

Investor Presentation

Nasdaq: FISI

First Quarter 2025

Updated April 29, 2025

Financial Institutions, Inc.

Important Information

Safe Harbor Statement & Other Information

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 speak only of as of the date of this presentation. These forward-looking statements can generally be identified as such by the context of the statements, including words such as "anticipate,“ "believe," "continue," "estimate," "expect," "focus," "forecast," “guidance,” "intend," "may," "plan," "preliminary," "should,“ “target,” or "will,” and other similar expressions, whether in the negative or affirmative. These forward-looking statements are based on management’s current expectations and beliefs and involve significant risks and uncertainties. You should not place undue reliance on any such forward-looking statements. All forward-looking statements, express or implied, made herein are qualified in their entirety by this statement and the cautionary language and the risk and other factors detailed from time to time 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.

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

Please refer to the Appendix for a listing of acronyms and abbreviations used within this presentation.

Please note, this presentation was updated on April 29, 2025, to correct select yield data included on slide 17.

Table of Contents

Company Overview	3
Full Year Guidance	5
Financial Highlights	6
Deposits & Liquidity	8
Lending	10
Securities Portfolio	16
Revenue	17
Expense Management	21
Asset Quality	22
Capital Management & Investment Considerations	25
Appendix	27
Acronyms & Abbreviations	28
Leadership Team	29
Additional CRE Detail: Federal Policy, DOGE and the Mid-Atlantic	30

Overview of Financial Institutions, Inc.

Nasdaq: FISI

Financial holding company headquartered in Western New York offering banking and wealth management services through subsidiaries Five Star Bank and Courier Capital, LLC

Experienced management team with extensive market knowledge and industry experience

Serving financially stable markets and well positioned for growth in several New York State metros, serving 15 contiguous Upstate New York counties through 50 locations[1]

- Commercial LPO serving Mid-Atlantic region provides valuable diversification

History of generating consistent, strong operating results

Disciplined credit culture with solid credit quality over time

Diversified business lines:

- Community banking services
- Commercial and SMB lending
- Wealth management



1817

200+ year history



$6.34B

Total assets at 3/31/25



$502MM

Market cap[2]

[1] 48 branches and 1 motor branch across 14 New York State counties, in addition to a commercial LPO located in Onondaga County
[2] Based on 3/31/25 close price of $24.96, excludes treasury shares

Five Star Bank Serves Financially Stable Geographies

$5.37B in deposits and $4.55B in loans at MRQ-end, focused on growth in key New York State metros

Rochester

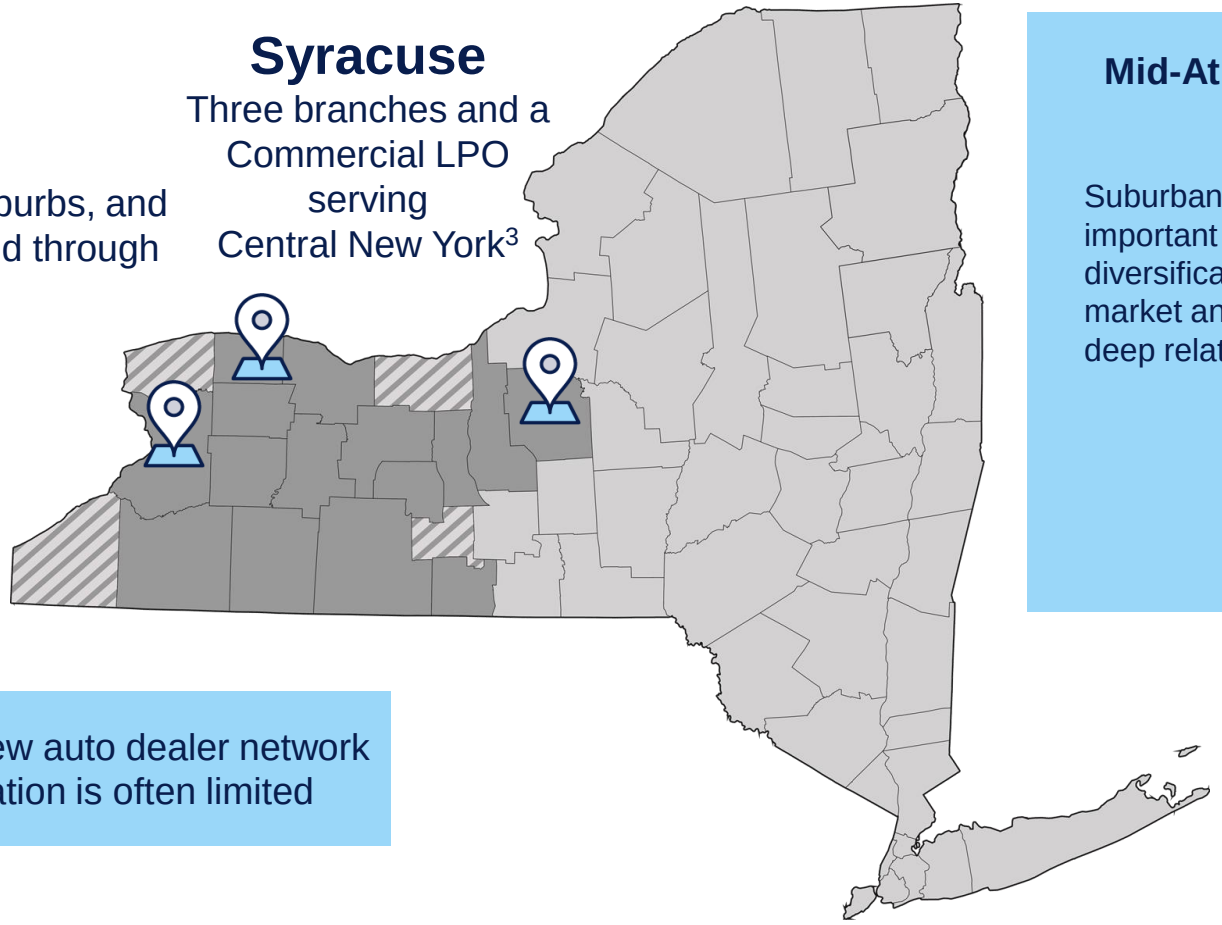
Eight branches in Rochester or its suburbs, and 26 total across Greater Rochester and through the Southern Tier[2]

Buffalo

Operating 20 banking locations in Western New York counties, including six branches in Buffalo or its suburbs[1]

Syracuse

Three branches and a Commercial LPO serving Central New York[3]



Mid-Atlantic Provides Valuable Diversificaiton

Suburban Baltimore, MD LPO provides important geographic and client diversification, leveraging decades of in-market and industry experience and deep relationships of the local CRE team



Consumer Indirect auto loans offered through new auto dealer network within New York State, where public transportation is often limited

[1] Western New York counties with Five Star Bank branch presence include Erie, Cattaraugus, Orleans, Genesee, Wyoming and Alleghany; includes one motor branch in Olean, NY and one electronic banking branch.
[2] Greater Rochester counties with Five Star Bank branch presence include Monroe Livingston and Ontario, while Southern Teir counties refers to Yates, Steuben and Chemung
[3] Central New York counties with Five Star Bank branch presence include Cayuga and Seneca, while the Bank operates a commercial LPO in Onondaga County

Full Year 2025 Guidance

Noninterest income expectations increased, given COLI transaction initiated in 1Q25

Full year NIM of 3.45% to 3.55% using a spot-rate forecast as of most recent quarter-end

1% to 3% annual loan growth driven by commercial loans

Flat deposit balances as non-public deposit growth is expected to offset the outflow of BaaS-related deposits

Noninterest income of $40MM to $42MM in 2025[1]

Noninterest expense of ~$140MM in 2025[2]

Efficiency ratio below 60% for the year

Effective tax rate of 17% to 19% including the impact of the amortization of tax credit investments placed in service in recent years

Annual net charge-offs to full year avg. loans of 0.25% to 0.35% reflective of credit-disciplined lending and strong fundamental underwriting processes



>1.10%

Return on average assets



>11.25%

Return on average equity

[1] Noninterest income excluding gains/losses on securities, impairment of investment tax credits, limited partnership income, insurance income, and gains/losses on assets, including the previously disclosed insurance sale gain. Original guidance presented as between $9.5MM to $10MM per quarter
[2] Noninterest expense guidance originally presented as approximately $35MM per quarter

Recent Financial Results

As of or for the quarter ended 3/31/25



$16.5MM

Net income available to common shareholders

"Our first quarter results were highlighted by **improved earnings** and **profitability metrics**… as well as our team's ability to meet the banking, credit and investment advisory needs of our customers amid a challenging environment."

- Martin K. Birmingham, President & CEO

Diluted earnings per common share: $0.81, compared to diluted loss per common share of ($5.07) in 4Q24

NIM: 3.35%, up 44 bps from linked quarter

NII: $46.9MM, up $5.2MM, or 12.6%, from 4Q24

Total deposits: $5.37B, up $268.2MM, or 5.3%, from 12/31/24

Total loans: $4.55B, reflecting an increase of $74.1MM, or 1.7%, from linked quarter-end

Noninterest income: $10.4MM, compared to a loss of $91.0MM in 4Q24, when results were impacted by an investment securities portfolio restructuring

Noninterest expense: $33.7MM, compared to $59.4MM in 4Q24, when the Company recorded a provision for litigation settlement

Solid credit quality metrics, as measured by annualized NCOs to average loans of 0.21%, compared to 0.25% in 4Q24

Provision for credit losses: $2.9MM, compared to $6.5MM in 4Q24

Recent Financial Results

Last five quarters earnings summary

Earnings Summary Amounts in millions, except percentages and per share amounts	1Q24	2Q24	3Q24	4Q24	1Q25
Average interest-earning assets	$5,804.9	$5,765.9	$5,611.7	$5,715.8	$5,651.2
Net interest margin (tax equivalent basis)	2.78%	2.87%	2.89%	2.91%	3.35%
Net interest income	$40.1	$41.2	$40.7	$41.6	$46.9
Noninterest income (loss)	$10.9	$24.0	$9.4	($91.0)	$10.4
Total revenue (loss)	**$51.0**	**$65.2**	**$50.1**	**($49.4)**	**$57.2**
Noninterest expense	($54.0)	($33.0)	($32.5)	($59.4)	($33.7)
Benefit (provision) for credit losses	$5.5	($2.0)	($3.1)	($6.5)	($2.9)
Income (loss) before income taxes	$2.4	$30.1	$14.5	($115.3)	$20.6
Income tax (expense) benefit	($0.4)	($4.5)	($1.1)	$32.5	($3.7)
Net income (loss)	**$2.1**	**$25.6**	**$13.5**	**($82.8)**	**$16.9**
Preferred stock dividends	($0.4)	($0.4)	($0.4)	($0.4)	($0.4)
Net income (loss) available to common shareholders	**$1.7**	**$25.3**	**$13.1**	**($83.2)**	**$16.5**
Earnings (loss) per share – diluted	$0.11	$1.62	$0.84	($5.07)	$0.81
Weighted average common shares outstanding – diluted	15.5	15.6	15.6	16.4	20.1

Strong Community Bank Deposit Base

Serving consumers, businesses, municipalities and non-profits in Upstate New York

Total deposits were $5.37B, up $268.2MM, or 5.3%, from linked quarter-end, and down $23.8MM, or 0.4%, from one year prior

- Linked quarter variance primarily due to seasonal deposit inflows as well as an increase in brokered deposits, while year-over-year decline in part reflected lower reciprocal and BaaS-related deposits
- BaaS wind-down continues to progress smoothly, with balances of ~$55MM at 3/31/25

Granularity of community banking franchise benefits deposit portfolio

Lower-cost deposits from rural markets fund higher growth in metro markets

- Offering a variety of public deposit products to municipalities, including local governments and school districts, providing seasonal, lower-cost funding source, which made up 23% of total deposits at 3/31/25

Loan-to-deposit ratio of ~85%

Uninsured nonpublic deposits made up ~19% of total deposits at most recent quarter-end, when considering the secured nature of our public and reciprocal portfolios, which typically have larger balances



~$87MM

Avg. deposit balances per branch[1]



326

Municipal customers as of MRQ-end



~81%

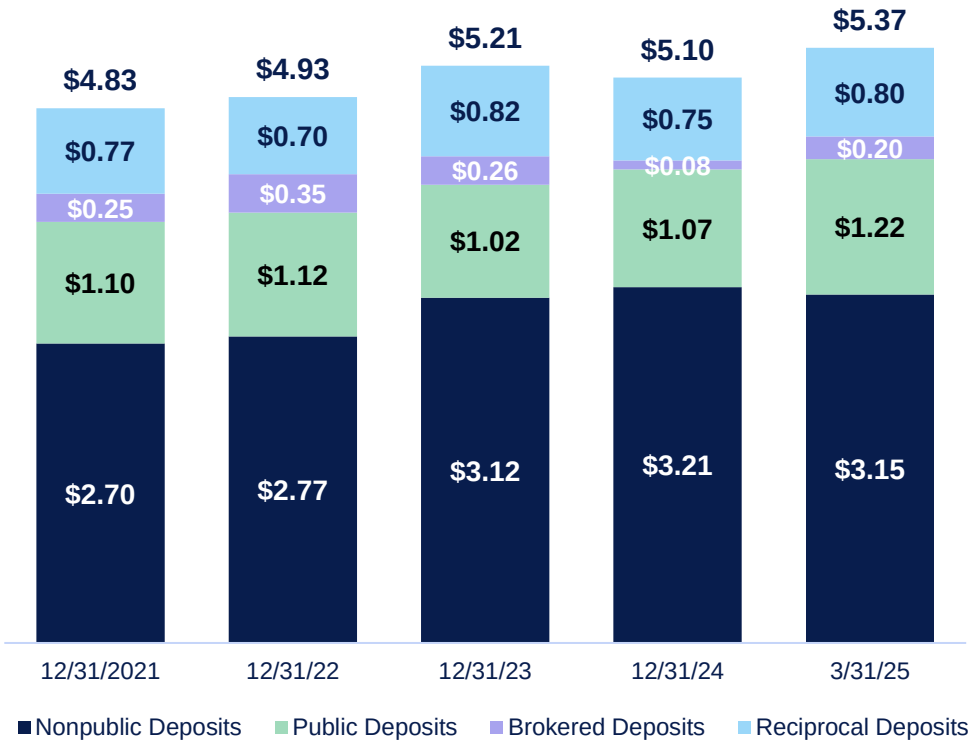
of total deposits are insured or collateralized[2]

[1] Excluding reciprocal and brokered deposits
[2] Collateralized deposits act as collateral to ensure obligations are met, often supporting loans, municipal accounts or specific contractual agreements

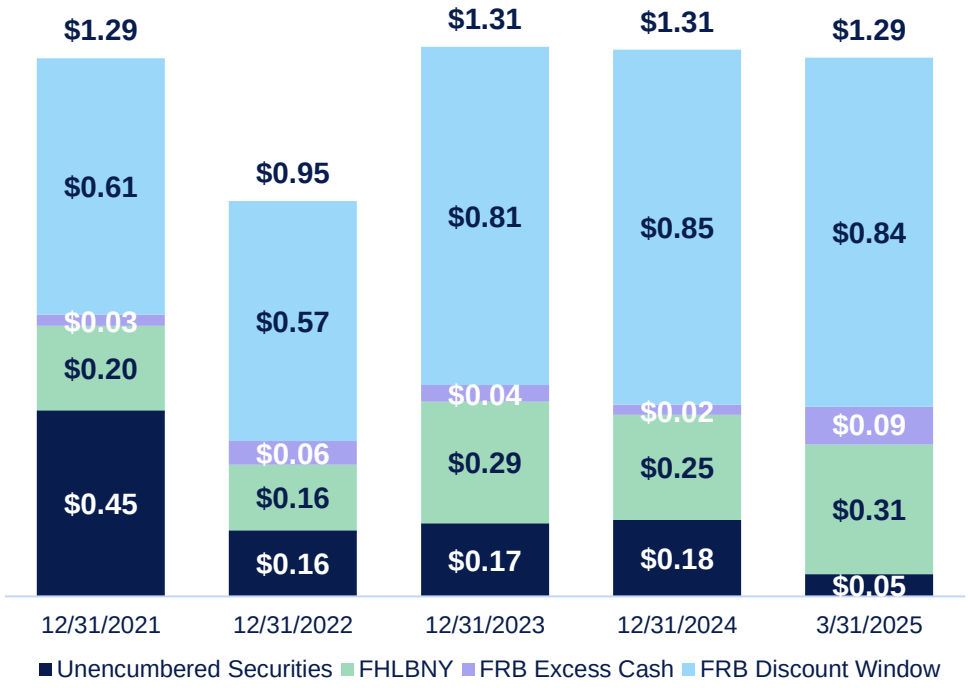
Robust Liquidity Position

Supported by diverse deposit gathering capabilities and eligible collateral

Total Deposits
$ in billions | 3.2% CAGR

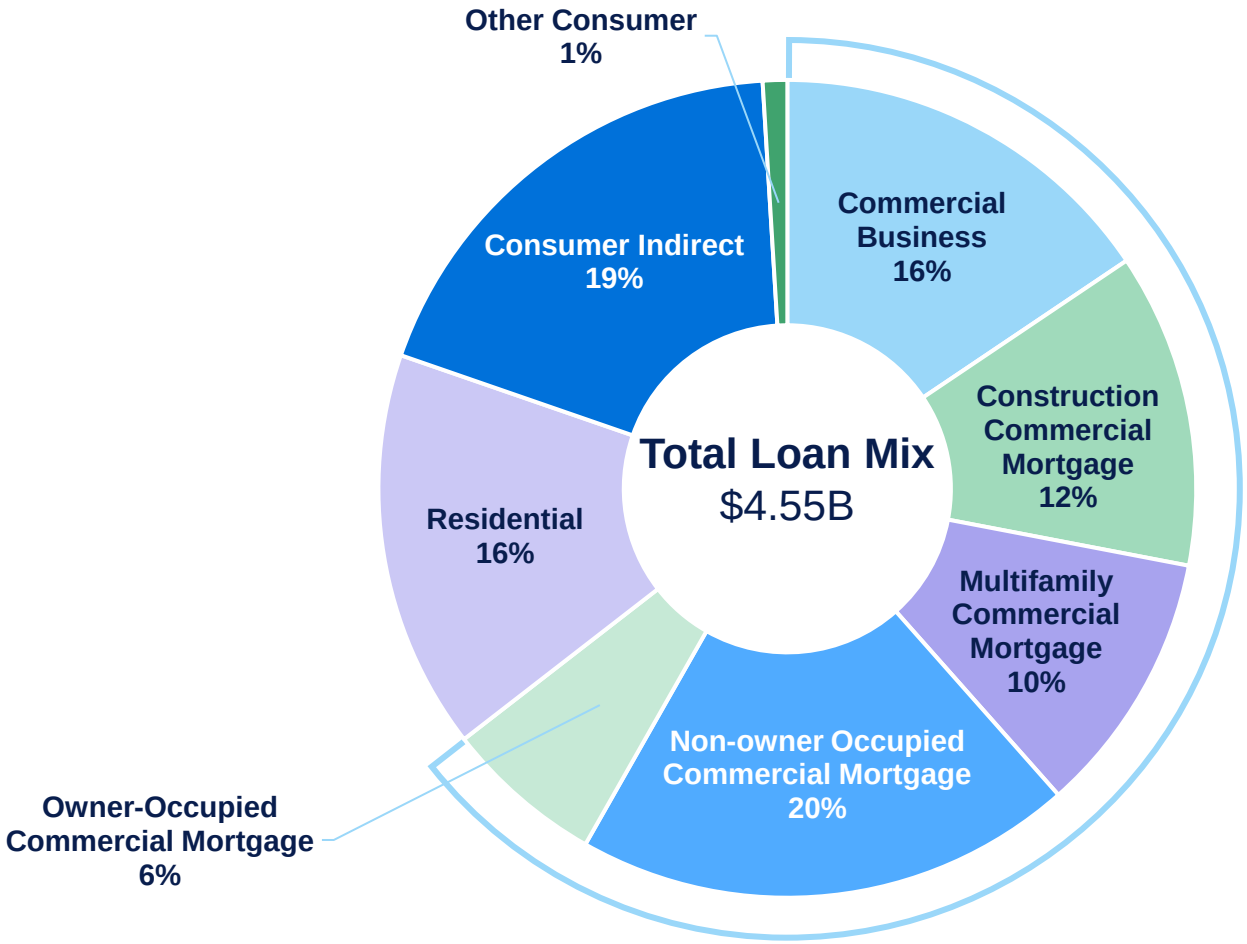


Available Committed Liquidity
$ in billions



Diversified Loan Portfolio

Total loans have grown at a 6.3% CAGR since year-end 2021



65%

of total loans are commercial, comprised of CRE, C&I & BBU[1]

[1] Commercial Real Estate (CRE), Commercial & Industrial (C&I) and Business Banking Unit (BBU), which refers to small business lending through commercial franchise

Commercial Lending

Total commercial loans of $2.94B and committed credit exposure of $3.88B at 3/31/25

Total commercial loans increased $72.5MM, or 2.5% during the quarter and $184.8MM, or 6.7%, year-over-year

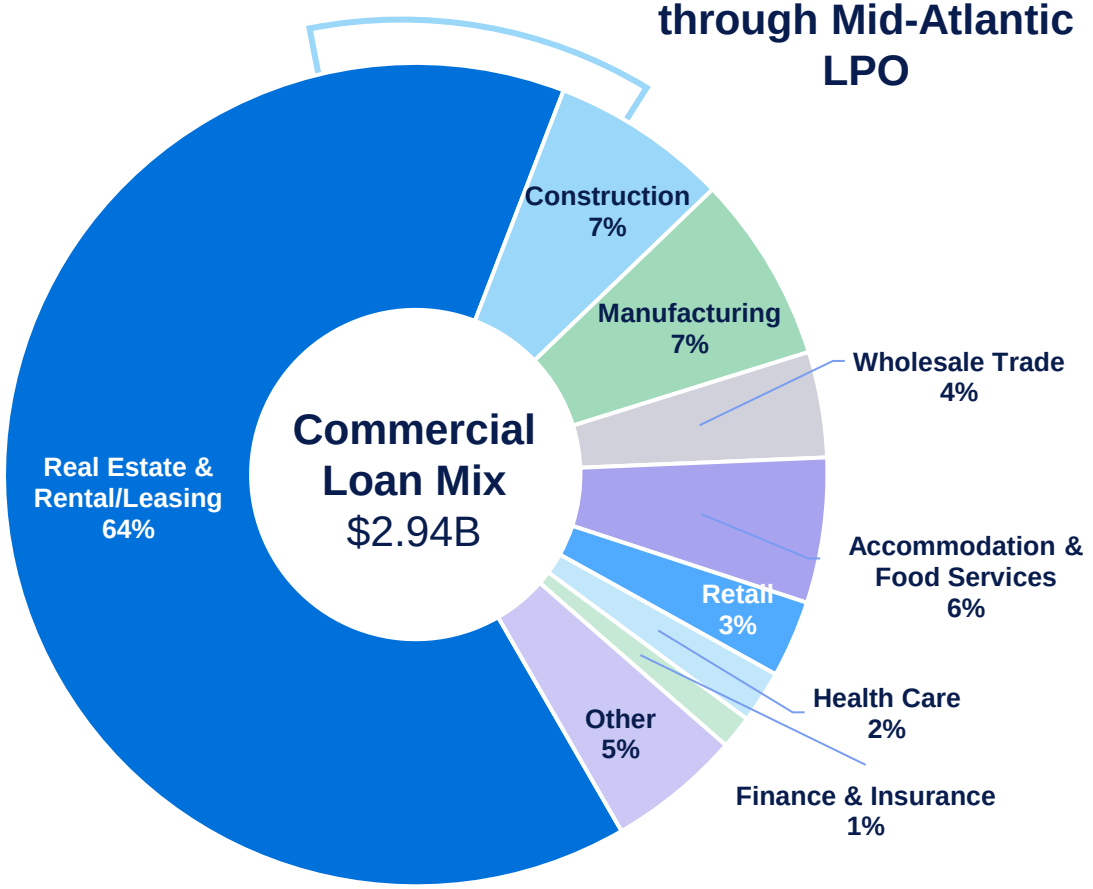
Operating in financial stable geographic markets, primarily in NYS

- Commercial teams situated in regional headquarters in Buffalo and Rochester, NY, supported by Upstate New York branch network and commercial LPOs in Central New York and the Mid-Atlantic
    - Syracuse, NY LPO well-positioned for anticipated growth from tech-fueled investments taking place in Central New York under leadership of market president with more than 25 years of local banking experience
    - LPO in suburban Baltimore, MD leverages decades of in-market and industry experience and deep relationships of the local CRE team to provide geographic and client diversification, including mix of stabilized projects, construction projects and residential AD&C projects (see Appendix for more detail on Mid-Atlantic)

Disciplined approach to credit and risk management supports strong asset quality metrics

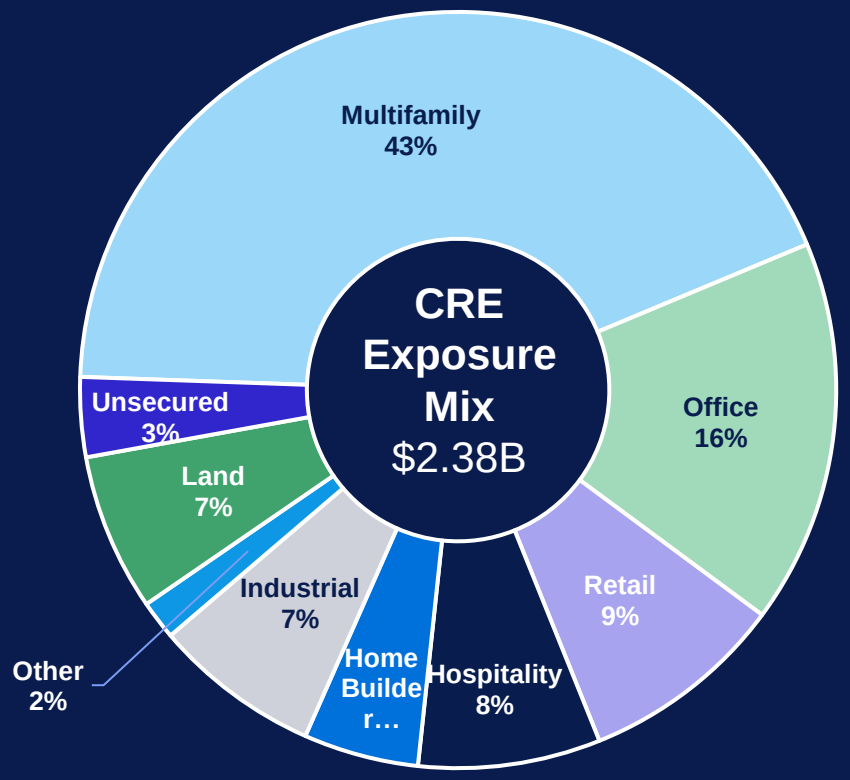
- 0.01% of commercial NCOs to avg. commercial loans in 1Q25

13.5% of commercial loans are originated through Mid-Atlantic LPO



Commercial Real Estate

Total CRE loans of $1.92B and committed credit exposure of $2.38B at 3/31/25



~$3.1MM
weighted avg. loan commitment

~730
loans consolidated into ~260 lending relationships

>70%
of CRE clients have loan relationship <$10MM

- Growth achieved without compromising strong credit culture
- Portfolio factors in loan rollover risk, with ~27% of exposure scheduled to mature within next 12 mos. and another ~16% in 24 mos.
- Large majority have full or limited personal or corporate recourse, providing comfort with loan rollover risk[1]

See Appendix slides 30-33 for additional CRE detail, including on DOGE and Mid-Atlantic

[1] Recourse and loan-to-value ("LTV") ratio calculated as of 3/31/25; original appraised value used for LTV ratio

CRE: Office & Multifamily

Internal stress testing conducted on quarterly basis analyzing several largest CRE asset classes

Office CRE outstanding balances of $379MM and committed credit exposure of $391MM

- Weighted avg. loan commitment: $3.4MM
- Criticized/classified: ~$23MM, or ~6% of asset class

Loans $1MM+

- Avg. LTV: 53%[1]
- Recourse: >75% have full or limited personal or corporate recourse; those without have avg. LTV of ~57%[1] and DSCR of ~1.4X

Multifamily CRE outstanding balances of $809MM and committed credit exposure of $1.0B

- Weighted avg. loan commitment: $3.9MM
- Criticized/classified: ~$32MM, or ~3% of asset class

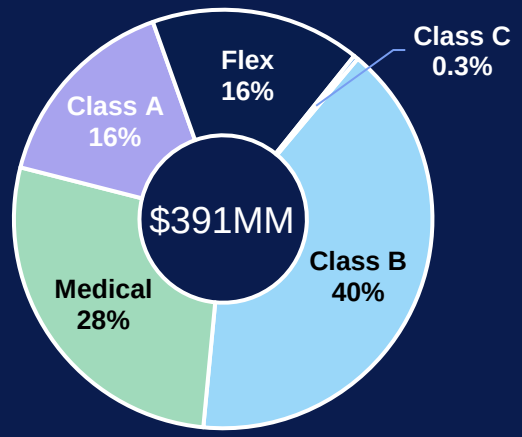
Loans $1MM+

- Avg. LTV: 59%[1]
- Recourse: >90% have full or limited personal or corporate recourse; those without have avg. LTV of ~54%[1] and DSCR of ~1.6X

Office Exposure Mix

~68% is Class B or Medical office space

~61% is in Upstate New York, remainder in Mid-Atlantic



Multifamily Stats

~84%
in Upstate New York

~53%
in construction phase

See Appendix slides 30-33 for additional CRE detail, including on DOGE and Mid-Atlantic

[1] Recourse and loan-to-value ("LTV") ratio calculated as of 3/31/2025 on loans exceed $1MM; original appraised value used for LTV ratio, LTV
[2] Loans with overlaying interest rate swaps are considered variable

Residential Real Estate

$718.8MM held portfolio and $280.2MM serviced for others portfolio at 3/31/25

Residential held portfolio decreased $7.0MM, or 1.0%, from 12/31/24 and $5.1MM, or 0.7%, from 3/31/24

High quality portfolio in stable Upstate New York market with in-market originations through mortgage loan originators, Five Star Bank branch network and digital point-of-sale technology

FICO: Weighted avg. credit score for residential loans of 741 at origination, and 765 for HELOCs

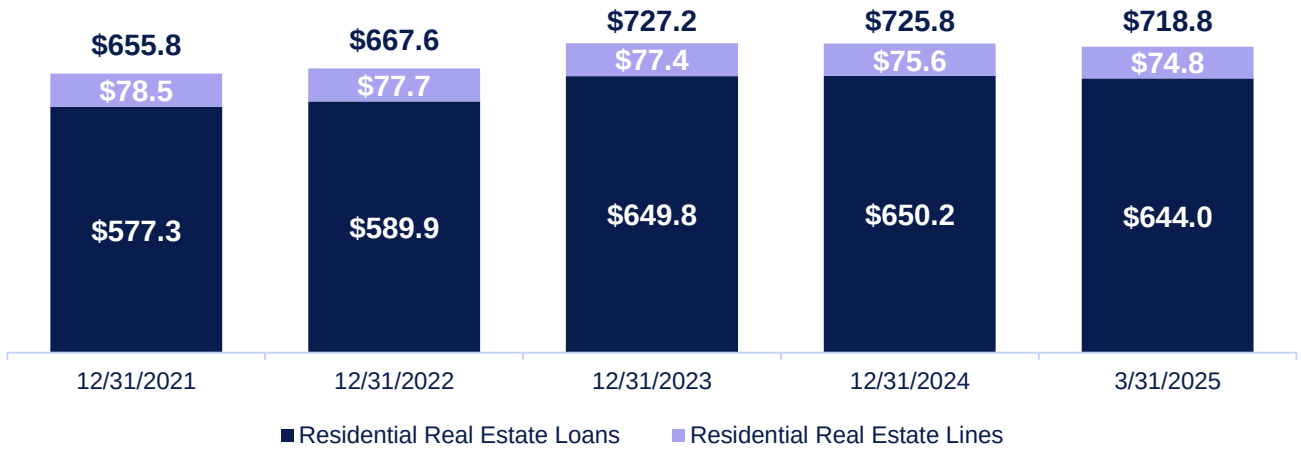
Avg. balance: ~$98,900 avg. residential loan size and $23,800 avg. HELOC balance

Approved seller-servicer for Freddie Mac and FHLBNY, supporting a residential sold and serviced for others portfolio of $280.2MM, with weighted avg. FICO score of 738 and avg. balance of $123,000

Full product menu featuring competitive construction offerings, as well as FHA, VA, USDA and SONYMA products

Residential Lending Held Portfolio

$ in millions | 2.8% CAGR



Consumer Indirect Auto

$853.2MM portfolio at 3/31/25

Consumer indirect portfolio was up $7.4MM, or 0.9%, from year-end 2024 and down $67.3MM, or 7.3%, year-over-year

Core competency with attractive risk-adjusted return profile and consistent results though several economic cycles

Prime lending operation with natural risk dispersion given small loan size averaging ~$19,900

Demonstrated track record of consistent performance through economic expansions, recessions and stagnation

- Annual charge-offs ranged 0.45% to 0.89% for 2008 through 2024, excluding the exceptionally low 0.14% reported in 2021
- NCO levels normalized in 2022 and remains within our historical range, with consumer indirect charge-off ratio of 0.86% for full year 2024, compared to 0.76% for full year 2023
- Consumer indirect charge-off ratio was 1.03% in 1Q25, 1.18% for 4Q25 and 1.28% for 1Q24



~365

new auto dealer network in New York State



716

weighted avg. FICO score → prime lending



~3.4 years

average duration

Securities Portfolio

$1.04B at 3/31/25

Primarily comprised of agency wrapped MBS with intermediate durations, which provide ongoing cash flow, coupled with investment grade municipal bonds that are classified as HTM

4Q24 strategic securities portfolio restructuring improved yield meaningfully

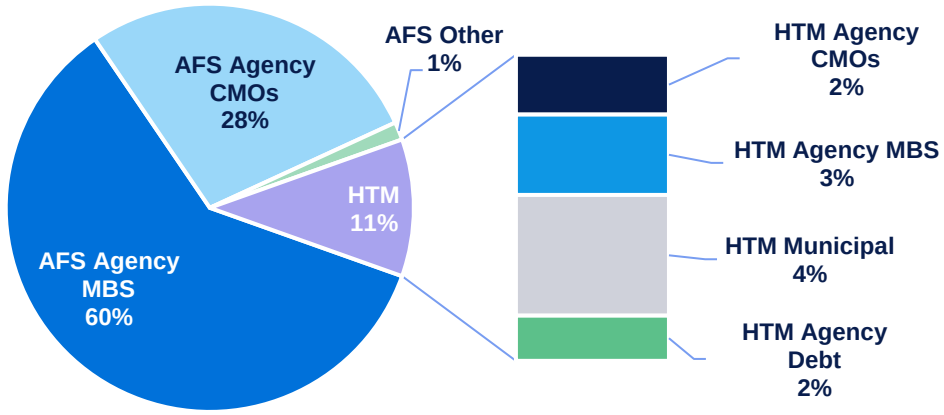
- Sold $653.5MM of AFS securities with a weighted avg. yield of 1.74% for a pre-tax loss of $100.2MM
- Reinvested the proceeds into higher-yielding agency wrapped investment securities with a face value of $566.2MM and weighted avg. yield of 5.16%
- Purchased an additional $76.4MM of agency wrapped securities with a weighted avg. yield of 5.45%.
- Following the transactions, the AFS portfolio has a tax equivalent yield of 4.41% while the overall portfolio yield is 4.25%

~$196MM
principal cash flow NTM

4.25%
tax equivalent yield

~6.3 years
avg. duration

Securities Portfolio Mix[1]



[1] AFS securities shown at fair value and HTM securities shown at amortized cost as of 3/31/25



Balance Sheet Providing Ample Cash Flow

More than $1.2B in anticipated NTM cash flow from investment securities and loan portfolios combined

Select Interest Earning Assets	1Q25 Yield	1Q25 Roll Off Loan Yield	1Q25 Roll On Loan Yield	Balance at 3/31/25 ($000s)	Avg. NTM Monthly Cash Flow[1] ($000s)
Commercial Real Estate	6.54%	6.38%	7.07%	$1,952,388	$48,882
Commercial & Industrial	6.34%	5.76%	6.53%	$866,663	$12,090
Small Business[2]	7.04%	7.32%	8.04%	$119,370	$1,308
Residential Real Estate	4.19%	4.73%	6.24%	$643,983	$7,189
Consumer Indirect	6.54%	6.62%	7.87%	$853,176	$27,618
Consumer Direct	8.17%	10.86%	11.33%	$43,953	$711

[1] Next 12-month 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 BBU

Net Interest Income & Margin

1Q25 NII of $46.9MM and NIM of 3.35%

NII of $46.9MM increased $5.2MM, or 12.6%, from the linked quarter and $6.8MM, or 16.9%, from the year-ago quarter

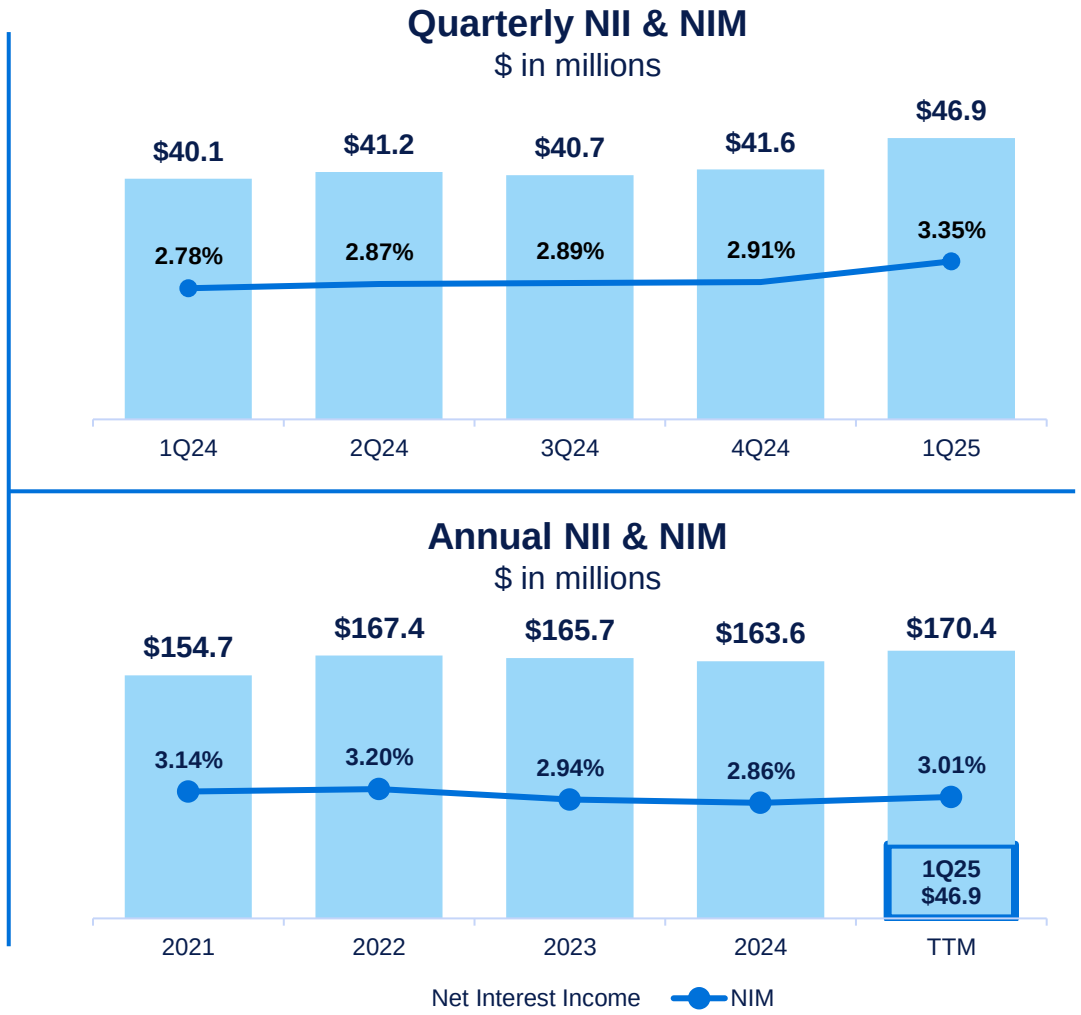
NIM was 3.35% for the current quarter, up 44 bps from the linked quarter and up 57 bps than the year-ago quarter

NII and NIM expansion supported by strategic investment securities restructuring completed in late 4Q24

- Utilizing a portion of proceeds generated through the Company's successful and oversubscribed 4Q24 public equity offering, the Bank sold lower-yielding investment securities at a loss and reinvested the proceeds into higher-yielding, agency wrapped investment securities (see slide 16 for additional detail)
- 1Q25 investment securities portfolio yield of 4.25% was up 187 bps from 4Q24 and up 216 bps from 1Q24

Effective repricing of deposits supported a 9 bps decrease in cost of funds in 1Q25, outpacing average loan yield reduction of 8 bps

- ~40% of loan portfolio is floating, with the majority priced off Prime and SOFR indexes



Note: The interest on tax-exempt securities is calculated on a tax-equivalent basis assuming a Federal income tax rate of 21%.

Diverse Noninterest Income

1Q25 noninterest income of $10.4MM



Investment Advisory Income: $2.7MM

Up $0.2MM, or 7%, and $0.2MM, or 6%, from the linked and year-ago quarters, respectively

Primarily derived from wholly-owned RIA subsidiary, Courier Capital, LLC, with $3.17B in AUM as of 3/31/25

Branch-delivered investment advisory products and services also offered in collaboration with Principal Financial Network of the Northeast®



Select Banking Services Fee Income: $3.4MM

Down $0.2MM, or 5%, from 4Q24 and flat with 1Q24

Inclusive of card interchange income, service charges on deposits, loan servicing income, income from derivative instruments, net (swap fees), and gains on the sale of loans HFS



Company Owned Life Insurance: $2.8MM

Up $1.4MM, or 95%, and $1.5MM, or 114%, from linked and year-ago quarters, respectively

COLI has been enhanced through surrender/redeploy strategies in recent years, including in 1Q25, when the Company restructured a portion of the portfolio into a higher-yielding credit fund

Expected to remain elevated through 2Q25 pending redemption by previous carrier on or before 6/30/25



Other Noninterest Income Streams

Other Noninterest Income of $1.6MM was up $0.3MM, or 22%, and $0.1MM, or 4%, from 4Q24 and 1Q25, respectively

The following categories of noninterest income totaled $0.1MM in 1Q25 and are excluded from the Company's annual guidance: gains/losses on securities, impairment of investment tax credits, limited partnership income, insurance income, and gains/losses on assets, including the previously disclosed insurance sale gain

Courier Capital, LLC

FISI’s wholly-owned RIA subsidiary is one of the largest serving Western New York

Supporting revenue diversification as the primary driver of the Company’s investment advisory income, which totaled $2.7MM in 1Q25

One of the largest RIAs serving Western New York by AUM and positioned for growth, having been enhanced through bolt-on acquisitions over the years

Complementing Five Star Bank’s relationship-based financial services offerings in its Upstate New York markets

- Providing customized investment management, retirement planning, and consulting services
- Focused on mass affluent and high-net-worth individuals and families, businesses, institutions, and foundations
- Headquartered in Buffalo, NY with offices in Rochester and Jamestown, NY and Pittsburgh, PA



$3.17B

in AUM at 3/31/25



3

RIA acquisitions since 2016

Noninterest Expense

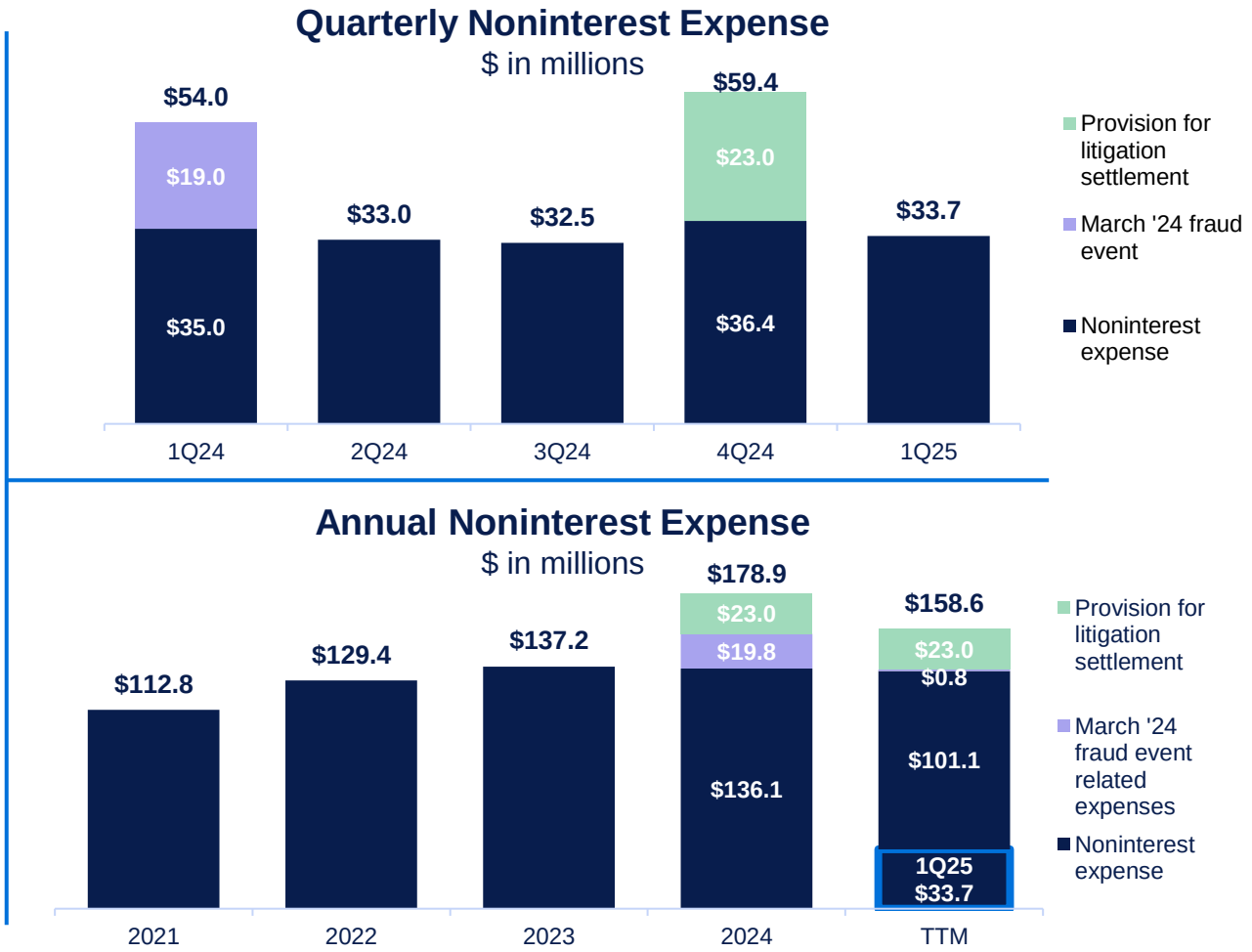
1Q25 expense was $33.7MM

Noninterest expense was $33.7MM in MRQ, compared to $59.4MM in 4Q24 and $54.0MM in 1Q24

- Linked quarter variance primarily due to provision for auto lending litigation settlement recorded in 4Q24, as well as a higher level of computer and data processing expenses in 4Q24 primarily related to nonrecurring project-related costs
- Year-over-year variance due to the previously disclosed March 2024 deposit-related fraud event, in addition to lower salaries and employee benefits expenses given the timing of the insurance subsidiary sale

Efficiency ratio of 59% in 1Q25, in-line with full year target of <60%

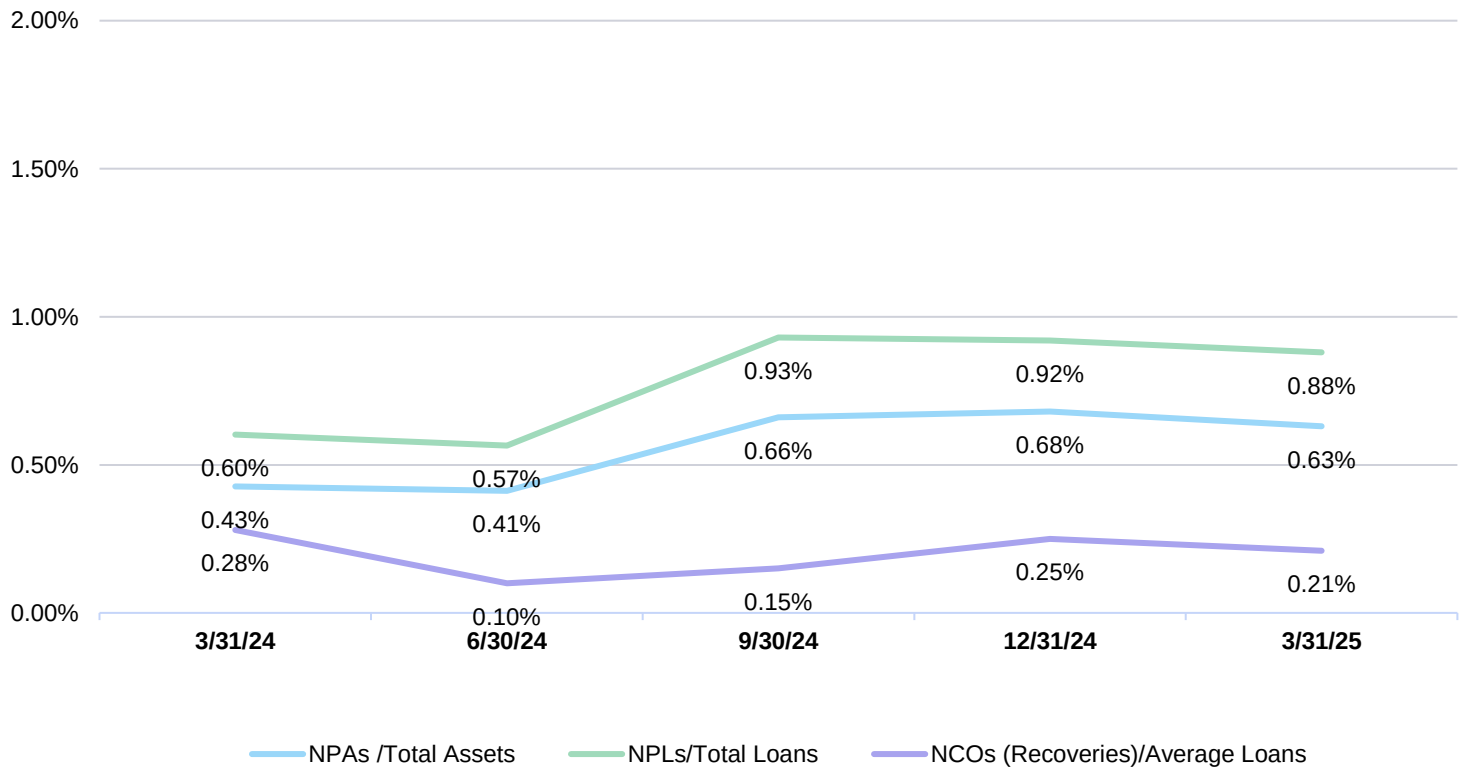
- Focused on effectively managing expenses as we invest in people, processes and technology to support future growth and performance



Solid Asset Quality

Last five quarters asset quality summary

Select Asset Quality Metrics[1]



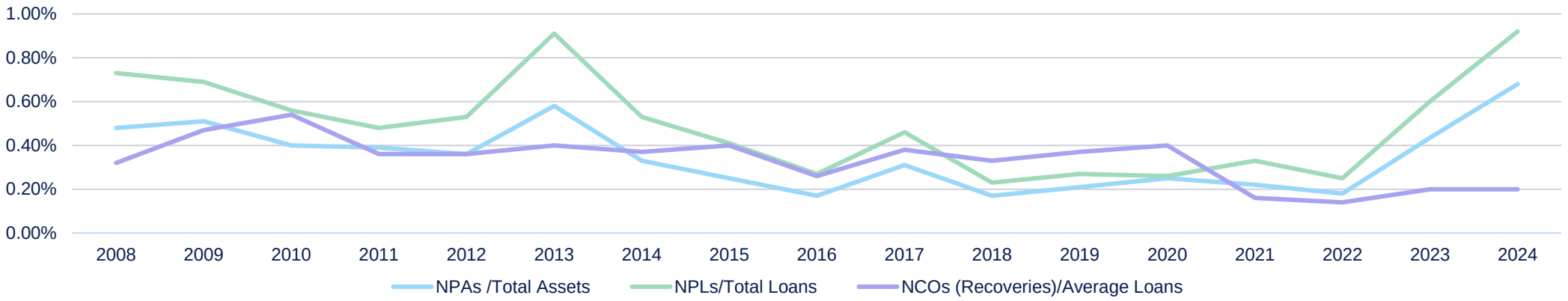
[1] NPLs = non-performing loans. Non-performing assets, or NPAs, include nonaccrual loans, loans past due 90 days or more and still accruing, and foreclosed assets

Elevated NPLs and NPAs relative to FISI's historic strong asset quality metrics are primarily associated with two separate commercial loan relationships in the Bank's Upstate New York geography, one of which was placed on nonaccrual during the 3Q24 and the other in 4Q23

Solid Asset Quality

Disciplined credit culture supports consistency of asset quality metrics

Select Annual Asset Quality Metrics Since 2008 Financial Crisis[1]



From 2008 to 2024, year-end NPAs ranged from 0.17% to 0.68% of total assets, while annual NCOs to avg. loans ranged from 0.14% to 0.54%

Thorough credit review exercise undertaken at the outset of COVID-19 pandemic reinforced confidence in health of loan portfolio

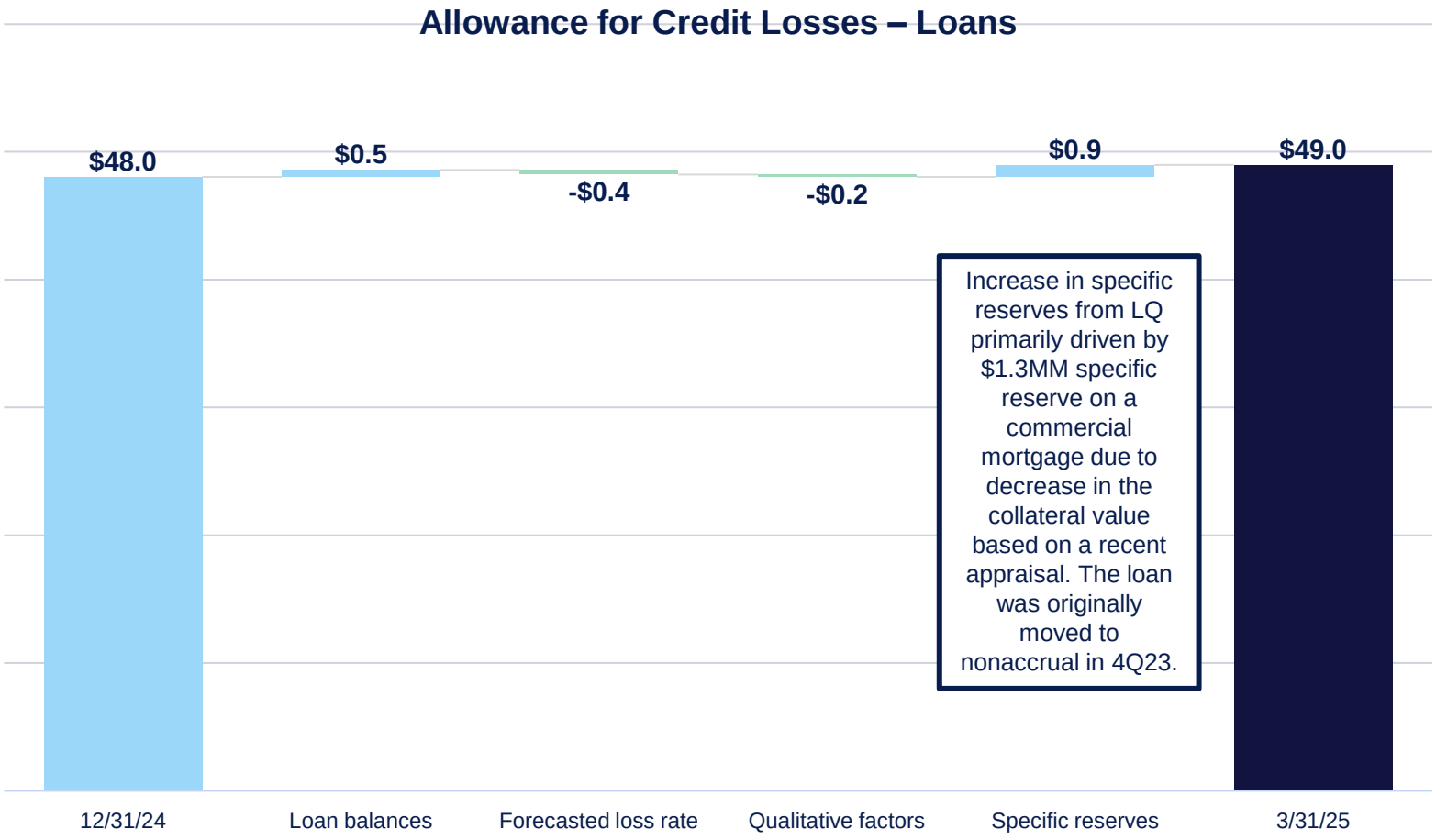
During 2Q22, COVID-19 at-risk pool was eliminated, and all credits now monitored as part of standard loan monitoring process

Increase in NPLs and NPAs beginning in 2023 largely associated with two separate commercial loan relationships, one of which was placed on nonaccrual during the 3Q24 and the other in 4Q23

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

Allowance for Credit Losses

Allowance for credit losses - loans to total loans was 1.08% at 3/31/25



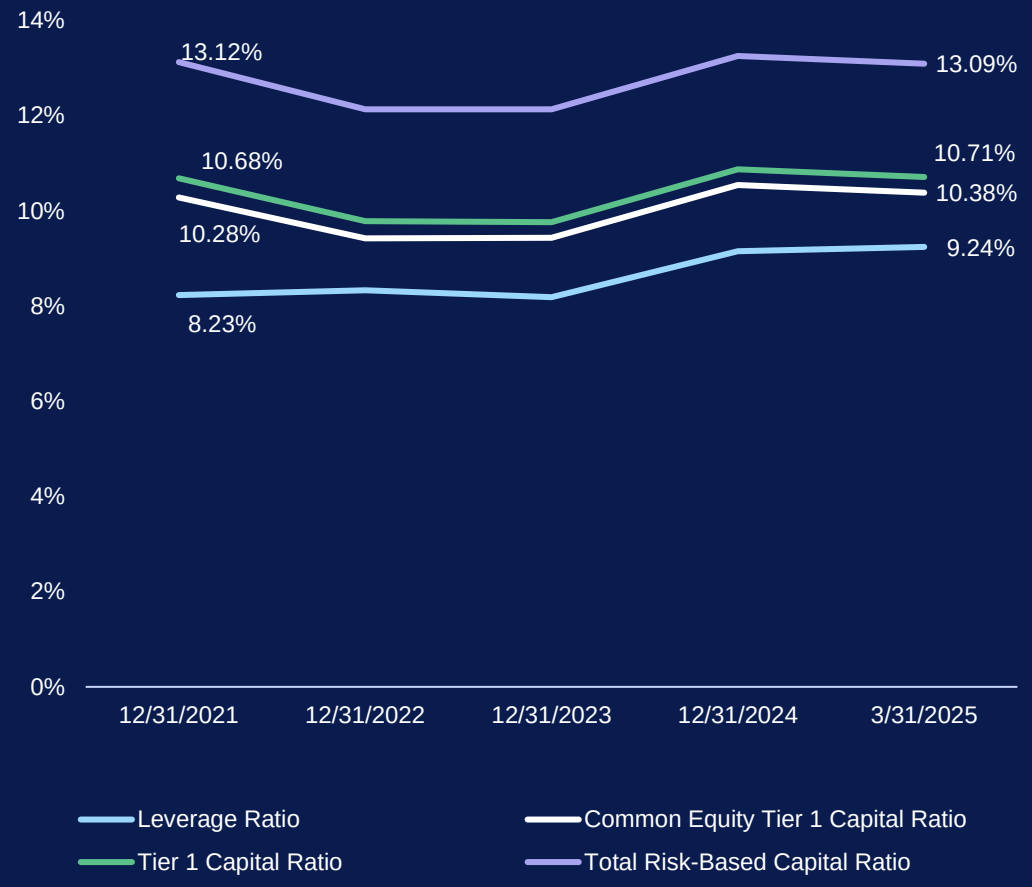
Allowance for credit losses – loans to total loans increased 1 bp on linked quarter basis

1Q25 provision for credit losses of $2.9MM, compared to $6.5MM in 4Q24

The lower provision on a linked quarter basis was driven by a combination of factors, including lower loan growth during the period, improvement in the forecasted loss rate and lower qualitative factors, driven by a reduction in consumer indirect delinquencies

Well-Capitalized to Support Future Organic Growth

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



10.38%

CET1 ratio at 3/31/25, up
95 bps from one year prior

Capital Ratio	12/31/21	12/31/22	12/31/23	12/31/24	3/31/25	Well-Capitalized Threshold
Leverage	8.23%	8.33%	8.18%	9.15%	**9.24%**	5.00%
CET1 capital	10.28%	9.42%	9.43%	10.54%	**10.38%**	6.50%
Tier 1 capital	10.68%	9.78%	9.76%	10.87%	**10.71%**	8.00%
Total RBC	13.12%	12.13%	12.13%	13.25%	**13.09%**	10.00%

Investment Thesis and Profile

Nasdaq: FISI

Positioned well for profitable, organic growth

Results-driven community bank with strong retail and commercial franchises

Wealth management business diversifies revenue and complements core banking franchise

Disciplined credit culture with strong credit quality

Experienced management team committed to rewarding shareholders, including through meaningful dividend yield and long-standing dividend history

Attractive valuation

Investment Profile	As of 3/31/25
Closing Price	$24.96
52-week High	$29.78
52-week Low	$16.29
Common Shares Outstanding	20.1MM
Market Capitalization	$502MM
Price/NTM Consensus EPS	7.0x
Price/Common Book Value Per Share	0.88
Float	91%
Average Daily Volume (MRQ)	~175,700
Dividend Per Share (annualized MRQ)	$1.24
Dividend Yield (annualized MRQ)	4.97%

Appendix

Acronyms & Abbreviations

Definitions of acronyms and abbreviations used within this presentation

- A&D: Acquisition and Development
- ADC: Acquisition, Development and Construction
- AFS: Available for Sale
- AUM: Assets Under Management
- B: Billions
- BaaS: Banking-as-a-Service
- BPS: Basis Points
- BBU: Business Banking Unit
- CAGR: Compound Annual Growth Rate
- CBD: Central Business District
- C&I: Commercial and Industrial
- CMO: Collateralized Mortgage Obligation
- COLI: Company Owned Life Insurance
- CRE: Commercial Real Estate
- DSCR: Debt Service Coverage Ratio
- EPS: Earnings Per Share
- GAAP: Generally Accepted Accounting Principles
- GSA: General Services Administration
- HELOC: Home Equity Line of Credit
- HFS: Held for Sale
- HTM: Held to Maturity
- LPO: Loan Production Office
- LTM: Last Twelve Months
- LTV: Loan-to-Value Ratio
- LQ: Linked Quarter
- MBS: Mortgage-Backed Securities
- MM: Millions
- MRQ: Most Recent Quarter
- NCO: Net Charge-Off
- NII: Net Interest Income
- NIM: Net Interest Margin
- NOO: Non-Owner Occupied
- NTM: Next Twelve Months
- RIA: Registered Investment Advisor
- RM: Relationship Manager
- SMB: Small and Midsize Businesses

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, and internal audit



W. Jack Plants II
EVP, Chief Financial Officer & 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



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



Eric W. Marks
SVP, Chief Consumer Banking Officer overseeing retail banking, residential mortgage, customer contact center and collections



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

Federal Policy & DOGE Impacts

Federal Government/ GSA lending not part of market strategy

Six CRE loans with GSA/government tenants totaling $43.5MM, or ~1.5% of CRE loans

- None located in Mid-Atlantic region; none cancelled year-to-date
- One loan for ~$0.1MM is 100% leased to the USPS, while the remainder are only partially leased to government entities

Canvassing of CRE customer base found de minimis exposure to GSA/government tenants in their broader real estate portfolios, and those with exposure are not expressing concern at present

- Within Mid-Atlantic market, our largest customers have indicated that multifamily vacancy rates and rent have remained stable and there has been no declines in sales pace of single-family projects, given the persisting tight housing markets in the Mid-Atlantic
- Closely monitoring portfolio as economic conditions evolve to understand how federal policy changes may impact future performance

Loans to GSA/government tenanted buildings are outside our traditional market strategy given competition, non-recourse nature and more

- Highly competitive, resulting in transactions with very low margin and low DSCR
- Typically non-recourse, which is not aligned with our CRE portfolio, of which ~90% has some level of recourse
- GSA leases typically contain cancellation clauses

Mid-Atlantic government employees predominantly in armed services positions, including the Navy, Army and Department of Defense, where personnel cuts are not anticipated

High federal employment numbers in Virginia and Maryland given proximity to Washington, DC[1]

- VA: ~144,500 federal employees, representing 3.3% of employees statewide; largest percentages employed by the Navy (31.4%), Department of Defense (19.5%) and Army (10.5%)
- MD: ~142,900 federal employees, or 4.6% of the state's workforce; largest employes including the Department of Health and Human Services (28.1%), Navy (12.0%) and Army (10.6%)

National federal employment statistics[1]

- 3.0MM federal jobs, or 1.9% of all US jobs, as of year-end 2024
- Of those, ~2.3MM were full-time employees
- Federal offices with the most personnel based on 2023 data were all military programs under the Defense Department (775,100 people), the Department of Veterans Affairs (433,700), and the Department of Homeland Security (212,000)

[1] Based on data from the U.S. Office of Personnel Management,

Mid-Atlantic CRE: Overview

Total loans of $398MM at 3/31/25

Mid-Atlantic market provides Five Star Bank with important geographic and client diversification, leveraging decades of in-market and industry experience and deep relationships of the local CRE team

- Sponsors have proven track records, access to capital and long-term relationships with our RMs
  - High quality sponsors, many with $1B+ net worth, that have weathered numerous real estate cycles
  - Focused on sponsors that build-to-hold for their own portfolio
- Consistent and conservative credit underwriting, with short tenor, reasonable leverage, no tenant concentration, consistent covenants, and diversified portfolios of sponsorship
  - All Mid-Atlantic loans originated post-COVID in higher-interest rate environment
  - Consistent with our approach across the Bank, senior management knows and regularly interacts with major CRE sponsors in this region

Pace of Mid-Atlantic growth moderating since successful commercial LPO opening in 1Q22

- $197MM originated in its first year, with portfolio growth of $110MM in year two and $91MM over LTM
- Total outstanding loan balance of $398MM at 03/31/25 with an average loan size of ~$5.9MM
- $37.3MM of Mid-Atlantic loans are in Baltimore or Washington, DC CBDs, representing 9% of total Mid-Atlantic loans and 1.6% of total CRE portfolio

Mid-Atlantic deposit base linked to lending relationships

- Modest deposit balances of $25MM as of 03/31/2025



4-person team

27 years on average of in-market lending experience among 3 RMs



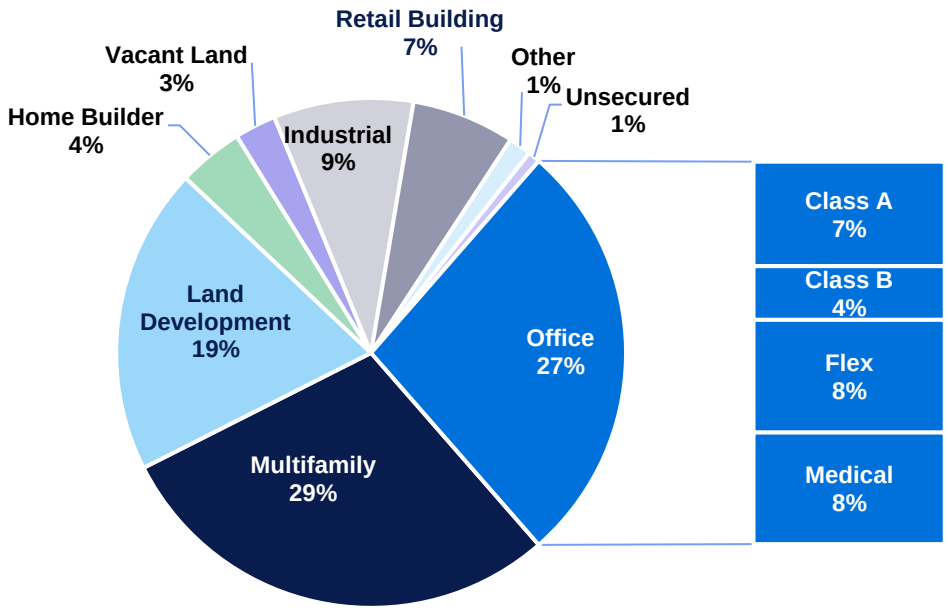
$37.3MM

of total loans located in Baltimore or Washington, DC CBD

Mid-Atlantic CRE: Exposure Mix & Appetite

Total exposure of $556MM at 3/31/25

Mid-Atlantic CRE Exposure Mix
$556MM at 3/31/25



Growth Opportunities

- Flex/warehouse
- Residential A&D and/or ADC loans
- Suburban multifamily
- Retail strip plazas
- Medical office

Limited Appetite

- Properties in Baltimore/ Washington, DC CBDs
- Large floor plate office[1]
- Big box retail
- Hotels
- Single tenant buildings

[1] Large floor plate officer refers to more than 150Msf/floor

Thank you for your interest in Financial Institutions, Inc.
Nasdaq: FISI

Investor Relations Contacts

Kate Croft
Director of Investor & External Relations

Jack Plants
Chief Financial Officer & Corporate Treasurer

Learn more at www.FISI-Investors.com

FISI-Investors@Five-StarBank.com