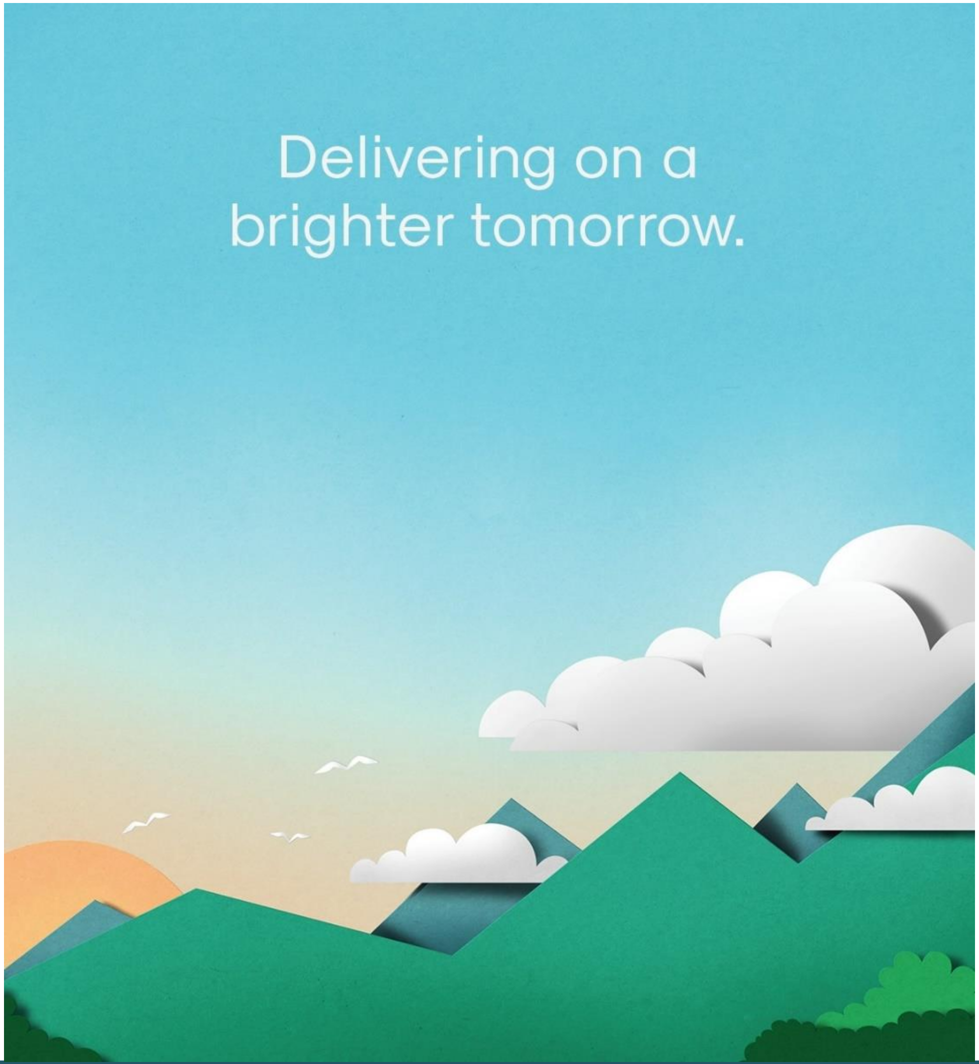


FINANCIAL INSTITUTIONS, INC. (Nasdaq: FISI)
First Quarter 2020 Earnings Presentation
April 30, 2020

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.

Our COVID-19 Response

Helping our customers, associates and communities. Today. Tomorrow. Always.

Associates

- 65% of associates working from home or remotely since March 16
- Special bi-weekly bonuses for front line associates
- Additional paid days off to manage personal needs, e.g., childcare, along with other flex working arrangements
- No furloughs; continue to pay associates at home, including branch associates

Consumers

- Nearly 90% of our branches remain open(1); with two of our urban locations operating normally to ensure continued access to full-service banking by under-served communities
- Extensive customer relief, including:
  - Waiving of certain fees (e.g., late payment, NSF, among others)
  - Not reporting payment deferrals to credit bureaus
  - Up to 90-day grace period for consumer, mortgage and auto loan payments
  - Providing lower rate emergency loans, up to $5,000, to consumers
- Continuing to responsibly lend to qualified consumers

Businesses

- SBA Paycheck Protection Program
  - Over 1,000 small businesses applied
  - Successfully processed ~600 apps before SBA funds were exhausted
  - First round resulted in ~$200MM SBA loans to small businesses across Western and Central NY
    - Loans ranged from $3,100 to $10MM
    - Median loan size was $84k
    - 81% of loans fell into smallest SBA loan classification (<$350k)
  - Leveraged opportunity to acquire new customer relationships
  - Currently processing second round of PPP loans
- Relationship managers proactively engaging customer base throughout pandemic
- Thoughtfully extending credit to small business and commercial customers for working capital and operating purposes

(1) Drive-thru, vestibule ATM and appointment hours

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 March 31, 2020

Assets:	$4.5 billion
Loans:	$3.2 billion
Deposits:	$3.8 billion
Shareholders' Equity:	$439.4 million
NPAs[1]/Total Assets:	0.29%
Employees:	~ 700
ROACE (TTM):	8.95%
ROATCE[2] (TTM):	10.94%
ROAA (TTM):	0.89%
Annualized Dividend Per Share:	$1.04
Closing Stock Price Per Share:	$18.14
Dividend Yield:	5.73%
Market Capitalization:	$290.6 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

First Quarter Key Statistics[1]

- Diluted earnings per share was $0.05 as compared to $0.70 in 2019
- First quarter 2020 results were negatively impacted by significantly higher provision of $13.9 million as compared to $1.2 million in 2019
  - Higher provision driven by impact of COVID-19 on the economic environment
  - After-tax impact of higher provision was $0.59 per share
- Pre-tax pre-provision income[2] was $15.4 million as compared to $15.7 million in 2019
- Net interest income of $33.1 million was $1.3 million, or 4.2%, higher than the first quarter of 2019
- Net interest margin ("NIM") expanded to 3.31% from 3.24%
- Common equity to assets ratio at quarter-end was 9.44% – an increase of 35 basis points from March 31, 2019
- Tangible common equity to tangible assets[2], or TCE ratio, was 7.90% at quarter-end – an increase of 45 basis points from March 31, 2019

(1) As compared to first quarter 2019
(2) Refer to "Non-GAAP Reconciliation" in Appendix

First Quarter 2020

Results Summary

	1Q'19	4Q'19	1Q'20
Net interest income	$31.8	$33.2	**$33.1**
Noninterest income	9.1	9.7	10.0
Noninterest expense	(25.2)	(26.8)	(27.7)
Income tax expense	(3.0)	(0.3)	(0.4)
Preferred stock dividend	(0.4)	(0.4)	(0.3)
Net income available to common shareholders	$11.1	$12.7	$0.8
EPS diluted	$0.70	$0.79	$0.05
Return on average assets	1.09%	1.21%	0.10%
Return on average common equity	11.79%	12.02%	**0.72%**
Return on average tangible common equity[1]	14.71%	14.64%	**0.88%**
Net interest margin	3.24%	3.33%	**3.31%**
Efficiency ratio[2]	60.99%	62.05%	**64.31%**
Dividends per share	$0.25	$0.25	$0.26
Dividend yield (annualized)	3.73%	3.09%	**5.76%**

Commentary

- Net interest income increased $1.3MM from 1Q'19 primarily due to change in interest-earning asset mix as loans became larger percentage of portfolio; and was relatively unchanged compared to 4Q'19.
- Noninterest income increased $842K from 1Q'19 due to higher income from derivative instruments ($578K), and gain on investment securities ($274K); and increased $295K from 4Q'19 primarily due to higher insurance income ($468K) and lower net loss on tax credit investments ($488K), partially offset by lower income from derivative instruments ($515K).
- Noninterest expense increased $2.6MM from 1Q'19 primarily due to higher salaries and benefits ($1.0MM) and professional services ($994K), and increased $954K from 4Q'19, due to higher salaries and benefits ($345K), professional services ($346K) and FDIC assessments ($372K).
- Effective tax rate was 22.2% for 1Q'20 compared to 2.3% for 4Q'19 and 20.8% for 1Q'19; recognized $2.7 million of federal and state tax benefits related to tax credit investments in 4Q'19

(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 (1Q'19 – 1Q'20)

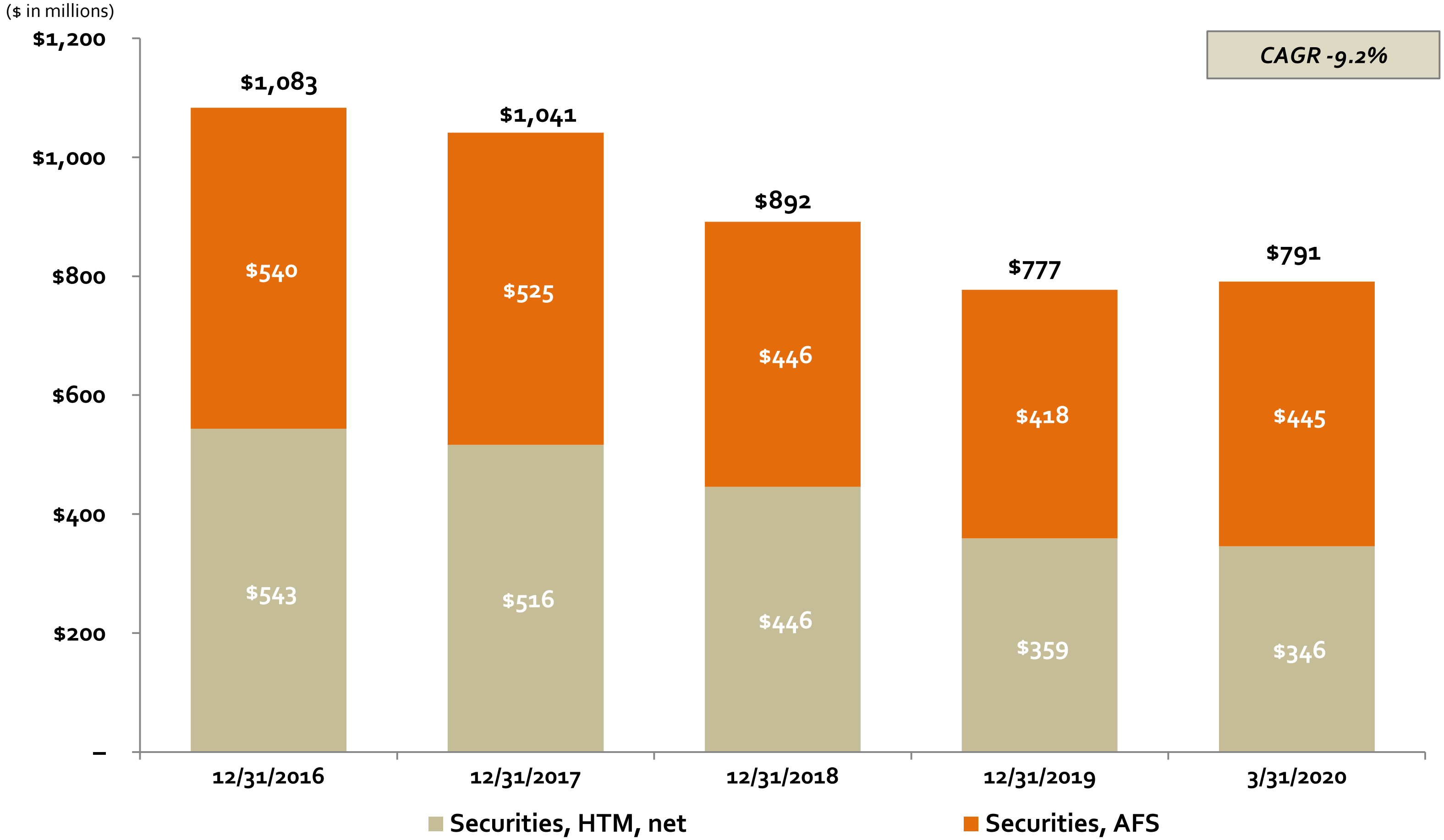
($ in millions, except per share amounts)

Earnings Summary	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20
Average interest-earning assets	$3,996	$4,008	$3,959	$3,994	**$4,054**
Net interest margin	3.24%	3.28%	3.29%	3.33%	**3.31%**
Net interest income	31.8	32.5	32.5	33.2	**33.1**
Noninterest income	9.1	9.2	12.3	9.7	**10.0**
Total revenue	**$40.9**	**$41.7**	**$44.8**	**$42.9**	**$43.1**
Noninterest expense	($25.2)	($25.0)	($25.9)	($26.8)	**($27.7)**
Pre-tax pre-provision income (1)	15.7	16.7	18.9	16.1	**15.4**
Provision for credit losses	(1.2)	(2.4)	(1.8)	(2.7)	**(13.9)**
Pre-tax net income	14.5	14.3	17.1	13.4	**1.5**
Income tax expense	(3.0)	(2.9)	(4.3)	(0.3)	**(0.4)**
Net income	**$11.5**	**$11.4**	**$12.8**	**$13.1**	**$1.1**
Preferred stock dividends	(0.4)	(0.4)	(0.3)	(0.4)	**(0.3)**
Net income available to common shareholders	**$11.1**	**$11.0**	**$12.5**	**$12.7**	**$0.8**
Earnings per share - diluted	$0.70	$0.69	$0.78	$0.79	**$0.05**
Weighted average common shares outstanding - diluted	16.0	16.0	16.1	16.1	**16.1**

(1) Refer to "Non-GAAP Reconciliation" in Appendix

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.

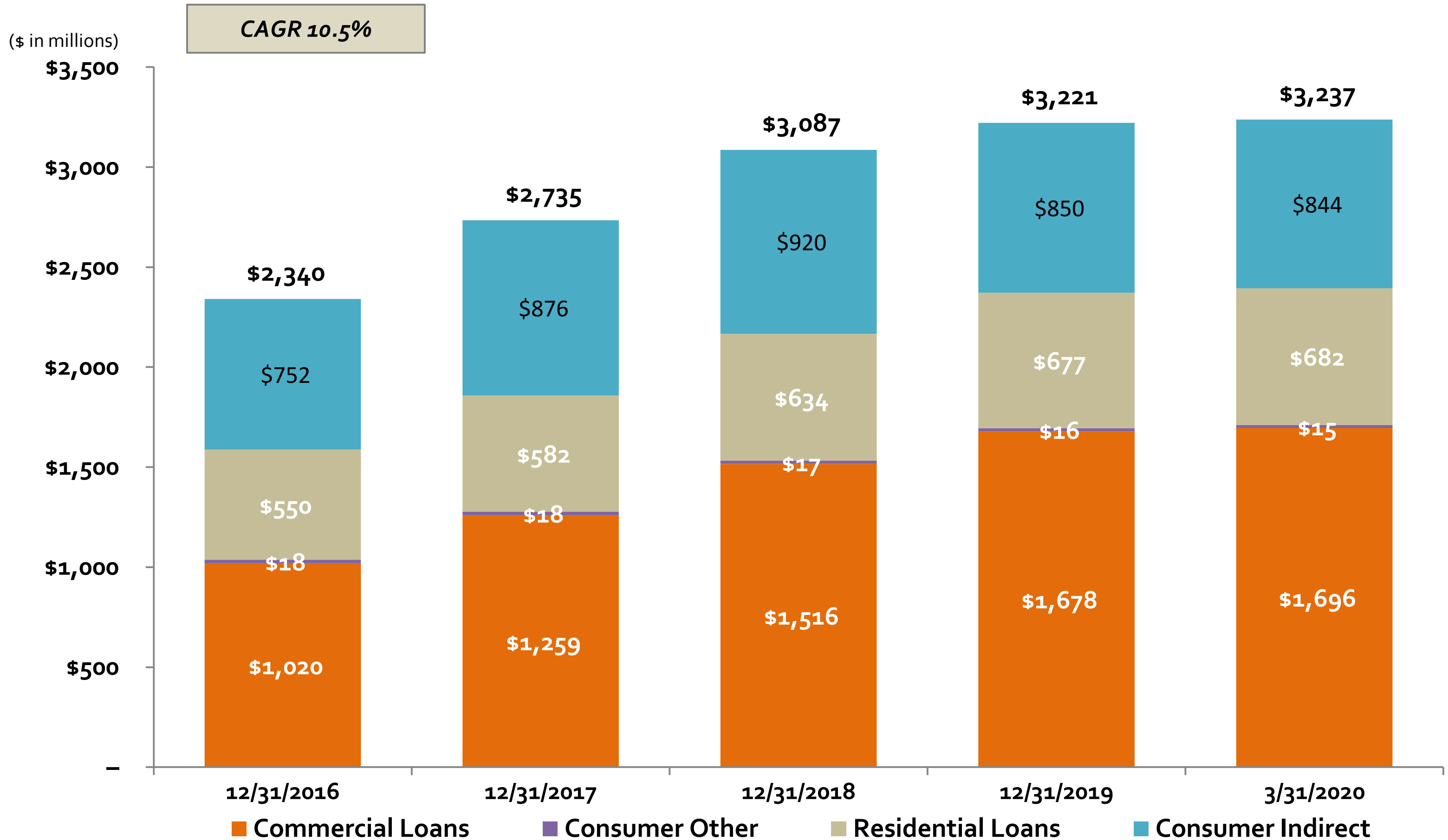


	2016	2017	2018	2019	2020 (YTD)
Security Yield(1)	2.45%	2.48%	2.33%(2)	2.39%(2)	2.48%(2)

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

Total Loans

- 2019 and 2020 growth reflects lower consumer indirect production as we maintain focus on growing relationship-based categories (commercial and residential) and scaling back consumer indirect lending, especially outside footprint



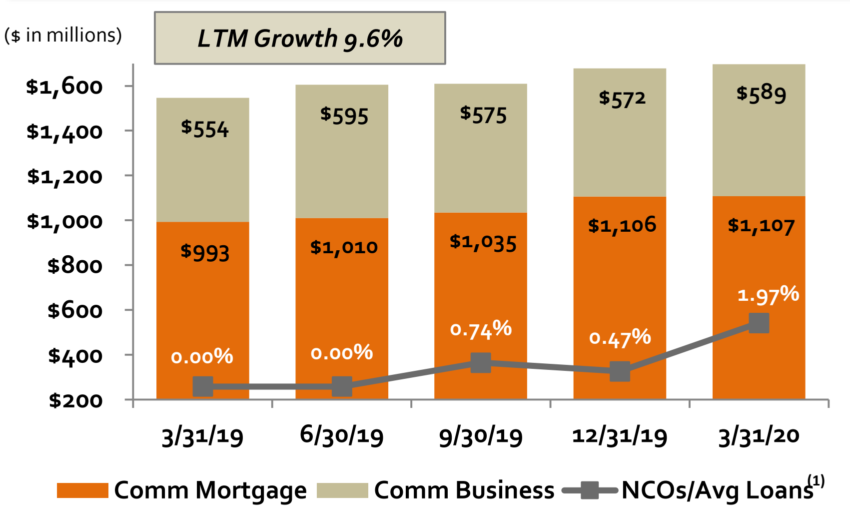
	2016	2017	2018	2019	2020 (YTD)
Loan Yield(1)	4.18%	4.22%	4.51%	4.77%	4.61%

(1) Average yield for the period

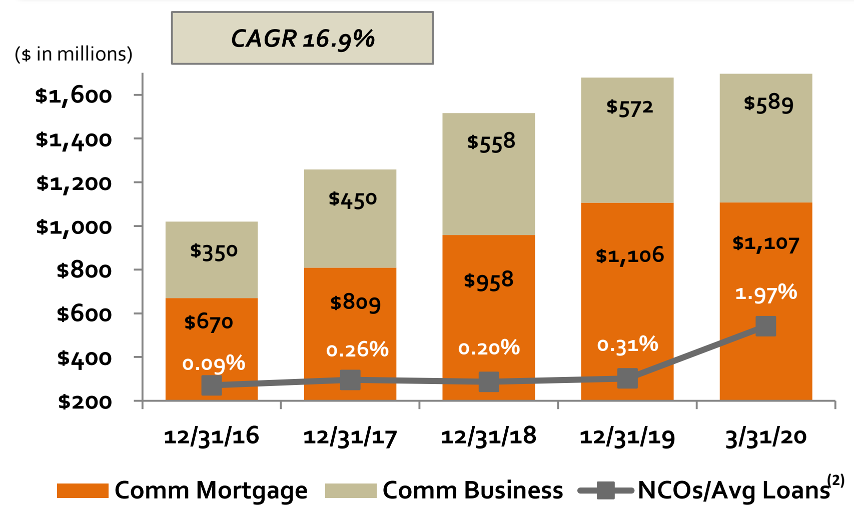
Commercial Banking

- Growth was muted in 1Q'20
  - Commercial mortgage experienced higher payoffs than 4Q'19, driving relatively flat linked quarter performance
- 2019 growth in commercial business loans of 3% and commercial mortgage loans of 16%
- 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



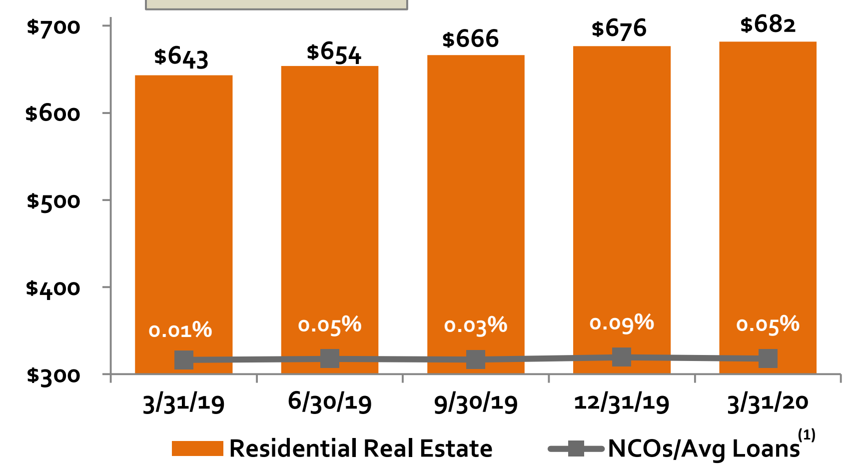
(1) For the quarter (annualized)
(2) For the year/year-to-date (annualized)

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
- 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

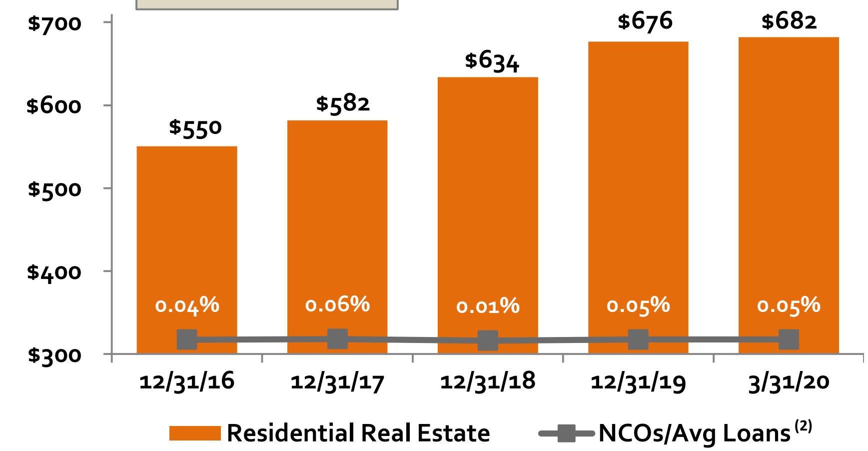
Residential Real Estate – Quarterly

($ in millions) **LTM Growth 6.0%**



Residential Real Estate – Annual

($ in millions) **CAGR 6.8%**

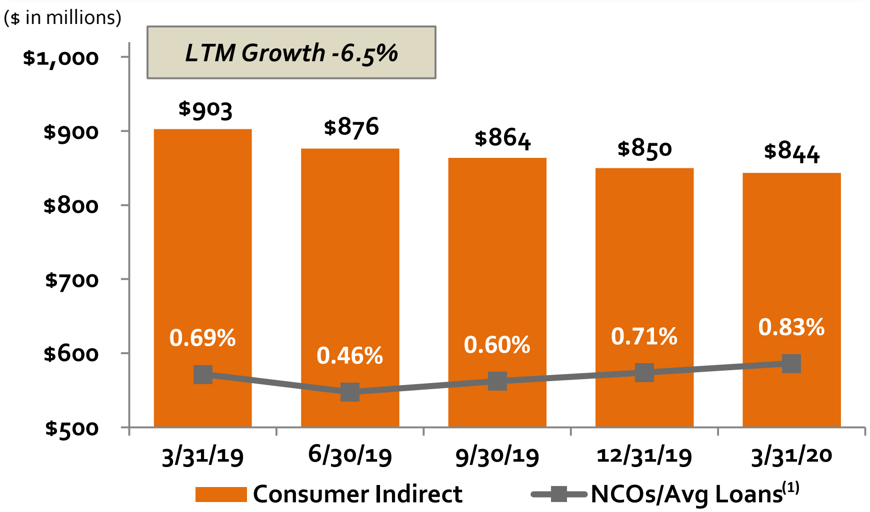


(1) For the quarter (annualized)
(2) For the year/year-to-date (annualized)

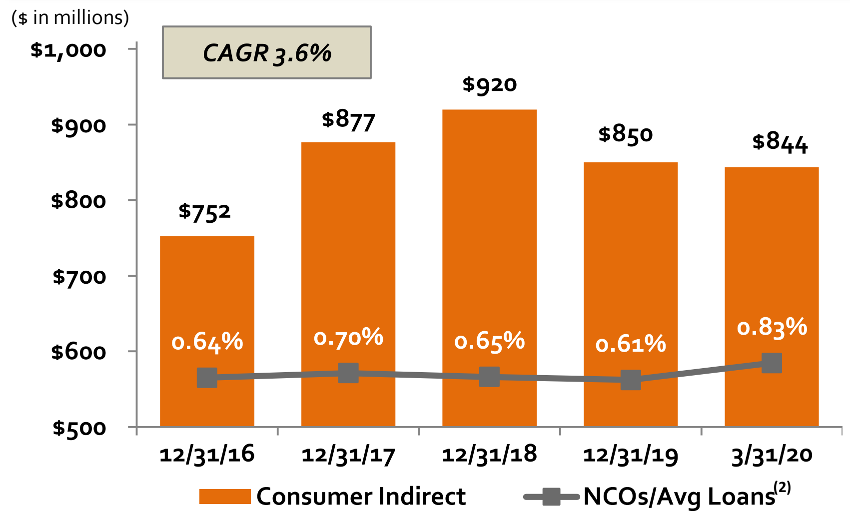
Consumer Indirect Lending

- $844 Million Portfolio at March 31, 2020
  - Portfolio represents 26.1% of total loans, down from 29.8% at 12/31/18 and peak of 35% at 12/31/13
  - '19 and '20 decline reflects lower consumer indirect production as we maintain focus on growing relationship-based categories (commercial and residential) and scaling back indirect lending, especially outside footprint
- Prime Lending Operation with average portfolio FICO score of approximately 725 with 3.9% 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



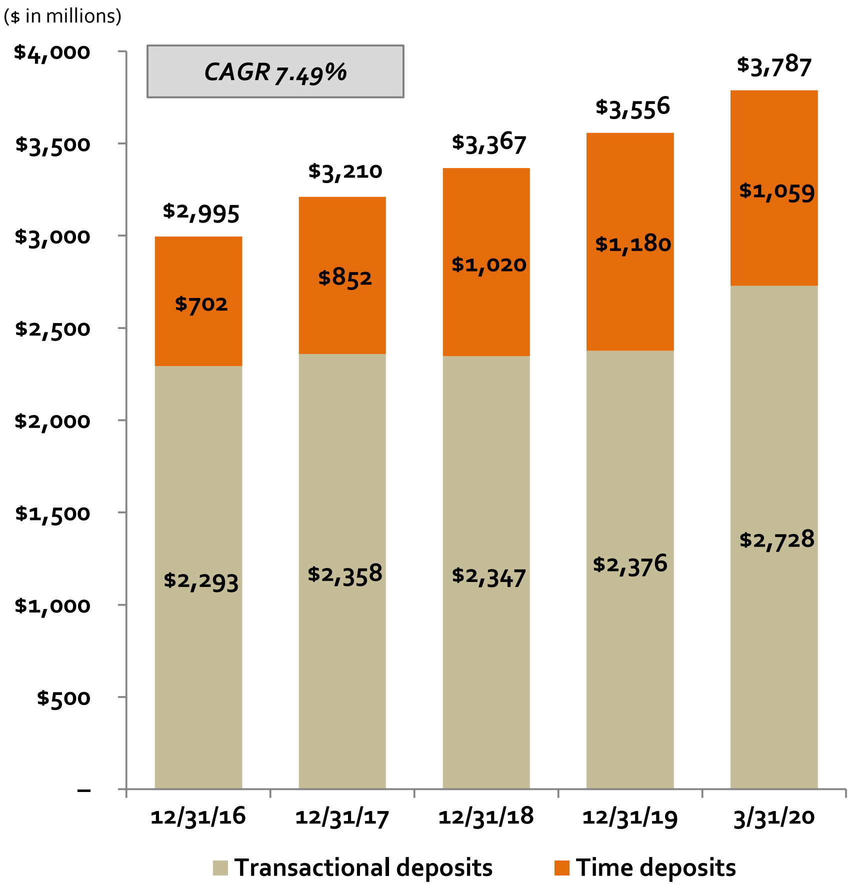
Consumer Indirect – Annual



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

Deposit Growth

Deposits (by account type)



	2016	2017	2018	2019	2020 (YTD)
Cost of Deposits (1)	0.29%	0.35%	0.57%	0.82%	0.77%

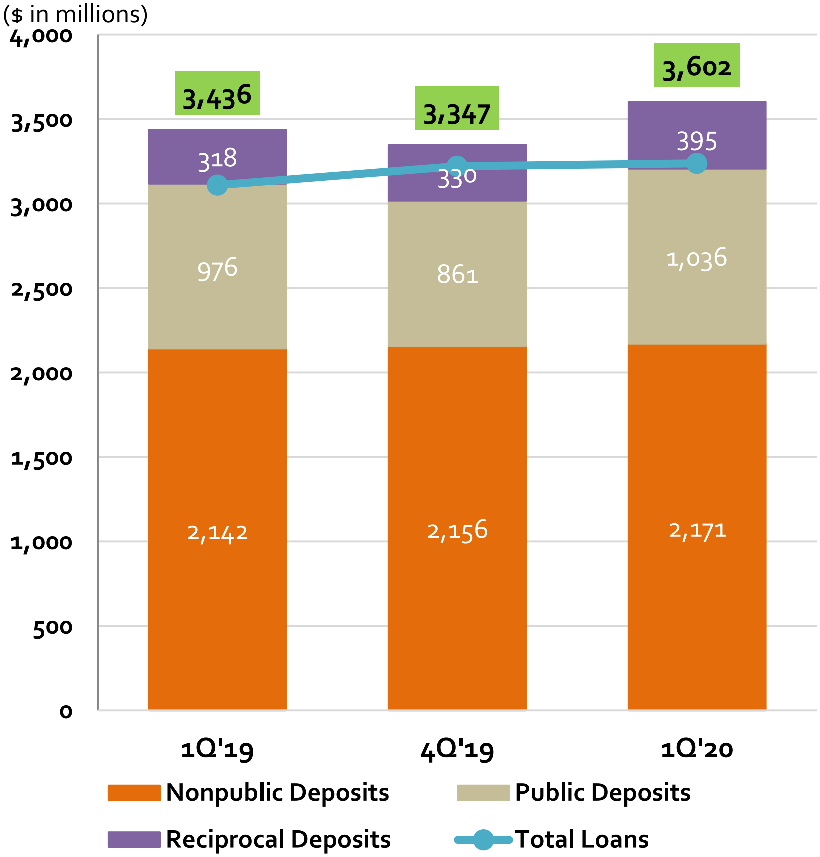
Commentary

- 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 27% of deposits at 3/31/20 compared to 24% of deposits at 12/31/19
  - Low cost funding source
  - Dedicated sales force
  - FSB currently has 313 municipal customers

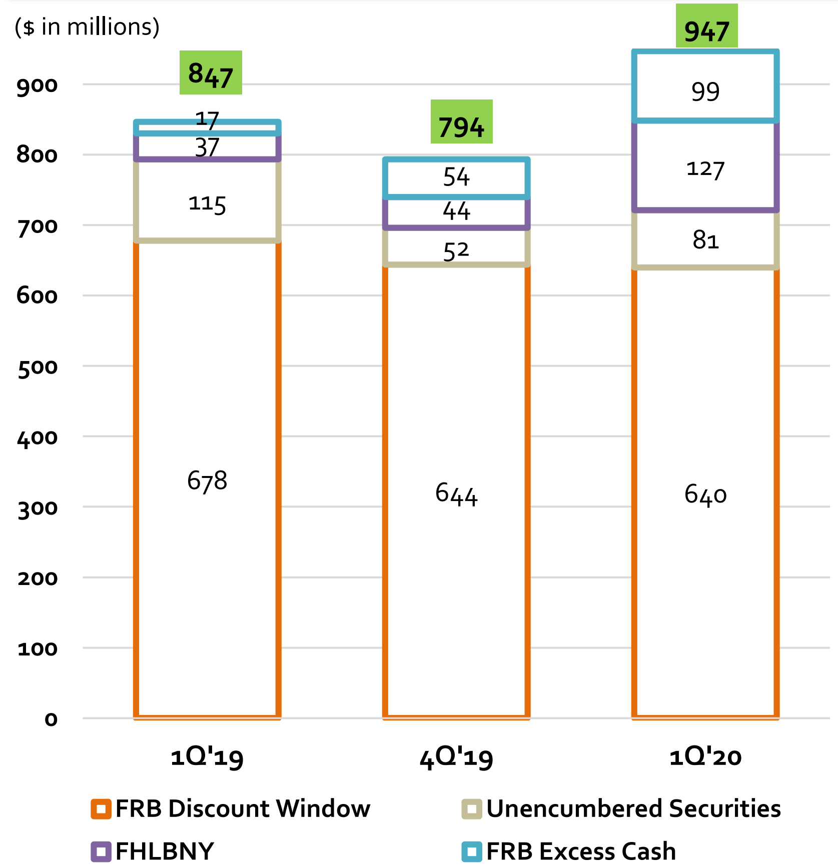
(1) For the year/year-to-date (annualized)

Key Liquidity Metrics

Deposit Mix (1)



Available Committed Liquidity

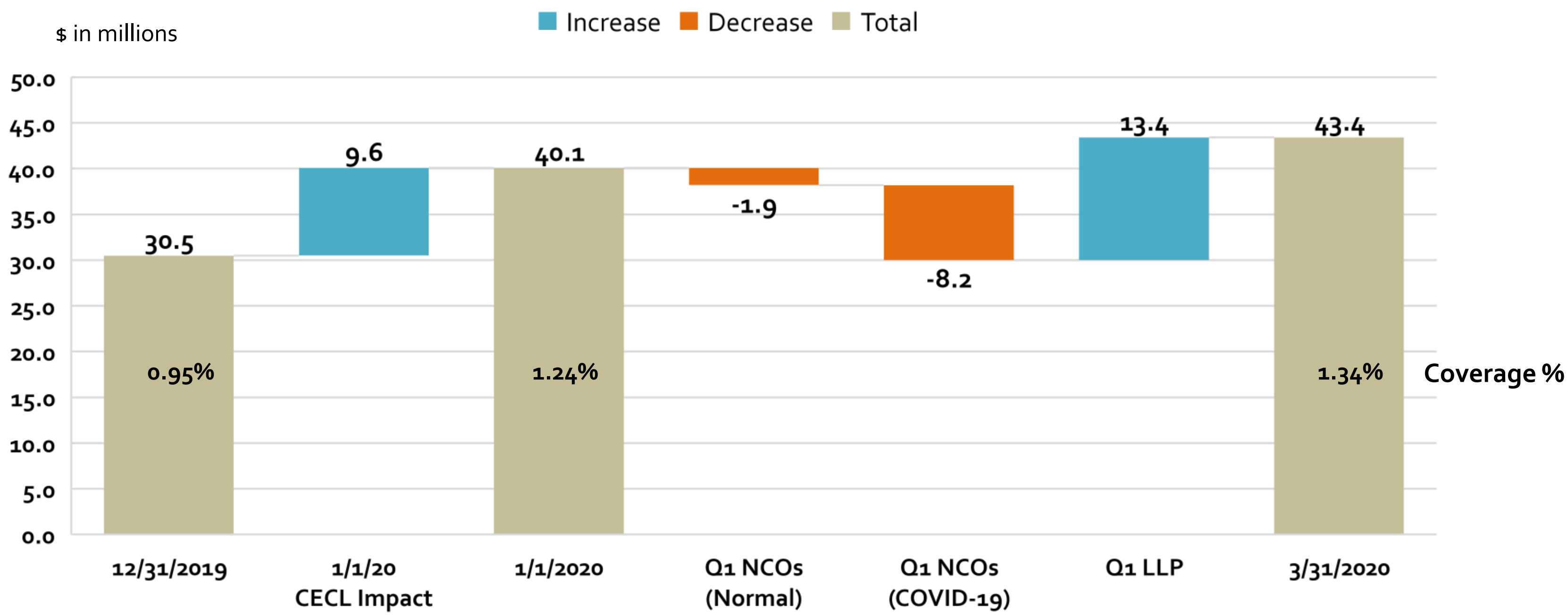


- Diverse deposit gathering capabilities
  - Core nonpublic deposits anchor our deposit base; 85.5% 1Q'20 loan to deposit ratio
  - 1Q'20 available committed liquidity improved in comparison to linked quarter and same quarter prior year

(1) Excluding Brokered Deposits

1Q'20 CECL Results

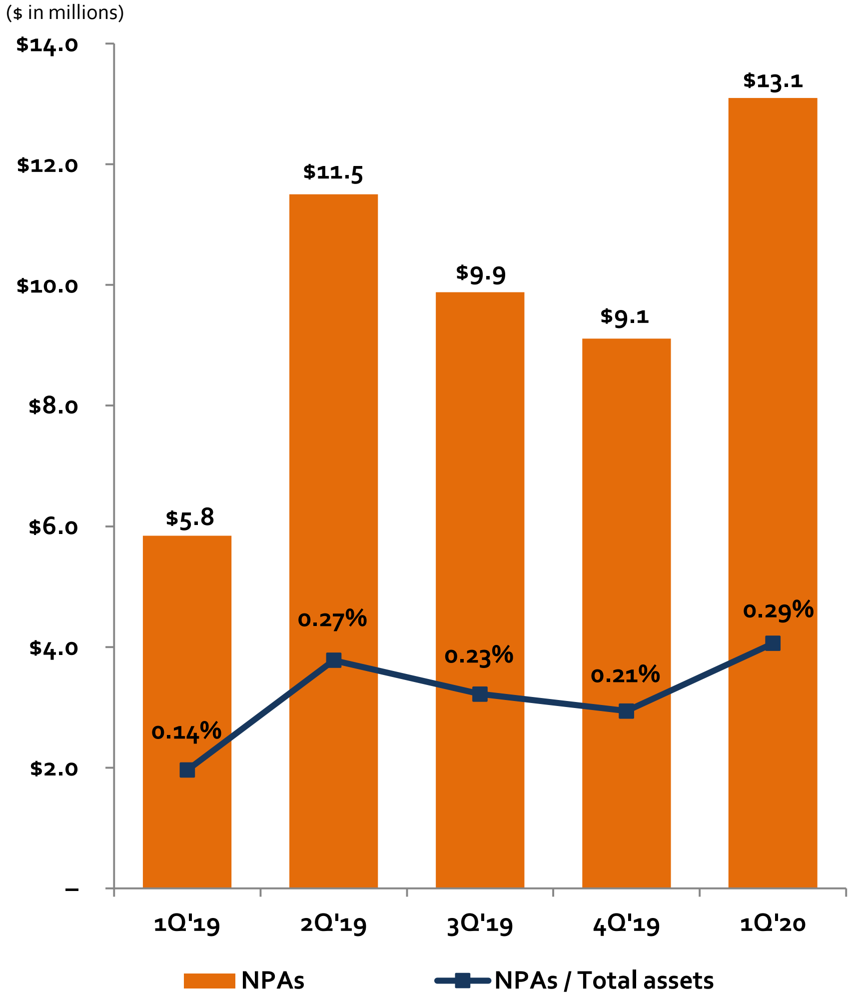
Allowance for Loan Losses



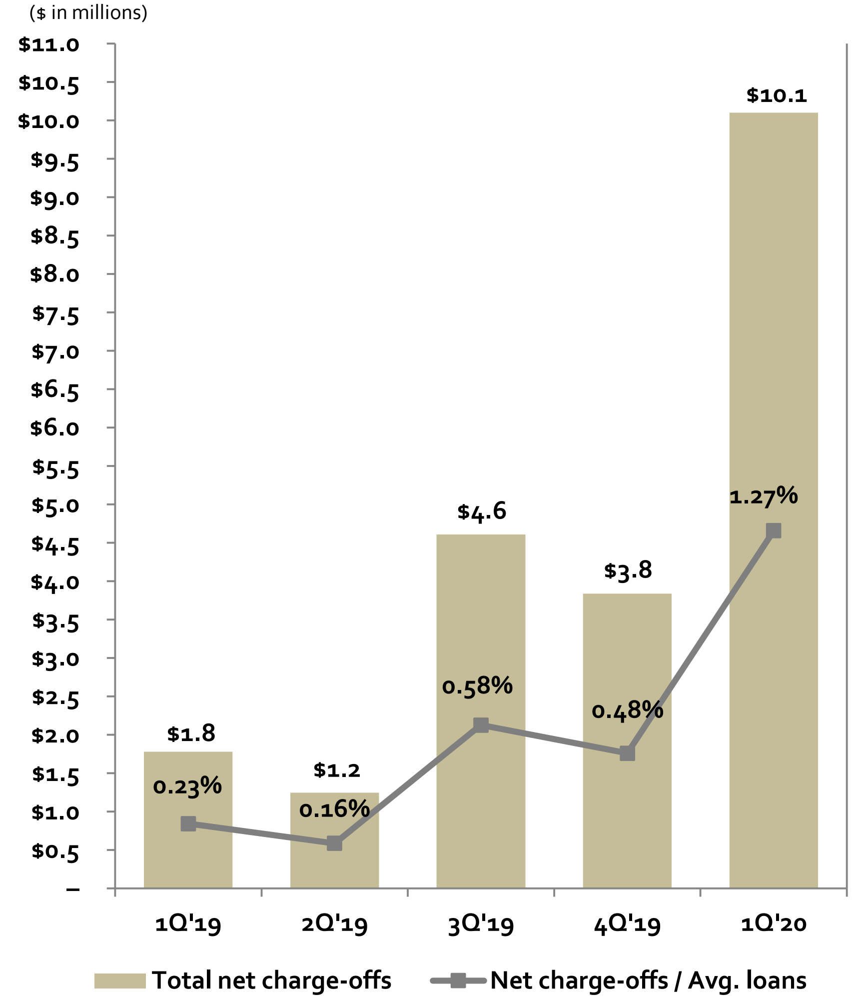
- Day 1 CECL adoption reflected steady unemployment at ~4%
  - 1/1/20 pre-tax allowance for loan loss adjustment of $9.6MM
- Day 2 CECL economic outlook included a significant increase in unemployment to ~11% in 2Q20
  - 1Q'20 LLP primarily driven by impacts of COVID-19

Asset Quality

Non-Performing Assets



Net Charge-Offs



COVID-19: Moderate Overall Exposure to Commercial Sectors Most Impacted in Current Environment

Most Impacted Sectors [1]

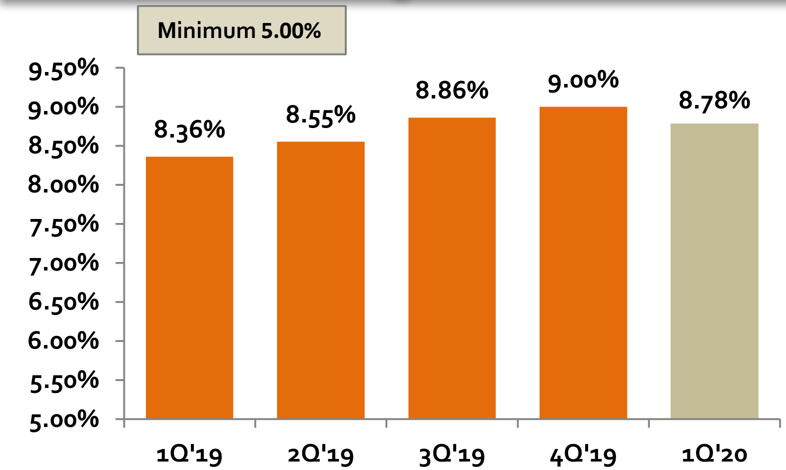
$ in millions	Commercial Loan Balances	
	Total	% of Total Loans
Construction	$67	2.0%
Retail	$145	4.4%
Hotel/Motel/Lodging	$95	2.9%
Restaurants / Food Services	$32	1.0%
Entertainment and Recreation	$33	1.0%
Mining / Quarrying / Oil & Gas	$9	0.3%
Auto Related	$10	0.3%
Grand Total	$391	12%

- Customer relief programs implemented on March 23rd, including waiving various fees and no-cost deferrals
  - Approximately 20% of most impacted sectors identified above have requested relief
- Did not assign TDR status to any loans impacted by COVID-19
- Does not include SBA Paycheck Protection Program (PPP) loans
- Net revolver draws increased on average by approximately $2 million per day from mid-March to mid-April, then subsequently moderated to a neutral position

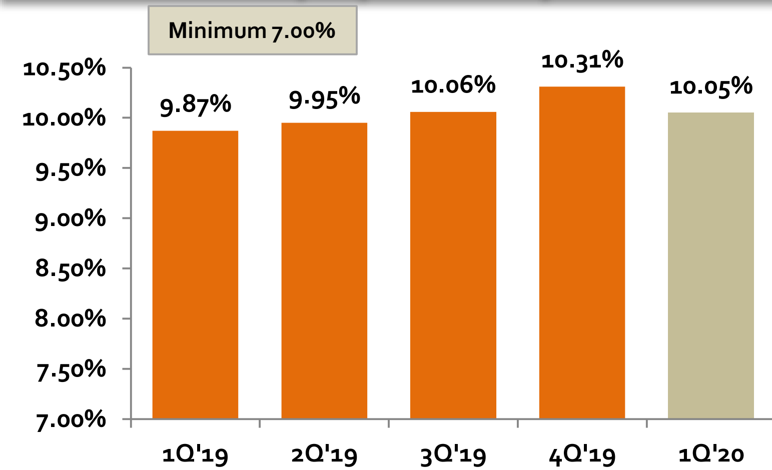
(1) Data as of 4/21/2020.

Capital Ratios

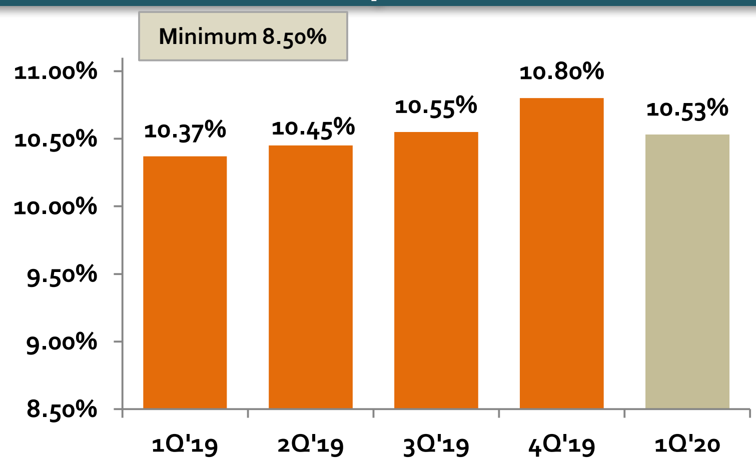
Leverage Ratio [1]



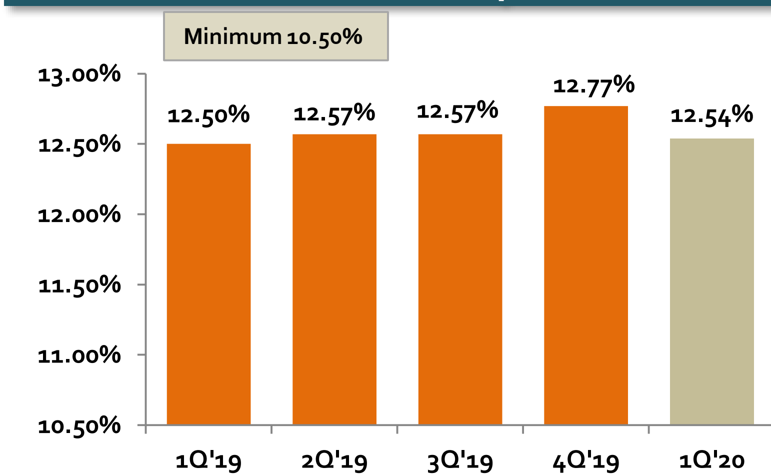
Common Equity Tier 1 Capital Ratio [1]



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.

Future Expectations

The COVID-19 crisis has impacted the global economy and our thoughts remain with the individuals and communities who have been impacted. Our guiding principles through this crisis have been the safety and health of our associates, serving our customers to the highest standards and doing our part to slow community spread of the virus so that the most vulnerable can get the care they need.

This crisis is expected to continue and it will impact financial results in the second quarter of 2020 and beyond. The Company's previously provided guidance did not anticipate a significant impact from COVID-19. As a result of the rapidly evolving situation and high degree of uncertainty, the Company does not believe that it can estimate the impact to financial and operational results with reasonable accuracy, and therefore withdraws previously provided 2020 guidance.

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,					TTM Ended
($ in thousands, except per share data)	3/31/2019	6/30/2019	9/30/2019	12/31/2019	3/31/2020	3/31/2020
Computation of ending tangible common equity:						
Common shareholders' equity	$ 390,925			$ 421,619	$ 422,065	$ 422,065
Less: Goodwill and other intangible assets, net	75,850			74,923	74,629	74,629
Tangible common equity	315,075			346,696	347,436	347,436
Computation of ending tangible assets:						
Total assets	$ 4,302,541			$ 4,384,178	$ 4,471,768	$ 4,471,768
Less: Goodwill and other intangible assets, net	75,850			74,923	74,629	74,629
Tangible assets	4,226,691			4,309,255	4,397,139	4,397,139
Tangible common equity to tangible assets(1)	7.45%			8.05%	7.90%	7.90%
Common shares outstanding	15,941			16,003	16,020	16,020
Tangible common book value per share(2)	$ 19.77			$ 21.66	$ 21.69	$ 21.69
Computation of average tangible common equity:						
Average common equity	$ 383,630			$ 420,472	$ 423,888	$ 413,643
Less: Average goodwill and other intangible assets, net	76,033			75,093	74,797	75,250
Average tangible common equity	307,597			345,379	349,091	338,393
Computation of average tangible assets:						
Average assets	$ 4,282,991			$ 4,299,342	$ 4,376,125	$ 4,308,974
Less: Average goodwill and other intangible assets, net	76,033			75,093	74,797	75,250
Average tangible assets	4,206,958			4,224,249	4,301,328	4,233,724
Net income available to common shareholders	11,156			12,742	762	37,006
Return on average tangible common equity(3)	14.71%			14.64%	0.88%	10.94%
Pre-tax pre-provision income:						
Net income	$ 11,521	$ 11,401	$ 12,833	$ 13,107	$ 1,127	
Add: Income tax expense	3,027	2,939	4,281	312	322	
Add: Provision for credit losses	1,193	2,354	1,844	2,653	13,915	
Pre-tax pre-provision income	$ 15,741	$ 16,694	$ 18,958	$ 16,072	$ 15,364	

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.