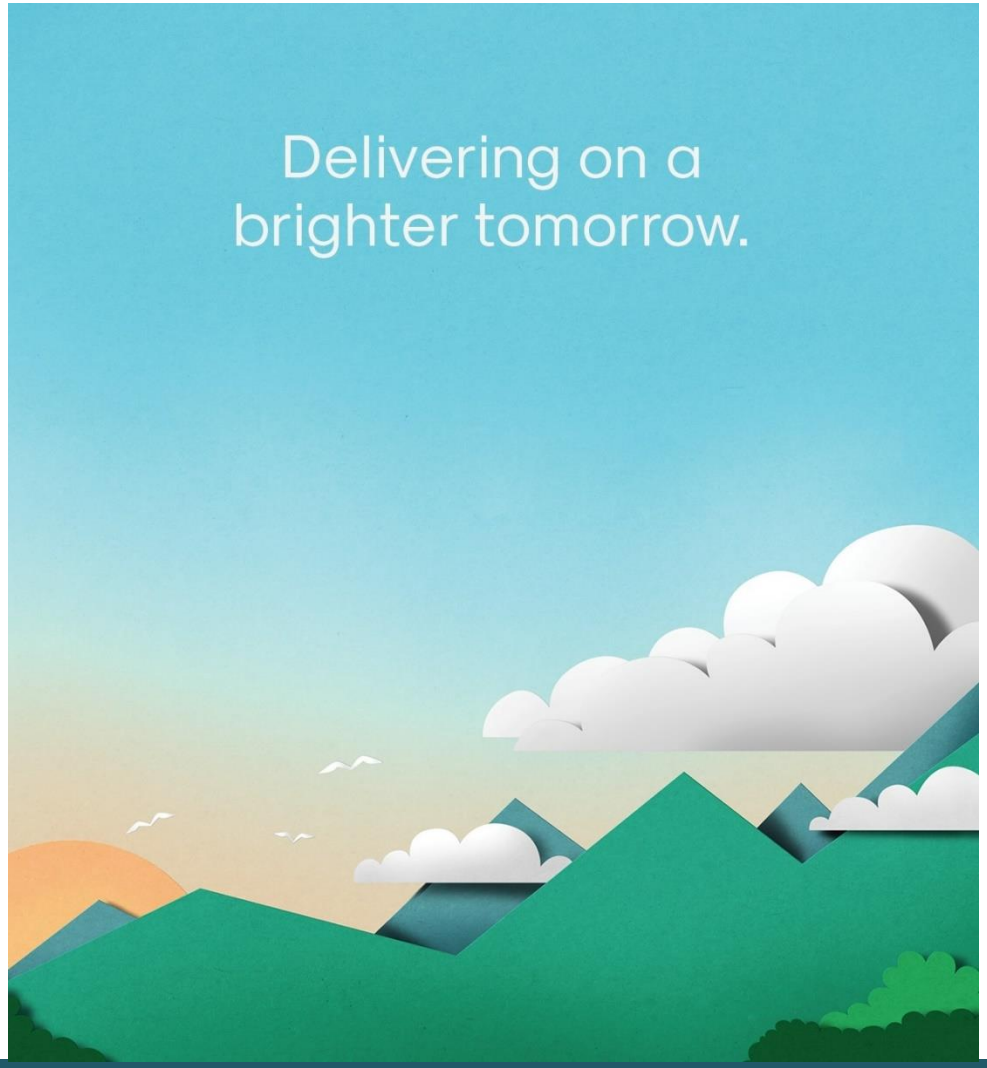


FINANCIAL INSTITUTIONS, INC. (Nasdaq: FISI)

Investor Presentation

November 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)
- 47 banking locations in 15 contiguous counties in Western and Central New York
- Experienced management team with extensive market knowledge and industry experience
- Franchise offers products and services to a diversified mix of consumer, business, municipal, healthcare and not-for-profit customers
- Generating consistent, strong operating results
- Positioned for growth through key initiatives

Key Statistics as of September 30, 2020

Assets:	$5.0 billion
Loans:	$3.6 billion
Deposits:	$4.4 billion
Shareholders' Equity:	$456.4 million
NPAs(1)/Total Assets:	0.28%
Employees:	~ 630
ROACE (TTM):	8.46%
ROATCE(2) (TTM):	10.25%
ROAA (TTM):	0.83%
Annualized Dividend Per Share:	$1.04

Market and Valuation Data as of November 3, 2020

Closing Price Per Share:	$18.80
Market Capitalization:	$301.5 million
Dividend Yield:	5.5%
Price/Tangible Common Book Value(3):	83%
Price/NTM Consensus EPS(3):	7.7x

(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



- 47 branches and 630 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 10 counties

Growth Opportunities

Buffalo and Rochester Urban MSAs

- Five Star Bank market share in attractive $84B combined deposit markets[1] is less than 2%
  - 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) 6/30/20 data
(2) As of 10/31/20 – reflects closure of 6 branches in October 2020; 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 process and operational efficiencies
- Five Star Bank announced changes in its retail branch network to better align with shifting customer needs and preferences in July 2020
  - Transformation resulted in six branch closures (effective October 2020); approximately 6 percent of workforce was separated in July
  - Actions resulted in $1.6 million non-recurring charge in 3Q'20 with expected expense savings of $2.6 million on an annual basis, facilitating long-term sustainability of current and future branches
- In October 2020, one additional branch closure was announced (effective January 2021)
  - Non-recurring charge of approximately $130 thousand expected in 4Q'20 with expected expense savings of $340 thousand on an annual basis
- Program has not concluded and we continue to anticipate annualized expense savings within a range of $5 to $7 million, as disclosed on January 30, 2020

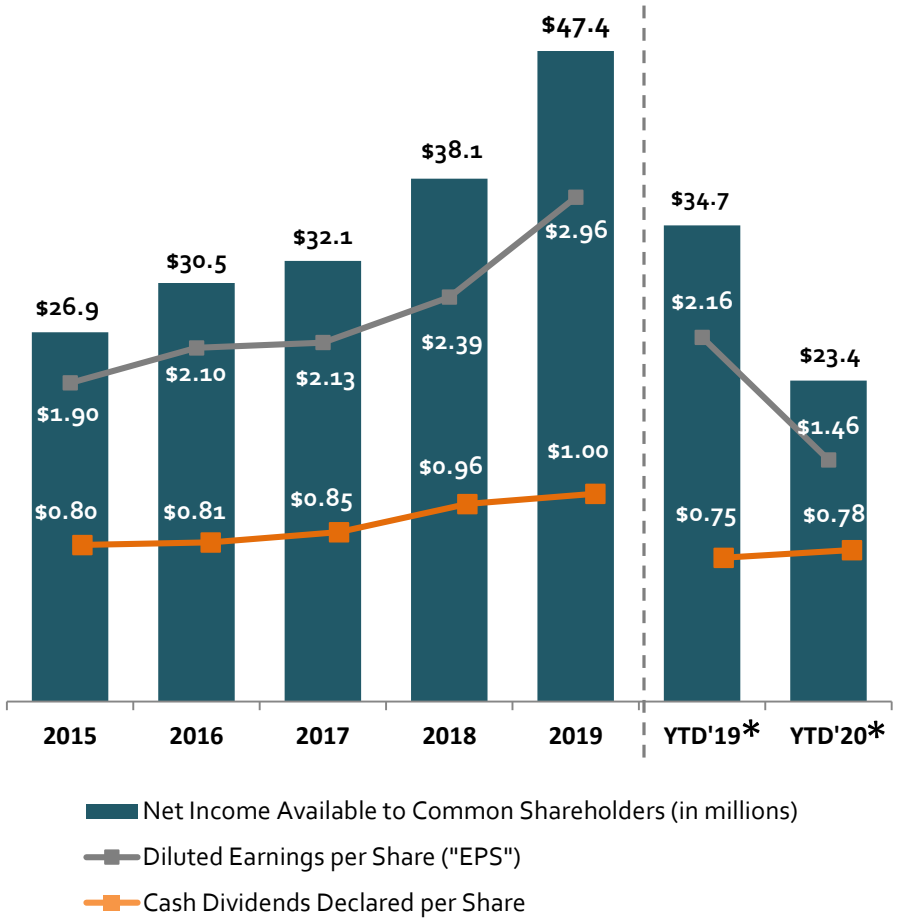
2020 Key Initiatives

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 nine 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 nine months

Third Quarter Key Statistics[1]

- Diluted earnings per share was $0.74 as compared to $0.78 in 2019
  - Expenses include $1.6 million of non-recurring restructuring charges in connection with the closing of six branches and staffing reductions announced in July 2020
- Pre-tax pre-provision income[2] was the highest in Company history at $19.2 million as compared to $18.9 million in 2019
- Net interest income of $35.5 million was $3.0 million, or 9.0%, higher than the third quarter of 2019
- Net interest margin ("NIM") of 3.22% was seven basis points lower as a result of heightened Federal Reserve interest-earning cash and the impact of low-yielding Payroll Protection Program loans
- Total loans at quarter-end were $3.57 billion, an increase of $412.1 million, or 13.1%, from 9/30/2019
  - As compared to the year earlier period, Commercial Business Loans were up 42.4%, Commercial Mortgage Loans were up 16.1%, Residential Real Estate Loans were up 6.8% and Consumer Indirect Loans were down 2.7%
  - Payroll Protection Program ("PPP") Loans are included in Commercial Business Loans; PPP balance at 9/30/2020, net of deferred fees was $264 million
- Common book value per share increased 5.5% from September 30, 2019
  - Tangible common book value per share[2] increased 7.1% from September 30, 2019
- Common equity to assets ratio of 8.85% decreased 73 basis points and tangible common equity to tangible assets[2], or TCE ratio, of 7.47% decreased 52 basis points as a result of heightened Federal Reserve interest-earning cash and the impact of low-yielding Payroll Protection Program loans
  - At 9/30/2020, both ratios would have been higher than the year earlier period if not for these factors

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

Activities Subsequent to September 30, 2020

- October 7, 2020: Completed a private placement of $35 million of fixed-to-floating rate subordinated notes due 2030 (the "Notes") to qualified institutional buyers and accredited institutional investors. The Notes have a maturity date of October 15, 2030 and bear interest, payable semi-annually, at the rate of 4.375% per annum, until October 15, 2025. Commencing on that date, the interest rate will reset quarterly to an interest rate per annum equal to the then-current three-month secured overnight financing rate ("SOFR") plus 426.5 basis points, payable quarterly until maturity.

  The Company is entitled to redeem the Notes, in whole or in part, on any interest payment date on or after October 15, 2025, and in whole at any time upon certain other specified events. The Company intends to use the net proceeds for general corporate purposes, organic growth and to support regulatory capital ratios at Five Star Bank.

  The Company entered into a registration rights agreement to provide for the exchange of the Notes for subordinated notes that are registered under the Securities Act of 1933, as amended, with substantially the same terms as the Notes.

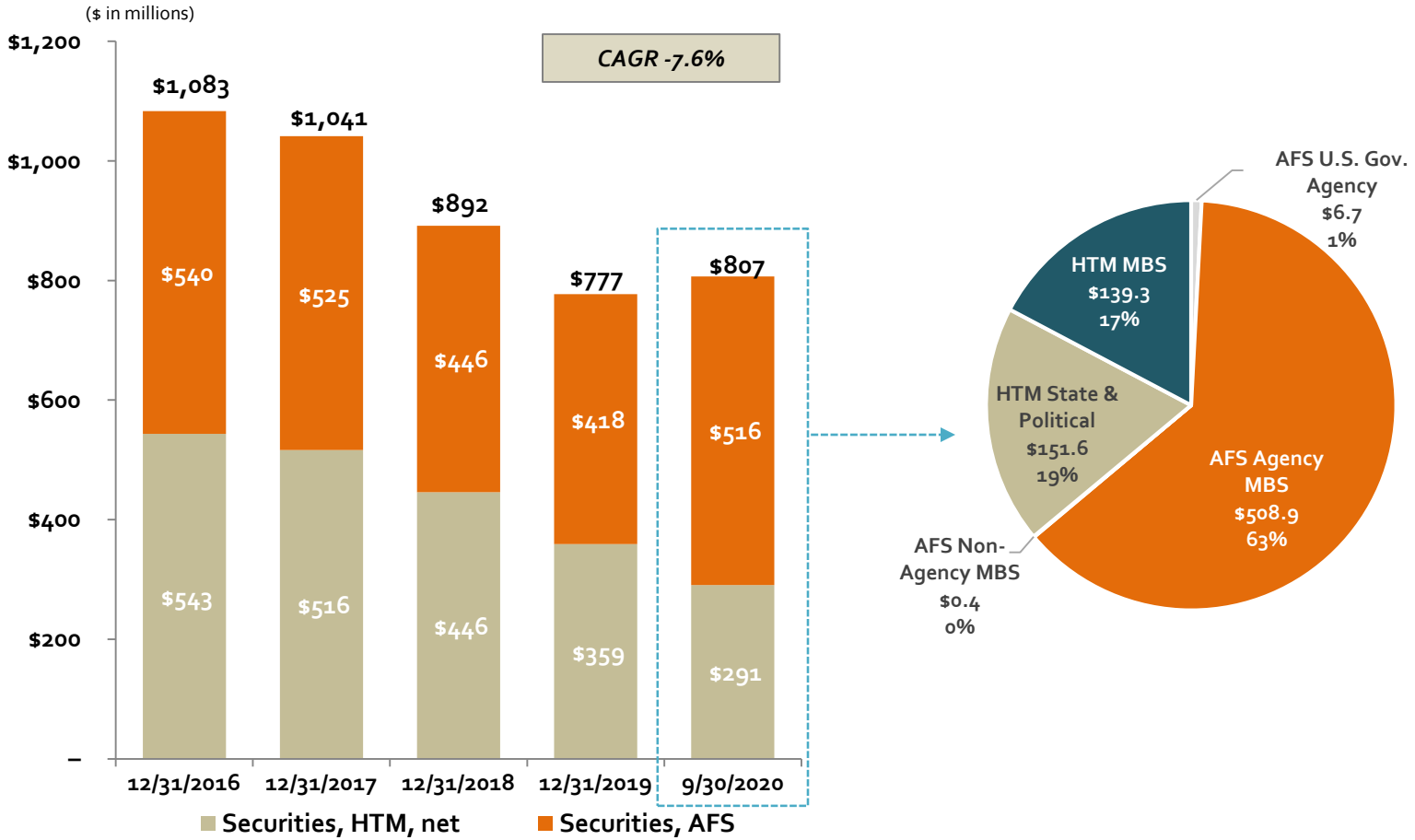
- November 4, 2020: Announced Board of Director approval of a stock repurchase program for up to 801,879 shares of its common stock, or approximately 5% of the Company's outstanding common shares.

  The repurchase program permits shares to be repurchased in open market transactions and pursuant to any trading plan that may be adopted in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934.

  The timing and number of shares repurchased will depend on a variety of factors including price, corporate and regulatory requirements, market conditions, and other corporate liquidity requirements and priorities. The repurchase program does not obligate the Company to purchase any shares and it may be extended, modified or discontinued at any time.

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



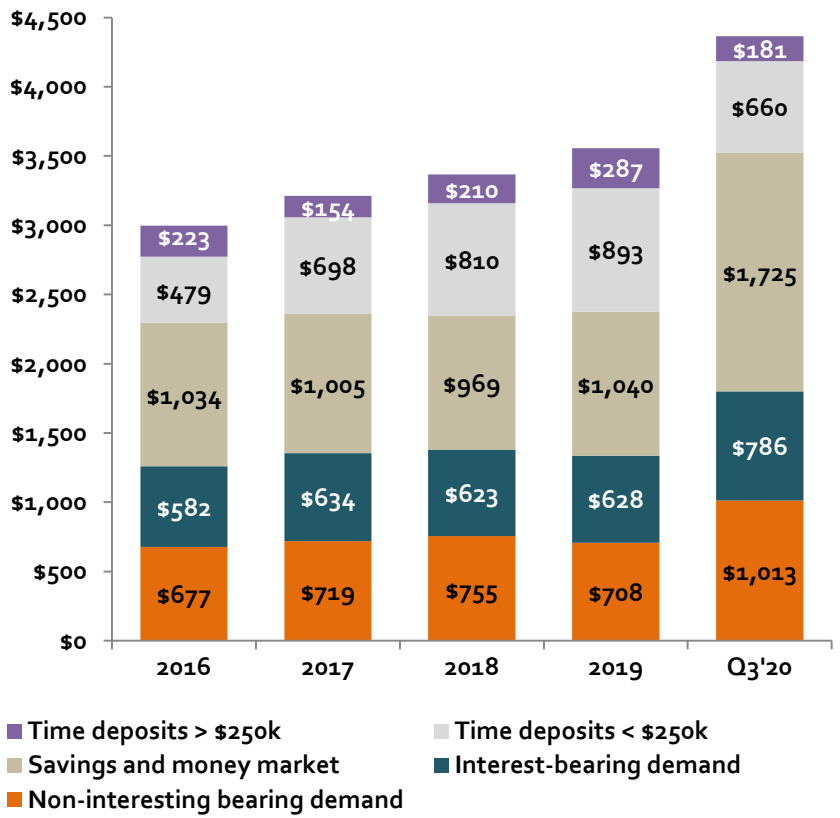
	2016	2017	2018	2019	2020 (YTD)
Security Yield(1)	2.45%	2.48%	2.33%(2)	2.39%(2)	2.40%(2)

(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 (3Q)	2020 (YTD)
Cost of Deposits [1]	0.35%	0.57%	0.82%	0.32%	0.51%

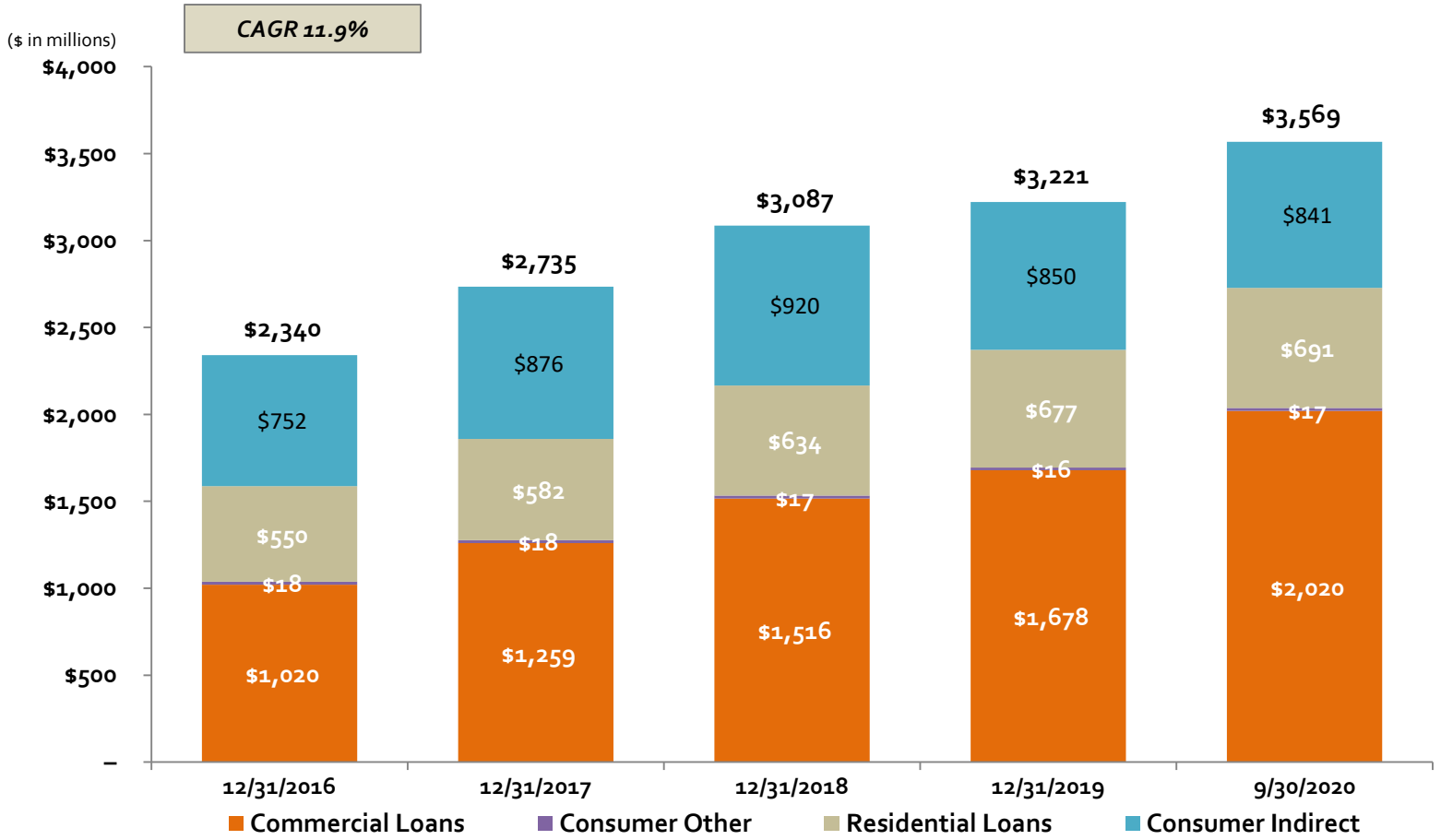
Commentary

- 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 $84 billion
  - Current FSB market share is less than 2%
- 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 9/30/20 compared to 24% of deposits at 12/31/19
  - Low cost funding source
  - Dedicated sales force
  - FSB currently has 316 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 footprint
- 2020 Commercial Loan growth includes $264.1 million of PPP loans, net of deferred fees, at September 30, 2020



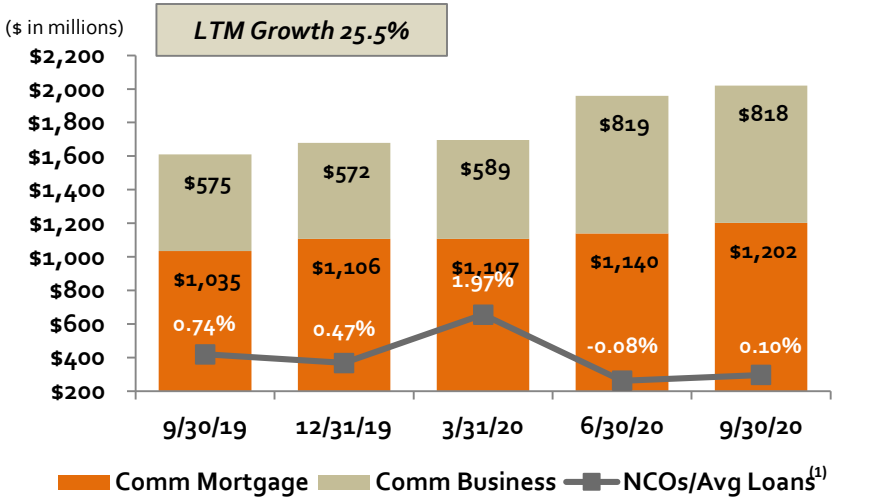
	2016	2017	2018	2019	2020 (YTD)
Loan Yield(1)	4.18%	4.22%	4.51%	4.77%	4.25%

(1) Average yield for the period

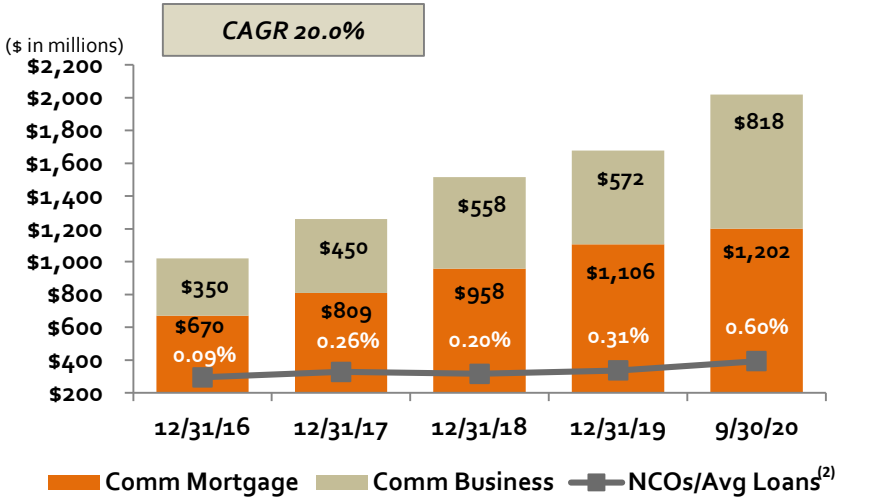
Commercial Banking

- Growth in 3Q'20 reflects soft C&I origination environment
- 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
- 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, adding lenders in nearly all categories
  - Hiring experienced professionals from competing institutions
  - They bring market experience, knowledge and relationships
  - Attracting new customers and generating new loan business as well as noninterest income

Commercial Banking – Quarterly



Commercial Banking – Annual

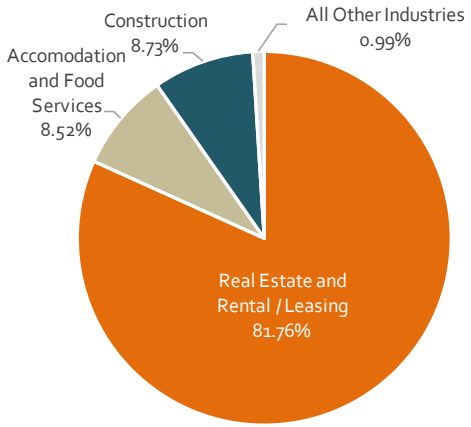


(1) For the quarter (annualized)
(2) For the year/year-to-date (annualized)

Commercial Loan Portfolio Detail

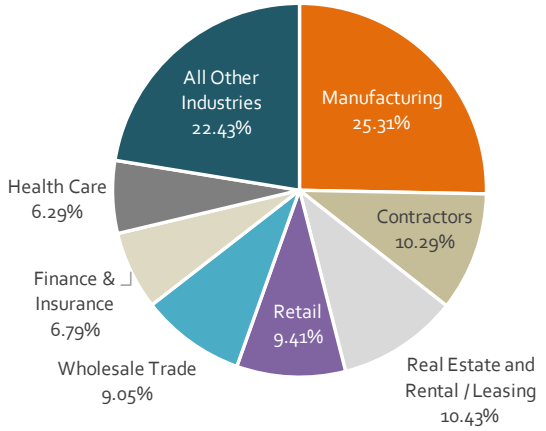
Commercial Real Estate Ttl Exposure[1] ($1.2Bn[2])

As of September 30, 2020



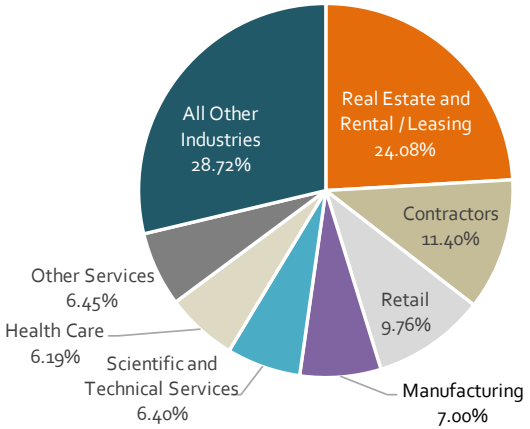
Commercial & Industrial Ttl Exposure[1] ($979MM[2])

As of September 30, 2020



Business Banking Ttl Exposure[1] ($201MM[2])

As of September 30, 2020



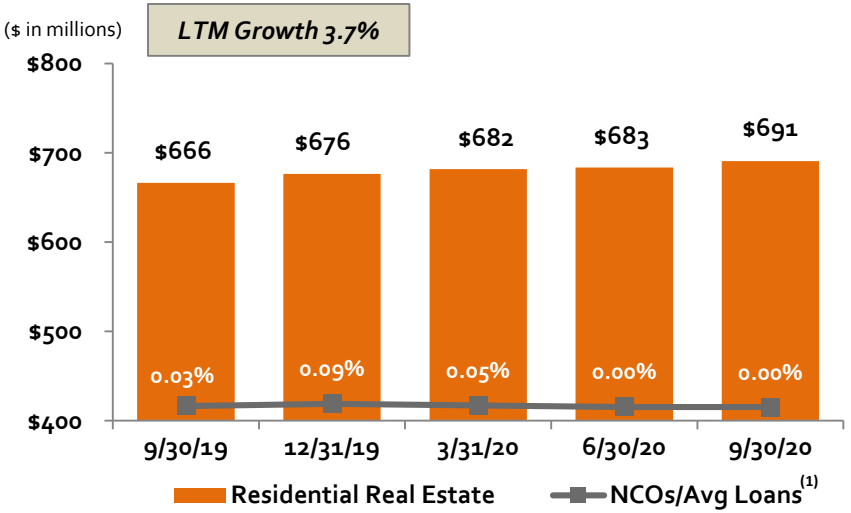
- **The vast majority of the commercial loan portfolio is within the Bank's footprint**

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

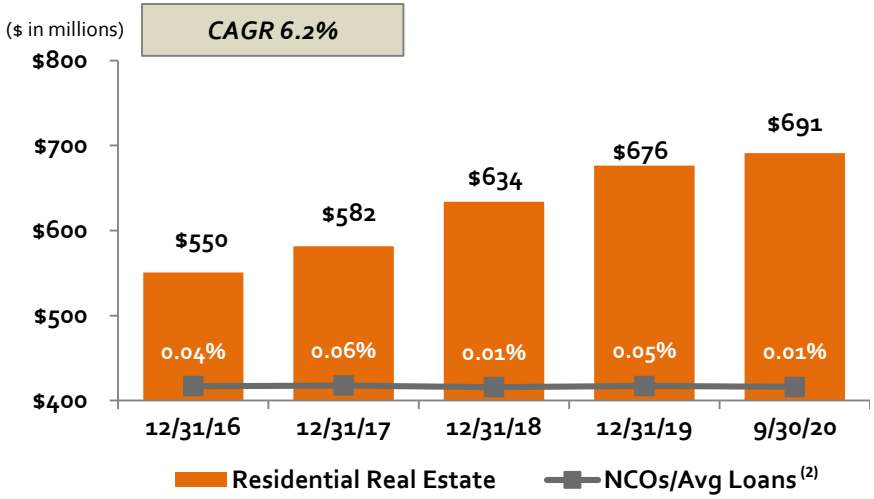
Residential Real Estate Loans and Lines

- 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 build-out of residential mortgage production capabilities
- Line of business provides opportunity to establish relationships with new customers: loan and deposit relationships as well as opportunity to provide wealth management and insurance services

Residential Real Estate – Quarterly



Residential Real Estate – Annual

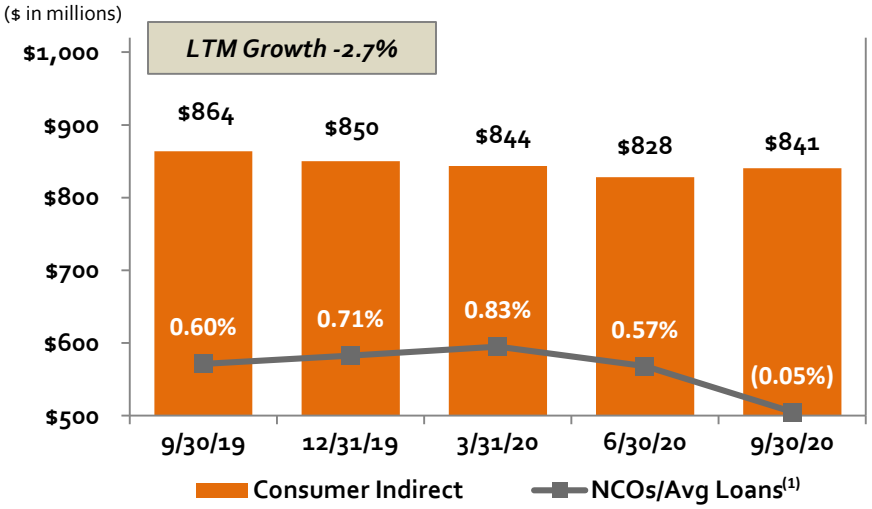


(1) For the quarter (annualized)
(2) For the year/year-to-date (annualized)

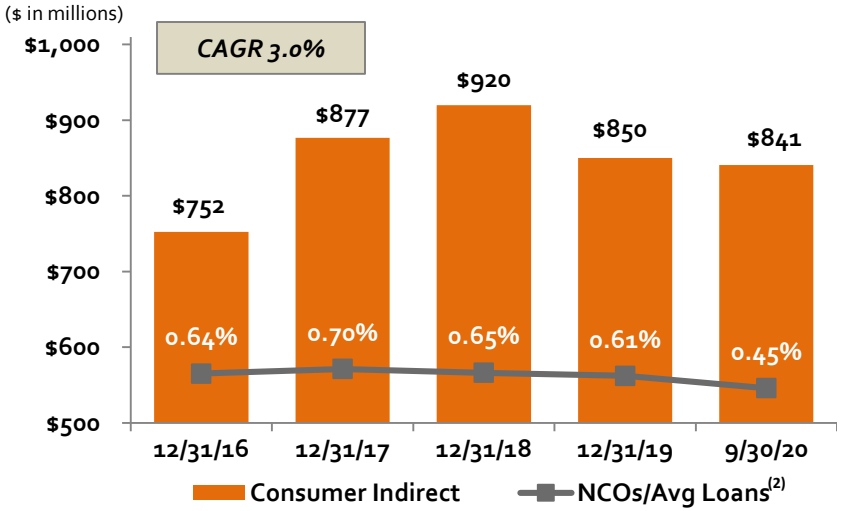
Consumer Indirect Lending

- $841 Million Portfolio at September 30, 2020
  - Portfolio represents 23.6% 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 723 with 4% under 630
- Dealer network of nearly 500 franchised new automobile dealerships
- Relatively Short Duration – Approximately 3 years
- Natural Risk Dispersion – Small Loan Size
- Demonstrated track record of consistent performance through economic expansions, recessions and stagnation

Consumer Indirect – Quarterly



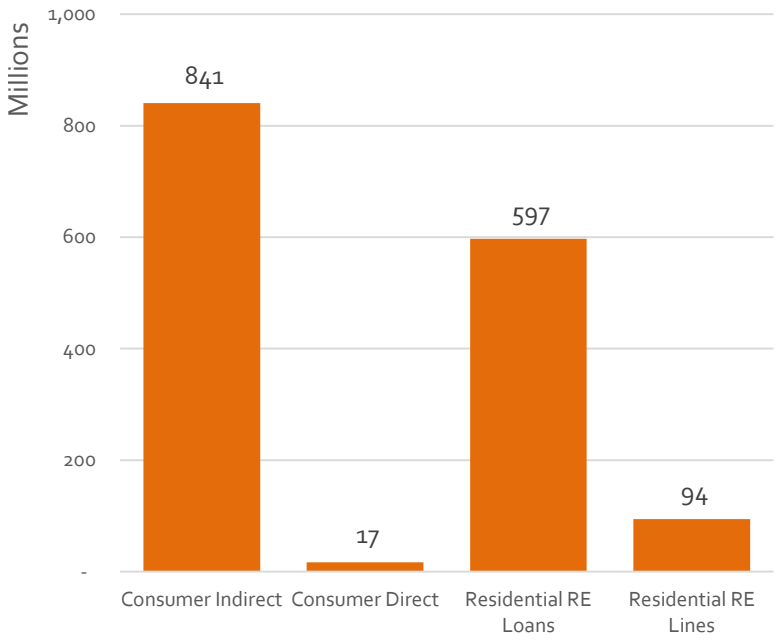
Consumer Indirect – Annual



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

Consumer & Residential Loan Portfolio Detail

Consumer Lending Portfolio
As of September 30, 2020

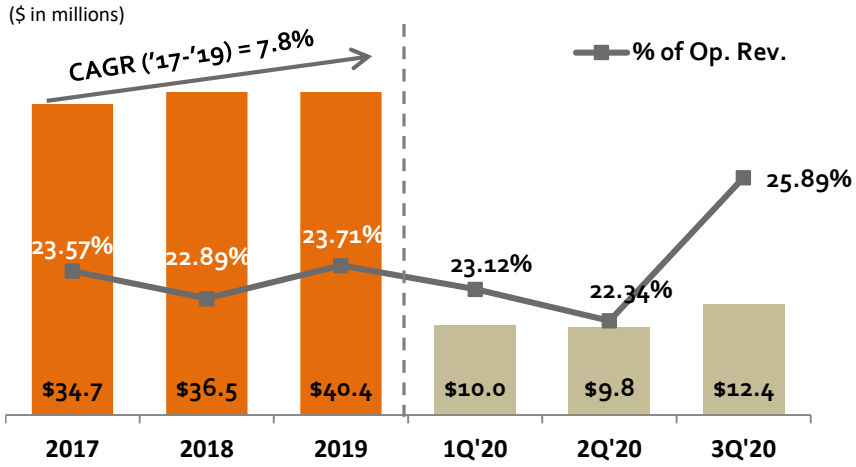


Consumer Lending Portfolio Metrics
As of September 30, 2020

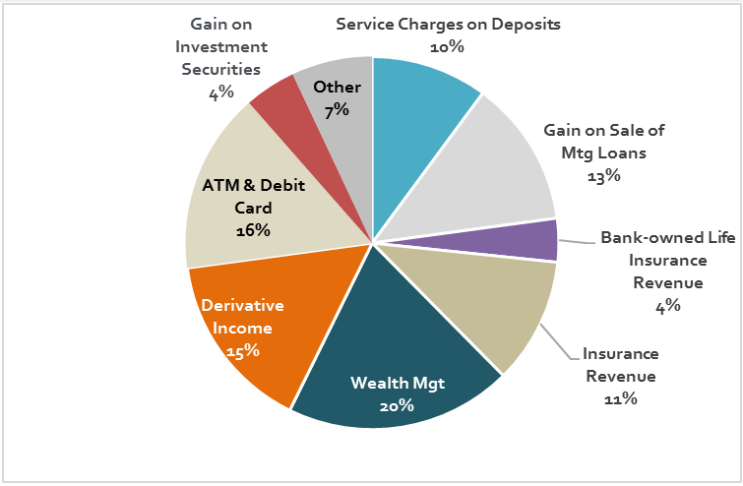
	% of Ttl. Loan Portfolio ($3.6Bn)	# of Loans	Wt. Avg FICO Score (at origination)	Avg. Loan Balance
Consumer Indirect	23.6%	46,688	723	$17,221
Consumer Direct	0.5%	11,808	728	$1,288
Residential Real Estate Loans	16.7%	7,207	737	$92,130
Residential Home Equity Lines of Credit (HELOCs)	2.6%	3,584	769	$23,866

Revenue Diversification → Growing Noninterest Income

Noninterest Income



3Q'20 Noninterest Income Breakdown

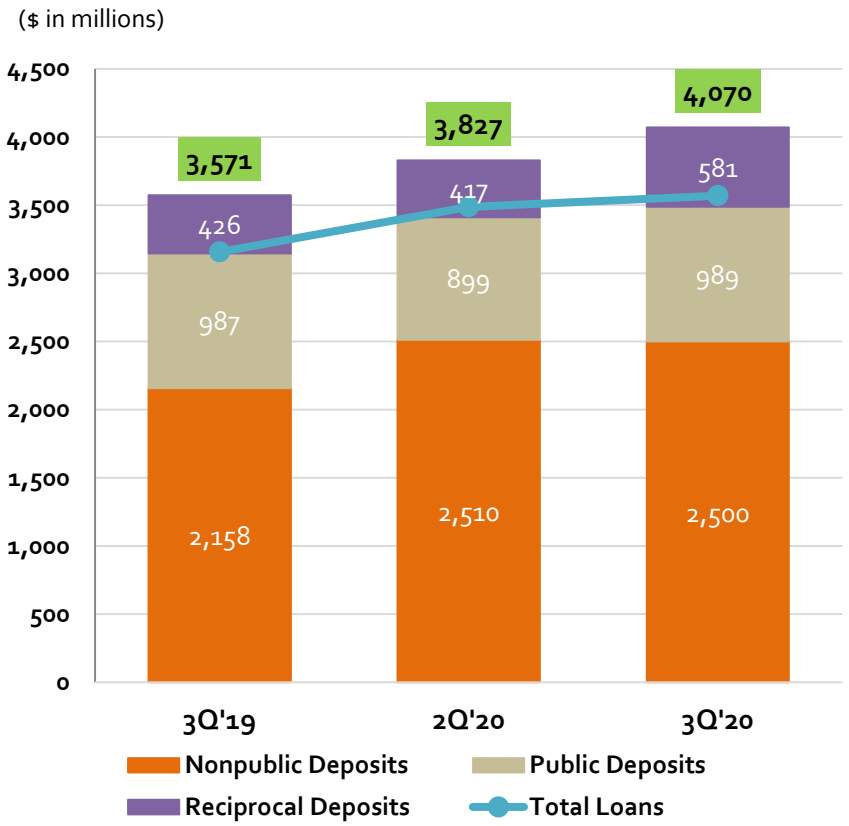


Commentary

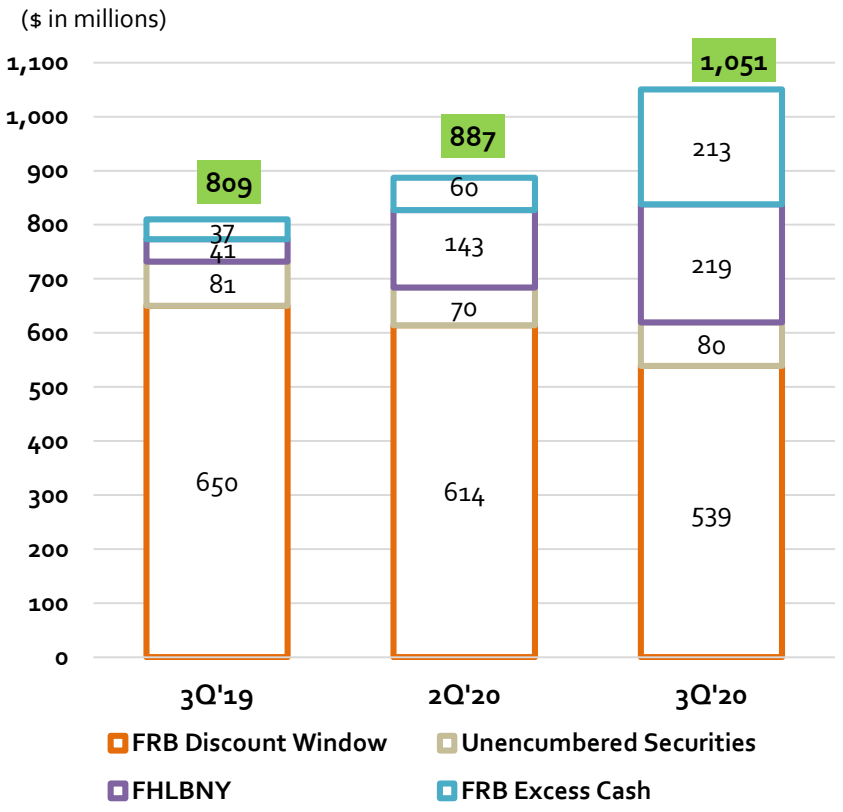
- Significant sources of noninterest income:
  - ATM and debit card fees
  - Insurance income
  - Investment advisory revenue
- Bolstered insurance and investment advisory businesses through successful acquisitions:
  - Acquired insurance broker, Scott Danahy Naylon in August 2014
    - Multiple insurance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

Key Liquidity Metrics

Deposit Mix (1)



Available Committed Liquidity



- Diverse deposit gathering capabilities
  - Core nonpublic deposits anchor our deposit base; 81.8% 3Q'20 loan to deposit ratio
  - 3Q'20 available committed liquidity remains strong and stable, representing reduced reliance on FHLB advances
  - The increased FRB Excess Cash position is reflective of seasonal public and reciprocal deposit growth

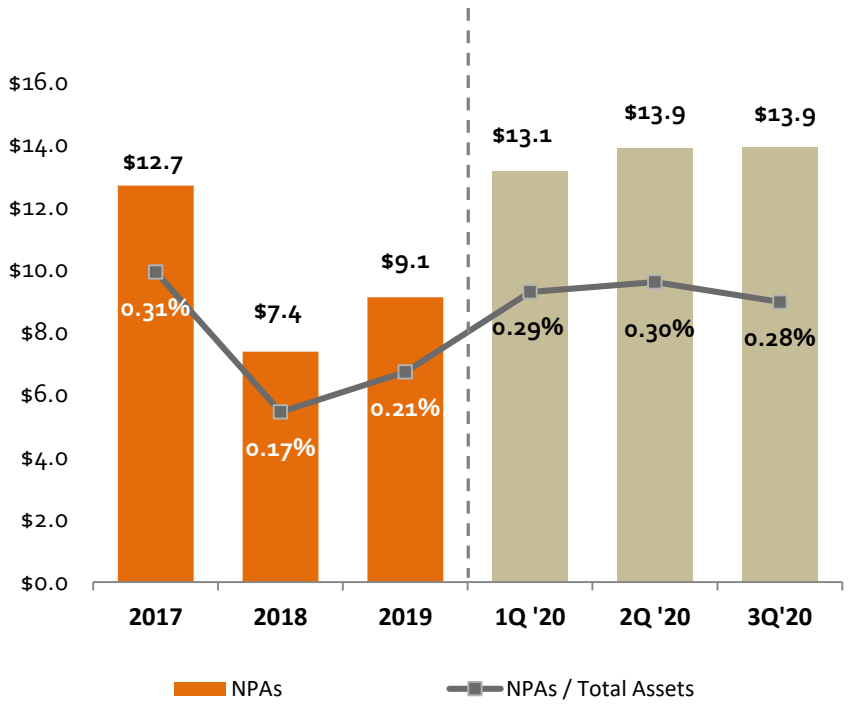
(1) Excluding Brokered Deposits

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 1.49% at September 30, 2020, an increase of 54 bps (or ~57%) from year end 2019

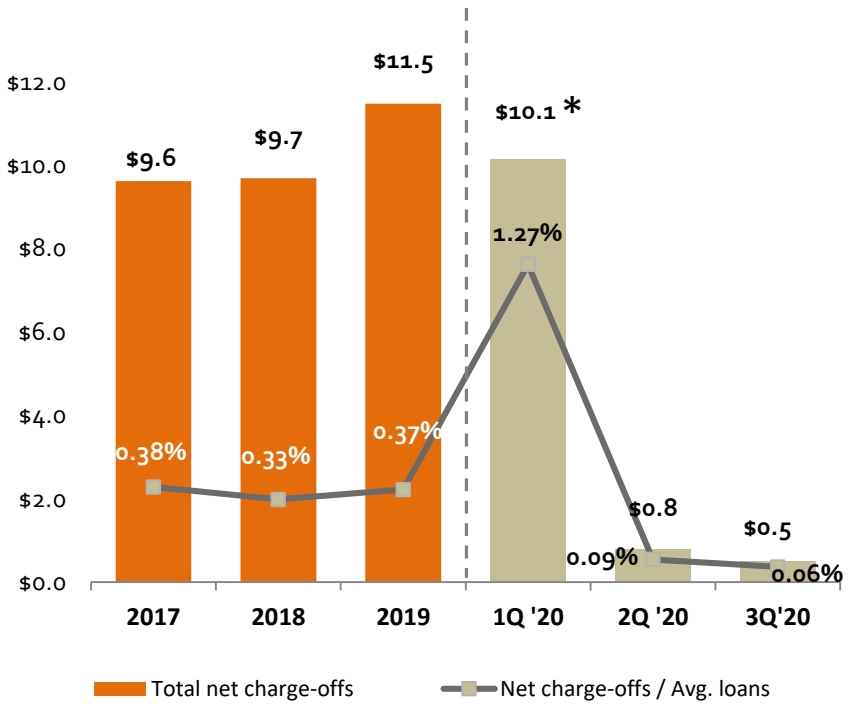
Non-Performing Assets

($ in millions)



Net Charge-Offs

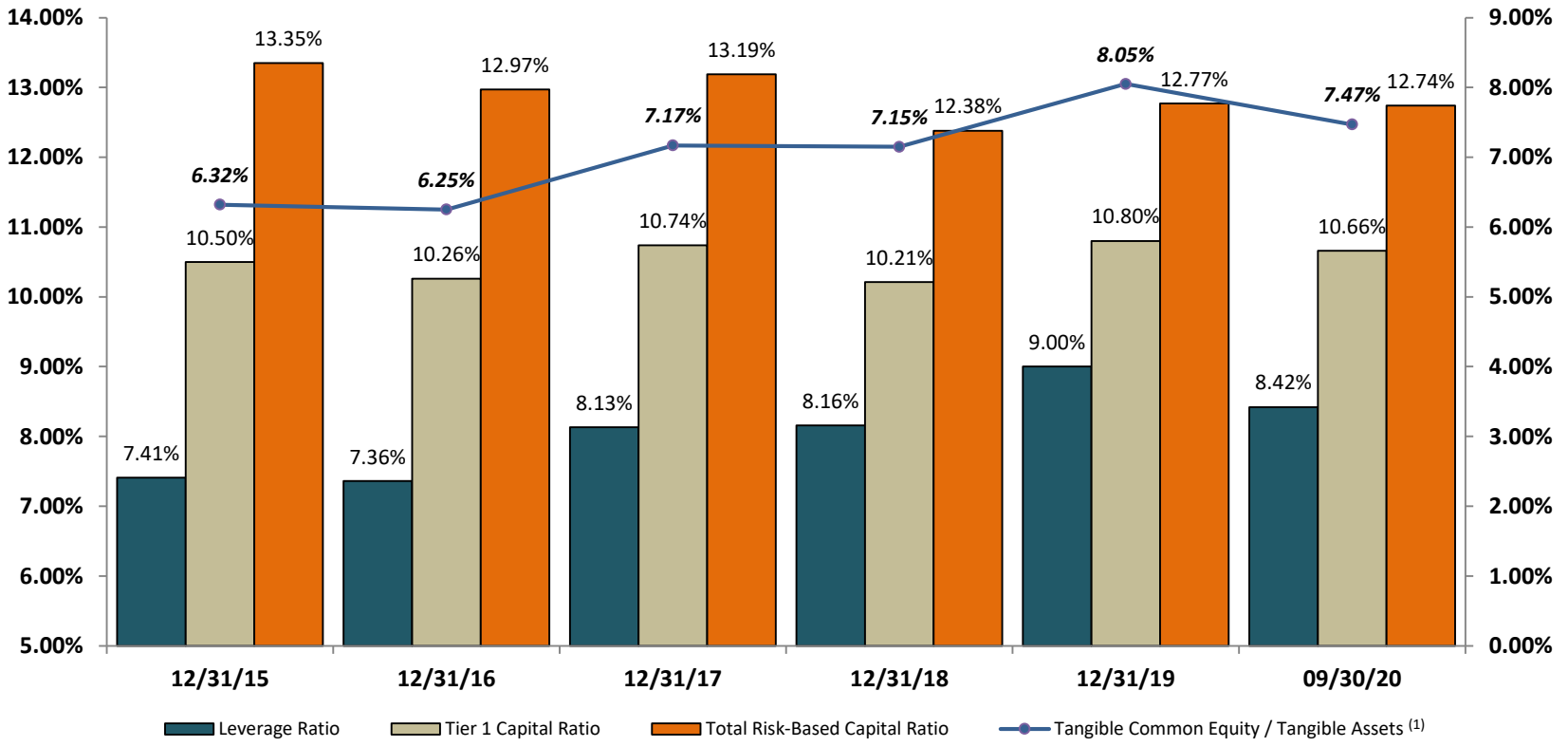
($ in millions)



* $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



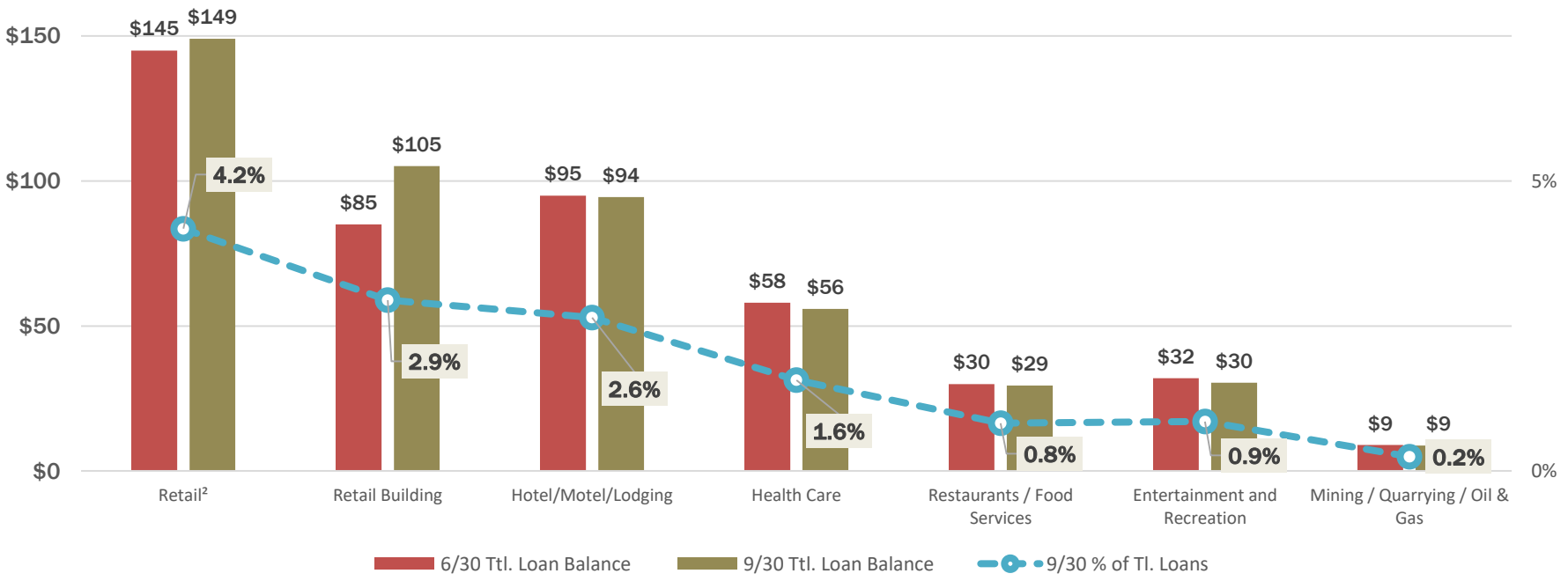
	September 30, 2020
Tangible Common Equity / Tangible Assets (1)	7.47%
Leverage Ratio	8.42%
Tier 1 Capital Ratio	10.19%
Total Risk-Based Capital Ratio	12.74%

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

Exposure to Industries Most Impacted by COVID-19

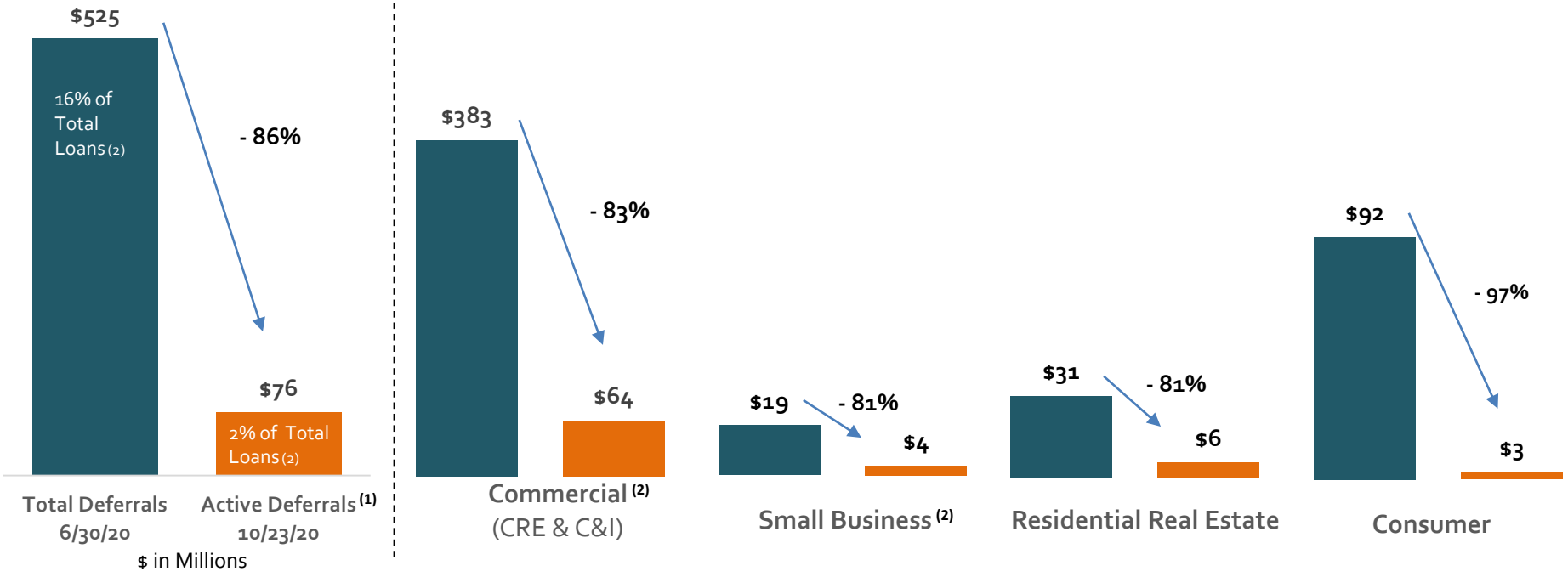
- Portfolio segment limits are maintained for C&I and CRE which encompasses the industries described
- To date, C&I and CRE exposures are within policy limits
- Analysis of commercial portfolio ongoing; segmented "at-risk" commercial loan portfolio
- Tier I represents most impacted industries (retail,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

Tier I Commercial Loan Portfolio – Outstanding Loan Balances (2Q vs. 3Q) and % Ttl. Loan Portfolio ($MMs)[1]



(1) All balances exclude PPP loans
(2) Retail includes Gas Stations/Convenience Stores previously disclosed separately

Modification Trend Improving
Deferrals Down 86% at 10/23/20 Compared to 6/30/20

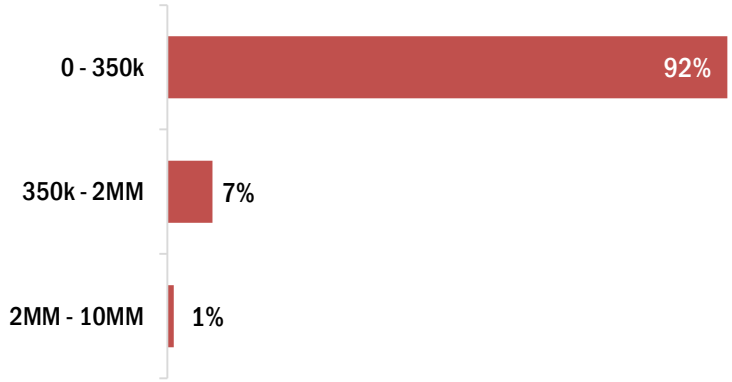


- Modification trend showing significant improvement
- Substantially all balances coming off of deferral are paying as agreed
- Long-term credit performance of these customers is unknown at this time

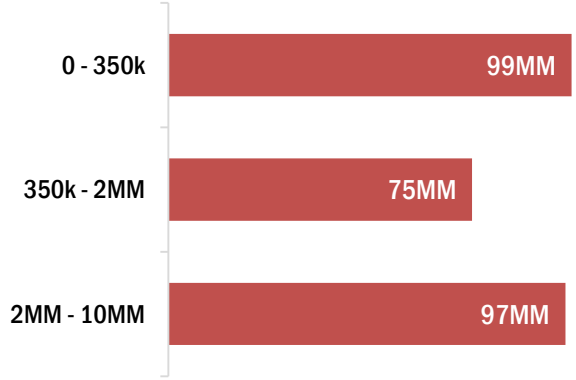
(1) Active deferrals includes loans where deferral period has not yet expired
(2) Excludes PPP loans

SBA Payroll Protection Program ("PPP") Loans

Funded PPP Loan Volumes (No. Units by SBA Loan Size)
As of September 30, 2020



Funded PPP Loans ($ by Loan Size)
As of September 30, 2020



- 1,736 funded PPP loans for a total of $271 MM as of September 30, 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 723** (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%; 0.45% for first nine 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 – 23.6% of total loans at 9/30/20 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 $40.8 million(1) • 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 2% 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(2)	• 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: +58%(3) –Comm Mtg: +89% –Residential: +40%*** ***–CBVPS: +29% –TCBVPS(4) : +42%***
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 **0.28% NPAs/Assets, 1.38% ALL/Loans and 453% ALL/NPL** • TCE(3) at 9/30/20 was 7.47%, up 102 bps from Q3'16

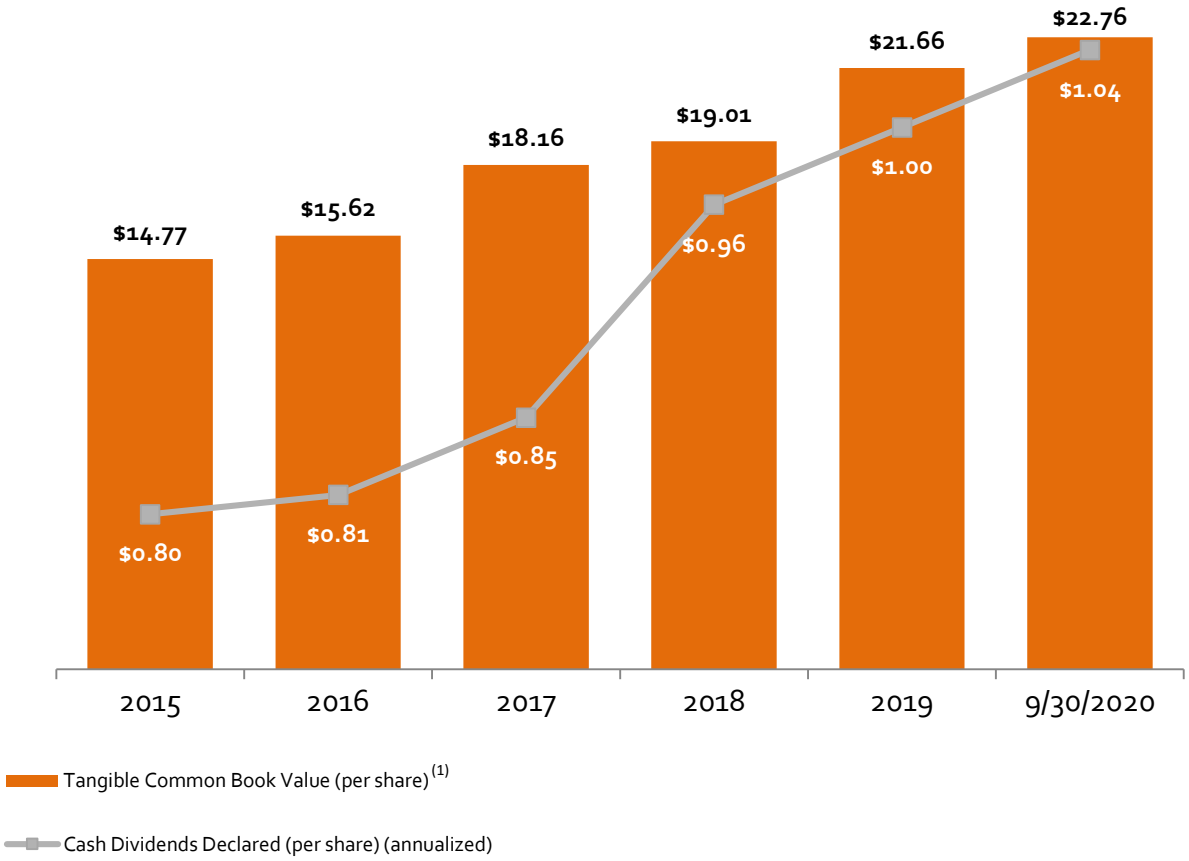
(1) Excludes reciprocal balances
(2) Based upon number of SBA loans for the 2019 SBA year
(3) Excluding Payroll Protection Program Loans
(4) Refer to "Non-GAAP Reconciliation" in Appendix

Compelling Valuation(1)

	Price/Tangible Common Book Value(2)	*Price/NTM Consensus EPS(2)*
FISI	**83%**	**7.7x**
AROW	146%	10.0x
CHMG	100%	9.4x
CBU	261%	20.4x
EVBN	86%	7.2x
NBTB	142%	11.3x
TMP	143%	11.9x
TRST	99%	9.7x

(1) Peer group defined as Upstate NY banks with total assets between $2 and $15 Billion and sell-side analyst coverage
(2) As of November 3, 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 (0.32% 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 ~26% of operating revenue(1)

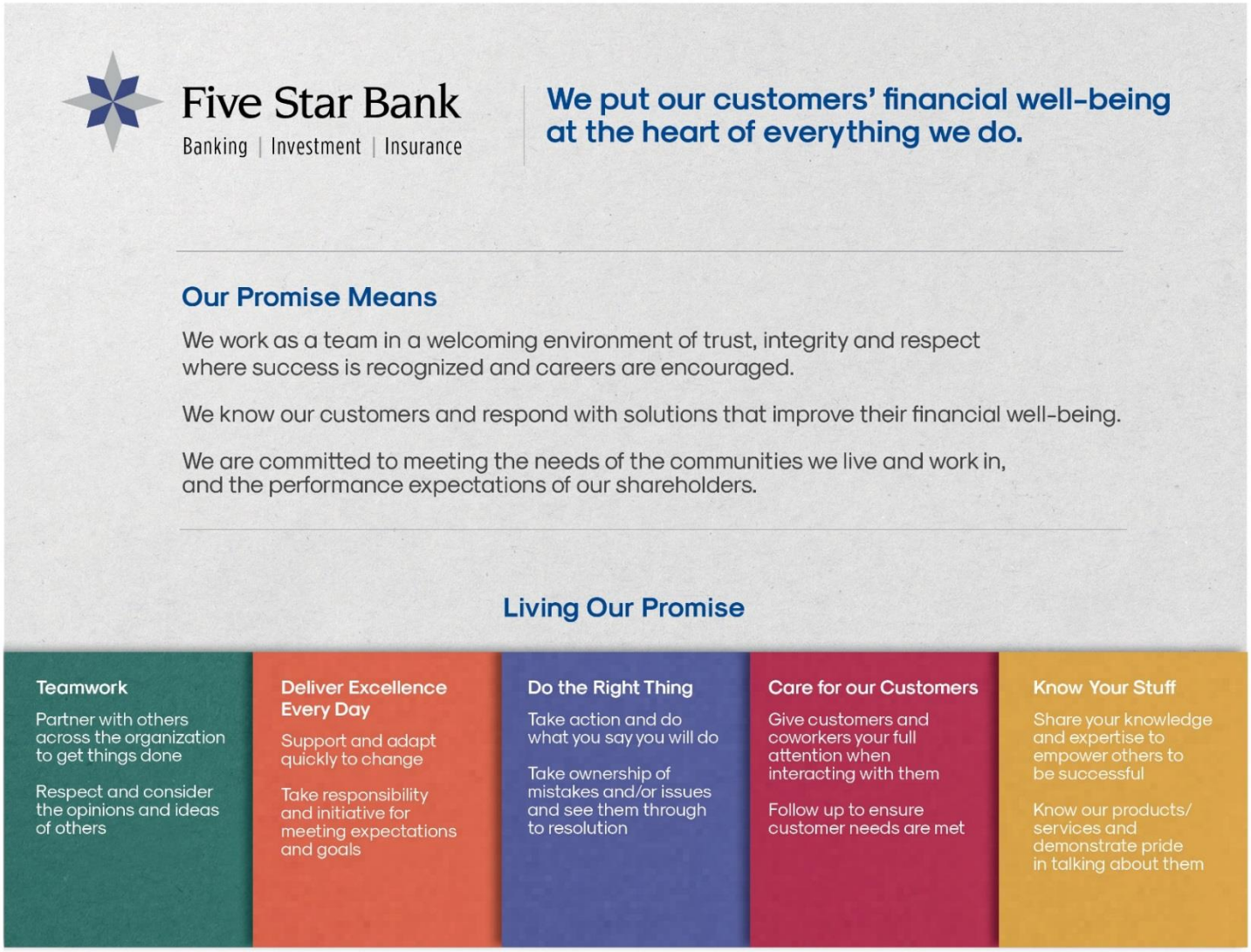
(1) For the quarter ended September 30, 2020

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

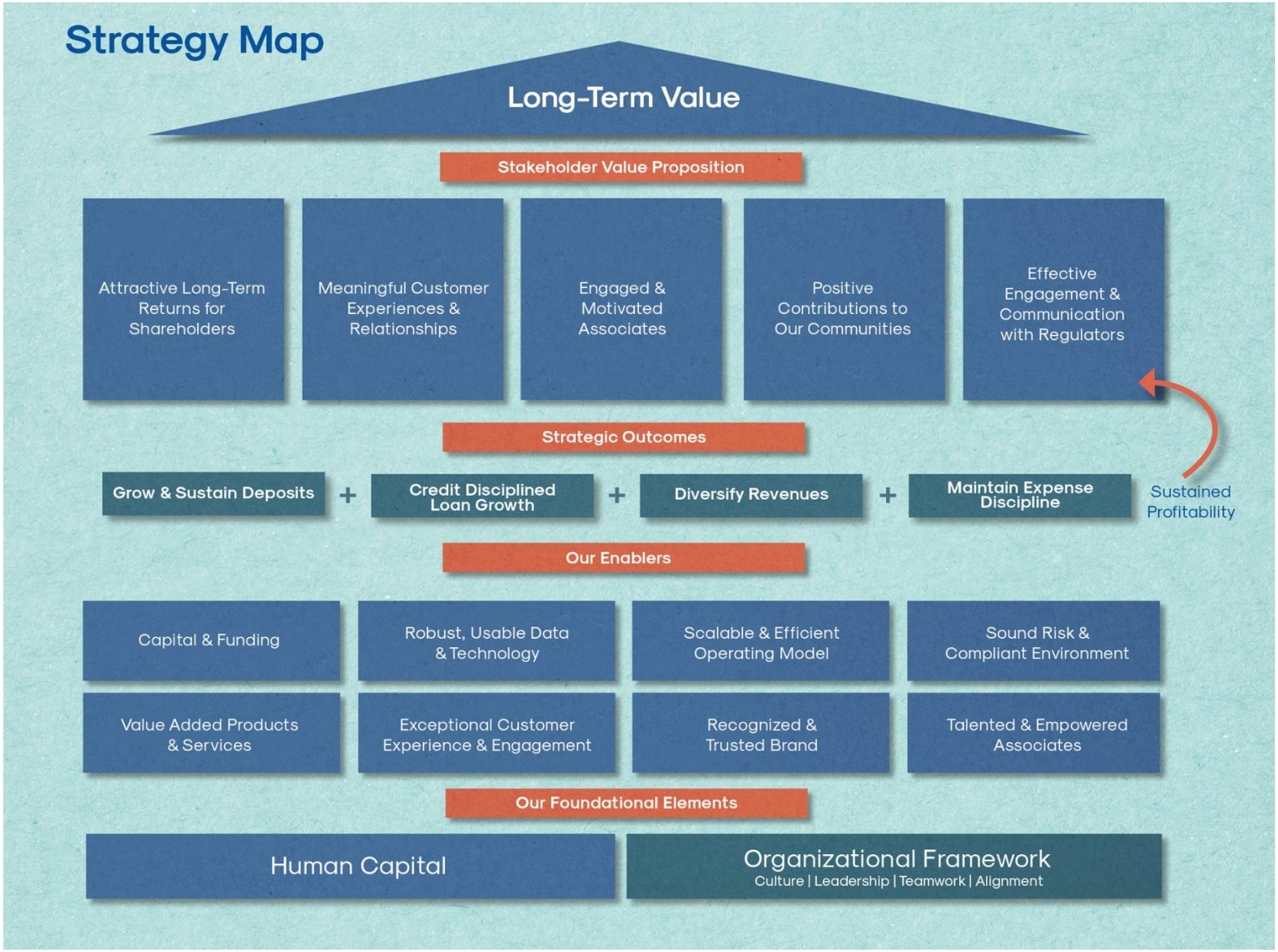


Successfully Executing Our Strategy

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	9/30/2020
Computation of ending tangible common equity:						
Common shareholders' equity	$ 276,504	$ 302,714	$ 363,848	$ 378,965	$ 421,619	$ 439,033
Less: Goodwill and other intangible assets, net	66,946	75,640	74,703	76,173	74,923	74,062
Tangible common equity	209,558	227,074	289,145	302,792	346,696	364,971
Computation of ending tangible assets:						
Total assets	$ 3,381,024	$ 3,710,340	$ 4,105,210	$ 4,311,698	$ 4,384,178	$ 4,959,201
Less: Goodwill and other intangible assets, net	66,946	75,640	74,703	76,173	74,923	74,062
Tangible assets	3,314,078	3,634,700	4,030,507	4,235,525	4,309,255	4,885,139
Tangible common equity to tangible assets[1]	6.32%	6.25%	7.17%	7.15%	8.05%	7.47%
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	$ 22.76
Computation of average tangible common equity:						
Average common equity	$ 272,367	$ 301,666	$ 331,184	$ 371,023	$ 403,689	$ 427,613
Less: Average goodwill and other intangible assets, net	68,138	76,170	74,818	76,990	75,557	74,653
Average tangible common equity	204,229	225,496	256,366	294,033	328,132	352,960
Computation of average tangible assets:						
Average assets	$ 3,269,890	$ 3,547,105	$ 3,896,071	$ 4,171,972	$ 4,285,825	$ 4,518,891
Less: Average goodwill and other intangible assets, net	68,138	76,170	74,818	76,990	75,557	74,653
Average tangible assets	3,201,752	3,470,935	3,821,253	4,094,982	4,210,268	4,444,238
Net income available to common shareholders	26,875	30,469	32,064	38,065	47,401	36,178
Return on average tangible common equity[3]	13.16%	13.51%	12.51%	12.95%	14.45%	10.25%
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

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	Quarter ended,		
($ in thousands, except per share data)	9/30/2016	9/30/2019	9/30/2020
Computation of ending tangible common equity:			
Common shareholders' equity	$ 308,931	$ 415,289	$ 439,033
Less: Goodwill and other intangible assets, net	75,943	75,225	74,062
Tangible common equity	232,988	340,064	364,971
Computation of ending tangible assets:			
Total assets	$ 3,687,365	$ 4,332,737	$ 4,959,201
Less: Goodwill and other intangible assets, net	75,943	75,225	74,062
Tangible assets	3,611,422	4,257,512	4,885,139
Tangible common equity to tangible assets[1]	6.45%	7.99%	7.47%
Common shares outstanding	14,528	15,997	16,038
Tangible common book value per share[2]	$ 16.04	$ 21.26	$ 22.76
Computation of average tangible common equity:			
Average common equity	$ 308,524	$ 412,073	$ 437,948
Less: Average goodwill and other intangible assets, net	76,116	75,401	74,220
Average tangible common equity	232,408	336,672	363,728
Computation of average tangible assets:			
Average assets	$ 3,593,672	$ 4,260,810	$ 4,775,333
Less: Average goodwill and other intangible assets, net	76,116	75,401	74,220
Average tangible assets	3,517,556	4,185,409	4,701,113
Net income available to common shareholders	8,103	12,468	11,908
Return on average tangible common equity[3]	13.87%	14.69%	13.02%
Pre-tax pre-provision income:			
Net income		$ 12,833	$ 12,273
Add: Income tax expense		4,281	2,940
Add: Provision for credit losses		1,844	4,028
Pre-tax pre-provision income		$ 18,958	$ 19,241

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.