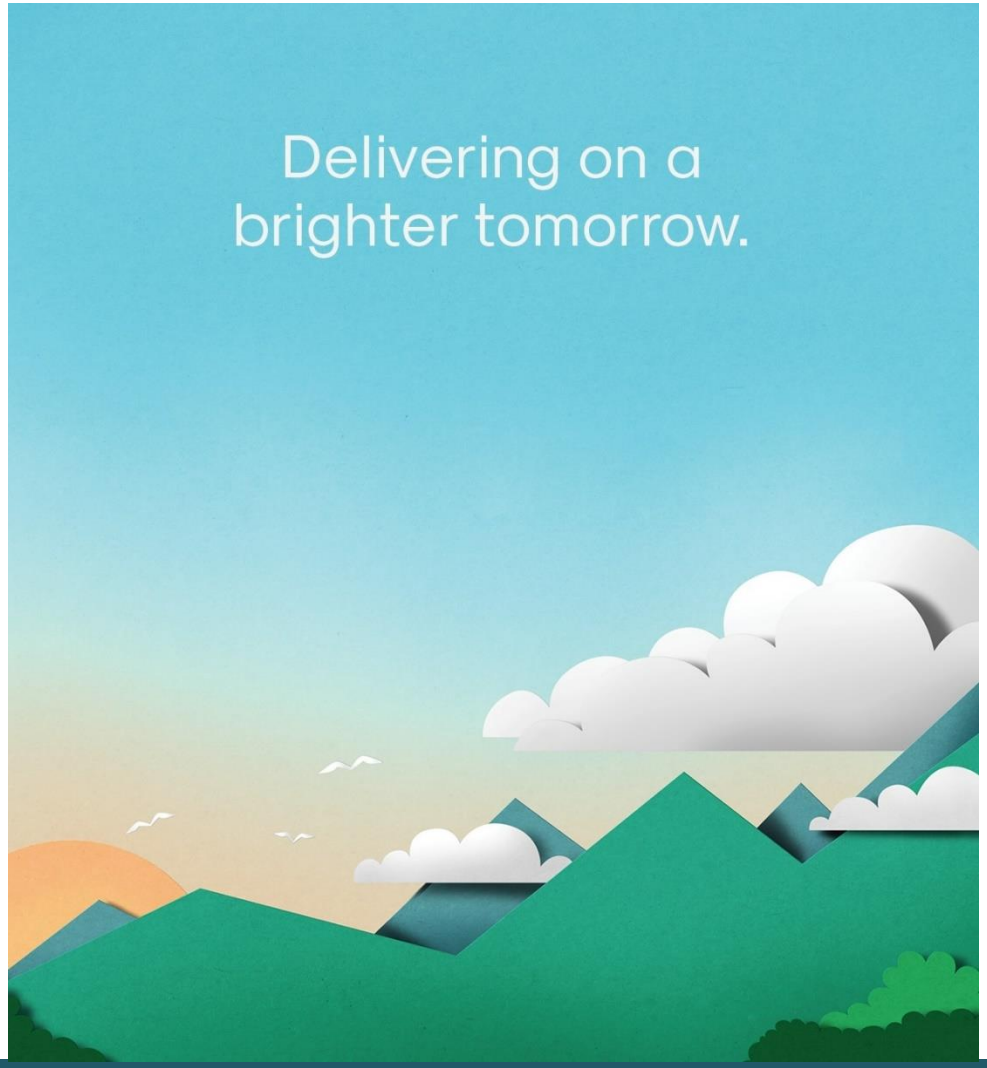


FINANCIAL INSTITUTIONS, INC. (Nasdaq: FISI)

Investor Presentation

September 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. Certain of the information contained herein may be derived from information provided by industry sources. The Company believes that such information is accurate and that the sources from which it has been obtained are reliable. FISI cannot guarantee the accuracy of such information, however, and has not independently verified such information. Except as required by law, the Company assumes no obligation to update any information presented herein. This presentation includes certain non-GAAP financial measures intended to supplement, not substitute for, comparable GAAP measures. Reconciliations of those non-GAAP financial measures to GAAP financial measures are provided in the Appendix to this presentation.

Overview of Financial Institutions, Inc.

Corporate Overview

- Diversified financial services holding company headquartered in Western New York with a demonstrated 200-year history of client service
- 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 June 30, 2020

Assets:	$4.7 billion
Loans:	$3.5 billion
Deposits:	$4.0 billion
Shareholders' Equity:	$448.0 million
NPAs(1)/Total Assets:	0.30%
Employees:	~ 700
ROACE (TTM):	8.72%
ROATCE(2) (TTM):	10.61%
ROAA (TTM):	0.87%
Annualized Dividend Per Share:	$1.04
Market and Valuation Data as of September 21, 2020	
Closing Price Per Share:	$15.40
Market Capitalization:	$247 million
Dividend Yield:	6.8%
Price/Tangible Common Book Value(3):	69%
Price/NTM Consensus EPS(3):	7.2x

(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
(3) Per S&P Global Market Intelligence; NTM = next twelve months

Two Distinct Opportunities → Urban MSAs and Core Legacy Markets

Market Footprint



- 53 branches and 650 employees(2)
- High growth potential in Buffalo and Rochester urban markets
- Market share leader in core legacy markets – valuable core deposits
- 4th largest bank in 15 county footprint
  - 1st or 2nd largest bank in 9 counties

Growth Opportunities

Buffalo and Rochester Urban MSAs

- Five Star Bank market share in attractive $65B combined deposit markets(1) is less than 3%
  - Presence and brand awareness is growing
  - Insurance and wealth management businesses diversify revenue and expand offerings to support customers
  - Market disruption has created opportunity for our style of community banking
    - Personal service with local-leadership and decision-making power
    - Agile in responding to customer needs
  - Capacity and capability to meet credit needs of the community banking marketplace

Core Rural Markets

- Stable/reliable core deposits
- Role as trusted banker creates opportunity for fee-based services

(1) 6/30/19 data
(2) As of 6/30/20; Includes all FISI subsidiaries

Buffalo and Rochester Economic Environment



Buffalo, New York
NY State's 2nd Largest City
Population: 255,000
MSA Population: 1.13 million



Rochester, New York
NY State's 3rd Largest City
Population: 206,000
MSA Population: 1.08 million

- Financially stable market – less bust / less boom
- Demonstrated resilience through economic downturns
- Economy continues to evolve from manufacturing to a more diversified economy including healthcare, higher education, financial services, small business, technology and professional services
  - Significant college and university presence, including academic medical centers with robust research and development activities
- Strong collaboration between public and private sectors
  - New York Regional Economic Development Council (REDC) Awards
- Buffalo and Rochester downtown redevelopments underway

2020 Key Initiatives

Enterprise Standardization Program

- Focused on improving operational efficiency and profitability while enhancing customer and associate experiences
- Working with leading process improvement organization to assess all lines of business and functional areas
  - Data-driven analysis identified overlapping service areas, automation opportunities and opportunities to streamline processes and operations to enhance customer experiences
  - Opportunities identified by the program have resulted in implementation of robotic automation and streamlining of processes and operations
  - On July 17th, Five Star Bank announced changes in its retail branch network to better align with shifting customer needs and preferences
    - Transformation will result in six branch closures (effective October 2020)
    - Approximately 6 percent of workforce was separated immediately
    - Actions expected to result in $1.7 million charge in 2nd half 2020 with expected expense savings of $2.6 million on an annual basis, facilitating long-term sustainability of current and future branches
- Program has not concluded and we continue to anticipate annualized expense savings within a range of $5 to $7 million, as was disclosed on January 30, 2020
  - We continue to invest in our strategic initiatives and priorities, including the build-out of our branch network over time in the growth markets of Buffalo and Rochester

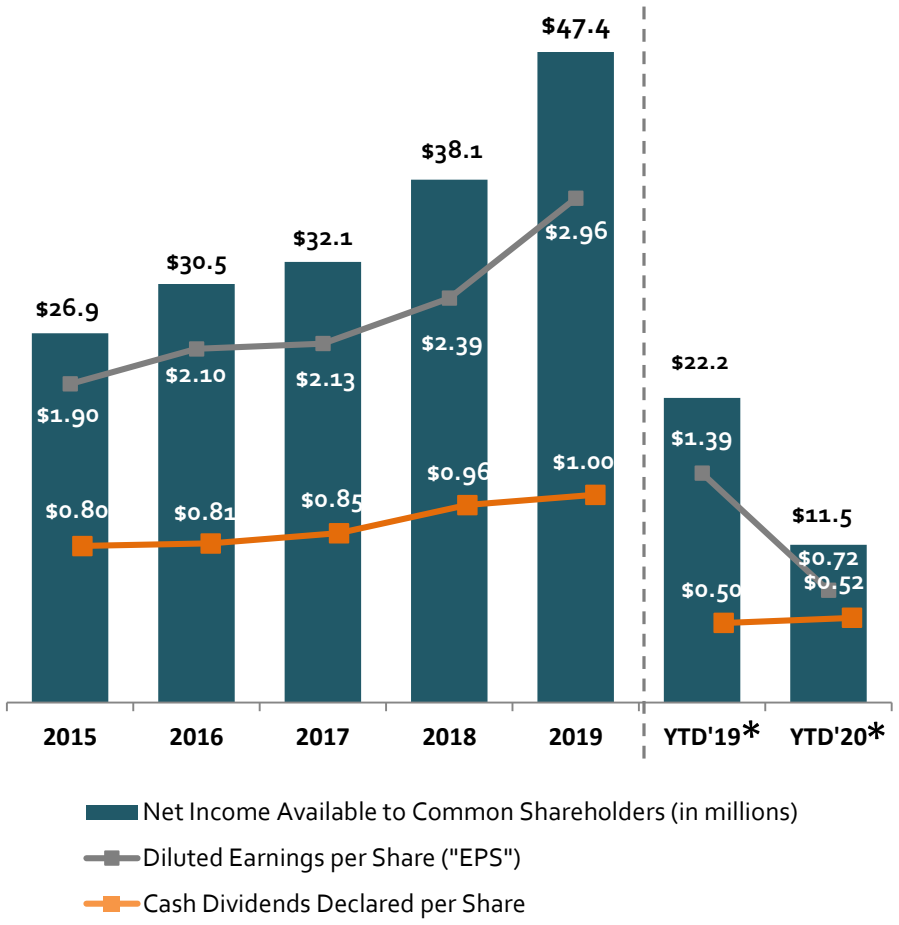
2020 Key Initiatives

Five Star Bank Digital Banking

- During the second quarter of 2020, Five Star Bank completed the multi-phase launch of a new online and mobile platform — Five Star Bank Digital Banking
- New platform enhances the user experience across all devices
- Provides a single dashboard to make payments and deposits, transfer and send money, create budgets, set financial goals and easily integrate external investment, loan and other transactional accounts
- Consumers can access a comprehensive financial tool to do all their banking from home
- Business owners and their employees can also access powerful financial tools to assist with daily finances from anywhere
  - Enhanced cash management services for businesses of all sizes
- Customer response has been very favorable and enhancements will continue to be rolled-out over time

Enterprise Standardization and Five Star Digital Banking represent critical transformational and technology investments, improving relationships with our customers and enhancing future profitability

Net Income, Earnings and Dividends



- 2015 to 2019 CAGR
  - Net income available to common shareholders **15.2%**
  - EPS **11.7%**
  - Dividends **5.7%**
- Results for the first six months of 2020 were negatively impacted by:
  - Higher provision for credit losses due to adoption of the CECL standard
  - Higher net charge-offs in the first quarter primarily attributable to one commercial credit downgraded and partially charged-off for $8.2 million and
  - Deterioration in the economic environment (due to the COVID-19 pandemic) which adversely impacted the designated loss driver for our CECL model (unemployment)

* For the first six months

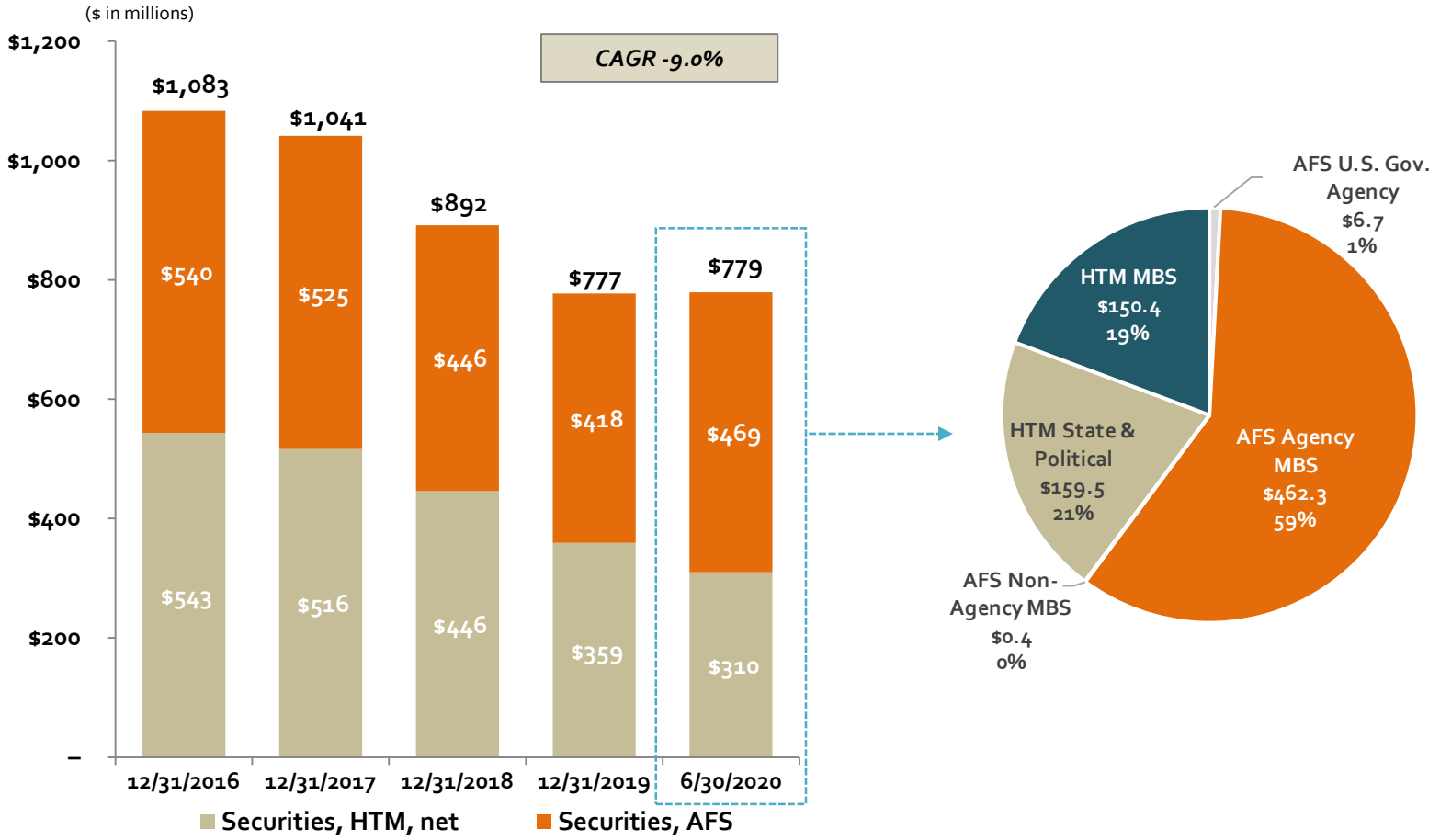
Second Quarter Key Statistics[1]

- Diluted earnings per share was $0.67 as compared to $0.69 in 2019
- Pre-tax pre-provision income[2] was $17.3 million as compared to $16.7 million in 2019
  - Second highest quarterly pre-tax pre-provision income in Company history
- Net interest income of $34.2 million was $1.7 million, 5.3%, higher than the second quarter of 2019
- Worked with 1,700 small businesses to close $270 million of Small Business Administration Payroll Protection Program ("PPP") loans, helping to preserve approximately 18,000 jobs in our markets
- Net interest margin ("NIM") of 3.23% was five basis points lower, primarily as a result of lower yielding PPP loans originated during the quarter
- Common book value per share increased 6.1% from June 30, 2019
  - Tangible common book value per share[2] increased 7.9% from June 30, 2019
- Tangible common equity to tangible assets[2], or TCE ratio, was 7.74% at quarter-end – three basis point decline from the prior year was the result of PPP loans originated during the quarter

(1) As compared to second quarter 2019
(2) 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



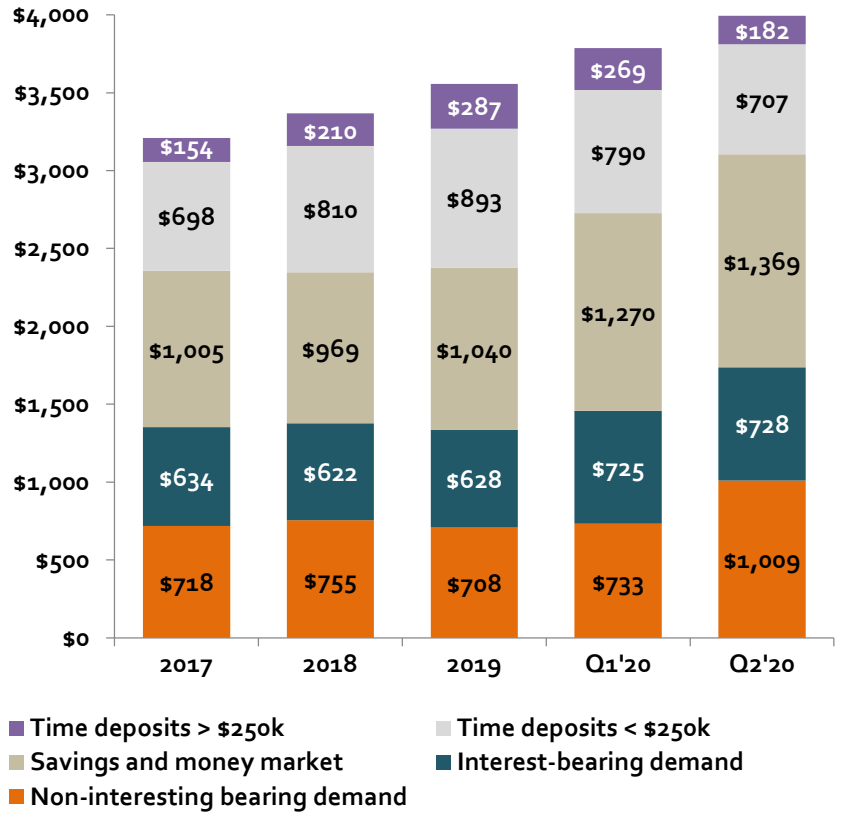
	2016	2017	2018	2019	2020 (YTD)
Security Yield(1)	2.45%	2.48%	2.33%(2)	2.39%(2)	2.48%(2)

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

Deposit Growth

Deposits (by account type)

($ in millions)



	2017	2018	2019	2020 (2Q)	2020 (YTD)
Cost of Deposits [1]	0.35%	0.57%	0.82%	0.48%	0.62%

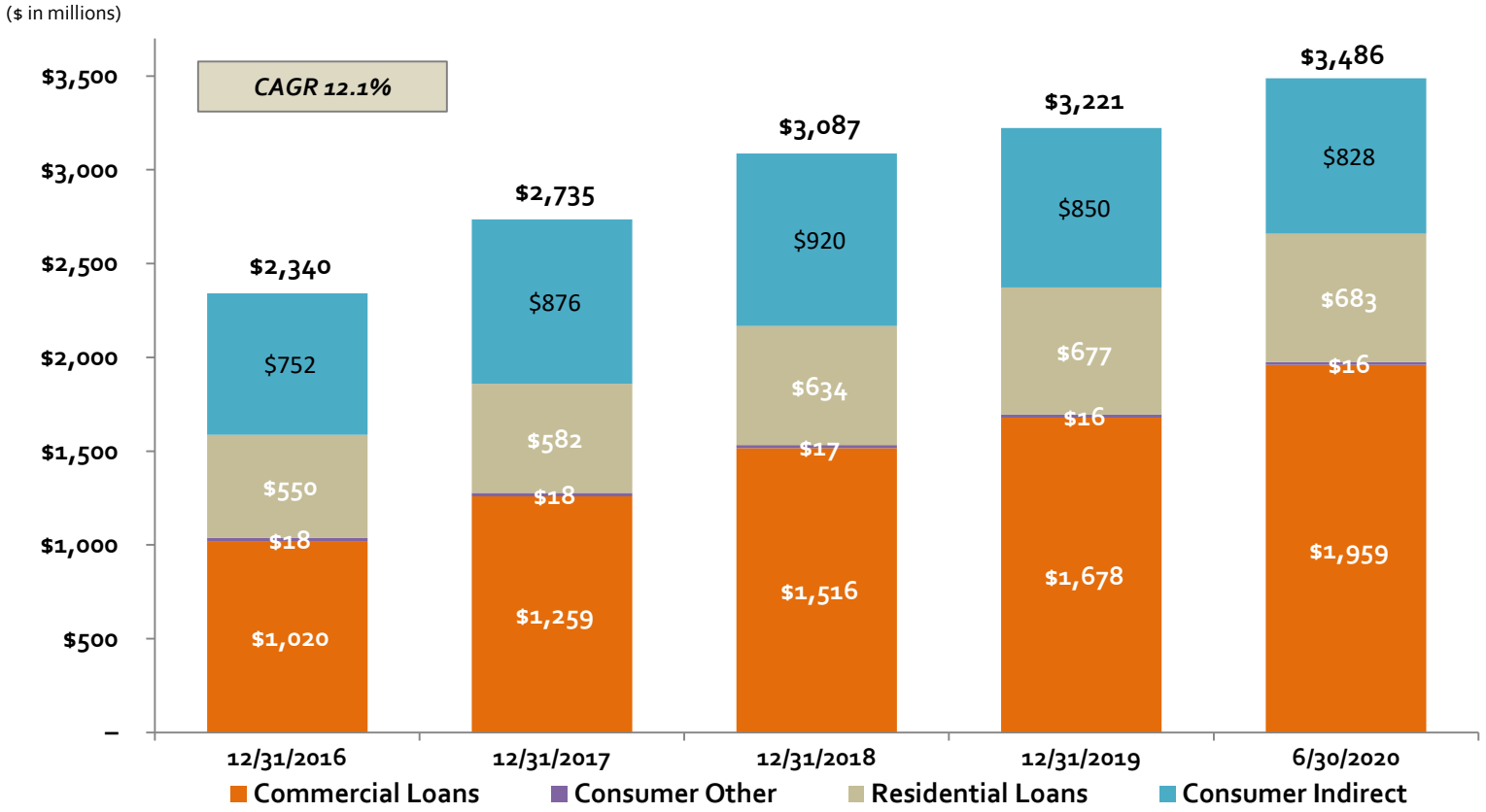
Commentary

- 2020 growth in deposits was in part attributable to PPP loan proceeds received by customers in the second quarter
- Opportunities for growth
  - Combined Rochester and Buffalo MSAs represent attractive deposit market of $65 billion
  - Current FSB market share is less than 3%
- FISI offers a variety of public (municipal) deposit products to the towns, villages, counties and school districts within its markets
  - Deposits are seasonal, but stable
  - Comprised 23% of deposits at 6/30/20 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)

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 our footprint
- 2020 Commercial Loan growth reflects second quarter origination of $268.5 million of PPP loans



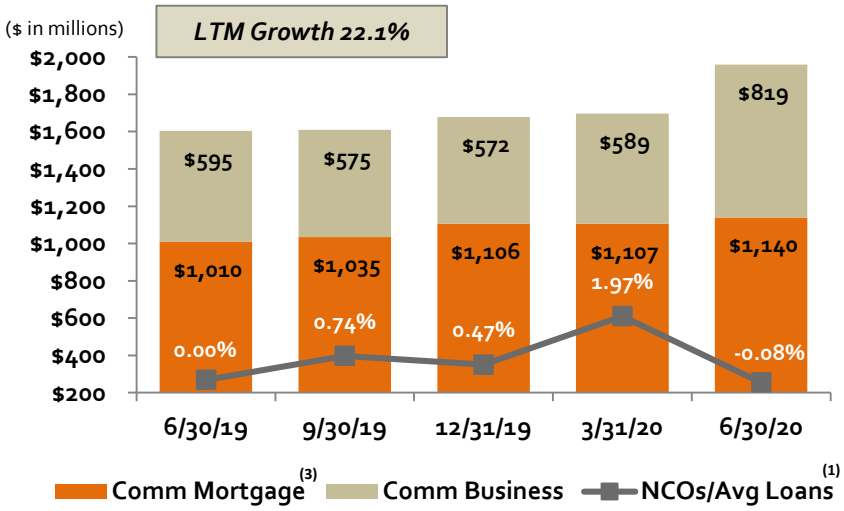
	2016	2017	2018	2019	2020 (YTD)
Loan Yield(1)	4.18%	4.22%	4.51%	4.77%	4.37%

(1) Average yield for the period

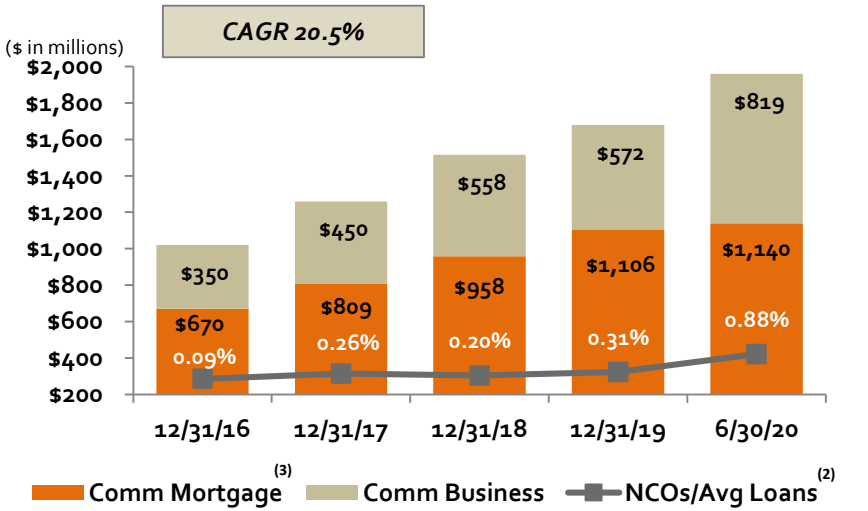
Commercial Banking

- Commercial mortgage loans include both owner occupied and non-owner occupied commercial real estate loans
- Commercial business loans are to small to mid-sized businesses in FISI's market area for working capital, equipment financing, inventory financing, accounts receivable financing, or other general business purposes
- Growth in 2Q'20 reflects origination of $268.5 million of PPP loans
  - Commercial lines of credit increased from late March into April and paid down in May and June, resulting in $27 million decrease in 2Q'20
- Construction loans represent ~8% of the total portfolio as of June 30, 2020
- Growth was muted in 1Q'20
  - Commercial mortgage experienced higher payoffs than 4Q'19, driving relatively flat linked quarter performance
- Over the course of the past 2+ years, we have made strategic hires, including lenders in nearly all categories
  - Experienced professionals, bringing market experience, knowledge, relationships and new customers

Commercial Banking – Quarterly



Commercial Banking – Annual

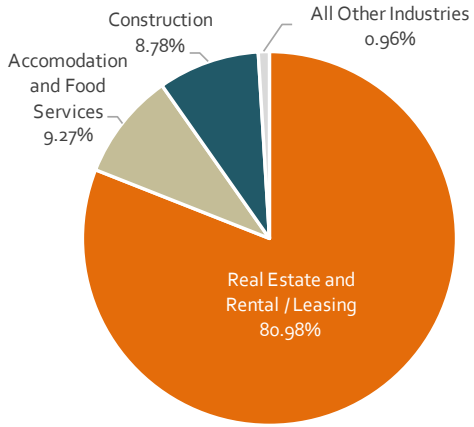


(1) For the quarter (annualized)
(2) For the year/year-to-date (annualized)
(3) Comm Mortgage includes both CRE & owner occupied.

Commercial Loan Portfolio Detail

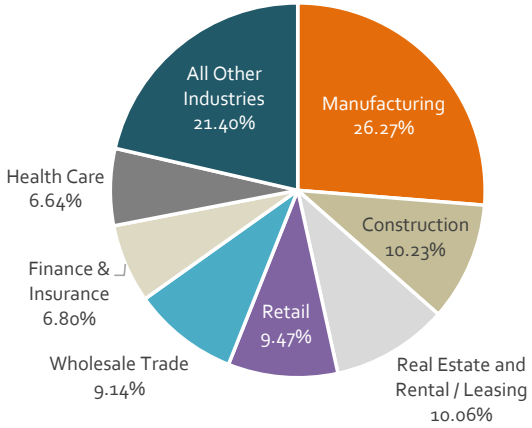
Commercial Real Estate Ttl Exposure[1] ($1.1Bn[2])

As of June 30, 2020



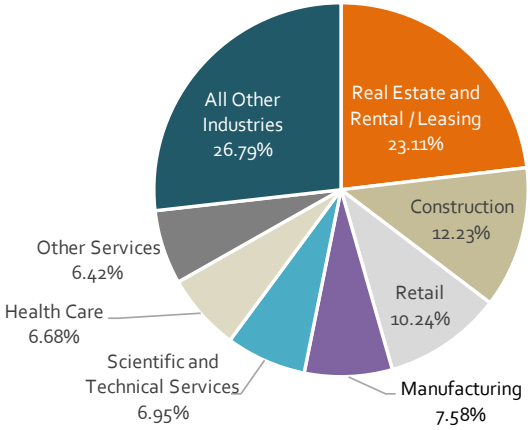
Commercial & Industrial Ttl Exposure[1] ($950MM[2])

As of June 30, 2020



Business Banking Ttl Exposure[1] ($196MM[2])

As of June 30, 2020



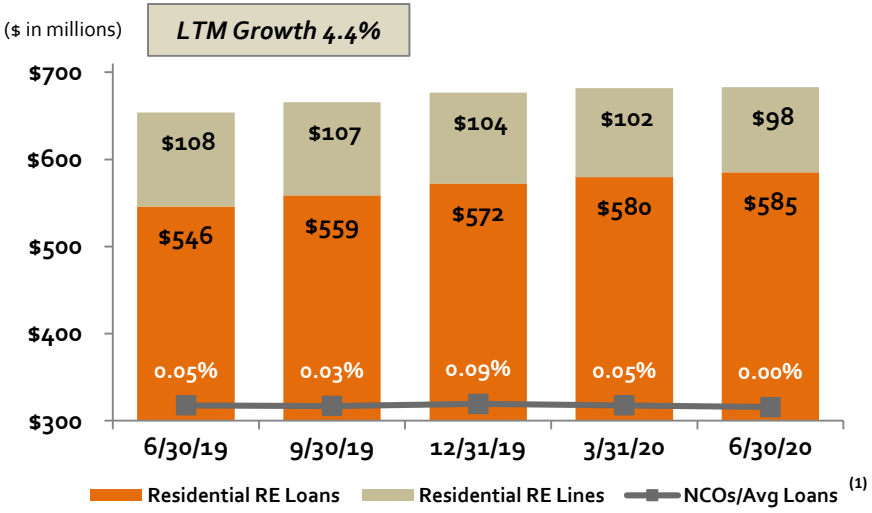
- **The vast majority of the commercial loan portfolio is within the Bank's footprint**

(1) Exposures are outstanding loan balances plus all undrawn access to credit (e.g., lines/letter of credit)
(2) All balances exclude PPP loans

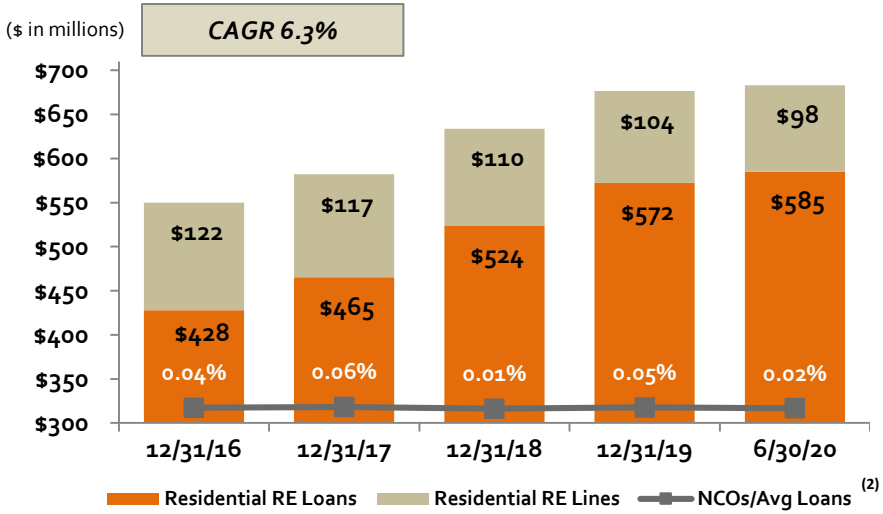
Residential Real Estate Loans and Lines

- 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 enhancement 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
- Current pipeline is 45% saleable; substantially all saleable volume is sold servicing retained

Residential Real Estate – Quarterly



Residential Real Estate – Annual

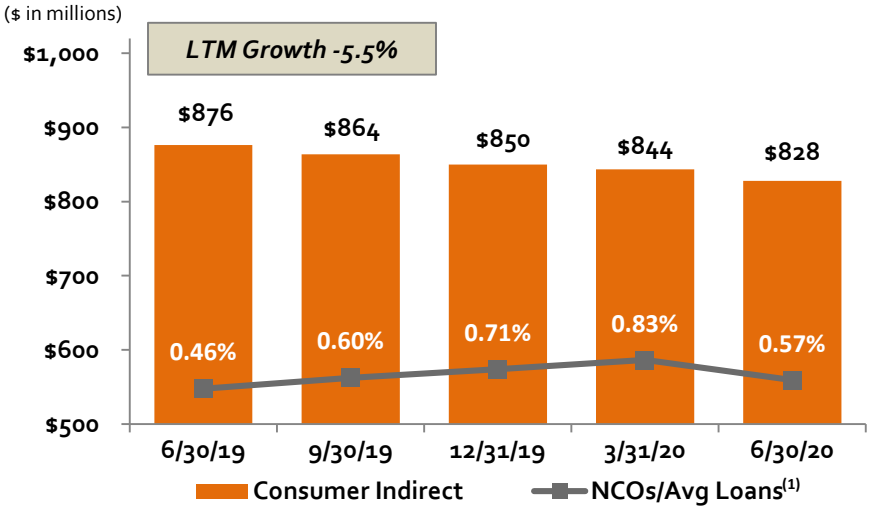


(1) For the quarter (annualized)
(2) For the year/year-to-date (annualized)

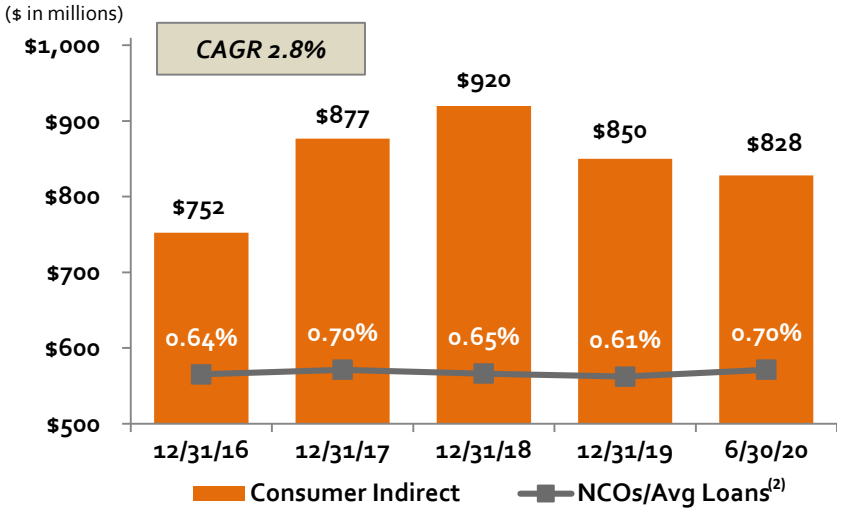
Consumer Indirect Lending

- Consumer indirect franchise initiated more than 15 years ago
  - Loans are primarily for the purchase of new and used automobiles and light duty trucks by individuals, but also by corporations and other organizations
  - Loans are originated through dealerships and assigned with terms typically ranging from 36 to 84 months
- $828 Million Portfolio at June 30, 2020
  - Portfolio represents 23.8% 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 724 with 4% under 630
- Dealer network of nearly 500 franchised new automobile dealerships
- Relatively short duration – between 2 and 3 years and natural risk dispersion – small loan size
- Demonstrated track record of consistent performance through economic expansions, recessions and stagnation

Consumer Indirect – Quarterly



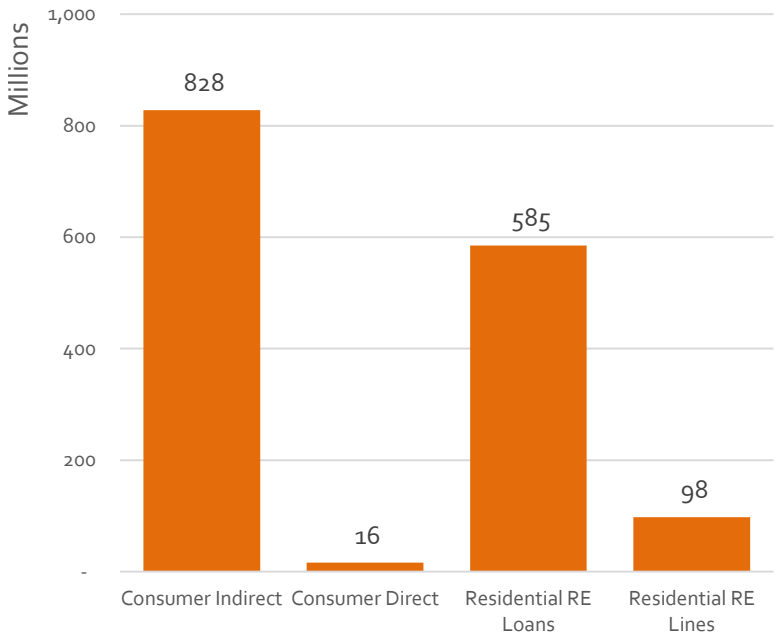
Consumer Indirect – Annual



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

Consumer & Residential Loan Portfolio Detail

Consumer Lending Portfolio
As of June 30, 2020

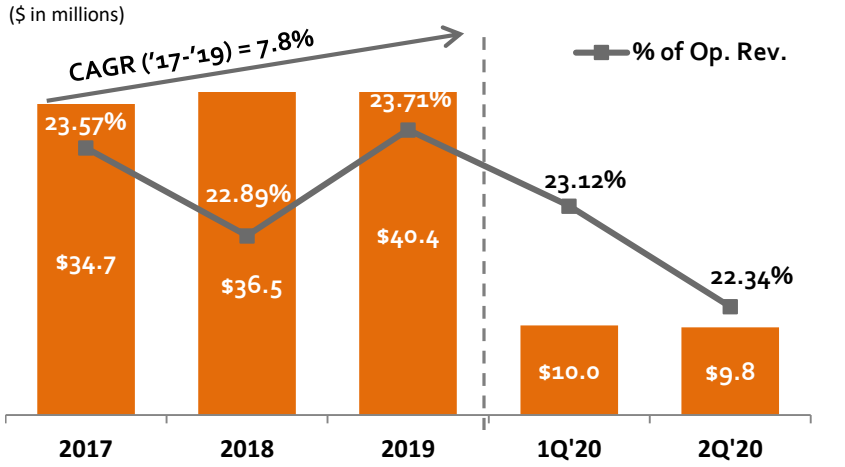


Consumer Lending Portfolio Metrics
As of June 30, 2020

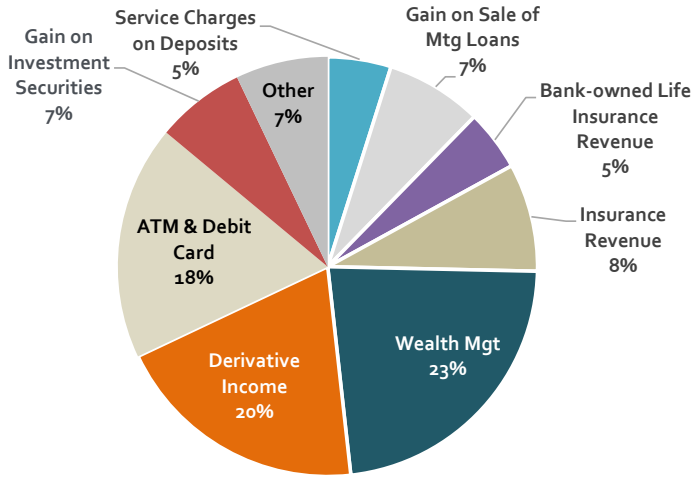
	% of Ttl. Loan Portfolio ($3.5Bn)	# of Loans	Wt. Avg FICO Score (at origination)	Avg. Loan Balance
Consumer Indirect	23.8%	46,742	724	$17,032
Consumer Direct	0.5%	11,867	726	$1,245
Residential Real Estate Loans	16.8%	6,884	737	$82,100
Residential Home Equity Lines of Credit (HELOCs)	2.8%	3,950	767	$24,231

Revenue Diversification → Growing Noninterest Income

Noninterest Income



2Q'20 Noninterest Income Breakdown

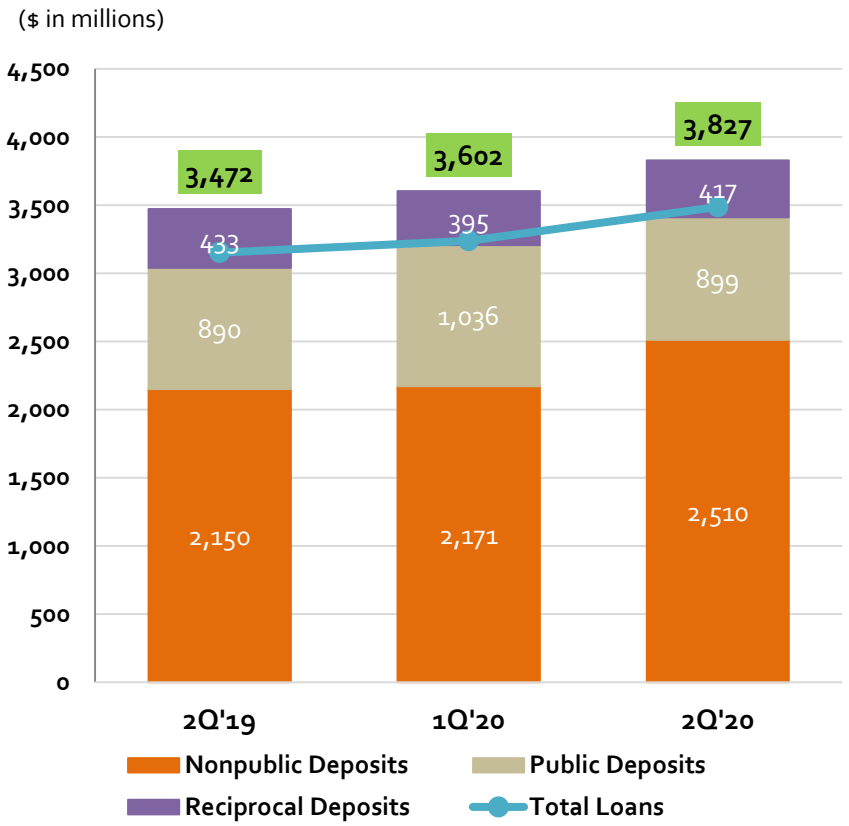


Commentary

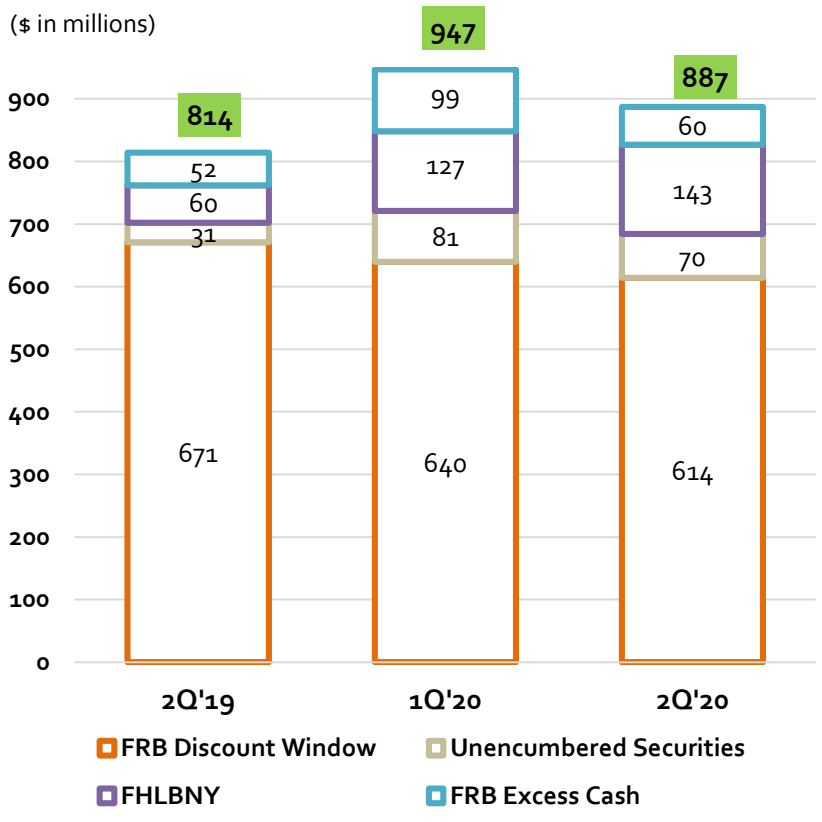
- Significant sources of noninterest income:
  - ATM and debit card fees
  - Insurance income
  - Investment advisory revenue
- Bolstered insurance and investment advisory businesses through successful acquisitions:
  - Acquired insurance broker, Scott Danahy Naylon in August 2014
    - Multiple insurance products and services offered: Auto, homeowners, renters, specialty and life insurance
  - Acquired asset management firm, Courier Capital in January 2016 ($2.1B in AUM at 2Q'20)
    - Acquired registered investment advisor Robshaw & Julian Associates, Inc. in August 2017 ($175MM in AUM at acquisition)
  - Acquired registered investment advisor HNP Capital, LLC, in June 2018 ($546MM in AUM at 2Q'20)

Key Liquidity Metrics

Deposit Mix (1)



Available Committed Liquidity



- Diverse deposit gathering capabilities
  - Core nonpublic deposits anchor our deposit base; 87.3% 2Q'20 loan to deposit ratio
  - 2Q'20 available committed liquidity remains strong and stable. Focused on efficiently managing the excess FRB cash position, with no outstanding draws against the FRB PPP Liquidity Facility.

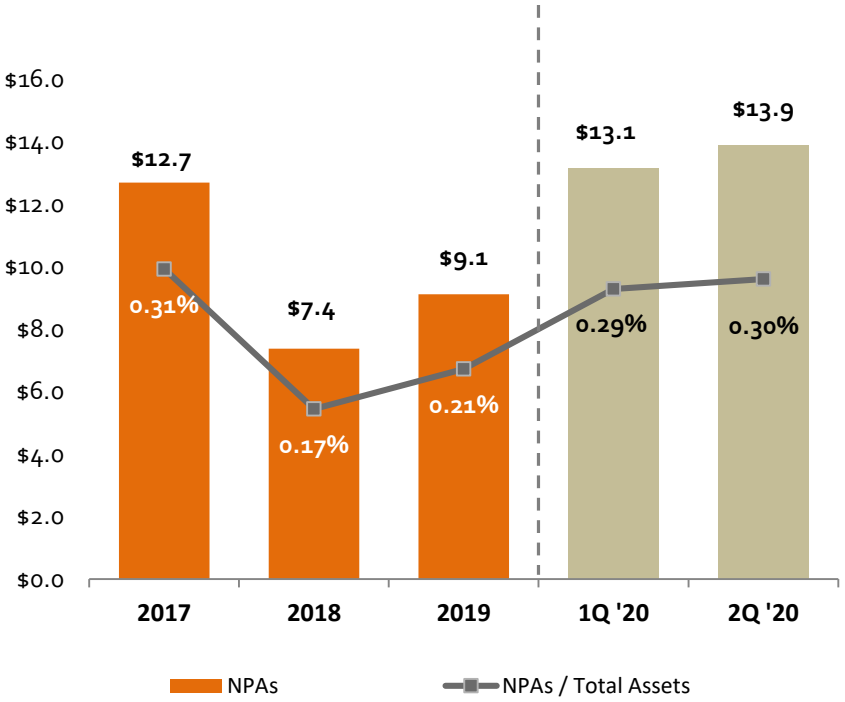
(1) Excluding Brokered Deposits

Asset Quality

- Adopted CECL effective January 1, 2020 which resulted in an increase to the allowance for credit losses – loans of $9.6 million and established a reserve for unfunded commitments of $2.1 million, for a total pre-tax cumulative effect adjustment of $11.7 million
- Excluding PPP loans, the allowance for credit losses – loans to total loans ratio was 1.44% at June 30, 2020, an increase of 49 bps (or ~52%) from year end 2019

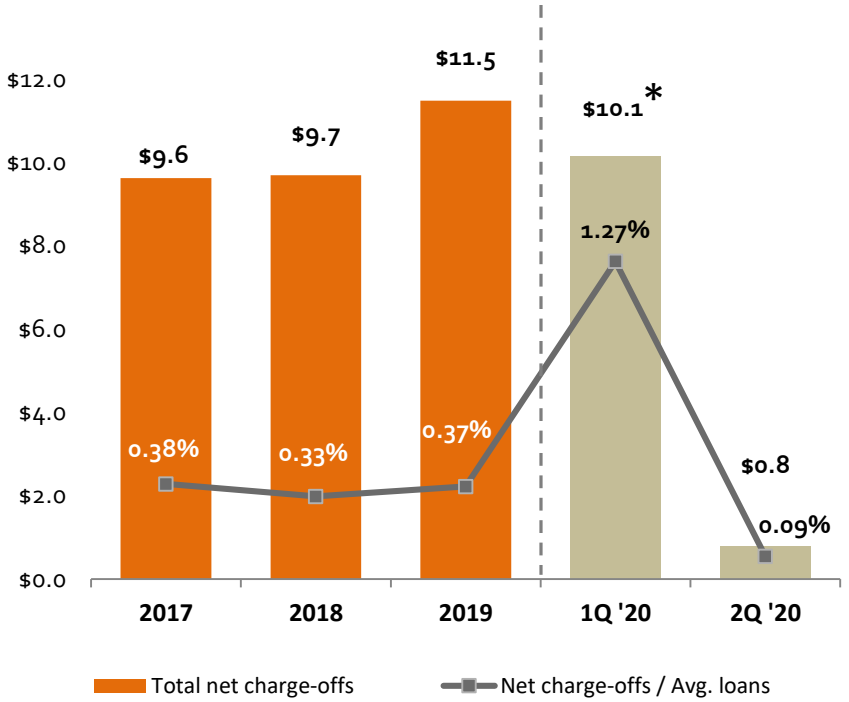
Non-Performing Assets

($ in millions)



Net Charge-Offs

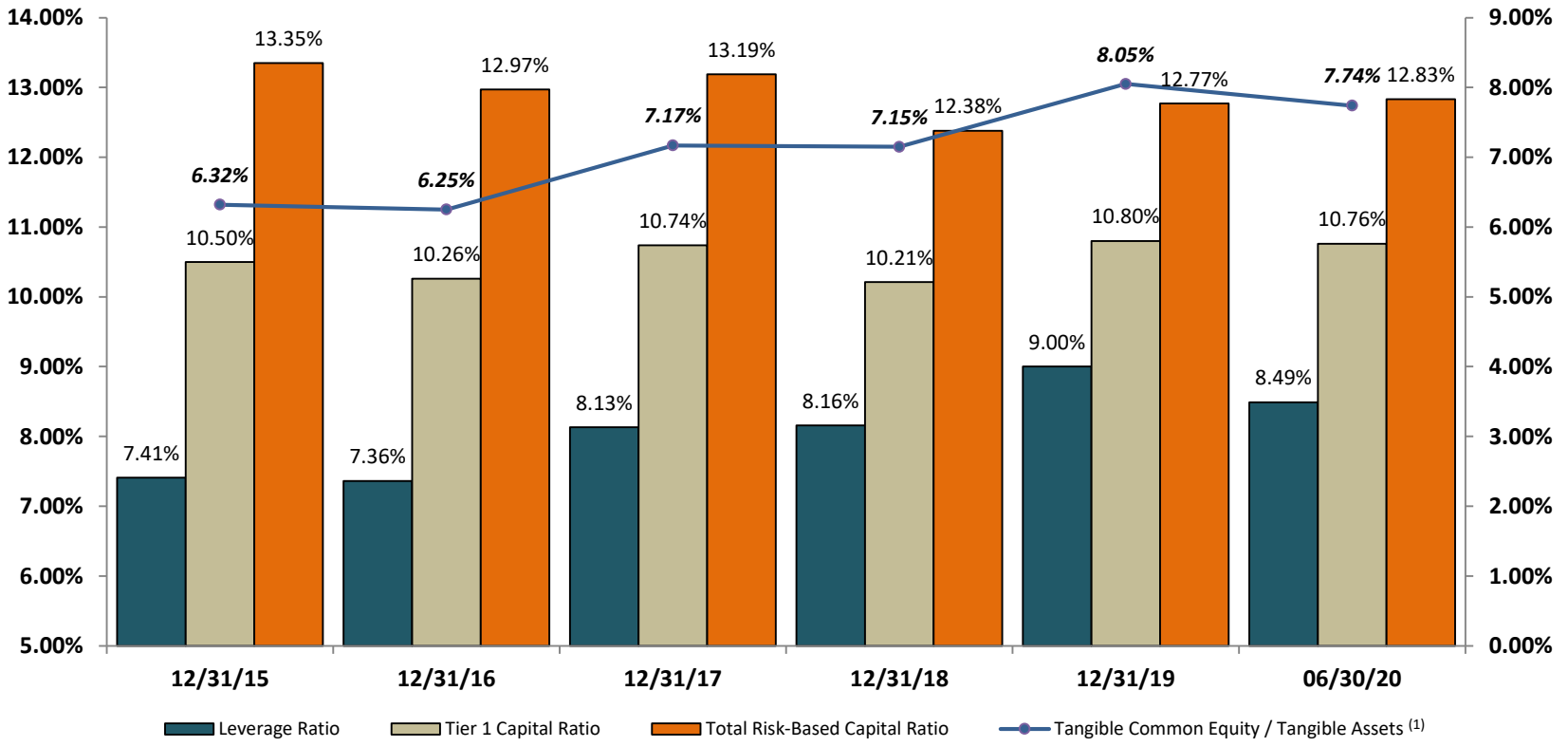
($ in millions)



* $8.2 million partial charge-off of an $11.9 million commercial loan downgraded in the first quarter of 2020. The borrower's business was related to the hospitality industry and the downgrade and charge-off were precipitated by the impact of the COVID-19 pandemic (only COVID-related charge-off)

Historical Capital Position

Consolidated Capital Ratios



	June 30, 2020
Tangible Common Equity / Tangible Assets (1)	7.74%
Leverage Ratio	8.49%
Tier 1 Capital Ratio	10.76%
Total Risk-Based Capital Ratio	12.83%

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

COVID-19 Response:

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

Associates

- 65% of non-retail associates working from home or remotely since March 16—as we move forward with our re-entry, at least 50% of non-retail associates will continue to work remotely for the foreseeable future
- Special bi-weekly bonuses for eligible associates through June 2020
- Additional paid days off to manage personal needs, e.g., childcare, along with other flex working arrangements
- Continue to pay associates at home due to potential exposure, even branch associates

COVID Update

- **The Rochester, Finger Lakes Buffalo and Syracuse regions opened before metro NY and are currently in Phase 4, i.e. "generally open"**
- **Despite full re-opening, the regions (i.e., Western and Central NY, Finger Lakes, and Southern Tier) that comprise the Bank's operating footprint have consistently held infection rates below 2%, and in some cases less than 1%, a key threshold metric for the state**

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 programs instituted. Continuing to work w/ customers 1-1 to address unique needs during this time
  - 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 $5K, to consumers. ~$2.8MM in new loans since March 23
- Extended $4.3MM in consumer loan payments—on average 60 days
- Forbearance $633K in residential mortgages and monthly line payments—on average 90 days
- Continuing to responsibly lend to qualified consumers

Businesses

- Thoughtfully extending credit to small business and commercial customers for working capital and operating purposes
- As of June 30, provided temporary loan relief to:
  - 135 small business customers representing $19MM loans
  - 227 commercial clients representing $383MM in loans
- SBA Paycheck Protection Program as of July 20th:
  - Received total of 1,750 PPP loan applications representing ~$276MM in total loans (16% were new customers)
  - $7.7 million in origination fees
  - Successfully processed 608 loans for ~$197MM to small businesses across Western and Central New York prior to round 1 funding being exhausted
  - As of July 21, an additional 1,102 loans for ~$74MM have been processed in second round
  - 1,693 loans for ~$270MM have closed/funded
  - We estimate PPP loans have helped more than 18,000 small business employees in our communities

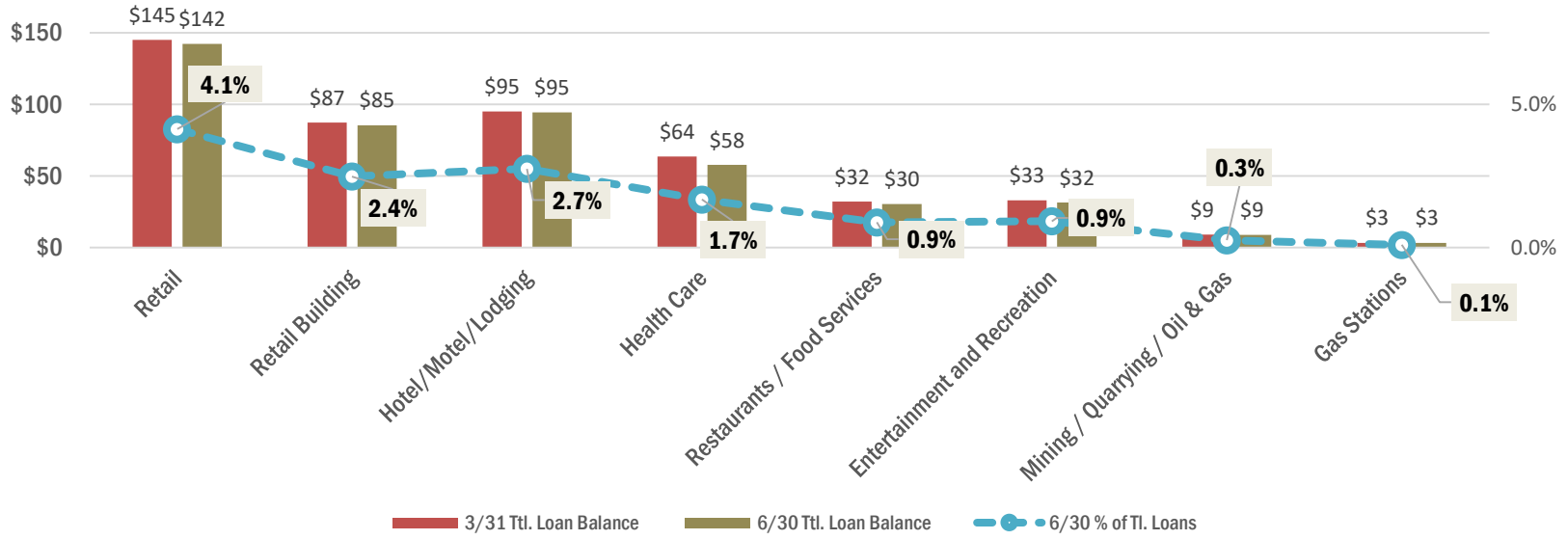
Actively engaging community organizations to provide financial and technical support to benefit our communities in need

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

Exposure to Industries Most Impacted by COVID-19

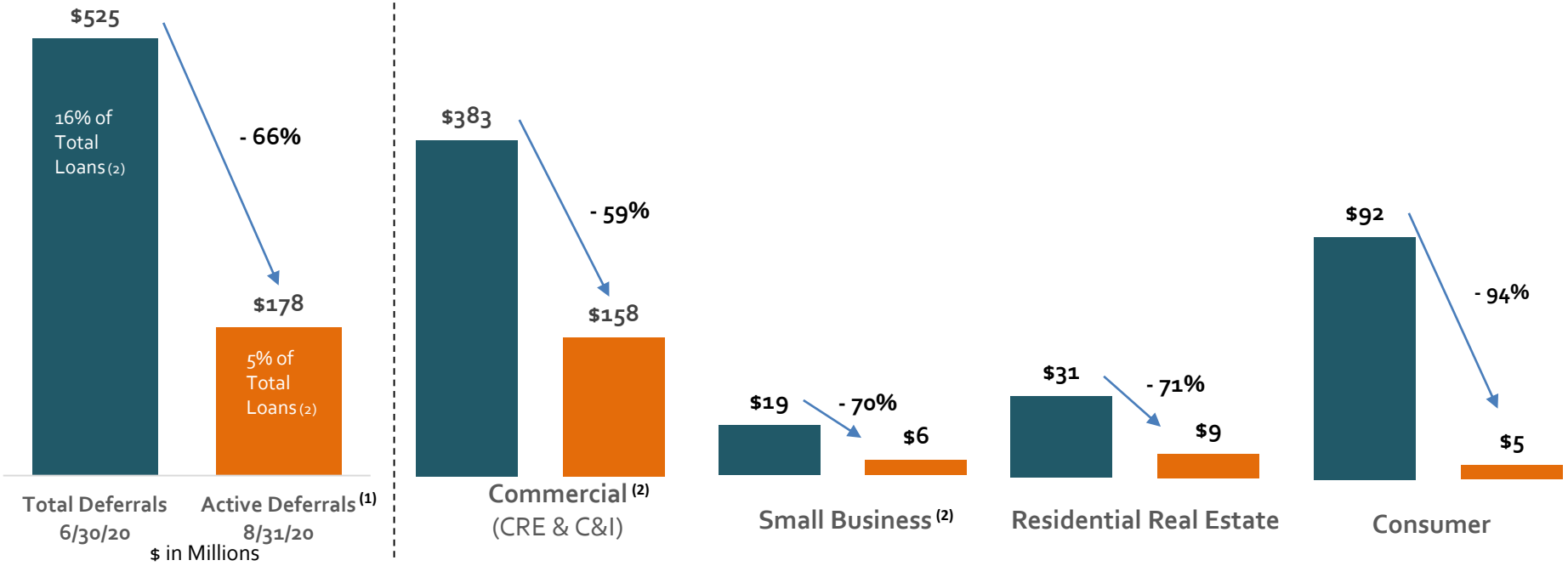
- Portfolio segment limits are maintained for C&I and CRE which encompasses the industries described
- To date, C&I and CRE exposures are within policy limits
- Analysis of commercial portfolio ongoing; segmented "at-risk" commercial loan portfolio
- Tier I represents most impacted industries (retail, hotels/lodging, restaurants, etc.)

Tier I Commercial Loan Portfolio – Outstanding Loan Balances (1Q vs. 2Q) and % Ttl. Loan Portfolio ($MMs)[1]



(1) All balances exclude PPP loans

Modification Trend Improving
Deferrals Down 66% at 8/31/20 Compared to 6/30/20

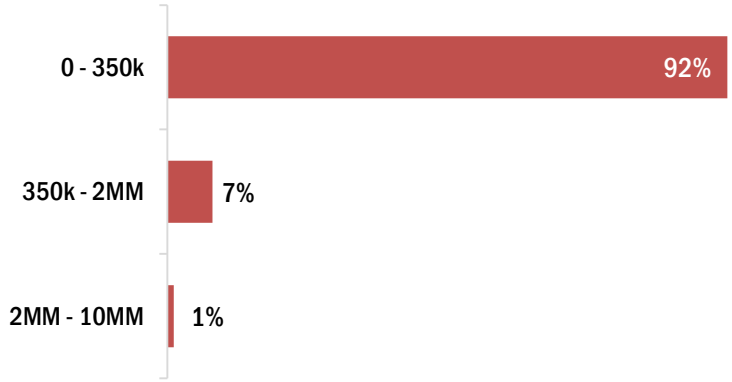


- Modification trend showing significant improvement
- Substantially all balances coming off of deferral are paying as agreed
- Long-term credit performance of these customers is unknown at this time

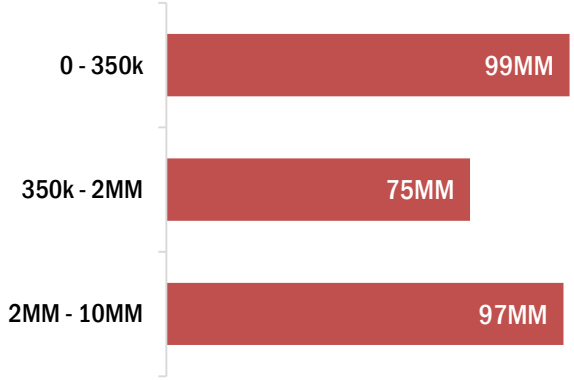
(1) Active deferrals includes loans where deferral period has not yet expired as of 8/31/20
(2) Excludes PPP loans

SBA Payroll Protection Program ("PPP") Loans

Approved PPP Loan Volumes (No. Units by SBA Loan Size)
As of August 31, 2020



Approved PPP Loans ($ by Loan Size)
As of August 31, 2020



- 1,731 approved PPP loans for a total of $271.1MM as of August 31, 2020
- Median loan amount ~$150k. ~92% of loans are for less than $350K

Perceived Challenges vs. Reality

FISI Presents a Compelling Investment Opportunity When Perceived Franchise Challenges are Put in Context

Perceived Challenge	In Reality	Bottom Line
Indirect Auto Loans are a Risky Asset Class/FISI Portfolio is Oversized	• FISI's indirect business is a **Prime Lending Operation** with **avg. portfolio FICO score of 724** (4% below 630) • Strong network of **500 franchised new** auto dealers • **Natural risk dispersion** – many units and small loan size • **Consistent results** through several economic cycles – '08 to '19: annual charge-offs ranged from 0.60% to 0.87%; 0.70% for first six months of 2020	• While current management team inherited asset class concentration, indirect remains a **core competency**, with **attractive risk-adjusted return profile** • Indirect portfolio **concentration is on the decline** as focus on growing relationship-based loan categories is reducing production – 23.8% of total loans at 6/30/20 compared to 29.8% at 12/31/18 and peak of 34.7% at 12/31/13
Large Municipal Deposits Portfolio Limits Yield on Interest-Earnings Assets	• **Diversified** among **300+ municipalities** – No single relationship greater than $43.2 million • NY **MULOC** program allows for collateralization of deposits with LOCs backed by loans, rather than lower-yielding securities – Allows for reduction of investment securities portfolio – **Funding higher-yielding loan growth** with proceeds	• Five Star Bank is a market share leader in core legacy counties, providing a unique competitive edge in servicing municipal entities that super regionals and smaller competitors do not/cannot • Capitalizing on a **valuable deposit base** that spans our 15-county footprint, limiting individual concentrations • MULOC program helps reconstitute earnings asset mix while managing liquidity
Sleepy Upstate NY Focus Results in Low Growth and Minimal Value Creation	• HQ'd in Warsaw with regional offices and **leadership** in **Rochester** (ROC) and **Buffalo** (BUF) • With less than 3% market share in ROC and BUF, focused on **expanding** in these markets; opened 4 **innovative financial solution centers** since 2015 with two new branches planned for BUF in 2021 • **#2 SBA lender** in operating footprint and **#98** in US(1)	• Ability to utilize **low cost deposits** from rural franchise to **fund higher growth metro franchise** • Company has been focused on making **strategic talent hires since 2016**, many from key competitors, leveraging market disruption • Impressive loan growth since Q3'16 ***–Comm Bus: +59%(2) –Comm Mtg: +79% –Residential: +37%*** ***–CBVPS: +26% –TCBVPS(2): +39%***
Low TCE Ratio	• FISI historically manages to total, overall capital • Expect continued improvement in ratios as capital is generated through retention of earnings	• **Well capitalized** across all regulatory capital metrics • Strong asset quality metrics with **0.30% NPAs/Assets, 1.33% ALL/Loans and 351% ALL/NPL** • TCE(3) at 6/30/20 was 7.74%, up 129 bps from Q3'16

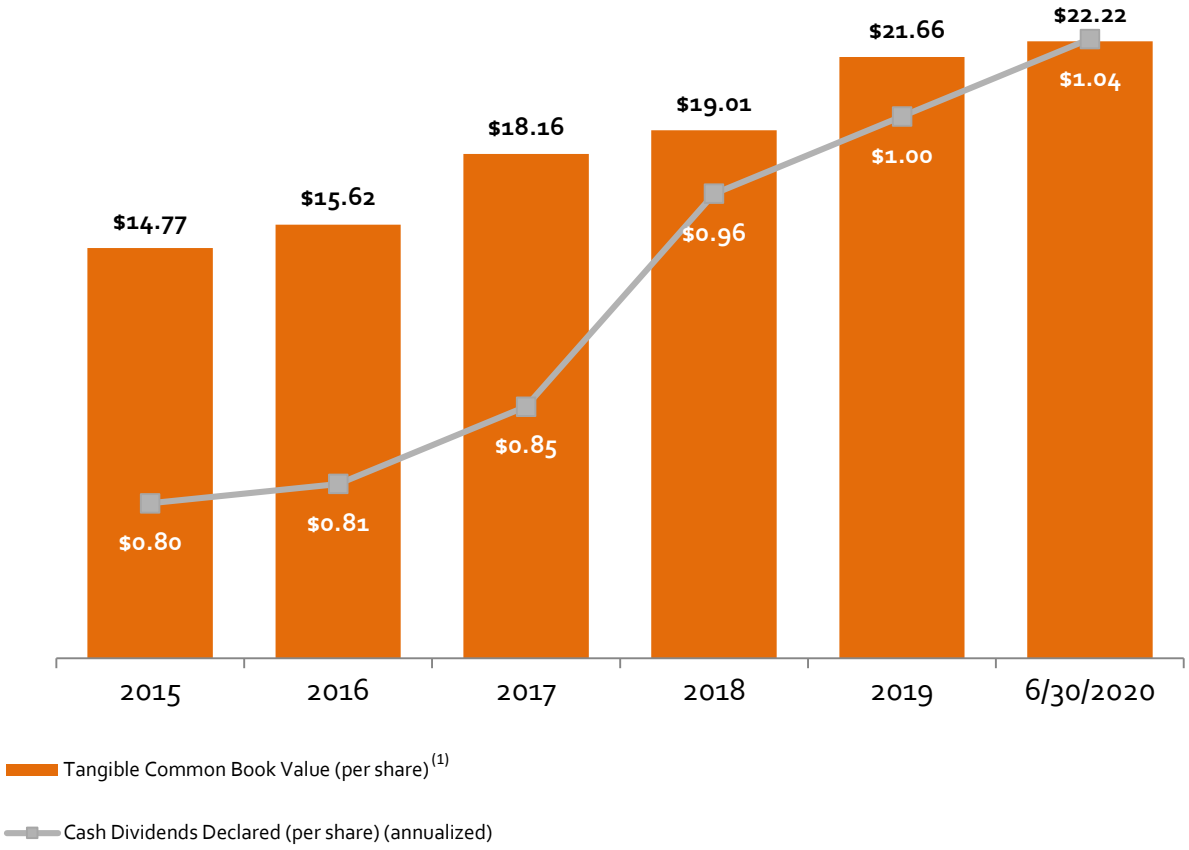
(1) Based upon number of SBA loans for the 2019 SBA year
(2) Excluding Payroll Protection Program loans
(3) Refer to "Non-GAAP Reconciliation" in Appendix

Compelling Valuation(1)

	Price/Tangible Common Book Value(2)	*Price/NTM Consensus EPS(2)*
FISI	**69%**	**7.2x**
AROW	130%	11.1x
CHMG	82%	10.9x
CBU	237%	20.5x
EVBN	81%	6.4x
NBTB	140%	12.1x
TMP	143%	12.4x
TRST	92%	10.0x

(1) Peer group defined as Upstate NY banks with total assets between $2 and $15 Billion and sell-side analyst coverage
(2) As of September 21, 2020; per S&P Global Market Intelligence; NTM = next twelve months

Dividend & Tangible Common Book Value Growth



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

Investment Highlights

- History of strong operating results and positive balance sheet trends
- Experienced leadership team averaging 20+ years in banking
- Core funded, low cost deposit base (0.48% cost of deposits)[1] provides significant liquidity
- Disciplined credit culture with superior credit quality
- Focus on maintaining a strong capital position
- Insurance and wealth management presence diversifies revenue streams - noninterest income represents ~22% of operating revenue[1]

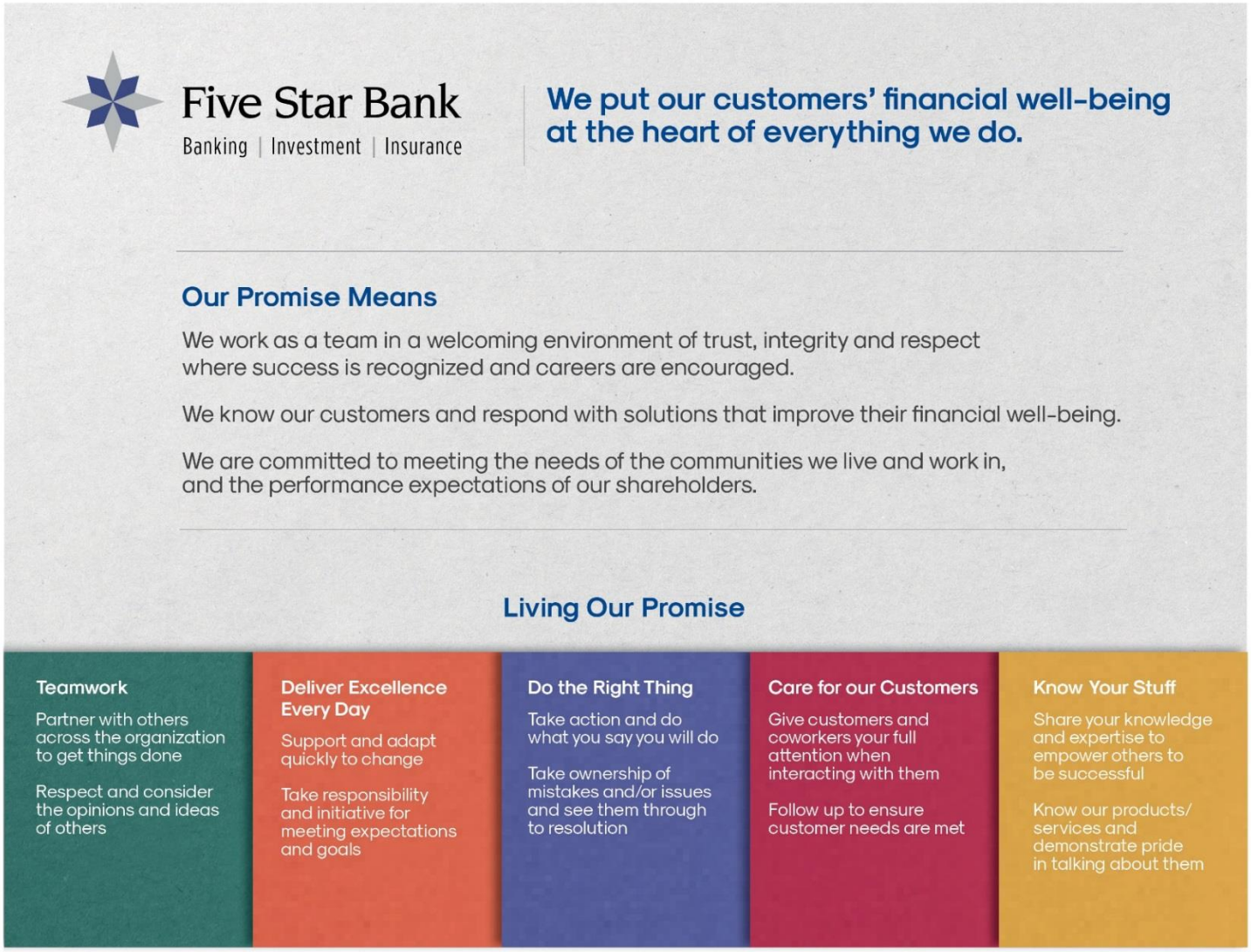
(1) For the quarter ended June 30, 2020

Appendix

Experienced Leadership Team & Addition of Talent

- Martin K. Birmingham was named CEO in March of 2013
  - Birmingham has more than 30 years of Western New York banking experience
- Leadership teams of all subsidiaries have significant experience in Western New York
  - Five Star Bank / SDN Insurance Agency / Courier Capital / HNP Capital
- Taking advantage of market disruption to add talent across all segments of our banking business
  - Hiring experienced professionals from competing institutions
  - Talent recognizing opportunities in the community banking environment vs. big bank experience
  - Bringing market experience, knowledge and relationships
- Added lenders in all categories including experienced leaders of C&I, CRE and residential lending
- Added credit and risk management professionals to support loan growth

Five Star Experience: Defining a Strong Culture to Power Employee and Customer Engagement

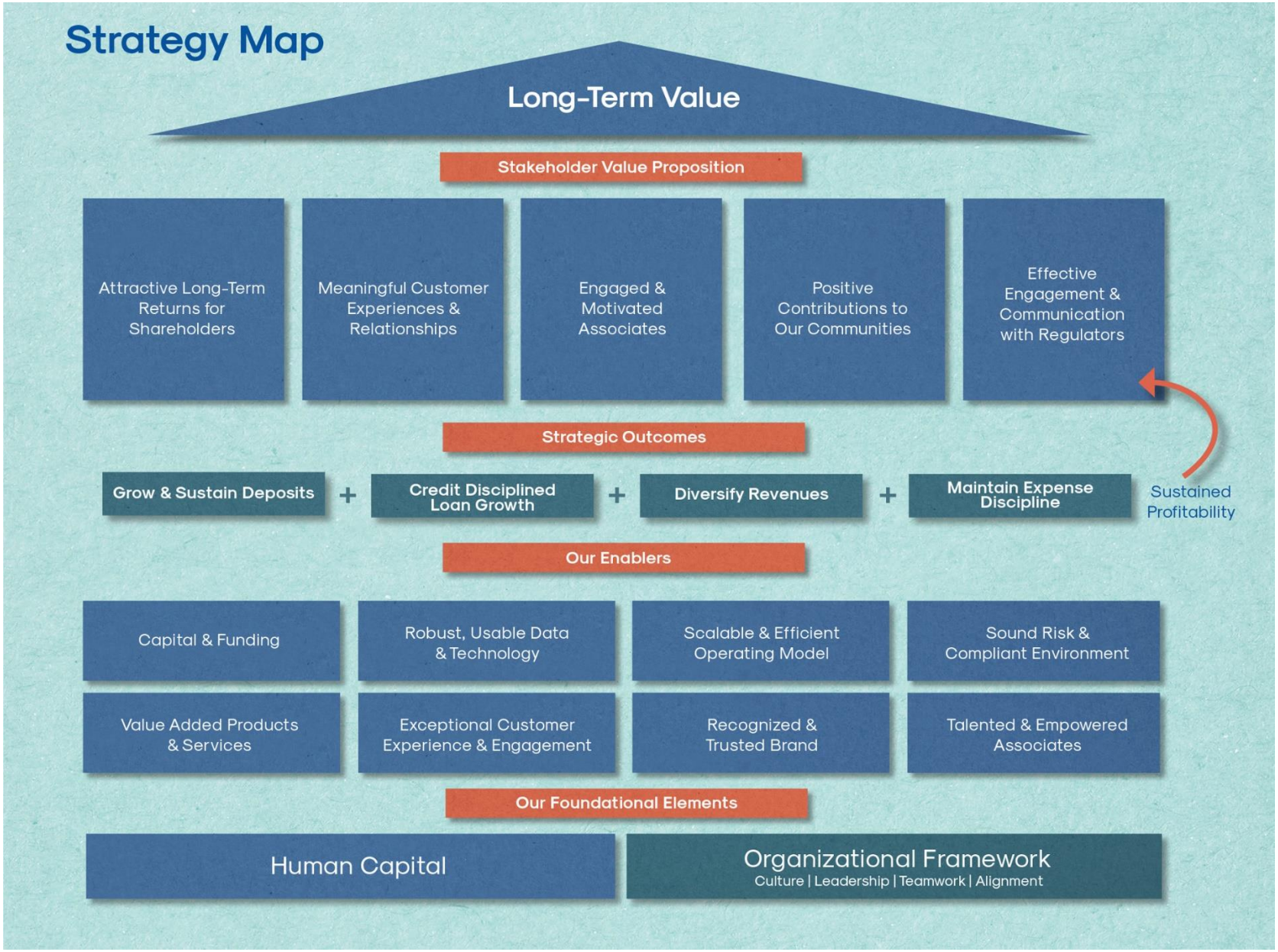


Successfully Executing Our Strategy

Our Promise: We Put Our Customers' Financial Well-Being at the Heart of Everything We Do

- **Maximize Community Bank Model Opportunities**
  - Offering responsive personal service, local leadership and local decision-making
  - Leverage Five Star Bank brand to expand in the larger markets of Buffalo and Rochester
  - Opportunistically acquire strategic talent throughout the organization to support growth
- **Generate Above-Peer-Average Growth / Results**
  - Targeting mid-single digit loan growth
  - Sustain disciplined credit culture
  - Continue to manage both sides of the balance sheet to fund loan growth
  - Drive continued improvement in ROAA and ROAE
  - Targeting efficiency ratio in the top one-third of peers
  - Provide dividend growth
- **Increase Fee-Based Revenue to Diversify Our Revenue Streams**
  - Enhance fee revenue from subsidiaries
  - Maximize synergies between bank, insurance and wealth management platforms

Strategy Map



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.

GAAP to Non-GAAP Reconciliation	Year Ended					TTM Ended
($ in thousands, except per share data)	2015	2016	2017	2018	2019	6/30/2020
Computation of ending tangible common equity:						
Common shareholders' equity	$ 276,504	$ 302,714	$ 363,848	$ 378,965	$ 421,619	$ 430,717
Less: Goodwill and other intangible assets, net	66,946	75,640	74,703	76,173	74,923	74,342
Tangible common equity	209,558	227,074	289,145	302,792	346,696	356,375
Computation of ending tangible assets:						
Total assets	$ 3,381,024	$ 3,710,340	$ 4,105,210	$ 4,311,698	$ 4,384,178	$ 4,680,930
Less: Goodwill and other intangible assets, net	66,946	75,640	74,703	76,173	74,923	74,342
Tangible assets	3,314,078	3,634,700	4,030,507	4,235,525	4,309,255	4,606,588
Tangible common equity to tangible assets[1]	6.32%	6.25%	7.17%	7.15%	8.05%	7.74%
Common shares outstanding	14,191	14,538	15,925	15,929	16,003	16,038
Tangible common book value per share[2]	$ 14.77	$ 15.62	$ 18.16	$ 19.01	$ 21.66	$ 22.22
Computation of average tangible common equity:						
Average common equity	$ 272,367	$ 301,666	$ 331,184	$ 371,023	$ 403,689	$ 421,109
Less: Average goodwill and other intangible assets, net	68,138	76,170	74,818	76,990	75,557	74,950
Average tangible common equity	204,229	225,496	256,366	294,033	328,132	346,159
Computation of average tangible assets:						
Average assets	$ 3,269,890	$ 3,547,105	$ 3,896,071	$ 4,171,972	$ 4,285,825	$ 4,389,558
Less: Average goodwill and other intangible assets, net	68,138	76,170	74,818	76,990	75,557	74,950
Average tangible assets	3,201,752	3,470,935	3,821,253	4,094,982	4,210,268	4,314,608
Net income available to common shareholders	26,875	30,469	32,064	38,065	47,401	36,737
Return on average tangible common equity[3]	13.16%	13.51%	12.51%	12.95%	14.45%	10.61%
Pre-tax pre-provision income:						
Net income	$ 28,337	$ 31,931	$ 33,526	$ 39,526	$ 48,862	
Add: Income tax expense	10,539	12,210	9,945	10,006	10,559	
Add: Provision for loan losses	7,381	9,638	13,361	8,934	8,044	
Pre-tax pre-provision income	46,257	53,779	56,832	58,466	67,465	-

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.

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,		
($ in thousands, except per share data)	9/30/2016	6/30/2019	6/30/2020
Computation of ending tangible common equity:			
Common shareholders' equity	$ 308,931	$ 405,026	$ 430,717
Less: Goodwill and other intangible assets, net	75,943	75,534	74,342
Tangible common equity	232,988	329,492	356,375
Computation of ending tangible assets:			
Total assets	$ 3,687,365	$ 4,313,948	$ 4,680,930
Less: Goodwill and other intangible assets, net	75,943	75,534	74,342
Tangible assets	3,611,422	4,238,414	4,606,588
Tangible common equity to tangible assets[1]	6.45%	7.77%	7.74%
Common shares outstanding	14,528	15,995	16,038
Tangible common book value per share[2]	$ 16.04	$ 20.60	$ 22.22
Computation of average tangible common equity:			
Average common equity	$ 308,524	$ 398,083	$ 428,111
Less: Average goodwill and other intangible assets, net	76,116	75,711	74,504
Average tangible common equity	232,408	322,372	353,607
Computation of average tangible assets:			
Average assets	$ 3,593,672	$ 4,300,254	$ 4,624,360
Less: Average goodwill and other intangible assets, net	76,116	75,711	74,504
Average tangible assets	3,517,556	4,224,543	4,549,856
Net income available to common shareholders	8,103	11,035	10,766
Return on average tangible common equity[3]	13.87%	13.73%	12.25%
Pre-tax pre-provision income:			
Net income		$ 11,401	$ 11,132
Add: Income tax expense		2,939	2,441
Add: Provision for credit losses		2,354	3,746
Pre-tax pre-provision income		$ 16,694	$ 17,319

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.