ALERUS FINANCIAL CORPORATION Q3 2026 EARNINGS CALL

OCTOBER 29, 2026

Participants

Executives

Katie O'Neill Lorenson, President, Chief Executive Officer and Director
Alan Villalon, Executive Vice President and Chief Financial Officer
James Collins, Executive Vice President and Chief Banking and Revenue Officer
Karin Taylor, Executive Vice President and Chief Operating Officer
Forrest Wilson, Executive Vice President and Chief Retirement Services Officer

Analysts

Jeff Rulis, Analyst; D.A. Davidson
Brendan Nosal, Director; Hovde Group
Damon Del Monte, Managing Director; Keefe, Bruyette & Woods
Nathan Race, Analyst; Piper Sandler
Kenneth Kohut, Analyst; Raymond James & Associates

Presentation

Operator
(Operator Instructions) Good morning. And welcome to the Alerus Financial Corporation Earnings Conference Call.

Today's call will reference slides that can be found on Alerus Investor Relations website. You can also view the presentation slides directly within the webcast platform.

Please note this event is being recorded.

This call may include forward-looking statements and company's actual results may differ materially from those indicated in any forward-looking statements.

Important factors that can cause actual results to differ materially from those indicated in the forward-looking statements are listed in the earnings release and the company's SEC filings.

I would now like to turn the conference over to Alerus Financial Corporation President and CEO, Katie O'Neill Lorenson.

Please go ahead.

Katie O'Neill Lorenson
Thank you. Good morning, everyone. And thank you for joining us.

Joining me today on the call is Forrest Wilson, our Chief Retirement Services Officer; Al Villalon, our Chief Financial Officer; Jim Collins, our Chief Revenue Officer; and Karin Taylor, our Chief Operating Officer.

We are pleased to be here with you all today to discuss another strong quarter of results.

Total revenue for the quarter of $81 million was our highest level in our nearly 150-year history.

It drove earnings per share up nearly 17% from a year ago, and a return on tangible common equity of 17%.

Our business mix and diversified operating model continued to support solid returns and continued balance sheet strengthening. These results reflect consistent execution of our strategic priorities and strong collaboration across our organization.

Our purposefully built diversified model continues to deliver strong results. Return on average assets was 1.45%, and net interest income grew over 8% year-over-year. Noninterest income grew nearly 17% representing 42% of total revenue, a level that continues to set us apart and fuels our continued and future success.

Wealth Advisory revenue grew 22% from a year ago and retirement and benefits grew 7%, both providing recurring revenue with minimal capital allocations.

In wealth, we are strengthening both our growth capabilities and the scalability of our business.

We implemented updated fee schedules during the quarter, better aligning pricing services we deliver with minimal client attrition.

Looking ahead, our priorities include expanding institutional and high net worth relationships, adding advisors strategically across our markets and aligning our service model with clients' needs and complexity.

Our success with business owner liquidity events and retirement spend continues to demonstrate One Alerus in action. These efforts deepen client relations to more scalable and sustainable wealth business.

In Retirement, we are focused on optimization of the operation through modernization of technology, streamlining onboarding and reducing manual work to improve service and build capacity.

We believe the sequencing of our reinvestment is well timed given the catalyst for consolidation we see over the next several years, positioning us for more organic growth, strategic opportunities, higher profitability and greater operating leverage.

In banking, our fee income grew 11%, led by higher swap fee income and treasury management fees.

Our strategic shift towards full relationship commercial and private banking is gaining traction.

In this quarter, we saw solid broad-based commercial loan and deposit growth.

Our teams won new commercial clients across all markets. And commercial and business loans are up nearly 37% from a year ago and now represent well over a third of the loan portfolio.

Synergistic deposits from our retirement and wealth businesses are 22% of total deposits and HSA deposits are up 9% from year end and an average cost of just 10 basis points. This provides a meaningful funding advantage and the company continues to operate with no broker deposits. Expense discipline remains central to our strategy, and we are investing selectively in technology and growth with a clear expectation that these investments improve service, expand capacity and strengthen our productivity.

Our focus is converting that progress into sustainable operating leverage while managing ongoing cost pressures.

Our balance sheet is also in a stronger position than a year ago. Nonperforming loans are 17 basis points of total loans and nonperforming assets have fallen from 1.13% of assets a year ago to 30 basis points. Criticized loans are down more than 55% from a year ago, and we had net recoveries in the quarter of 10 basis points. Credit quality continues to improve, and leading indicators remain strong. A small number of long-term and previously identified credits nearing maturity are being worked through in the ordinary course of credit management.

Reserve levels remained solid at 1.23% of loans and CET1 is 10.5%, well above our regulatory requirements.

Our balance sheet and business model strength drives value creation, and tangible book value grew nearly 11% from a year ago.

We repurchased stock and paid a dividend which in total led to returning over $37 million to shareholders through the first nine months.

Our capital priorities are unchanged, to support organic growth, return capital to our shareholders and maintain flexibility for strategic opportunities.

Of course, none of this success happens without our people.

We have a team that blends deep institutional experience with fresh energy and new ideas, and it's the combined strength of that talent across every role and every tenure that is making Alerus not just bigger but better and a place where great people want to build great careers.

The momentum across our franchise is strong.

We remain focused on bringing holistic solutions to our clients, investing in our businesses and sustaining a culture of high accountability and performance. Alerus remains well positioned as both employer and an acquirer of choice.

Our diversification of recurring revenue and relationship-driven growth sets us apart with clients, future partners and investors. Above all, we remain committed to delivering strong, consistent returns and creating long-term value for our shareholders.

With that, I'll turn the call over to Al to review the quarter in more detail.

Alan Villalon
Thanks, Katie.

Let's start on Page 9 on investor deck which is posted on the Investor Relations section of our website.

I want to frame the quarter around three themes: strong loan growth funded by relationship deposits, a stable to improving core margin and continued excellent credit and shareholder value creation.

We reported diluted EPS of $0.76 and adjusted diluted EPS of $0.71. Difference is a $1.6 million net gain on the sale of premises which we exclude from adjusted results. Compared to the third quarter of last

year, reported EPS increased 17% and adjusted EPS increased 8%. Return on average tangible common equity was 17.35% and return on average assets was 1.45%. The linked quarter comparison is affected by two items from the second quarter that did not repeat, a $1.6 million onetime interest income recovery on a nonaccrual loan resolution and higher payoff related purchase accounting of accretion.

We also recorded a $2.2 million provision in the third quarter, reflecting strong loan growth in the quarter and updates to qualitative factors.

Excluding those items, the underlying earnings engine continued to strengthen. Adjusted pre-provision net revenue was up 17% from a year ago. Tangible book value per share was $18.74, essentially flat from June 30th despite an increase in unrealized losses on securities from higher rates and $8.2 million of share repurchases and up nearly 11% from a year ago. Through the first nine months, we returned $37.2 million to shareholders through dividends and repurchases.

Let's turn to Page 16 to talk about earning assets. Total loans increased $150.5 million or 3.7% from June 30. Commercial loans increased $160.9 million, partially offset by a $10.4 million decline in consumer loans. Growth was led by commercial and industrial loans up about $100 million, and owner-occupied CRE of about $70 million for multifamily CRE and residential mortgage balances declined modestly. Production was the strongest we have seen this year.

New originations and renewals were $375 million and advances were $70 million, more than offsetting $238 million of payoffs.

Importantly, new loans continue to originate at higher rates than our legacy portfolio rate, which supports continued improvement in core loan yields.

In the upcoming quarters, we anticipate a little over $300 million of loan turnover per quarter. The investment portfolio increased $6.2 million or 0.8% as paydowns and maturities were reinvested.

We continue to reinvest portfolio cash flows at yields above the existing portfolio yield providing support to the margin.

Overall, the balance sheet remains neutrally positioned to interest rate changes over a 12-month horizon.

Turning to deposits on Page 17. Total deposits increased $111.3 million or 2.7% from June 30, primarily driven by growth in commercial deposits. Commercial loan growth brought operating and treasury management deposits with it. Noninterest-bearing deposits grew $53.9 million or 7.1% and represented nearly 19% of total deposits at quarter end. Money market and savings balances also grew 51%.

This is exactly the growth our strategy is built around. Full commercial relationships where the clients we add on the loan side also bring operating and treasury management deposits.

Our loan-to-deposit ratio was 97.2%, and we continue to have ample liquidity to fund growth since we have no broker deposits on our balance sheet at the end of the third quarter.

Synergistic deposits from our retirement business and wealth businesses represented 22.1% of total deposits. HSA deposits have increased 9% since the beginning of the year and carrying an average cost of about 10 basis points remaining one of the most attractive and durable funding sources in our franchise. HSA, along with noninterest-bearing deposits, now represent over 24% of total deposits.

Turning to Page 18, net interest income was $46.7 million, down $1 million or 2.1% from the second quarter, but up 8.3% from the third quarter of last year. Reported net interest margin was 3.84%, down 13 basis points from the second quarter and up 34 basis points from a year ago. The linked quarter decline was driven by the $1.6 million one-time interest recovery in the second quarter which contributed approximately 13 basis points to the second quarter margin, and modestly lowered purchase accounting accretion in the third quarter.

Excluding those items, our core margin improved by approximately three basis points to 3.55% as higher loan and investment yields have more than set off a modest two basis point increase in deposit costs. Purchase accounting accretion contributed 28 basis points to margin in the third quarter versus 31 basis points in the second quarter. Total cost of funds was 2.05% and the cost of total deposits was 1.84%.

In the fourth quarter, we expect approximately $1.8 million of base contractual purchase accounting accretion with approximately $33 million of accretion remaining from our purchase of Home Federal Bank.

Turning to Page 19. Adjusted noninterest income was $32.8 million, up 1.6% from the second quarter and up 11.3% from the third quarter of last year. Adjusted non-interest income continues to represent over 40% of adjusted revenue, roughly over double industry average. Retirement and Benefit Services revenue increased 1.8% linked quarter driven by recurring annual income and 7.1% year-over-year growth.

Wealth Advisory revenue increased 3.8% linked quarter on higher brokerage and transaction-based revenues and 22% year-over-year growth. Adjusted banking fees and other income had decreased 1.5% linked quarter primarily from lower mutual fund gains tied to deferred compensation plan assets and lower swap fees, partially offset by higher mortgage revenue and deposit service charges.

On Page 20, banking services' non-interest income increased $0.8 million or 10% from the second quarter, which includes the $1.6 million net gain on sales premises as we continue to optimize our facilities footprint. Mortgage revenue increased 4.2% linked quarter to $3.3 million.

Originations increased to $127 million from $113 million in the second quarter and gain on sale margins improved. Purchases remained the majority of volume at 90% of originations.

As we head into the fourth quarter, we expect a typical seasonal slowdown in mortgage activity.

Service charges on deposit accounts increased over 10% from the second quarter, reflecting growth in both commercial and consumer revenue.

Swap fee income declined modestly from the second quarter.

As a reminder, we do not include swap fees in our guidance given the variability.

Turning to Page 21, Retirement and Benefit Services revenue was $17.7 million, up 1.8% from the second quarter and 7.1% from a year ago. Recurring annual income grew to $15.6 million, up 6% year-over-year and pretax income improved from the second quarter.

Assets under administration and management were stable at $44.9 billion. Retirement and Benefit Services continues to be one of Alerus' most significant differentiators. 63% of revenue is tied to plans,

participants and activity rather than market levels, and the business continues to generate low-cost synergistic deposits including HSA balances that have grown 9% so far this year.

On Page 22, Wealth Advisory Services' revenue was $8 million, up 3.8% from the second quarter and 22% from a year ago. Pretax income increased to $1.8 million from $1.3 million in the second quarter reflecting operating leverage as we scale the business.

Assets under administration and management were $5.2 billion, down a modest 0.6% from June 30th.

Wealth continues to deepen client relationships across our organization and contributes to recurring advisory base fee income alongside relationship deposits.

Turning to Page 23. Adjusted noninterest expense was $53.7 million, up 2.0% from the second quarter. Compensation and benefits increased $0.6 million, primarily due to higher self-funded group insurance costs.

Other expense increased $0.4 million, mainly from seasonal advertising campaigns.

Occupancy, technology and professional fees were relatively stable.

Year-to-date, adjusted non-interest expense is $156.6 million, and our year-to-date efficiency ratio remains in the low 60% range.

We continue to invest in talent and technology, while maintaining expense discipline.

Turning to Page 24. Credit quality remained excellent.

We recorded net recoveries of $1 million in the quarter or 10 basis points of average loans, primarily from a $1.1 million recovery of the commercial and industrial relationship we charged off in the second quarter. That relationship has a remaining reserve of $0.9 million or about 61% of the total balance. Nonperforming assets declined $16.4 million or 30 basis points of total assets and nonperforming loans were 0.17% of total loans.

Criticized loans declined to 1.96% of total loans compared to 4.66% a year ago.

We recorded a $2.2 million provision primarily driven by loan growth and updates to qualitative factors. And our reserve to total loans increased three basis points to 1.23%, the reserves – with reserves covering non-performing loans more than 7x.

On Page 25, capital and liquidity remains strong.

Our common equity Tier one ratio was 10.5%, well above regulatory requirements. Tangible common equity to tangible assets was 8.77%, down 28 basis points from June 30, reflecting balance sheet growth, higher unrealized losses on available for sale securities from higher rates and share repurchases.

During the quarter, we repurchased 250,000 shares for $8.2 million at an average price of $32.75.

Our first priority for capital remains supporting attractive organic growth.

With capital remaining strong, share repurchases continue to provide additional avenue for returning excess capital to shareholders. Total liquidity was approximately $2.9 billion or approximately $1.9 billion, excluding brokered CD capacity. Turning to Page 26, our full year 2026 guidance and we remain well positioned to achieve our full year objectives.

We expect mid-single-digit loan growth for the full year. Through September, loans have grown 3.4% from year-end with strong momentum heading into the fourth quarter.

Low single-digit deposit growth, year-to-date deposits have grown 2.7% led by commercial relationships.

Full year reported net interest margin of 3.75% to 3.85%.

Our year-to-date margin at 3.86%, supported by favorable loan and investment repricing and the overall position of the balance sheet.

We do anticipate some contraction with purchase accounting diminishing and the recent rise in rates pushing up our cost of funds. Adjusted revenue and adjusted noninterest income to grow in the mid-single digits, driven by wealth and retirement businesses.

Swap fee income remains excluded from this guidance.

Adjusted noninterest expense to increase low to mid-single digits as we continue strategic hiring and full year adjusted return on assets to be above 1.25%.

As we finalize our 2027 plan, we continue to focus on generating positive operating leverage on a PPNR basis.

In summary, the quarter demonstrated the strength of our relationship-based growth strategy.

We generated nearly 4% linked quarter loan growth funded by strong commercial deposit growth. Underlying margin trends remain favorable.

Our fee businesses delivered double-digit year-over-year growth and credit quality remains strong.

At the same time, we continue to invest in organic growth and return capital to shareholders.

We entered the fourth quarter with strong momentum and remain focused on creating sustainable long-term shareholder value.

With that, let's open up for Q&A.

Questions and Answers

Operator
(Operator Instructions) Our first question will be coming from the line of Jeff Rulis of D. A. Davidson.

Jeff Rulis
Al, while you just closed with the kind of the outlook slide, maybe I'll just kind of ask about that. The -- maybe both the fee income and expense, if I think about those run rates in the guides would imply maybe a step down in the fourth quarter for both. And even if I back out the gains maybe on the fee income side, you talked about maybe mortgage seasonality and then you don't include swaps.

But maybe on both, if you could just kind of engage that a little bit more.

It seems like they're both levels with pull back linked quarter?

Alan Villalon
Yes.

So, on the fee income side, there's going to be a little bit of a step back there on a reported basis because we won't have the net gains from the premises again.

So, we don't anticipate there's going to be any offset to that.

So, you'll definitely see that come out of the results. The rest of it will be kind of dependent on how the markets react for the remaining two months of the quarter.

And on the expense side, we're kind of thinking of things being a little bit more stable-ish quarter-over quarter.

Now I do have to warn you that we do have some seasonality in our expenses.

So, there was some pickup in the fourth quarter, but we have some offsets potentially as well.

Jeff Rulis
Okay. And then maybe hopping on to the margin.

I appreciate the -- I think you gave the remaining $33 million in purchase accounting.

Let's see. I guess, could you just tell us what the expectation for the full year accretion '26 versus '27? If you got $1.8 million coming in Q4, just total of '26 versus '27, if we could.

Alan Villalon
Yes. Approximately, we're thinking about probably around $13 million for '26 in total and then down to about $9 million in total for '27.

Operator
Our next question will be coming from the line of Brendan Nosal of Hovde Group.

Brendan Nosal
It looks like loan growth was really weighted towards the end of the quarter, just kind of given where spot versus average balances ended. Maybe just talk about credit demand over the course of the quarter, how pipelines looked after such a strong finish to the third and what that implies for expectations for loan growth in the fourth quarter.

James Collins
Yes, Brendan, this is Jim. The pipelines going into the third quarter were very robust. And going into the fourth quarter, they're looking very strong as well.

As Al said, mid- to single-digit loan growth is the guidance, and we still think we will hit that. Through the course of the third quarter, we had some really good loan growth, as some examples in all markets.

We had a regional hospital at roughly $28 million of loan growth, regional construction firm, $18 million in loans. A logistics and refrigeration company, that was another $33 million in loan growth, storage entity and all of these were full relationships, getting deposits as well.

And I'll touch on some of the deposits while I'm talking about that.

We had a lot of the mid-market C&I companies that we onboarded in first and second quarter really started moving more of their additional deposits into the bank in the third quarter.

So that was a big chunk of the deposit growth in the third quarter. And you'll tend to see that ongoing when the mid-market companies that come on, on third quarter should bring on some additional cash in fourth quarter.

So, getting back to your question, the pipeline looks pretty good going into the fourth quarter.

Now obviously you have a couple of holidays, but we still feel we'll finish pretty strong.

Brendan Nosal
Okay. That's helpful color.

I guess kind of back to the period end versus average question. Any chance you have the spot margin at the end of September? And just -- I think it's really important here just given that so much of the balance sheet growth came kind of past the averages at quarter end.

So, the spot would be really helpful to kind of just see the exit run rate.

Alan Villalon
Yes. No problem, Brendan. Both on a reported basis and core basis, we're just looking down a couple of basis points for that in September.

Brendan Nosal
Got it.

Is that for the full month or for the 9/30.

Alan Villalon
For the full month, 9/30 is as reported, as you can see, but the spot rate then at the end of September will be down.

Operator
Our next question is coming from the line of Nathan Race of Piper Sandler.

Nathan Race
Just going back to the margin discussion, Al, I was hoping that you could just update us in terms of kind of the short-term rate sensitivity that you have on both sides of the balance sheet in terms of kind of floating rate loans and kind of where your index deposits are and kind of what beta you're expecting on those index deposits going forward to the extent we get --

Alan Villalon

Yes. No problem.

In terms of loan yields right now we're still continuing to put it on loan yields that are above our legacy portfolio yields right now.

So that should still be accretive to overall earning asset yields.

In terms of deposit costs, we're seeing them tick up a little bit, too, given the increase in rates, especially on our money market fund side. And then as for your third question there in terms of loan beta -- I'm sorry, deposit beta, we're thinking about 50%.

Nathan Race
Okay. And I'm sorry, all the floating rate loans will, Prime and SOFR...

Alan Villalon
Yes. We're 50-50 variable versus fixed.

Nathan Race
Okay. That's helpful. And just in terms of loans that are fixed rate on the commercial real estate side of things repricing over the next 12 months, can you just update us on kind of what that figure looks like.

Alan Villalon
Yes. Give me a second here.

I'm going to have to dig that one up.

Nathan Race
Maybe while you're looking for that, I can throw a question out for Forrest or Katie. Typically, in the fourth quarter, when I look at retirement and wealth revenue, there tends to be an uptick in 4Q relative to 3Q.

I know market dynamics can impact that.

But I'm just curious if you're kind of anticipating a similar increase, even assuming some stable equity markets and just kind of any other underlying growth avenues in those lines of businesses that are worth highlighting?

Forrest Wilson
Yes, Nathan, from the retirement side, I think it should be pretty steady, assuming a neutral market. Most of our fees are spread out pretty evenly throughout the year.

We do have some that we do bill slightly higher in the fourth quarter, but I don't think it will be too material, certainly dwarfed a little bit by the market and the 37% that's market sensitive, and that's in the retirement division.

James Collins
Yes. And I'll comment on the wealth side, when I look at the pipeline, it looks pretty steady quarter-over-quarter.

So, I don't see any way I would say that there should be a big bump in the fourth quarter over the last couple of quarters, specifically the third quarter.

Alan Villalon
And as of what's repricing over the next 12 months, we're looking at roughly about just a little under $2 billion.

Nathan Race
And Al, the roll-off yields there versus what they would reprice up to?

Alan Villalon
It's going to be around 6%.

Nathan Race
And I'm sorry, just to confirm again, Al, on the floating rate loans, I think you said 50% variable.

Can you just help me on kind of the proportions between Prime and SOFR?

Alan Villalon
Yes.

I'd say right now in terms of Prime, we have about 28% of those loans are in prime. SOFR is 44%.

Operator
(Operator Instructions) Our next question will be coming from the line of Damon Del Monte of KBW.

Damon Del Monte
Al, just to kind of circle back on the core margin outlook.

I got your commentary of where the spot rate was and kind of the trajectory here in the fourth quarter.

But if we get another rate hike in December and possibly one in early 2027, just curious how you think you'd be able to defend the deposit pricing and kind of how we could forecast out the core margin as we progress through '27.

Alan Villalon
Yes.

So, the one thing I can say is that from our ALM modeling standpoint right now, like if you look at a plus 100 or down 100 scenario, we barely see any change to NII or maybe change 10 basis points in either direction.

So that's why I'm confident in saying that we're neutrally positioned.

I'll let Jim talk about deposit pricing and how they'll be handled.

James Collins
Yes.

I mean we generally obviously go up slow in the market. And we stay close to our largest depositors and defend them when we go up, but we intentionally go up slow to try to protect the margin.

Obviously, we'll protect our deposits.

But we'll watch our competition, go up slow and be more -- a little bit more reactive in this situation, but obviously surround our best depositors.

Damon Del Monte
Got it.

Okay. That's helpful. And then just a question on mortgage. You commented that there'll be some typical seasonality here in the fourth quarter.

But just curious like how pipelines are looking just given the challenges in the overall mortgage market with the 30-year, for example, stubbornly staying over 7%. Just curious if you think there could be a little bit more weakness because of that dynamic?

Alan Villalon
That's a good question, Damon.

I think there may be just a little bit more weakness from that dynamic.

I mean we're going into a seasonally tougher time for us in mortgage this time of the year and then also to rates going up, and we saw 30-year mortgages tick up over 7% briefly.

I mean I am hearing that we are seeing slowdown.

James Collins
There's definitely a slowdown. The pipelines are definitely lighter.

But if you look at our mortgage team and the experience they have, they definitely have deep referral networks.

So, it is a slow market.

It's going to be a slow market.

It's going to be light pipelines.

But because we have experienced staff, at least they have pipelines. And we will be able to pull some volume for sure.

Alan Villalon
And Damon, we'll definitely see a good pick up here in our probably March to April pipelines, too. That's when the seasonality start picking up.

So, I'll have a better answer for you on the rebound.

Damon Del Monte

Got it.

Okay. That's helpful. And then one more, if I could squeeze it in. The provision, as you noted this quarter, reflective of the strong growth.

So, in order to kind of hit that mid-single-digit full year growth, it looks like we're probably in the probably double-digit range for the fourth quarter.

So, should we expect the provision to be kind of in that $2 million range just to be adequately reserved for this new growth?

Karin Taylor
Yes. Damon, this is Karin, I can take that.

As Al mentioned, we had some adjustments to our Q factors as a result of our annual review of our model. And so new growth coming in will likely be in the 1.15% range.

In addition, Katie, in her opening comments mentioned that we're approaching maturity in a couple of long-term workout deals.

Really early in negotiation, but we could see some specific reserves on one or both of those deals.

Operator
The next question is coming from the line of Ken Kohut of Raymond James.

Kenneth Kohut
Maybe sticking with credit.

It was another great quarter, declining NPAs, declining criticized loans.

I'm just wondering how we should approach near-term charge-off expectations relative to the long-term average which is, I guess, in the mid- to high 20 basis point range?

Karin Taylor
Sure, Ken. This is Karin.

For this quarter, we would continue to expect lower charge-offs than we've had in the previous quarters this year. And then going into next year, we've got a fairly clean portfolio. Again, we've got those couple of deals I just mentioned that could carry some charge-offs, but it's a little bit early to talk about that range.

I think long term, right now we're at the low end of our metrics in terms of asset quality, right, the low end of normal.

So, we'll see that creep back up a little bit. And I think that early in the year next year will be lower than historical, but we'll start to move towards that in the second half.

Kenneth Kohut
Great. And then maybe a question for Katie. You guys have been repurchasing about 250,000 shares per quarter pretty consistently this year.

I'm just wondering if that's an appropriate run rate to assume going forward given the new repurchase authorization during the quarter.

Katie O'Neill Lorenson
Our capital priorities remain pretty consistent with where we've been.

So, as we've discussed in previous calls, it's number one, it's organic growth across the banking franchise, commercial and private banking in particular.

We continue to reinvest back into the company, certainly.

Our dividend is a big part of our history. That remains a priority.

We continue to want to maintain flexibility for strategic opportunities.

We've been very disciplined around M&A, but we also know that we've got a very differentiated business model which I think gives a potential partner a great value proposition.

We obviously -- the shareholders of Home Federal have experienced that in terms of the combined upside. That being said, we're -- from an acquisition standpoint, we're going to remain selective and disciplined and are not looking to do a deal for deal's sake or get bigger for bigger's sake. And then that leaves us to the buyback, which as we have capital beyond those needs, we will continue to return that capital to shareholders through opportunistic share repurchases.

So, there isn't really a defined plan.

We're analyzing and evaluating our opportunities on an ongoing basis and making the selections which we think deliver the best returns for our shareholders at the time and just are very fortunate to be in a great position to allow that flexibility and think it gives us a real competitive advantage.

Operator
And this does conclude today's Q&A session.

I would now like to turn the call back over to Katie for closing remarks.

Please go ahead.

Katie O'Neill Lorenson
Thank you, everyone. Thank you for joining us today. And thank you to our shareholders, our analysts, our directors for your continued confidence and support. Most importantly, we want to thank our team members across Alerus. These results are an absolute reflection of your talent, your commitment to our clients and the way we all work together as One Alerus, and you are all the reason that we are very different.

Our foundation is solid.

Our team is engaged.

Our model is delivering, and we are going to continue to invest in our company, our people, our tech, our growth.

We're confident in how Alerus is well positioned to keep creating long-term value for our clients and our communities and our shareholders. Thank you again everyone for joining us today.

Operator
This does conclude today's conference. Thank you for attending today's presentation.

You may now disconnect.