



Financial Institutions, Inc. to Acquire Insurance Agency

WARSAW, N.Y., May 28, 2014 — Financial Institutions, Inc. (Nasdaq: FISI), the parent company of Five Star Bank, announced that it has entered into a definitive agreement to acquire Scott Danahy Naylor Co., Inc. a full service insurance agency located in Amherst, NY, a suburb of Buffalo. Scott Danahy Naylor (SDN) provides a broad range of insurance services to both personal and business clients. SDN will operate as a subsidiary of Financial Institutions, Inc. and an affiliate of Five Star Bank.

“The acquisition of an insurance agency of this quality and magnitude provides a wonderful platform to support our future growth, diversify our revenue base by increasing non-interest income and add value for our shareholders” stated Martin K. Birmingham, president and chief executive officer of Five Star Bank.

“We are extremely excited to be joining the Five Star family” said William H. Scott, Jr., president and Glenn W. Quackenbush, managing partner at SDN. “Combining resources with Five Star Bank enhances our ability to meet the needs of our clients by providing them access to a wide array of banking services. Working closely with our associates at Five Star Bank will allow us to add our risk management expertise and insurance products to their broad array of retail and commercial products” continued Scott and Quackenbush.

SDN was founded in 1923 and serves over 6000 clients in 44 states. SDN occupies a 16,000 square foot facility with 30 employees in Amherst, NY. The transaction is expected to close upon completion of the necessary licensing transfers.

About Financial Institutions, Inc.

Financial Institutions, Inc. provides diversified financial services through its subsidiaries, Five Star Bank and Five Star Investment Services, Inc. Five Star Bank provides a wide range of consumer and commercial banking services to individuals, municipalities and businesses through a network of over 50 offices and more than 60 ATMs in Western and Central New York State. Five Star Investment Services provides brokerage and insurance products and services within the same New York State markets. Financial Institutions, Inc. and its subsidiaries employ over 600 individuals. The Company's stock is listed on the NASDAQ Global Select Market under the symbol FISI. Additional information is available at the Company's website: www.fiiwarsaw.com.

Safe Harbor Statement

This press release may contain forward-looking statements as defined by federal securities laws. These statements may address issues that involve significant risks, uncertainties, estimates and assumptions made by management. Actual results could differ materially from current beliefs or projections. There are a number of important factors that could affect the Company's forward-looking statements which include its ability to implement its strategic plan, its ability to redeploy investment assets into loan assets, the attitudes and preferences of its customers, the competitive environment, fluctuations in the fair value of securities in its investment portfolio, changes in the regulatory environment and general economic and credit market conditions nationally and regionally. For more information about these factors please see the Company's Annual Report on Form 10-K and its Quarterly Reports on Form 10-Q on file with the SEC. All of these factors should be carefully reviewed, and readers should not place undue reliance on these forward-looking statements. Except as required by law, the Company undertakes no obligation to revise these statements following the date of this press release.

###

Media Contact:

Charles Guarino, SVP, Director of Marketing
585-627-1464 or cjguarino@five-starbank.com

or

Mike McDougall, APR, McDougall Communications
585-789-1623 or mike@mcdougallpr.com

Investor Contact:

Kevin B. Klotzbach, EVP, Chief Financial Officer & Treasurer
585-786-1130 or kbklotzbach@five-starbank.com