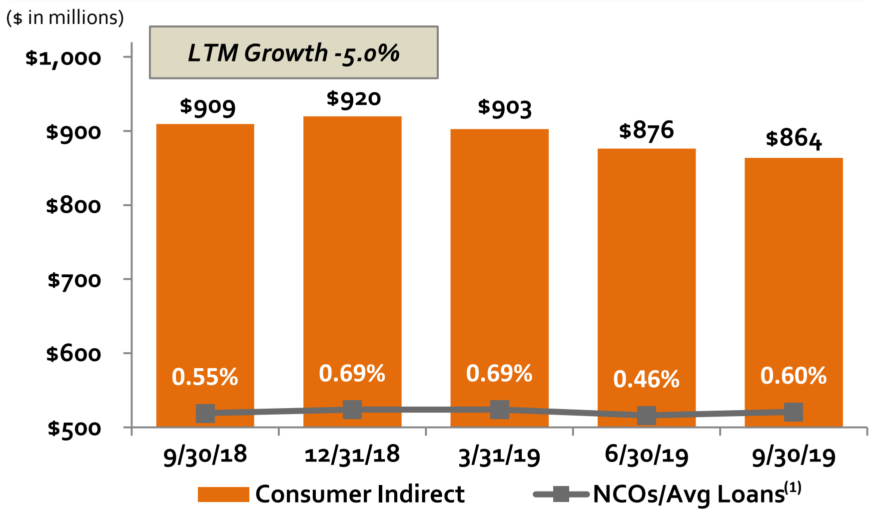


(1) For the quarter (annualized)
(2) For the year/year-to-date (annualized)

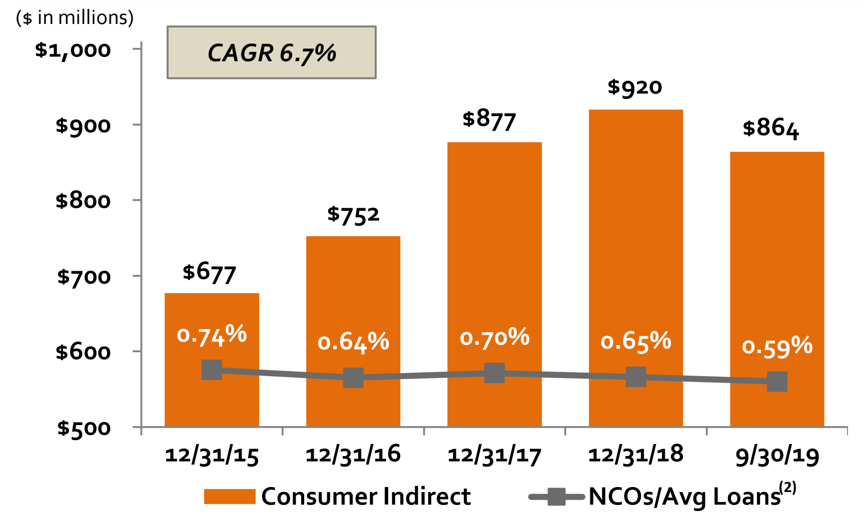
Consumer Indirect Lending

- $864 Million Portfolio at September 30, 2019
  - Portfolio represents 27.4% of total loans, down from 29.8% at 12/31/18 and peak of 35% at 12/31/13
  - 2019 year-to-date 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 730 and less than 3% 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



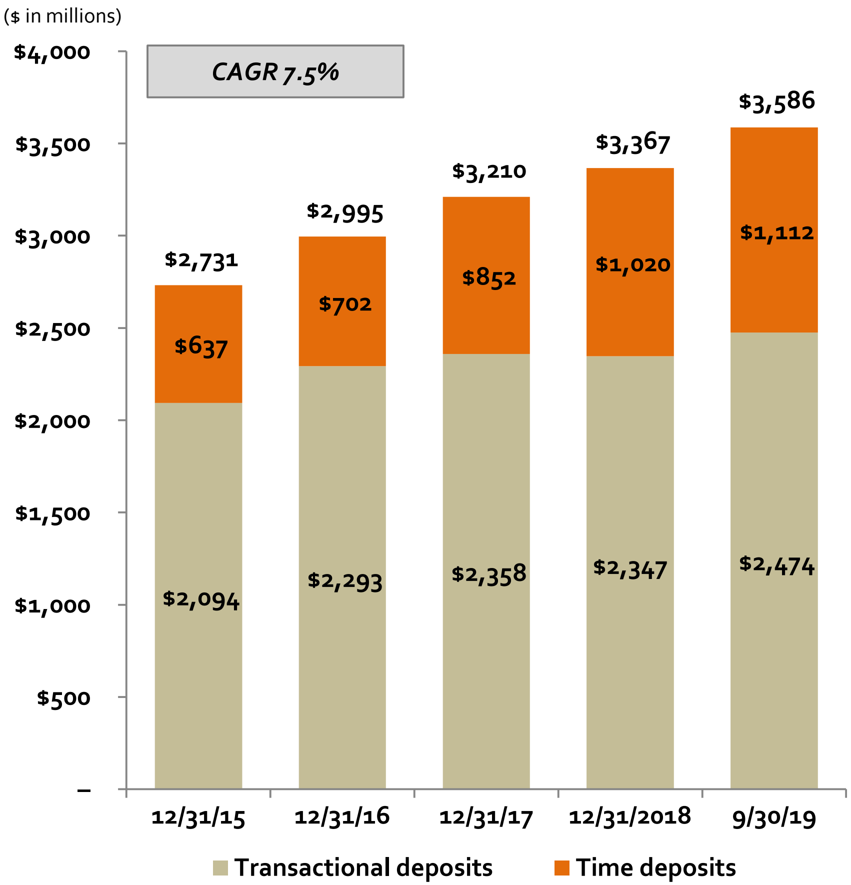
Consumer Indirect – Annual



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

Deposit Growth

Deposits (by account type)



	2015	2016	2017	2018	2019 YTD
Cost of Deposits(1)	0.27%	0.29%	0.35%	0.57%	0.83%

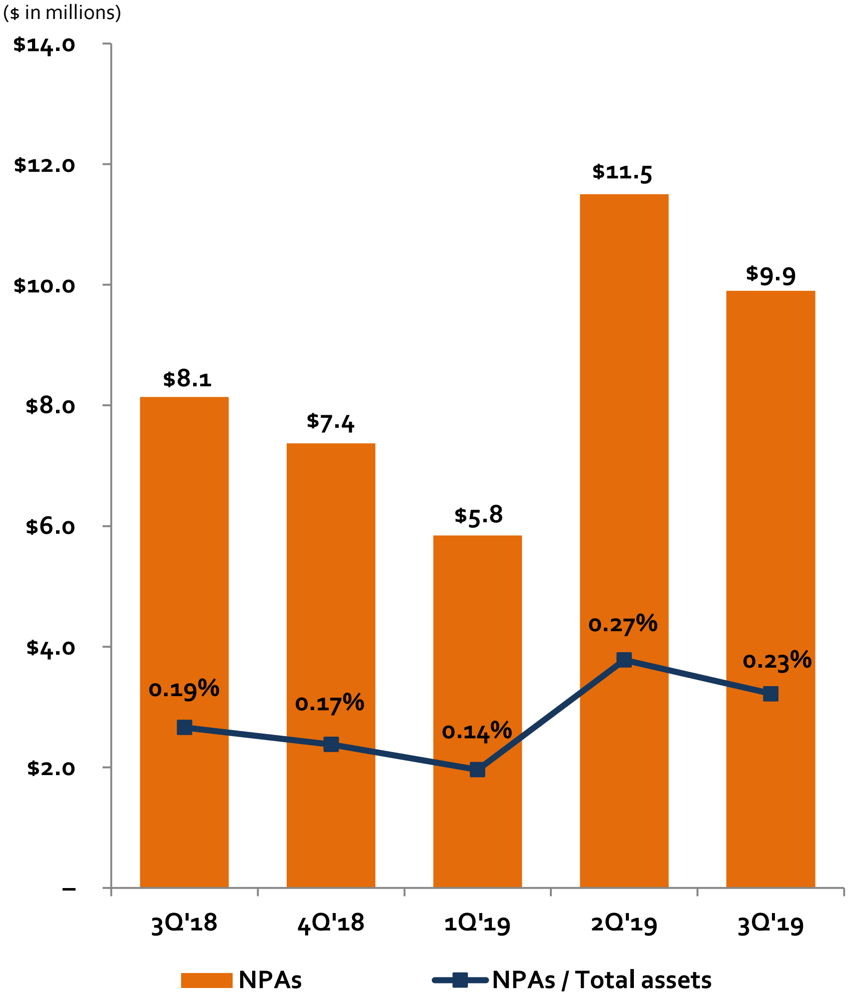
Commentary

- 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 28% of deposits at 9/30/19 compared to 25% at 12/31/18
  - Low cost funding source
  - Dedicated sales force
  - FSB currently has 315 municipal customers

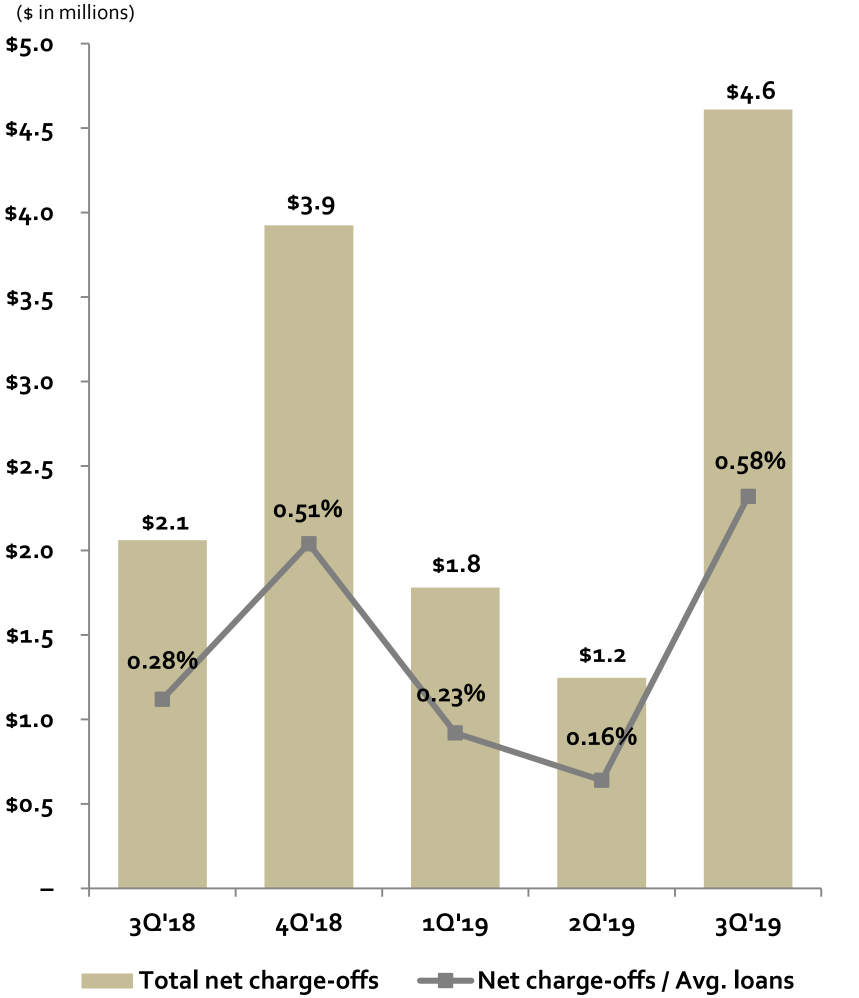
(1) For the year/year-to-date (annualized)

Asset Quality

Non-Performing Assets



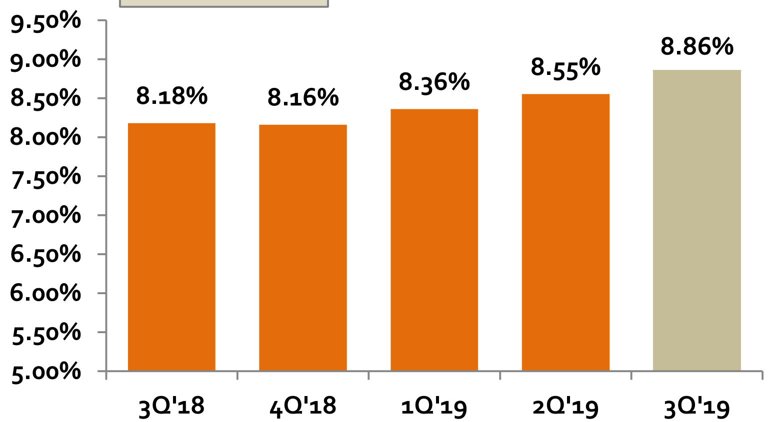
Net Charge-Offs



Capital Ratios

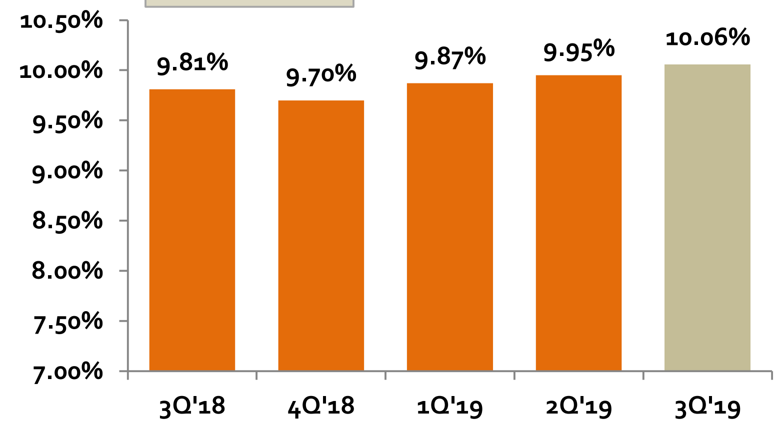
Leverage Ratio [1]

Minimum 5.00%



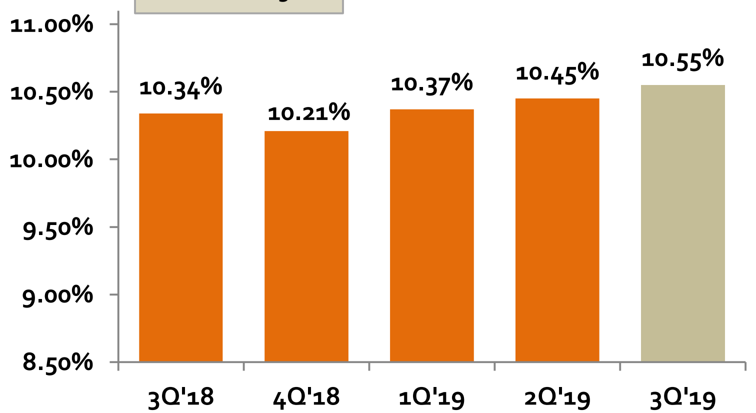
Common Equity Tier 1 Capital Ratio [1]

Minimum 7.00%



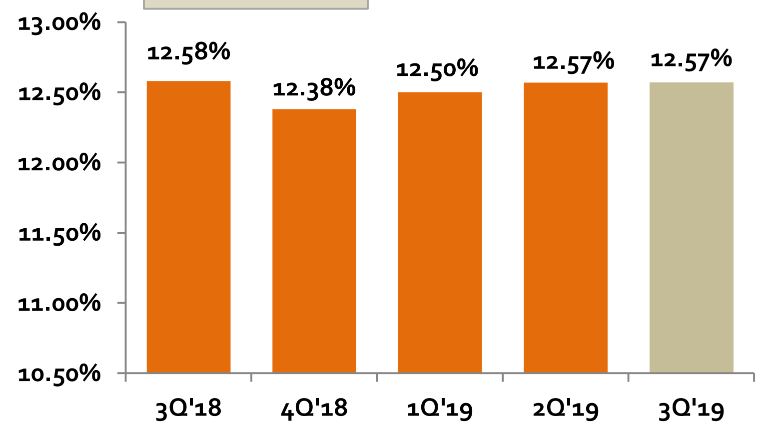
Tier 1 Capital Ratio [1]

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

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,			YTD
($ in thousands, except per share data)	9/30/2018	6/30/2019	9/30/2019	2019
Computation of ending tangible common equity:				
Common shareholders' equity	$ 374,825	$ 405,026	$ 415,289	
Less: Goodwill and other intangible assets, net	78,853	75,534	75,225	
Tangible common equity	295,972	329,492	340,064	
Computation of ending tangible assets:				
Total assets	$ 4,258,385	$ 4,313,945	$ 4,332,737	
Less: Goodwill and other intangible assets, net	78,853	75,534	75,225	
Tangible assets	4,179,532	4,238,411	4,257,512	
Tangible common equity to tangible assets(1)	7.08%	7.77%	7.99%	
Common shares outstanding	15,925	15,995	15,997	
Tangible common book value per share(2)	$ 18.59	$ 20.60	$ 21.26	
Computation of average tangible common equity:				
Average common equity	$ 374,482	$ 398,083	$ 412,073	$ 398,033
Less: Average goodwill and other intangible assets, net	79,047	75,711	75,401	75,713
Average tangible common equity	295,435	322,372	336,672	322,320
Computation of average tangible assets:				
Average assets	$ 4,187,538	$ 4,300,254	$ 4,260,810	$ 4,281,270
Less: Average goodwill and other intangible assets, net	79,047	75,711	75,401	75,713
Average tangible assets	4,108,491	4,224,543	4,185,409	4,205,557
Net income available to common shareholders	10,212	11,035	12,468	34,659
Return on average tangible common equity(3)	13.71%	13.73%	14.69%	14.38%
Pre-tax pre-provision income:				
Net income	$ 10,577	$ 11,401	$ 12,833	
Add: Income tax expense	2,560	2,939	4,281	
Add: Provision for loan losses	2,061	2,354	1,844	
Pre-tax pre-provision income	$ 15,198	$ 16,694	$ 18,958	

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.