ALERUS

Alerus Financial Corporation Reports Third Quarter 2026 Net Income of $19.2 Million

October 28, 2026

MINNEAPOLIS, Oct. 28, 2026 (GLOBE NEWSWIRE) -- Alerus Financial Corporation (Nasdaq: ALRS), or the Company, reported net income of $19.2 million for the third quarter of 2026, or $0.76 per diluted common share, compared to net income of $20.9 million, or $0.81 per diluted common share, for the second quarter of 2026, and net income of $16.9 million, or $0.65 per diluted common share, for the third quarter of 2025.

CEO Comments

President and Chief Executive Officer Katie O'Neill Lorenson said, "Our third quarter results demonstrate the continued momentum of the Alerus franchise, with strong revenue growth across our diversified business model and strategic organic growth in our banking franchise. Net interest income increased 8.3% from the prior year, while noninterest income grew 16.7%, reflecting the complementary strength of our banking, retirement and benefit services, and wealth advisory businesses.

That growth was driven by the continued transformation of our banking franchise toward commercial and business banking. Commercial and business lending grew 36.5% from a year ago and now represents 37.1% of our loan portfolio, up from 27.7% a year ago. In the third quarter, total loans increased $150.5 million, or 3.7%, and deposits increased $111.2 million, or 2.7%, with noninterest income representing 42.4% of total revenue.

We also maintained favorable credit quality, with nonperforming assets and criticized loans continuing to improve and net recoveries during the quarter. Our strong capital position and 10.9% year-over-year growth in tangible book value per share give us the capacity to keep investing in organic growth while returning capital to shareholders, with $37.2 million returned through dividends and share repurchases in the first nine months of the year.

Most importantly, I want to thank our team members. Their talent, collaboration, and focus on helping clients achieve their goals turn our strategy into results, and we are confident in our continued ability to create sustainable value for clients, communities, team members, and shareholders."

Third Quarter Highlights

- Earnings per diluted common share of $0.76.
- Return on average total assets of 1.45%.
- Return on average tangible common equity(1) of 17.35%.
- Noninterest income was $34.4 million in the third quarter of 2026, an increase of 4.3% from the second quarter of 2026. Noninterest income represented 42.4% of total revenue in the third quarter of 2026.
- Net interest margin (on a tax-equivalent basis)(1) was 3.84% and net interest income was $46.7 million in the third quarter of 2026.
- Total loans were $4.2 billion as of September 30, 2026, an increase of $150.5 million, or 3.7%, from June 30, 2026.
- Total deposits were $4.3 billion as of September 30, 2026, an increase of $111.2 million, or 2.7%, from June 30, 2026.
- Nonperforming assets were $16.4 million as of September 30, 2026, a decrease of $0.7 million, or 4.3%, from $17.1 million as of June 30, 2026.
- Net recoveries to average loans was 0.10%.
- Repurchased $8.2 million of the Company's outstanding common stock at an average per share price of $32.75, reducing common shares outstanding by 250,000 shares at quarter-end.
- In the first nine months of 2026, the Company returned $37.2 million to shareholders in the form of dividends and share repurchases.
- In the first nine months of 2026, adjusted pre-provision net revenue(1) was $78.7 million, an 18.9% increase over the same time period in the prior year.
- Total assets under management/administration in the combined retirement and benefit and wealth segments were $50.1 billion, a 2.7% increase from September 30, 2025.
- Tangible book value per common share(1) was $18.74 as of September 30, 2026, an increase of 10.9% from $16.90 as of September 30, 2025.
- Tangible common equity to tangible assets ratio(1) was 8.77% as of September 30, 2026, an increase from 8.24% as of September 30, 2025.

(1) Represents a non-GAAP financial measure. See “Non-GAAP to GAAP Reconciliations and Calculation of Non-GAAP Financial Measures.”

Selected Financial Data (unaudited)

	As of and for the				
	Three months ended			Nine months ended	
(dollars and shares in thousands, except per share data)	September 30, 2026	June 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Performance Ratios					
Return on average total assets	1.45 %	1.60 %	1.27 %	1.61 %	1.28 %
Adjusted return on average total assets(1)	1.37 %	1.58 %	1.28 %	1.58 %	1.27 %

Return on average common equity	13.07 %	14.56 %	12.80 %	14.66 %	13.17 %
Return on average tangible common equity[1]	17.35 %	19.33 %	18.48 %	19.46 %	19.25 %
Adjusted return on average tangible common equity[1]	16.43 %	19.04 %	18.55 %	19.08 %	19.08 %
Noninterest income as a % of revenue	42.37 %	40.85 %	40.56 %	41.32 %	41.09 %
Adjusted noninterest income as a % of revenue[1]	41.24 %	40.36 %	40.58 %	40.78 %	40.54 %
Net interest margin (on a tax-equivalent basis)[1]	3.84 %	3.97 %	3.50 %	3.86 %	3.47 %
Efficiency ratio[1]	63.41 %	62.53 %	65.34 %	63.10 %	64.81 %
Adjusted efficiency ratio[1]	64.44 %	62.76 %	65.22 %	63.47 %	64.78 %
Net charge-offs (recoveries) to average loans[1]	(0.10)%	0.26 %	(0.17)%	0.28 %	0.08 %
Dividend payout ratio	28.95 %	27.16 %	32.31 %	26.42 %	31.79 %
Per Common Share					
Earnings per common share - basic	$ 0.77	$ 0.82	$ 0.66	$ 2.49	$ 1.97
Earnings per common share - diluted	$ 0.76	$ 0.81	$ 0.65	$ 2.46	$ 1.95
Adjusted earnings per common share - diluted[1]	$ 0.71	$ 0.80	$ 0.66	$ 2.41	$ 1.93
Dividends declared per common share	$ 0.22	$ 0.22	$ 0.21	$ 0.65	$ 0.62
Book value per common share	$ 23.31	$ 23.34	$ 21.68		
Tangible book value per common share[1]	$ 18.74	$ 18.73	$ 16.90		
Average common shares outstanding - basic	24,851	25,081	25,395	25,102	25,374
Average common shares outstanding - diluted	25,161	25,395	25,713	25,410	25,693
Other Data					
Retirement and benefit services assets under administration/management	$ 44,944,011	$ 45,163,767	$ 44,005,277		
Wealth advisory services assets under administration/management	$ 5,163,688	$ 5,195,511	$ 4,812,250		
Mortgage originations	$ 126,728	$ 113,450	$ 142,768	$ 334,612	$ 347,995

(1) Represents a non-GAAP financial measure. See “Non-GAAP to GAAP Reconciliations and Calculation of Non-GAAP Financial Measures.”

Results of Operations

Net Interest Income

Net interest income for the third quarter of 2026 was $46.7 million, a $1.0 million, or 2.1%, decrease from the second quarter of 2026. Interest income decreased $0.4 million, or 0.6%, primarily due to lower interest income on loans from a one-time $1.6 million interest income recovery on a nonaccrual loan resolution in the second quarter and less purchase accounting accretion, partially offset by higher loan and investment yields. Interest expense increased $0.6 million, or 2.4%, from the second quarter of 2026, as average rates paid on deposits and borrowings increased slightly, mainly driven by the recent increase by the Federal Reserve in the federal funds benchmark rate.

Net interest income increased $3.6 million, or 8.3%, from $43.1 million for the third quarter of 2025. Interest income decreased $0.5 million, or 0.6%, from the third quarter of 2025, primarily driven by less purchase accounting accretion and lower average interest-bearing cash balances, partially offset by higher interest income on investment securities following the strategic balance sheet repositioning in the fourth quarter of 2025. Interest expense decreased $4.0 million, or 14.7%, from the third quarter of 2025, as average rates paid on deposits and borrowings declined primarily driven by Federal Reserve rate cuts in the second half of 2025.

Net interest margin (on a tax-equivalent basis)[1] was 3.84% for the third quarter of 2026, a 13 basis point decrease from 3.97% for the second quarter of 2026, and a 34 basis point increase from 3.50% for the third quarter of 2025. The quarter over quarter decrease was mainly attributable to a one-time $1.6 million interest income recovery on a nonaccrual loan resolution in the second quarter and less purchase accounting accretion, partially offset by higher loan and investment yields. The increase from the third quarter of 2025 was primarily driven by lower cost of funds and higher yields on investment securities, offset by less purchase accounting accretion.

Noninterest Income

Noninterest income for the third quarter of 2026 was $34.4 million, a $1.4 million, or 4.3%, increase from the second quarter of 2026. This increase was driven by increases in other noninterest income, retirement and benefit services revenue, wealth advisory services revenue, and mortgage banking revenue. Other noninterest income increased $0.5 million, or 15.1%, from the second quarter of 2026, primarily driven by a gain on the sale of a property in the Fargo, North Dakota market, partially offset by a loss on a property transferred to held for sale in the Rochester, Minnesota market. Retirement and benefit services revenue increased $0.3 million, or 1.8%, compared to the second quarter of 2026, primarily driven by an increase in recurring annual revenue. Wealth advisory services revenue increased $0.3 million, or 3.8%, from the second quarter of 2026, primarily driven by an increase in transaction-based fees and a slight increase in asset-based revenues. Mortgage banking revenue increased $0.1 million, or 4.2%, from the second quarter of 2026, primarily driven by higher mortgage originations and gain on sale margins.

Noninterest income for the third quarter of 2026 increased by $4.9 million, or 16.7%, from the third quarter of 2025. This increase was driven by increases in other noninterest income, retirement and benefit services revenue, wealth advisory services revenue, and service charges on deposit accounts. Other noninterest income increased $1.9 million, or 85.3%, compared to the third quarter of 2025, primarily driven by a gain on the sale of a property in the Fargo, North Dakota market, partially offset by a loss on a property transferred to held for sale in the Rochester, Minnesota market. Retirement and benefit services revenue increased $1.2 million, or 7.1%, compared to the third quarter of 2025, primarily driven

by recurring annual income. Wealth advisory services revenue increased $1.4 million, or 22.0%, from the third quarter of 2025, driven by an increase in both asset-based fees and transaction-based fees. Wealth advisory services assets under administration/management increased $351.4 million, or 7.3% during the same period. Service charges on deposit accounts increased $0.5 million, or 73.7%, compared to the third quarter of 2025, primarily due to a reclassification of fees from other noninterest income to service charges on deposit accounts revenue in the first quarter of 2026.

Noninterest Expense

Noninterest expense for the third quarter of 2026 was $53.9 million, a $1.0 million, or 1.9%, increase from the second quarter of 2026. The increase was primarily due to increases in employee taxes and benefits expense, along with marketing and business development expense, partially offset by a decrease in other noninterest expense. Employee taxes and benefits expense increased $0.6 million, or 9.2%, due to self-funded group insurance costs, and marketing and business development expense increased $0.4 million, or 41.2%, due to seasonal advertising campaigns. Other noninterest expense decreased $0.2 million, or 8.0%, from the second quarter of 2026, due to a decrease in holding costs related to other real estate owned balances, miscellaneous operational losses, as well as a decrease in corporate insurance costs.

Noninterest expense for the third quarter of 2026 increased $3.3 million, or 6.6%, from $50.5 million in the third quarter of 2025, primarily due to increases in employee taxes and benefits, compensation expense, and professional fees and assessments. Employee taxes and benefits increased $1.3 million, or 21.1%, due to self-funded group insurance costs. Compensation expense increased $1.1 million, or 4.5%, from the third quarter of 2025, primarily due to annual merit increases, as well as an increase in employees. Professional fees and assessments increased $1.1 million, or 41.9%, from the third quarter of 2025, primarily due to the reclassification of consulting services and other third-party vendor expenses from business services, software, and technology expense to professional fees and assessments.

(1) Represents a non-GAAP financial measure. See “Non-GAAP to GAAP Reconciliations and Calculation of Non-GAAP Financial Measures.”

Financial Condition

Total assets were $5.4 billion as of September 30, 2026, an increase of $173.0 million, or 3.3%, from December 31, 2025. The increase was primarily due to a $136.7 million increase in loans held for investment, a $35.5 million increase in available-for-sale investment securities, and an $18.0 million increase in other assets, partially offset by a $21.5 million decrease in held-to-maturity investment securities.

Loans Held for Investment

Total loans held for investment were $4.2 billion as of September 30, 2026, an increase of $136.7 million, or 3.4%, from December 31, 2025. The increase was primarily driven by a $188.8 million increase in commercial loans, partially offset by a $52.0 million decrease in consumer loans.

The following table presents the composition of our loans held for investment portfolio as of the dates indicated:

(dollars in thousands)	September 30, 2026	June 30, 2026	March 31, 2026	December 31, 2025	September 30, 2025
Commercial					
Commercial and business lending					
Commercial and industrial	$ 861,135	$ 759,959	$ 747,447	$ 736,833	$ 702,135
Commercial real estate − Owner occupied	690,988	622,241	444,276	427,260	435,320
Total commercial and business lending	1,552,123	1,382,200	1,191,723	1,164,093	1,137,455
Investor commercial real estate					
Construction, land and development	87,615	79,850	146,897	246,238	349,768
Multifamily	332,535	361,875	392,097	383,505	374,761
Non-owner occupied	905,170	893,367	976,339	875,862	865,785
Total investor commercial real estate	1,325,320	1,335,092	1,515,333	1,505,605	1,590,314
Agricultural					
Land	53,725	54,202	54,028	64,799	65,900
Production	54,597	53,367	50,983	62,500	63,051
Total agricultural	108,322	107,569	105,011	127,299	128,951
Total commercial	2,985,765	2,824,861	2,812,067	2,796,997	2,856,720
Consumer					
Residential real estate					
First lien	809,835	828,936	851,551	874,737	894,402
Construction	32,620	31,202	32,872	33,703	34,124
HELOC	280,771	273,124	262,131	260,883	234,681
Junior lien	31,566	31,941	35,783	36,844	40,434
Total residential real estate	1,154,792	1,165,203	1,182,337	1,206,167	1,203,641
Other consumer	44,203	44,180	40,340	44,858	41,715
Total consumer	1,198,995	1,209,383	1,222,677	1,251,025	1,245,356
Total loans	$ 4,184,760	$ 4,034,244	$ 4,034,744	$ 4,048,022	$ 4,102,076

Deposits

Total deposits were $4.3 billion as of September 30, 2026, an increase of $111.2 million, or 2.7%, from December 31, 2025. Noninterest-bearing deposits increased $5.6 million and interest-bearing deposits increased $105.6 million from December 31, 2025.

The following table presents the composition of the Company's deposit portfolio as of the dates indicated:

(dollars in thousands)	September 30, 2026	June 30, 2026	March 31, 2026	December 31, 2025	September 30, 2025
Noninterest-bearing demand	$ 813,493	$ 759,640	$ 857,625	$ 807,896	$ 776,791
Interest-bearing					
Interest-bearing demand	1,430,016	1,429,951	1,449,156	1,296,315	1,256,687
Savings accounts	169,556	173,255	178,347	173,759	174,113
Money market savings	1,307,677	1,252,823	1,291,794	1,337,491	1,460,006
Time deposits	582,435	576,228	570,960	576,542	745,056
Total interest-bearing	3,489,684	3,432,257	3,490,257	3,384,107	3,635,862
Total deposits	$ 4,303,177	$ 4,191,897	$ 4,347,882	$ 4,192,003	$ 4,412,653

Asset Quality

Total nonperforming assets were $16.4 million as of September 30, 2026, a decrease of $53.0 million, or 76.4%, from December 31, 2025. As of September 30, 2026, the allowance for credit losses on loans was $51.4 million, or 1.23% of total loans, compared to $61.9 million, or 1.53% of total loans, as of December 31, 2025.

The following table presents selected asset quality data as of and for the periods indicated:

	As of and for the three months ended				
(dollars in thousands)	September 30, 2026	June 30, 2026	March 31, 2026	December 31, 2025	September 30, 2025
Nonaccrual loans	$ 6,909	$ 7,105	$ 53,881	$ 69,065	$ 59,644
Accruing loans 90+ days past due	21	436	—	—	—
Total nonperforming loans	6,930	7,541	53,881	69,065	59,644
OREO and repossessed assets	9,449	9,571	126	308	467
Total nonperforming assets	$ 16,379	$ 17,112	$ 54,007	$ 69,373	$ 60,111
Criticized loans	81,830	83,090	132,459	149,162	191,331
Net charge-offs (recoveries)	(1,018)	2,575	7,027	(311)	(1,715)
Net charge-offs (recoveries) to average loans[(1)]	(0.10)%	0.26 %	0.71 %	(0.03)%	(0.17)%
Nonperforming loans to total loans	0.17 %	0.19 %	1.34 %	1.71 %	1.45 %
Nonperforming assets to total assets	0.30 %	0.32 %	1.02 %	1.33 %	1.13 %
Criticized loans to total loans	1.96 %	2.06 %	3.28 %	3.68 %	4.66 %
Allowance for credit losses on loans to total loans	1.23 %	1.20 %	1.25 %	1.53 %	1.51 %
Allowance for credit losses on loans to nonperforming loans	742.40 %	641.31 %	93.73 %	89.65 %	104.16 %

For the third quarter of 2026, the Company had net recoveries of $1.0 million, compared to net charge-offs of $2.6 million for the second quarter of 2026 and net recoveries of $1.7 million for the third quarter of 2025. The quarter over quarter decrease in net charge-offs (recoveries) was primarily due to a $1.1 million recovery related to one long-term commercial and industrial client relationship on nonaccrual which was charged-off in the second quarter of 2026. As of September 30, 2026, the relationship had a remaining reserve of $0.9 million, which represented approximately 60.6% of the book balance as of that date. Management does not believe the charge-offs resulting from this relationship are indicative of a broader credit quality trend in the Company's loan portfolio.

The decrease in the allowance for credit losses on loans to total loans from December 31, 2025 to September 30, 2026 was primarily the result of problem loan resolution.

The Company recorded a provision for credit losses of $2.2 million for the third quarter of 2026, compared to a provision of $0.5 million for the second quarter of 2026, and no provision for credit losses for the third quarter of 2025.

OREO and repossessed assets were $9.4 million at September 30, 2026, compared to $0.3 million as of December 31, 2025. The increase was primarily driven by the transfer of one 1-4 family property and one apartment complex to OREO in the second quarter of 2026.

The unearned fair value adjustments on acquired loan portfolios were $33.4 million as of September 30, 2026, $43.8 million as of December 31, 2025, and $47.3 million as of September 30, 2025.

Capital

Total stockholders' equity was $576.9 million as of September 30, 2026, an increase of $11.9 million from December 31, 2025. The increase was primarily driven by an increase in retained earnings of $46.8 million, partially offset by a decrease in additional paid-in capital of $18.9 million and an increase in accumulated other comprehensive loss of $15.3 million due to recent increases in interest rates. Tangible book value per common share[(1)] increased to $18.74 as of September 30, 2026, from $17.55 as of December 31, 2025. Tangible common equity to tangible assets[(1)] increased to 8.77% as of September 30, 2026, from 8.72% as of December 31, 2025. Common equity tier 1 capital to risk weighted

assets increased to 10.52% as of September 30, 2026, from 10.28% as of December 31, 2025.

During the third quarter of 2026, the Company repurchased approximately $8.2 million of its outstanding common stock at an average per share price of $32.75, which reduced common shares outstanding by 250,000 at quarter-end.

The following table presents our capital ratios as of the dates indicated:

	September 30, 2026	December 31, 2025	September 30, 2025
Capital Ratios[1]			
Alerus Financial Corporation Consolidated			
Common equity tier 1 capital to risk weighted assets	10.52 %	10.28 %	10.84 %
Tier 1 capital to risk weighted assets	10.72 %	10.48 %	11.05 %
Total capital to risk weighted assets	13.01 %	12.87 %	13.41 %
Tier 1 capital to average assets	9.58 %	8.86 %	9.49 %
Tangible common equity / tangible assets[2]	8.77 %	8.72 %	8.24 %
Alerus Financial, N.A.			
Common equity tier 1 capital to risk weighted assets	10.57 %	10.41 %	11.00 %
Tier 1 capital to risk weighted assets	10.57 %	10.41 %	11.00 %
Total capital to risk weighted assets	11.78 %	11.66 %	12.25 %
Tier 1 capital to average assets	9.35 %	8.62 %	9.31 %

(1) Capital ratios for the current quarter are to be considered preliminary until the Call Report for Alerus Financial, N.A. is filed.

(2) Represents a non-GAAP financial measure. See “Non-GAAP to GAAP Reconciliations and Calculation of Non-GAAP Financial Measures.”

Conference Call

The Company will host a conference call at 11:00 a.m. Central Time on Thursday, October 29, 2026, to discuss its financial results. Attendees are encouraged to register ahead of time for the call at investors.alerus.com. A recording of the call and transcript will be available on the Company’s investor relations website at investors.alerus.com following the call.

About Alerus Financial Corporation

Alerus Financial Corporation (Nasdaq: ALRS) is a commercial wealth advisory services bank and national retirement and benefit services provider with corporate offices in Grand Forks, North Dakota, and the Minneapolis-St. Paul, Minnesota metropolitan area. Through its subsidiary, Alerus Financial, National Association (the “Bank”), Alerus provides diversified and comprehensive financial solutions to business and consumer clients, including banking, wealth advisory services, and retirement and benefit plans and services. Alerus provides clients with a primary point of contact to help fully understand their unique needs and delivery channel preferences. Clients are provided with competitive products, valuable insight, and sound advice supported by digital solutions designed to meet their needs.

Alerus operates 25 banking and commercial wealth offices, with locations in Grand Forks and Fargo, North Dakota; the Minneapolis-St. Paul, Minnesota metropolitan area; Rochester, Minnesota; Southern Minnesota; Marshalltown, Iowa; Pewaukee, Wisconsin; and Tempe and Scottsdale, Arizona. The Alerus Retirement and Benefit business serves advisors, brokers, employers, and plan participants across the United States.

Non-GAAP Financial Measures

Some of the financial measures included in this press release are not measures of financial performance recognized by U.S. Generally Accepted Accounting Principles, or GAAP. These non-GAAP financial measures include the ratio of tangible common equity to tangible assets, tangible book value per common share, return on average tangible common equity, efficiency ratio, pre-provision net revenue, adjusted noninterest (loss) income, adjusted noninterest expense, adjusted pre-provision net revenue, adjusted efficiency ratio, adjusted net income, adjusted return on average total assets, adjusted return on average tangible common equity, net interest margin (on a tax-equivalent basis), adjusted earnings per common share - diluted, and adjusted net charge-offs to average loans. Management uses these non-GAAP financial measures in its analysis of its performance, and believes financial analysts and investors frequently use these measures, and other similar measures, to evaluate capital adequacy and financial performance. Reconciliations of non-GAAP disclosures used in this press release to the comparable GAAP measures are provided in the accompanying tables. Management, banking regulators, many financial analysts and other investors use these measures in conjunction with more traditional bank capital ratios to compare the capital adequacy of banking organizations with significant amounts of goodwill or other intangible assets, which typically stem from the use of the purchase accounting method of accounting for mergers and acquisitions.

These non-GAAP financial measures should not be considered in isolation or as a substitute for total stockholders’ equity, total assets, book value per share, return on average assets, return on average equity, or any other measure calculated in accordance with GAAP. Moreover, the manner in which the Company calculates these non-GAAP financial measures may differ from that of other companies reporting measures with similar names.

Forward-Looking Statements

This press release contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Company intends such forward-looking statements to be covered by the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include, without limitation, statements concerning plans, estimates, calculations, forecasts and projections with respect to the anticipated future performance of Alerus Financial Corporation. These statements are often, but not always, identified by words such as “may”, “might”, “should”, “could”, “predict”, “potential”, “believe”, “expect”, “continue”, “will”, “anticipate”, “seek”, “estimate”, “intend”, “plan”, “projection”, “would”, “annualized”, “target” and

“outlook”, or the negative version of those words or other comparable words of a future or forward-looking nature. Examples of forward-looking statements include, among others, statements the Company makes regarding our projected growth, anticipated future financial performance, financial condition, credit quality, management’s long-term performance goals, and the future plans and prospects of Alerus Financial Corporation.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent known and unknown uncertainties, risks, changes in circumstances, and other factors that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in forward-looking statements include, among others, the following: the strength of the local, state, national and international economies and financial markets (including effects of inflationary pressures and future monetary policies of the Federal Reserve and executive orders in response thereto); interest rate risk, including the effects of changes in interest rates, such as the recent increase in the benchmark federal funds rate by the Federal Reserve; effects on the U.S. economy resulting from actions taken by the federal government, including the threat or implementation of tariffs, immigration enforcement, executive orders, and changes in foreign policy; disruptions to the global supply chain, including as a result of domestic or foreign policies; our ability to successfully manage credit risk, including in the commercial real estate portfolio, and maintain an adequate level of allowance for credit losses; business and economic conditions generally and in the financial services industry, nationally and within our market areas, including the level and impact of inflation rates and possible recession; our ability to raise additional capital to implement our business plan; credit risks and risks from concentrations (including by type of borrower, geographic area, collateral, and industry) within our loan portfolio; the concentration of large loans to certain borrowers (including commercial real estate loans); the level of nonperforming assets on our balance sheet; our ability to implement organic and acquisition growth strategies; the commencement, cost, and outcome of litigation and other legal proceedings and regulatory actions against us or to which the Company may become subject, including with respect to pending actions relating to the Company’s previous employee stock ownership program fiduciary services commenced by government and private parties; the impact of economic or market conditions on our fee-based services; our ability to continue to grow our retirement and benefit services business; our ability to continue to originate a sufficient volume of residential mortgages; the occurrence of fraudulent activity, breaches or failures of our or our third-party vendors’ information security controls or cybersecurity-related incidents, including as a result of sophisticated attacks using artificial intelligence and similar tools or as a result of insider fraud; interruptions involving our information technology and telecommunications systems or third-party servicers; potential losses incurred in connection with mortgage loan repurchases; the composition of our executive management team and our ability to attract and retain key personnel; rapid and expensive technological changes implemented by us and other parties in the financial services industry, including third-party vendors, which may be more difficult to implement or more expensive than anticipated or which may have unforeseen consequences to us and our customers, including the development and implementation of tools incorporating artificial intelligence; emerging issues related to the development and use of artificial intelligence that could give rise to legal or regulatory action, damage our reputation, or otherwise materially harm our business or customers; increased competition in the financial services industry, including from non-banks such as credit unions, Fintech companies and digital asset service providers; our ability to successfully manage liquidity risk, including our need to access higher cost sources of funds such as fed funds purchased and short-term borrowings; the concentration of large deposits from certain clients, including those who have balances above current Federal Deposit Insurance Corporation insurance limits; the effectiveness of our risk management framework; potential impairment to the goodwill the Company recorded in connection with our past acquisitions, including the acquisitions of Metro Phoenix Bank and HMNF, Inc; the extensive regulatory framework that applies to us; the ability of the Bank to pay dividends to us and our ability to pay dividends to our stockholders; new or revised accounting standards, as may be adopted by state and federal regulatory agencies, the Financial Accounting Standards Board, the Securities and Exchange Commission (the “SEC”) or the Public Company Accounting Oversight Board; fluctuations in the values of the securities held in our securities portfolio, including as a result of changes in interest rates; governmental monetary, trade and fiscal policies; risks related to climate change and the negative impact it may have on our customers and their businesses; severe weather and natural disasters, and widespread disease or pandemics; acts of war, military conflicts, or terrorism, including the wars in Iran and Ukraine, ongoing conflicts in the Middle East, and other international military conflicts, or adverse external events and changes in foreign relations that can increase levels of political and economic unpredictability, contribute to rising energy and commodity prices, affect global supply chains, increase the volatility of financial markets, and other matters beyond our control; the availability of future equity and debt issuances and other capital raising opportunities on favorable terms; any material weaknesses in our internal control over financial reporting; our success at managing and responding to the risks involved in the foregoing items; and any other risks described in the “Risk Factors” sections of the reports filed by Alerus Financial Corporation with the SEC.

Any forward-looking statement made by us in this press release is based only on information currently available to us and speaks only as of the date on which it is made. The Company undertakes no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

Alerus Financial Corporation and Subsidiaries
Consolidated Balance Sheets
(dollars in thousands, except share and per share data)

	September 30, 2026	December 31, 2025
Assets	(Unaudited)	
Cash and cash equivalents	$ 65,756	$ 67,192
Investment securities		
Trading, at fair value	818	1,758
Available-for-sale, at fair value	549,584	514,095
Held-to-maturity, at amortized cost (with an allowance for credit losses on investments of $111 and $123, respectively)	232,988	254,448
Loans held for sale	19,829	21,934
Loans held for investment	4,184,760	4,048,022
Allowance for credit losses on loans	(51,448)	(61,915)
Net loans	4,133,312	3,986,107
Land, premises and equipment, net	39,530	43,253

Operating lease right-of-use assets	31,528	28,761
Accrued interest receivable	21,011	21,742
Bank-owned life insurance	42,147	39,307
Goodwill	85,634	85,634
Other intangible assets	27,448	33,371
Servicing rights	7,416	6,383
Deferred income taxes, net	25,063	23,080
Other assets	121,039	103,019
Total assets	$ 5,403,103	$ 5,230,084
Liabilities and Stockholders' Equity		
Deposits		
Noninterest-bearing	$ 813,493	$ 807,896
Interest-bearing	3,489,684	3,384,107
Total deposits	4,303,177	4,192,003
Short-term borrowings	318,400	308,800
Long-term debt	59,267	59,182
Operating lease liabilities	42,232	36,282
Accrued expenses and other liabilities	103,177	68,883
Total liabilities	4,826,253	4,665,150
Stockholders' equity		
Preferred stock, $1 par value, 2,000,000 shares authorized: 0 issued and outstanding	—	—
Common stock, $1 par value, 60,000,000 and 30,000,000 shares authorized: 24,744,269 and 25,406,278 issued and outstanding	24,744	25,406
Additional paid-in capital	252,754	271,609
Retained earnings	316,826	270,075
Accumulated other comprehensive loss	(17,474)	(2,156)
Total stockholders' equity	576,850	564,934
Total liabilities and stockholders' equity	$ 5,403,103	$ 5,230,084

Alerus Financial Corporation and Subsidiaries
Consolidated Statements of Income
(dollars and shares in thousands, except per share data)

	Three months ended			Nine months ended	
	September 30, 2026	June 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Interest Income	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loans, including fees	$ 61,455	$ 62,214	$ 63,875	$ 182,290	$ 189,222
Investment securities					
Taxable	7,525	7,258	5,091	21,888	16,108
Exempt from federal income taxes	156	155	160	468	480
Other	1,056	999	1,518	3,149	3,440
Total interest income	70,192	70,626	70,644	207,795	209,250
Interest Expense					
Deposits	19,538	18,938	24,350	57,550	70,643
Short-term borrowings	2,886	2,935	2,506	8,178	9,327
Long-term debt	1,045	1,041	652	2,720	1,955
Total interest expense	23,469	22,914	27,508	68,448	81,925
Net interest income	46,723	47,712	43,136	139,347	127,325
Provision for (recovery of) credit losses	2,199	495	—	(2,188)	863
Net interest income after provision for (recovery of) credit losses	44,524	47,217	43,136	141,535	126,462
Noninterest Income					
Retirement and benefit services	17,664	17,347	16,496	52,418	48,625
Wealth advisory services	8,001	7,705	6,560	22,942	20,827
Mortgage banking	3,328	3,195	3,474	10,057	8,651
Service charges on deposit accounts	1,221	1,106	703	3,259	2,034
Gain on sale of non-mortgage loans	—	—	(35)	—	2,080
Other	4,136	3,592	2,232	9,464	6,607
Total noninterest income	34,350	32,945	29,430	98,140	88,824
Noninterest Expense					
Compensation	26,096	26,155	24,984	76,338	72,288
Employee taxes and benefits	7,377	6,755	6,094	20,772	20,490

Occupancy and equipment expense	3,525	3,493	2,849	10,444	8,315
Business services, software and technology expense	5,457	5,440	6,285	16,736	17,905
Intangible amortization expense	1,974	1,974	2,710	5,923	8,129
Professional fees and assessments	3,796	3,781	2,676	11,377	8,010
Marketing and business development	1,227	869	1,069	2,957	2,821
Supplies and postage	573	540	569	1,719	1,690
Travel	464	357	385	1,181	1,019
Mortgage and lending expenses	707	614	1,025	2,030	2,501
Other	2,672	2,905	1,895	7,664	6,176
Total noninterest expense	53,868	52,883	50,541	157,141	149,344
Income before income tax expense	25,006	27,279	22,025	82,534	65,942
Income tax expense	5,806	6,414	5,101	19,499	15,451
Net income	$ 19,200	$ 20,865	$ 16,924	$ 63,035	$ 50,491
Per Common Share Data					
Earnings per common share	$ 0.77	$ 0.82	$ 0.66	$ 2.49	$ 1.97
Diluted earnings per common share	$ 0.76	$ 0.81	$ 0.65	$ 2.46	$ 1.95
Dividends declared per common share	$ 0.22	$ 0.22	$ 0.21	$ 0.65	$ 0.62
Average common shares outstanding	24,851	25,081	25,395	25,102	25,374
Diluted average common shares outstanding	25,161	25,395	25,713	25,410	25,693

Alerus Financial Corporation and Subsidiaries
Non-GAAP to GAAP Reconciliations and Calculation of Non-GAAP Financial Measures (unaudited)
(dollars and shares in thousands, except per share data)

	September 30, 2026	June 30, 2026	December 31, 2025	September 30, 2025
Tangible Common Equity to Tangible Assets				
Total common stockholders' equity	$ 576,850	$ 583,143	$ 564,934	$ 550,688
Less: Goodwill	85,634	85,634	85,634	85,634
Less: Other intangible assets	27,448	29,422	33,371	35,753
Tangible common equity (a)	463,768	468,087	445,929	429,301
Total assets	5,403,103	5,288,718	5,230,084	5,330,573
Less: Goodwill	85,634	85,634	85,634	85,634
Less: Other intangible assets	27,448	29,422	33,371	35,753
Tangible assets (b)	5,290,021	5,173,662	5,111,079	5,209,186
Tangible common equity to tangible assets (a)/(b)	8.77 %	9.05 %	8.72 %	8.24 %
Tangible Book Value Per Common Share				
Tangible common equity (a)	463,768	468,087	445,929	429,301
Total common shares issued and outstanding (c)	24,744	24,986	25,406	25,397
Tangible book value per common share (a)/(c)	$ 18.74	$ 18.73	$ 17.55	$ 16.90

	Three months ended			Nine months ended	
	September 30, 2026	June 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Return on Average Tangible Common Equity					
Net income	$ 19,200	$ 20,865	$ 16,924	$ 63,035	$ 50,491
Add: Intangible amortization expense (net of tax) (1)	1,559	1,559	2,141	4,679	6,421
Net income, excluding intangible amortization (d)	20,759	22,424	19,065	67,714	56,912
Average total equity	582,770	574,862	524,459	574,789	512,533
Less: Average goodwill	85,634	85,634	85,634	85,634	85,634
Less: Average other intangible assets (net of tax)(1)	22,447	24,003	29,540	24,026	31,549
Average tangible common equity (e)	474,689	465,225	409,285	465,129	395,350
Return on average tangible common equity (d)/(e)	17.35 %	19.33 %	18.48 %	19.46 %	19.25 %
Efficiency Ratio					
Noninterest expense	$ 53,868	$ 52,883	$ 50,541	$ 157,141	$ 149,344
Less: Intangible amortization expense	1,974	1,974	2,710	5,923	8,129
Noninterest expense excluding intangible amortization (f)	51,894	50,909	47,831	151,218	141,215

Net interest income (v)	46,723	47,712	43,136	139,347	127,325
Noninterest income	34,350	32,945	29,430	98,140	88,824
Tax equivalent adjustment for loans and securities	771	755	638	2,145	1,748
Total tax-equivalent revenue (g)	81,844	81,412	73,204	239,632	217,897
Efficiency ratio (f)/(g)	63.41 %	62.53 %	65.34 %	63.10 %	64.81 %
Pre-Provision Net Revenue					
Net interest income (v)	$ 46,723	$ 47,712	$ 43,136	$ 139,347	$ 127,325
Add: Noninterest income	34,350	32,945	29,430	98,140	88,824
Less: Noninterest expense	53,868	52,883	50,541	157,141	149,344
Pre-provision net revenue	$ 27,205	$ 27,774	$ 22,025	$ 80,346	$ 66,805
Adjusted Noninterest Income					
Noninterest income	$ 34,350	$ 32,945	$ 29,430	$ 98,140	$ 88,824
Less: Adjusted noninterest income items					
Net gain on sale of loans	—	—	(35)	—	2,080
Net gain (loss) on sale/disposal of premises and equipment	1,554	653	—	2,186	(84)
Total adjusted noninterest income (loss) items (h)	1,554	653	(35)	2,186	1,996
Adjusted noninterest income (i)	$ 32,796	$ 32,292	$ 29,465	$ 95,954	$ 86,828
Adjusted Noninterest Income as a Percentage of Revenue					
Adjusted noninterest income (i)	$ 32,796	$ 32,292	$ 29,465	$ 95,954	$ 86,828
Net interest income (v)	46,723	47,712	43,136	139,347	127,325
Adjusted revenue (w)	$ 79,519	$ 80,004	$ 72,601	$ 235,301	$ 214,153
Adjusted noninterest income as a percentage of revenue (i)/(w)	41.24 %	40.36 %	40.58 %	40.78 %	40.54 %
Adjusted Noninterest Expense					
Noninterest expense	$ 53,868	$ 52,883	$ 50,541	$ 157,141	$ 149,344
Less: Adjusted noninterest expense items					
HMNF merger- and acquisition-related expenses	15	6	(43)	(13)	255
Severance and signing bonus expense	144	216	104	526	1,108
Total adjusted noninterest expense items (j)	159	222	61	513	1,363
Adjusted noninterest expense (k)	$ 53,709	$ 52,661	$ 50,480	$ 156,628	$ 147,981

(1) Items calculated after-tax utilizing a marginal income tax rate of 21.0%.

Alerus Financial Corporation and Subsidiaries
Non-GAAP to GAAP Reconciliations and Calculation of Non-GAAP Financial Measures (unaudited)
(dollars and shares in thousands, except per share data)

	Three months ended			Nine months ended	
	September 30, 2026	June 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Adjusted Pre-Provision Net Revenue					
Net interest income (v)	$ 46,723	$ 47,712	$ 43,136	$ 139,347	$ 127,325
Add: Adjusted noninterest income (i)	32,796	32,292	29,465	95,954	86,828
Less: Adjusted noninterest expense (k)	53,709	52,661	50,480	156,628	147,981
Adjusted pre-provision net revenue	$ 25,810	$ 27,343	$ 22,121	$ 78,673	$ 66,172
Adjusted Efficiency Ratio					
Adjusted noninterest expense (k)	$ 53,709	$ 52,661	$ 50,480	$ 156,628	$ 147,981
Less: Intangible amortization expense	1,974	1,974	2,710	5,923	8,129
Adjusted noninterest expense for efficiency ratio[(l)]	51,735	50,687	47,770	150,705	139,852
Tax-equivalent revenue					
Net interest income (v)	46,723	47,712	43,136	139,347	127,325
Add: Adjusted noninterest income (i)	32,796	32,292	29,465	95,954	86,828
Add: Tax equivalent adjustment for loans and securities[(1)]	771	755	638	2,145	1,748
Total tax-equivalent revenue (m)	80,290	80,759	73,239	237,446	215,901
Adjusted efficiency ratio (l)/(m)	64.44 %	62.76 %	65.22 %	63.47 %	64.78 %
Adjusted Net Income					

Net income	$ 19,200	$ 20,865	$ 16,924	$ 63,035	$ 50,491
Less: Adjusted noninterest (loss) income items (net of tax)[1](h)	1,228	516	(28)	1,727	1,577
Add: Adjusted noninterest expense items (net of tax)[1](j)	126	175	48	405	1,077
Adjusted net income (n)	$ 18,098	$ 20,524	$ 17,000	$ 61,713	$ 49,991
Adjusted Return on Average Total Assets					
Average total assets (o)	$ 5,255,954	$ 5,226,319	$ 5,273,306	$ 5,233,732	$ 5,282,798
Adjusted return on average total assets (n)/(o)	1.37 %	1.58 %	1.28 %	1.58 %	1.27 %
Adjusted Return on Average Tangible Common Equity					
Adjusted net income (n)	$ 18,098	$ 20,524	$ 17,000	$ 61,713	$ 49,991
Add: Intangible amortization expense (net of tax)[1]	1,559	1,559	2,141	4,679	6,421
Adjusted net income, excluding intangible amortization (p)	19,657	22,083	19,141	66,392	56,412
Average total equity	582,770	574,862	524,459	574,789	512,533
Less: Average goodwill	85,634	85,634	85,634	85,634	85,634
Less: Average other intangible assets (net of tax)	22,447	24,003	29,540	24,026	31,549
Average tangible common equity (q)	474,689	465,225	409,285	465,129	395,350
Adjusted return on average tangible common equity (p)/(q)	16.43 %	19.04 %	18.55 %	19.08 %	19.08 %
Adjusted Earnings Per Common Share - Diluted					
Adjusted net income (n)	$ 18,098	$ 20,524	$ 17,000	$ 61,713	$ 49,991
Less: Dividends and undistributed earnings allocated to participating securities	171	192	148	571	444
Adjusted net income available to common stockholders (r)	17,927	20,332	16,852	61,142	49,547
Weighted-average common shares outstanding for diluted earnings per share (s)	25,161	25,395	25,713	25,410	25,693
Adjusted earnings per common share - diluted (r)/(s)	$ 0.71	$ 0.80	$ 0.66	$ 2.41	$ 1.93
Net Charge-Offs (Recoveries) to Average Loans					
Net charge-offs (recoveries) (t)	$ (1,018)	$ 2,575	$ (1,715)	$ 8,584	$ 2,459
Average total loans (u)	$ 4,026,351	$ 4,032,142	$ 4,036,936	$ 4,029,390	$ 4,046,347
Net charge-offs (recoveries) to average loans (t)/(u)	(0.10)%	0.26 %	(0.17)%	0.28 %	0.08 %
Net Interest Margin (on a Tax-Equivalent Basis)					
Net interest income (v)	$ 46,723	$ 47,712	$ 43,136	$ 139,347	$ 127,325
Add: Tax equivalent adjustment for loans and securities	771	755	638	2,145	1,748
Net interest income (on a tax-equivalent basis)[1](y)	$ 47,494	$ 48,467	$ 43,774	$ 141,492	$ 129,073
Average interest earning assets (x)	$ 4,912,782	$ 4,896,740	$ 4,965,849	4,903,681	4,968,236
Net interest margin (on a tax-equivalent basis)[1](y)/(x)	3.84 %	3.97 %	3.50 %	3.86 %	3.47 %

(1) Items calculated after-tax utilizing a marginal income tax rate of 21.0%.

Alerus Financial Corporation and Subsidiaries
Analysis of Average Balances, Yields, and Rates (unaudited)
(dollars in thousands)

	Three months ended						Nine months ended			
	September 30, 2026		June 30, 2026		September 30, 2025		September 30, 2026		September 30, 2025	
	Average Balance	Average Yield/ Rate	Average Balance	Average Yield/ Rate	Average Balance	Average Yield/ Rate	Average Balance	Average Yield/ Rate	Average Balance	Average Yield/ Rate
Interest Earning Assets										

Interest-bearing deposits with banks	$ 54,390	3.74 %	$ 45,777	4.11 %	$ 89,568	4.86 %	$ 53,591	4.04 %	$ 53,187	4.98 %
Investment securities[1]	783,165	3.91	773,692	3.86	796,759	2.64	776,289	3.87	826,409	2.70
Loans held for sale	23,245	5.39	18,885	4.50	20,188	4.93	19,277	4.91	17,979	4.80
Loans										
Commercial and industrial	778,604	7.00	779,471	7.07	650,787	7.51	760,827	7.06	654,061	7.44
CRE − Owner occupied	649,436	5.98	502,476	6.19	435,469	7.73	528,217	6.09	419,608	6.77
CRE − Construction, land and development	89,571	7.48	103,618	13.08	363,466	5.77	134,534	7.72	348,093	5.85
CRE − Multifamily	341,997	5.97	394,683	6.05	340,709	6.46	376,509	5.94	350,658	6.50
CRE − Non-owner occupied[2]	858,263	5.95	922,958	6.08	887,935	6.26	898,414	6.00	934,143	6.48
Agricultural − Land	54,978	9.58	53,823	5.78	66,676	5.53	56,178	7.11	66,647	5.71
Agricultural − Production	52,005	6.99	53,351	6.95	64,685	6.80	54,704	6.97	64,357	7.13
RRE − First lien	818,187	5.01	838,819	4.93	898,011	4.83	840,523	4.96	898,910	4.84
RRE − Construction	33,030	7.31	34,981	6.63	33,834	6.61	33,639	6.74	36,798	7.57
RRE − HELOC	275,470	6.03	271,254	6.02	213,232	6.82	269,487	6.03	190,272	6.96
RRE − Junior lien	31,353	6.85	32,676	6.53	40,997	6.40	33,427	6.59	42,498	6.34
Other consumer	43,457	6.53	44,032	6.51	41,135	6.94	42,931	6.45	40,302	6.99
Total loans[1]	4,026,351	6.10	4,032,142	6.24	4,036,936	6.31	4,029,390	6.09	4,046,347	6.28
Federal Reserve/FHLB stock	25,631	8.41	26,244	8.10	22,398	7.46	25,134	8.13	24,314	8.01
Total interest earning assets	4,912,782	5.73	4,896,740	5.85	4,965,849	5.70	4,903,681	5.72	4,968,236	5.68
Noninterest earning assets	343,172		329,579		307,457		330,051		314,562	
Total assets	$ 5,255,954		$ 5,226,319		$ 5,273,306		$ 5,233,732		$ 5,282,798	
Interest-Bearing Liabilities										
Interest-bearing demand deposits	$ 1,402,505	1.70 %	$ 1,378,394	1.68 %	$ 1,227,029	1.80 %	$ 1,382,852	1.67 %	$ 1,240,589	1.80 %
Money market and savings deposits	1,454,053	2.38	1,441,099	2.34	1,587,694	2.84	1,466,135	2.36	1,580,085	2.83
Time deposits	573,526	3.32	571,276	3.34	772,345	3.81	571,305	3.36	716,421	3.81
Fed funds purchased	24,167	4.05	74,104	3.85	16,636	4.94	44,591	3.93	71,717	4.67
FHLB short-term advances	262,228	3.99	226,703	3.93	200,000	4.56	231,337	3.97	200,000	4.56
Long-term debt	59,253	6.99	59,225	7.04	59,137	4.37	59,225	6.14	59,111	4.42
Total interest-bearing	3,775,732	2.47	3,750,801	2.45	3,862,841	2.83	3,755,445	2.44	3,867,923	2.83

liabilities										
Noninterest-Bearing Liabilities and Stockholders' Equity										
Noninterest-bearing deposits	776,897		790,088		800,028		788,442		819,266	
Other noninterest-bearing liabilities	120,555		110,568		85,978		115,056		83,076	
Stockholders' equity	582,770		574,862		524,459		574,789		512,533	
Total liabilities and stockholders' equity	$ 5,255,954		$ 5,226,319		$ 5,273,306		$ 5,233,732		$ 5,282,798	
Net interest rate spread		3.26 %		3.40 %		2.87 %		3.28 %		2.85 %
Net interest margin (on a tax-equivalent basis)[1]		3.84 %		3.97 %		3.50 %		3.86 %		3.47 %

(1) Taxable-equivalent adjustment was calculated utilizing a marginal income tax rate of 21.0%.

Alan A. Villalon, Chief Financial Officer
952.417.3733 (Office)