Investor Presentation

Financial Institutions, Inc. (NASDAQ: FISI)
Fourth Quarter 2023 Earnings Presentation

January 25, 2024



Financial Institutions, Inc.

Important Information

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,” “continues,” “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 and are subject to change. 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.

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided.

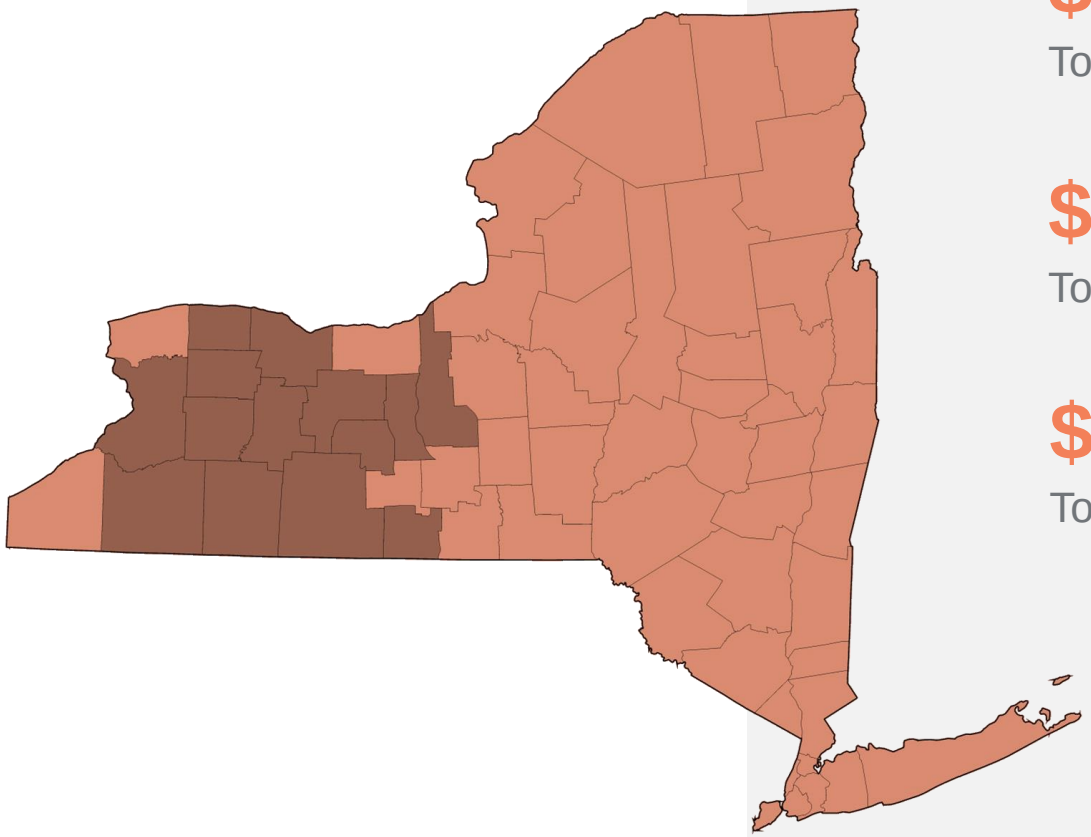
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Overview of Financial Institutions, Inc.

NASDAQ: FISI

- **Innovative financial holding company** headquartered in Western New York offering banking, insurance and wealth management services through a network of subsidiaries
  - Five Star Bank
  - SDN Insurance Agency, LLC
  - Courier Capital, LLC
- **Positioned for growth** through key initiatives, including Banking-as-a-Service (BaaS)
- **Financially stable geography**, with 49 banking locations[1] in 14 contiguous Upstate New York counties, as well as commercial loan production offices serving the Mid-Atlantic and Central New York regions
- **Experienced management team** with extensive market knowledge and industry experience
- **Generating consistent, strong operating results**



$328M
Market cap

$6.2B
Total assets

$4.5B
Total loans

$5.2B
Total deposits

[1] 48 branches and 1 motor branch in Olean, NY
Note: Information on this slide is as of December 31, 2023 unless noted otherwise

Why FISI

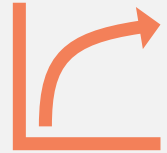
Strategic focus designed to deliver long-term value

- **Results-driven community bank with strong retail and commercial franchises**
  - Serving financially stable Upstate New York markets and well-positioned for growth in metros of Buffalo and Rochester
  - Launched commercial lending platforms in Baltimore, MD serving the Mid-Atlantic region in 2022 and in Syracuse, NY serving the Central New York region in 2023
- **Disciplined credit culture with strong credit quality**
  - From 2008 through 2023, year-end non-performing assets[1] ranged from 0.17% to 0.58% of total assets, while annual net charge-offs (NCOs) to average loans ranged from 0.14% to 0.54%
  - Indirect auto lending is a core competency with attractive risk-adjusted return profile and consistent results though several economic cycles
- **Fee-based businesses diversify revenue and complement core banking franchise**
  - Leading full-service insurance agency and well-regarded investment advisory firm support noninterest income and have been enhanced by bolt-on acquisitions in recent years
  - BaaS presents additional fee-based revenue opportunities
- **Complementary fintech and digital partnerships driving exceptional digital experiences**
  - BaaS enables financial technology firms (fintechs) to offer banking products and services to their end customers
  - Presenting new fee-based revenue opportunities through service, interchange and other fees



10.2%

Total loan growth year-over-year



5.8%

Total deposit growth year-over-year

[1] Non-performing assets, or NPAs, include nonaccrual loans, loans past due 90 days or more and still accruing, and foreclosed assets

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Financial Institutions, Inc.

Banking-as-a-Service (BaaS)

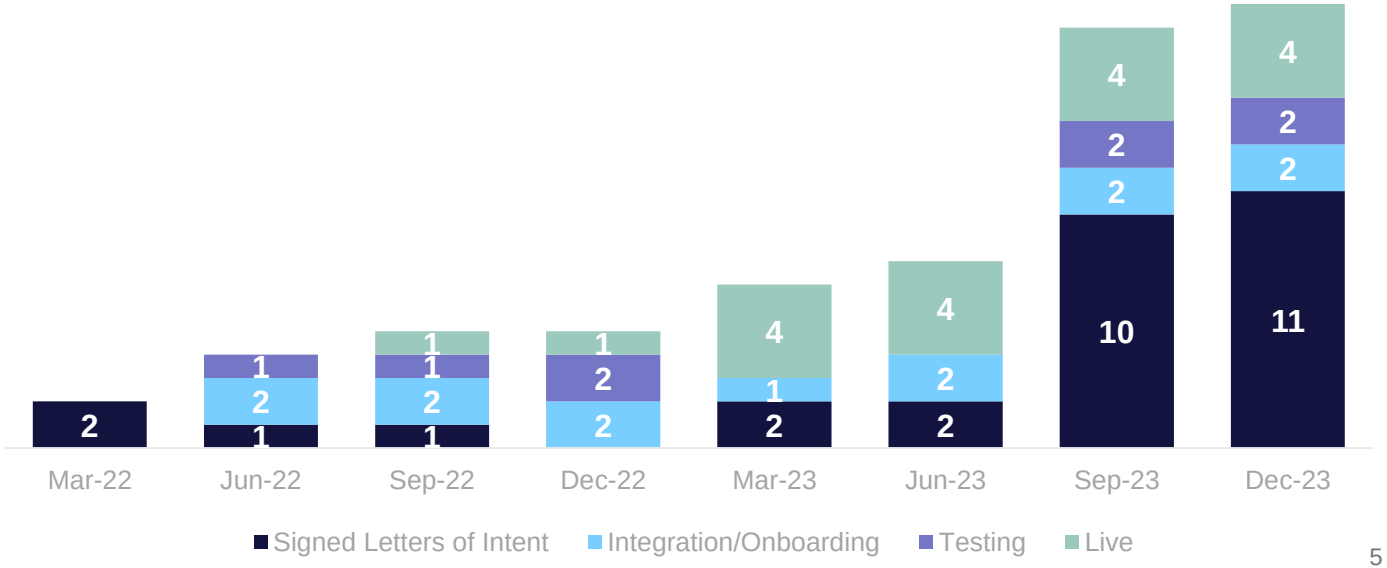
Creating new revenue opportunities and market differentiation

With BaaS, we are leveraging our digital and infrastructure investments to deliver value to fintechs, select affinity groups and niche markets that we are well positioned to serve

- Enabling fintechs and non-bank financials to offer banking products and services to their end customers, leading primarily to deposit growth as well as creating fee generation and loan diversification opportunities for FISI
- Pursuing BaaS client partnerships within meaningful and defensible market opportunities: B2B, select affinity groups, wealth management and niche areas

BaaS Client Partnerships

Value-driven, disciplined approach to cultivating partnerships by building a robust pipeline of opportunities that are complementary to our values and risk appetite



FISI sees BaaS as complementary to the existing franchise

Fee-based line of business with potential to generate lower-cost deposits and enhance loan diversification

Services offered to BaaS clients:

- Program sponsorship
- Open API banking
- Risk and compliance management
- Financial transactions clearing
- Industry expertise and advisory services
- Digital banking and wealth management platform
- Card-as-a-Service (CaaS)
- Center of Excellence, e.g., loan servicing and contact center

BaaS has potential to expand revenue sources to help improve earnings, including though:

- Service, interchange, advisory and servicing fees
- Other revenue sharing

Primarily focused on five key BaaS client types where we see strong opportunity

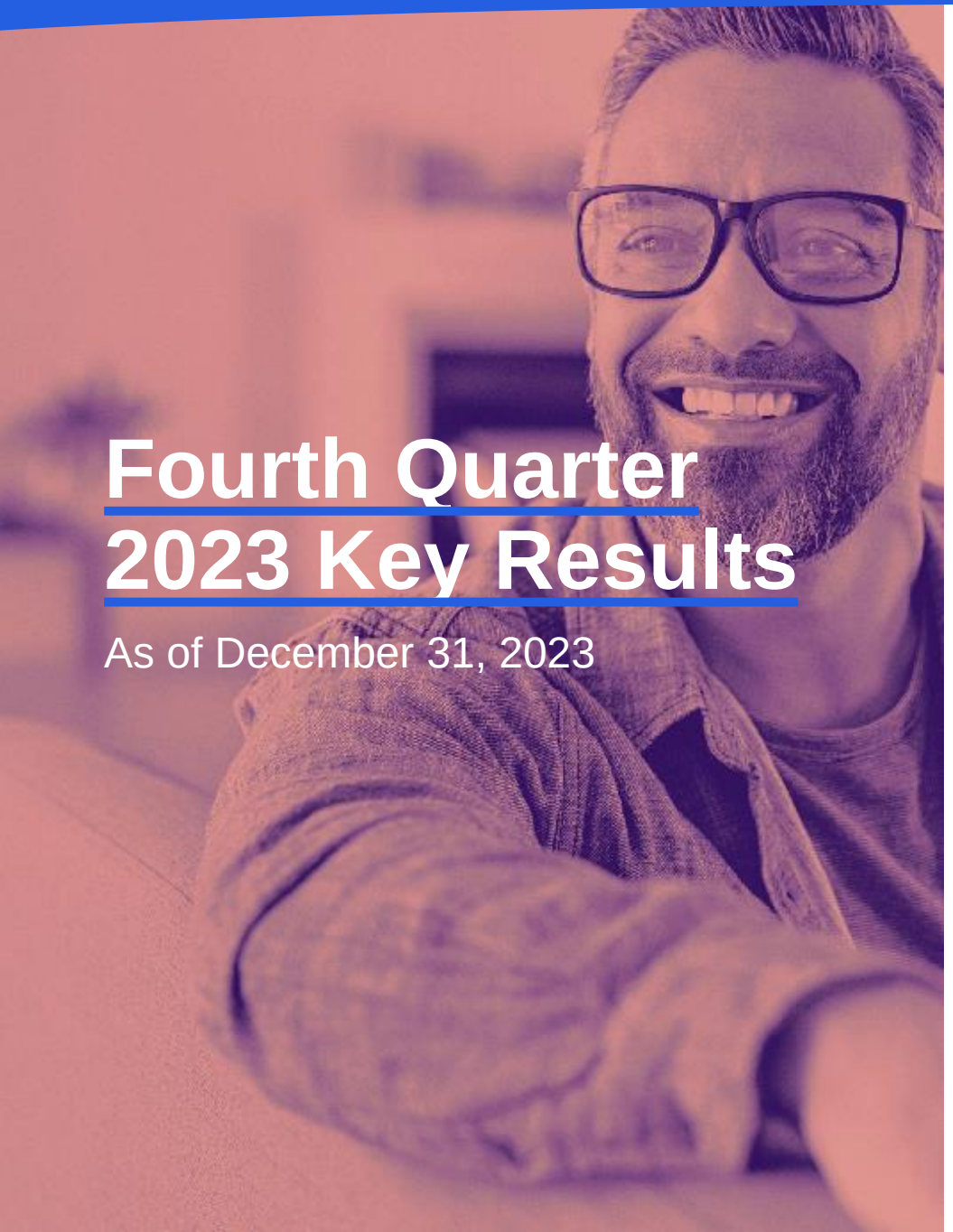
Business-to-Business
Help B2B fintechs innovate solutions for enduring issues while creating new market opportunities and efficiencies

Affinity Groups
Empower traditionally under-banked communities with expanded financial services access

Sustainable Finance
Meet consumer-led environmental demands by partnering with early movers in the green banking space

Cannabis-Related Businesses
Tap into the multi-billion-dollar cannabis market by leveraging regulatory experience for sustained operations

Wealth Management
Enable wealth managers to meet accelerating client demand for banking services



Fourth Quarter 2023 Key Results

As of December 31, 2023

- Net income available to common shareholders was $9.4M, or $0.61 per diluted share, compared to $13.7M, or $0.88 per diluted share, in 3Q ‘23 and $11.7M, or $0.76 per diluted share, in 4Q ’22
- Provision for credit losses was $5.3M, compared to $1.0M in the linked quarter and $6.1M in 4Q ’22
- Net interest income of $39.9M decreased $1.8M, or 4.3%, and $3.3M , or 7.6%, from the linked and year-ago quarters, respectively, amid the higher interest rate environment that has driven funding costs higher
- Noninterest income was $15.4M, up $4.9M, or 46.6%, from 3Q’23 and up $4.4M, or 40.5%, from 4Q ’22
  - Noninterest income included $9.1M of company owned life insurance (COLI) income, ~$8M of which related to a surrender and redeploy strategy executed in 4Q ’23, which was partially offset by $5.4M in related incremental income taxes
- Noninterest expense was $35.0M, compared to $34.7M in 3Q ‘23 and $33.5M in 4Q ’22
- Total deposits were $5.21B, down $103.1M, or 1.9%, from September 30, 2023, and up $283.5M, or 5.8%, from one year prior
  - The linked quarter decline is reflective of seasonal public deposit outflows, while the improvement over the prior year was driven by nonpublic deposit growth
- Total loans were $4.46B, reflecting increases of $31.0M, or 0.7%, from September 30, 2023 and $411.7M, or 10.2%, from December 31, 2022, driven by commercial lending
- Maintained strong credit quality metrics, including annual net charge-offs to total loans of 0.20% and non-performing assets to total assets of 0.44% at year-end 2023

Proactive Measures in Support of Forward Earnings Potential

4Q ’23 actions included leadership changes and organizational realignment, as well as active balance sheet management measures

On December 8, 2023, the Company announced leadership changes and improvements to its organizational structure to strengthen its ability to execute its long-term strategy

- Amid the current operating environment, Management has strategically realigned key areas of the Company following thorough evaluation of organizational structure and performance of past investments in talent
- Realignment impacted ~3.4% of workforce and is also reflective of proactive measures to manage noninterest expenses

Improved earnings profile through surrender and redeployment of ~$54M in cash surrender value of COLI in 4Q ’23, with the transaction expected to generate incremental revenue on pro forma basis that is reflected in the Company’s 2024 earning guidance

- The 4Q ’23 revenue from the transaction was based upon the crediting rate of the premium allocation to separate account investments, as supported by the performance of the underlying investment divisions
- The cash surrender value of the separate account COLI and corresponding revenue is expected to stabilize in future periods

Repositioned a segment of securities portfolio during the quarter, selling ~$54M of agency mortgage-backed securities at after-tax loss of $2.8M and reinvesting proceeds into higher yielding bonds providing $1.4M annual income, equating to two-year earn-back



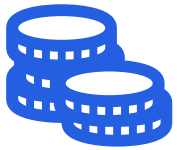
FISI begins 2024 a simpler, more streamlined, and functional organization, where leaders across the enterprise are empowered to drive near-term success in pursuit of strong execution of long-term initiatives

2024 Guidance

Focused on executing strategic initiatives that will improve profitability and operating leverage over time



1-3% full year loan growth
driven by commercial loans



1-3% full year deposit growth
driven by non-public deposits

285-295 bps

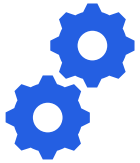
Full-year NIM of 2.85-2.95%
using a spot-rate forecast as of year-end



Relatively flat noninterest income[1]
year-over-year



2024 effective tax rate of 14-16%
including the impact of the amortization of tax credit investments placed in service in recent years



Relatively flat noninterest expense
year-over-year

30-40 bps

Annual net charge-offs to full year average assets
reflective of credit-disciplined lending and strong fundamental underwriting processes

[1] Noninterest income excludes gains/losses on investment securities, impairment of investment tax credits, limited partnership income and 4Q '23 income related to the COLI surrender/redeploy strategy

Recent Earnings Performance

Last five quarters

Earnings Summary[1]	4Q '22	1Q '23	2Q '23	3Q '23	4Q '23
Average interest-earning assets	$5,330.2	$5,486.0	$5,691.9	$5,704.1	$5,726.6
Net interest margin (tax equivalent basis)	3.23%	3.09%	2.99%	2.91%	2.78%
Net interest income	43.1	41.8	42.3	41.7	39.9
Noninterest income	10.9	10.9	11.5	10.5	15.4
Total revenue	**$54.1**	**$52.7**	**$53.8**	**$52.2**	**$55.3**
Noninterest expense	(33.5)	(33.7)	(33.8)	(34.7)	(35.0)
Pre-tax pre-provision income[2]	20.6	19.1	20.0	17.4	20.2
Provision for credit losses	(6.1)	(4.2)	(3.2)	(1.0)	(5.3)
Income before income taxes	14.5	14.9	16.8	16.5	14.9
Income tax expense	(2.4)	(2.8)	(2.4)	(2.4)	(5.2)
Net income	**$12.1**	**$12.1**	**$14.4**	**$14.0**	**$9.8**
Preferred stock dividends	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Net income available to common shareholders	**$11.7**	**$11.7**	**$14.0**	**$13.7**	**$9.4**
Earnings per share – diluted	$0.76	$0.76	$0.91	$0.88	$0.61
Weighted average common shares outstanding – diluted	15.4	15.4	15.4	15.5	15.5

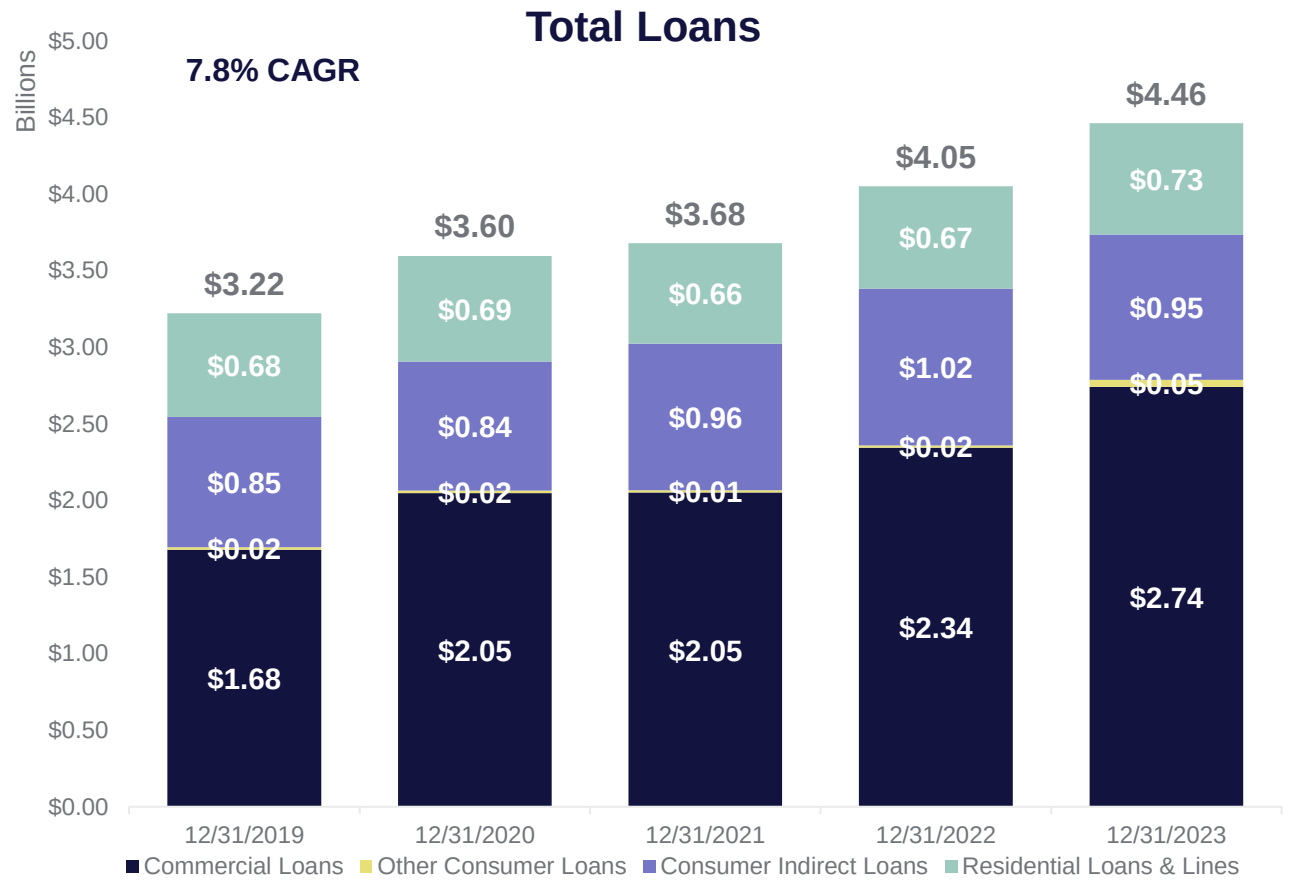
[1] Amounts in millions, except percentages and per share amounts.
[2] Refer to "Non-GAAP Reconciliation" in Appendix.

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Organic Loan Growth

$4.46B of total loans at December 31, 2023 and average yield of 5.98% for full year and 6.21% in the fourth quarter 2023

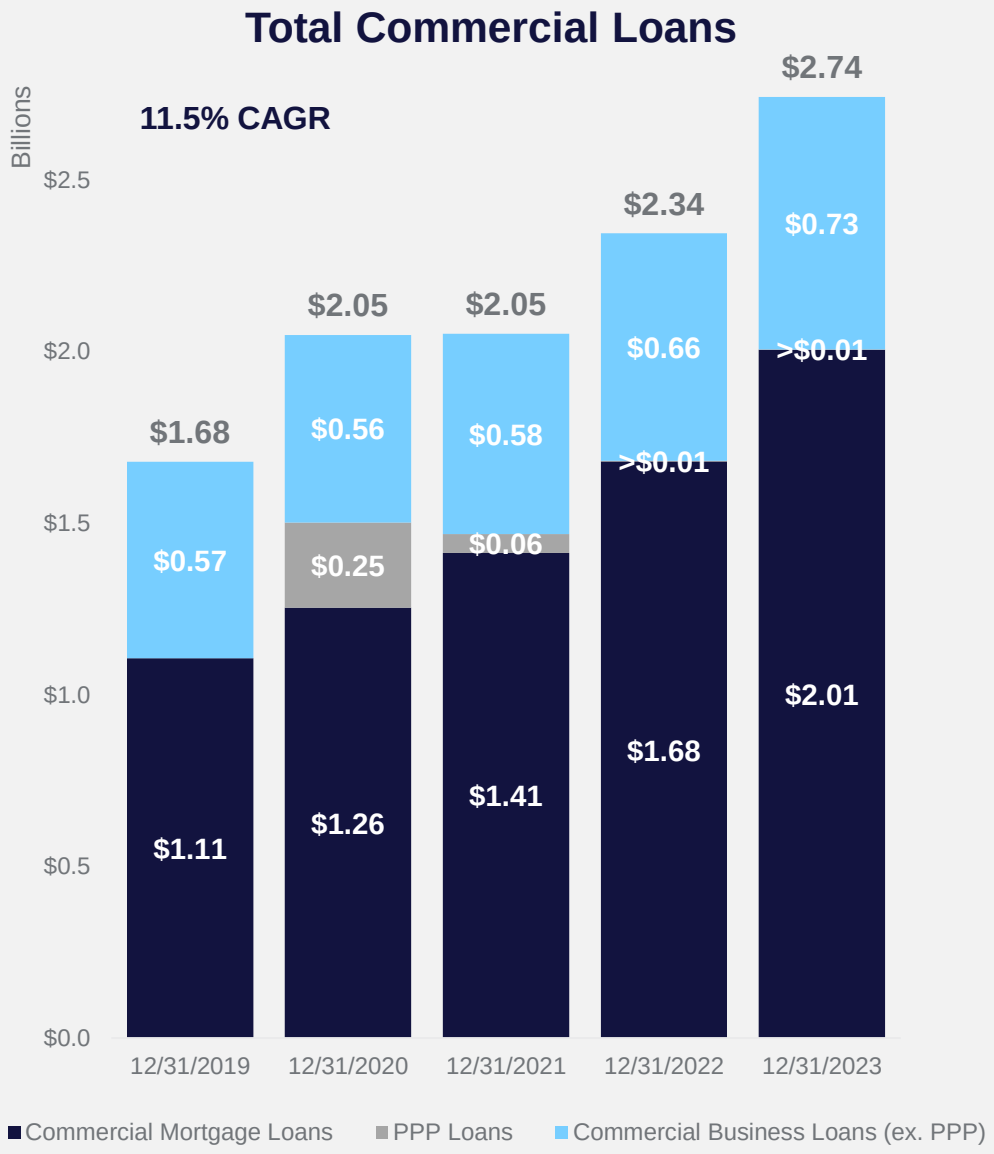
Total loans increased $411.7, or 10.2%, from year-end 2022, driven by strong commercial loan growth in first half of 2023



Commercial Lending

Outstanding balance of $2.74B at December 31, 2023

- Commercial loans increased $396.9M, or 16.9%, from December 31, 2022, with growth concentrated in the first half of the year
- Commercial loans made up 61% of total loan portfolio at December 31, 2023 and are comprised of Commercial & Industrial (C&I), Commercial Real Estate (CRE) and Business Banking Unit (BBU)[1]
  - CRE makes up 65% of commercial loans and 40% of total loans
  - C&I makes up 30% of commercial loans and 19% of total loans
  - BBU makes up 4% of commercial loans and 3% of total loans



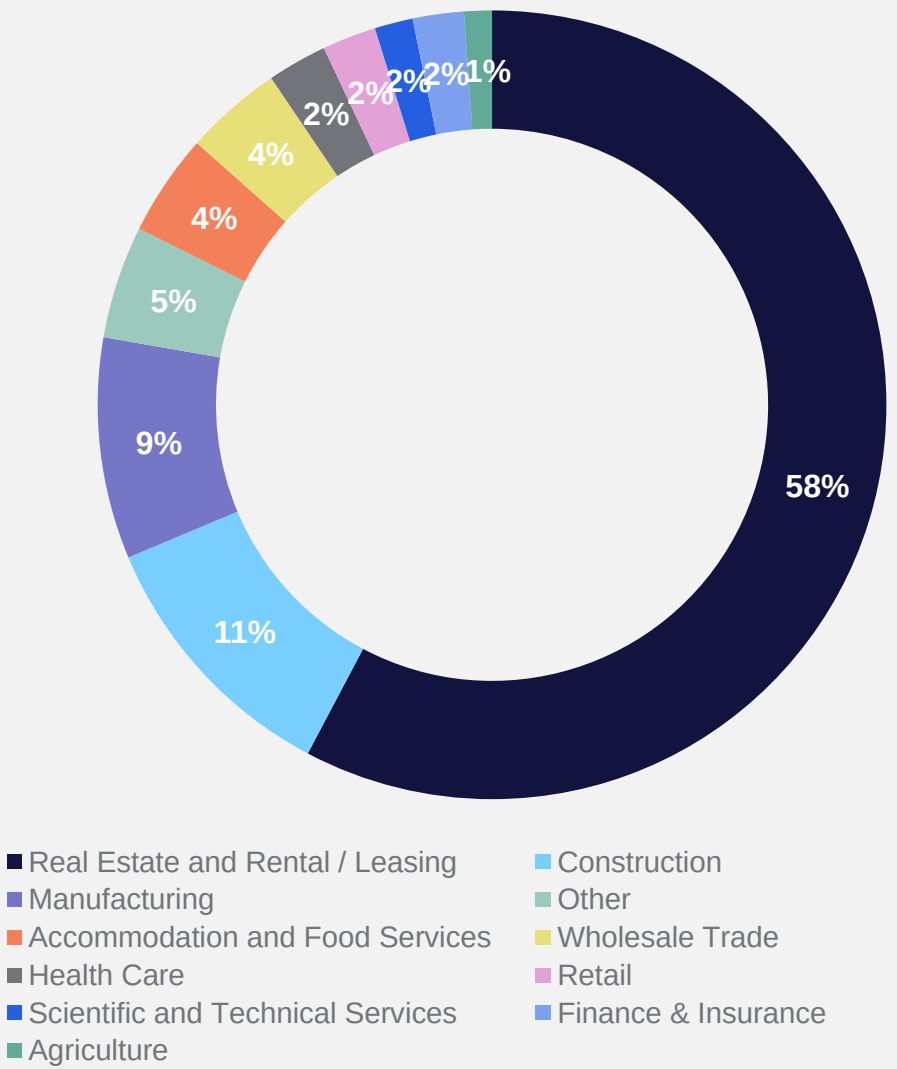
[1] Business Banking Unit refers to small business lending through commercial franchise

Commercial Lending

Committed credit exposure of $3.60B at December 31, 2023

- The vast majority of the commercial loan portfolio is within the Bank's footprint, which includes the Mid-Atlantic region following the Company's opening of a commercial loan production office in a suburb of Baltimore, MD in 1Q '22
- The Bank again expanded its commercial lending in 1Q '23 with an additional office in Syracuse, NY, serving the Central New York region, housing a team of commercial and industrial lenders
- Disciplined approach to credit and risk management supports strong asset quality metrics

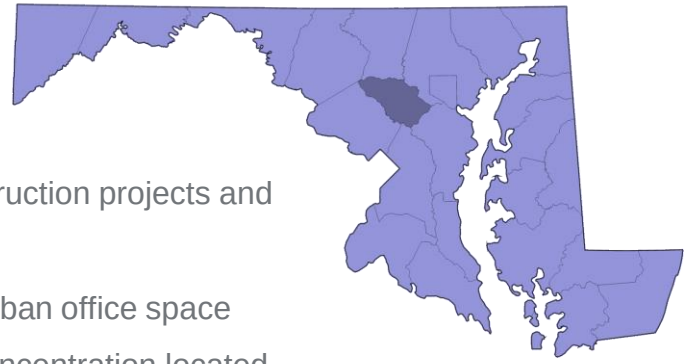
Overall Commercial Portfolio Exposure Mix



Strong Mid-Atlantic Performance & Opportunity

Leveraging technology to seamlessly collaborate with Mid-Atlantic team and onboard new customers despite geographic divide

- Commercial loan production office opened in Baltimore suburb of Ellicott City in 1Q ’22 serving the Mid-Atlantic region
  - Consolidation in the market allowed us to add a four-person team and capitalize on opportunities where a community banking approach provides a competitive advantage
- This Mid-Atlantic team has strong relationships with very high-quality sponsors and serves customers headquartered in and around Baltimore and the Greater Washington, D.C. area
  - Mid-Atlantic portfolio consists of a mix of stabilized projects, construction projects and residential acquisition and development (AD&C) projects
  - About 32% of committed exposure in this portfolio relates to suburban office space located near Baltimore, MD and Washington, D.C., with a large concentration located near hospitals with medical related tenants and high return to office metrics



$293M
in outstandings

~49%
low average LTV[1]

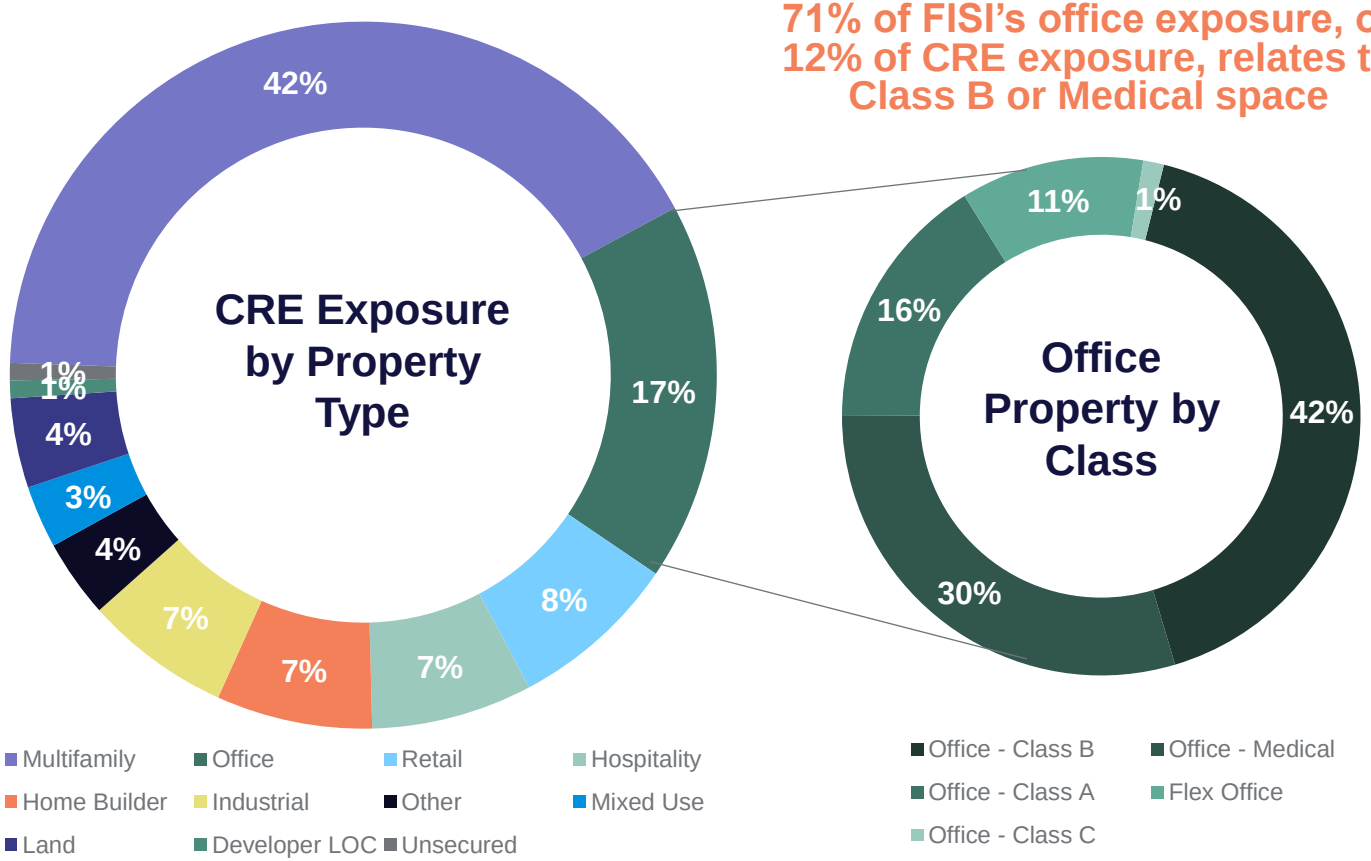
Note: Information on this slide is as of December 31, 2023 unless noted otherwise
[1] Original appraised value used for loan-to-value ratio for Mid-Atlantic region

Commercial Real Estate

Outstanding balances of $1.78B and committed credit exposure of $2.18B as of December 31, 2023

- Well diversified, with more than 700 loan facilities consolidated into ~270 separate lending relationships, with ~$2.5M average loan size
  - 82% of CRE clients have loan relationships <$10M
- Growth achieved without compromising strong credit culture
  - Portfolio factors in loan rollover risk, with 17% of exposure scheduled to mature within next 12 months and another 20% within 24 months
  - More than 90% of CRE loans have full or limited personal or corporate recourse, providing comfort with loan rollover risk[1]
  - Average LTV of 61% for overall CRE portfolio[1]
- Office portfolio equally diversified
  - Average loan size of $3.2M and average LTV 56%[1]
  - <$40M of committed credit exposure, or 10% of office portfolio and <2% of total CRE exposure, located in CBDs[2]

71% of FISI's office exposure, or 12% of CRE exposure, relates to Class B or Medical space

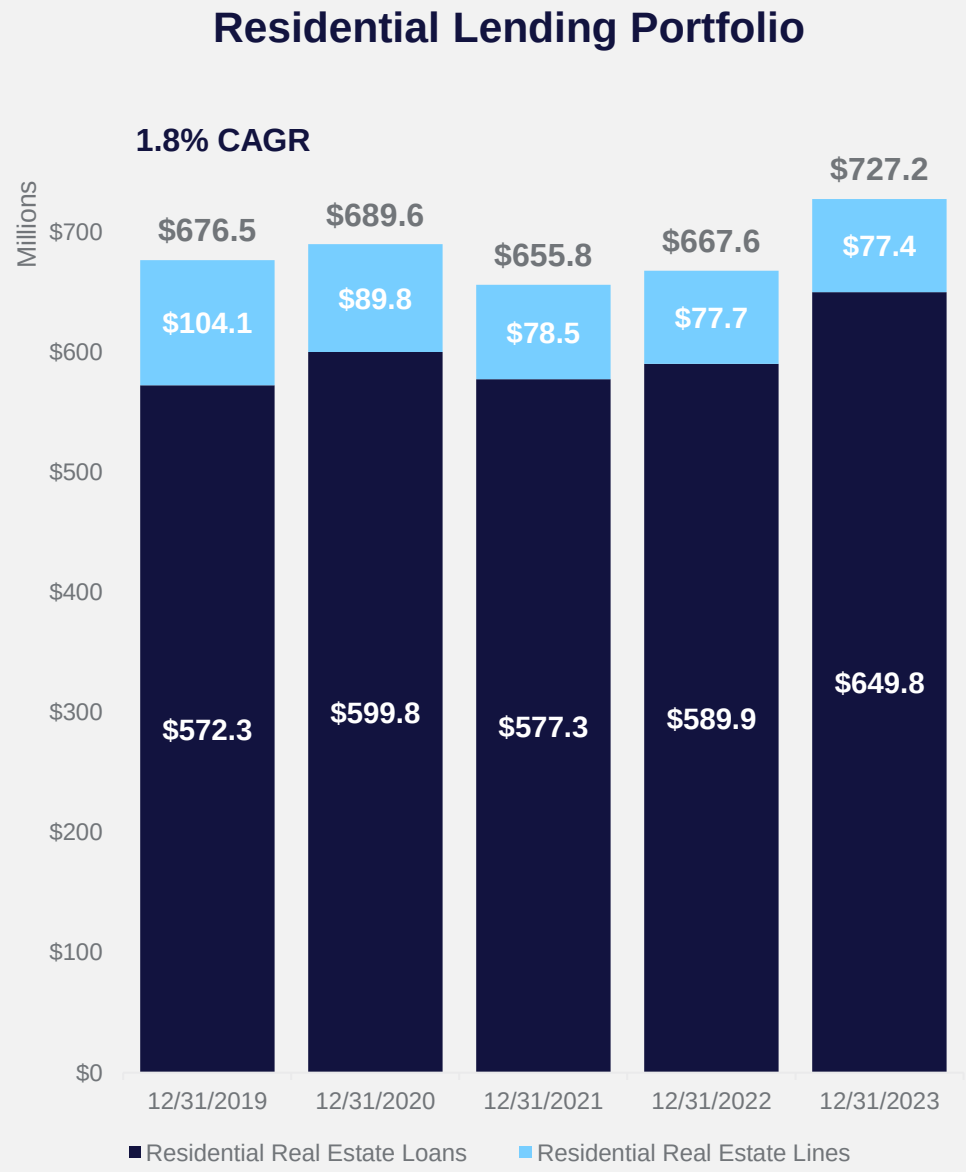


[1] Recourse and loan-to-value ratio calculated as of December 31, 2023; original appraised value used for loan-to-value ratio for Mid-Atlantic region
[2] Central Business District

Residential Real Estate

$727.2M portfolio at December 31, 2023

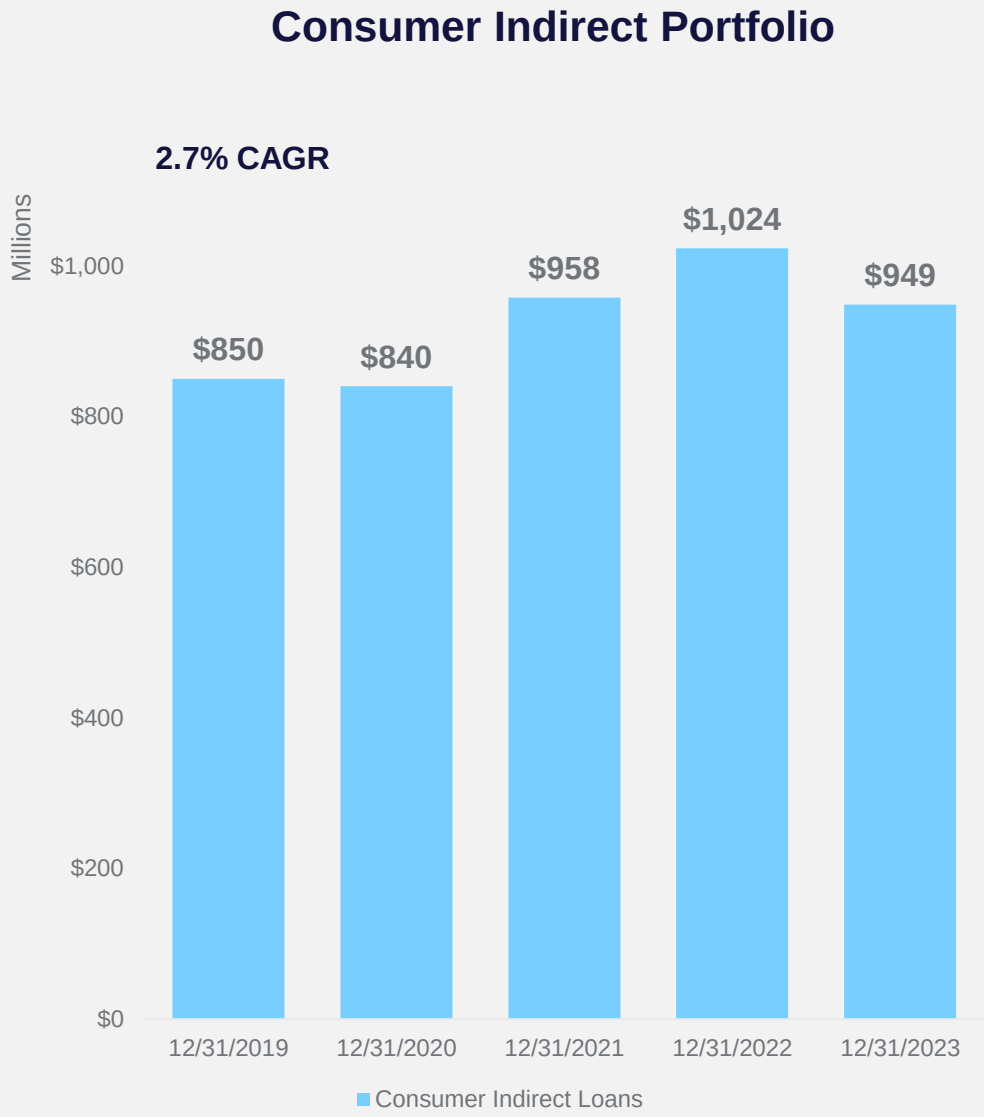
- Residential portfolio increased $59.6M, or 8.9%, from December 31, 2022
- High quality portfolio in stable Upstate New York market
  - As of quarter-end, our residential real estate loans had a weighted average FICO score of 740 at origination and an average balance of ~$95k, while our home equity lines of credit, or HELOCs, had an average score of 767 and average balance of $22K
- Full product menu featuring competitive portfolio and saleable products including government loan programs
- In-market originations through mortgage loan originators and Five Star Bank branch network



Indirect Auto Remains Core Competency

$948.8M portfolio at December 31, 2023

- Effective January 1, 2024, the Company exited the Pennsylvania auto market as it focuses on its core Upstate New York service area, which includes a strong network of ~375 new auto dealers
- Consumer indirect portfolio was down $74.8M, or 7.3%, from December 31, 2022
- Prime lending operation with average portfolio FICO score of 713
- Relatively short duration averaging ~3.3 years and natural risk dispersion due to small loan size, with an average loan balance of $21K
- Demonstrated track record of consistent performance through economic expansions, recessions and stagnation
  - Annual charge-offs ranged 0.45% to 0.87% for 2008 through 2023, excluding the exceptionally low 0.14% reported in 2021
  - NCO levels normalized in 2022 and remain within our historical range
  - Consumer indirect charge-off ratio was 130 bps in 4Q ’23 and 76 bps for 2023

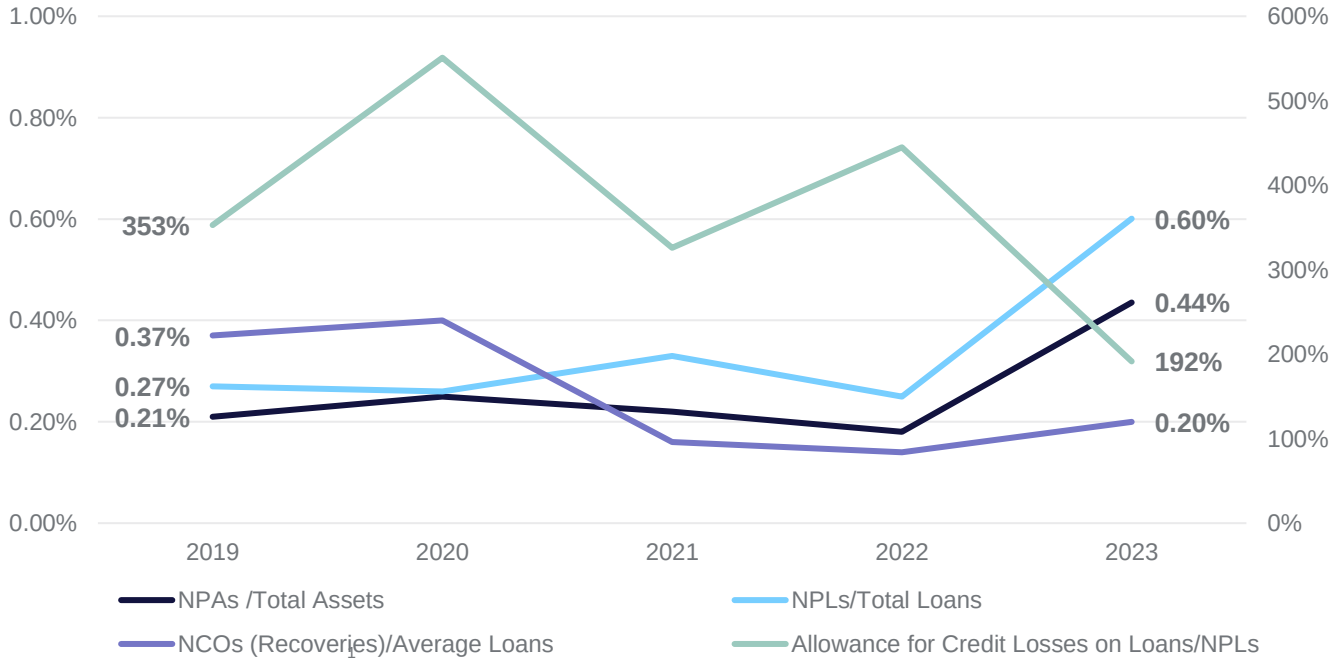


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Solid Asset Quality

Disciplined credit culture supports consistently strong asset quality metrics

- Thorough credit review exercise undertaken at the outset of COVID-19 pandemic reinforced confidence in health of loan portfolio
  - During 2Q ’22, COVID-19 at-risk pool was eliminated, and all credits now monitored as part of standard loan monitoring process

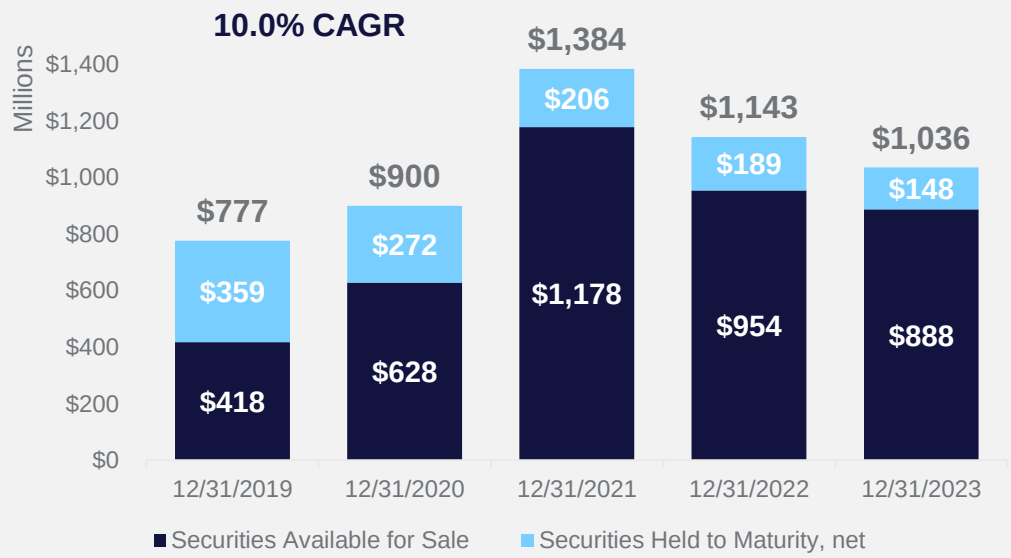


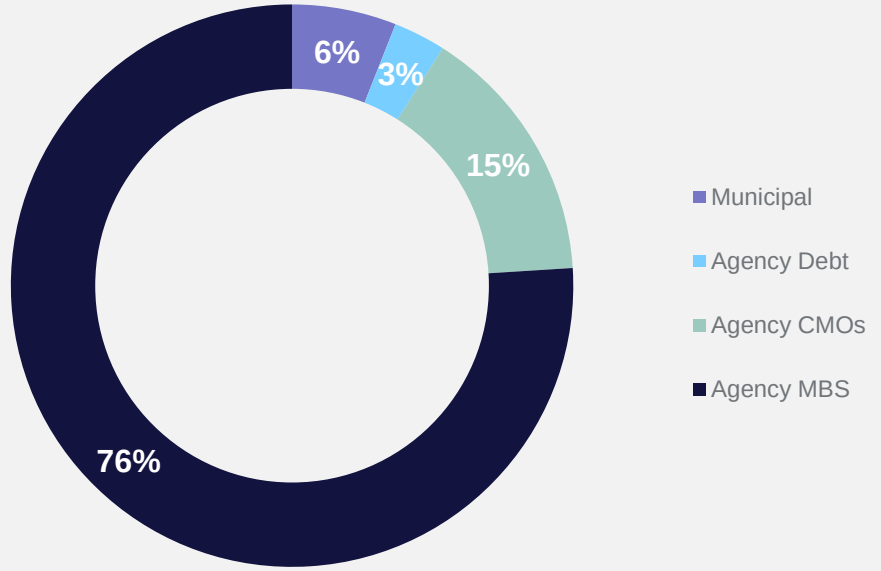
[1] Non-performing assets, or NPAs, include nonaccrual loans, loans past due 90 days or more and still accruing, and foreclosed assets

Securities Portfolio

$1.04B at December 31, 2023

- Primarily comprised of agency wrapped mortgage-backed securities with intermediate durations, which provide ongoing cash flow, coupled with investment grade municipal bonds that are classified as held-to-maturity
- In October 2023, the Company repositioned a segment of our securities portfolio, selling ~$54M of agency mortgage-backed securities at an after-tax loss of $2.8M and reinvesting the proceeds into higher yielding bonds.
  - Associated $1.4M of annual income equates to two year earn-back
- Average yield on a tax equivalent basis was 1.92% for 2023 and 2.03% in the fourth quarter 2023, reflective of nearly a full quarter of repositioning
- Cash flow from the securities portfolio allows for reinvestment into loans or additional investment securities
  - Principal cash flow of ~$151 expected over next 12 months





Note: Shown as a percentage of amortized cost basis

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Deposit Growth

$5.21B at December 31, 2023

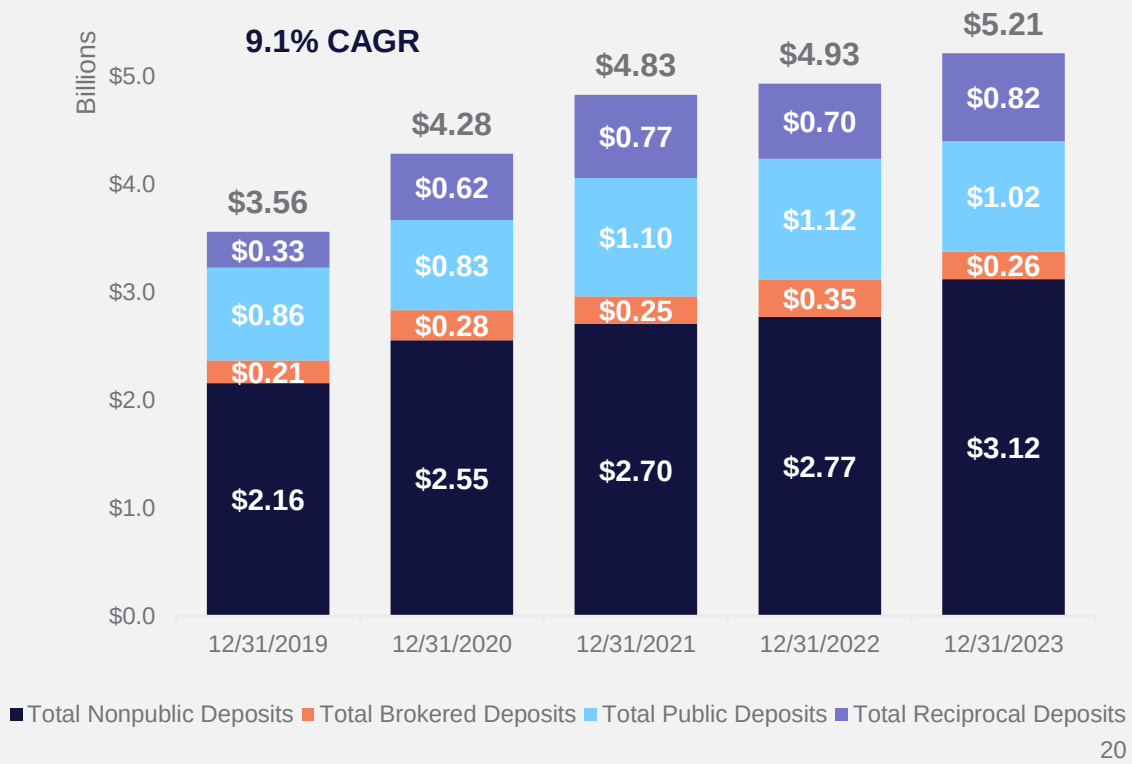
- Granularity of community banking franchise benefits deposit portfolio
  - Average deposit balances per branch of ~$84M, excluding reciprocal and brokered deposits
  - Lower-cost deposits from rural markets fund higher growth in metro markets
- Offering a variety of public (municipal) deposit products to the towns, villages, counties and school districts providing seasonal, lower-cost funding source
  - Public deposit balances represented 20% of total deposits at both December 31, 2023 and September 31, 2023, and 23% at December 31, 2022
- Current interest rate environment has led to disintermediation from core transaction type accounts to time deposits
  - Time deposits made up 27% of total deposits at December 31, 2023

320

municipal customers as of MRQ-end

2.63%

2023 cost of total interest-bearing deposits



Liquidity

Diverse deposit gathering capabilities and eligible collateral support a robust liquidity position

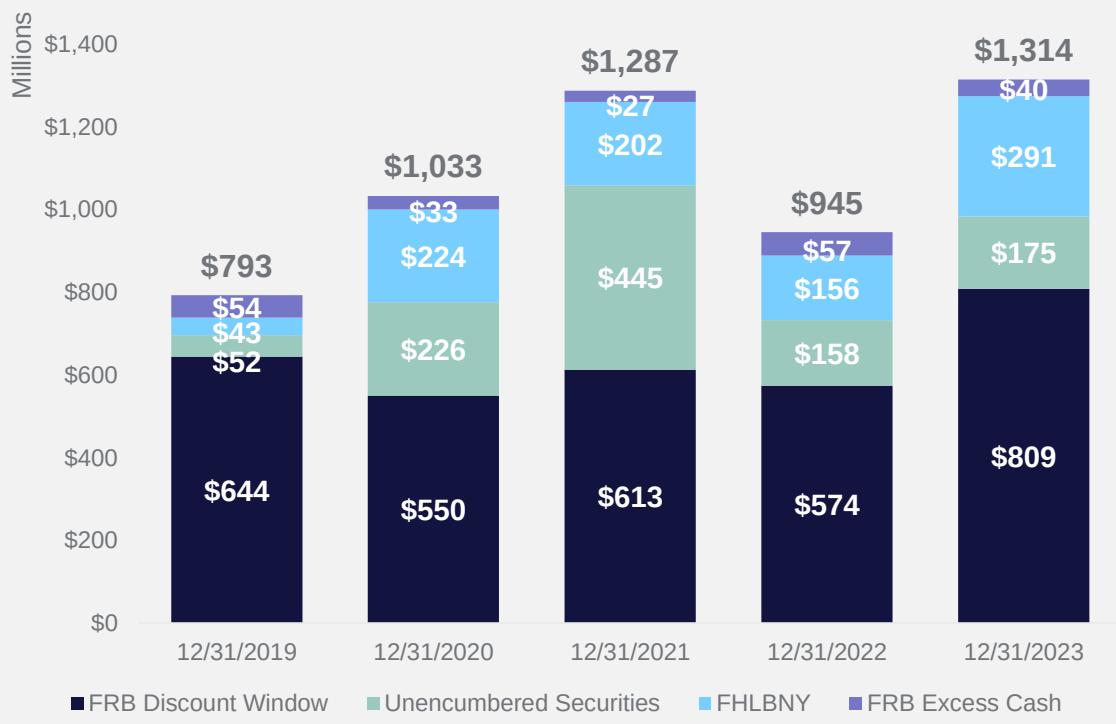
- 4Q ’23 available committed liquidity remains strong, as supported through unencumbered collateral in the securities portfolio, borrowing capacity at the FHLB, and tertiary liquidity via the FRB discount window, which totaled more than $1.31B at year-end
- The decrease in unencumbered securities is due to the inflow of municipal deposits, which require collateralization
- Further, uninsured nonpublic deposits make up 16.5% of our total deposits, when considering the secured nature of our public and reciprocal portfolios, which typically have larger balances

16.5%

of total deposits are uninsured nonpublic deposits

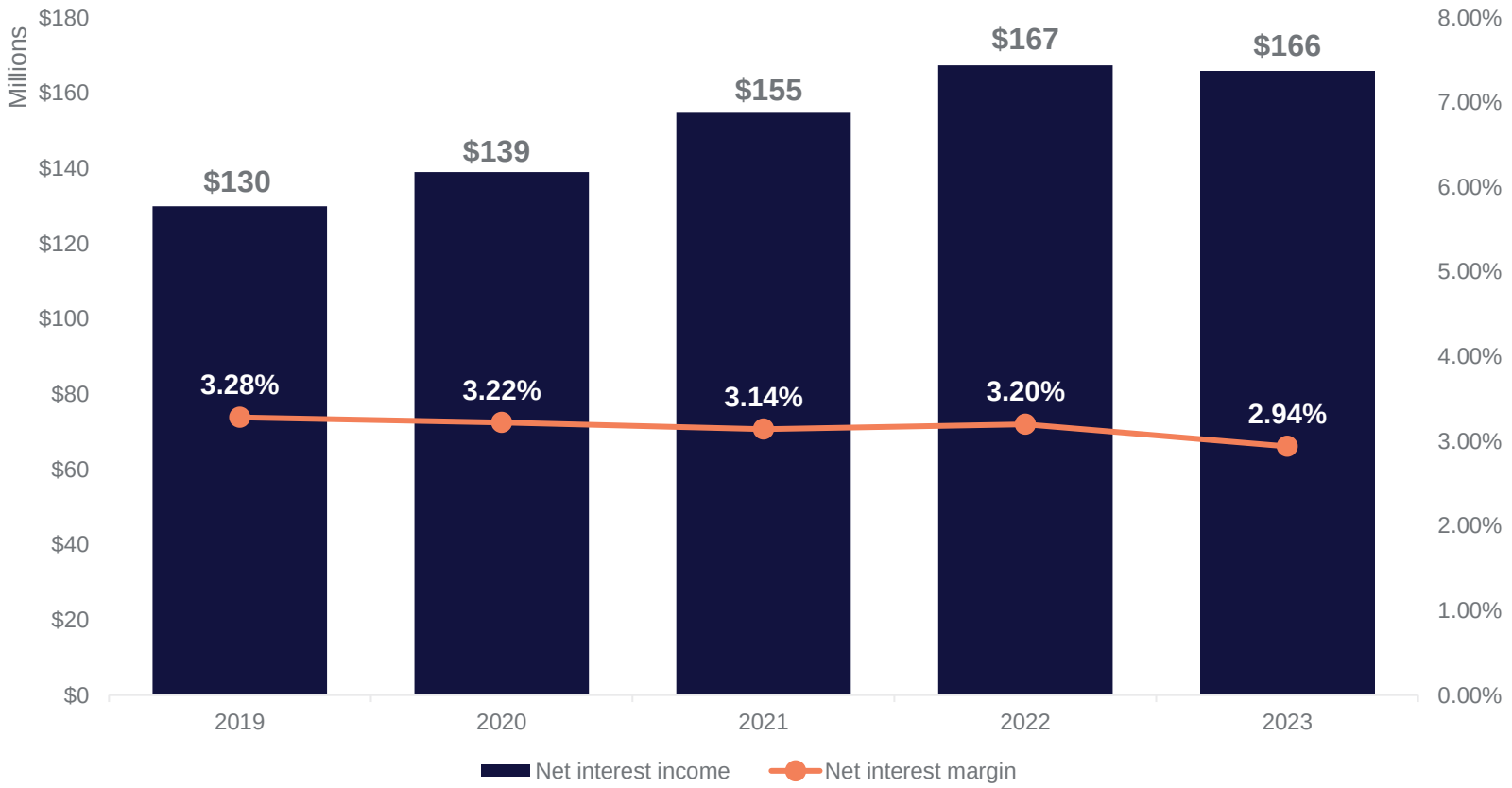
~86%

Loan to deposit ratio



Net Interest Income & Margin

4Q ’23 net interest income of $39.9M and net interest margin of 2.78%



- Full year net interest income (NII) of $165.7M decreased $1.7M, or 4.3%, over the prior year
  - 4Q ’23 NII of $39.9M was down $3.3M, or 7.6%, from the year-ago quarter
- Net interest margin (NIM) was 2.94% for the year ended December 31, 2023, down 26 bps from the prior year
  - 4Q ’23 NIM of 2.78% was down 45 bps from prior year period
  - Margin has been impacted by the current higher interest rate environment that has driven higher funding costs

Balance Sheet Providing Ample Cash Flow

Combined ~$1.1B in anticipated cash flow in 2024 from investment securities and loan portfolios allows for redeployment of funds in higher interest earning assets, supporting incremental margin expansion

New yields coming on between 60 and 300 basis points higher than recent roll off yields, which in 4Q ’23 were impacted by floating rate nature of some loans

Select Interest Earning Assets	2023 Yield	4Q ‘23 Yield	4Q ‘23 Roll Off Yield	Balance at 12/30/2023	Average Monthly Cash Flow[2]
Investment Securities	1.92%	2.03%	2.39%	$1,035,886	$14,740
Commercial Real Estate Loans	6.83%	6.98%	7.45%	$1,777,257	$29,081
Commercial & Industrial Loans	6.43%	6.68%	6.14%	$843,785	$11,810
Small Business Loans[2]	6.65%	6.81%	8.14%	$119,058	$1,802
Residential Real Estate Loans	3.71%	3.85%	4.30%	$649,822	$5,901
Consumer Indirect Loans	5.36%	5.74%	6.04%	$948,831	$26,906

[1] Average monthly loan cash flow projections based on contractual loan terms and historical prepayment assumptions that are based on a 12-month historical average

[2] Small business represents small business loans generated through retail network and commercial Business Banking Unit

Diverse Noninterest Income

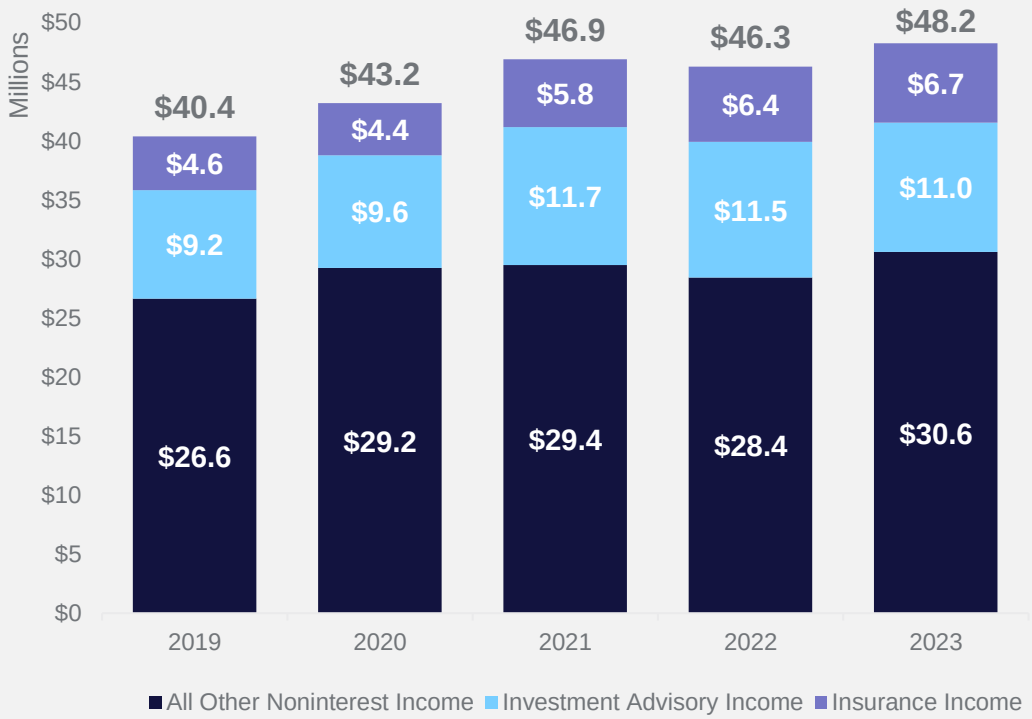
- **Wealth management provided by Courier Capital, LLC**
  - Since entering the investment advisory space in 2016 with the acquisition of Courier Capital, completed two additional wealth management acquisitions in 2017 and 2018
  - Provide customized investment management, retirement planning, and consulting services for mass affluent and high-net-worth individuals and families, businesses, institutions, and foundations
- **Insurance services provided through SDN Insurance Agency, LLC**
  - Acquired initial business in 2014 and further enhanced capabilities and reach through two bolt-on acquisitions in 2021
  - Full-service agency offering commercial and personal insurance, as well as employee benefits
  - Boutique offerings with national reach for select segments
  - Exclusive broker for allied health professionals, serving >2,000 chiropractors, acupuncturists and naturopaths across 46 states

22%

of 2023 revenue from non-interest income

6

financial services acquisitions since 2014



Note: Information on this slide is as of December 31, 2023 unless noted otherwise

Wealth Management Business Positioned for Growth

AUM of $2.88B as of December 31, 2023 and 4Q ’23 investment advisory income of $2.7M

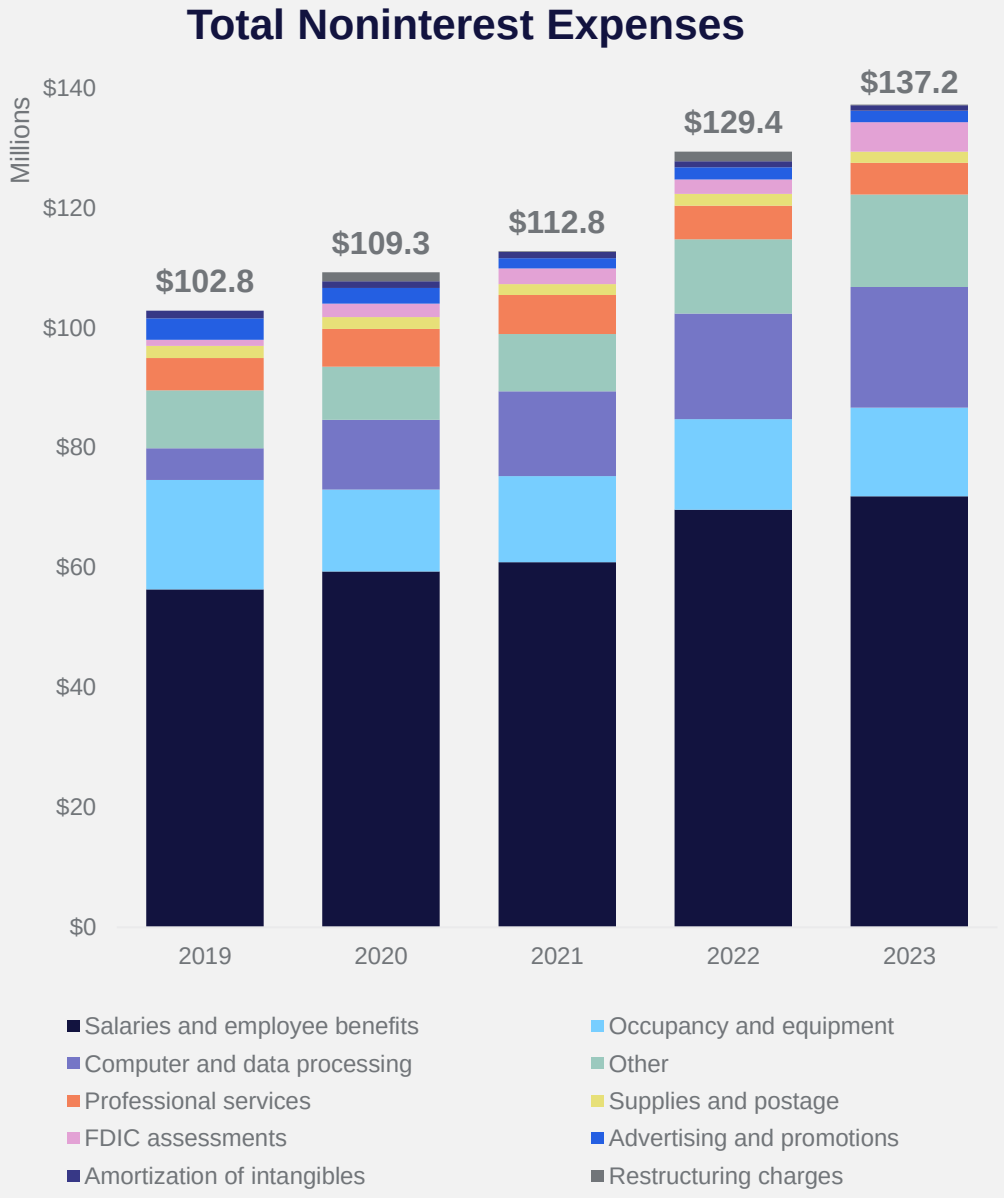
- **Combination of FISI’s subsidiary wealth management firms enhanced size and scale as next natural step in evolution of this business line**
  - On May 1, 2023, FISI’s wholly-owned SEC-registered investment advisory firm subsidiaries completed a merger, under which HNP Capital, LLC merged with and into Courier Capital, LLC
  - One of the largest registered investment advisory firms in Western New York
- **Merger streamlines ability to provide innovative financial products and services to current and prospective clients, including across banking and insurance business lines, and unites Western New York service footprint**
  - One brand streamlines business development efforts, including cross-selling opportunities
  - Courier Capital, LLC is headquartered in downtown Buffalo, NY and the majority of the former HNP Capital team is based in the Rochester, NY market, with additional offices located in Jamestown, NY and Pittsburgh, PA
- **In October 2023, the Company announced a leadership succession at Courier Capital**
  - Promoted internal candidate with two decades of experience in private banking with several large U.S. banks to President
  - New leadership structure allows Courier Capital to continue serving its wealth management, retirement plan and institutional services clients at the highest level, while positioning the firm for continued growth moving forward

Financial Institutions, Inc.

Strategic Investments Expected to Drive Operating Leverage

4Q ’23 expense of $35.0M, up 0.9% from linked quarter

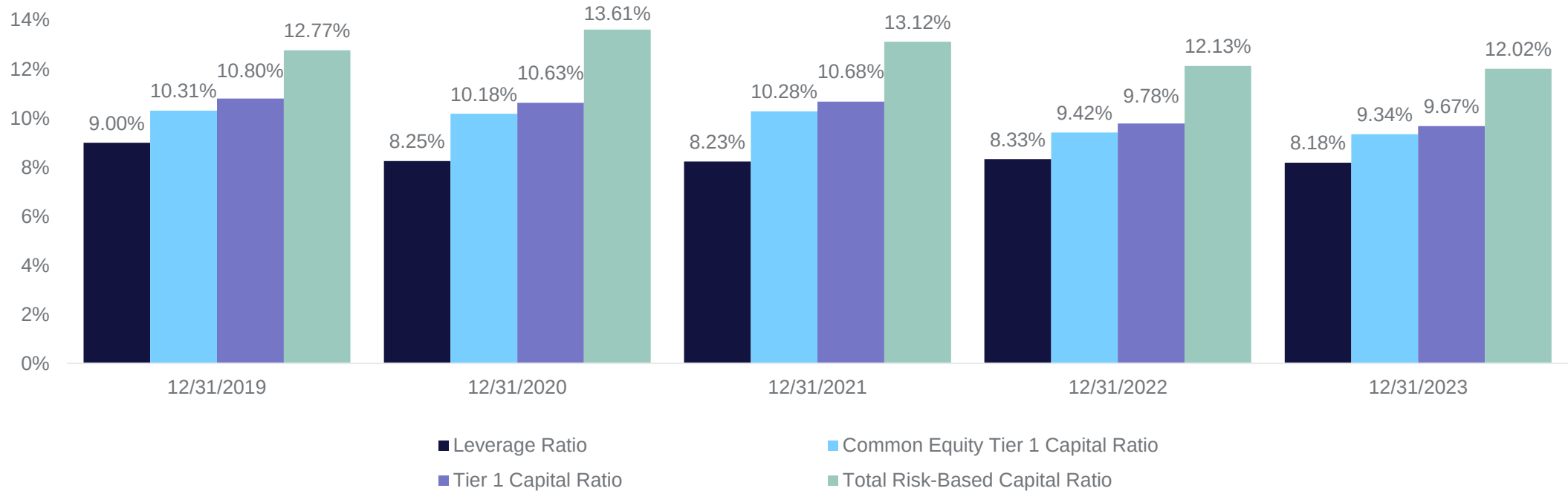
- Completed organizational realignment in December 2023, impacting ~3.4% of the Company’s workforce, and proactively reducing noninterest expenses into 2024
- 2023 noninterest expense of $137.2M increased $7.9M, or 6.1%, from the prior year
  - Year-over-year increase driven in part by higher computer and data processing, higher salaries and employee benefits, increased FDIC assessment and higher other expenses, partially offset by lower restructuring charges related to the 2020 closing of several branches
- 4Q ’23 expense of $35.0M is up $0.3M, or 0.9%, from the linked quarter and up $1.5M, or 4.6%, from the prior year period
- 2022 expenses included investments in strategic initiatives that we believe will support improved operating leverage over the coming years, including related to enhanced customer relationship management solution, digital banking and BaaS
- 2023 efficiency ratio[1] of 62.96%



[1] 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.

Well-Capitalized

Exceeding well-capitalized regulatory thresholds and well-positioned to support future growth



Capital Ratio	As of December 31, 2023	Well-Capitalized Threshold
Leverage	8.18%	5.00%
CET1 capital	9.34%	6.50%
Tier 1 capital	9.67%	8.00%
Total RBC	12.02%	10.00%

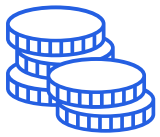
Financial Institutions, Inc.

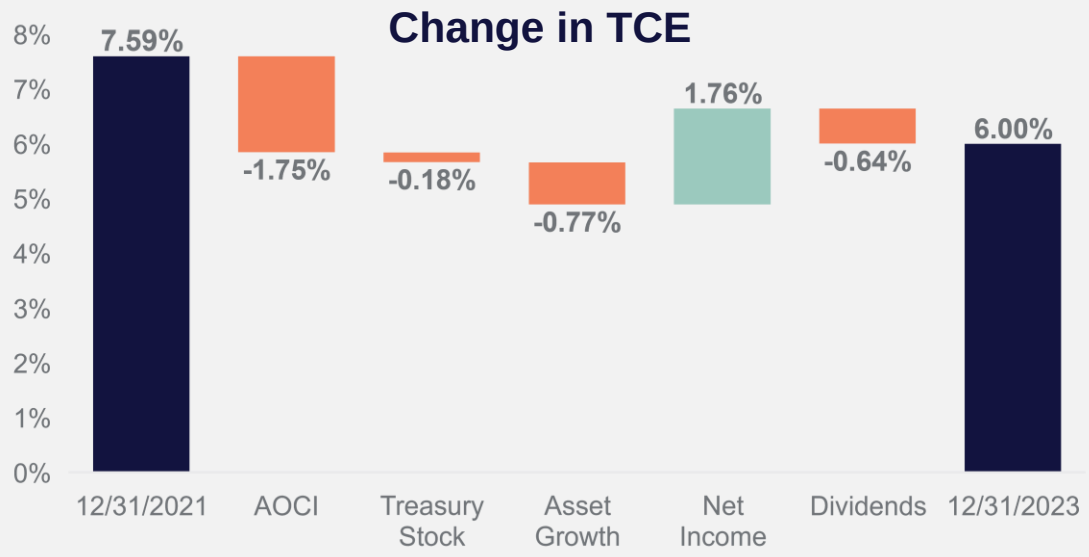
AOCI Impact on TCE & TCBV[1]

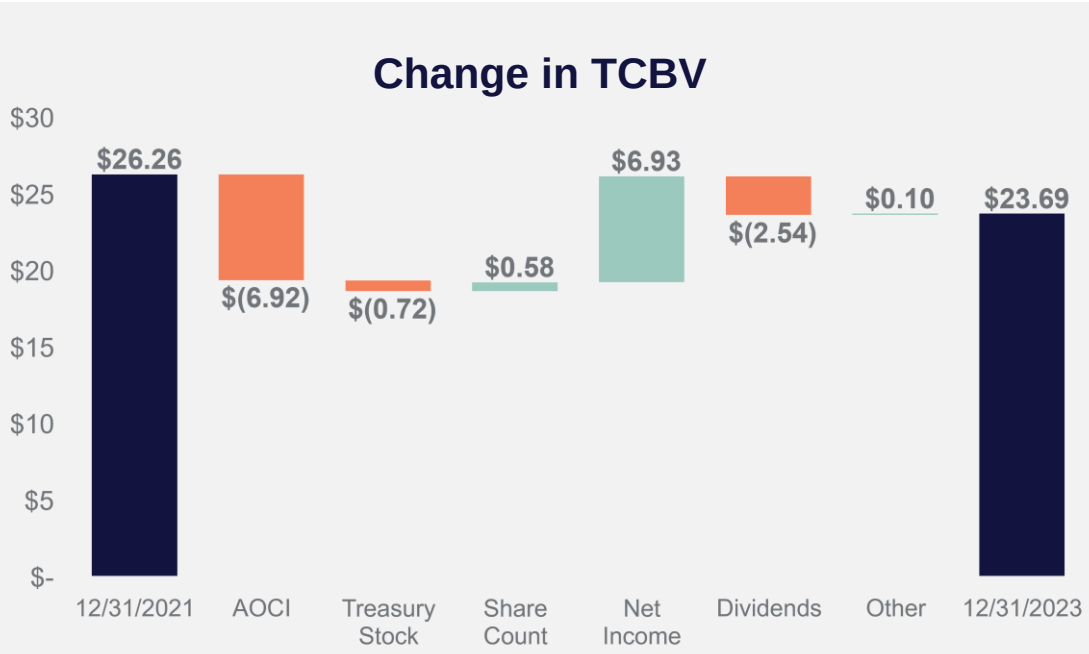
Unrealized losses believed to be temporary in nature

- AOCI losses are believed to be temporary in nature, as they are associated with the increase in interest rates which has resulted in an increase in the unrealized loss position of the available for sale securities portfolio
- We expect these metrics to return to more normalized levels over time given the high credit quality of our investment portfolio
- Excluding the AOCI impact, TCE ratio and tangible common book value per share would have been 7.75% and $30.61, respectively.

FISI believes a stock buyback program is an important part of the capital markets tool kit and announced a new stock repurchase program in June 2022 for up to ~5% of then outstanding common shares







[1] AOCI= Accumulated other comprehensive income (loss). TCE = Tangible common equity to tangible assets. TCBV = Tangible common book value per share. Please see Appendix for reconciliation of non-GAAP Financial measures for the computation of these non-GAAP measures.

FISI Presents a Compelling Valuation

Longstanding commitment to rewarding shareholders through meaningful dividend yield and 29-year cash dividend history

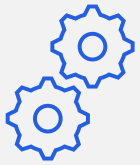
Investment Profile	As of December 31, 2023
Closing Price	$21.30
52-week High	$25.85
52-week Low	$13.84
Common Shares Outstanding	15.4M
Market Capitalization	$328.2M
Price/LTM EPS	6.7x
Price/NTM Consensus EPS	5.4x
Price/Common Book Value Per Share	0.75
Float	97.2%
Average Daily Volume (3 mos.)	~42,000
Dividend Per Share (annualized MRQ)	$1.20
Dividend Yield (annualized MRQ)	5.63%
Common Dividend Payout Ratio	37.85%



Results-driven community bank with strong retail and commercial franchises



Disciplined credit culture with strong credit quality



Fee-based businesses diversify revenue and complement core banking franchise



Complementary fintech and digital partnerships driving exceptional digital experiences



Appendix

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Thank you for your interest in Financial Institutions, Inc.

NASDAQ: FISI

Investor Relations Contacts

Kate Croft
Director of Investor and External Relations

Jack Plants
Chief Financial Officer & Corporate Treasurer

FISI-Investors@five-starbank.com

Learn more at www.FISI-Investors.com

Strong Executive Leadership Team Positioned to Drive Growth and Operational Excellence



Martin K. Birmingham
President & Chief Executive Officer



Samuel J. Burruano Jr.
EVP, Chief Legal Officer & Corporate Secretary
overseeing legal, corporate governance, ESG and internal audit



W. Jack Plants II
EVP, CFO & Treasurer
overseeing financial planning and analysis, accounting, tax, investor and external relations, treasury, operations and technology



Laurie R. Collins
SVP, Chief Human Resources Officer
overseeing talent recruitment and development, training and incentives, and DEI



Blake G. Jones
SVP, Chief Marketing Officer
overseeing marketing, brand strategy and enterprise sales



Gary A. Pacos
SVP, Chief Risk Officer
overseeing enterprise risk, BSA/AML, fraud, compliance, information security and credit administration

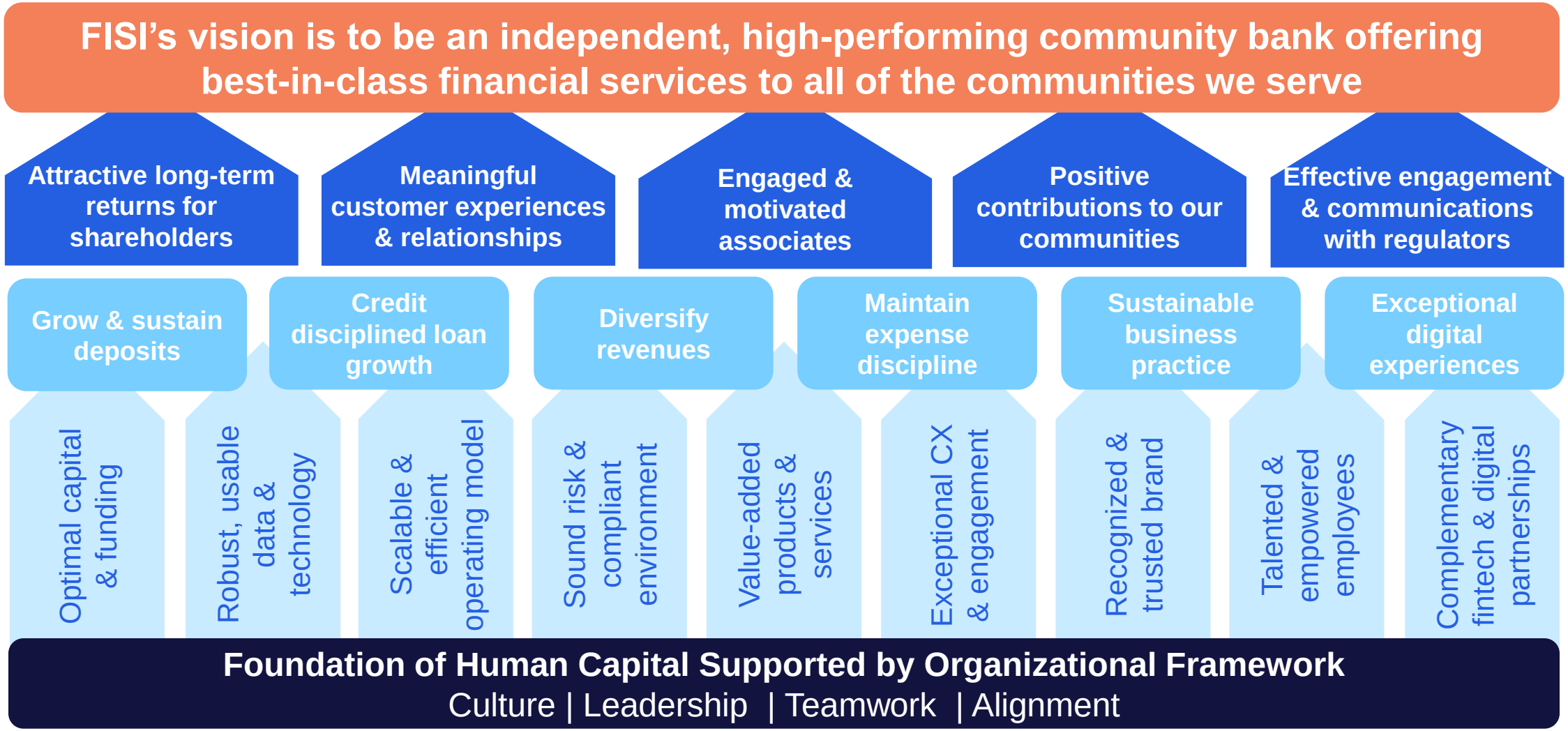


Kevin B. Quinn
SVP, Chief Commercial Banking Officer
overseeing CRE and C&I lending, treasury management, merchant services and community development



Reid A. Whiting
SVP, Chief Banking Officer
overseeing retail and digital banking, consumer lending, residential mortgage and BaaS

Strategy Map



Non-GAAP Reconciliations

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.

Amounts in thousands, except per share data and percentages	12/31/2021	12/31/2023
Computation of ending tangible common equity:		
Common shareholders' equity	$ 487,850	$ 437,504
Less: Goodwill and other intangible assets, net	74,400	72,504
Tangible common equity	413,450	365,000
Computation of ending tangible assets:		
Total assets	$ 5,520,779	$ 6,160,881
Less: Goodwill and other intangible assets, net	74,400	72,504
Tangible assets	5,446,379	6,088,377
Tangible common equity to tangible assets[1]	7.59%	6.00%
Common shares outstanding	15,745	15,407
Tangible common book value per share[2]	$ 26.26	$ 23.69

[1] Tangible common equity divided by tangible assets.
[2] Tangible common equity divided by common shares outstanding.
Source: Company filings

Non-GAAP Reconciliations Continued

Amounts in thousands	12/31/2022	3/31/2023	Quarter ended 6/30/2023	9/30/2023	12/31/2023
Pre-tax pre-provision income:					
Net income	$12,088	$12,089	$14,373	$14,022	$9,780
Add: Income tax expense	2,370	2,775	2,418	2,440	5,156
Add: Provision for credit losses	6,115	4,214	3,230	966	5,271
Pre-tax pre-provision income	**20,573**	**19,078**	**20,021**	**17,428**	**20,207**

Source: Company filings