

Alerus



EARNINGS PRESENTATION

Q1 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 the future of 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 risks associated with our business, including the effects of recent and anticipated rate increases by the Federal Reserve; our ability to successfully manage credit risk and maintain an adequate level of allowance for credit losses on loans; 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; 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 and Signature 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; 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 and may withdraw deposits to diversify their exposure; 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 and Signature Bank; fluctuations in the values of the securities held in our securities portfolio, including as a result of rising interest rates, which has resulted in unrealized losses in our portfolio; 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 Russian invasion of Ukraine, or other adverse external events; any material weaknesses in our internal control over financial reporting; developments and uncertainty related to the future use and availability of some reference rates, such as the expected discontinuation of the London Interbank Offered Rate, as well as the development and implementation of other alternative reference rates; 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

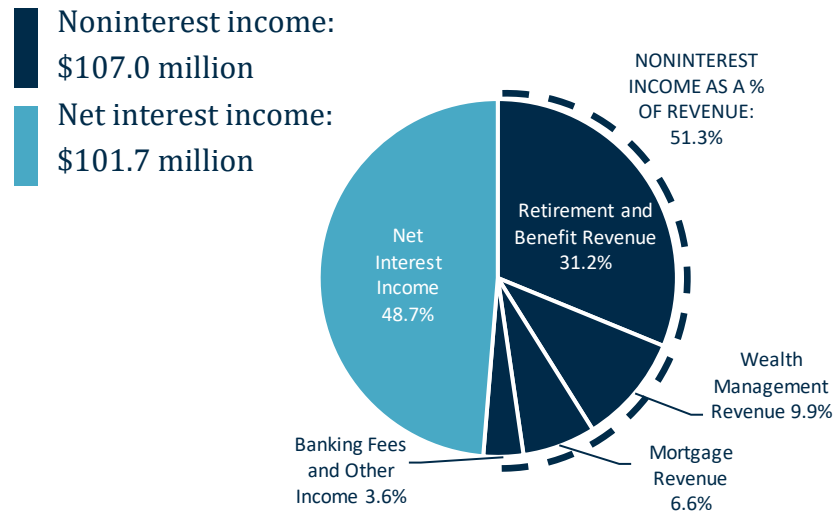
- To positively impact our clients' financial potential-through holistic guidance, unparalleled service, and engaging technology.

ALERUS BUSINESS LINES

- Banking
- Retirement and Benefits
- Wealth Management
- Mortgage

DIVERSIFIED REVENUE STREAM

FOR THE TWELVE MONTHS ENDED MARCH 31, 2023



DIVERSIFIED FINANCIAL SERVICES COMPANY

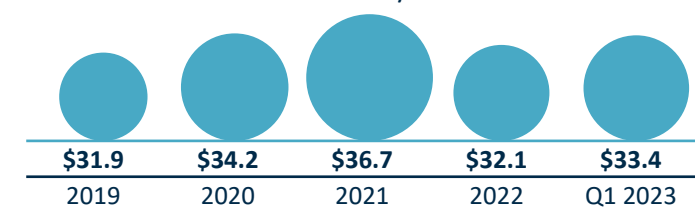
- \$3.9 billion Banking assets
- \$33.4 billion Retirement and Benefits AUA/AUM
- \$3.7 billion Wealth Management AUA/AUM
- \$77.7 million in Mortgage Originations YTD

ASSET GROWTH (\$ IN BILLIONS)

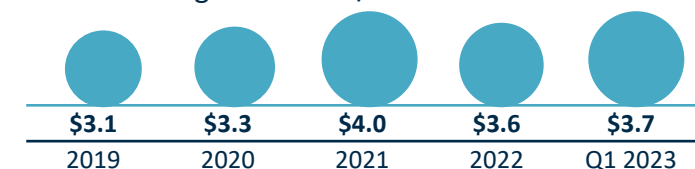
Banking Assets



Retirement and Benefits AUA/AUM



Wealth Management AUA/AUM



Data as of 3/31/2023.

OUR DIVERSE BUSINESS LINES

A BIG COMPANY MODEL WITH SMALL COMPANY EXECUTION

COMMERCIAL BANKING

- Commercial and commercial real estate lending
- Small business lending
- Treasury management
- Deposit services

BANKING

52% of Revenue

CONSUMER BANKING

- Private banking
- Deposit products and services
- Consumer lending

RETIREMENT AND BENEFITS

31% of Revenue

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

TRUSTED ADVISOR

MORTGAGE

7% of Revenue

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

WEALTH MANAGEMENT

10% of Revenue

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

Revenue data LTM as of 3/31/2023.

FRANCHISE FOOTPRINT

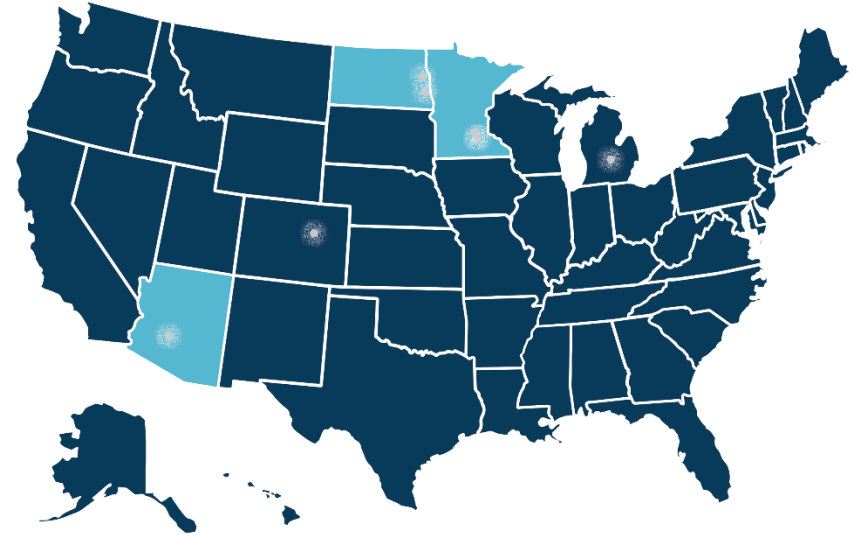
FULL-SERVICE BANKING OFFICES

Alerus offers banking, retirement and benefits, 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:** 3 full-service banking offices

RETIREMENT AND BENEFITS 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

- 38,200 consumer clients
- 16,700 commercial clients
- 8,100 employer-sponsored retirement plans
- 389,100 employer-sponsored retirement plan participants
- 70,300 health savings account participants
- 39,000 flexible spending account/health reimbursement arrangement participants

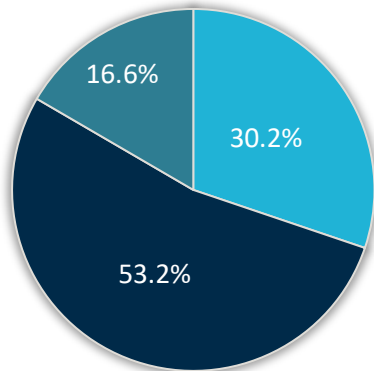
Data as of 3/31/2023.

MARKET DISTRIBUTION

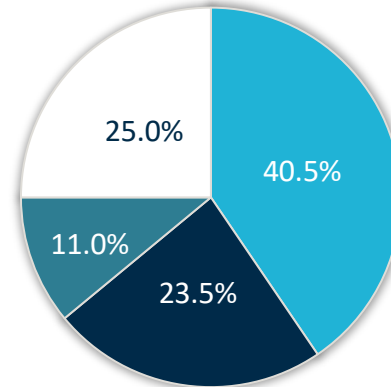
STRONG GROWTH MARKETS AND STABLE CORE FUNDING

(DOLLARS IN MILLIONS)

LOANS \$2,452



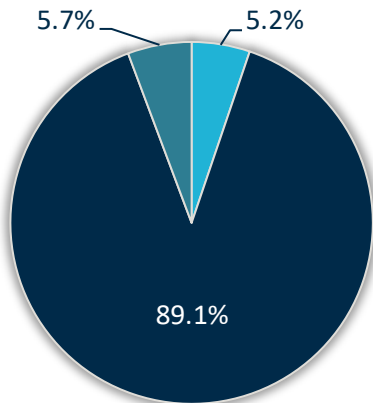
DEPOSITS \$3,032



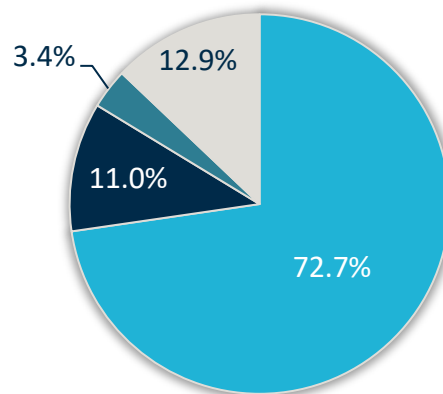
LEGEND

- North Dakota
- Minnesota
- Arizona
- National
- Synergistic

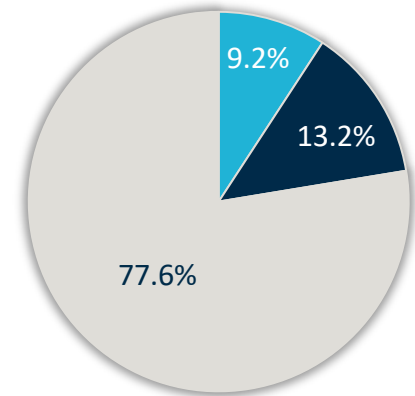
MORTGAGE ORIGINATIONS \$78



WM ASSETS UNDER ADMIN/MGMT. \$3,676



ARB ASSETS UNDER ADMIN/MGMT. \$33,404



Data as of 3/31/2023.

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 benefits

SYNERGISTIC GROWTH

Deposits sourced from our retirement and benefits division totaled \$758.0 million as of March 31, 2023

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

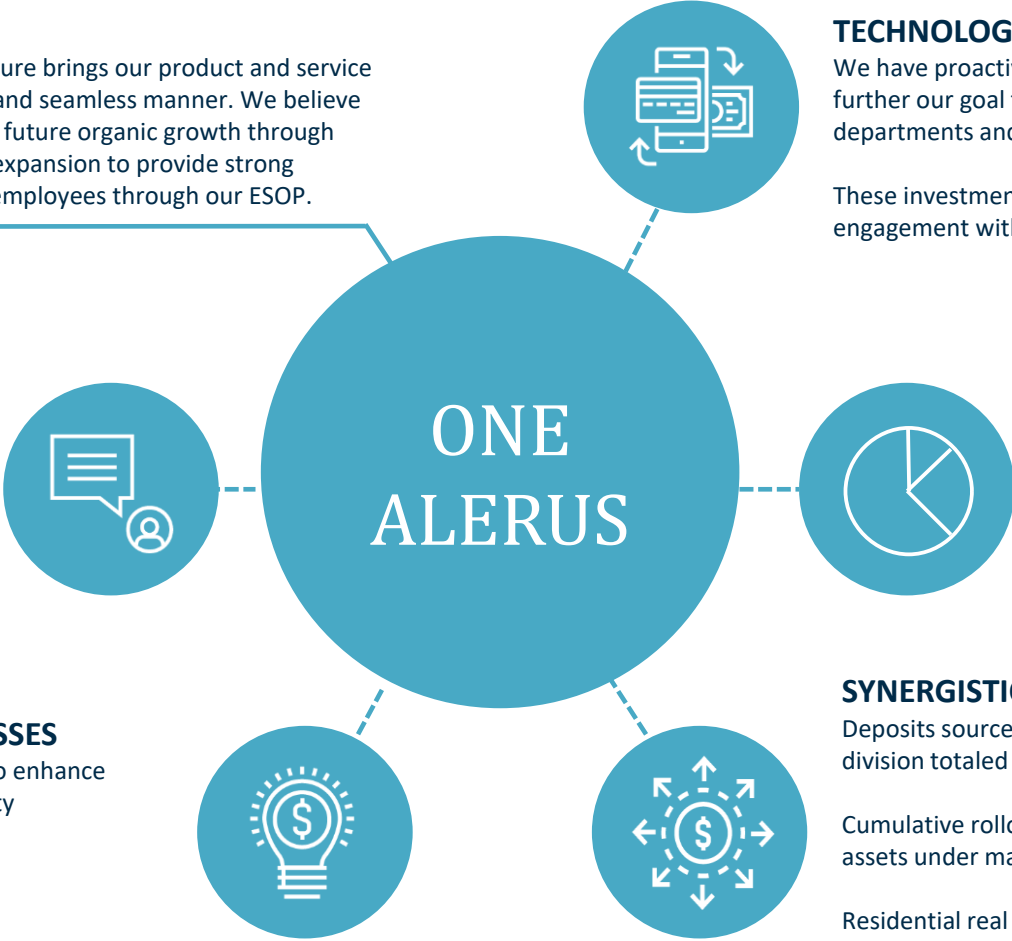
Residential real estate first mortgages totaled \$698.0 million in the first quarter

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



STRATEGIC GROWTH

To supplement our strong 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 Tegrity 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

- Recruit **top talent** 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 **38,200** consumer clients, **16,700** commercial clients and over **389,100** 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

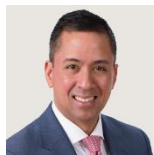
- Provide **secure and reliable** technology that meets evolving client expectations
- Integrate our full product and service offerings through our **fast-follower** strategy

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



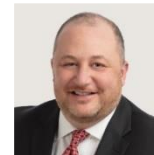
RANDY NEWMAN
Since 1987
Former President and CEO, Alerus



KEVIN LEMKE
Since 1994
President
Virtual Systems, Inc.



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



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

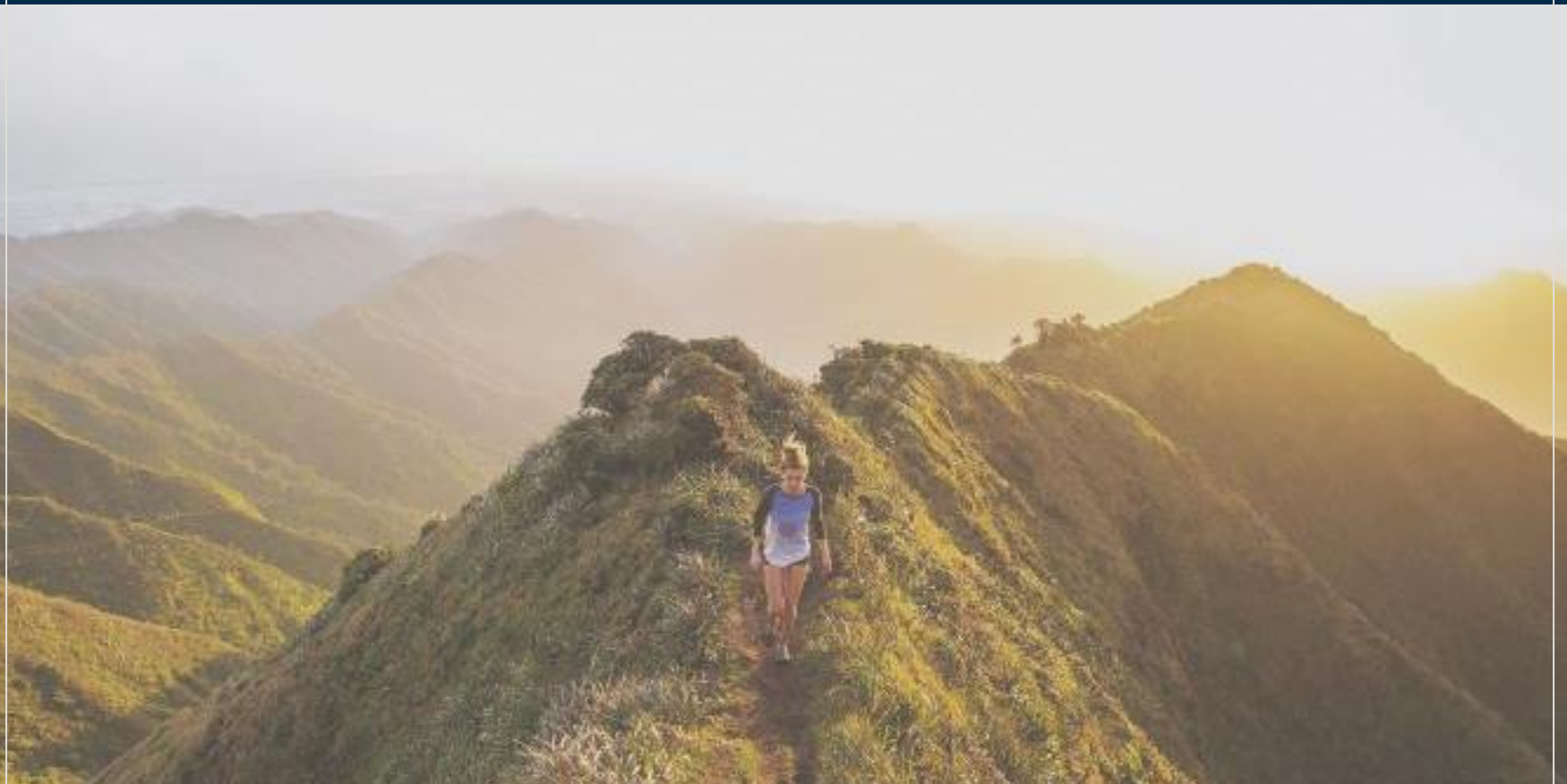


JANET ESTEP
Since 2021
Former President and CEO, Nacha
Former EVP, US Bank Transaction Division
Former VP, Pace Analytical Services



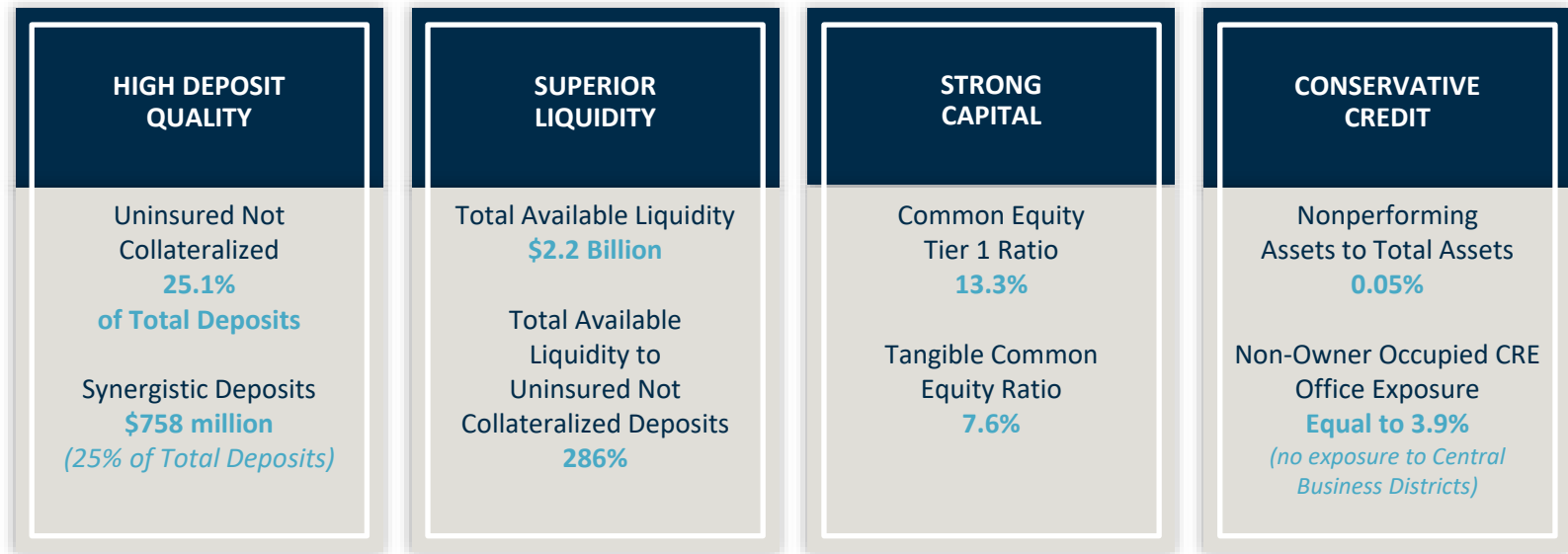
MARY ZIMMER
Since 2021
Former Director of Diverse Client Segments
and Former Northern Regional President,
Wells Fargo Advisors
Former Head of Intl. Wealth USA, Royal Bank
of Canada U.S. Wealth Mgmt.

FIRST QUARTER HIGHLIGHTS



SAFETY AND STABILITY

DIVERSIFIED BUSINESS MODEL STRENGTHENS FORTRESS BALANCE SHEET



Q1 2023 SUMMARY

SUCCESS IS NEVER FINAL

- Reported net income of \$8.2 million for the first quarter of 2023, or \$0.40 per diluted common share.
- Loans increased \$42.6 million, or 1.7%, compared to the end of the fourth quarter of 2022 primarily due to increases of \$52.7 million in commercial real estate loans.
- Deposits increased \$116.5 million, or 4.0%, compared to the end of the fourth quarter of 2022 primarily due to an increase of \$184.5 million in interest-bearing deposits.
- Net interest income was \$23.7 million in the first quarter, a \$3.3 million, or 12.3%, decrease from the fourth quarter of 2022 primarily driven by an increase in interest expense, partially offset by an increase in interest income.
- Adopted CECL on January 1, 2023. While our credit quality remains strong, we recorded \$550 thousand in provision for credit losses due to loan growth, changing economic conditions and qualitative factors.
- Allowance for credit losses on loans was 1.41% of total loans compared to 1.27% at the end of fourth quarter of 2022.

Q1 2023 FINANCIAL HIGHLIGHTS

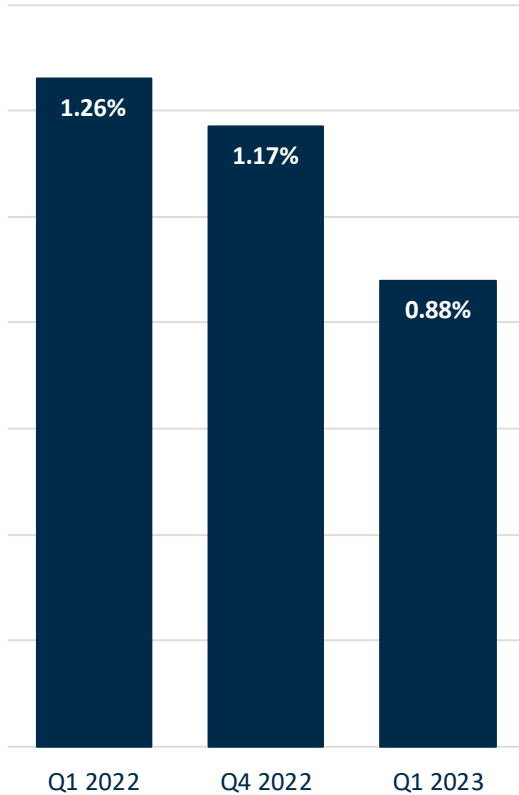
INCOME STATEMENT

	Three months ended		
	March 31, 2023	December 31, 2022	March 31, 2022
<i>(dollars and shares in thousands, except per share data)</i>			
Net Interest Income	\$ 23,658	\$ 26,964	\$ 21,673
Provision for Credit Losses	550	—	—
Net Interest Income After Provision for Credit Losses	23,108	26,964	21,673
Noninterest Income	25,253	25,517	29,470
Noninterest Expense	37,869	37,948	38,071
Income Before Income Taxes	10,492	14,533	13,072
Income Tax Expense	2,306	3,624	2,888
Net Income	\$ 8,186	\$ 10,909	\$ 10,184
Per Common Share Data			
Earnings Per Common Share - Diluted	\$ 0.40	\$ 0.53	\$ 0.57
Diluted Average Common Shares Outstanding	20,246	20,232	17,500
Performance Ratios			
Return on Average Total Assets	0.88 %	1.17 %	1.26 %
Return on Average Tangible Common Equity ⁽¹⁾	12.58 %	16.63 %	14.72 %
Noninterest Income as a % of Revenue	51.63 %	48.62 %	57.62 %
Net Interest Margin (Tax-Equivalent)	2.70 %	3.09 %	2.83 %
Efficiency Ratio ⁽¹⁾	74.53 %	69.62 %	72.25 %

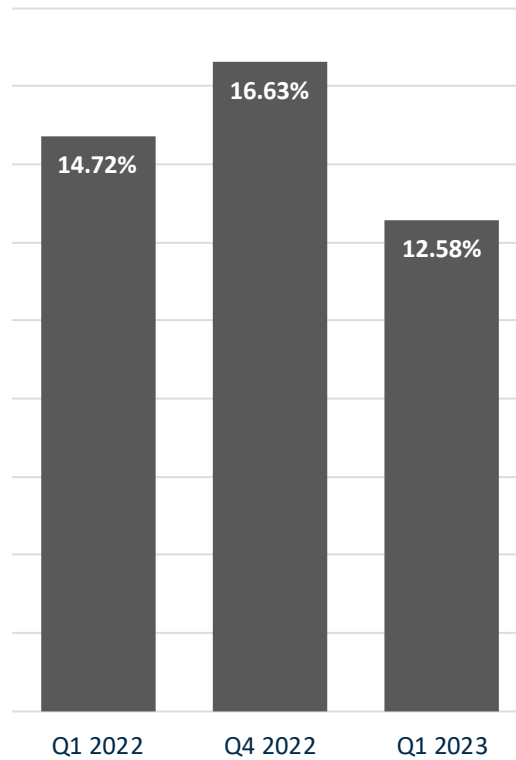
1 – Represents a non-GAAP Financial measure. See “Non-GAAP Disclosure Reconciliation.”

PERFORMANCE RATIOS

Return on Average Assets⁽²⁾



Return on Average Tangible Common Equity^{(1)/(2)}



Tangible Book Value per Share⁽¹⁾



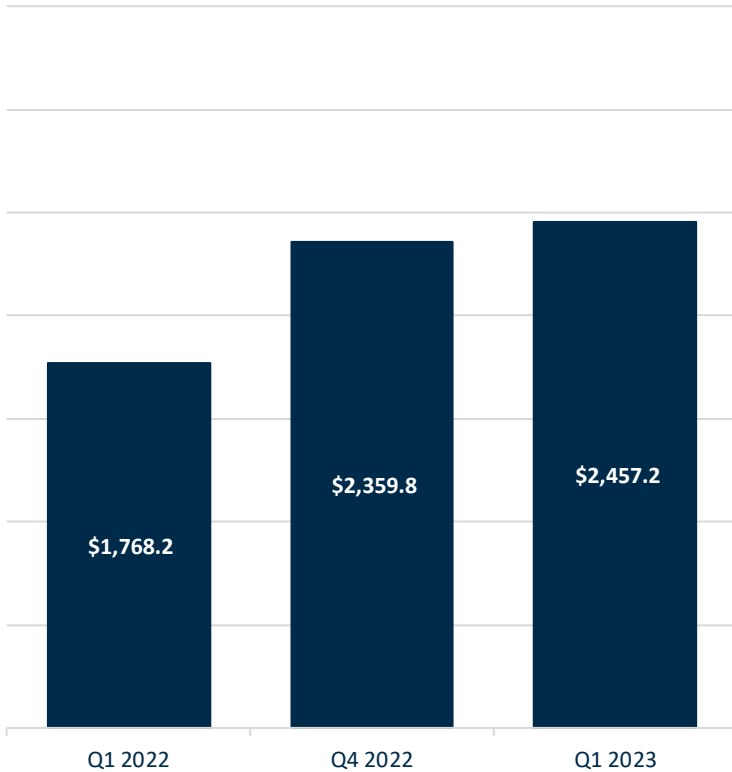
1 – Represents a non-GAAP Financial measure. See “Non-GAAP Disclosure Reconciliation.”

2 – Rates have been annualized

KEY BALANCE SHEET ITEMS

DOLLARS IN MILLIONS

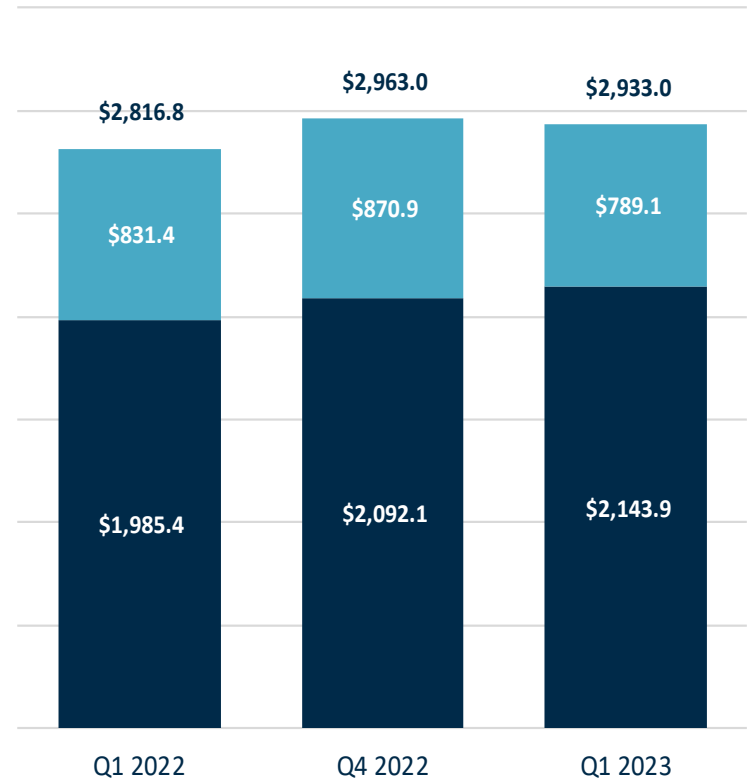
Average Loans



Average
Loans

4.1% Linked Quarter
39.0% Year-over-year

Average Deposits



■ Interest-Bearing Deposits ■ Non-Interest Bearing Deposits

Average
Deposits

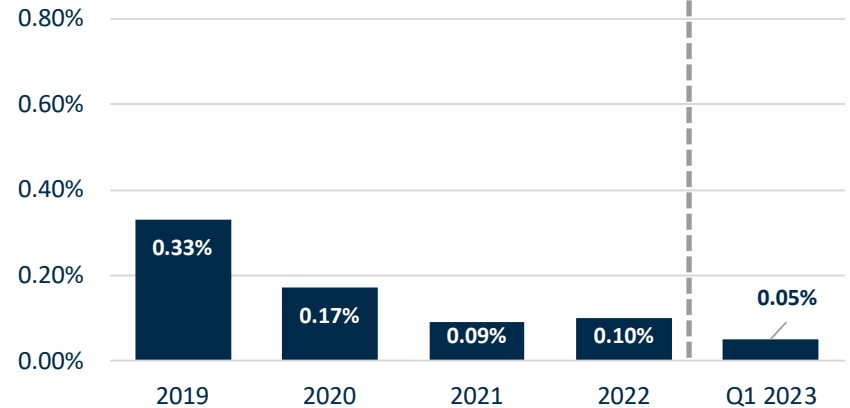
(1.0)% Linked Quarter
4.1% Year-over-year

ASSET QUALITY AND RESERVE LEVELS

OVERVIEW

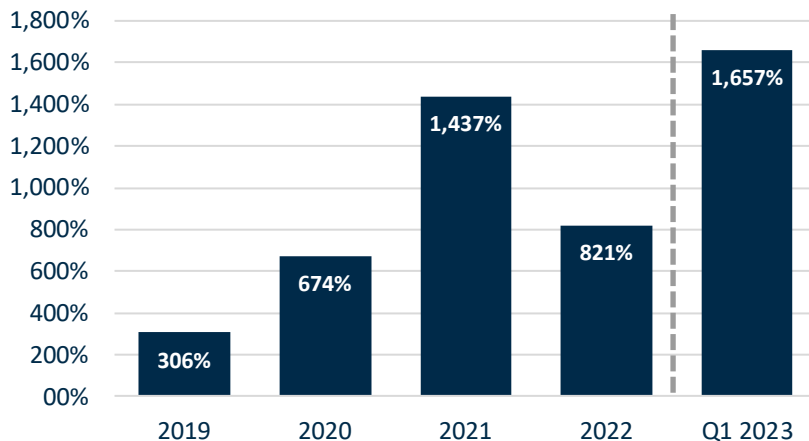
- Solid asset quality based on low levels of nonperforming assets.
- Strong reserve levels as criticized loans remain at historically low levels.
- Strong credit quality as evidenced by historic net charge-off ratio of 27 bps, dating back 25 years.

NPA / ASSETS (%)

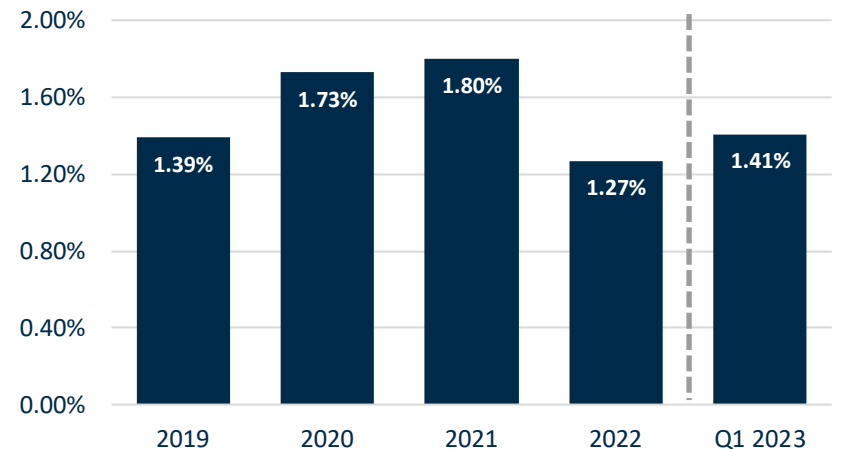


NCO/ Avg Loans	2019	2020	2021	2022	Q1 2023
	0.33%	0.03%	(0.04)%	0.02%	0.03%

RESERVES / NPL (%)



RESERVES / LOANS (%)

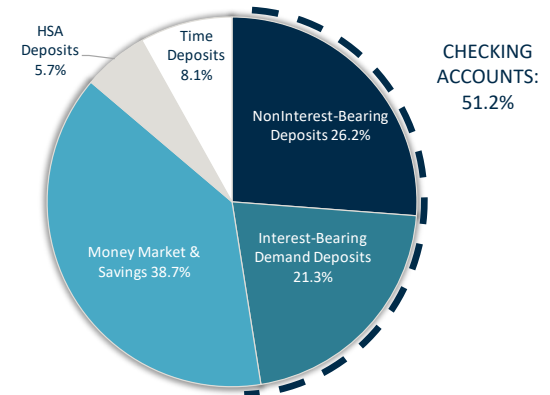


STRONG CORE FUNDING MIX

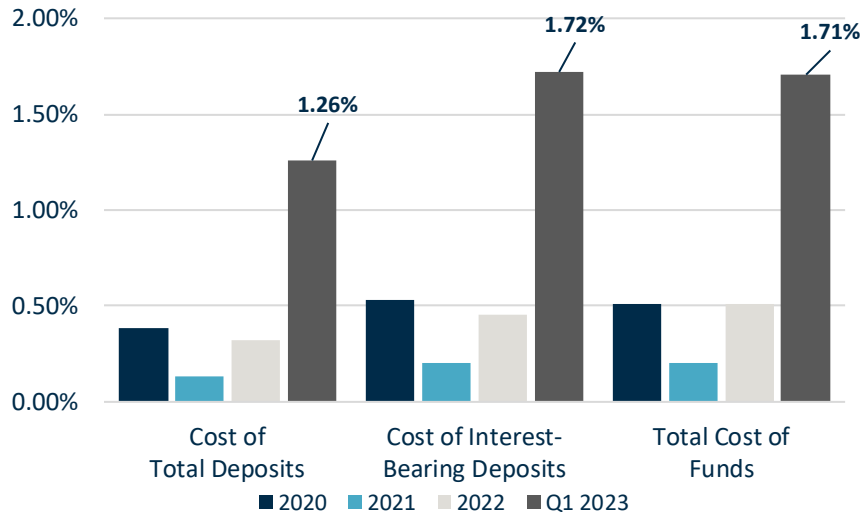
OVERVIEW AS OF MARCH 31, 2023

- Commercial transaction accounts totaled \$1.4 billion and increased 9.0% YoY. Consumer transaction accounts totaled \$659.3 million and decreased 13.3% YoY.
- Synergistic deposits, including HSA deposits and those sourced through retirement plans and participants, totaled \$758.0 million, with a YTD annualized cost of 2.15%.
- CD portfolio is primarily 6-month maturity CDs with over 50% held by clients for 10+ years.
- Stable deposit relationships with 23-year average tenure on 10 largest depositors.

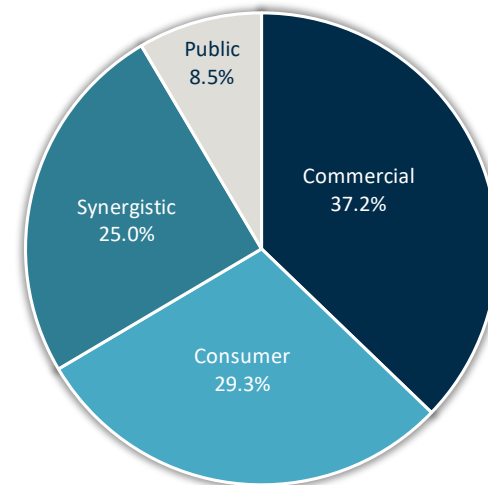
MARCH 31, 2023 DEPOSIT FUNDING (\$3,032 MM)



COST OF FUNDS INCREASING WITH SHORT-TERM RATES



MARCH 31, 2023 DEPOSIT COMPOSITION



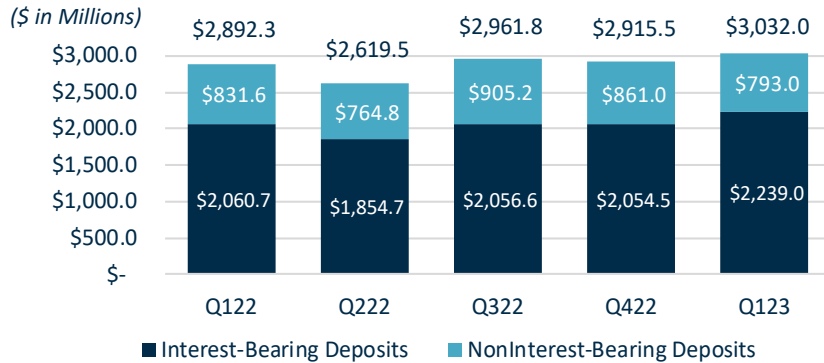
As of March 31, 2023, core deposits totaled \$3.0 billion or 98% of our total deposits

Data YTD as of 3/31/2023.

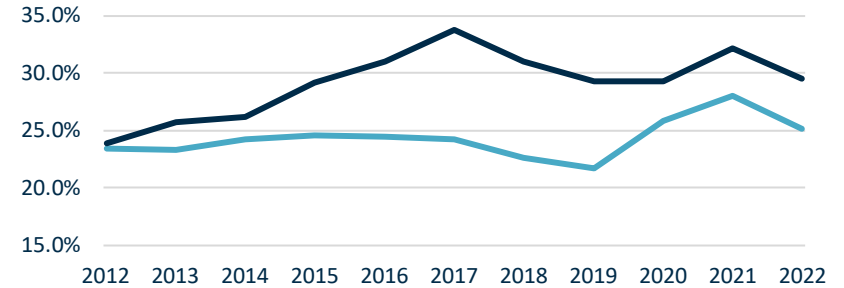
DEPOSIT CHARACTERISTICS

STRONG LIQUIDITY WELL IN EXCESS OF UNINSURED BALANCES

INTEREST-BEARING VS NONINTEREST-BEARING

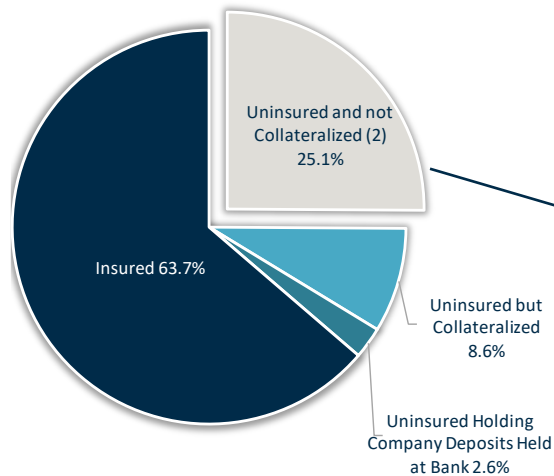


NONINTEREST-BEARING THROUGH TIME

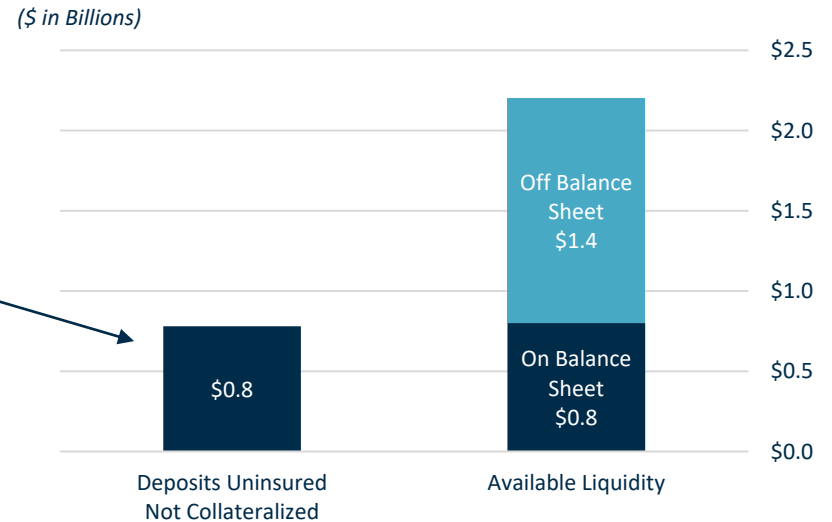


1 – Source: FDIC — FDIC - Industry Data (1) — ALRS

UNINSURED VS INSURED



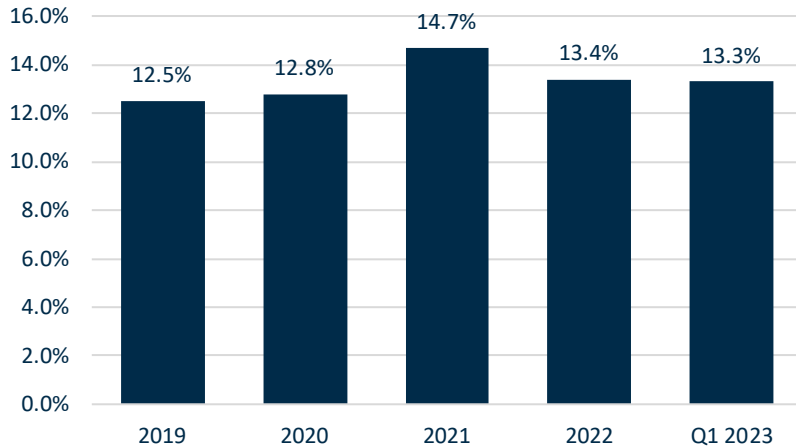
UNINSURED VS LIQUIDITY



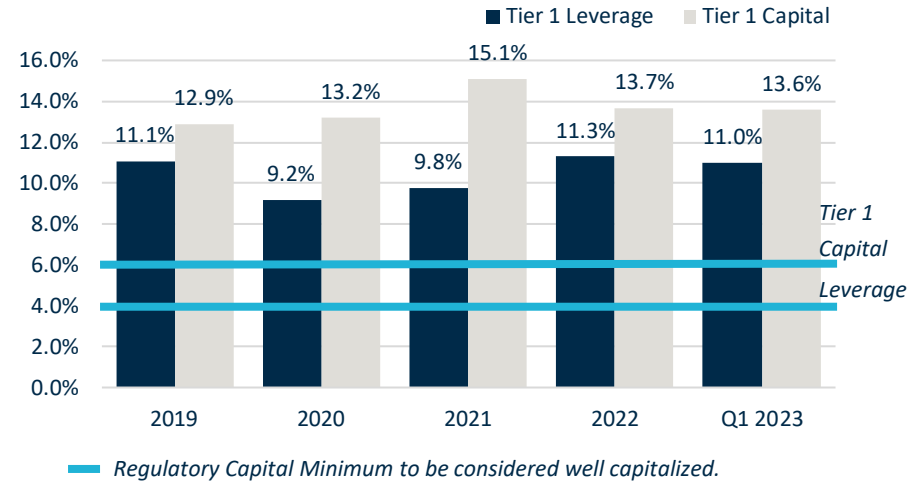
2 – Uninsured and not collateralized deposits represent those customer deposit balances over the current FDIC insurance limit of \$250,000 that are not collateralized by other means such as pledged loans or pledged securities

STRONG CAPITAL AND SOURCES OF LIQUIDITY

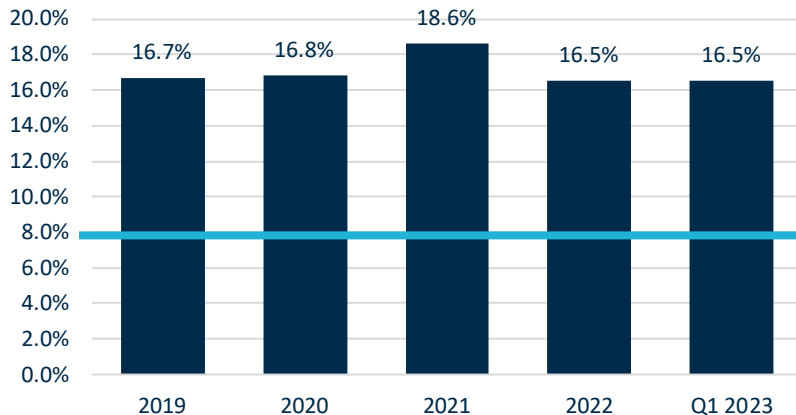
COMMON EQUITY TIER 1



TIER 1 CAPITAL/TIER 1 LEVERAGE RATIOS



TOTAL RISK BASED CAPITAL



SOURCES OF LIQUIDITY

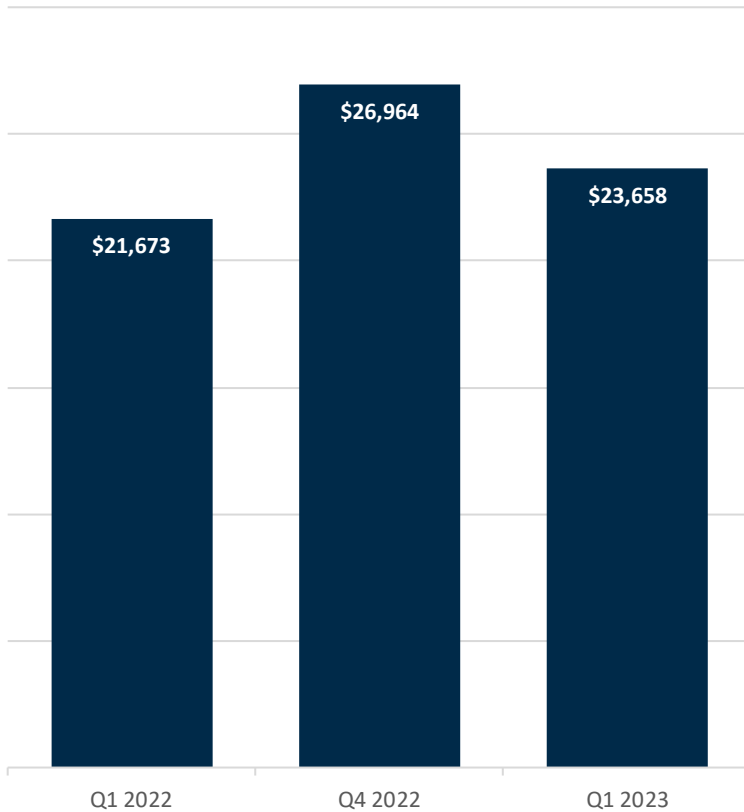
(\$ in thousands)

Total Assets	\$ 3,886,773
Cash and cash equivalents	\$ 145,181
Unencumbered Securities (at Market Value)	642,999
Total On Balance Sheet Liquidity	788,180
FHLB Borrowing Capacity	560,326
Fed Funds Lines	107,000
Brokered CD's Capacity	777,355
Total Off Balance Sheet Liquidity	1,444,681
Total Liquidity as of 3/31/2023	\$ 2,232,861

KEY REVENUE ITEMS

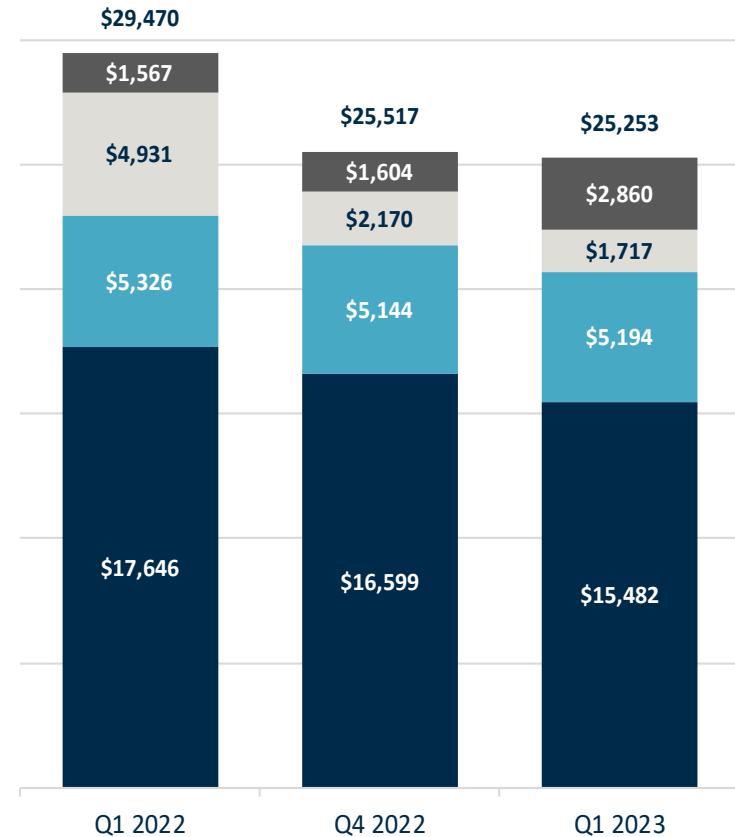
DOLLARS IN THOUSANDS

Net Interest Income



Net Interest Income (12.3%) Linked Quarter
9.2% Year-over-year

Noninterest Income

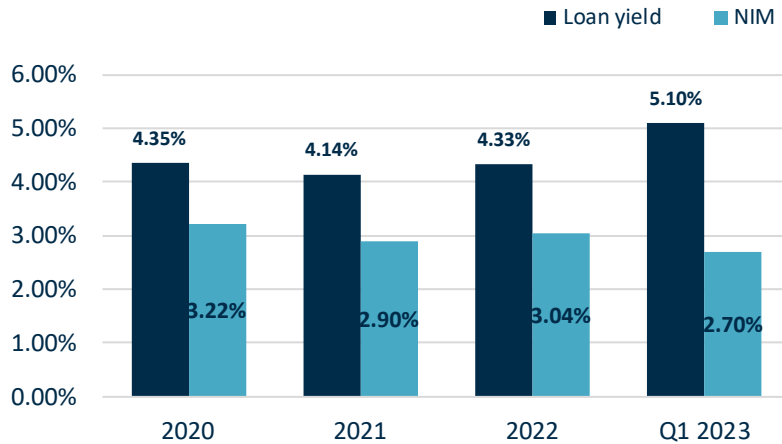


Noninterest Income (1.0%) Linked Quarter
(14.3%) Year-over-year

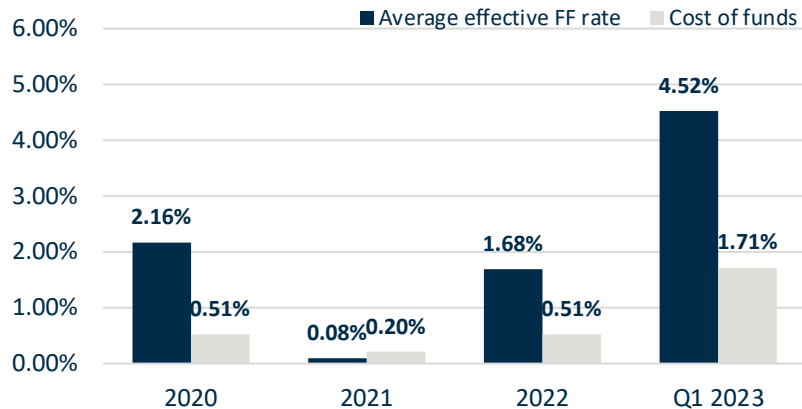
1 – Other noninterest income consists of service charges on deposit accounts, interchange income and other noninterest income.

NET INTEREST MARGIN (NIM)

LOAN YIELD⁽¹⁾/NET INTEREST MARGIN⁽¹⁾



AVERAGE EFFECTIVE FF RATE/COST OF FUNDS⁽¹⁾



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

QUARTERLY HIGHLIGHTS

- Loan yields increased as a result of an increase in the average rate received from loans compared to Q4 2022.
- Average loans increased \$97.4 million compared to Q4 2022, primarily due to an increase of \$78.2 million in average commercial loans.
- Net interest margin decreased 39 basis points, primarily due to a 78 basis point increase on the average rate paid on interest-bearing liabilities.
- Interest-bearing deposit rates increased 65 basis points primarily due to the rapid increase in short-term rates and heightened deposit competition.
- The rate paid on fed funds purchased and short-term borrowings increased 100 basis points as rates have risen. The average balance increased \$105.3 million compared to Q4 2022.

NII AND LOAN FLOORS

VARIABLE RATE FLOORS BY INDEX

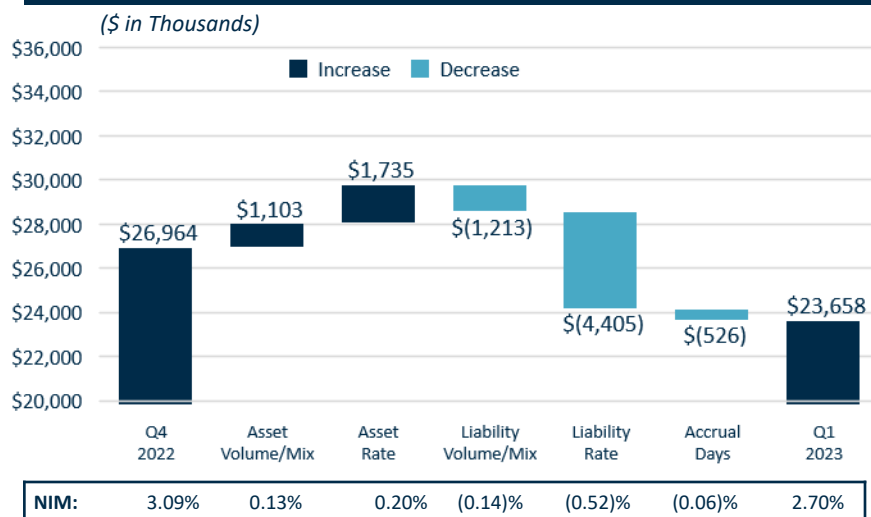
<i>\$ in Millions</i> Index	Above the Floor	At the Floor	No Floor	Total	Total %
Prime	\$ 308	\$ 34	\$ 164	\$ 506	50.0%
1 Month LIBOR	–	–	144	144	14.2%
12 Month LIBOR	89	2	18	109	10.8%
FHLB 5 Year	17	16	10	43	4.2%
Other	90	68	52	210	20.8%
Total	\$ 504	\$ 120	\$ 388	\$ 1,012	100.0%

Percent of Total 49.8% 11.9% 38.3% 100.0%

VARIABLE RATE FLOORS

<i>\$ in Millions</i>	Balance	% of Total Balance	Cumulative % of Total Balance
No Floors	\$ 388	38.3%	38.3%
At Floor	120	11.9%	50.2%
0-50 bps above floor	35	3.5%	53.7%
>50bps to above floor	469	46.3%	100.0%
Total	\$ 1,012	100.0%	

NET INTEREST INCOME



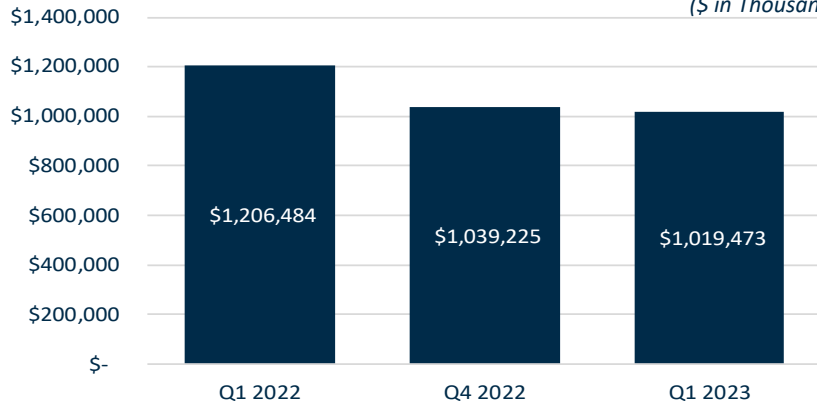
QUARTER OVER QUARTER HIGHLIGHTS

- Interest expense paid on deposits increased due to heightened deposit competition as short-term rates have risen rapidly, as well as increased proactive deposit client engagement following recent bank failures.
- Fed funds purchased and short-term borrowings expense increased as short-term rates have increased.
- The average balance of fed funds purchased and short-term borrowings increased as average loan balances outpaced average deposit balances.

INVESTMENT PORTFOLIO

INVESTMENT PORTFOLIO

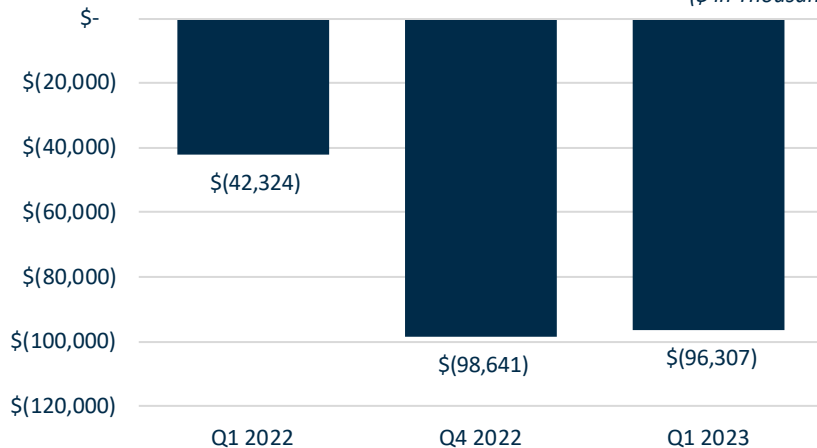
(\$ in Thousands)



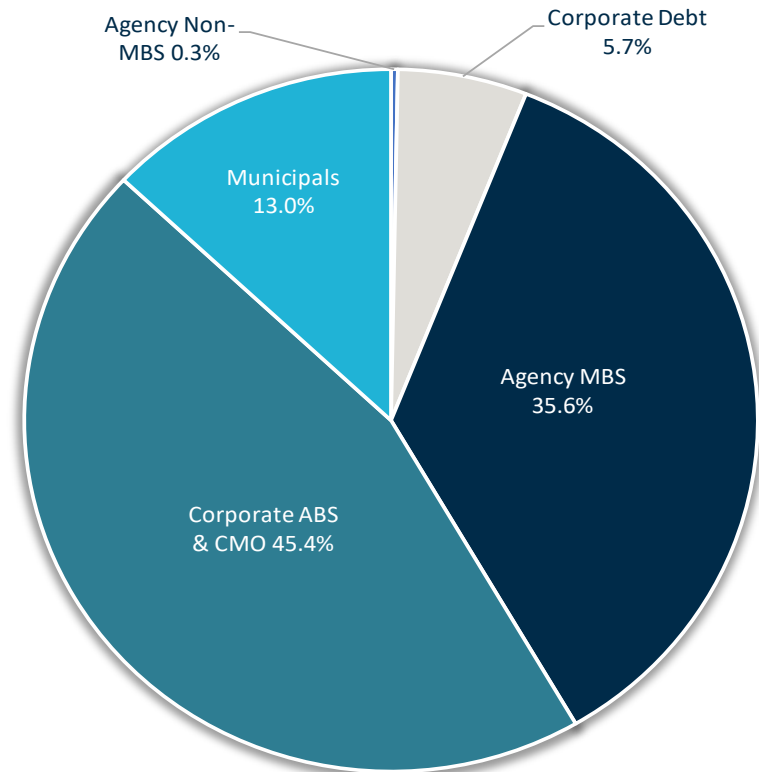
Yield on Securities:	1.9%	2.3%	2.4%
% of Earning Assets:	39.0%	30.1%	29.0%

AOCI

(\$ in Thousands)



MIX



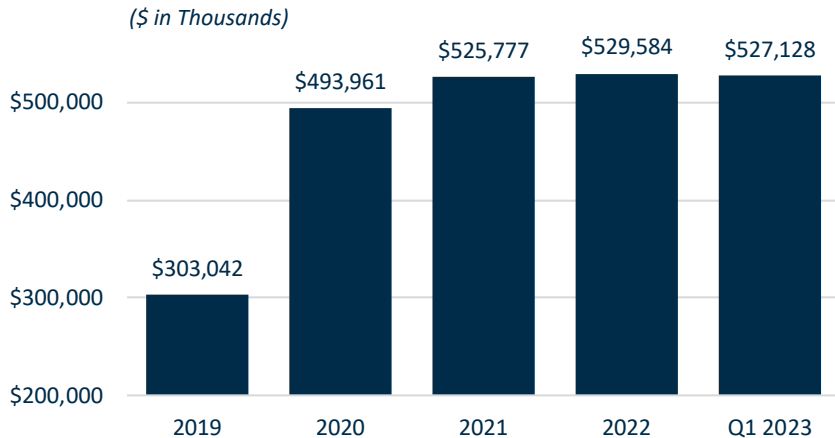
Held-to-Maturity:	30.8%	Available-for-Sale:	69.2%
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RETIREMENT AND BENEFITS

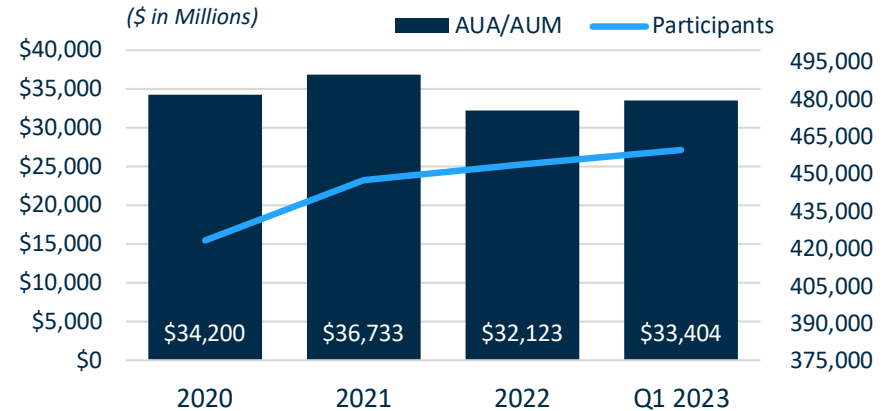
OVERVIEW – 8,100 PLANS - NATIONAL FOOTPRINT

- **RETIREMENT** - Provide recordkeeping and administration services to qualified retirement plans
- **TRUST CUSTODY & ADVISORY SERVICES** - Provide investment fiduciary services to retirement plans
- **HEALTH AND WELFARE** - Provide HSA, FSA, COBRA recordkeeping and administration services to employers
- **REVENUE MIX** – 35.7% market sensitive
- **ONE ALERUS SYNERGIES**
 - IRA rollovers \$34.2 million YTD 3/31/2023
 - Deposits \$527.1 million - HSA deposits, 401(k) Money Market Funds, Emergency Savings, Terminated Participants
 - Commercial Banking client expansion

STABLE SYNERGISTIC DEPOSITS

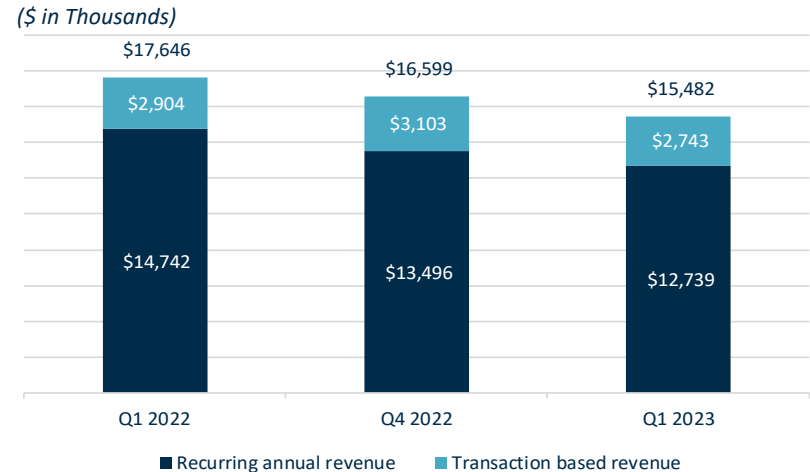


ASSETS UNDER ADMINISTRATION/MANAGEMENT



Revenue:	2020	2021	2022	Q1 2023
	\$60,956	\$71,709	\$67,135	\$15,482

REVENUE MIX

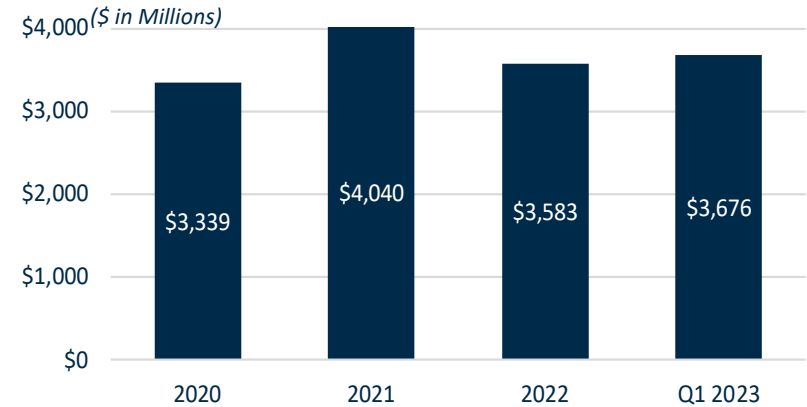


WEALTH MANAGEMENT SERVICES

OVERVIEW OF SERVICES

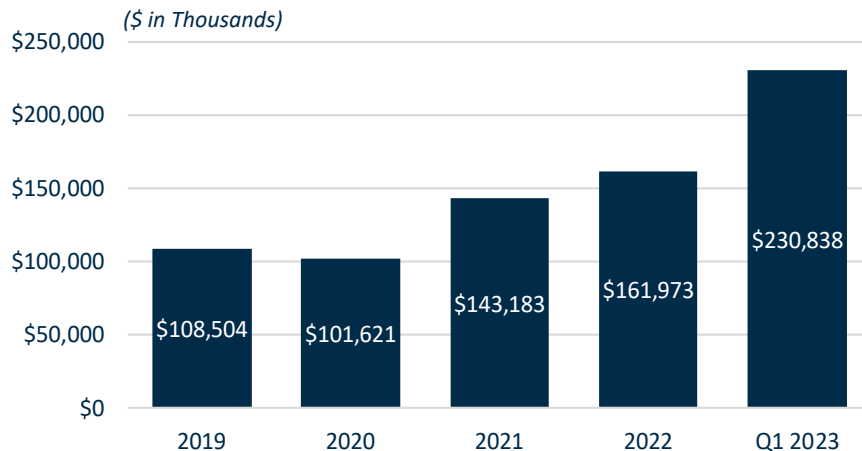
- **ADVISORY AND PLANNING SERVICES**
 - Advisory Services, Insurance Planning, Financial Planning, Education Planning
- **INVESTMENT MANAGEMENT**
 - Personalized SMA strategies, Tax Management and Global Perspective
- **TRUST AND FIDUCIARY SERVICES**
 - IRA, Agency and Personal Trust
- **ONE ALERUS SYNERGIES**
 - IRA rollovers
 - 401(k) managed accounts
 - Synergistic deposits totaled \$230.8 million at Q1 2023

ASSETS UNDER ADMINISTRATION/MANAGEMENT

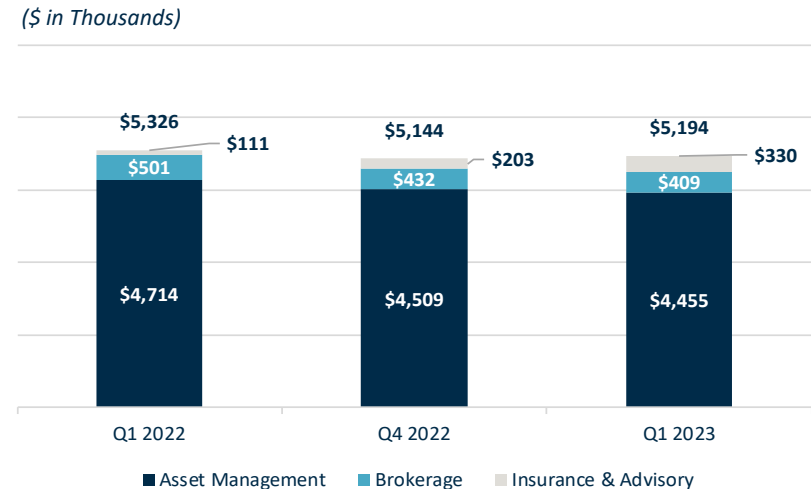


Revenue:	2020	2021	2022	Q1 2023
	\$17,451	\$21,052	\$20,870	\$5,194

SYNERGISTIC DEPOSITS



REVENUE MIX



MORTGAGE BANKING

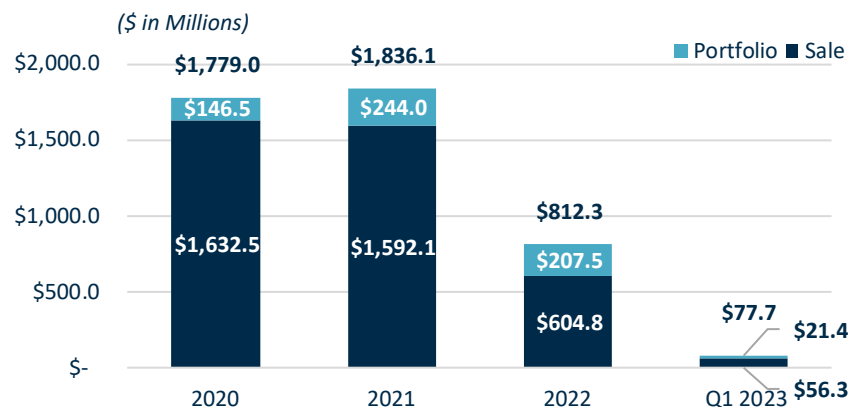
OVERVIEW OF SERVICES

- 1st and 2nd mortgage product offerings through centralized mortgage operations in Minneapolis, Minnesota, with 89.1% sourced from the Twin Cities MSA
- Our Twin Cities originators averaged \$46 million in annual volume over the last five years
- Since 2019 originations have average 59% purchase and 41% refinance
- Historically strong secondary market pull through - Q1 2023 95.0%
- Enhanced technology with 90% of applications through digital channel

QUARTERLY RESULTS

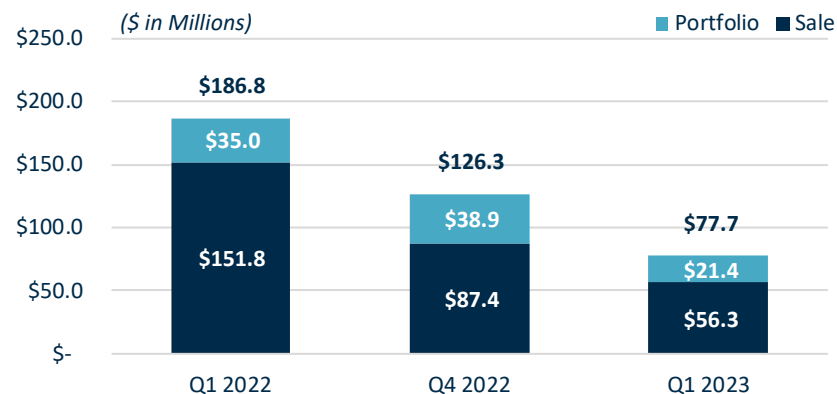
(\$ in Thousands)	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Origination and Sale	\$ 4,935	\$ 5,821	\$ 5,028	\$ 3,145	\$ 1,463
Fair Value Changes	(4)	217	(1,246)	(974)	254
Total	\$ 4,931	\$ 6,038	\$ 3,782	\$ 2,171	\$ 1,717
Gain on Sale Margin	2.8%	3.4%	2.6%	3.0%	3.0%

YEARLY MORTGAGE ORIGINATIONS



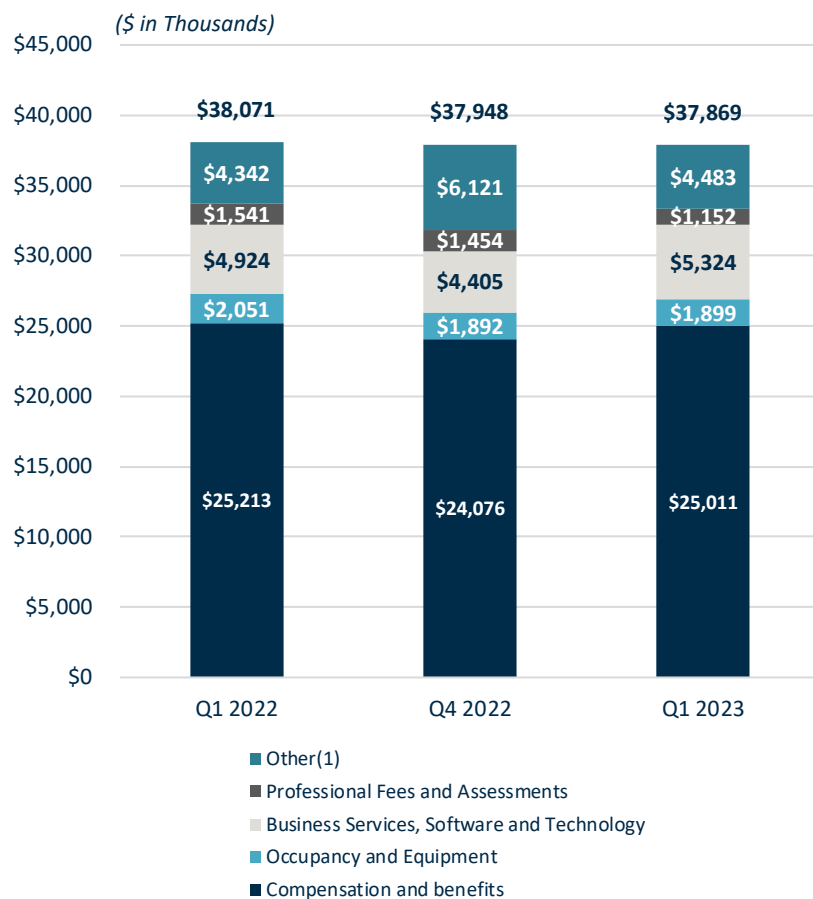
Purchase:	45.2%	51.2%	88.3%	94.9%
Refinance:	54.8%	48.8%	11.7%	5.1%

QUARTERLY ORIGINATIONS



Purchase:	70.3%	92.2%	94.9%
Refinance:	29.7%	7.8%	5.1%

NONINTEREST EXPENSE



Noninterest Expense (0.2)% Linked quarter
(0.5)% Year-over-year

QUARTERLY HIGHLIGHTS

- Decline in other noninterest expense was primarily driven by a reduction in the provision for unfunded commitments as the Company adopted the CECL accounting standard on January 1, 2023.
- Professional fees and assessments declined due to a decrease in legal fees and mergers and acquisitions expenses associated with the acquisition of Metro Phoenix Bank, which closed in Q3 of 2022.
- Compensation and benefits increased due to seasonality and included one-time expenses of \$484 thousand in severance costs and \$415 thousand related to talent acquisition.

YEAR OVER YEAR HIGHLIGHTS

- Professional fees and assessments decreased \$390 thousand, or 25.3%, primarily due to a decrease in recruitment expenses and lower M&A expenses.
- Business services and technology expense increased due to increased technology expenses associated with the acquisition and integration of Metro Phoenix Bank.
- Compensation and benefits increased primarily due to seasonality of taxes and signing bonuses.

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

KEY TAKEAWAYS

ALERUS MAINTAINS BOTH A STRONG LIQUIDITY AND CAPITAL POSITION

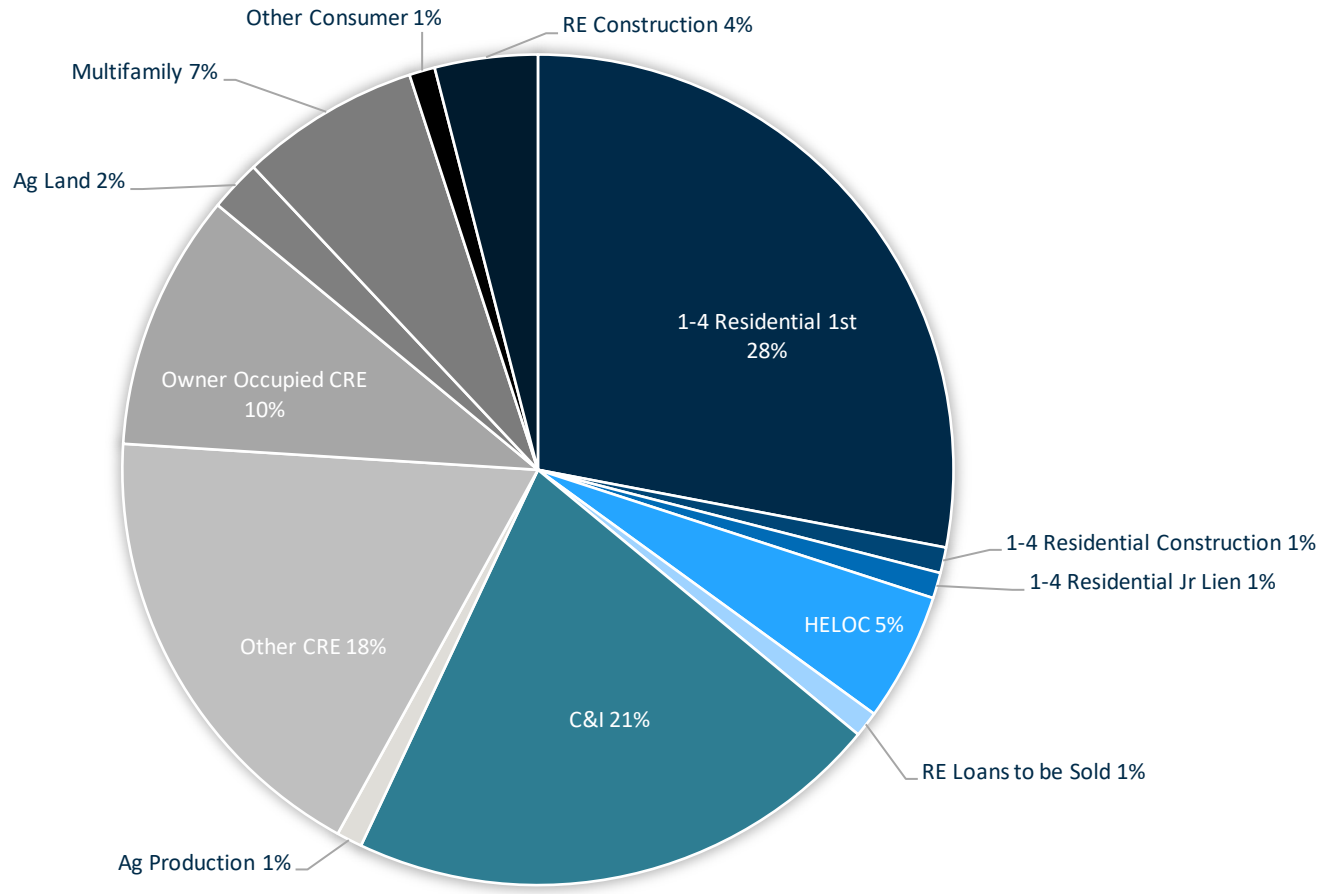
- During the quarter, deposits grew 4.0% from our core commercial and consumer client base.
- Uninsured and not collateralized deposits are only 25.1% of total deposits.
- Available sources of liquidity exceed \$2.2 billion. On balance sheet liquidity of approximately \$0.8 billion can cover all uninsured and not collateralized deposits.
- Capital remains strong with a Tangible Common Equity ratio of 7.6% and a regulatory Common Equity Tier 1 ratio of 13.6%.
- Diversified and differentiated business model highlighted by noninterest income being 51.6% of total revenues
- Credit quality remains solid as nonperforming assets are only 0.05% of total assets and net charge-offs are only 0.03% of total loans.

APPENDIX



WELL DIVERSIFIED LOAN PORTFOLIO

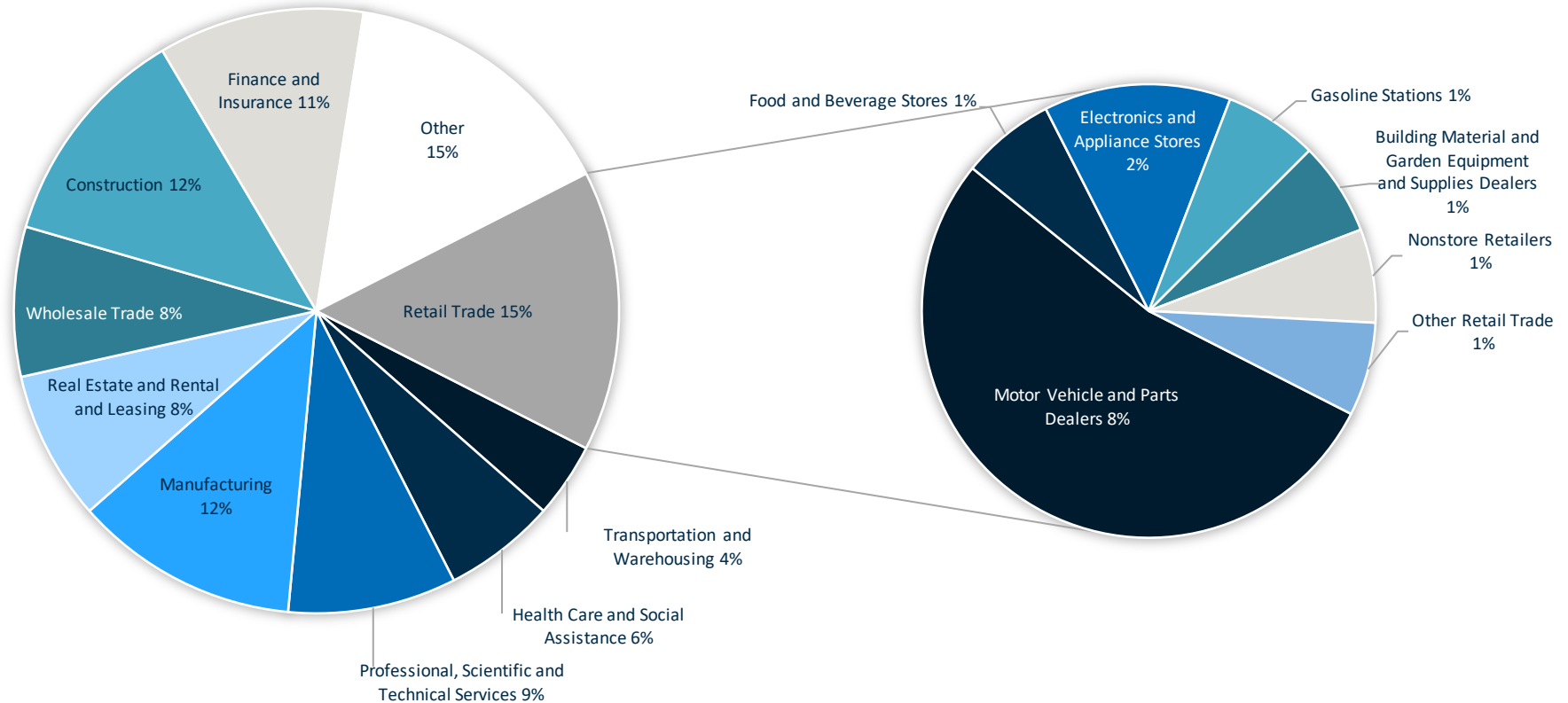
BY OUTSTANDING BALANCES



Data as of 3/31/2023.

SUMMARY BY INDUSTRY TYPE

TOTAL COMMITMENT COMMERCIAL & INDUSTRIAL¹



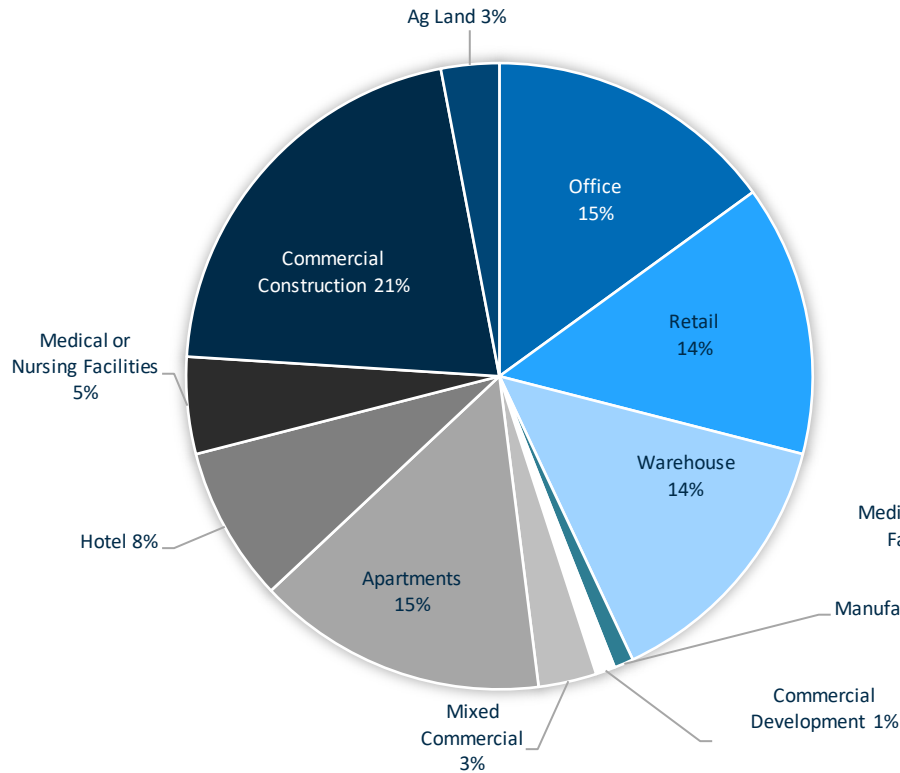
1 – Commercial and industrial loans includes C & I, loans to public entities, and other loans. It excludes ag production loans.

"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.

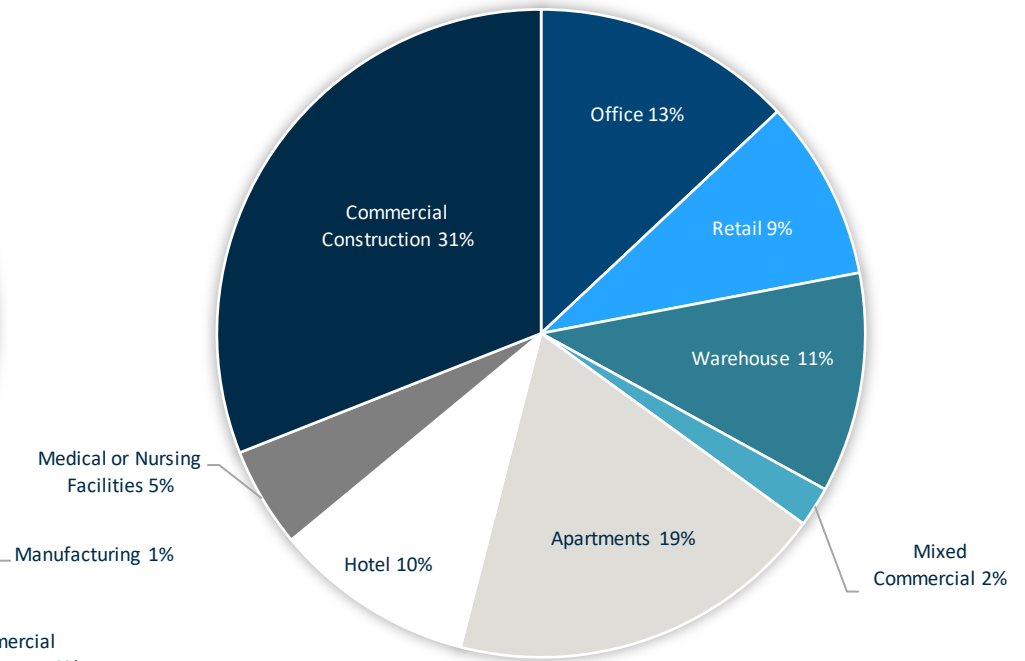
"Other Retail Trade" includes the following sub-industries within Retail Trade: (1) Miscellaneous Store Retailers, (2) Furniture and Home Furnishings Stores, (3) Sporting Goods, Hobby, Musical Instrument, and Book Stores, (4) Clothing and Clothing Accessories Stores, and (5) General Merchandise Stores.

LOANS SECURED BY REAL ESTATE

TOTAL COMMITMENT
COMMERCIAL REAL ESTATE¹



TOTAL COMMITMENT
INVESTOR REAL ESTATE²

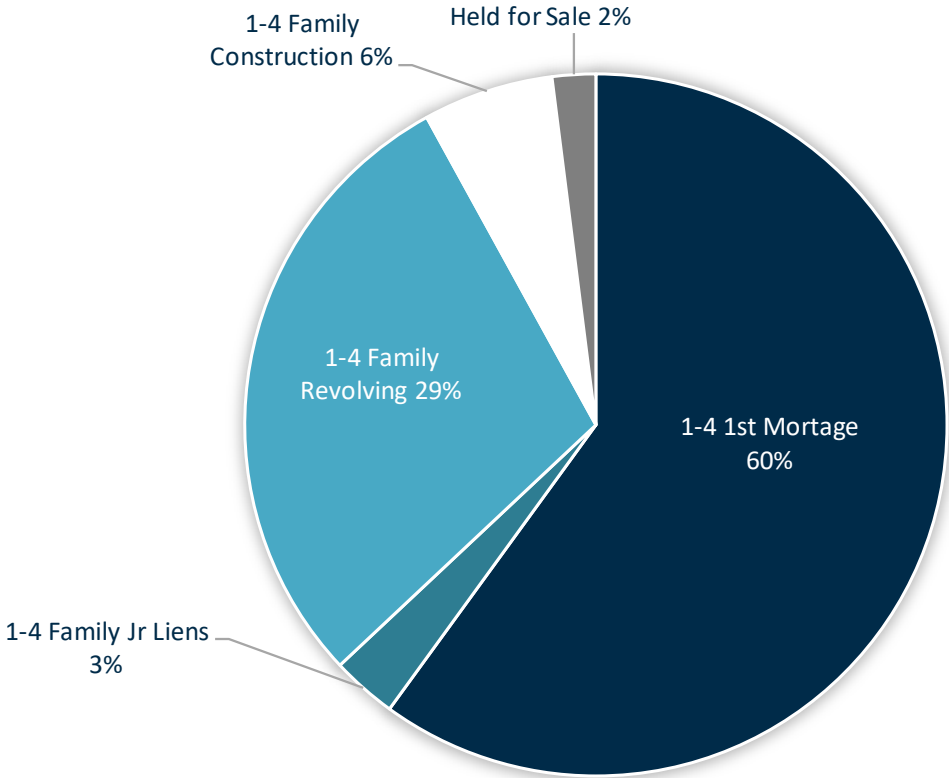


1 – Total commitment commercial real estate loans include multifamily loans, ag land, other CRE, owner occupied CRE, real estate construction and ag production.

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

LOANS SECURED BY REAL ESTATE

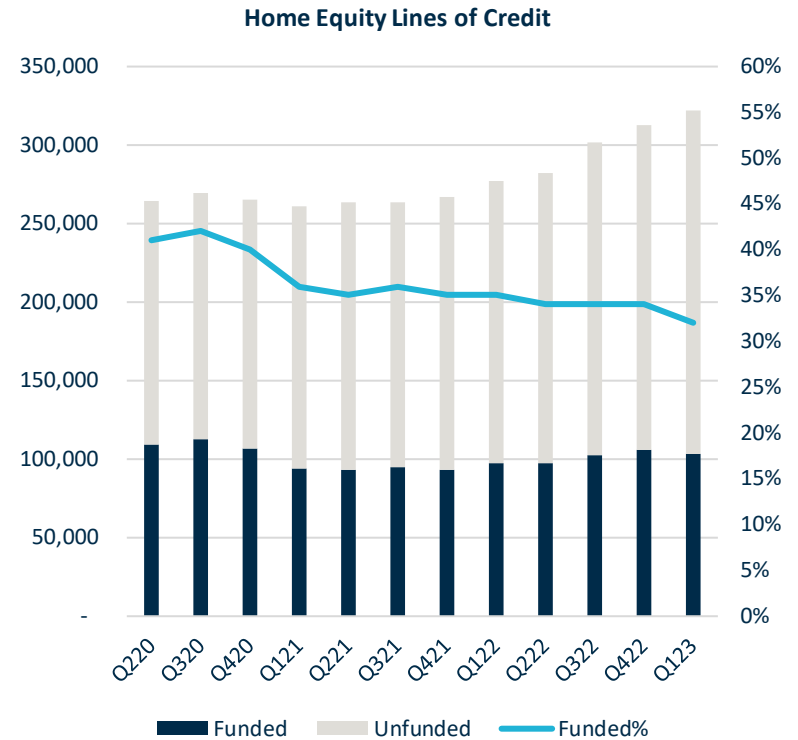
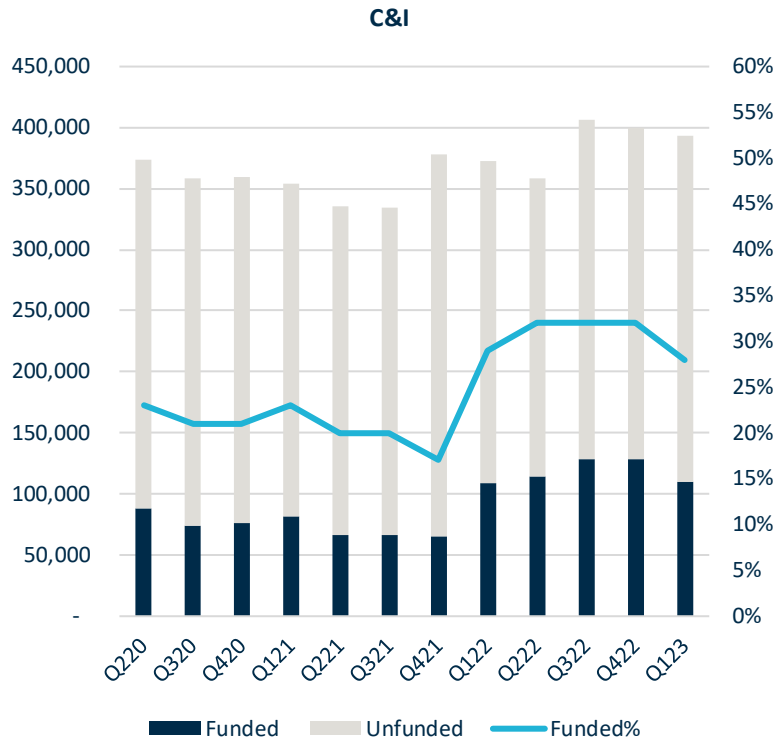
TOTAL COMMITMENT RESIDENTIAL REAL ESTATE



Portfolio	Avg FICO	Avg LTV
1 st Mortgage	774	53%
Junior	764	76%
HELOC	796	73%

LINE OF CREDIT UTILIZATION

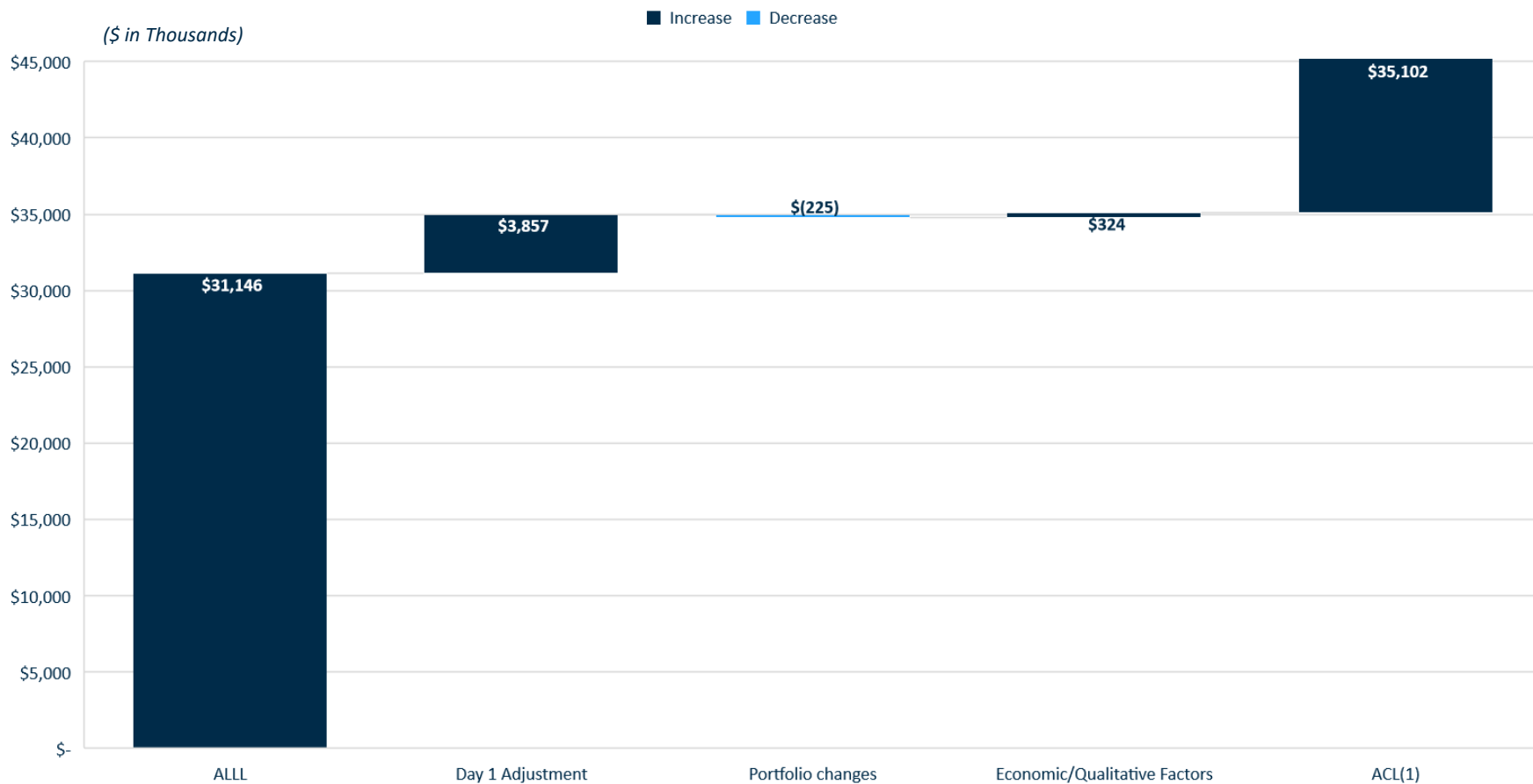
C&I AND HOME EQUITY LINES OF CREDIT¹



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



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.

ALLOWANCE FOR CREDIT LOSSES ON LOANS

CHANGES IN THE ACL FOR LOANS BY PORTFOLIO SEGMENT

	Three months ended March 31, 2023					
	Beginning Balance	Adoption of ASC 326 ⁽¹⁾	Provision for Credit Losses ⁽¹⁾	Loan Charge-offs	Loan Recoveries	Ending Balance
<i>(\$ in thousands)</i>						
Commercial						
Commercial and industrial	\$ 9,158	\$ (862)	\$ (377)	\$ (175)	\$ 56	\$ 7,800
Real estate construction	1,446	2,518	442	—	—	4,406
Commercial real estate	12,688	(424)	69	—	11	12,344
Total commercial	23,292	1,232	134	(175)	67	24,550
Consumer						
Residential real estate first mortgage	5,769	2,080	209	—	2	8,060
Residential real estate junior lien	1,289	(67)	126	(77)	6	1,277
Other revolving and installment	528	(104)	(117)	(5)	12	314
Total consumer	7,586	1,909	218	(82)	20	9,651
Unallocated	268	716	(83)	—	—	901
Total	\$ 31,146	\$ 3,857	\$ 269	\$ (257)	\$ 87	\$ 35,102

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 \$230 thousand related to unfunded commitments and \$51 thousand related to investment securities held-to-maturity.

ALLOWANCE FOR CREDIT LOSSES ON LOANS

ALLOCATION BY LOAN PORTFOLIO SEGMENT

	March 31, 2023		December 31, 2022	
	Allocated Allowance	Percentage of loans to total loans	Allocated Allowance	Percentage of loans to total loans
<i>(\$ in thousands)</i>				
Commercial and industrial	\$ 7,800	22.3%	\$ 9,158	23.9%
Real estate construction	4,406	4.4%	1,446	4.0%
Commercial real estate	12,344	37.5%	12,688	36.0%
Residential real estate first mortgage	8,060	28.1%	5,769	27.8%
Residential real estate junior lien	1,277	6.1%	1,289	6.2%
Other revolving and installment	314	1.6%	528	2.1%
Unallocated	901	—	268	—
Total loans	\$ 35,102	100.0%	\$ 31,146	100.0%

FINANCIAL HIGHLIGHTS

(\$ in thousands, except where otherwise noted)	Quarterly				
	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Total Assets	\$ 3,336,199	\$ 3,295,065	\$ 3,691,253	\$ 3,779,637	\$ 3,886,773
Total Loans	1,818,042	1,890,243	2,318,231	2,443,994	2,486,625
Total Deposits	2,892,266	2,619,550	2,961,811	2,915,484	3,031,978
Tangible Common Equity ¹	277,818	258,310	275,000	287,330	290,900
Net Income	\$ 10,184	\$ 9,293	\$ 9,619	\$ 10,909	\$ 8,186
ROAA (%)	1.26	1.14	1.02	1.17	0.88
ROATCE(%) ¹	14.72	15.25	13.89	16.63	12.58
Net Interest Margin (FTE) (%)	2.83	2.98	3.21	3.09	2.70
Efficiency Ratio (FTE) (%) ¹	72.25	74.72	74.76	69.62	74.53
Non-Int. Income/Op. Rev. (%)	57.62	56.20	48.82	48.62	51.63
Earnings per common share - diluted	\$ 0.57	\$ 0.52	\$ 0.47	\$ 0.53	\$ 0.40
Total Equity/Total Assets (%)	9.85	9.32	9.34	9.44	9.24
Tang. Cmn. Equity/Tang. Assets (%) ¹	8.46	7.96	7.59	7.74	7.62
Loans/Deposits (%)	62.86	72.16	78.27	83.83	82.01
NPLs/Loans (%)	0.23	0.23	0.23	0.16	0.09
NPAAs/Assets (%)	0.15	0.16	0.17	0.10	0.05
Allowance/NPLs (%)	752.38	717.92	583.97	820.93	1,657.32
Allowance/Loans (%)	1.74	1.66	1.34	1.27	1.41
NCOs/Average Loans (%)	(0.03)	0.07	0.07	(0.03)	0.03

¹ – 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 ¹	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(%) ¹	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) (%) ¹	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 (%) ¹	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				
	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Tangible common equity to tangible assets					
Total common stockholders' equity	\$ 328,505	\$ 307,158	\$ 344,839	\$ 356,872	\$ 359,118
Less: Goodwill	31,490	31,337	46,060	47,087	47,087
Less: Other intangible assets	19,197	17,511	23,779	22,455	21,131
Tangible common equity (a)	277,818	258,310	275,000	287,330	290,900
Total assets	3,336,199	3,295,065	3,691,253	3,779,637	3,886,773
Less: Goodwill	31,490	31,337	46,060	47,087	47,087
Less: Other intangible assets	19,197	17,511	23,779	22,455	21,131
Tangible assets (b)	3,285,512	3,246,217	3,621,414	3,710,095	3,818,555
Tangible common equity to tangible assets (a)/(b)	8.46%	7.96%	7.59%	7.74%	7.62%
Tangible common equity per common share					
Total stockholders' equity	\$ 328,505	\$ 307,158	\$ 344,839	\$ 356,872	\$ 359,118
Less: Goodwill	31,490	31,337	46,060	47,087	47,087
Less: Other intangible assets	19,197	17,511	23,779	22,455	21,131
Tangible common equity (c)	277,818	258,310	275,000	287,330	290,900
Common shares outstanding (d)	17,289	17,306	19,987	19,992	20,067
Tangible common equity per common share (c)/(d)	\$ 16.07	\$ 14.93	\$ 13.76	\$ 14.37	\$ 14.50
Return on average tangible common equity					
Net income	\$ 10,184	\$ 9,293	\$ 9,619	\$ 10,909	\$ 8,186
Add: Intangible amortization expense (net of tax)	832	832	1,046	1,046	1,046
Net income, excluding intangible amortization (e)	11,016	10,125	10,665	11,955	9,232
Average total equity	350,545	312,515	372,274	349,812	361,857
Less: Average goodwill	31,490	31,488	48,141	46,283	47,087
Less: Average other intangible assets (net of tax)	15,569	14,737	19,466	18,243	17,209
Average tangible common equity (f)	303,486	266,290	304,667	285,286	297,561
Return on average tangible common equity (e)/(f)	14.72%	15.25%	13.89%	16.63%	12.58%
Efficiency Ratio					
Noninterest expense	\$ 38,071	\$ 39,984	\$ 42,767	\$ 37,948	\$ 37,869
Less: Intangible amortization expense	1,053	1,053	1,324	1,324	1,324
Adjusted noninterest expense (i)	37,018	38,931	41,443	36,624	36,545
Net interest income	21,673	22,776	28,316	26,964	23,658
Noninterest income	29,470	29,226	27,010	25,517	25,253
Tax-equivalent adjustment	94	100	112	124	124
Total tax-equivalent revenue(j)	51,237	52,102	55,438	52,605	49,035
Efficiency ratio (i)/(j)	72.25%	74.72%	74.76%	69.62%	74.53%

NON-GAAP DISCLOSURE RECONCILIATION

	Annual				
	2018	2019	2020	2021	2022
<i>(\$ in thousands, except where otherwise noted)</i>					
Tangible common equity to tangible assets					
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%
Tangible common equity per common share					
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
Return on average tangible common equity					
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%
Efficiency Ratio					
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%