Investor Presentation

Financial Institutions, Inc. (Nasdaq: FISI)
Fourth Quarter 2024 Earnings Presentation

Updated March 10, 2025



Financial Institutions, Inc.

Update on March 10, 2025

This investor presentation was updated on March 10, 2025, to reflect the amended fourth quarter and full year 2024 financials that the Company concurrently filed in a Current Report on Form 8-K/A, following the Company's settlement of an auto lending litigation, which was also disclosed in a separate Current Report on Form 8-K on March 10, 2025.

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" as defined by Section 21E of the Securities Exchange Act of 1934, as amended, that involve significant risks and uncertainties. In this context, forward-looking statements often address our expected future business and financial performance and financial condition, and often contain words such as "believe," "continue," "estimate," "expect," "forecast," "intend," "plan," "preliminary," "should," or "will." Statements herein are based on certain assumptions and analyses by the Company and factors it believes are appropriate in the circumstances. These forward-looking statements involve significant risks and uncertainties and are subject to change. Actual results could differ materially from those contained in or implied by such statements for a variety of reasons including, but not limited to: the Court's approval of the settlement referenced herein; changes in interest rates; inflation; changes in deposit flows and the cost and availability of funds; the Company's ability to implement its strategic plan, including by expanding its commercial lending footprint and integrating its acquisitions; whether the Company experiences greater credit losses than expected; whether the Company experiences breaches of its, or third party, information systems; the attitudes and preferences of the Company's customers; legal and regulatory proceedings and related matters, including any action described in our reports filed with the SEC, could adversely affect us and the banking industry in general; the competitive environment; fluctuations in the fair value of securities in its investment portfolio; changes in the regulatory environment and the Company's compliance with regulatory requirements; and general economic and credit market conditions nationally and regionally; and the macroeconomic volatility related to the impact of public health emergencies or global political unrest. Consequently, all forward-looking statements made herein are qualified by these cautionary statements and the cautionary language and risk factors included in the Company's Annual Report on Form 10-K, its Quarterly Reports on Form 10-Q and other documents filed with the SEC. Except as required by law, the Company undertakes no obligation to revise these statements following the date of this presentation.

This presentation also includes certain non-GAAP financial measures intended to supplement, not substitute for, comparable GAAP measures. Reconciliations of those non-GAAP financial measures to GAAP financial measures are provided in the Appendix to this presentation.

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

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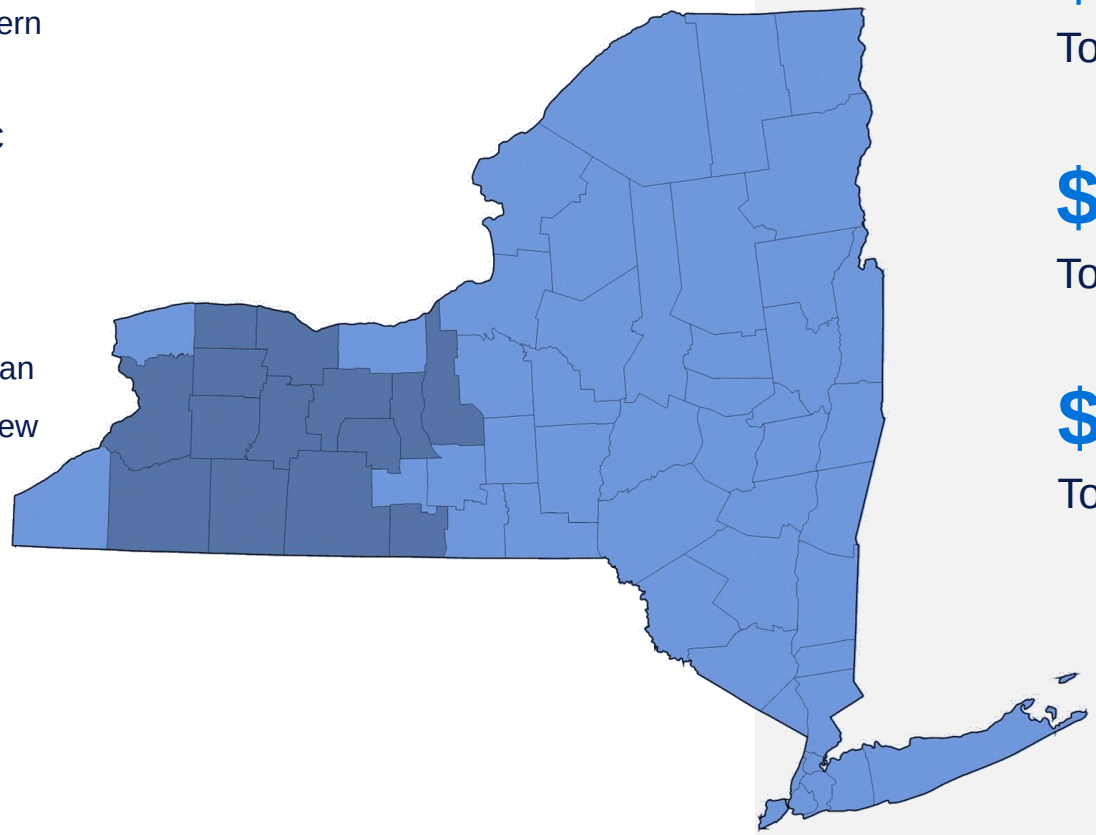
Overview of Financial Institutions, Inc.

NASDAQ: FISI

- **Innovative financial holding company** headquartered in Western New York offering banking and wealth management services through its subsidiaries, Five Star Bank and Courier Capital, LLC
- **Experienced management team** with extensive market knowledge and industry experience
- **Financially stable geography**, with 49 banking locations[1] in 14 contiguous Upstate New York counties, as well as commercial loan production offices (LPOs) serving the Mid-Atlantic and Central New York regions
- **History of generating consistent, strong operating results**



$548M
Market cap

$6.11B
Total assets

$4.48B
Total loans

$5.10B
Total deposits

[1] 48 branches and 1 motor branch in Olean, NY
Note: Information on this slide is as of December 31, 2024 unless noted otherwise

Why FISI

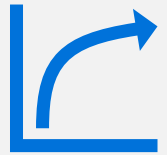
Strategic focus designed to deliver long-term value

- **Results-driven community bank with strong retail and commercial franchises**
  - Serving financially stable markets and well-positioned for growth in several New York State metros
  - Launched commercial lending platforms in a suburb of Baltimore, MD serving the Mid-Atlantic region in 2022 and in Syracuse, NY serving the Central New York region in 2023
- **Disciplined credit culture with strong credit quality**
  - From 2008 through 2024, year-end non-performing assets (NPAs)[1] ranged from 0.17% to 0.68% of total assets, while annual net charge-offs (NCOs) to average loans ranged from 0.14% to 0.54%
  - Indirect auto lending is a core competency with attractive risk-adjusted return profile and consistent results though several economic cycles
- **Fee-generating business line revenue complements core banking franchise**
  - Well-regarded investment advisory firm supports noninterest income and has been enhanced by bolt-on acquisitions in recent years



10.54%

CET1 ratio at year-end 2024, up 111 bps from one year prior



2 bps

margin expansion during the fourth quarter of 2024

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

Note: Information on this slide is as of December 31, 2024 unless noted otherwise

Q4 ‘24 Common Equity Raise and Securities Portfolio Restructuring

Strategic actions to accelerate profitability in meaningful way

- **Q4 ’24 common stock public offering of 4.6M shares → net proceeds of $108.5M**
  - 0.6M shares were sold pursuant to exercise of underwriter’s overallotment option
  - Portion of proceeds used to fund losses associated with securities portfolio restructuring
- **Previously disclosed securities portfolio restructuring plan executed in late December**
  - Proceeds from sale of low-yielding AFS securities reinvested into higher-yielding agency wrapped securities, supported 200+ bps expansion of securities portfolio yield
  - After-tax impact of loss of ~$75M was fully funded by a portion of the capital raised through recent equity offering
  - The cumulative tangible book value earnback from the restructuring is expected to be ~3.75 years
- **An additional $75M of securities purchased at even higher yield, further benefiting the portfolio**
  - Following the transactions, the AFS portfolio has a tax equivalent yield of 4.41% and average duration of ~6.3 years, while the total portfolio has a tax equivalent yield of 4.25% and average duration of ~6.2 years

Securities Sold: (Market Value)	**$653.5M** AFS
Pre-Tax Loss:	**$100.2M**
Weighted Avg. Yield on Securities Sold:	**1.74%**

Securities Bought: (Market Value)	**$566.2M**
Weighted Avg. Yield on Securities Bought:	**5.16%**

Additional ~$75M of securities yielding 5.45% purchased

Full Year 2025 Guidance

Strategic fourth quarter 2024 actions expected to enhance profitability

Full-year net interest margin of 3.45%-3.55%
using a spot-rate forecast as of quarter-end

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

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

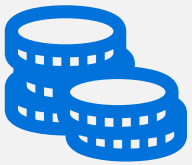
Noninterest income of $9.5M-$10M
per quarter[1]

Noninterest expense of ~$35M per quarter
In 2025

Efficiency ratio below 60%
for full year 2025

2025 effective tax rate of 17-19%
including the impact of the amortization of tax credit investments placed in service in recent years

25-35 bps annual net charge-offs to full year average assets
reflective of credit-disciplined lending and strong fundamental underwriting processes

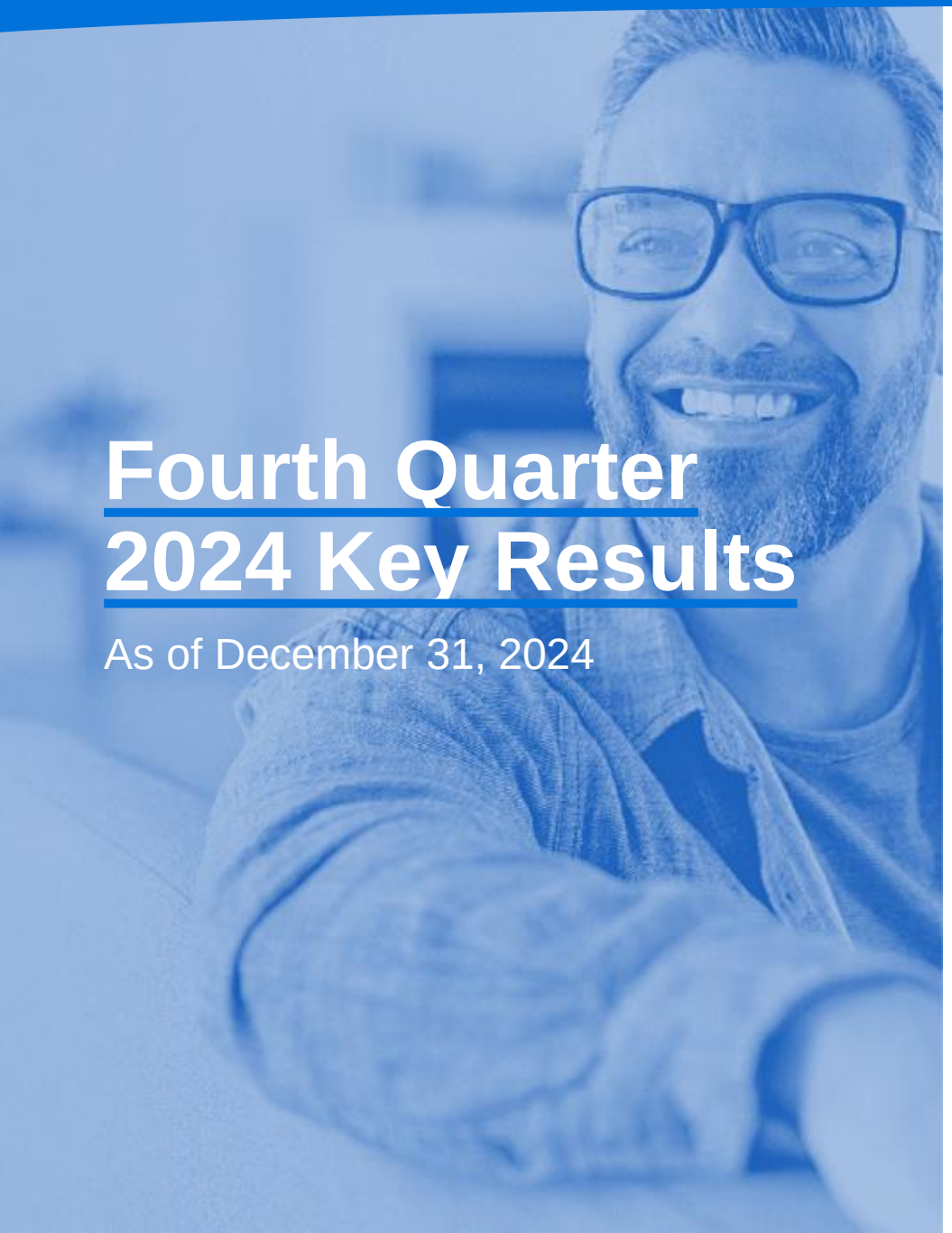


>1.10%
Return on average assets



>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



Fourth Quarter 2024 Key Results

As of December 31, 2024

- The Company reported a net loss available to common shareholders of $83.2M, or ($5.07) per diluted share, compared to net income of $13.1M, or $0.84 per diluted share, in Q3 ’24 and $9.4M, or $0.61 per diluted share, in Q4 ’23.
- Provision for credit losses was $6.5M in Q4 ’24, $3.1M in the linked quarter and $5.3M in Q4 ’23.
  - Provision in the recent quarter reflects the impact of loan growth during the period, an increase in net charge-offs relative to the third quarter, and an increase in qualitative factors overall.
- Net interest margin (NIM) of 2.91% expanded 2 bps from Q3 ’24 and 13 bps from Q4 ’23, while NII of $41.6M increased $1.0M, or 2.3%, and $1.7M, or 4.4%, from the linked and year ago quarters, respectively.
- Total deposits were $5.10B at year-end 2024, down $201.9M, or 3.8%, from September 30, 2024 and down $108.2M, or 2.1%, from December 31, 2024.
- Total loans were $4.48B at December 31, 2024, reflecting an increase of $76.2M, or 1.7%, from September 30, 2024 and an increase of $17.1M, or 0.4%, from December 31, 2023.
  - Commercial loans increased $104.8M, or 3.8%, and $123.9M, or 4.5%, during the quarter and year ended December 31, 2024, respectively.
- The Company recorded a loss for noninterest income of $91.0M due to the previously mentioned securities portfolio repositioning, compared to income of $9.4 in Q3 ’24 and $15.4M in Q4 ’23.
- Noninterest expense was $59.4M in Q4 ’24, $32.5M in Q3 ’24, and $35.0M in Q4 ’23, with both the linked quarter and year-over-year increases primarily driven by non-recurring expenses, including the pre-tax Q4 ’24 provision for litigation settlement of $23.0 million.
- Regulatory and tangible capital ratios expanded meaningfully.
- Solid credit quality metrics maintained, as measured by full year 2024 NCOs to average loans of 0.20%, consistent with the prior year.

Recent Earnings Performance

Last five quarters

Earnings Summary[1]	Q4 ’23	Q1 ’24	Q2 ’24	Q3 ’24	Q4 ’24
Average interest-earning assets	$5,726.6	$5,804.9	$5,765.9	$5,611.7	$5,715.8
Net interest margin (tax equivalent basis)	2.78%	2.78%	2.87%	2.89%	2.91%
Net interest income	39.9	40.1	41.2	40.7	41.6
Noninterest income (loss)	15.4	10.9	24.0	9.4	(91.0)
Total revenue (loss)	**$55.3**	**$51.0**	**$65.2**	**$50.1**	**$(49.4)**
Noninterest expense	(35.0)	(54.0)	(33.0)	(32.5)	(59.4)
(Provision) benefit for credit losses	(5.3)	5.5	(2.0)	(3.1)	(6.5)
Income (loss) before income taxes	14.9	2.4	30.1	14.5	(115.3)
Income tax (expense) benefit	(5.2)	(0.4)	(4.5)	(1.1)	32.5
Net income (loss)	**$9.8**	**$2.1**	**$25.6**	**$13.5**	**$(82.8)**
Preferred stock dividends	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Net income (loss) available to common shareholders	**$9.4**	**$1.7**	**$25.3**	**$13.1**	**$(83.2)**
Earnings (loss) per share – diluted	$0.61	$0.11	$1.62	$0.84	$(5.07)
Weighted average common shares outstanding – diluted	15.5	15.5	15.6	15.6	16.4

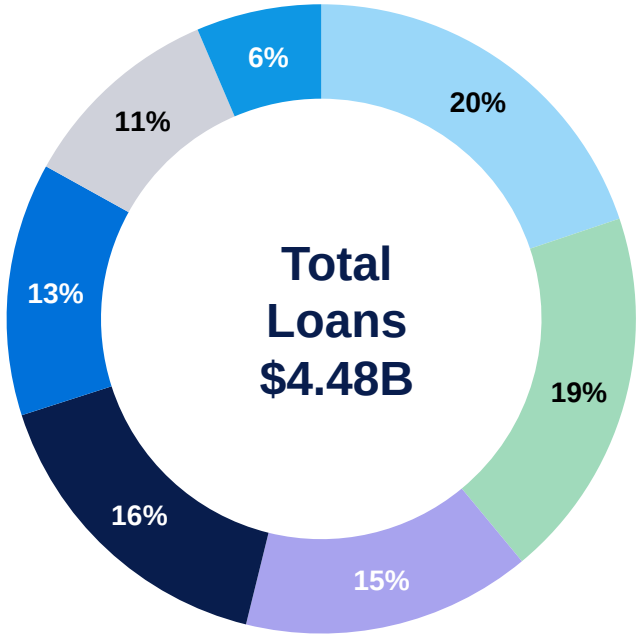
[1] Amounts in millions, except percentages and per share amounts.

Financial Institutions, Inc.

Diversified Loan Portfolio

Total loans have grown at a 5.3% CAGR since year-end 2020

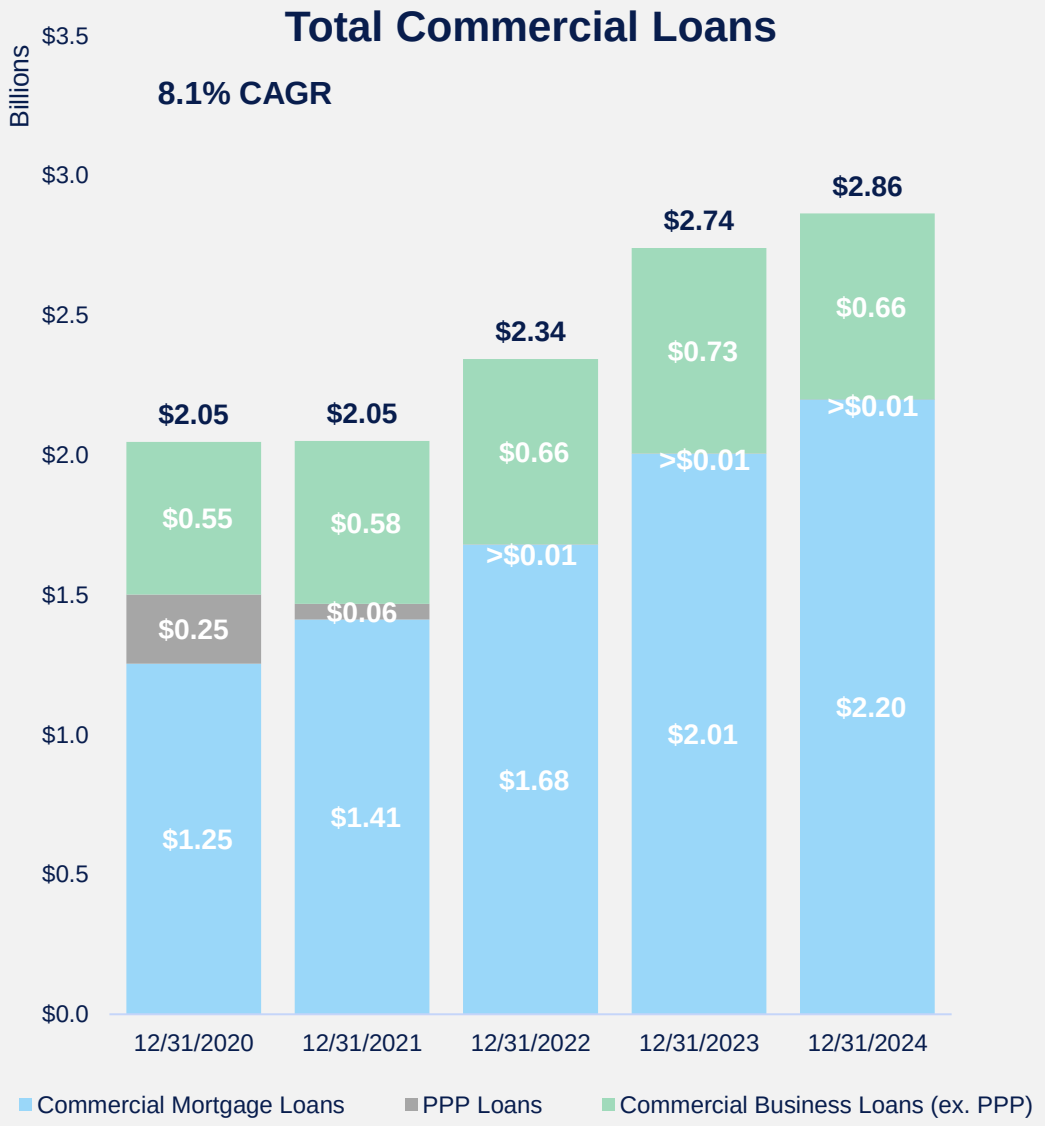
Average yield of 6.28% in the fourth quarter of 2024



Commercial Lending

Commercial loans of $2.86B at December 31, 2024

- Commercial loans increased $104.8M, or 3.8%, during the fourth quarter of 2024 and increased $123.9M, or 4.5%, year-over-year
- Commercial loans made up 64% of total loan portfolio at December 31, 2024, and are comprised of Commercial Real Estate (CRE), Commercial & Industrial (C&I) and Business Banking Unit (BBU)[1]
  - CRE makes up 67% of commercial loans and 43% of total loans
  - C&I makes up 29% of commercial loans and 19% of total loans
  - BBU makes up 4% of commercial loans and 3% of total loans
- The vast majority of the commercial loan portfolio is within the Bank's footprint, which operates in Upstate New York and the Mid-Atlantic region
- Disciplined approach to credit and risk management supports strong asset quality metrics

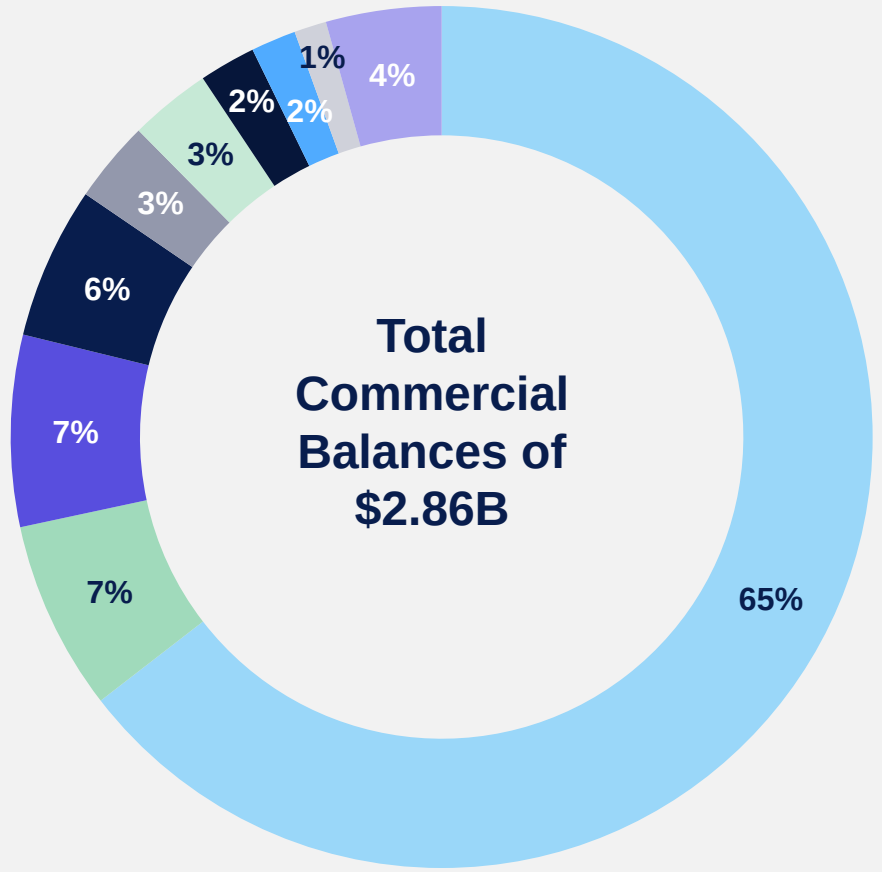


[1] Business Banking Unit refers to small business lending through commercial franchise

Commercial Lending

Outstanding balance of $2.86B and committed credit exposure of $3.79B at December 31, 2024

- Commercial banking business operates across the Bank's core Upstate New York markets and in the Mid-Atlantic region, following its successful expansion there in 2022
  - Suburban Baltimore, MD commercial loan production office ("LPO") provides important geographic and client diversification, leveraging decades of in-market and industry experience and deep relationships of the local CRE team
  - Similarly, the 2023 opening of an LPO in Syracuse, NY builds on Five Star's Upstate New York market and houses team of C&I lenders, led by market president with more than 25 years of local commercial banking experience who joined the Bank in 2018



Strong Mid-Atlantic Performance & Opportunity

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

- Commercial LPO opened in Baltimore suburb of Ellicott City in Q1 ’22 serving the Mid-Atlantic region
  - Consolidation in the market allowed us to add a four-person team and capitalize on opportunities where a community banking approach provides a competitive advantage
- This Mid-Atlantic team has strong relationships with very high-quality sponsors and serves customers headquartered in and around Baltimore and the Greater Washington, D.C. area
  - Mid-Atlantic portfolio consists of a mix of stabilized projects, construction projects and residential acquisition and development (AD&C) projects
  - About 29% of committed exposure in this portfolio relates to suburban office space located around Baltimore, MD and Washington, D.C., with a large concentration located near hospitals with medical related tenants and high return to office metrics



$395M
in outstandings

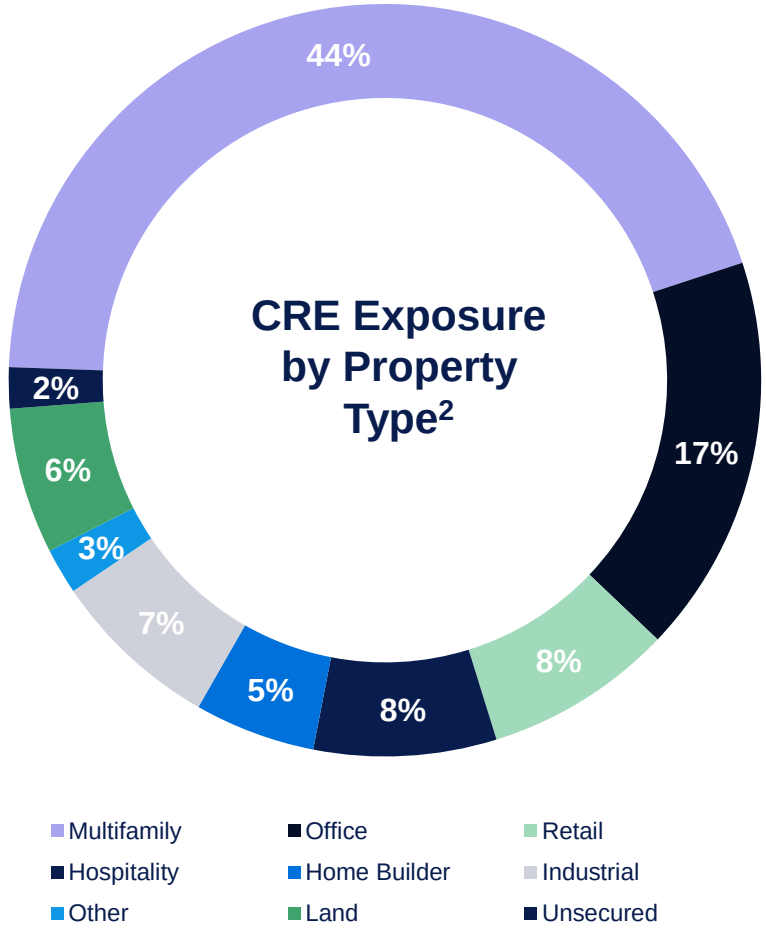
~46%
low average LTV[1]

Note: Information on this slide is as of December 31, 2024 unless noted otherwise
[1] Original appraised value used for loan-to-value ratio

Commercial Real Estate (CRE)

CRE loans of $1.91B and committed credit exposure of $2.29B as of December 31, 2024

- **Well diversified, with ~720 loan facilities consolidated into ~260 separate lending relationships, with ~$2.6M average loan size**
  - 73% of CRE clients have loan relationships <$10M
- **Growth achieved without compromising strong credit culture**
  - Portfolio factors in loan rollover risk, with ~27% of exposure scheduled to mature within next 12 months and another ~19% within 24 months
  - The large majority CRE loans have full or limited personal or corporate recourse, providing comfort with loan rollover risk[1]
  - Average LTV of 58% for overall CRE portfolio[1]
  - Internal stress testing conducted on a quarterly basis to analyze performance data of several of our largest CRE asset classes, including multifamily, office, hospitality, retail, mixed-use and industrial; variety of scenarios stressing loans with NOI downside and higher interest rates still result in the large majority continuing to have coverage ratios at or greater than 1:1 coverage



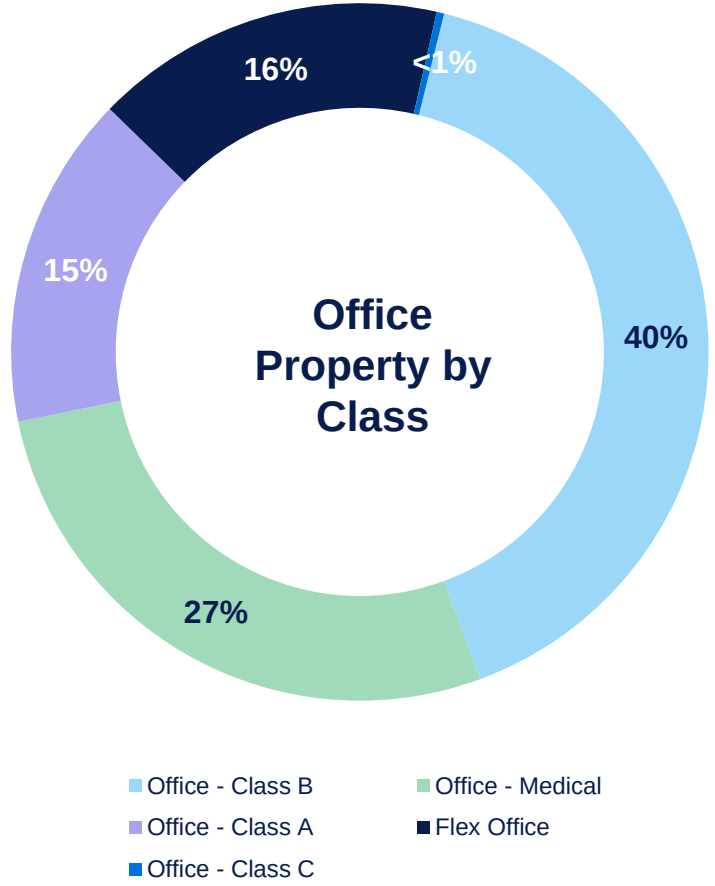
[1] Recourse and loan-to-value ("LTV") ratio calculated as of December 31, 2024; original appraised value used for LTV ratio

[2] Mixed Use no longer broken out as separate category. Loans previously considered Mixed Use now categorized as either Office or Multifamily.

Office and Multifamily CRE

68% of FISI's office exposure, or 12% of CRE exposure, relates to Class B or Medical space

- **Office CRE outstanding balances of $377M and committed credit exposure of $394M**
  - <$50M of office exposure in CBDs[2] represents ~12% of office and ~2% of total CRE exposure
  - Average loan size of $3.4M and average LTV 53%[1]
  - >75% have full or limited personal or corporate recourse; those without have average LTV of ~59%[1] and DSCR of ~1.4X
  - ~$23M, or ~6% of asset class, within criticized/classified
  - ~52% of office CRE loans are fixed and ~48% are variable rate[2]
- **Multifamily CRE outstanding balances of $813M and committed credit exposure of $1.0B**
  - Expansion into Mid-Atlantic providing geographic and customer diversification
  - Average loan size of $3.8M and average LTV 61%[1]
  - >90% have full or limited personal or corporate recourse; those without have average LTV of ~54%[1] and DSCR of >1.6X
  - ~$33M, or ~3% of asset class, within criticized/classified
  - ~40% of multifamily CRE loans are fixed and 60% are variable rate[2]

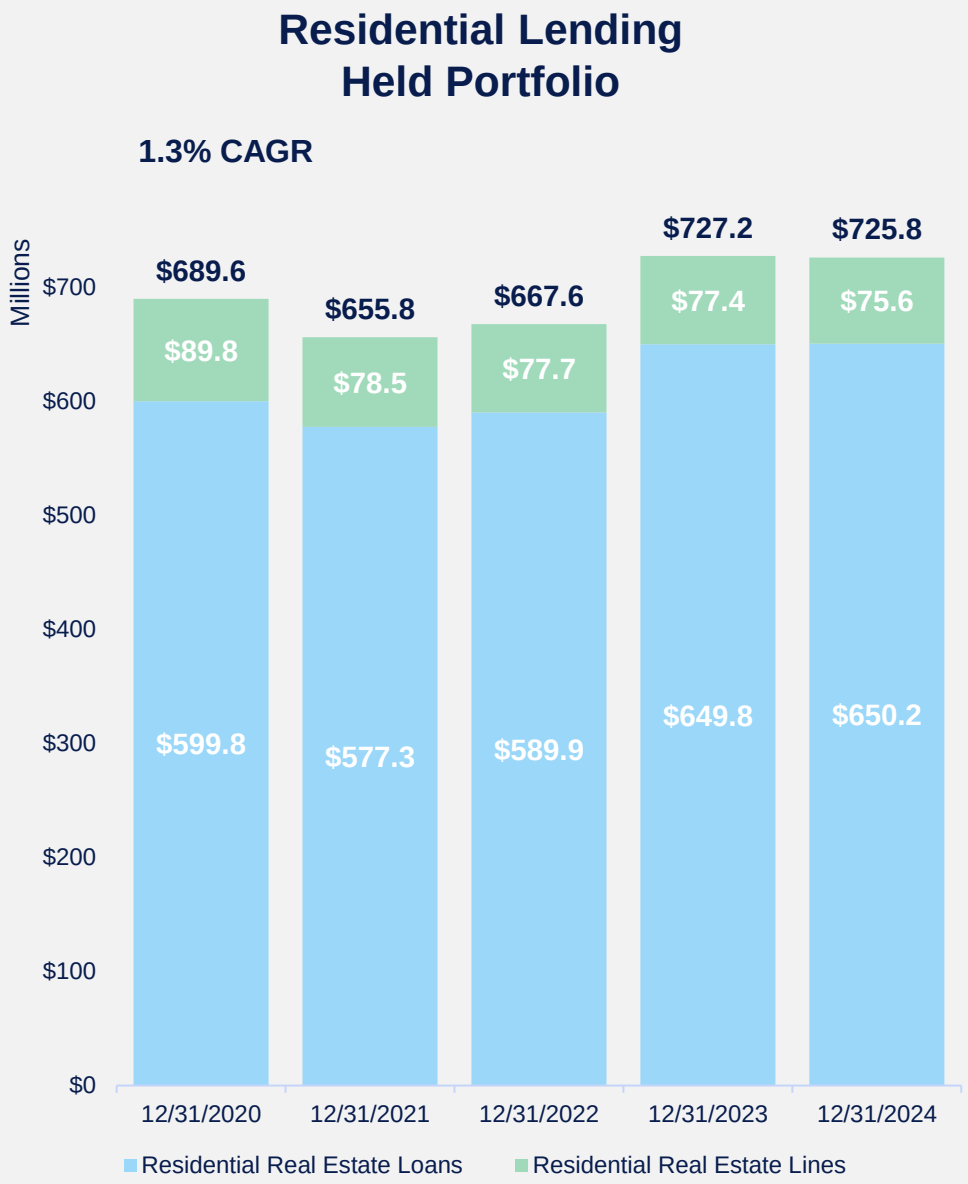


[1] Recourse and loan-to-value("LTV") ratio calculated as of December 31, 2024; original appraised value used for LTV ratio
[2] Loans with overlaying interest rate swaps are considered variable

Residential Real Estate

$725.8M held portfolio and $280.8M serviced for others portfolio at December 31, 2024

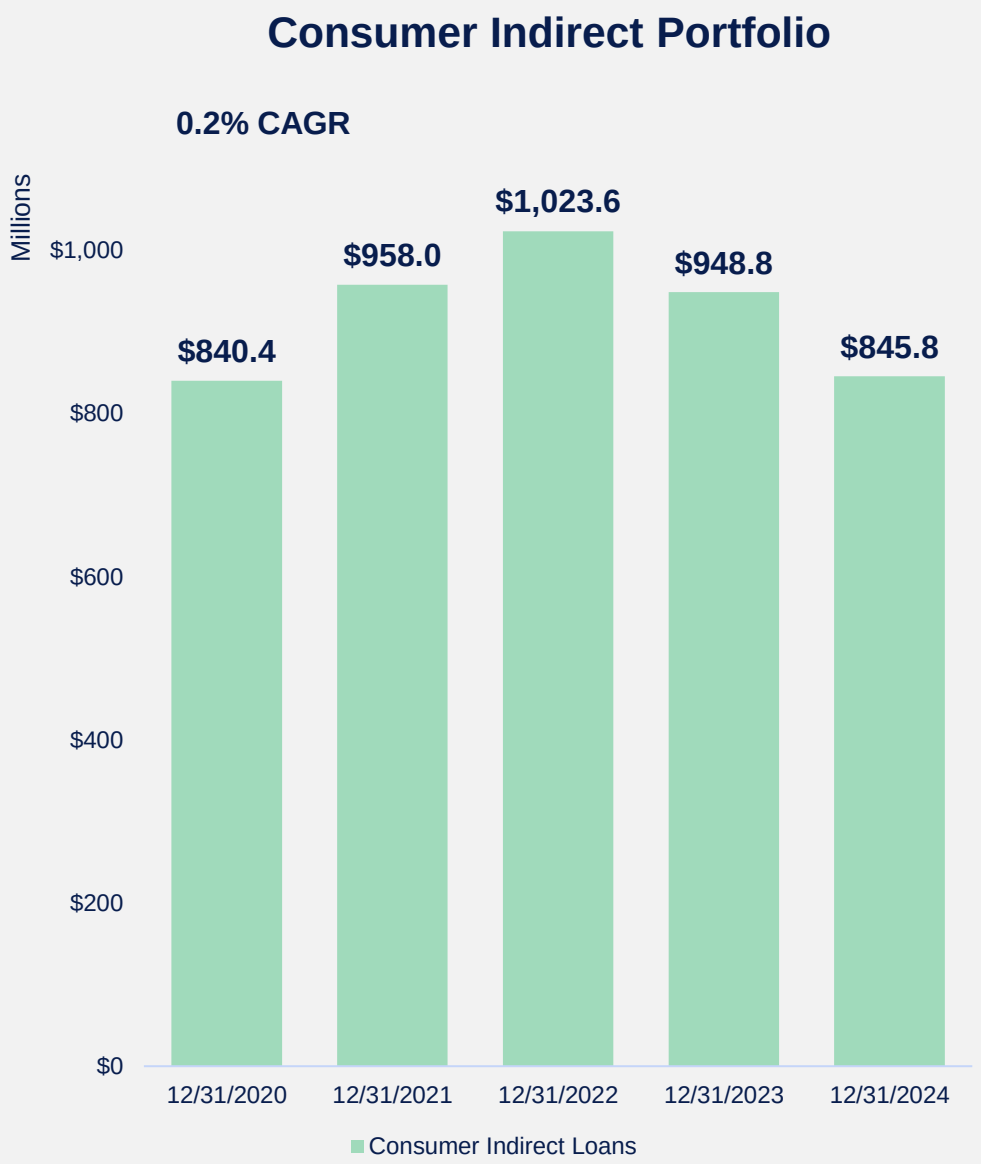
- Residential held portfolio was relatively flat with both the linked and year-ago quarters
- High quality portfolio in stable Upstate New York market
  - As of quarter-end, our residential real estate loans had a weighted average FICO score of 741 at origination and an average balance of ~$109,300, while our home equity lines of credit, or HELOCs, had an average score of 766 and average balance of $23,600
- Approved seller-servicer for Freddie Mac and FHLBNY, supporting a residential serviced for others portfolio of $280.8M
- Full product menu featuring competitive construction offerings, as well as FHA, VA, USDA and SONYMA products
- In-market originations through mortgage loan originators, Five Star Bank branch network and digital point-of-sale technology



Indirect Auto Remains Core Competency

$845.8M portfolio at December 31, 2024

- Consumer indirect portfolio was down $28.9, or 3.3%, from September 30, 2024 and down $103.1M, or 10.9%, from December 31, 2023
- Strong network of ~370 new auto dealers across Upstate New York
- Prime lending operation with weighted average portfolio FICO score of 715
- Relatively short duration averaging ~3.4 years and natural risk dispersion due to small loan size, with an average loan balance of ~$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 remain within our historical range
  - Consumer indirect charge-off ratio was 0.86% for full year 2024 and 1.18% in Q4 ’24. This compares to 0.76% for full year 2023, 0.70% for Q3 ’24, and 1.30% for Q4 ’23.

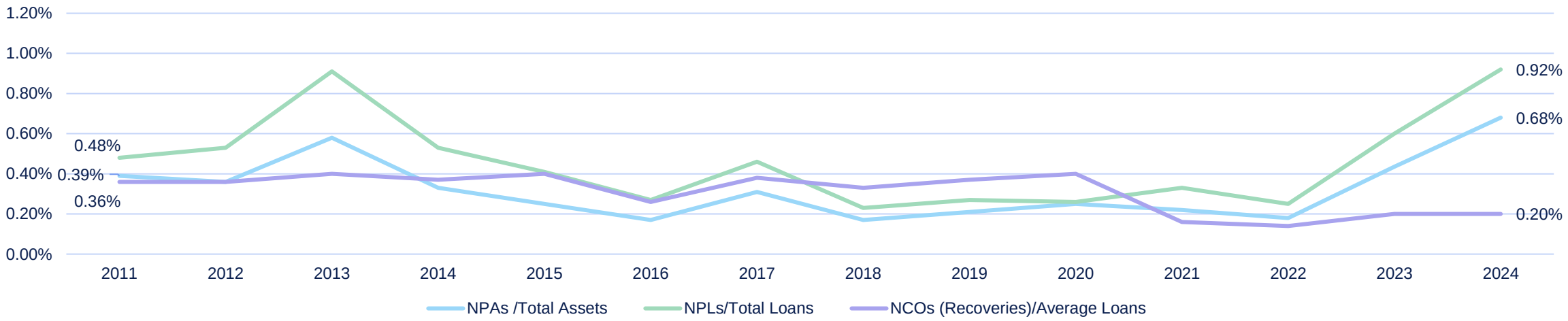


Solid Asset Quality

Disciplined credit culture supports consistency of asset quality metrics

- Thorough credit review exercise undertaken at the outset of COVID-19 pandemic reinforced confidence in health of loan portfolio
  - During Q2 ’22, COVID-19 at-risk pool was eliminated, and all credits now monitored as part of standard loan monitoring process
- Increase in NPLs and NPAs since Q4 ’23 largely associated with two separate commercial loan relationships, one of which was placed on nonaccrual during the Q3 ’24 and the other in Q4 ’23

Select Asset Quality Metrics

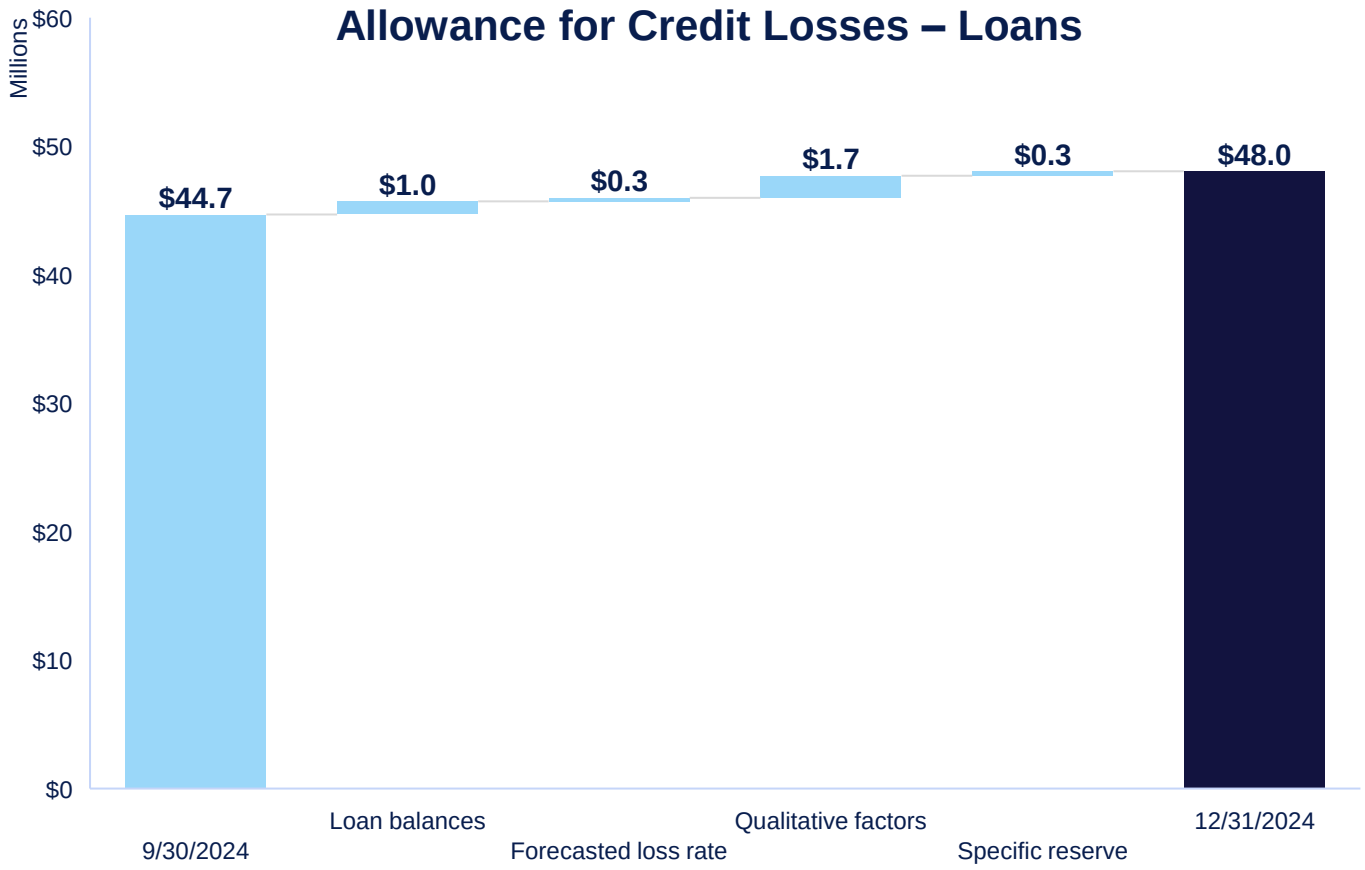


[1] Non-performing assets, or NPAs, include nonaccrual loans, loans past due 90 days or more and still accruing, and foreclosed assets

Allowance for Credit Losses

Allowance for credit losses - loans to total loans was 1.07% at December 31, 2024

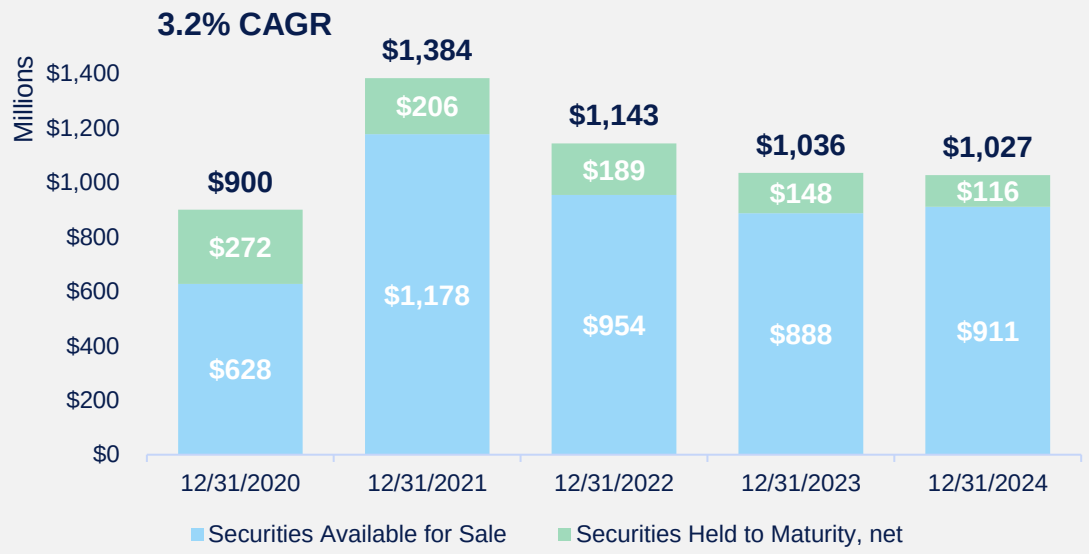
- Allowance for credit losses – loans to total loans increased 6 bps on linked quarter basis
- Q4 ’24 provision for credit losses of $6.5M, compared to $3.1M in Q3 ’24
  - The higher provision on a linked quarter basis was driven by a combination of factors, including higher loan growth during the period, an increase in net charge-offs, and higher qualitative factors.

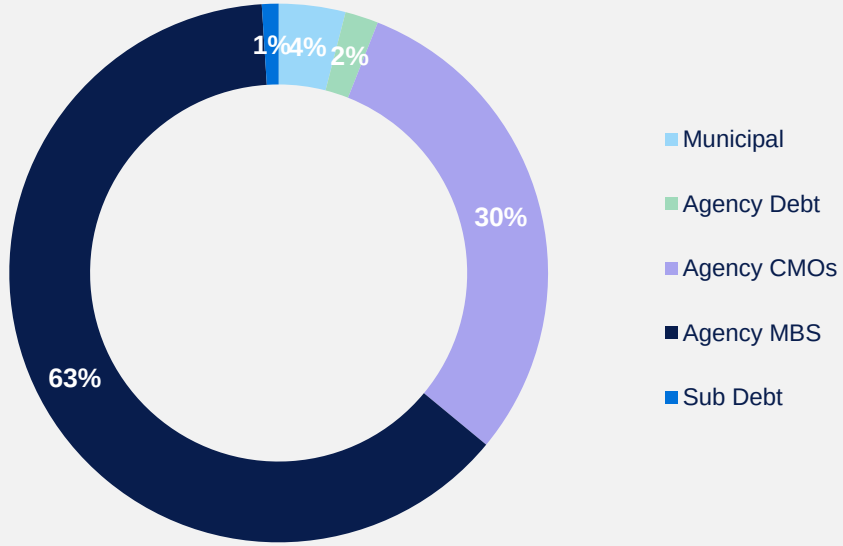


Securities Portfolio

$1.03B at December 31, 2024

- Primarily comprised of agency wrapped mortgage-backed securities with intermediate durations, which provide ongoing cash flow, coupled with investment grade municipal bonds that are classified as held-to-maturity
  - Principal cash flow of ~$141M expected over next 12 months, allowing for reinvestment into loans
- During Q4 ’24, the Company executed on its previously disclosed securities portfolio restructuring plan, through which the Bank sold $653.5M of AFS securities with a weighted average yield of 1.74% for a pre-tax loss of $100.2M, reinvesting the proceeds into higher-yielding agency wrapped investment securities with a face value of $566.2M and weighted average yield of 5.16%, coupled with the purchase of an additional $76.4M of agency wrapped securities with a weighted average yield of 5.45%.
- Following the transactions, the AFS portfolio has a tax equivalent yield of 4.41% and average duration of ~6.3 years, while the total portfolio has a tax equivalent yield of 4.25% and average duration of ~6.2 years





Note: Shown as a percentage of amortized cost basis

Financial Institutions, Inc.

Total Deposits

$5.10B at December 31, 2024

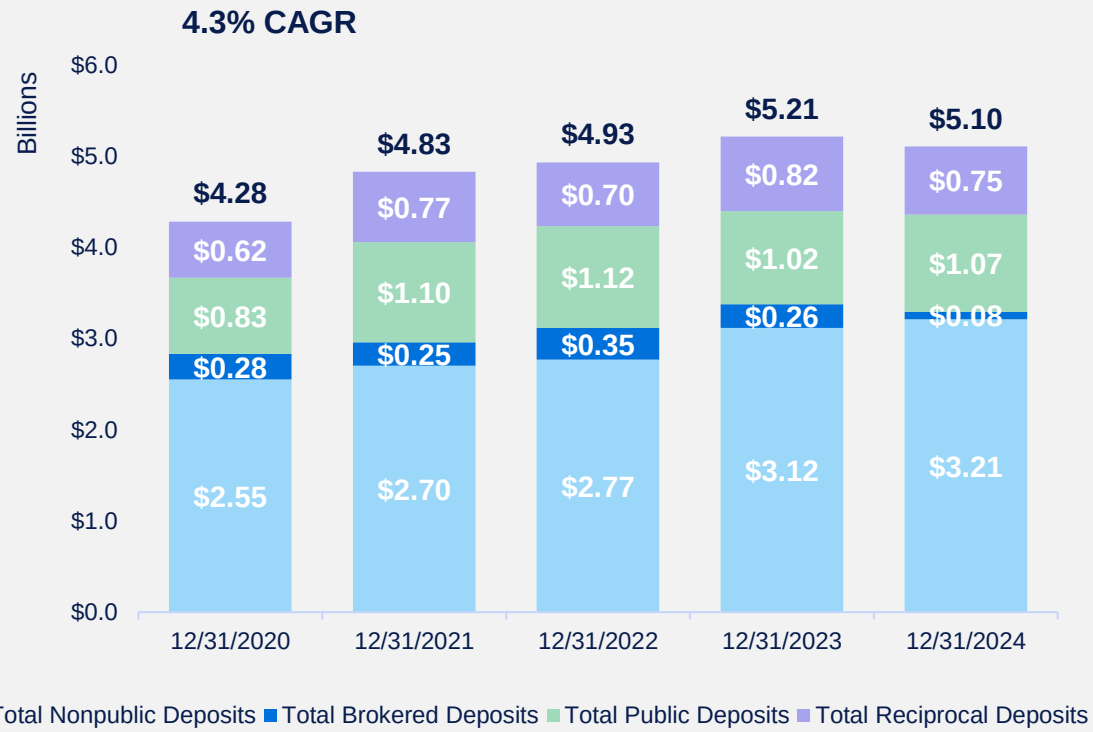
- Total deposits were $5.10B, down $201.9M, or 3.8%, from September 30, 2024, and down $108.2M, or 2.1%, from one year prior
  - Linked quarter decrease primarily due to seasonal deposit outflows, while year-over-year decline was driven by reduction in brokered deposits and lower reciprocal balances
- BaaS deposits totaled ~$100M, making up <2% of total deposits. At year-end 2024, the Bank had one live partnership and three in the offboarding phase, and expects most deposits to flow out by mid-2025
- 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 (municipal) deposit products to the towns, villages, counties and school districts providing seasonal, lower-cost funding source
  - Public deposit balances represented 21% of total deposits at December 31, 2024, 22% at September 30, 2024, and 20% at December 31, 2023

323

municipal customers as of MRQ-end

~$89M

Average deposit balances per branch[1]



[1] Excluding reciprocal and brokered deposits

Liquidity

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

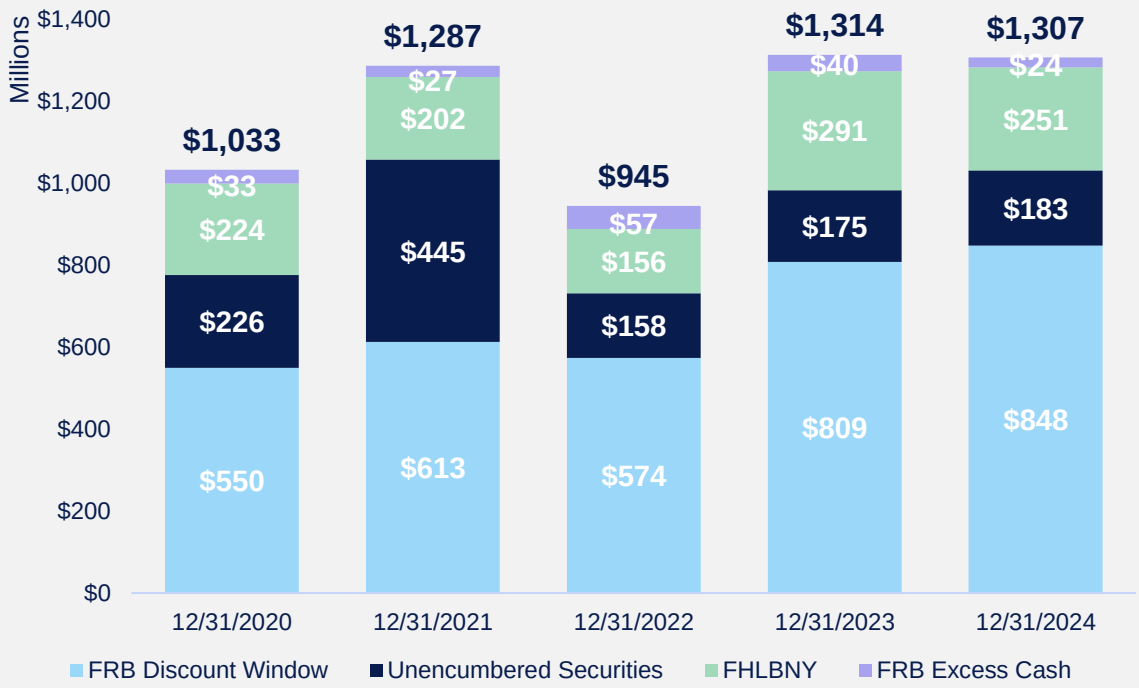
- Q4 ’24 available committed liquidity remains strong, as supported through unencumbered collateral in the securities portfolio, borrowing capacity at the FHLB, and additional liquidity via the FRB discount window
- Further, uninsured nonpublic deposits made up ~18% of our total deposits at the end of the most recent quarter, when considering the secured nature of our public and reciprocal portfolios, which typically have larger balances

~18%

of total deposits are uninsured nonpublic deposits

~88%

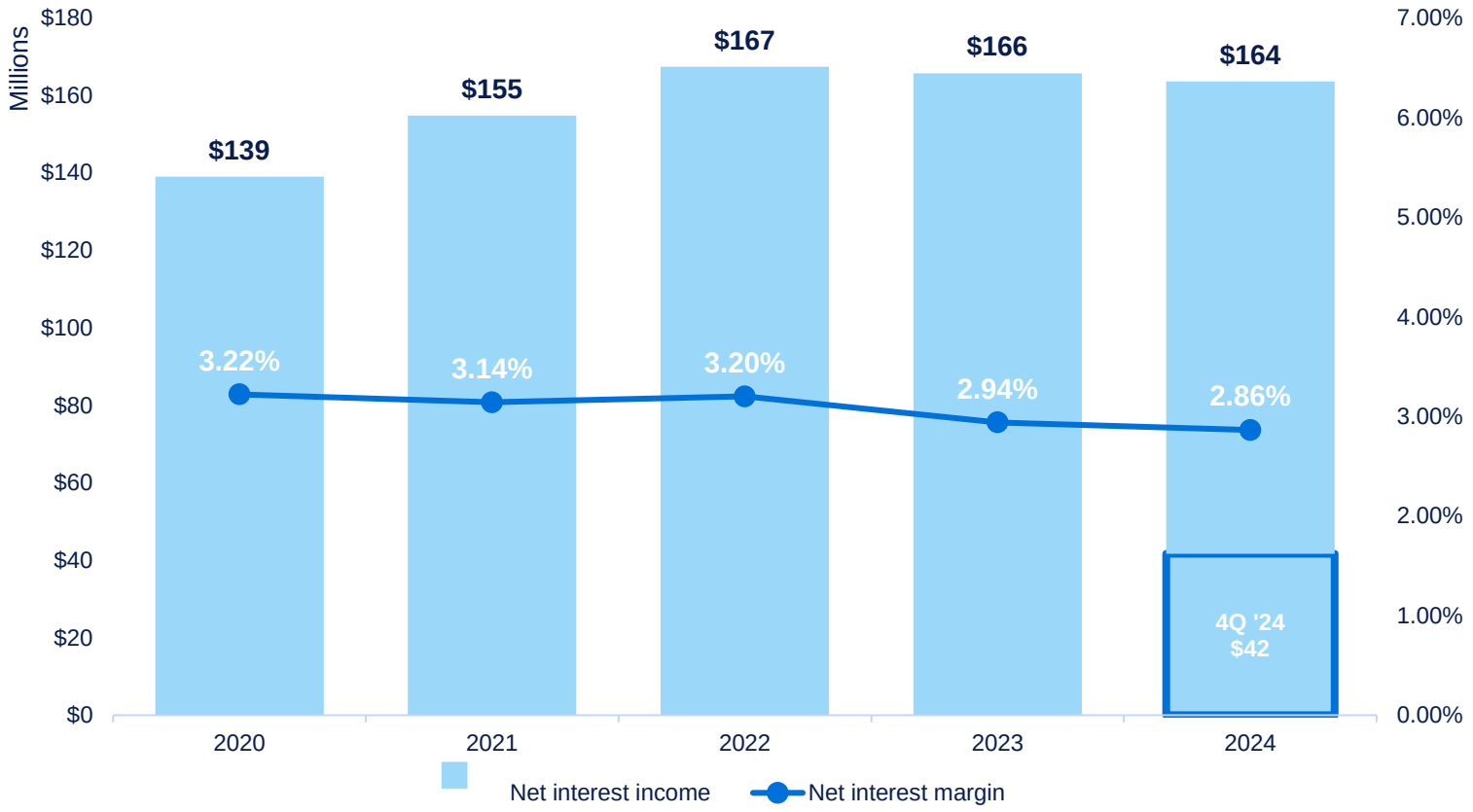
Loan to deposit ratio



Financial Institutions, Inc.

Net Interest Income & Margin

Q4 ’24 net interest income of $41.6M and net interest margin of 2.91%



- Net interest income of $41.6M increased $1.0M, or 2.3%, from the linked quarter and $1.7M, or 4.4%, from the year-ago quarter
- Net interest margin was 2.91% for the current quarter, up 2 bps from the linked quarter and up 13 bps than the year-ago quarter

Balance Sheet Providing Ample Cash Flow

More than $1.2B in anticipated cash flow over the next 12 months from investment securities and loan portfolios combined

In addition to cash flow from loans, principal cash flow off of investment securities of ~$141M expected over next 12 months, allowing for reinvestment into loans

Select Interest Earning Assets	Q4 '24 Yield	Q4 '24 Roll Off Loan Yield	Q4 '24 Roll On Loan Yield	Balance at 12/31/24 ($000s)	Avg. NTM Monthly Cash Flow[1] ($000s)
Commercial Real Estate Loans	6.71%	7.03%	7.31%	$1,914,088	~$42,900
Commercial & Industrial Loans	6.52%	6.49%	6.71%	$833,652	~$10,400
Small Business Loans[2]	7.22%	8.00%	7.78%	$117,444	~$1,800
Residential Real Estate Loans	4.09%	4.64%	5.93%	$650,206	~$7,500
Consumer Indirect Loans	6.24%	6.58%	8.35%	$845,772	~$27,100
Consumer Direct Loans	7.76%	10.66%	10.39%	$42,140	~$730

[1] NTM = next twelve months. Average monthly loan cash flow projections based on contractual loan terms and historical prepayment assumptions that are based on a 12-month historical average.
[2] Small business represents small business loans generated through retail network and commercial Business Banking Unit

Noninterest Income

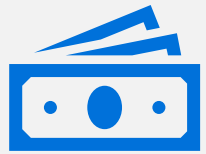
Q4 ’24 loss reflective of strategic investment securities restructuring that supports NII growth in 2025

- The Company recorded a loss for noninterest income of $91.0M in Q4 ’24, due to the previously mentioned securities portfolio repositioning, compared to income of $9.4 in Q3 ’24 and $15.4M in Q4 ’23
  - Q4 ’23 noninterest income included $1.6M of insurance income from the Company’s former insurance agency and higher company owned life insurance, or COLI, revenue, of which ~$8M was generated by the previously disclosed surrender and redeploy strategy completed in that period.
  - Excluding the aforementioned items and other categories of noninterest income that are difficult to predict, adjusted noninterest income[1] of $8.8M in Q4 ’24 relatively flat with both Q3 ’24 and Q4 ’23.
- Investment advisory income, which totaled $2.6M in Q4 ’24, is primarily derived from the Company’s wealth management subsidiary Courier Capital, LLC and helps diversity the Company’s noninterest income
  - Courier Capital, headquartered in Buffalo, NY, is one of the largest RIAs serving Western New York and is positioned for growth, having been enhanced through bolt-on acquisitions over the years
  - The firm provides customized investment management, retirement planning, and consulting services for mass affluent and high-net-worth individuals and families, businesses, institutions, and foundations



Courier Capital

investment advisory revenue supports noninterest income diversification



$3.09B

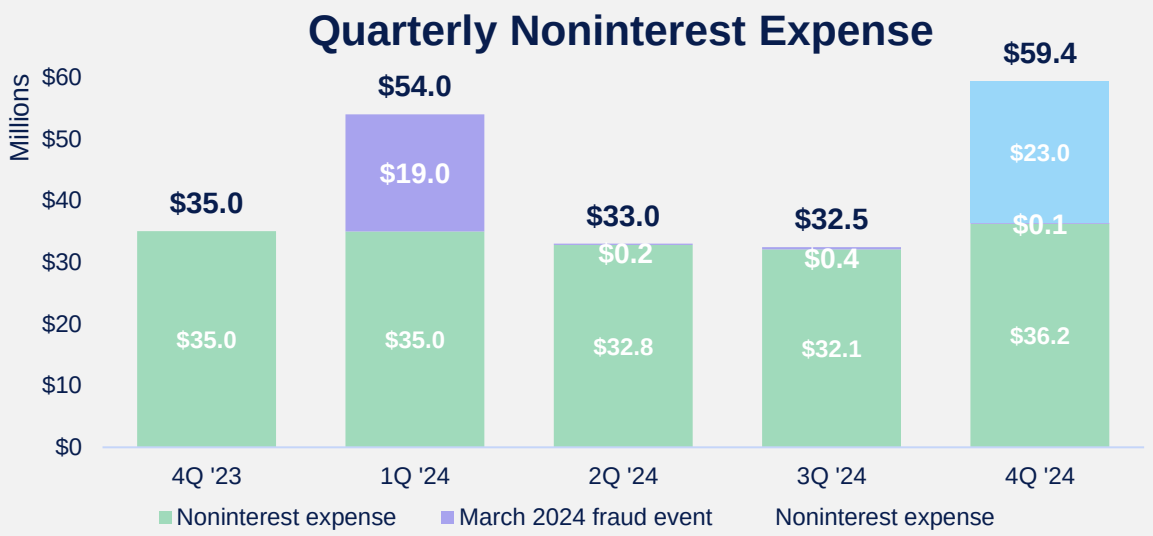
in assets managed by Courier Capital at quarter-end

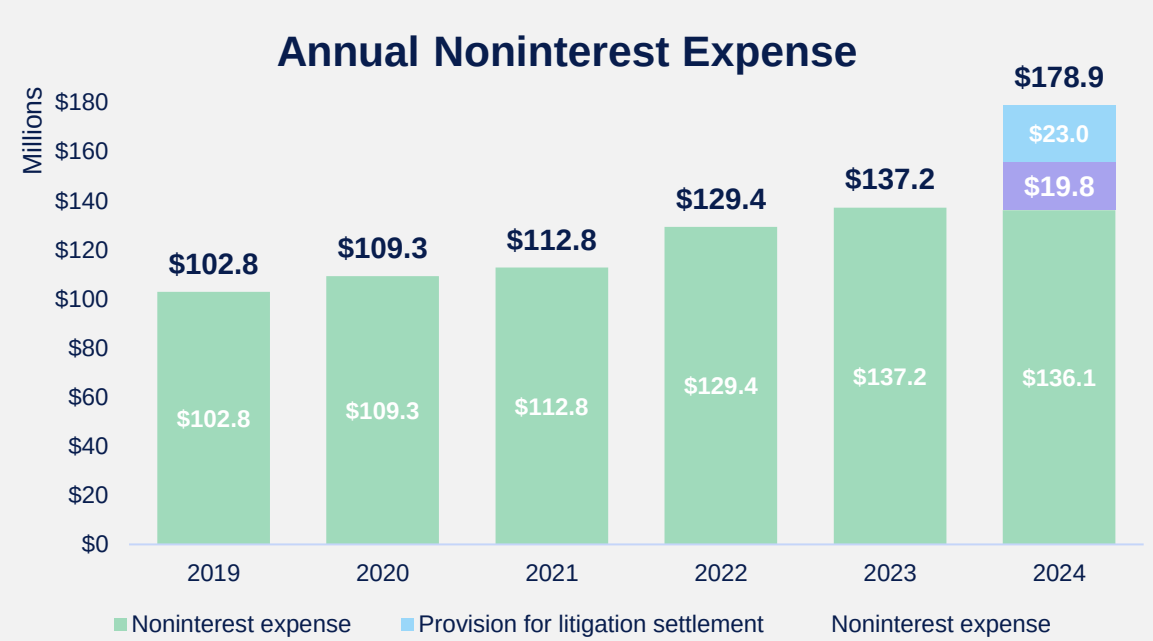
[1] Please see Appendix for reconciliation of non-GAAP Financial measures for the computation of these non-GAAP measures.
Note: Information on this slide is as of December 31, 2024 unless noted otherwise

Noninterest Expense

Q4 ’24 expense was $59.4M

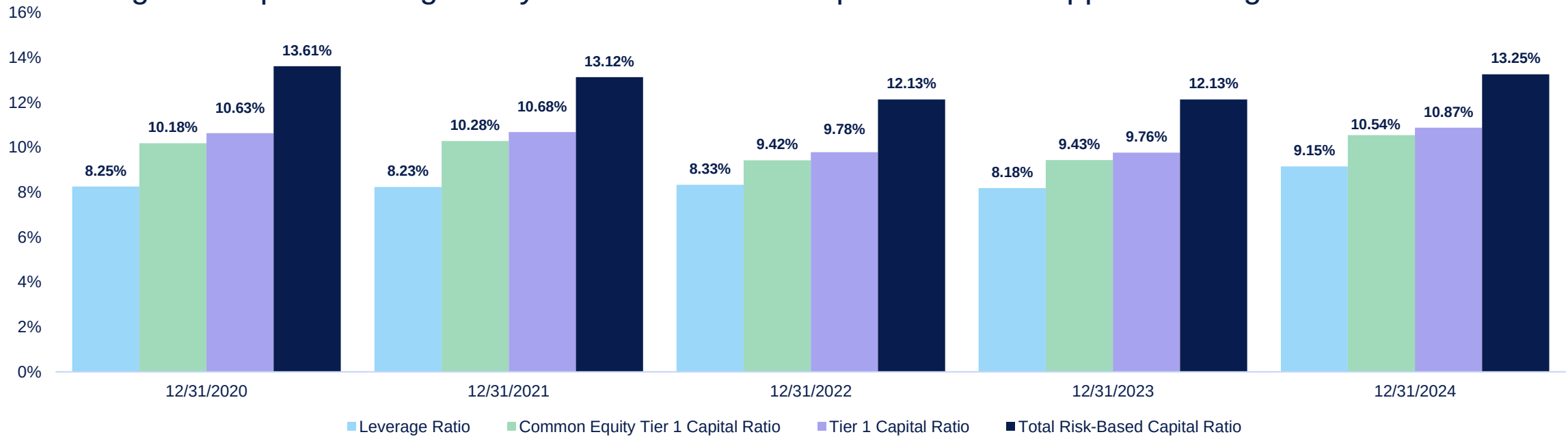
- Q4 ’24 noninterest expense of $59.4M compares to $32.5M in 3Q ’24 and $35.0M in Q4 ’24, with increases over both the linked and prior year periods primarily driven by nonrecurring expenses
  - As disclosed on March 10, 2025, the Company recorded a pre-tax provision for litigation settlement of $23.0 million for Q4 ‘24 related to its settlement of a longstanding auto lending litigation that is subject to Court approval
  - Salaries and employee benefits expense in Q4 ’24 included a $1.3M nonrecurring settlement accounting adjustment in the Company’s pension plan during the quarter
  - Computer and data processing expense in Q4 ’24 was also higher than the linked and year-ago periods as a result of nonrecurring project-related expenses
- 2024 noninterest expense was $178.9M, up $41.7M from 2023, primarily due to the Company’s previously disclosed deposit-related fraud event and the Q4 ’24 provision for litigation settlement





Well-Capitalized

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



Capital Ratio	As of March 31, 2024	As of June 30, 2024	As of September 30, 2024	As of December 31, 2024	Well-Capitalized Threshold
Leverage	8.03%	8.61%	8.98%	9.15%	5.00%
CET1 capital	9.43%	10.03%	10.28%	10.54%	6.50%
Tier 1 capital	9.76%	10.36%	10.62%	10.87%	8.00%
Total RBC	12.04%	12.65%	12.95%	13.25%	10.00%



Investment Thesis and Profile

- ✓ **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 December 31, 2024
Closing Price	$27.29
52-week High	$29.34
52-week Low	$16.29
Common Shares Outstanding	20.1M
Market Capitalization	$548M
Price/NTM Consensus EPS	7.9x
Price/Common Book Value Per Share	0.99
Float	97%
Average Daily Volume (MRQ)	~77,800
Dividend Per Share (annualized MRQ)	$1.20
Dividend Yield (annualized MRQ)	4.37%



Appendix

Thank you for your interest in Financial Institutions, Inc.

Nasdaq: FISI

Investor Relations Contacts

Kate Croft
Director of Investor and External Relations

Jack Plants
Chief Financial Officer & Corporate Treasurer

FISI-Investors@five-starbank.com

Learn more at www.FISI-Investors.com

Strong Executive Leadership Team Positioned to Drive Growth and Operational Excellence



Martin K. Birmingham
President & Chief Executive Officer



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



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



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



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



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



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

Non-GAAP Reconciliations

In addition to results presented in accordance with U.S. generally accepted accounting principles ("GAAP"), this presentation contains certain non-GAAP financial measures. The Company believes that providing certain non-GAAP financial measures provides investors with information useful in understanding our financial performance, performance trends and financial position. Our management uses these measures for internal planning and forecasting purposes and we believe that our presentation and discussion, together with the accompanying reconciliations, allows investors, security analysts and other interested parties to view our performance and the factors and trends affecting our business in a manner similar to management. These non-GAAP measures should not be considered a substitute for GAAP measures and we strongly encourage investors to review our consolidated financial statements in their entirety and not to rely on any single financial measure to evaluate the Company. Non-GAAP financial measures have inherent limitations, are not uniformly applied and are not audited. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names.

	Year ended		Quarter ended		
Amounts in thousands	December 31, 2024	December 31, 2023	December 31, 2024	September 30, 2024	December 31, 2023
Recurring Noninterest Income					
Noninterest (loss) income - as reported	($46,681)	$48,244	($91,036)	$9,440	$15,368
Non-recurring items:					
Net loss on investment securities	100,055	3,576	100,055	-	3,576
Net (gain) loss on sale of other assets	(13,614)	6	19	-	37
Net (gain) loss on tax credit investments	775	252	636	(138)	207
Investments in limited partnerships	(2,382)	(1,783)	(837)	(400)	(672)
COLI Q4 '23 adjustment	-	(8,000)	-	-	(8,000)
Insurance income	(2,144)	(6,708)	(3)	(3)	(1,615)
Noninterest income – as adjusted	$36,009	35,587	8,834	8,999	8,901

Source: Company filings