

# Alerus



EARNINGS PRESENTATION

Q3 2023

NASDAQ: ALRS

ALERUS

# DISCLAIMERS

## Forward-Looking Statements

This presentation contains “forward-looking statements” within the meaning of 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 we make 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 uncertainties, risks and changes in circumstances 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: interest rate risk, including the effects of recent and potential additional rate increases by the Federal Reserve; our ability to successfully manage credit risk and maintain an adequate level of allowance for credit losses; new or revised accounting standards, including as a result of the implementation of the new Current Expected Credit Loss Standard; business and economic conditions generally and in the financial services industry, nationally and within our market areas, including continued rising rates of inflation and possible recession; the effects of recent developments and events in the financial services industry, including the large-scale deposit withdrawals over a short-period of time at Silicon Valley Bank, Signature Bank and First Republic Bank that resulted in the failure of those institutions; the overall health of the local and national real estate market; concentrations within our loan portfolio; the level of nonperforming assets on our balance sheet; our ability to implement our organic and acquisition growth strategies, including the integration of Metro Phoenix Bank which we acquired in 2022; 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 information security controls or cybersecurity-related incidents, including as a result of sophisticated attacks using artificial intelligence and similar tools; 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 technological change in the financial services industry; increased competition in the financial services industry from non-banks such as credit unions and Fintech companies, including 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, who have balances above current FDIC insurance limits; the effectiveness of our risk management framework; the commencement and outcome of litigation and other legal proceedings and regulatory actions against us or to which we may become subject; potential impairment to the goodwill we recorded in connection with our past acquisitions, including the acquisition of Metro Phoenix Bank; the extensive regulatory framework that applies to us; the impact of recent and future legislative and regulatory changes, including in response to the recent failures of Silicon Valley Bank, Signature Bank and First Republic Bank; 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, natural disasters, widespread disease or pandemics, such as the COVID-19 global pandemic; acts of war or terrorism, including the Israeli-Palestinian conflict and the Russian invasion of Ukraine, or other adverse external events; any material weaknesses in our internal control over financial reporting; changes to U.S. or state tax laws, regulations and guidance, including the new 1.0% excise tax on stock buybacks by publicly traded companies; talent and labor shortages and employee turnover; our success at managing 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 Securities and Exchange Commission.

Any forward-looking statement made by us in this presentation is based only on information currently available to us and speaks only as of the date on which it is made. We undertake 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.

## Non-GAAP Financial Measures

This presentation includes certain ratios and amounts that do not conform to U.S. Generally Accepted Accounting Principles, or GAAP. Management uses certain non-GAAP financial measures to evaluate financial performance and business trends from period to period and believes that disclosure of these non-GAAP financial measures will help investors, rating agencies and analysts evaluate the financial performance and condition of Alerus Financial Corporation. This presentation includes a reconciliation of each non-GAAP financial measure to the most comparable GAAP equivalent.

## Miscellaneous

Except as otherwise indicated, this presentation speaks as of the date hereof. The delivery of this presentation shall not, under any circumstances, create any implication that there has been no change in the affairs of Alerus Financial Corporation after the date hereof. Certain of the information contained herein may be derived from information provided by industry sources. We believe that such information is accurate and that the sources from which it has been obtained are reliable. We cannot guarantee the accuracy of such information, however, and we have not independently verified such information.

# COMPANY PROFILE

## OUR MISSION

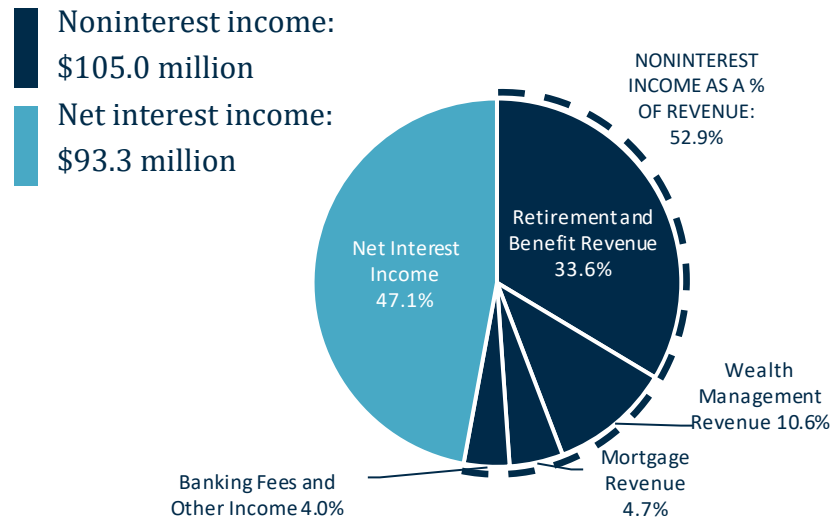
- To positively impact our clients' financial potential-through holistic guidance, unparalleled service, and engaging technology.

## ALERUS BUSINESS LINES

- Banking
- Retirement and Benefit Services
- Wealth Management
- Mortgage

## DIVERSIFIED REVENUE STREAM

FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2023

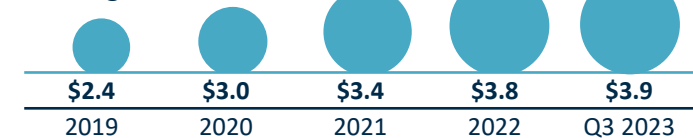


## DIVERSIFIED FINANCIAL SERVICES COMPANY

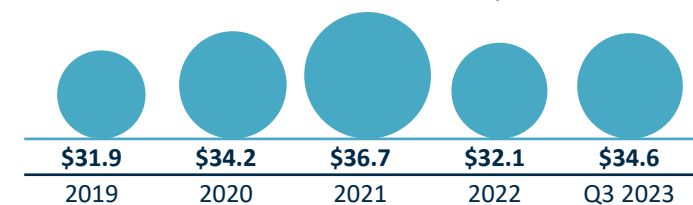
- \$3.9 billion Banking assets
- \$34.6 billion Retirement and Benefit Services AUA/AUM
- \$3.7 billion Wealth Management AUA/AUM
- \$298.6 million in Mortgage Originations YTD

## ASSET GROWTH (\$ IN BILLIONS)

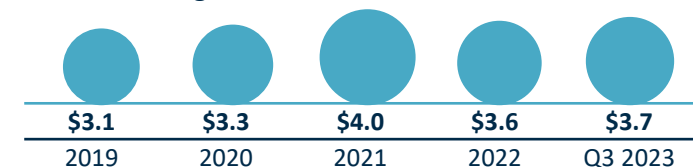
### Banking Assets



### Retirement and Benefit Services AUA/AUM



### Wealth Management AUA/AUM



Data as of 9/30/2023.

# OUR DIVERSE BUSINESS LINES

A BIG COMPANY MODEL WITH SMALL COMPANY EXECUTION

## COMMERCIAL BANKING

- Commercial and commercial real estate lending
- Government and non-profit banking
- Small business lending
- Treasury management
- Deposit services

## BANKING

51% of Revenue

## CONSUMER BANKING

- Private banking
- Deposit products and services
- Consumer lending

## RETIREMENT & BENEFIT SERVICES

33% of Revenue

- Retirement plan administration and recordkeeping
- Retirement plan investment advisory
- Health and benefits administration

## TRUSTED ADVISOR

## MORTGAGE

5% of Revenue

- Residential mortgage lending
- Residential construction lending
- Home equity/second mortgages

## WEALTH MANAGEMENT

11% of Revenue

- Advisory services
- Trust and fiduciary services
- Investment management
- Insurance planning
- Financial planning
- Education planning

Revenue data LTM as of 9/30/2023.

# FRANCHISE FOOTPRINT

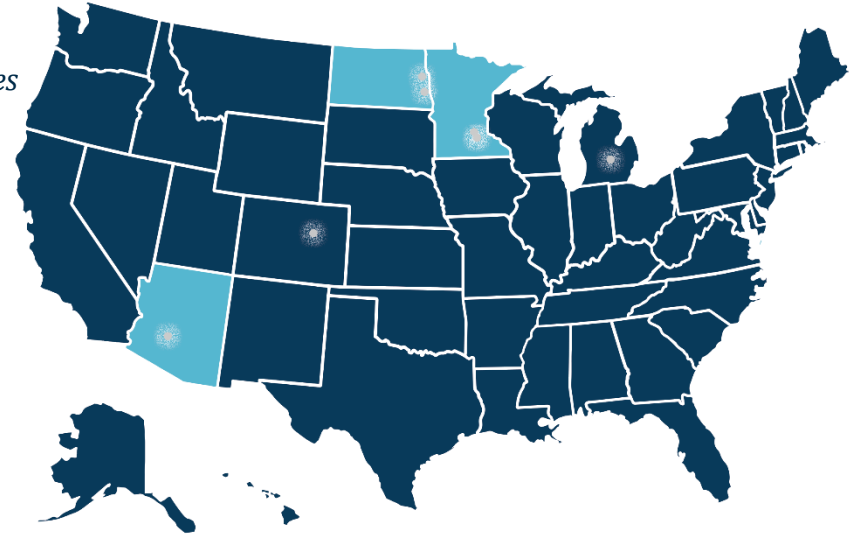
## FULL-SERVICE BANKING OFFICES

*Alerus offers banking, retirement and benefit services, mortgage and wealth management services at all full-service banking offices*

- **Grand Forks, ND:** 4 full-service banking offices
- **Fargo, ND:** 3 full-service banking offices
- **Twin Cities, MN:** 6 full-service banking offices
- **Phoenix, AZ:** 2 full-service banking offices

## RETIREMENT AND BENEFIT SERVICES OFFICES

- 1 office in Minnesota
- 1 office in Michigan
- 1 office in Colorado
- Serve clients in all 50 states through retirement plan services



## DIVERSIFIED CLIENT BASE

- 38,000 consumer clients
- 16,700 commercial clients
- 8,250 employer-sponsored retirement plans
- 468,000 employer-sponsored retirement plan participants / health savings account participants
- 38,500 flexible spending account / health reimbursement arrangement participants

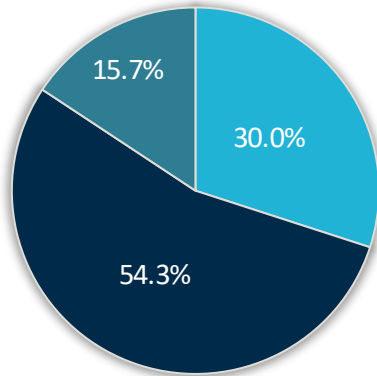
Data as of 9/30/2023.

# MARKET DISTRIBUTION

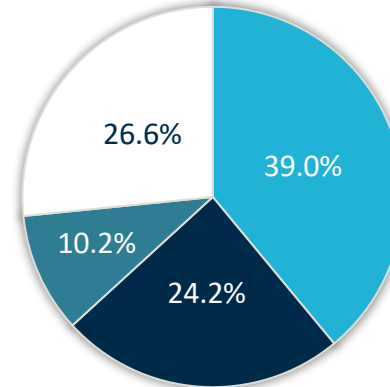
STRONG GROWTH MARKETS AND STABLE CORE FUNDING

(DOLLARS IN MILLIONS)

LOANS \$2,606



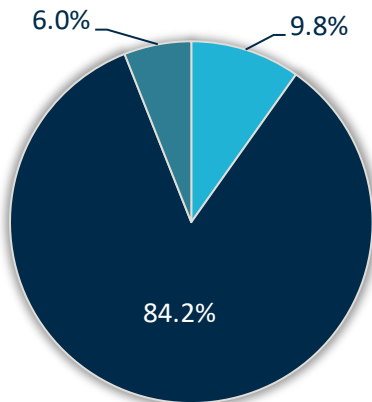
DEPOSITS \$2,872



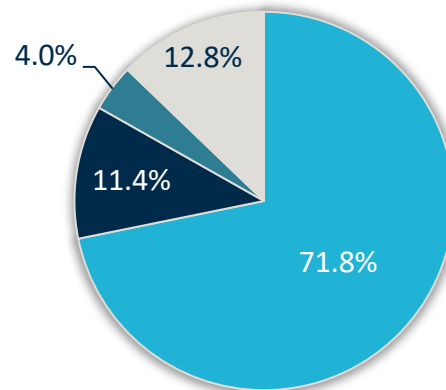
LEGEND

- North Dakota
- Minnesota
- Arizona
- National
- Synergistic

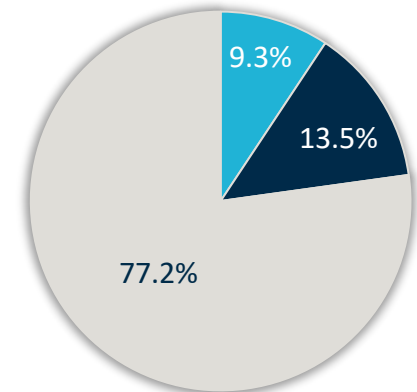
MORTGAGE ORIGINATIONS \$110



WM ASSETS UNDER ADMIN/MGMT. \$3,724



ARB ASSETS UNDER ADMIN/MGMT. \$34,553



Data as of 9/30/2023 QTD.

# ONE ALERUS

CULTURE + BUSINESS MODEL = SUSTAINED TOP TIER SHAREHOLDER RESULTS

## ONE ALERUS STRATEGY

Our collaborative One Alerus culture brings our product and service offerings to clients in a cohesive and seamless manner. We believe One Alerus enables us to achieve future organic growth through client acquisition, retention and expansion to provide strong returns to our stockholders and employees through our ESOP.

## TECHNOLOGY INVESTMENT

We have proactively invested in technology to further our goal to effectively integrate all departments and business lines.

These investments allow for digital and proactive engagement with clients.

## DIVERSIFIED SERVICES

We provide comprehensive products and services to clients including banking, mortgage, wealth management, and retirement and benefit services.

## SYNERGISTIC GROWTH

Deposits sourced from our retirement and benefit services and wealth management divisions totaled \$763.7 million as of September 30, 2023.

Cumulative rollovers have added \$1.2 billion of assets under management.

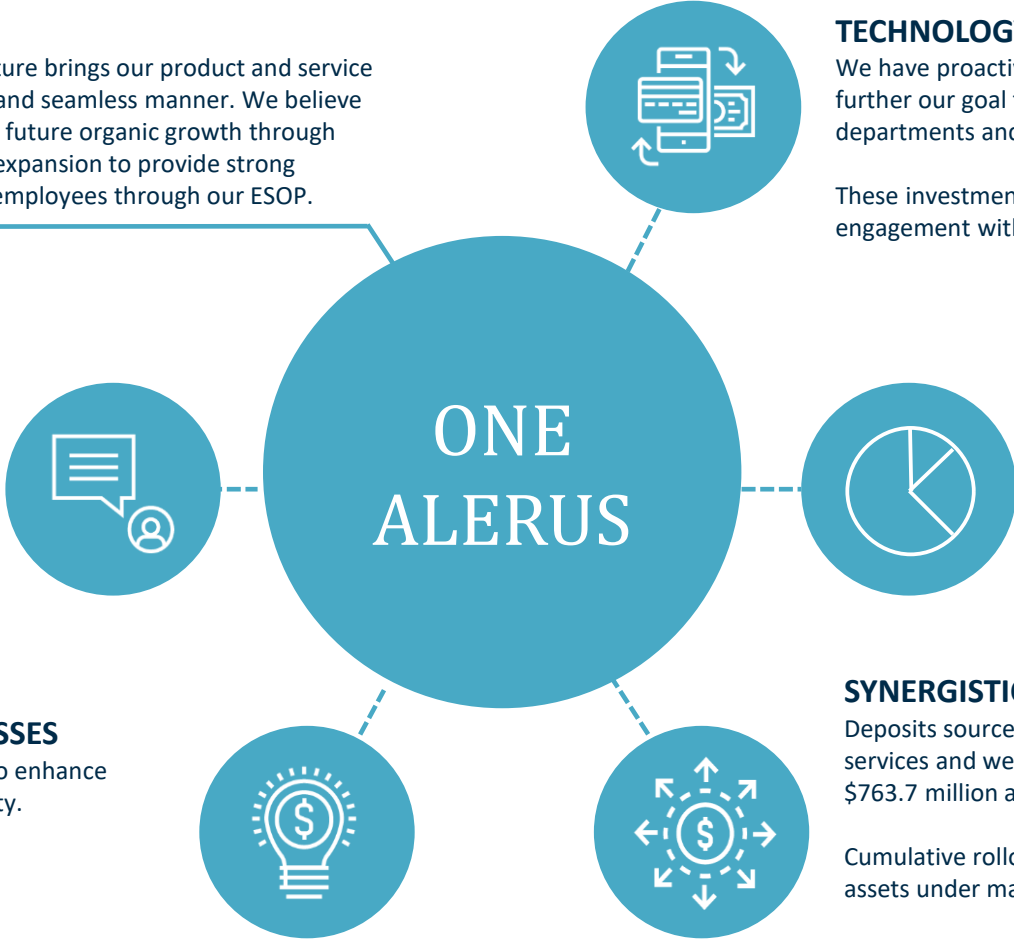
Residential real estate first mortgages totaled \$717.8 million as of September 30, 2023.

## TAILORED ADVICE

We strive to provide each client with a primary point of contact — a trusted advisor — who deals with individual needs and integrates other department's expertise when necessary.

## REINVENTION OF PROCESSES

We consistently seek new ways to enhance efficiencies and improve scalability.



Data as of 9/30/2023.

# STRATEGIC GROWTH

*To supplement our organic growth, we have executed 25 acquisitions throughout the history of our company across all business lines:*

**2000**

**REBRANDED TO ALERUS**

**2002**

Acquired a branch from BNC National Bank (Fargo, ND)

**2003**

Acquired Pension Solutions, Inc. (St. Paul, MN)  
*The catalyst to the Retirement Division*

**2006**

**OPENED A TRUST AND INVESTMENT OFFICE (TWIN CITIES)**

Acquired Stanton Trust Company (Minneapolis, MN)

**2007**

**EXPANDED TO MINNESOTA MARKET  
OPENED A BUSINESS BANKING OFFICE (MINNETONKA, MN)**

Acquired Acclaim Benefits, Inc. (Minneapolis, MN)  
Acquired Stanton Investment Advisors (Minneapolis, MN)

**2009**

**EXPANDED TO ARIZONA MARKET  
OPENED A BUSINESS BANKING OFFICE (SCOTTSDALE, AZ)**

Acquired retirement plan practice of Eide Bailly, LLP (Minneapolis, MN)  
Acquired Prosperan Bank (Twin Cities, MN)  
Acquired deposits from BankFirst (Minneapolis, MN)  
Acquired Residential Mortgage Group (Minnetonka, MN)

**2011**

Acquired selected loans and deposits (in MN) and a branch (in AZ) from BNC National Bank

**2012**

**EXPANDED TO MICHIGAN**

Acquired PensionTrend, Inc. and PensionTrend Investment Advisers, LLC (Okemos, MI)

**2013**

Acquired Tegrit Administrators, LLC

**2014**

Acquired Private Bank Minnesota (Minneapolis, MN)  
Acquired Retirement Alliance, Inc. (Manchester, NH)

**2015**

Acquired Interactive Retirement Systems, Ltd. (Bloomington, MN)

**2016**

Acquired Beacon Bank (Shorewood, Excelsior, Eden Prairie and Duluth, MN)  
Acquired Alliance Benefit Group North Central States, Inc. (Albert Lea and Eden Prairie, MN)

**2017**

**LAUNCHED ONE ALERUS STRATEGIC GROWTH PLAN**

**2019**

**COMPLETED INITIAL PUBLIC OFFERING (IPO)**

**2020**

**EXPANDED TO COLORADO**

Acquired Retirement Planning Services, Inc. (Littleton, CO)

**2022**

Acquired Metro Phoenix Bank (Phoenix, AZ)

# KEY STRATEGIC INITIATIVES

## GROWING THE ALERUS FRANCHISE

### ORGANIC GROWTH “ONE ALERUS”

- Collaborative leadership team focused on **growing organically** by deepening relationships with existing clients through our expansive services
- Diversified business model focused on bringing value to the client through advice and specialty solutions to help clients grow

### PURSUE TALENT ACQUISITION

- Recruiting **top talent** in mid-market C&I banking and specialty niches to **accelerate growth** in our existing markets or jumpstart our entrance into new markets
- Market disruption caused by M&A activity provides **lift-out opportunities**

### LEVERAGE OUR EXISTING CLIENT BASE

- Diversified client base consists of **38,000** consumer clients, **16,700** commercial clients and over **395,000** employer-sponsored retirement and benefit plan participants
- Harness **product synergies** unavailable to traditional banking organizations

### EXECUTE STRATEGIC ACQUISITIONS

- Capitalize on **strategic opportunities** to grow in our existing markets or new markets
- Acquisition targets include **banks and nationwide fee income** companies with **complementary** business models, cultural similarities, synergy and growth opportunities

### ENHANCE BRAND AWARENESS

- **Purpose driven** organization with a **recognizable mission** for clients, employees, and stakeholders
- Proactively position ourselves as an **acquirer and employer of choice**
- Invested in one of the **leading marketing automation technologies**

### STRENGTHEN AND BUILD INFRASTRUCTURE

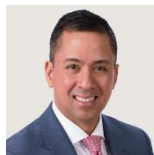
- Provide **secure and reliable** technology that meets evolving client expectations
- Integrate our full product and service offerings through our **fast-follower** strategy

# OFFICERS AND DIRECTORS

## EXECUTIVE MANAGEMENT



**KATIE LORENSON**  
Director, President and  
Chief Executive Officer  
*6 years with Alerus*



**AL VILLALON**  
Executive Vice President and  
Chief Financial Officer  
*Joined Alerus in 2022*



**JIM COLLINS**  
Executive Vice President and  
Chief Banking and Revenue Officer  
*Joined Alerus in 2022*



**KARIN TAYLOR**  
Executive Vice President and  
Chief Risk Officer  
*5 years with Alerus*



**MISSY KENEY**  
Executive Vice President and  
Chief Engagement Officer  
*18 years with Alerus*



**JON HENDRY**  
Executive Vice President and  
Chief Technology Officer  
*39 years with Alerus*

## BOARD OF DIRECTORS



**DAN COUGHLIN**  
*Since 2016*  
Chairman, Alerus Financial Corp.  
Former MD & Co-Head – Fin'l  
Services Inv. Banking, Raymond  
James; Former Chairman  
& CEO, Howe Barnes Hoefler &  
Arnett



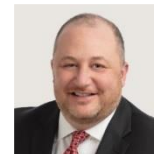
**RANDY NEWMAN**  
*Since 1987*  
Former President and CEO, Alerus



**KEVIN LEMKE**  
*Since 1994*  
President  
Virtual Systems, Inc.



**GALEN VETTER**  
*Since 2013*  
Former Global CFO, Franklin Templeton  
Investments; FOM Partner-in-Charge,  
Upper Midwest Region, RSM



**MICHAEL MATHEWS**  
*Since 2019*  
Former CIO, Deluxe Corporation  
Former SVP – Technology and Enterprise  
Programs, UnitedHealth Group



**JANET ESTEP**  
*Since 2021*  
Former President and CEO, Nacha  
Former EVP, US Bank Transaction Division  
Former VP, Pace Analytical Services



**MARY ZIMMER**  
*Since 2021*  
Former Director of Diverse Client Segments  
and Former Northern Regional President,  
Wells Fargo Advisors  
Former Head of Intl. Wealth USA, Royal Bank  
of Canada U.S. Wealth Mgmt.

# THIRD QUARTER HIGHLIGHTS



# Q3 2023 HIGHLIGHTS

SUCCESS IS NEVER FINAL

## EARNINGS

- Noninterest income represented 58.2% of total revenue compared to 53.7% for the prior quarter
- Yield on earning assets increased 11 bps from 4.55% in the second quarter to 4.66% in the third quarter of 2023
- Noninterest income increased \$2.6, million or 10.2%, from the prior quarter
  - Includes a \$2.8 million impact related to the sale of the ESOP trustee business. Excluding the ESOP trustee business, noninterest income was up \$0.4 million, or 1.6%, from the prior quarter
- Noninterest expense down 12.9% from the third quarter of 2022

## BALANCE SHEET & ASSET QUALITY

- Total deposits were stable at \$2.9 billion compared to June 30, 2023, and December 31, 2022
- Noninterest-bearing deposits remained constant at 25% of total deposits from the second quarter to the third quarter of 2023
- Loan to deposit ratio as of September 30, 2023 was 90.7%, compared to 83.8% as of December 31, 2022, with no brokered deposits utilized
- Net recoveries to average loans of 0.09%, compared to net recoveries to average loans of 0.07% for the second quarter of 2023
- Allowance for credit losses to total loans was 1.39% compared to 1.27% as of December 31, 2022

## CAPITAL STRENGTH

- Returned \$5.0 million to shareholders through dividends and share repurchases during the quarter
- Repurchased \$1.2 million of outstanding stock in the quarter at an average purchase price of \$17.98 which reduced outstanding common shares by 68,428 at quarter end
- Common equity tier 1 capital to risk weighted assets as of September 30, 2023 was 13.01%, compared to 13.39% as of December 31, 2022

# Q3 2023 FINANCIAL HIGHLIGHTS

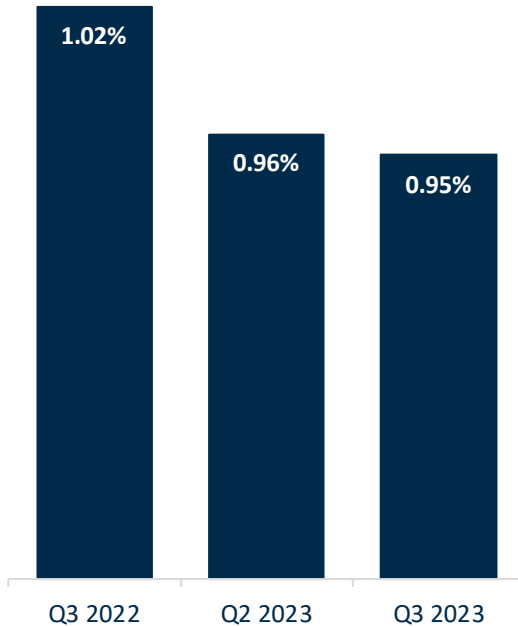
## INCOME STATEMENT

	Three months ended			Nine months ended	
	September 30, 2023	June 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
<i>(dollars and shares in thousands, except per share data)</i>					
Net Interest Income	\$ 20,395	\$ 22,234	\$ 28,316	\$ 66,287	\$ 72,765
Provision for Credit Losses	—	—	—	550	—
Net Interest Income After Provision for Credit Losses	20,395	22,234	28,316	65,737	72,765
Noninterest Income	28,407	25,778	27,010	79,439	85,706
Noninterest Expense	37,260	36,373	42,767	111,503	120,822
Income Before Income Taxes	11,542	11,639	12,559	33,673	37,649
Income Tax Expense	2,381	2,535	2,940	7,222	8,553
<b>Net Income</b>	<b>\$ 9,161</b>	<b>\$ 9,104</b>	<b>\$ 9,619</b>	<b>\$ 26,451</b>	<b>\$ 29,096</b>
<b>Per Common Share Data</b>					
Earnings Per Common Share - Diluted	\$ 0.45	\$ 0.45	\$ 0.47	\$ 1.30	\$ 1.56
Diluted Average Common Shares Outstanding	20,095	20,241	20,230	20,193	18,431
<b>Performance Ratios</b>					
Return on Average Total Assets	0.95 %	0.96 %	1.02 %	0.93 %	1.13 %
Return on Average Tangible Common Equity <sup>(1)</sup>	13.51 %	13.71 %	13.89 %	13.27 %	14.59 %
Noninterest Income as a % of Revenue	58.21 %	53.69 %	48.82 %	54.51 %	54.08 %
Net Interest Margin (Tax-Equivalent)	2.27 %	2.52 %	3.21 %	2.50 %	3.02 %
Efficiency Ratio <sup>(1)</sup>	73.37 %	72.79 %	74.76 %	73.57 %	73.94 %

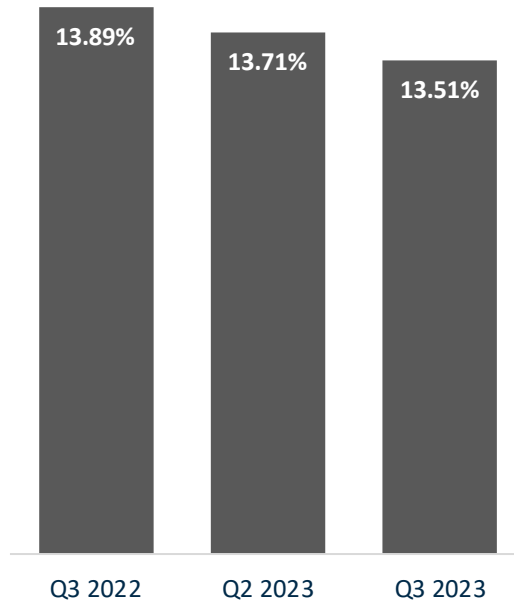
1 – Represents a non-GAAP Financial measure. See “Non-GAAP Disclosure Reconciliation.”

# PERFORMANCE RATIOS

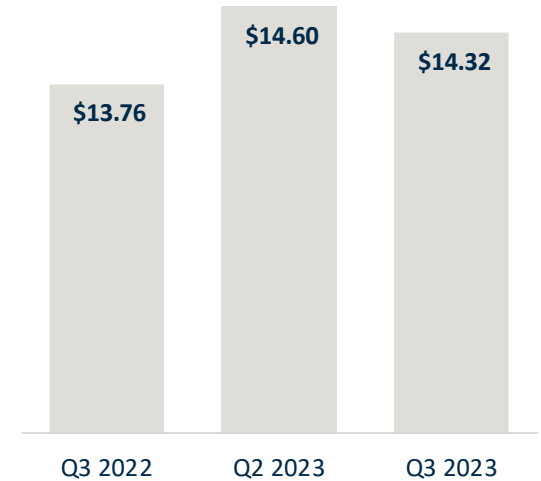
Return on Average Assets<sup>(2)</sup>



Return on Average Tangible  
Common Equity<sup>(1)/(2)</sup>



Tangible Book Value per Share<sup>(1)</sup>



1 – Represents a non-GAAP Financial measure. See “Non-GAAP Disclosure Reconciliation.”

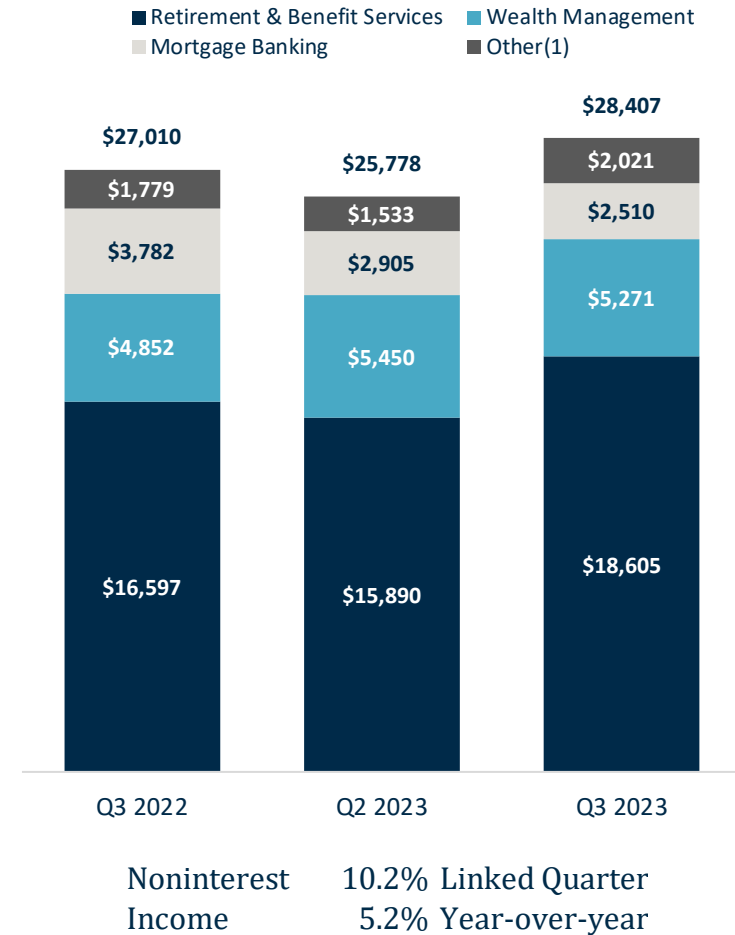
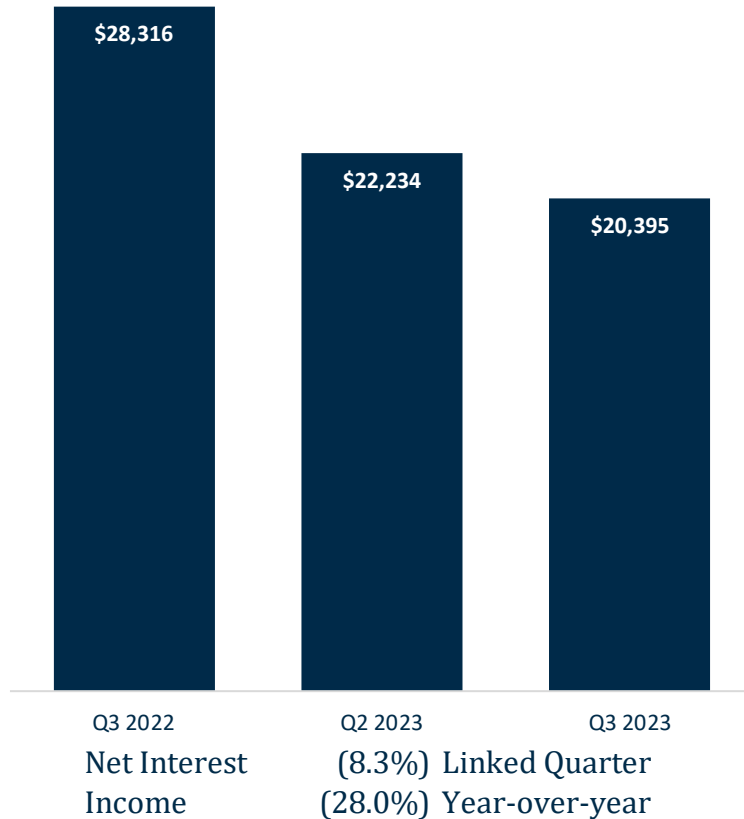
2 – Rates have been annualized

# KEY REVENUE ITEMS

DOLLARS IN THOUSANDS

## Net Interest Income

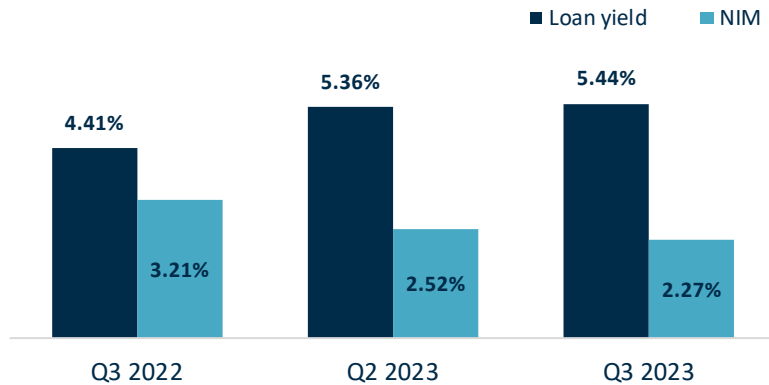
## Noninterest Income



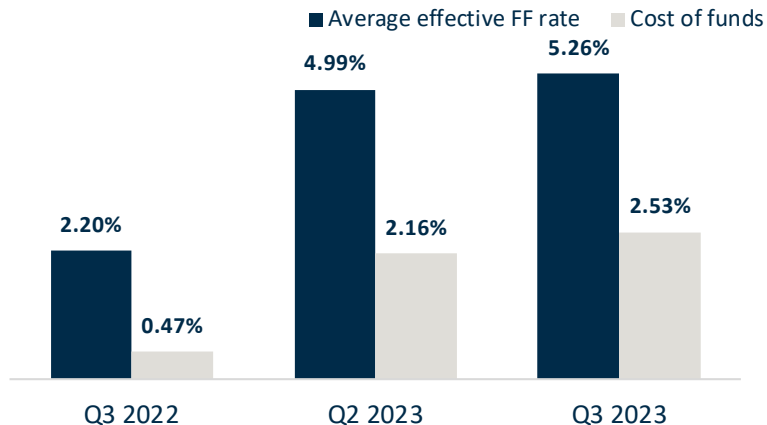
1 – Other noninterest income consists of service charges on deposit accounts, interchange income and other noninterest income.

# NET INTEREST INCOME

## LOAN YIELD AND NET INTEREST MARGIN (NIM)<sup>(1)</sup>



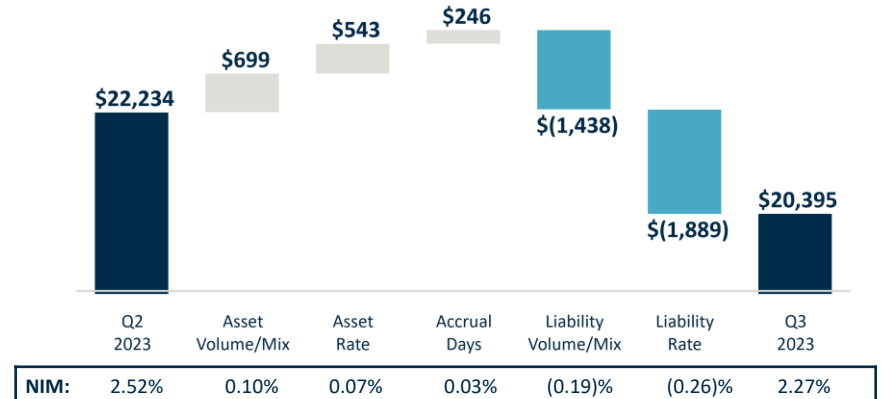
## AVERAGE EFFECTIVE FF RATE AND COST OF FUNDS<sup>(1)</sup>



1 – Rates have been annualized for interim periods. Source: Federal Reserve.

## NET INTEREST INCOME (NII)

(\$ in Thousands)



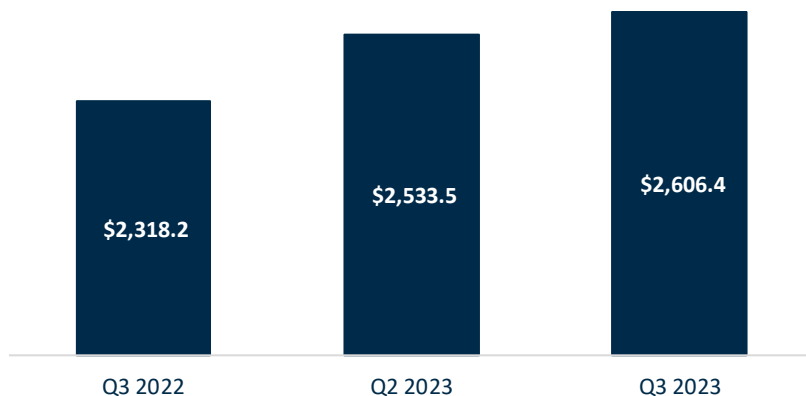
## QUARTERLY HIGHLIGHTS

- While NII decreased in the quarter, interest income increased \$1.7 million, or 4.2%, from Q2 2023 driven by higher loan volume and higher yields along with one extra day in the quarter
- Interest income was offset by a \$3.5 million increase in interest expense over the prior quarter primarily due to a 34 bps rate increase on interest-bearing deposits and increased short term borrowings
- The beta on interest-bearing deposits from the beginning of the current tightening cycle was 49% as of Q3 2023

# DIVERSIFIED LOAN PORTFOLIO

## TOTAL LOANS

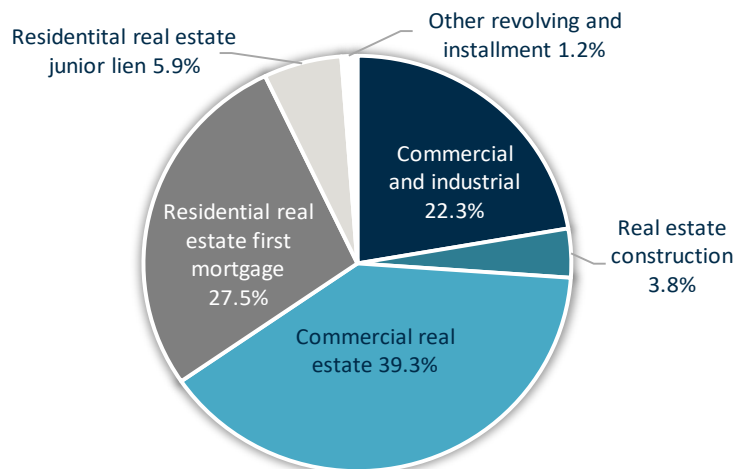
(\$ in Millions)



## HIGHLIGHTS

- Total loans grew 6.6% from December 31, 2022
- Year to date loan growth was primarily driven by an increase in commercial real estate and residential real estate loans, offset by a decrease in other consumer revolving and installment loans.
- Total loan yield in the current quarter increased to 5.44% from 5.36% in the prior quarter

## DIVERSIFIED LOAN PORTFOLIO



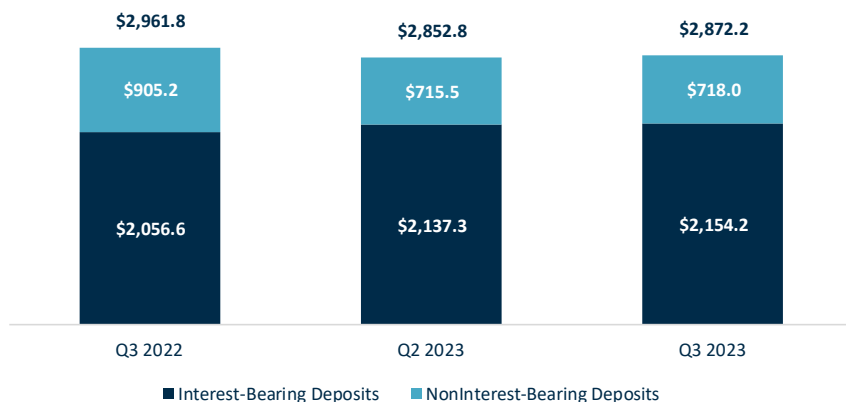
## PORTFOLIO CHANGES

(\$ in Thousands)	As of 9/30/2022	As of 6/30/2023	As of 9/30/2023	Change QoQ	Change YoY
Commercial and industrial	\$ 564,655	551,860	\$ 582,387	5.5%	3.1%
Real estate construction	89,215	78,428	97,742	24.6%	9.6%
Commercial real estate	819,068	1,003,821	1,025,014	2.1%	25.1%
Residential real estate first mortgage	649,818	707,630	717,793	1.4%	10.5%
Residential real estate junior lien	143,681	157,231	152,677	-2.9%	6.3%
Other revolving and installment	51,794	34,552	30,817	-10.8%	-40.5%
<b>Total</b>	<b>2,318,231</b>	<b>2,533,522</b>	<b>2,606,430</b>	<b>2.9%</b>	<b>12.4%</b>
Loans to deposits ratio	78.3%	88.8%	90.7%		

# STRONG CORE FUNDING MIX

## TOTAL DEPOSITS

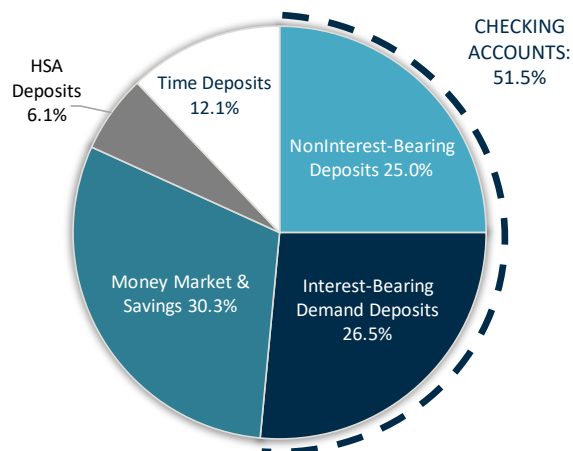
(\$ in Millions)



## HIGHLIGHTS

- Total deposits increased \$19.3 million in the third quarter compared to June 30, 2023
- Noninterest-bearing deposits increased 0.3% compared to June 30, 2023
- Time deposits increased 14.1% in the current quarter as higher short-term CD rates attracted both existing non-maturity deposits as well as new deposits to the Company

## SEPTEMBER 30, 2023 DEPOSIT FUNDING (\$2,872 MILLION)



## PORTFOLIO CHANGES

(\$ in Thousands)	As of 9/30/2022	As of 6/30/2023	As of 9/30/2023	Change QoQ	Change YoY
Noninterest-bearing	905,228	715,534	717,990	0.3%	-20.7%
Interest-bearing demand	653,216	753,194	759,812	0.9%	16.3%
Money market and savings	1,018,289	906,460	871,720	-3.8%	-14.4%
Time deposits	222,027	304,167	346,935	14.1%	56.3%
HSA deposits	163,052	173,500	175,727	1.3%	7.8%
<b>Total</b>	<b>2,961,811</b>	<b>2,852,855</b>	<b>2,872,184</b>	<b>0.7%</b>	<b>-3.0%</b>

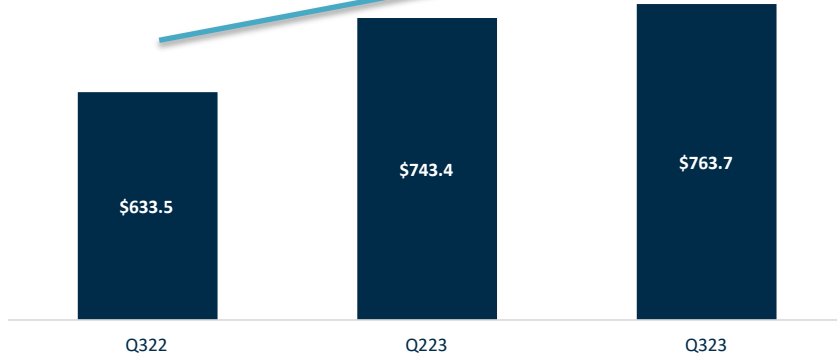
# DEPOSIT CHARACTERISTICS

STRONG LIQUIDITY WELL IN EXCESS OF UNINSURED BALANCES

## SYNERGISTIC DEPOSIT GROWTH <sup>(1)</sup>

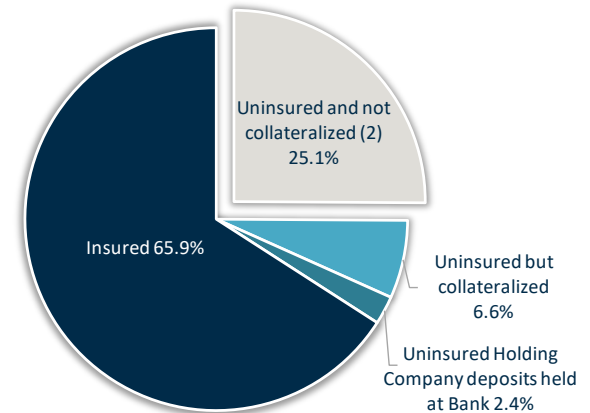
(\$ in Millions)

21% YoY growth



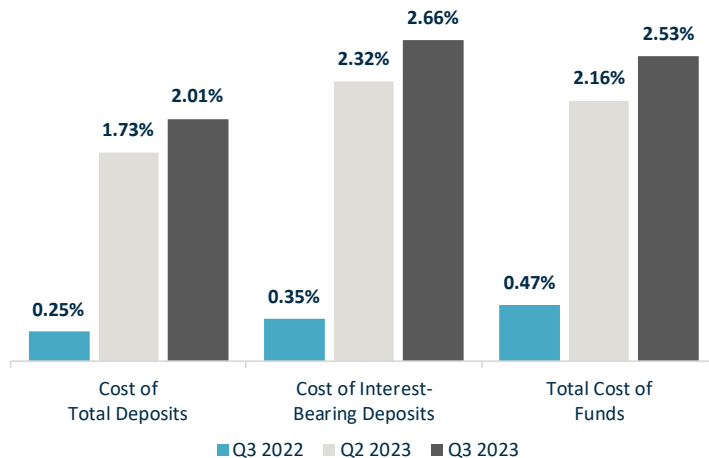
1 – Synergistic deposits are sourced from our retirement and benefit services and wealth management divisions

## UNINSURED VS INSURED

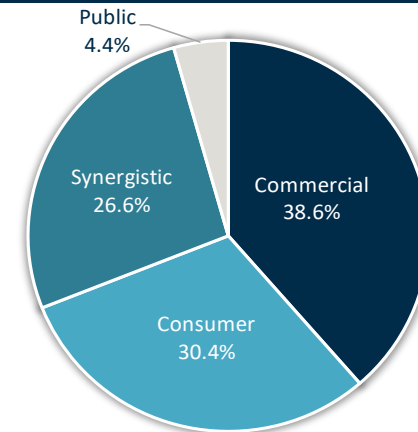


2 – Uninsured and not collateralized deposits represent those customer deposit balances over the current FDIC insurance limit of \$250,000 that are not collateralized by other means such as pledged loans or pledged securities

## COST OF FUNDS INCREASING WITH SHORT-TERM RATES



## SEPTEMBER 30, 2023 DEPOSIT COMPOSITION

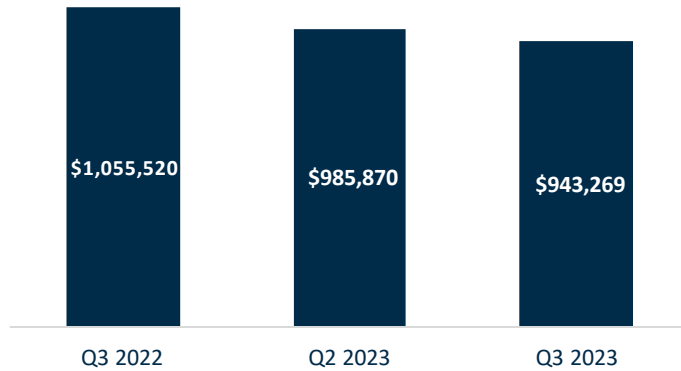


As of September 30, 2023, our loan to deposit ratio was 90.7% with no brokered deposits utilized

# INVESTMENT PORTFOLIO

## INVESTMENT PORTFOLIO

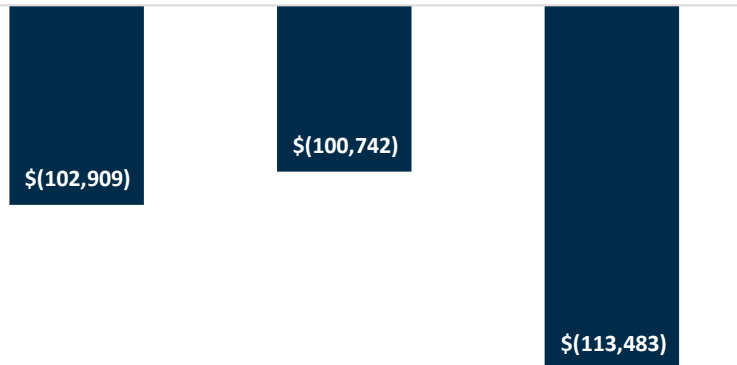
(\$ in Thousands)



<b>Yield on Securities:</b>	2.2%	2.5%	2.6%
<b>% of Earning Assets:</b>	30.0%	27.7%	26.3%

## AOCI

(\$ in Thousands)

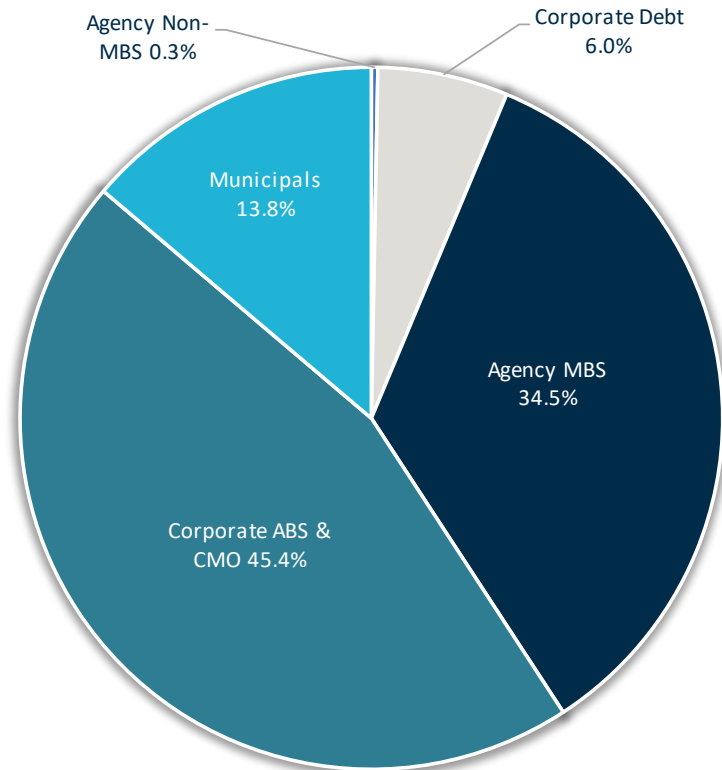


Q3 2022

Q2 2023

Q3 2023

## MIX



<b>Held-to-Maturity:</b>	32.2%	<b>Available-for-Sale:</b>	67.8%
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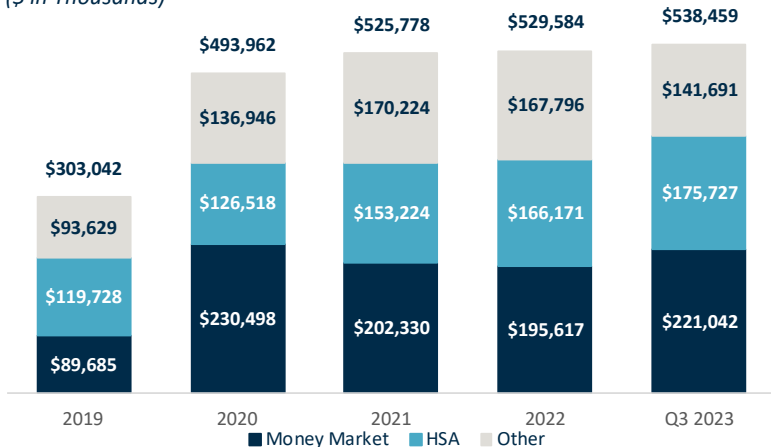
# RETIREMENT AND BENEFIT SERVICES

## OVERVIEW – 8,250 PLANS – NATIONAL FOOTPRINT

- **RETIREMENT** - Provide recordkeeping and administration services to qualified retirement plans
- **TRUST CUSTODY & ADVISORY SERVICES** - Provide investment fiduciary services to retirement plans
- **HEALTH AND BENEFITS** - Provide HSA, FSA, COBRA recordkeeping and administration services to employers
- **REVENUE MIX** - 35% market sensitive
- **ONE ALERUS SYNERGIES**
  - IRA rollovers \$100.6 million YTD 9/30/2023
  - Deposits \$538 million - HSA deposits, 401(k) Money Market Funds, Emergency Savings, Terminated Participants
  - Commercial Banking client expansion

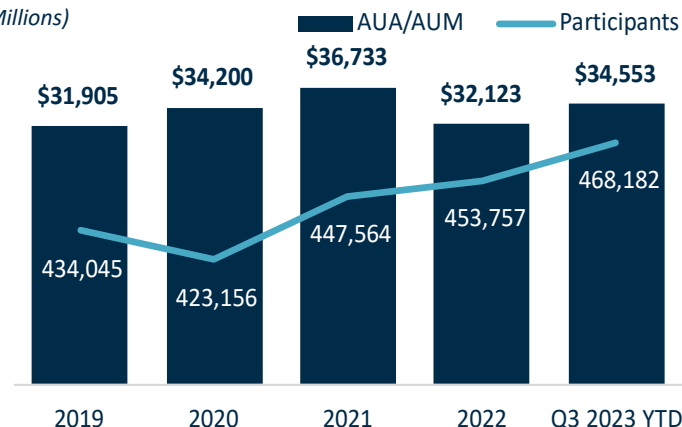
## STABLE SYNERGISTIC DEPOSITS

(\$ in Thousands)



## ASSETS UNDER ADMINISTRATION/MANAGEMENT

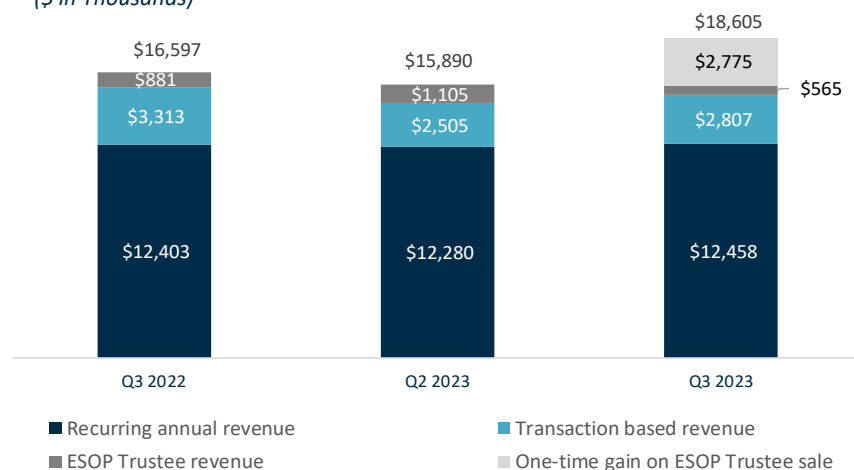
(\$ in Millions)



Revenue:	2019	2020	2021	2022	Q3 2023 YTD
	\$63,811	\$60,956	\$71,709	\$67,135	\$49,977

## REVENUE MIX

(\$ in Thousands)



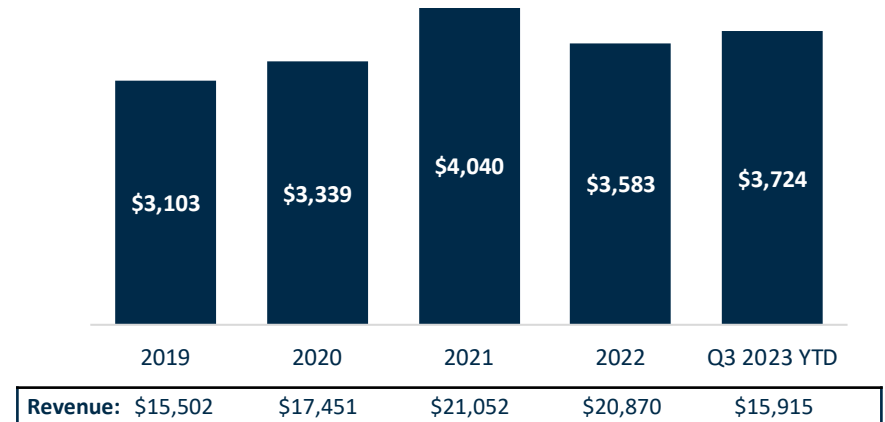
# WEALTH MANAGEMENT SERVICES

## OVERVIEW OF SERVICES

- **ADVISORY AND PLANNING SERVICES**
  - Advisory Services, Insurance Planning, Financial Planning, Education Planning
- **INVESTMENT MANAGEMENT**
  - Personalized SMA strategies, Tax Management and Global Perspective
- **TRUST AND FIDUCIARY SERVICES**
  - IRA, Agency and Personal Trust
- **ONE ALERUS SYNERGIES**
  - IRA rollovers
  - 401(k) managed accounts
  - Synergistic deposits totaled \$225.3 million at Q3 2023

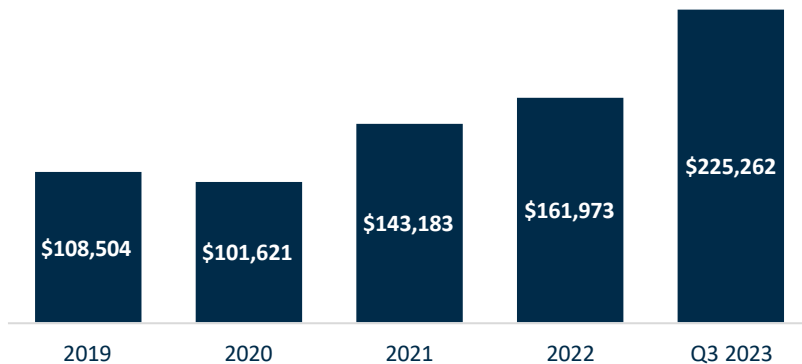
## ASSETS UNDER ADMINISTRATION/MANAGEMENT

(\$ in Millions)



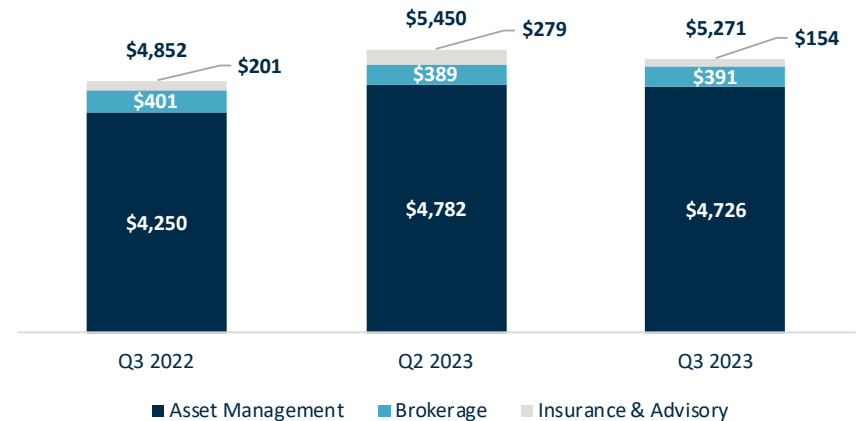
## SYNERGISTIC DEPOSITS

(\$ in Thousands)



## REVENUE MIX

(\$ in Thousands)



# MORTGAGE BANKING

## OVERVIEW OF SERVICES

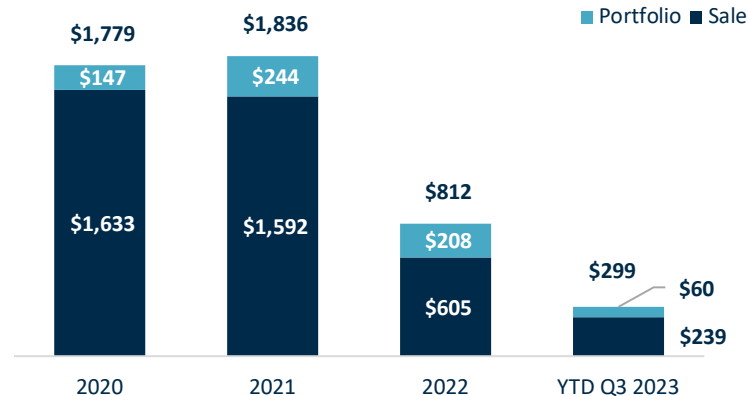
- 1st and 2nd mortgage product offerings through centralized mortgage operations in Minneapolis, Minnesota
- 86% year-to-date originations sourced from the Twin Cities MSA
- Enhanced technology with 90% of applications through digital channel

## QUARTERLY RESULTS

(\$ in Thousands)	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Origination and Sale	\$ 5,028	\$ 3,145	\$ 1,463	\$ 2,432	\$ 2,917
Fair Value Changes	(1,246)	(974)	254	473	(407)
<b>Total</b>	<b>\$ 3,782</b>	<b>\$ 2,171</b>	<b>\$ 1,717</b>	<b>\$ 2,905</b>	<b>\$ 2,510</b>
Gain on Sale Margin	2.6%	3.0%	3.0%	2.8%	3.0%

## YEARLY MORTGAGE ORIGINATIONS

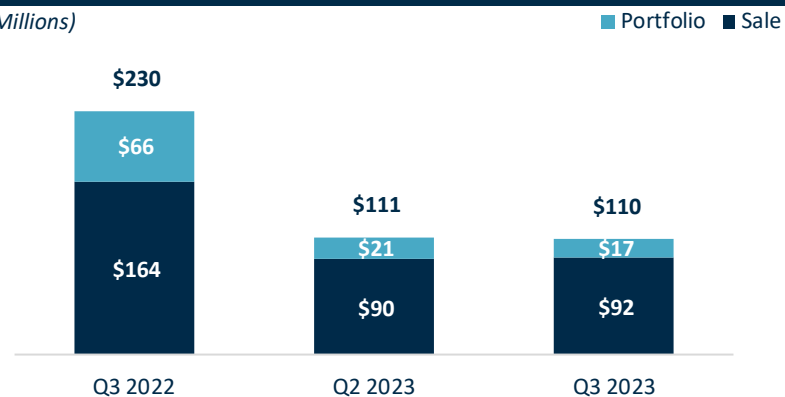
(\$ in Millions)



<b>Purchase:</b>	45.2%	51.2%	88.3%	97.2%
<b>Refinance:</b>	54.8%	48.8%	11.7%	2.8%

## QUARTERLY ORIGINATIONS

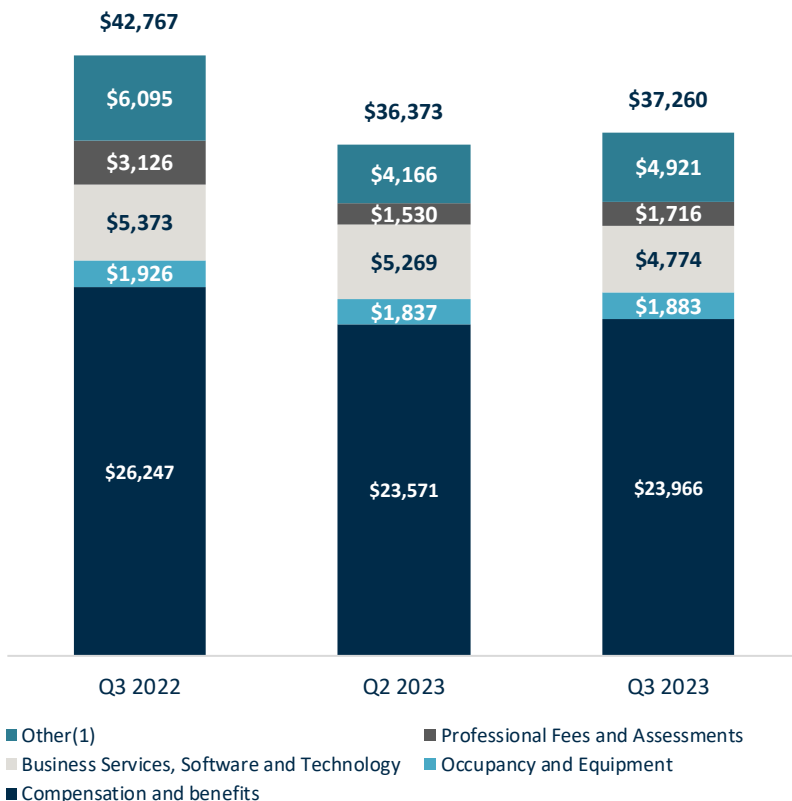
(\$ in Millions)



<b>Purchase:</b>	94.0%	98.2%	97.7%
<b>Refinance:</b>	6.0%	1.8%	2.3%

# NONINTEREST EXPENSE

(\$ in Thousands)



Noninterest Expense 2.4% Linked quarter  
(12.9)% Year-over-year

## QUARTERLY HIGHLIGHTS

- Noninterest expense increased \$0.9 million or 2.4% over the last quarter
- Increase was primarily driven by a \$0.8 million increase in other expenses, a \$0.4 million increase in compensation and benefits, partially offset by a \$0.5 million decrease in business services, software and technology costs

## YEAR OVER YEAR HIGHLIGHTS

- Noninterest expense decreased \$5.5 million or 12.9% compared to the third quarter of 2022
- Professional fees and assessments decreased due to one-time expenses associated with the acquisition Metro Phoenix Bank in the third quarter of 2022
- Improvement in compensation costs and lower group insurance claims were a result of reduced FTE from 824 as of September 30, 2022 to 752 as of September 30, 2023, which represents a 9% reduction

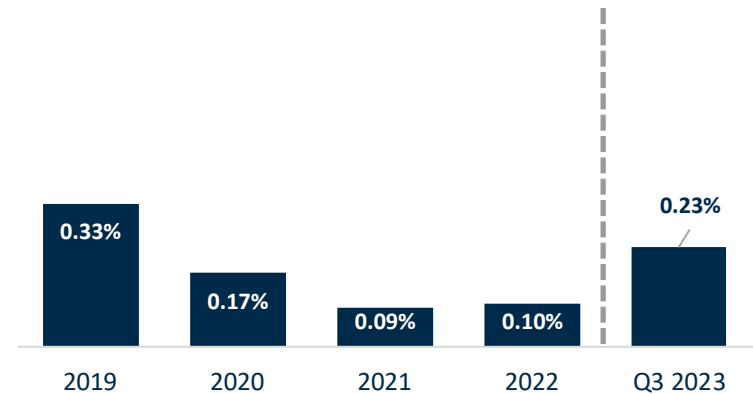
1 – Other noninterest expense consists of intangible amortization, marketing and business development, supplies and postage, travel, mortgage and lending, and other noninterest expense.

# ASSET QUALITY AND RESERVE LEVELS

## OVERVIEW

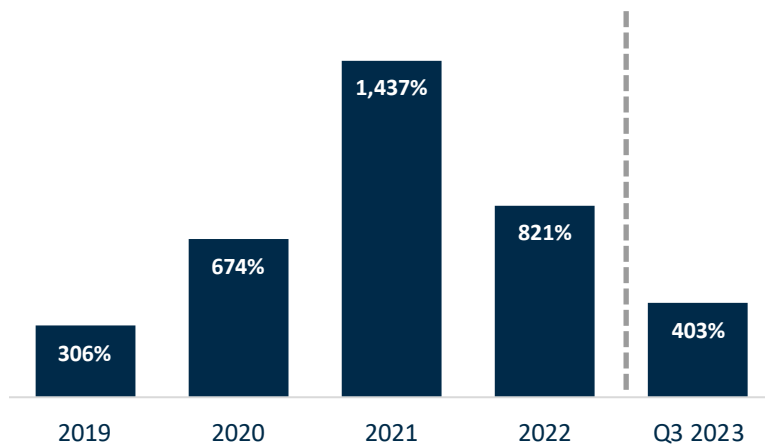
- Non-performing loans remain at low levels
- Reserve levels remain strong despite quarter over quarter increase in non-performing loans
- Strong credit quality continues to be evidenced by a second straight quarter of net recoveries

## NPA / ASSETS (%)

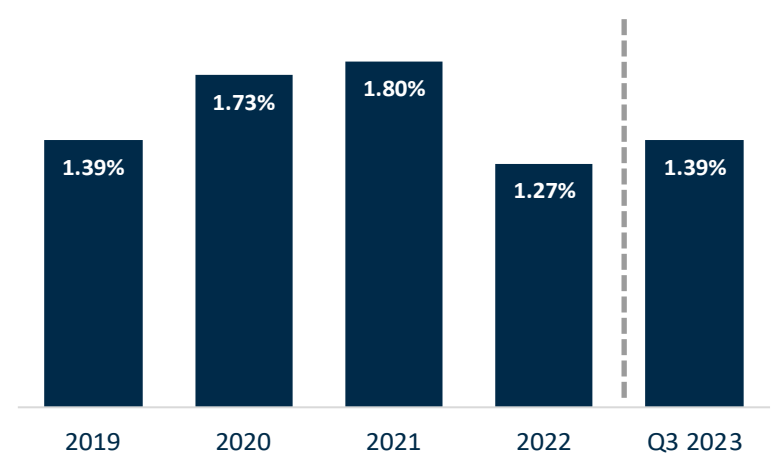


	2019	2020	2021	2022	Q3 2023
NCO/ Avg Loans	0.33%	0.03%	(0.04)%	0.02%	(0.09)%

## RESERVES / NPL (%)

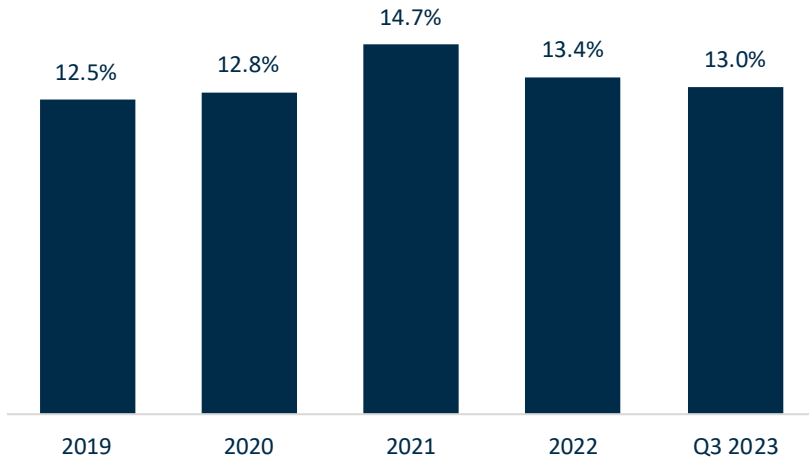


## RESERVES / LOANS (%)

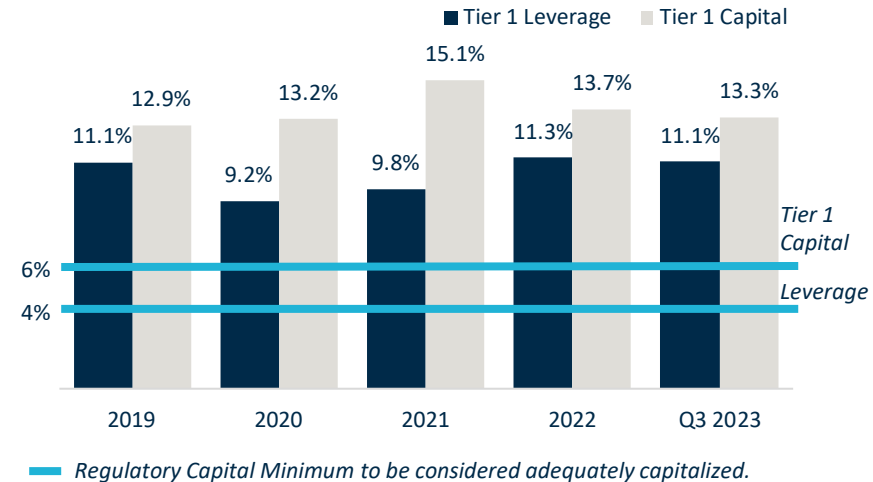


# STRONG CAPITAL AND SOURCES OF LIQUIDITY

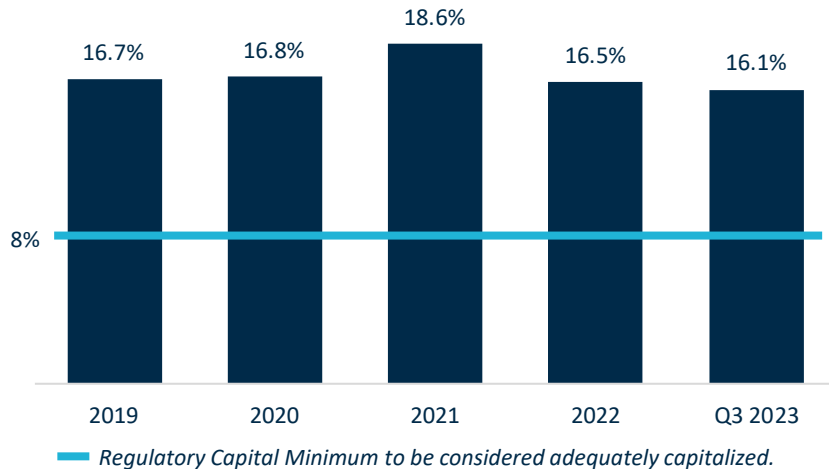
## COMMON EQUITY TIER 1



## TIER 1 CAPITAL/TIER 1 LEVERAGE RATIOS



## TOTAL RISK BASED CAPITAL



## SOURCES OF LIQUIDITY

(\$ in thousands)

Total Assets	\$ 3,869,138
Cash and cash equivalents	64,724
Unencumbered Securities (at Market Value)	551,562
<b>Total On Balance Sheet Liquidity</b>	<b>616,286</b>
FHLB Borrowing Capacity	477,080
Fed Funds Lines	107,000
Brokered CD Capacity	773,828
<b>Total Off Balance Sheet Liquidity</b>	<b>1,357,908</b>
<b>Total Liquidity as of 9/30/2023</b>	<b>\$ 1,974,194</b>

# KEY TAKEAWAYS

ALERUS CONTINUES TO DELIVER QUALITY RESULTS WHILE BEING  
WELL POSITIONED FOR WHAT IS TO COME

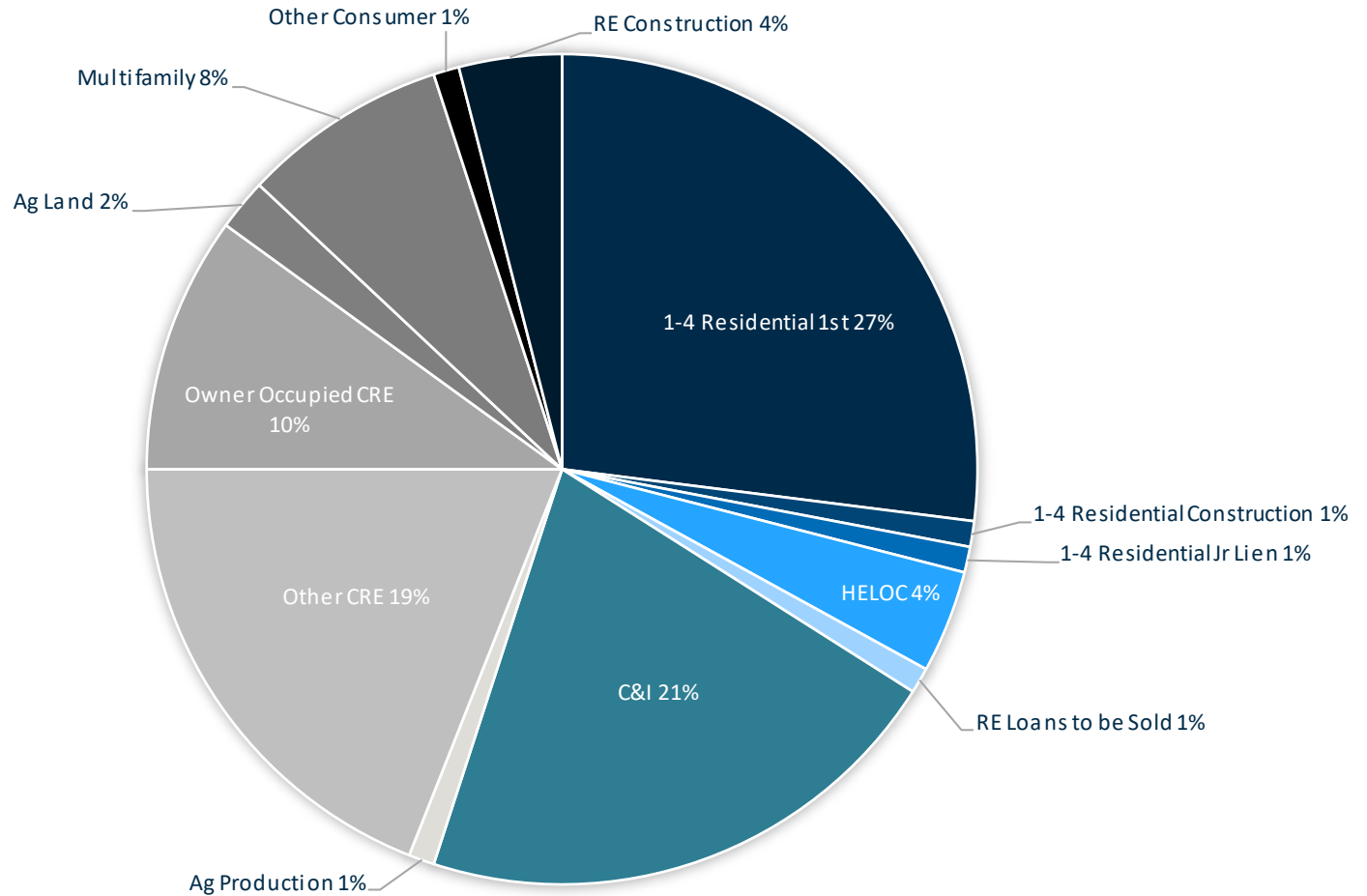
- Returned \$5.0 million to shareholders through dividends and share repurchases during the quarter
- Capital levels are strong with tangible common equity to tangible assets of 7.47% and regulatory CET 1 ratio of 13.0% at quarter end
- Noninterest income of 58.2% of total revenues for the quarter highlights a durable and differentiated business model equipped to supplement and complement periods of NIM compression
- Credit quality remains robust as nonperforming assets are 0.23% of total assets and the quarter had net recoveries of 0.09%
- Allowance for credit losses to total loans remains healthy at 1.39% as of September 30, 2023
- Yield on earning assets increased 11 bps from the prior quarter to 4.66%

# APPENDIX



# WELL DIVERSIFIED LOAN PORTFOLIO

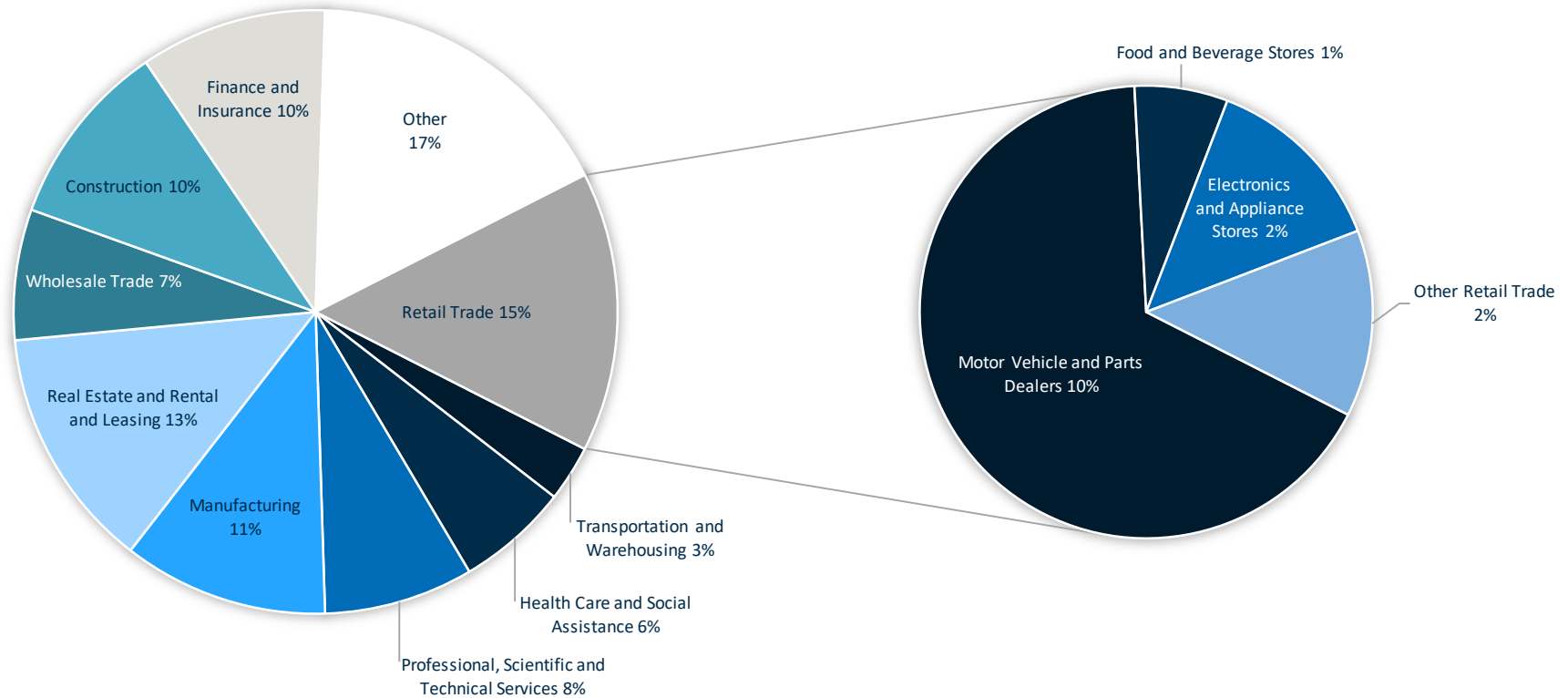
## BY OUTSTANDING BALANCES



Data as of 9/30/2023.

# SUMMARY BY INDUSTRY TYPE

## TOTAL COMMITMENT COMMERCIAL & INDUSTRIAL<sup>1</sup>



<sup>1</sup> – Commercial and industrial loans includes C & I, loans to public entities, and other loans. It excludes ag production loans.

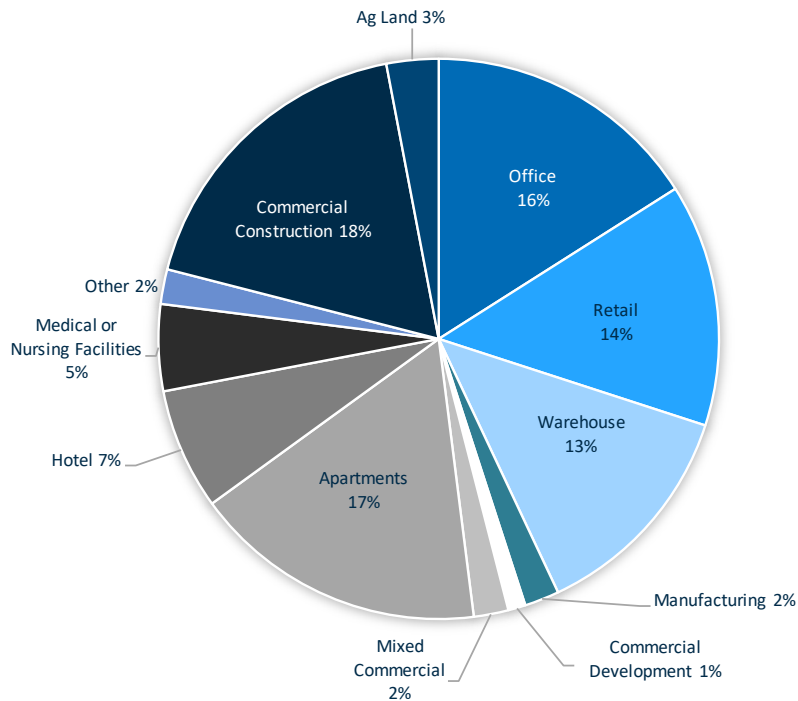
“Other” includes to the following industries (1) Nonclassifiable establishments, (2) Management of Companies and Enterprises, (3) Administrative and Support and Waste Management and Remediation Services, (4) Accommodation and Food Services, (5) Educational Services, (6) Other Services (except Public Administration), (7) Information, (8) Arts, Entertainment, and Recreation, (9) Agriculture Forestry, Fishing, and Hunting, (10) Public Administration), (11) Mining Quarrying, and Oil and Gas Extraction, and (12) Utilities.

“Other Retail Trade” includes the following sub-industries within Retail Trade: (1) Miscellaneous Store Retailers, (2) Furniture and Home Furnishings Stores, (3) Sporting Goods, Hobby, Musical Instrument, and Book Stores, (4) Clothing and Clothing Accessories Stores, and (5) General Merchandise Stores.

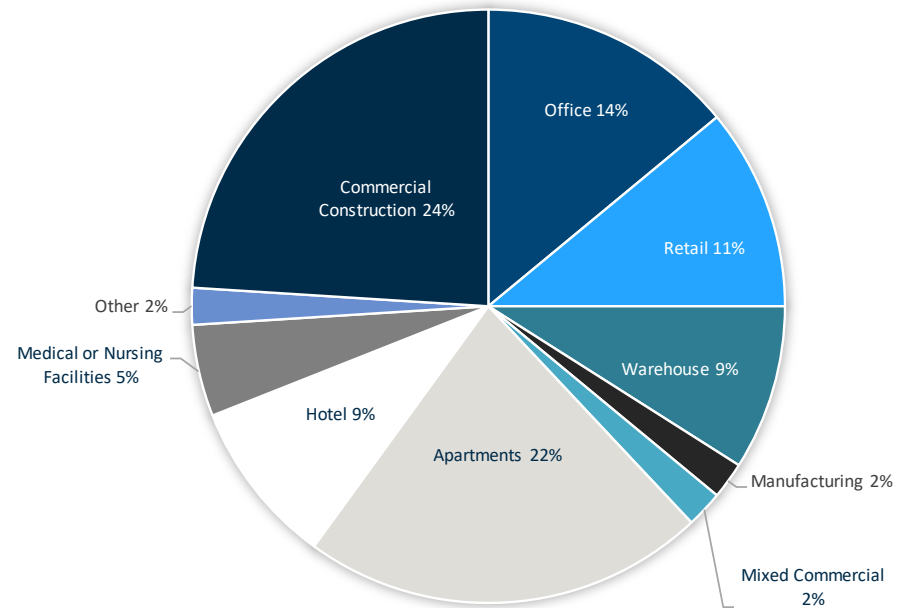
Data as of 9/30/2023.

# LOANS SECURED BY REAL ESTATE

## TOTAL COMMITMENT COMMERCIAL REAL ESTATE<sup>1</sup>



## TOTAL COMMITMENT INVESTOR REAL ESTATE<sup>2</sup>



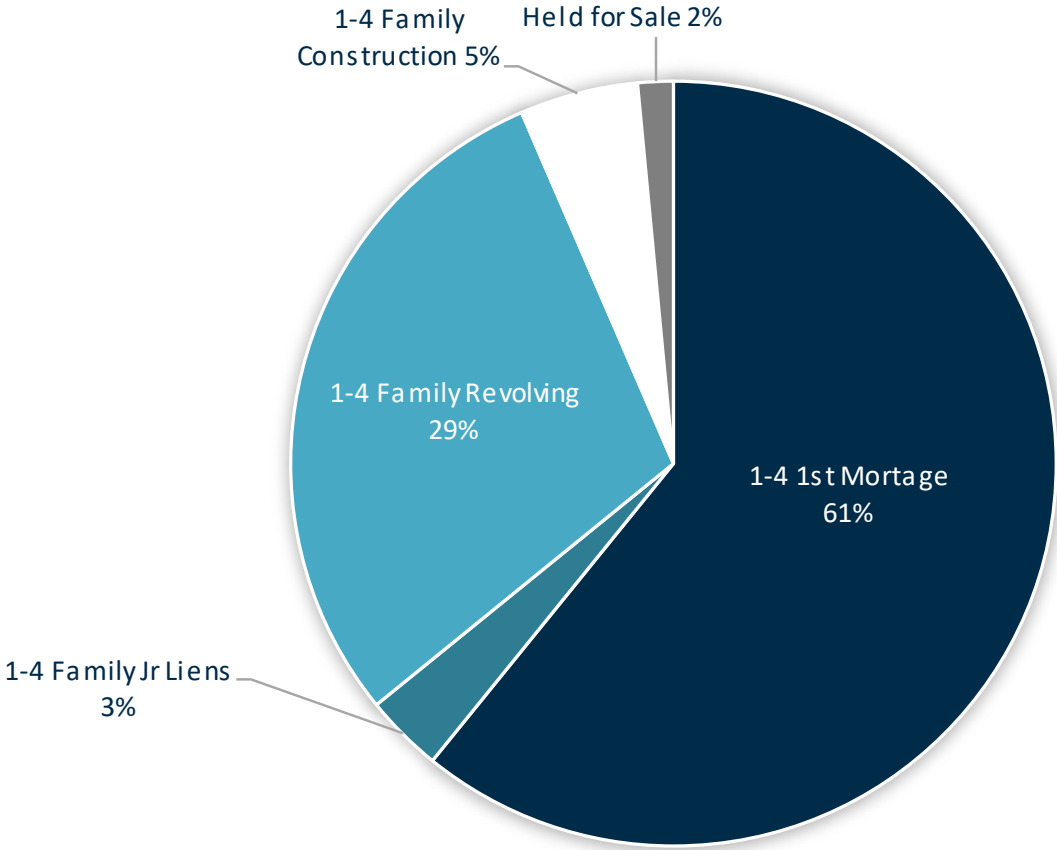
1 – Total commitment commercial real estate loans include multifamily loans, ag land, other CRE, owner occupied CRE, real estate construction and ag production.

2 – Total commitment investor real estate loans include multifamily loans, other CRE and real estate construction loans.

Data as of 9/30/2023.

# LOANS SECURED BY REAL ESTATE

## TOTAL COMMITMENT RESIDENTIAL REAL ESTATE

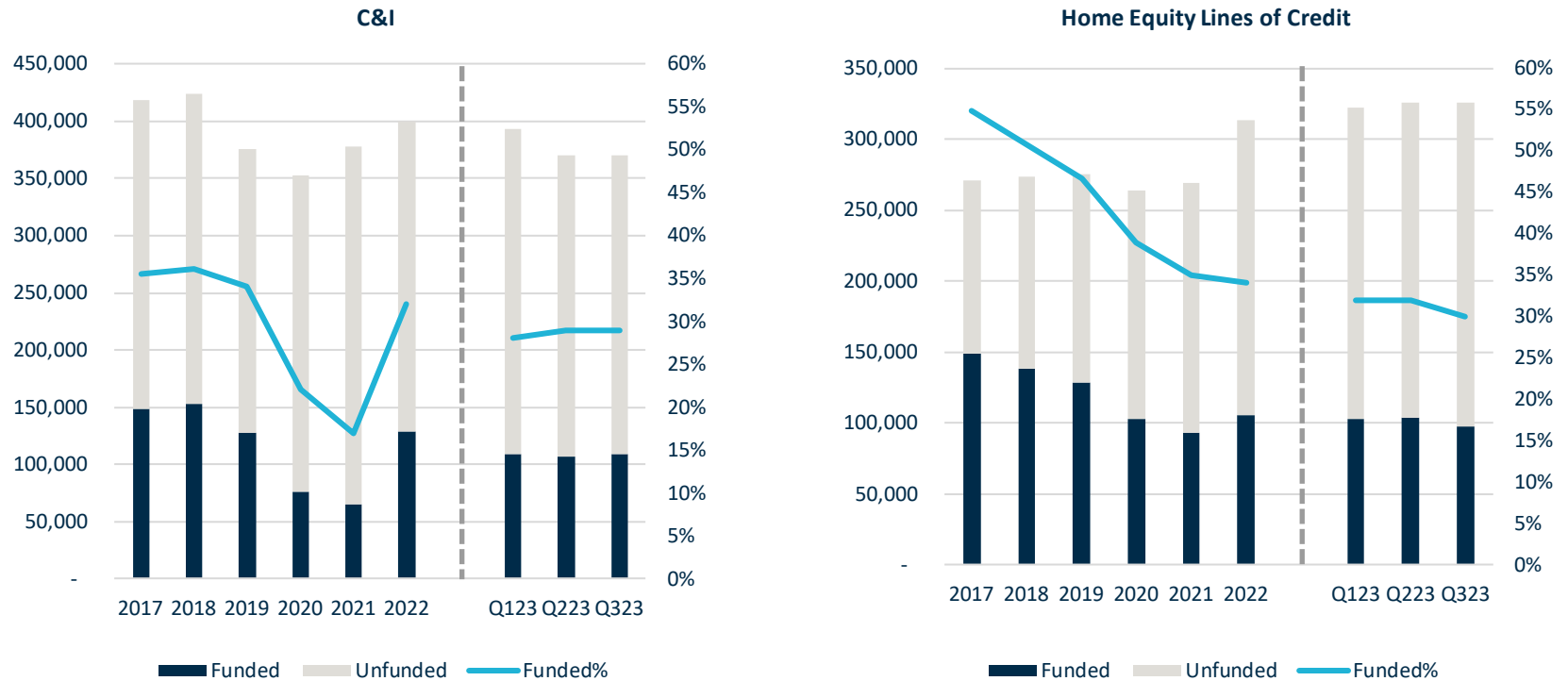


Portfolio	Avg FICO	Avg LTV
1 <sup>st</sup> Mortgage	759	53%
Junior	764	75%
HELOC	796	73%

Data as of 9/30/2023.

# LINE OF CREDIT UTILIZATION

## C&I AND HOME EQUITY LINES OF CREDIT<sup>1</sup>

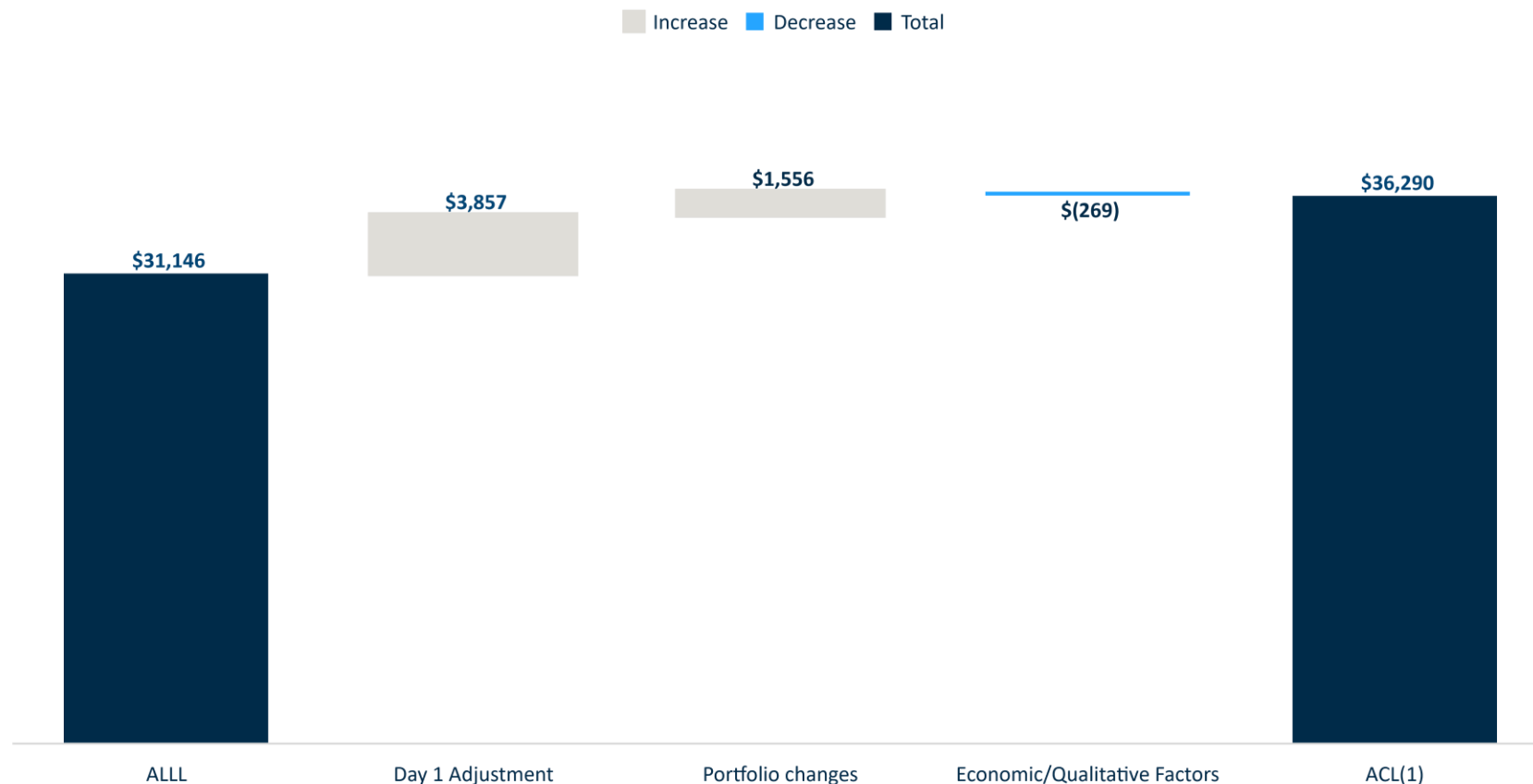


1 – Commercial and industrial loans includes revolving C & I loans and other loans. It excludes non-revolving C&I loans, ag production, and loans to public entities.

# ALLOWANCE FOR CREDIT LOSSES ON LOANS

## CECL ADOPTION – DRIVERS OF CHANGE FROM ALLL

(\$ in Thousands)



1 – ACL is the allowance for credit losses on loans and excludes the allowance for investment securities held-for-maturity, and the allowance for unfunded commitments. Portfolio changes primarily represent the impact of increases/decreases in loan balances, age and mix due to new originations, as well as credit quality and net charge-off activity. Economic/Qualitative factors primarily represent our evaluation and determination of an economic forecast applied to our loan portfolio, as well as updates to qualitative factors.

Data as of 9/30/2023.

# ALLOWANCE FOR CREDIT LOSSES ON LOANS

## CHANGES IN THE ACL FOR LOANS BY PORTFOLIO SEGMENT

	Nine months ended September 30, 2023					
	Beginning Balance	Adoption of ASC 326 <sup>(1)</sup>	Provision for Credit Losses <sup>(1)</sup>	Loan Charge-offs	Loan Recoveries	Ending Balance
<i>(\$ in thousands)</i>						
<b>Commercial</b>						
Commercial and industrial	\$ 9,158	\$ (862)	\$ (275)	\$ (394)	\$ 950	\$ 8,577
Real estate construction	1,446	2,518	745	—	—	4,709
Commercial real estate	12,688	(424)	408	—	34	12,706
Total commercial	23,292	1,232	878	(394)	984	25,992
<b>Consumer</b>						
Residential real estate first mortgage	5,769	2,080	(339)	(9)	256	7,757
Residential real estate junior lien	1,289	(67)	140	(77)	52	1,337
Other revolving and installment	528	(104)	(188)	(36)	51	251
Total consumer	7,586	1,909	(387)	(122)	359	9,345
Unallocated	268	716	(31)	—	—	953
Total	\$ 31,146	\$ 3,857	\$ 460	\$ (516)	\$ 1,343	\$ 36,290

1 – The difference in the adoption of ASC 326 and the total pre-tax amount adjusted on the Consolidated Balance Sheet included a \$2.0 million adjustment for the adoption of ASC 326 on unfunded commitments and \$172 thousand adjustment for the adoption of ASC 326 on investment securities held-to-maturity. The difference in the credit loss expense reported herein as compared to the Consolidated Statements of Income is associated with the credit loss expense of \$44 thousand related to unfunded commitments and \$46 thousand related to investment securities held-to-maturity.

# ALLOWANCE FOR CREDIT LOSSES ON LOANS

## ALLOCATION BY LOAN PORTFOLIO SEGMENT

	September 30, 2023		December 31, 2022 <sup>(1)</sup>	
	Allocated Allowance	Percentage of loans to total loans	Allocated Allowance	Percentage of loans to total loans
<i>(\$ in thousands)</i>				
Commercial and industrial	\$ 8,577	22.3%	\$ 9,158	23.9%
Real estate construction	4,709	3.8%	1,446	4.0%
Commercial real estate	12,706	39.3%	12,688	36.0%
Residential real estate first mortgage	7,757	27.5%	5,769	27.8%
Residential real estate junior lien	1,337	5.9%	1,289	6.2%
Other revolving and installment	251	1.2%	528	2.1%
Unallocated	953	—	268	—
Total loans	\$ 36,290	100.0%	\$ 31,146	100.0%

1 – Pre-ASC 326 adoption allowance for loan losses.

# FINANCIAL HIGHLIGHTS

(\$ in thousands, except where otherwise noted)	Quarterly					Nine months ended	
	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	September 30, 2023	September 30, 2022
Total Assets	\$ 3,691,253	\$ 3,779,637	\$ 3,886,773	\$ 3,832,978	\$ 3,869,138	\$ 3,869,138	\$ 3,691,253
Total Loans	2,318,231	2,443,994	2,486,625	2,533,522	2,606,430	2,606,430	2,318,231
Total Deposits	2,961,811	2,915,484	3,031,978	2,852,855	2,872,184	2,872,184	2,961,811
Tangible Common Equity <sup>1</sup>	275,000	287,330	290,900	290,792	284,137	284,137	275,000
Net Income	\$ 9,619	\$ 10,909	\$ 8,186	\$ 9,104	\$ 9,161	\$ 26,451	\$ 29,096
ROAA (%)	1.02	1.17	0.88	0.96	0.95	0.93	1.13
ROATCE(%) <sup>1</sup>	13.89	16.63	12.58	13.71	13.51	13.27	14.59
Net Interest Margin (FTE) (%)	3.21	3.09	2.70	2.52	2.27	2.50	3.02
Efficiency Ratio (FTE) (%) <sup>1</sup>	74.76	69.62	74.53	72.79	73.37	73.57	73.94
Non-Int. Income/Op. Rev. (%)	48.82	48.62	51.63	53.69	58.21	54.51	54.08
Earnings per common share - diluted	\$ 0.47	\$ 0.53	\$ 0.40	\$ 0.45	\$ 0.45	\$ 1.30	\$ 1.56
Total Equity/Total Assets (%)	9.34	9.44	9.24	9.33	9.03	9.03	9.34
Tang. Cmn. Equity/Tang. Assets (%) <sup>1</sup>	7.59	7.74	7.62	7.72	7.47	7.47	7.59
Loans/Deposits (%)	78.27	83.83	82.01	88.81	90.75	90.75	78.27
NPLs/Loans (%)	0.23	0.16	0.09	0.10	0.35	0.35	0.23
NPAs/Assets (%)	0.17	0.10	0.05	0.07	0.23	0.23	0.17
Allowance/NPLs (%)	583.97	820.93	1,657.32	1,383.57	402.91	402.91	583.97
Allowance/Loans (%)	1.34	1.27	1.41	1.41	1.39	1.39	1.34
NCOs/Average Loans (%)	0.07	(0.03)	0.03	(0.07)	(0.09)	(0.04)	0.04

<sup>1</sup> – Represents a non-GAAP financial measure. See “Non-GAAP Disclosure Reconciliation”.

# FINANCIAL HIGHLIGHTS

(\$ in thousands, except where otherwise noted)	Annual					18-'22
	2018	2019	2020	2021	2022	CAGR
Total Assets	\$ 2,179,070	\$ 2,356,878	\$ 3,013,771	\$ 3,392,691	\$ 3,779,637	14.8%
Total Loans	1,701,850	1,721,279	1,979,375	1,758,020	2,443,994	9.5%
Total Deposits	1,775,096	1,971,316	2,571,993	2,920,551	2,915,484	13.2%
Tangible Common Equity <sup>1</sup>	147,152	240,008	274,043	307,663	287,329	18.2%
Net Income	\$ 25,866	\$ 29,540	\$ 44,675	\$ 52,681	\$ 40,005	11.5%
ROAA (%)	1.21	1.34	1.61	1.66	1.14	
ROATCE(%) <sup>1</sup>	21.02	17.46	17.74	18.89	15.09	
Net Interest Margin (FTE) (%)	3.84	3.65	3.22	2.90	3.04	
Efficiency Ratio (FTE) (%) <sup>1</sup>	73.80	73.22	68.40	70.02	72.86	
Non-Int. Income/Op. Rev. (%)	57.73	60.50	64.05	62.86	52.72	
Earnings per common share - diluted	1.84	1.91	2.52	2.97	2.10	
Total Equity/Total Assets (%)	9.04	12.12	10.96	10.59	9.44	
Tang. Cmn. Equity/Tang. Assets (%) <sup>1</sup>	6.91	10.38	9.27	9.21	7.74	
Loans/Deposits (%)	95.87	87.32	76.96	60.19	83.83	
NPLs/Loans (%)	0.41	0.45	0.26	0.12	0.16	
NPAs/Assets (%)	0.33	0.33	0.17	0.09	0.10	
Allowance/NPLs (%)	318.45	305.66	674.13	1,437.05	820.93	
Allowance/Loans (%)	1.30	1.39	1.73	1.80	1.27	
NCOs/Average Loans (%)	0.18	0.33	0.03	(0.04)	0.02	

1 – Represents a non-GAAP financial measure. See “Non-GAAP Disclosure Reconciliation”.

# NON-GAAP DISCLOSURE RECONCILIATION

(\$ in thousands, except where otherwise noted)

	Quarterly					Nine months ended	
	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	September 30, 2023	September 30, 2022
<b>Tangible common equity to tangible assets</b>							
Total common stockholders' equity	\$ 344,839	\$ 356,872	\$ 359,118	\$ 357,685	\$ 349,402	\$ 349,402	\$ 344,839
Less: Goodwill	46,060	47,087	47,087	47,087	46,783	46,783	46,060
Less: Other intangible assets	23,779	22,455	21,131	19,806	18,482	18,482	23,779
Tangible common equity (a)	275,000	287,330	290,900	290,792	284,137	284,137	275,000
Total assets	3,691,253	3,779,637	3,886,773	3,832,978	3,869,138	3,869,138	3,691,253
Less: Goodwill	46,060	47,087	47,087	47,087	46,783	46,783	46,060
Less: Other intangible assets	23,779	22,455	21,131	19,806	18,482	18,482	23,779
Tangible assets (b)	3,621,414	3,710,095	3,818,555	3,766,085	3,803,873	3,803,873	3,621,414
Tangible common equity to tangible assets (a)/(b)	7.59%	7.74%	7.62%	7.72%	7.47%	7.47%	7.59%
<b>Tangible common equity per common share</b>							
Total stockholders' equity	\$ 344,839	\$ 356,872	\$ 359,118	\$ 357,685	\$ 349,402	\$ 349,402	\$ 344,839
Less: Goodwill	46,060	47,087	47,087	47,087	46,783	46,783	46,060
Less: Other intangible assets	23,779	22,455	21,131	19,806	18,482	18,482	23,779
Tangible common equity (c)	275,000	287,330	290,900	290,792	284,137	284,137	275,000
Common shares outstanding (d)	19,987	19,992	20,067	19,915	19,848	19,848	19,987
Tangible common equity per common share (c)/(d)	\$ 13.76	\$ 14.37	\$ 14.50	\$ 14.60	\$ 14.32	\$ 14.32	\$ 13.76
<b>Return on average tangible common equity</b>							
Net income	\$ 9,619	\$ 10,909	\$ 8,186	\$ 9,104	\$ 9,161	\$ 26,451	\$ 29,096
Add: Intangible amortization expense (net of tax)	1,046	1,046	1,046	1,046	1,046	3,138	2,710
Net income, excluding intangible amortization (e)	10,665	11,955	9,232	10,150	10,207	29,589	31,806
Average total equity	372,274	349,812	361,857	360,216	361,735	361,260	345,192
Less: Average goodwill	48,141	46,283	47,087	47,087	46,882	47,018	37,101
Less: Average other intangible assets (net of tax)	19,466	18,243	17,209	16,153	15,109	16,149	16,605
Average tangible common equity (f)	304,667	285,286	297,561	296,976	299,744	298,093	291,486
Return on average tangible common equity (e)/(f)	13.89%	16.63%	12.58%	13.71%	13.51%	13.27%	14.59%
<b>Efficiency Ratio</b>							
Noninterest expense	\$ 42,767	\$ 37,948	\$ 37,869	\$ 36,373	\$ 37,260	\$ 111,503	\$ 120,822
Less: Intangible amortization expense	1,324	1,324	1,324	1,324	1,324	3,972	3,430
Adjusted noninterest expense (i)	41,443	36,624	36,545	35,049	35,936	107,531	117,392
Net interest income	28,316	26,964	23,658	22,234	20,395	66,287	72,765
Noninterest income	27,010	25,517	25,253	25,778	28,407	79,439	85,706
Tax-equivalent adjustment	112	124	124	140	180	444	306
Total tax-equivalent revenue(j)	55,438	52,605	49,035	48,152	48,982	146,170	158,777
Efficiency ratio (i)/(j)	74.76%	69.62%	74.53%	72.79%	73.37%	73.57%	73.94%

# NON-GAAP DISCLOSURE RECONCILIATION

(\$ in thousands, except where otherwise noted)	Annual				
	2018	2019	2020	2021	2022
<b>Tangible common equity to tangible assets</b>					
Total common stockholders' equity	\$ 196,954	\$ 285,728	\$ 330,163	\$ 359,403	\$ 356,871
Less: Goodwill	27,329	27,329	30,201	31,490	47,087
Less: Other intangible assets	22,473	18,391	25,919	20,250	22,455
Tangible common equity (a)	147,152	240,008	274,043	307,663	287,329
Total assets	2,179,070	2,356,878	3,013,771	3,392,691	3,779,637
Less: Goodwill	27,329	27,329	30,201	31,490	47,087
Less: Other intangible assets	22,473	18,391	25,919	20,250	22,455
Tangible assets (b)	2,129,268	2,311,158	2,957,651	3,340,951	3,710,095
Tangible common equity to tangible assets (a)/(b)	6.91%	10.38%	9.27%	9.21%	7.74%
<b>Tangible common equity per common share</b>					
Total stockholders' equity	\$ 196,954	\$ 285,728	\$ 330,163	\$ 359,403	\$ 356,871
Less: Goodwill	27,329	27,329	30,201	31,490	47,087
Less: Other intangible assets	22,473	18,391	25,919	20,250	22,455
Tangible common equity (c)	147,152	240,008	274,043	307,663	287,329
Common shares outstanding (d)	13,775	17,050	17,125	17,213	19,992
Tangible common equity per common share (c)/(d)	\$ 10.68	\$ 14.08	\$ 16.00	\$ 17.87	\$ 14.37
<b>Return on average tangible common equity</b>					
Net income	\$ 25,866	\$ 29,540	\$ 44,675	\$ 52,681	\$ 40,005
Add: Intangible amortization expense (net of tax)	3,664	3,224	3,129	3,460	3,756
Net income, excluding intangible amortization (e)	29,530	32,764	47,804	56,141	43,761
Average total equity	187,341	231,084	310,208	346,059	346,355
Less: Average goodwill	27,329	27,329	27,439	30,385	39,415
Less: Average other intangible assets (net of tax)	19,522	16,101	13,309	18,548	17,018
Average tangible common equity (f)	140,490	187,654	269,460	297,126	289,922
Return on average tangible common equity (e)/(f)	21.02%	17.46%	17.74%	18.89%	15.09%
<b>Efficiency Ratio</b>					
Noninterest expense	\$ 136,325	\$ 142,537	\$ 163,799	\$ 168,909	\$ 158,770
Less: Intangible amortization expense	4,638	4,081	3,961	4,380	4,754
Adjusted noninterest expense (i)	131,687	138,456	159,838	164,529	154,016
Net interest income	75,224	74,551	83,846	87,099	99,729
Noninterest income	102,749	114,194	149,371	147,387	111,223
Tax-equivalent adjustment	462	347	455	492	429
Total tax-equivalent revenue(j)	178,435	189,092	233,672	234,978	211,381
Efficiency ratio (i)/(j)	73.80%	73.22%	68.40%	70.02%	72.86%