

Alerus



INVESTOR PRESENTATION
OCTOBER 2022

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 the 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 the forward-looking statements include, among others, the following: interest rate risks associated with our business, including the effects of anticipated rate increases by the Federal Reserve; our ability to successfully manage credit risk and maintain an adequate level of allowance for loan losses; new or revised accounting standards, including as a result of the future 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 rising rates of inflation; 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; 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; our ability to successfully manage liquidity risk, especially in light of recent excess liquidity at the Bank; 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; the extensive regulatory framework that applies to us; the impact of recent and future legislative and regulatory changes; fluctuations in the values of the securities held in our securities portfolio, including as a result of rising interest rates; governmental monetary, trade and fiscal policies; severe weather, natural disasters, widespread disease or pandemics, such as the COVID-19 global pandemic, the negative effects of the ongoing COVID-19 pandemic, including its effects on the economic environment, our clients and our operations including due to supply chain disruptions, as well as any changes to federal, state or local government laws, regulations or orders in connection with the 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 London Interbank Offered Rate, as well as other alternative 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; the impact of inflation and recent and anticipated interest rate increases; talent and labor shortages and employee turnover; possible federal mask and vaccine mandates; 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

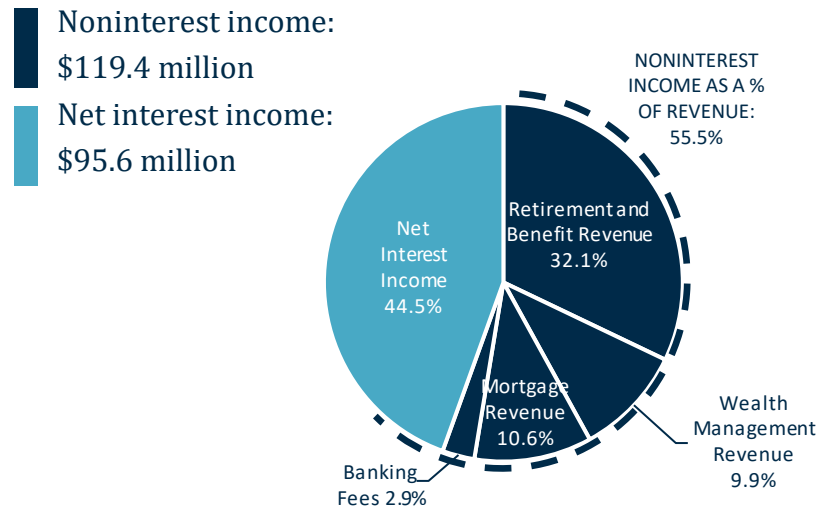
- To positively impact our clients' financial potential-through holistic guidance, unparalleled service, and engaging technology.

ALERUS BUSINESS LINES

- Banking
- Retirement and Benefits
- Wealth Management
- Mortgage

DIVERSIFIED REVENUE STREAM

FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2022

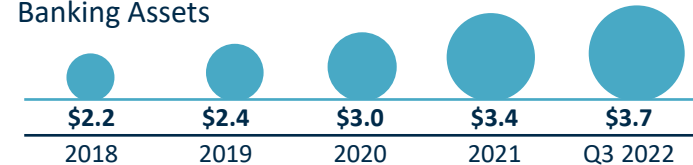


DIVERSIFIED FINANCIAL SERVICES COMPANY

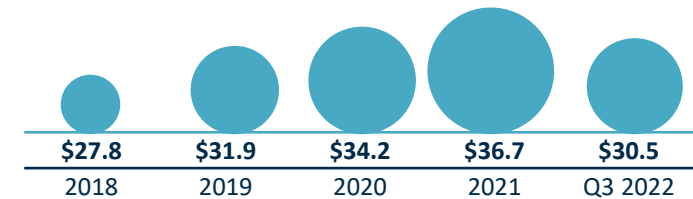
- \$3.7 billion Banking assets
- \$30.5 billion Retirement and Benefits AUA/AUM
- \$3.4 billion Wealth Management AUA/AUM
- \$686.1 million in Mortgage Originations YTD

ASSET GROWTH (IN BILLIONS)

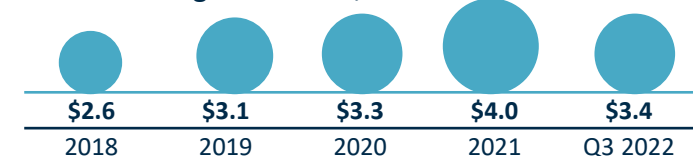
Banking Assets



Retirement and Benefits AUA/AUM



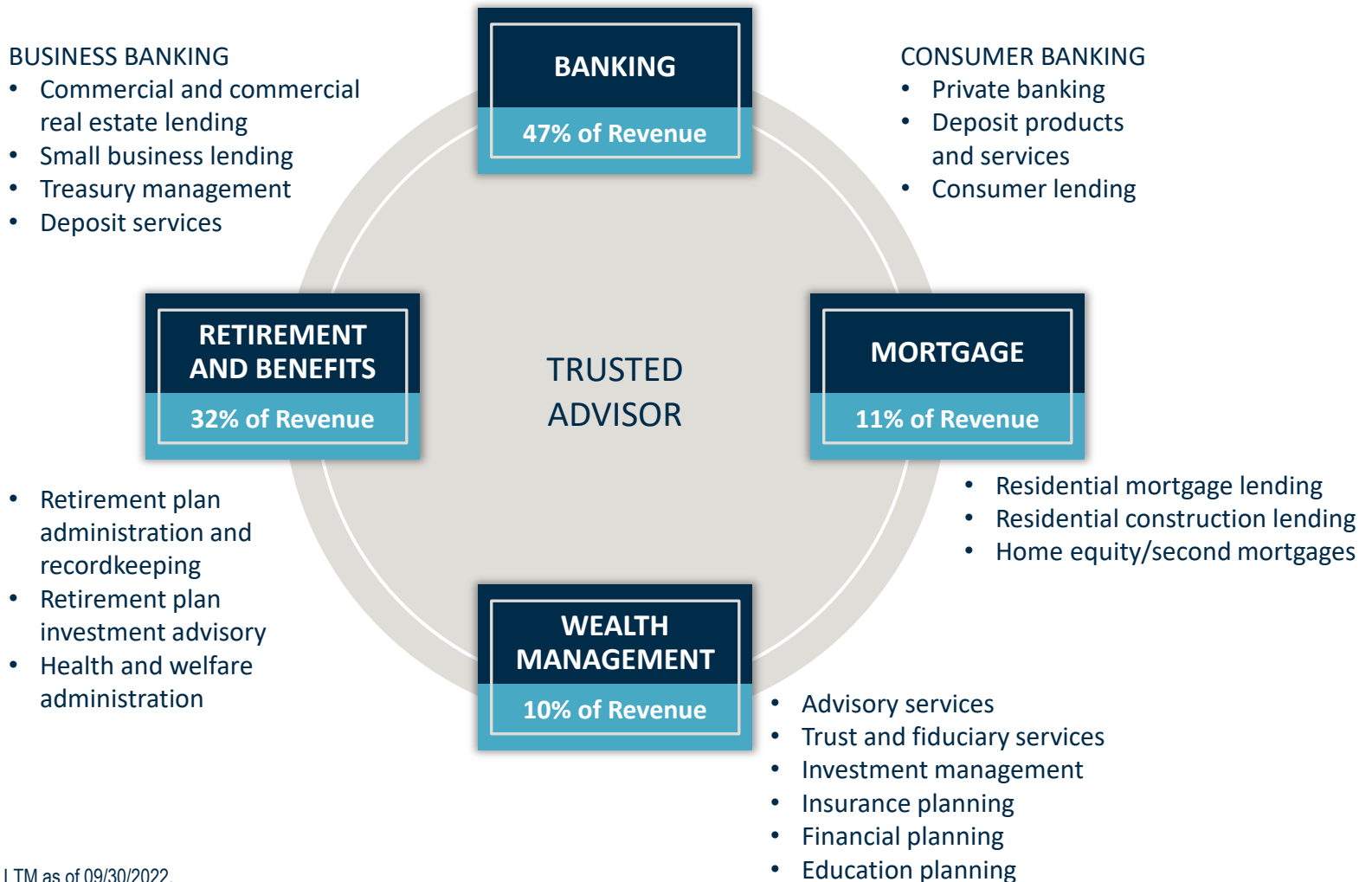
Wealth Management AUA/AUM



Data as of 9/30/2022.

OUR DIVERSE BUSINESS LINES

A BIG COMPANY MODEL WITH SMALL COMPANY EXECUTION



Revenue data LTM as of 09/30/2022.

FRANCHISE FOOTPRINT

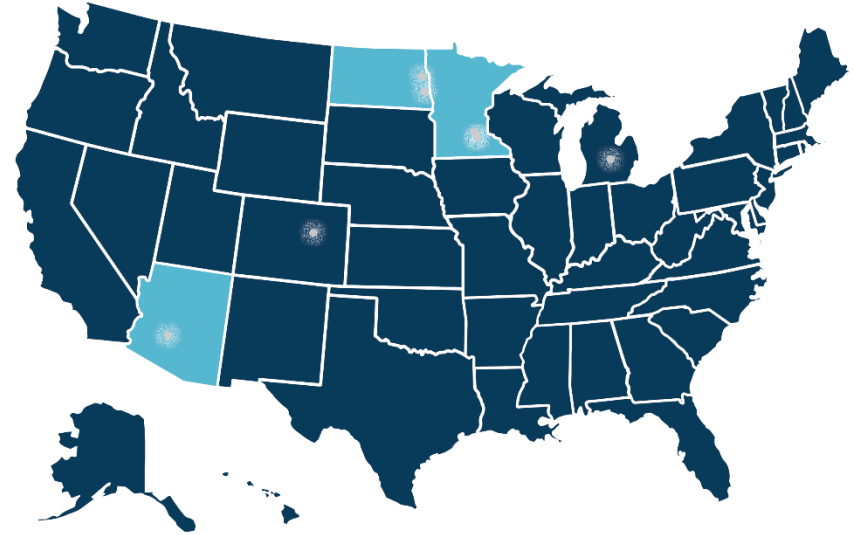
FULL-SERVICE BANKING OFFICES

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

- 38,700 consumer clients
- 16,600 commercial clients
- 8,000 employer-sponsored retirement plans
- 386,600 employer-sponsored retirement plan participants
- 69,900 health savings account participants
- 42,700 flexible spending account/health reimbursement arrangement participants

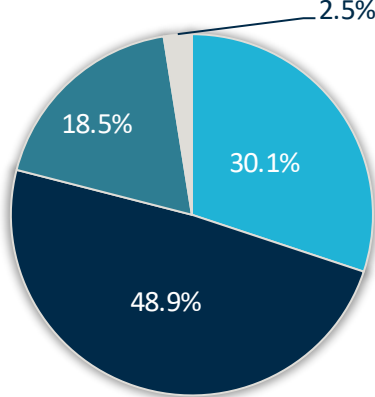
Data as of 09/30/2022.

MARKET DISTRIBUTION

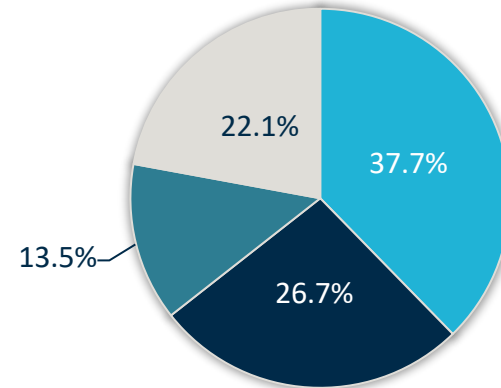
STRONG GROWTH MARKETS AND STABLE CORE FUNDING

(\$ IN MILLIONS)

LOANS (\$2,318)⁽¹⁾



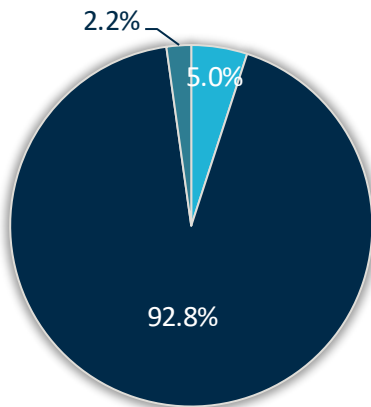
DEPOSITS (\$2,962)



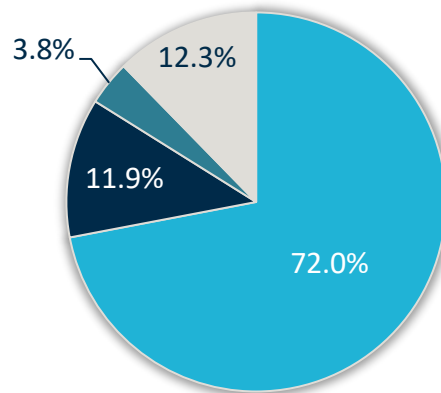
LEGEND

- North Dakota
- Minnesota
- Arizona
- National

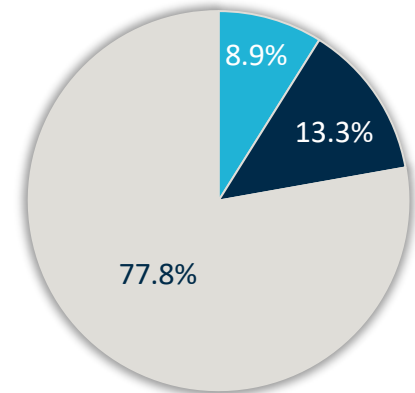
MORTGAGE ORIGINATIONS (\$686)



WM ASSETS UNDER ADMIN/MGMT. (\$3,436)



ARB ASSETS UNDER ADMIN/MGMT. (\$30,546)



Data as of 09/30/2022.

¹-Loans in our national market are purchased participation loans not sourced directly through advisors located in one of our geographical markets.

ONE ALERUS

ONE ALERUS STRATEGY

One Alerus enables us to bring our product and service offerings to clients in a cohesive and seamless manner. We believe the One Alerus initiative will enable us to achieve future organic growth by leveraging our existing client base and help us continue to provide strong returns to our stockholders

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 offer comprehensive product and service packages to our clients including banking, mortgage, wealth management, and retirement and benefits

SYNERGISTIC GROWTH

Deposits sourced from our retirement and benefits division totaled \$633.5 million as of September 30, 2022

Cumulative rollovers have added \$1.1 billion of assets under management

1-4 Family 1st Liens totaled \$608.1 million in the third quarter

ONE ALERUS

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 have aligned processes, policies, and procedures throughout all departments to enhance the client experience and improve our Company's efficiency

Our expectation is this initiative will continue to improve our scalability and operating costs

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

EXPANDED TO NEW HAMPSHIRE

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

LEVERAGE OUR EXISTING CLIENT BASE

- Diversified client base consists of **38,700** consumer clients, **16,600** commercial clients and over **386,600** 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

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**

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

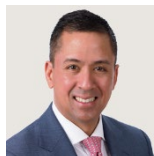
- Provide **secure and reliable** technology that meets evolving client expectations
- Integrate our full product and service offerings through our **fast-follower** strategy

OFFICERS AND DIRECTORS

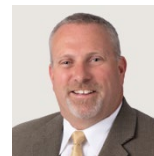
SENIOR EXECUTIVE TEAM



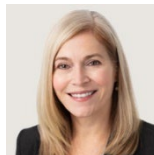
KATIE LORENSON
 Director, President and
 Chief Executive Officer
5 years with Alerus



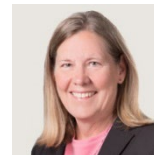
AL VILLALON
 Executive Vice President and
 Chief Financial Officer
Joined Alerus in 2022



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



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



ANN MCCONN
 Executive Vice President and
 Chief Shared Services Officer
20 years with Alerus



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



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

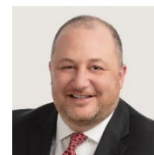
BOARD OF DIRECTORS



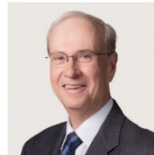
DAN COUGHLIN
Since 2016
 Chairman, Alerus Financial Corp.
 Former MD & Co-Head – Fin'l
 Services Inv. Banking, Raymond
 James; Former Chairman
 & CEO, Howe Barnes Hoefler &
 Arnett



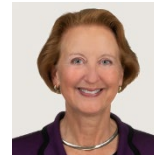
RANDY NEWMAN
Since 1987
 Former President and CEO, Alerus



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



KEVIN LEMKE
Since 1994
 President
 Virtual Systems, Inc.



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

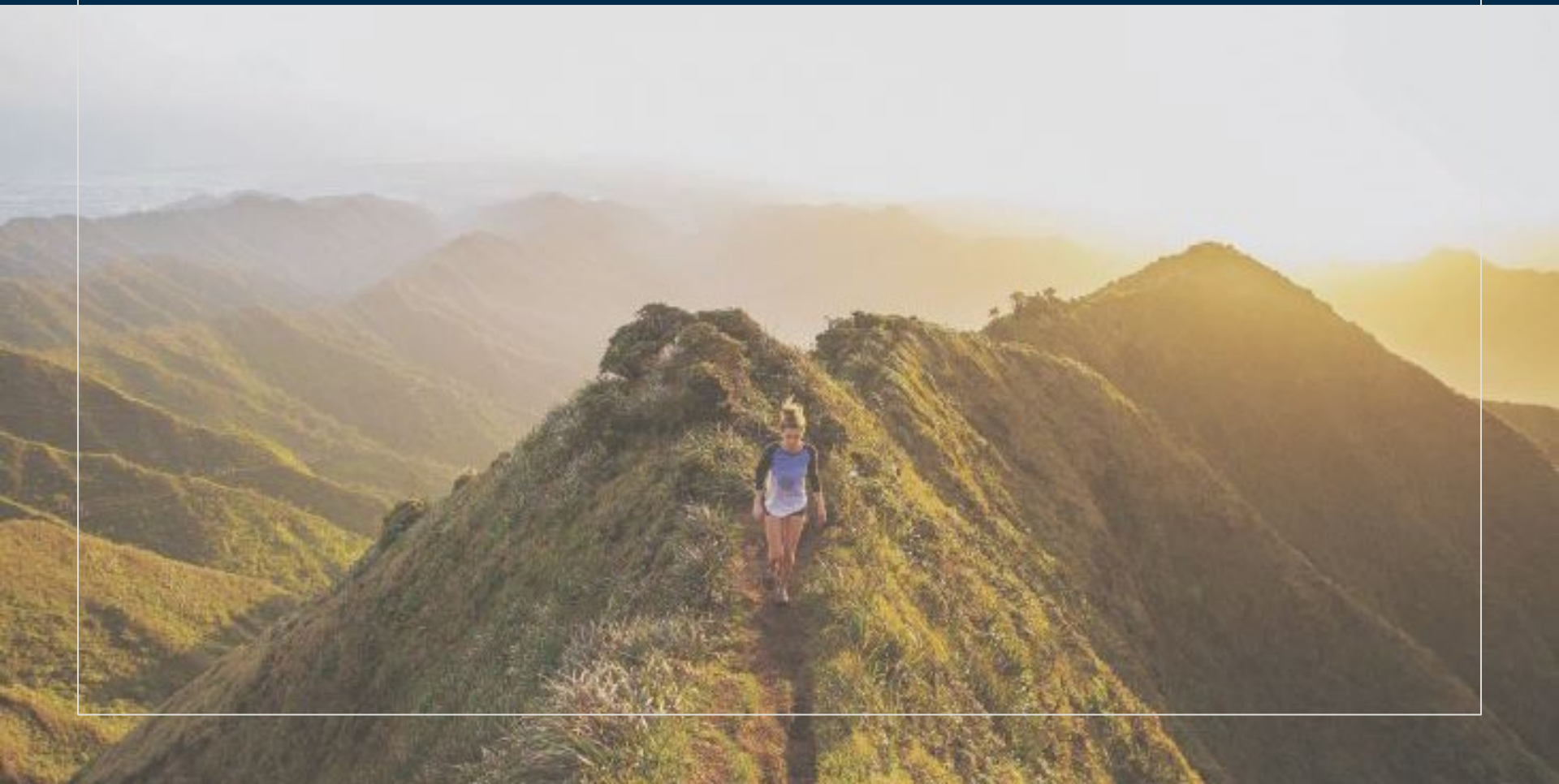


GALEN VETTER
Since 2013
 Former Global CFO, Franklin Templeton
 Investments; Former Partner-in-Charge,
 Upper Midwest Region, RSM



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 2022 SUMMARY

SUCCESS IS NEVER FINAL

- Reported net income of \$9.6 million in the third quarter of 2022, or \$0.47 per diluted common share; \$0.54 per diluted common share excluding a one-time merger related expenses.
- Net interest income increased \$5.5 million, or 24.3%, from the second quarter, primarily driven by strong loan organic growth, loans acquired from Metro Phoenix Bank and an increase in net interest margin, due to an increase in earning asset yields, partially offset by rising rates paid on interest-bearing liabilities.
- Net interest margin increased 23bps due to an increase in earnings asset yield of 45 bps, primarily as a result of a 53 bps increase in loan yield and 23% loan growth in average loans, a majority of which was acquisition related.
- Completed the acquisition and conversion of Metro Phoenix Bank in the third quarter which included \$270.4 million in total loans and \$353.7 million in total deposits.
- Loans HFI, excluding Metro Phoenix Bank, increased \$289.8 million, or 17%, from the prior quarter end due to organic loan growth.

Q3 2022 FINANCIAL HIGHLIGHTS

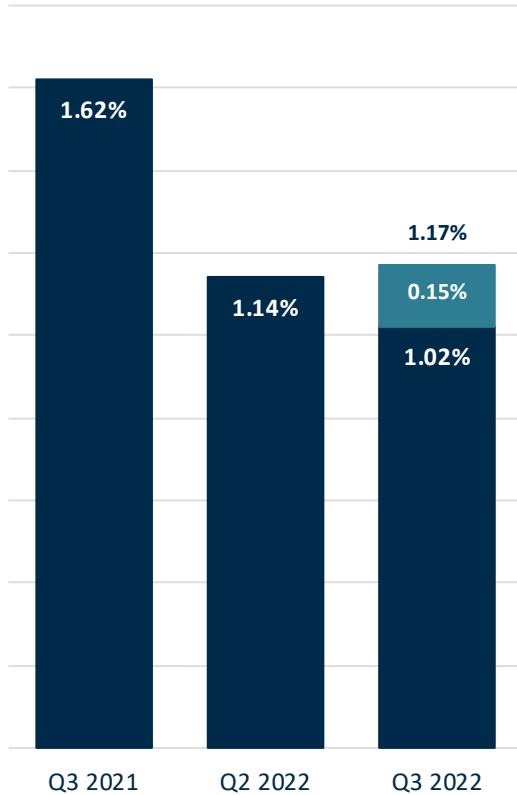
INCOME STATEMENT

	Three months ended			Nine months ended	
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
<i>(dollars and shares in thousands, except per share data)</i>					
Net Interest Income	\$ 28,316	\$ 22,776	\$ 21,132	\$ 72,765	\$ 64,310
Provision for Loan Losses	—	—	(2,000)	—	(2,000)
Net Interest Income After Provision for Loan Losses	28,316	22,776	23,132	72,765	66,310
Noninterest Income	27,010	29,226	36,040	85,706	113,669
Noninterest Expense	42,767	39,984	42,041	120,822	127,633
Income Before Income Taxes	12,559	12,018	17,131	37,649	52,346
Income Tax Expense	2,940	2,725	4,064	8,553	12,370
Net Income	\$ 9,619	\$ 9,293	\$ 13,067	\$ 29,096	\$ 39,976
Per Common Share Data					
Earnings Per Common Share - Diluted	\$ 0.47	\$ 0.52	\$ 0.74	\$ 1.56	\$ 2.26
Diluted Average Common Shares Outstanding	20,230	17,532	17,499	18,431	17,488
Performance Ratios					
Return on Average Total Assets	1.02 %	1.14 %	1.62 %	1.13 %	1.71 %
Return on Average Tangible Common Equity ⁽¹⁾	13.89 %	15.25 %	18.13 %	14.59 %	19.44 %
Noninterest Income as a % of Revenue	48.82 %	56.20 %	63.04 %	54.08 %	63.87 %
Net Interest Margin (Tax-Equivalent)	3.21 %	2.98 %	2.78 %	3.02 %	2.92 %
Efficiency Ratio ⁽¹⁾	74.76 %	74.72 %	71.49 %	73.94 %	69.69 %

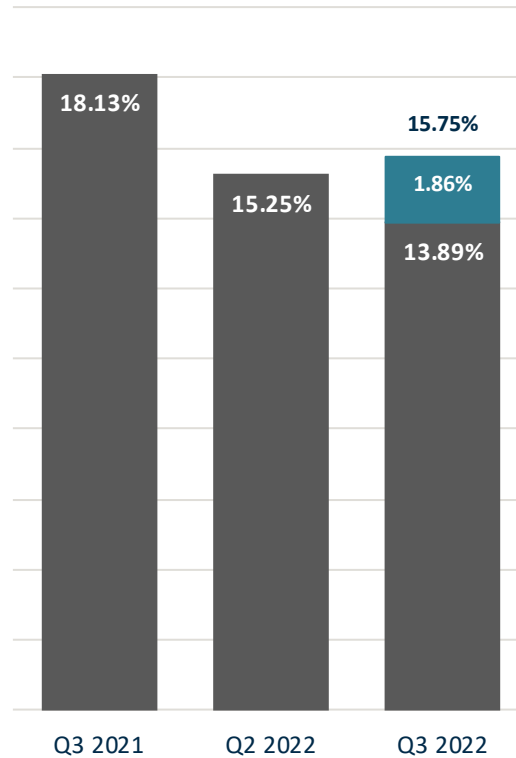
1 – Represents a non-GAAP Financial measure. See “Non-GAAP Disclosure Reconciliation.”

PERFORMANCE RATIOS

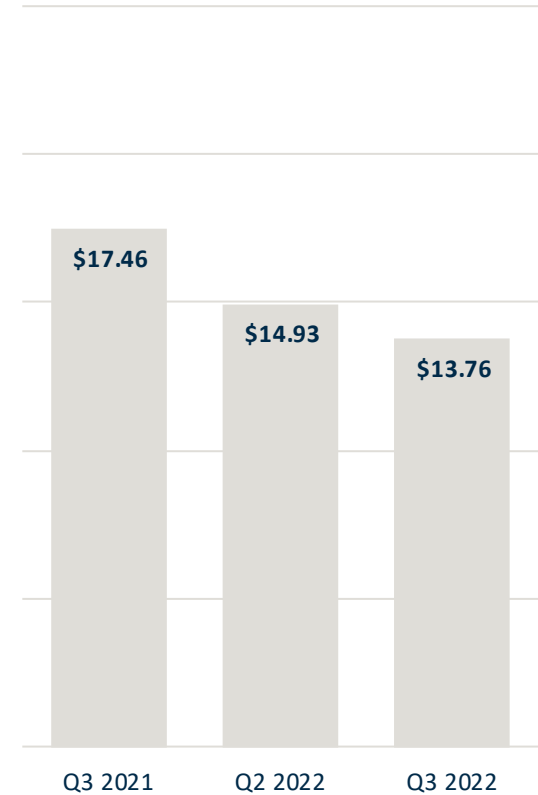
Return on Average Assets^{(2)/(3)}



Return on Average Tangible Common Equity^{(1)/(2)/(3)}



Tangible Book Value per Share⁽¹⁾



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

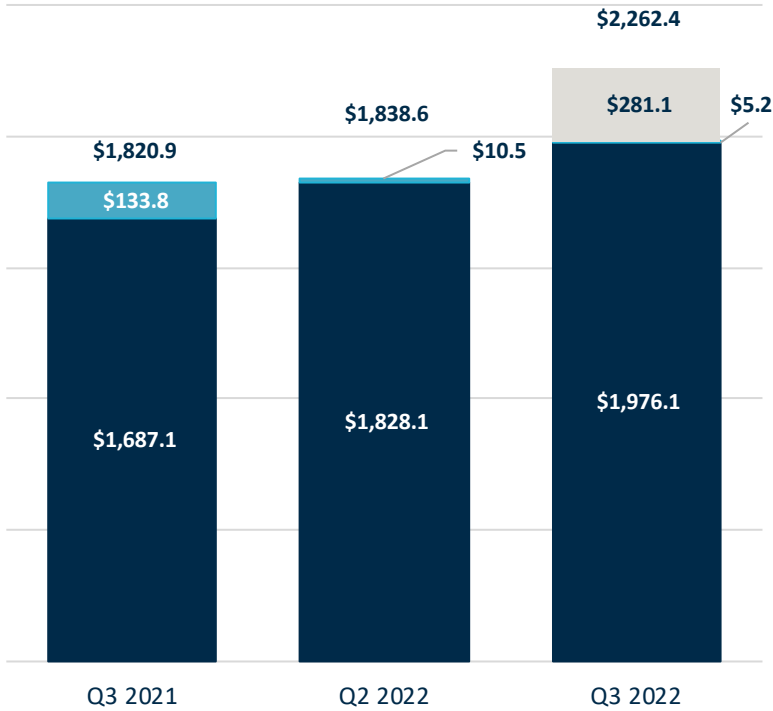
2 – Rates have been annualized

3 – Q3 2022 Rates exclude merger and acquisition expenses associated with the acquisition of Metro Phoenix Bank.

KEY BALANCE SHEET ITEMS

DOLLARS IN MILLIONS

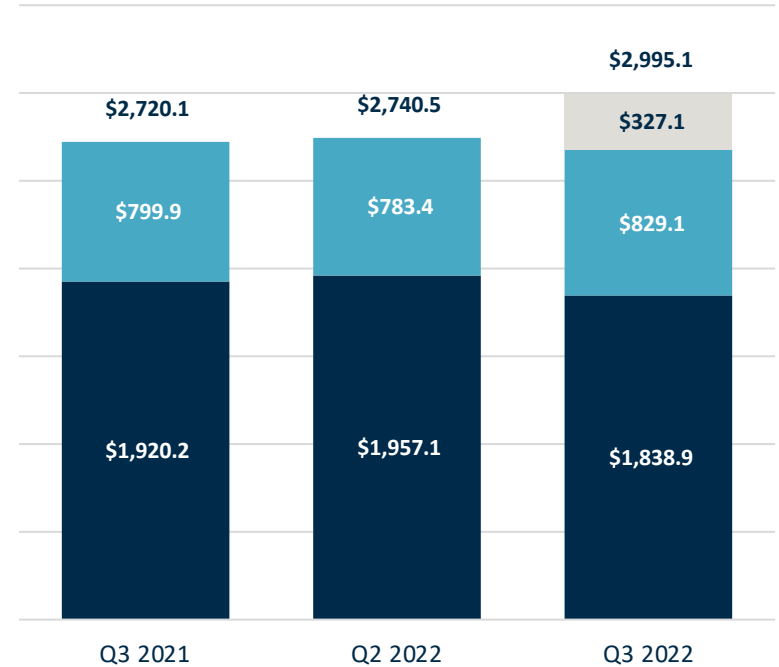
Average Loans



■ Core Loans ■ PPP Loans ■ MPB Loans

Core Loans⁽¹⁾ 8.1% Linked Quarter
17.1% Year-over-year

Average Deposits



■ Interest-Bearing Deposits ■ Non-Interest Bearing Deposits
■ MPB Deposits

Average Deposits⁽¹⁾ (2.6)% Linked Quarter
(1.9)% Year-over-year

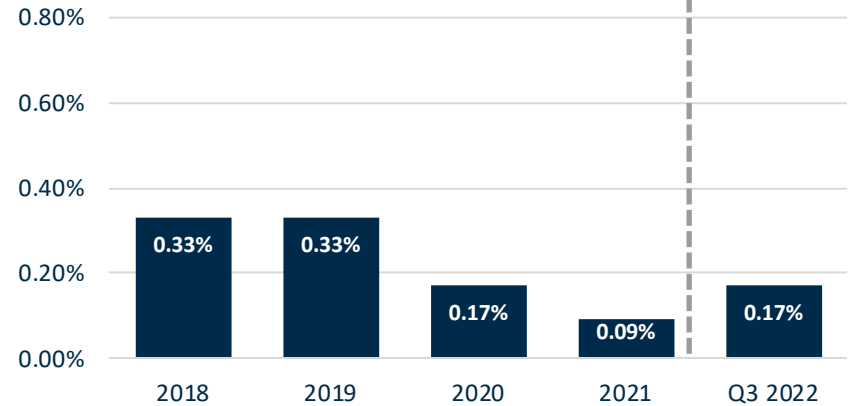
1 – Changes in core loans and average deposits exclude loans and deposits acquired from Metro Phoenix Bank.

ASSET QUALITY AND RESERVE LEVELS

OVERVIEW

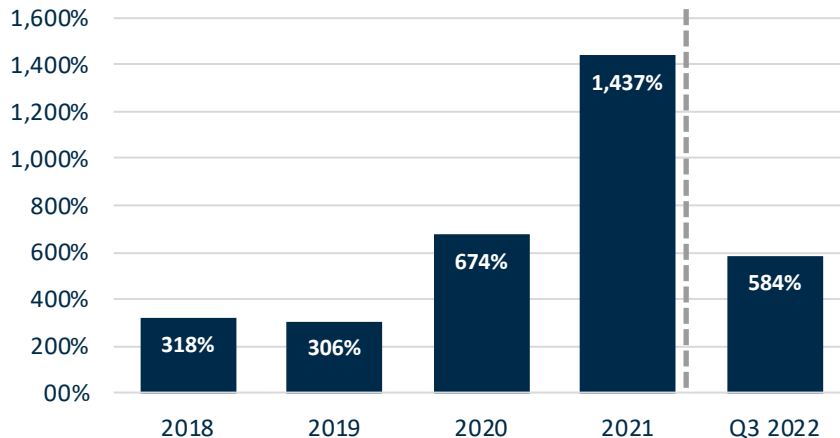
- Solid asset quality based on low levels of nonperforming assets.
- Strong reserve levels with a recent trend of declines in criticized loans.
- Currently a non-CECL institution with strong credit quality as evidenced by historic net charge-off ratio of 27 bps, dating back 25 years.

NPAS / ASSETS (%)

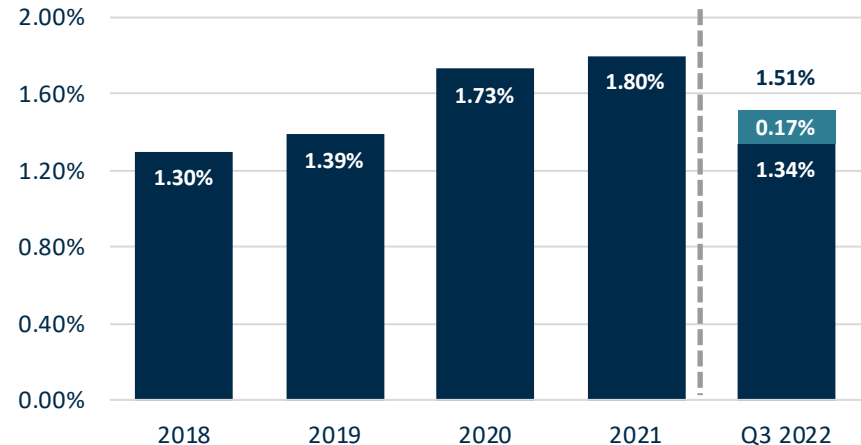


NCO/ Avg Loans	2018	2019	2020	2021	Q3 2022
	0.18%	0.33%	0.03%	(0.04)%	0.04%

RESERVES / NPLS (%)



RESERVES / LOANS (%)¹



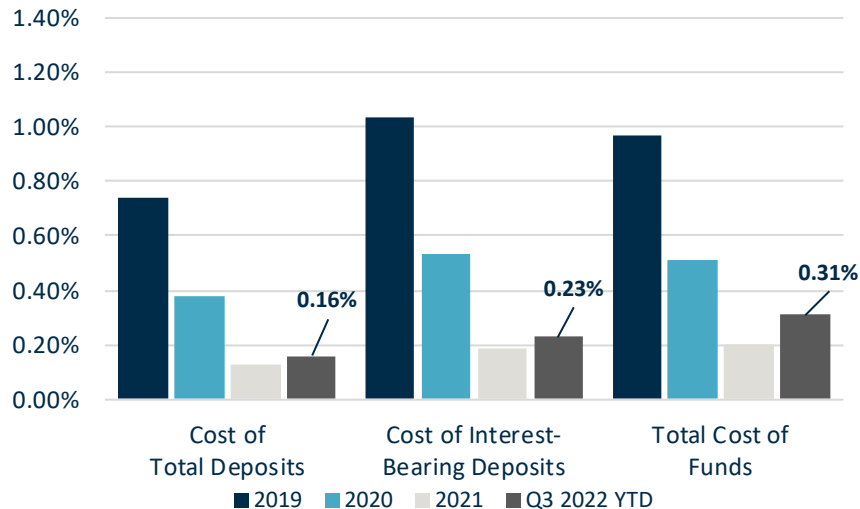
¹ – The Q3 total excludes loans acquired from Metro Phoenix Bank

STRONG CORE FUNDING MIX

OVERVIEW AS OF SEPTEMBER 30, 2022

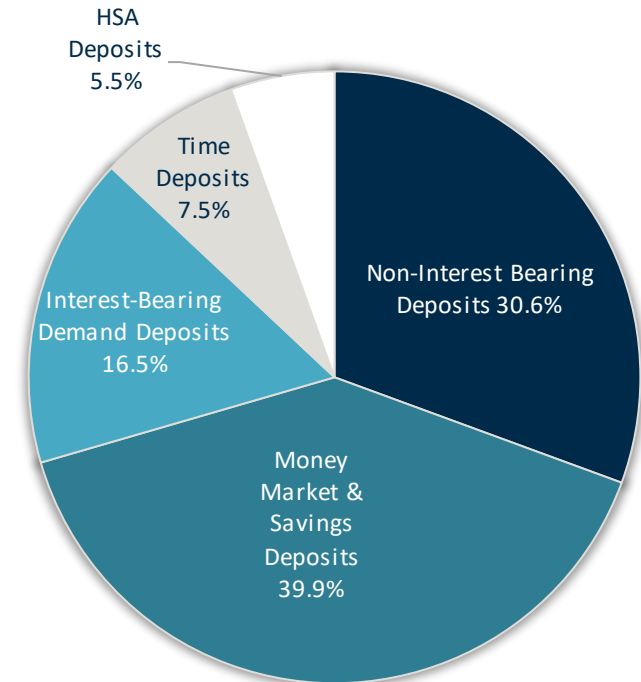
- Commercial transaction accounts totaled \$1.4 billion and increased 12.1% YoY. Consumer transaction accounts totaled \$726.0 million and increased 7.5% YoY.
- Synergistic deposits, including HSA deposits and those sourced through retirement plans and participants, totaled \$633.5 million, with a YTD cost of 0.15%.
- CD portfolio is primarily 6-month maturity CD with over 50% held by clients for 10+ years
- Stable deposit relationships with 23-year average tenure on 10 largest depositors.

LOW COST OF FUNDS



SEPTEMBER 30, 2022 DEPOSIT FUNDING (\$2,962MM)

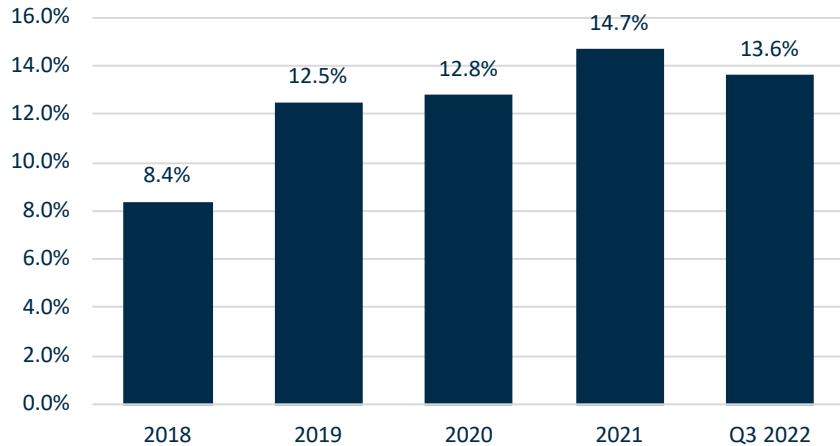
As of September 30, 2022, core deposits totaled \$3.0 billion or 98% of our total deposits



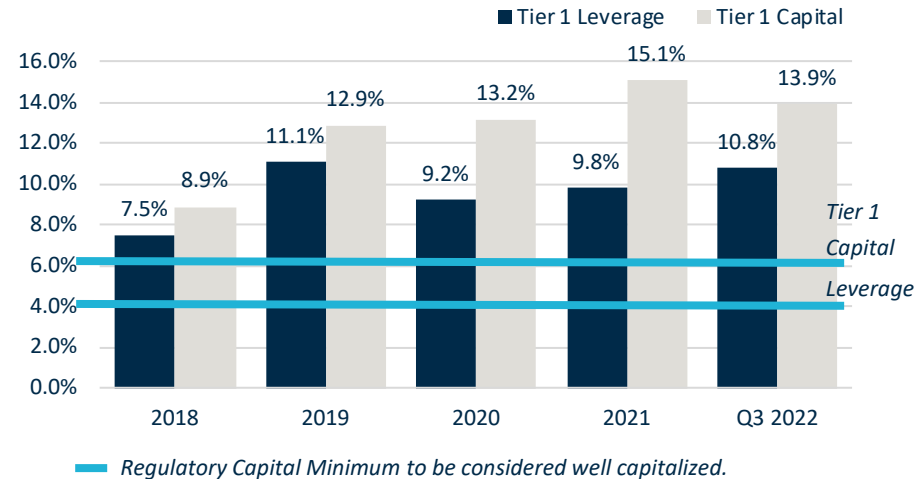
Data YTD as of 09/30/2022.

STRONG CAPITAL AND SOURCES OF LIQUIDITY

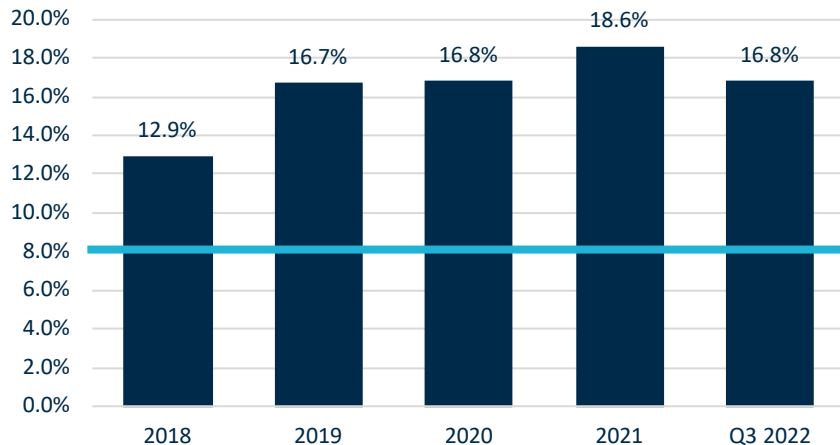
COMMON EQUITY TIER 1



TIER 1 CAPITAL/TIER 1 LEVERAGE RATIOS



TOTAL RISK BASED CAPITAL



SOURCES OF LIQUIDITY

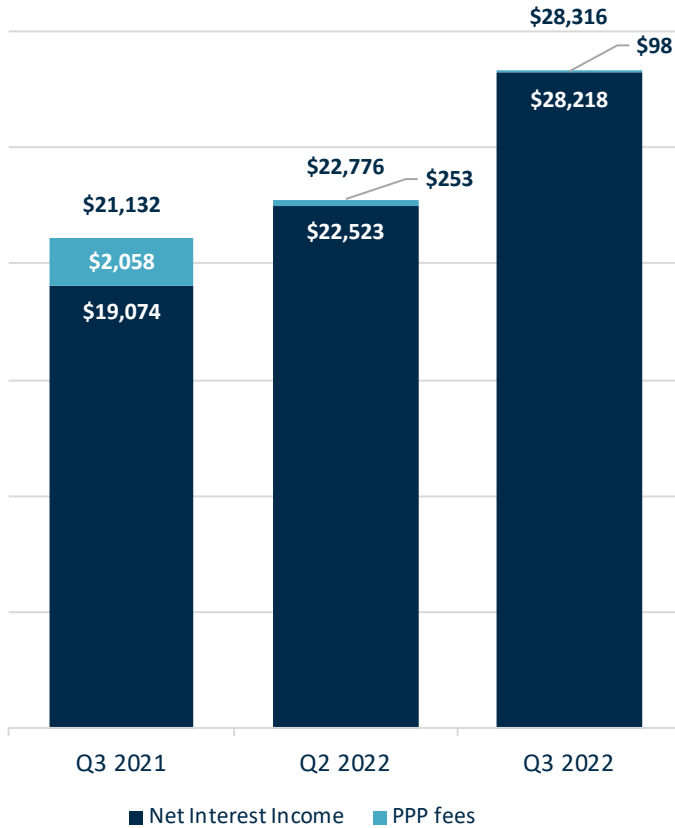
(dollars in thousands)

Cash and cash equivalents	\$54,167
Unencumbered securities – AFS	724,735
FHLB borrowing availability	555,926
Brokered CD capacity	738,251
Fed funds lines	102,000
Total as of 9/30/2022	\$2,175,079

KEY REVENUE ITEMS

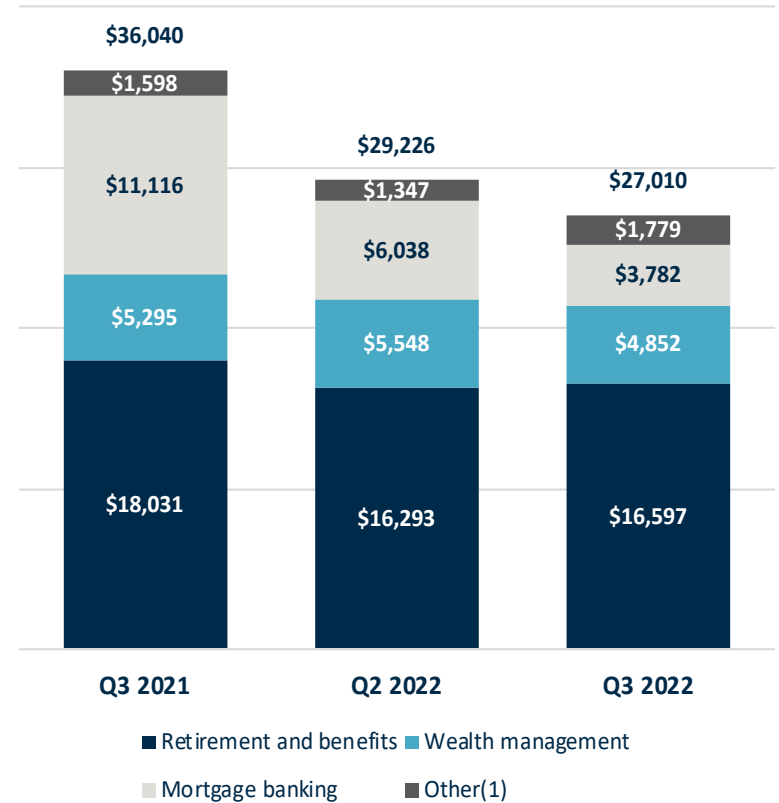
DOLLARS IN THOUSANDS

Net Interest Income



Net Interest Income 24.3% Linked Quarter
34.0% Year-over-year

Noninterest Income

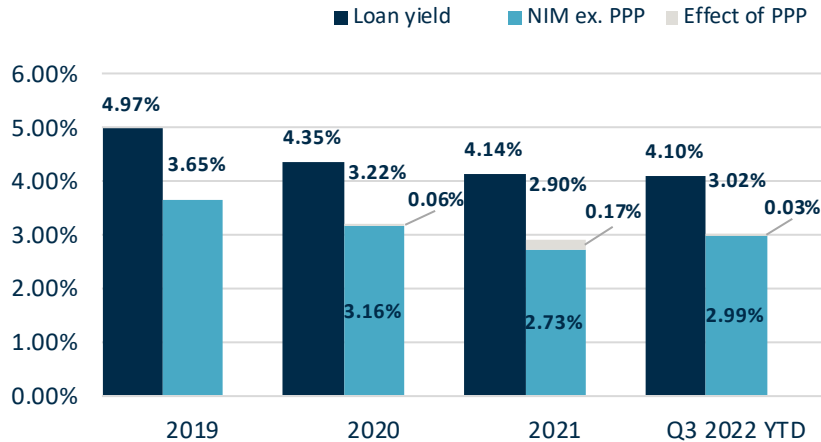


Noninterest Income (7.6)% Linked Quarter
(25.1)% Year-over-year

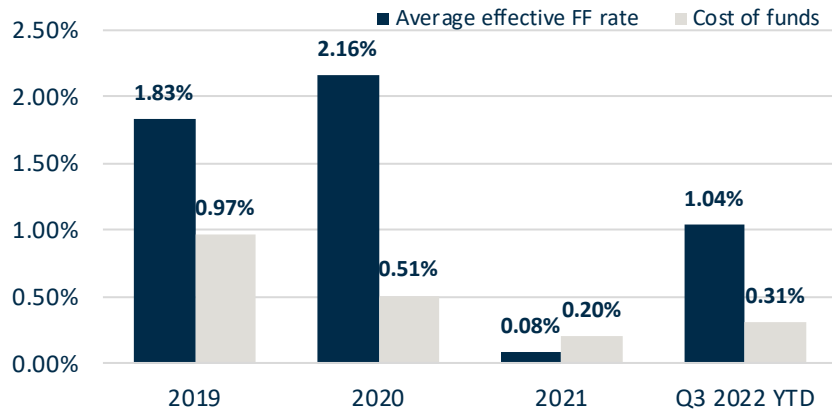
1 – Other noninterest income consists of service charges on deposit accounts, net gains (losses) on investment securities, specific interchange income and other noninterest income.

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: Alerus Financial Corporation; Federal Reserve.

QUARTERLY HIGHLIGHTS

- Loan yield increased as a result of a \$7.4 million, or 41.1%, increase in interest income received from loans compared to Q2 2022. Excluding Metro Phoenix Bank loan income, interest income received from loans increased \$3.2 million, or 17.6%.
- Excluding Metro Phoenix Bank loans, average loans HFI increased \$142.6 million, or 7.8%, compared to Q2 2022.
- Net interest margin increased 23 bps from Q2 2022. Excluding Metro Phoenix Bank, net interest margin increased 6 bps.
- Average interest-bearing deposits increased \$117.7 million, or 6.0%, from Q2 2022. Excluding Metro Phoenix Bank deposits, average interest-bearing deposits would have decreased \$118.2 million, or 6.0%.
- Average noninterest-bearing deposits increased \$137.0 million, or 17.5%, from Q2 2022. Excluding Metro Phoenix Bank deposits, average noninterest-bearing deposits increased \$45.8 million, or 5.8%.

NII AND LOAN FLOORS

VARIABLE RATE FLOORS BY INDEX

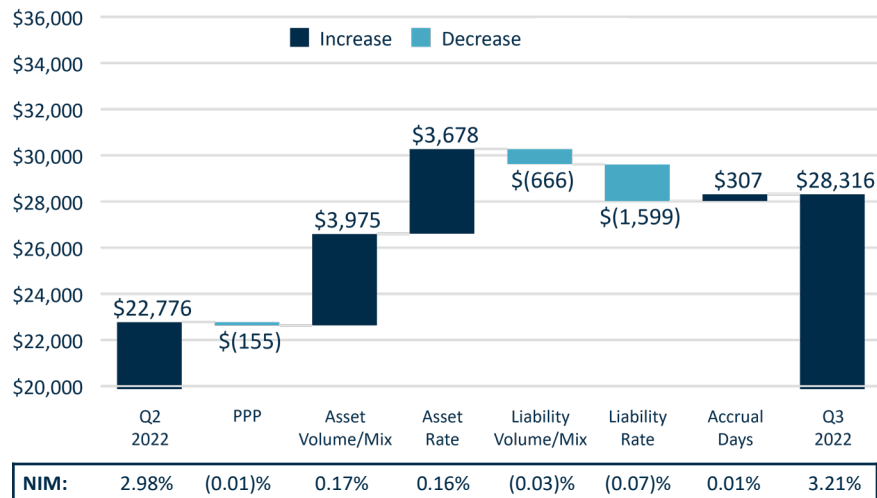
<i>\$ in Millions</i> Index	Above the Floor	At the Floor	No Floor	Total	Total %
Prime	\$ 297	\$ 56	\$ 177	\$ 530	54.2%
1 Month LIBOR	–	–	137	137	14.0%
12 Month LIBOR	91	1	75	167	17.1%
FHLB 5 Year	12	17	11	40	4.1%
Other	28	62	14	104	10.6%
Total	\$ 428	\$ 136	\$ 414	\$ 978	100.0%

Percent of Total 43.8% 13.9% 42.3% 100.0%

VARIABLE RATE FLOORS

<i>\$ in Millions</i>	Balance	% of Total Balance	Cumulative % of Total Balance
No Floors	\$ 414	42.3%	42.3%
At Floor	136	13.9%	56.2%
0-50 bps above floor	17	1.7%	57.9%
>50bps to above floor	411	42.1%	100.0%
Total	\$ 978	100.0%	

NET INTEREST INCOME



QUARTER OVER QUARTER HIGHLIGHTS

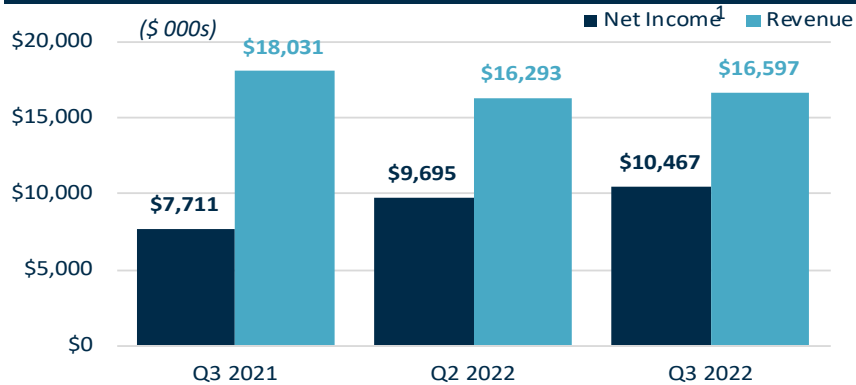
- Earning asset yields up 45bps with average loan balances increasing \$423.7 million. Loan rates increased 53 bps due to increased yield received on loans acquired from Metro Phoenix Bank.
- Borrowing rates increased 253 bps for fed funds purchased due to the rising interest rate environment. Borrowings increased in the previous quarter due to loan growth outpacing deposit growth.
- Cost of total deposits saw a modest increase of 4 bps as interest rates continue to rise.

RETIREMENT AND BENEFITS

OVERVIEW – 8,000 PLANS - NATIONAL FOOTPRINT

- **RETIREMENT (59% of Revenue)** - Provide recordkeeping and administration services to qualified retirement plans
- **TRUST CUSTODY & ADVISORY SERVICES (10% of Revenue)** - Provide investment fiduciary services to retirement plans
- **HEALTH AND WELFARE (11% of Revenue)** - Provide HSA, FSA, COBRA recordkeeping and administration services to employers
- **ONE ALERUS SYNERGIES**
 - IRA rollovers \$117.1 million YTD 09/30/2022
 - Deposits \$634 million - HSA deposits, 401(k) Money Market Funds, Emergency Savings, Terminated Participants
 - Managed accounts
 - Commercial Banking client expansion

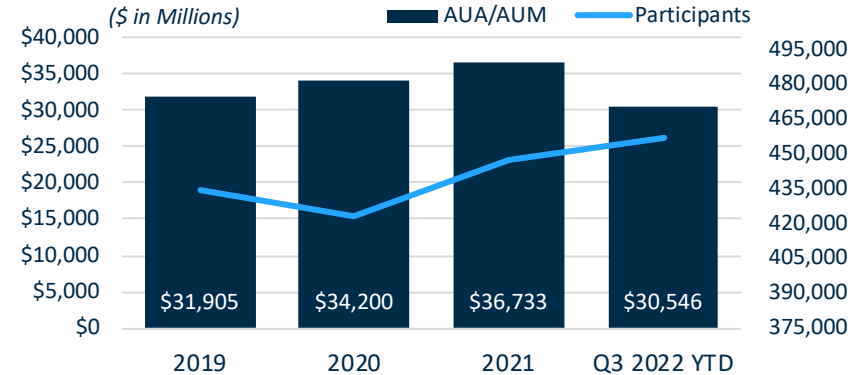
QUARTERLY RESULTS



Profit Margin:	42.8%	59.5%	63.1%
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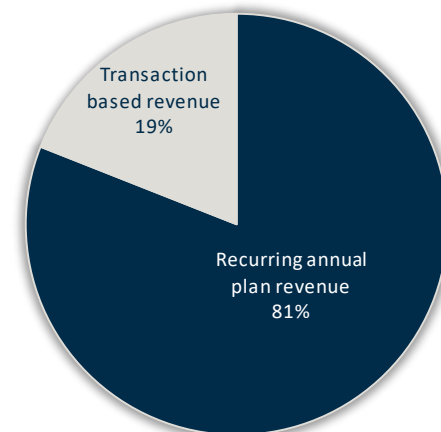
1 – Net income before tax and indirect allocations. Includes funds transfer pricing credit of deposits sourced by division.

ASSETS UNDER ADMINISTRATION/MANAGEMENT



	2019	2020	2021	Q3 2022 YTD
Net Income:	\$28,404	\$25,720	\$31,545	\$29,376
Revenue:	\$63,811	\$60,956	\$71,709	\$50,536
Profit Margin:	44.5%	42.2%	44.0%	58.1%

REVENUE MIX²



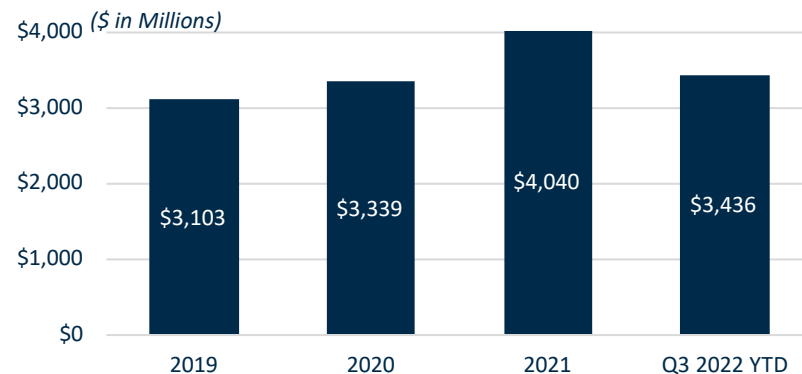
2 – Revenue mix includes 39% market sensitive revenue.

WEALTH MANAGEMENT SERVICES

OVERVIEW OF SERVICES

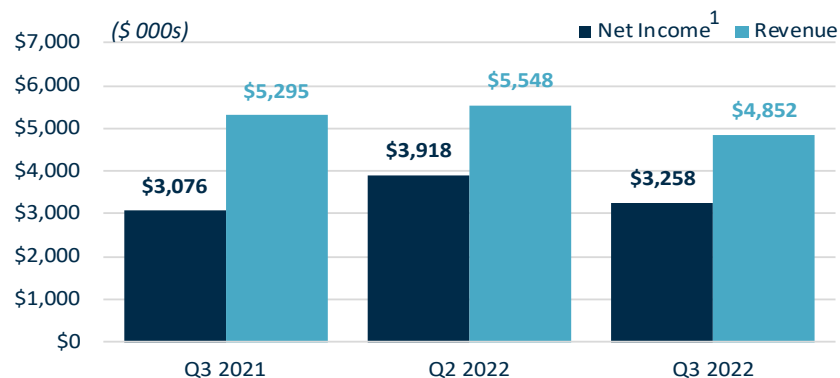
- **ADVISORY AND PLANNING SERVICES**
 - Retirement Planning, Tax Planning, Insurance Planning, Wealth Transfer Planning and Business Transition Planning
- **ASSET MANAGEMENT**
 - Personalized SMA strategies, Tax Management and Global Perspective
- **FIDUCIARY SERVICES**
 - IRA, Agency and Personal Trust
- **ONE ALERUS SYNERGIES**
 - IRA rollovers
 - 401(k) managed accounts

ASSETS UNDER ADMINISTRATION/MANAGEMENT



	2019	2020	2021	Q3 2022 YTD
Net Income:	\$8,314	\$9,162	\$12,183	\$10,664
Revenue:	\$15,502	\$17,451	\$21,052	\$15,726
Profit Margin:	53.6%	52.2%	57.9%	67.8%

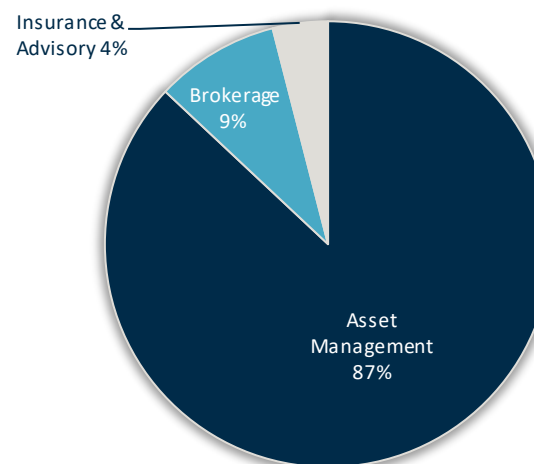
QUARTERLY RESULTS



Profit Margin:	58.1%	70.6%	67.1%
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1 – Net income before tax and indirect allocations. Includes funds transfer pricing credit of deposits sourced by division.

REVENUE MIX



MORTGAGE BANKING

OVERVIEW OF SERVICES

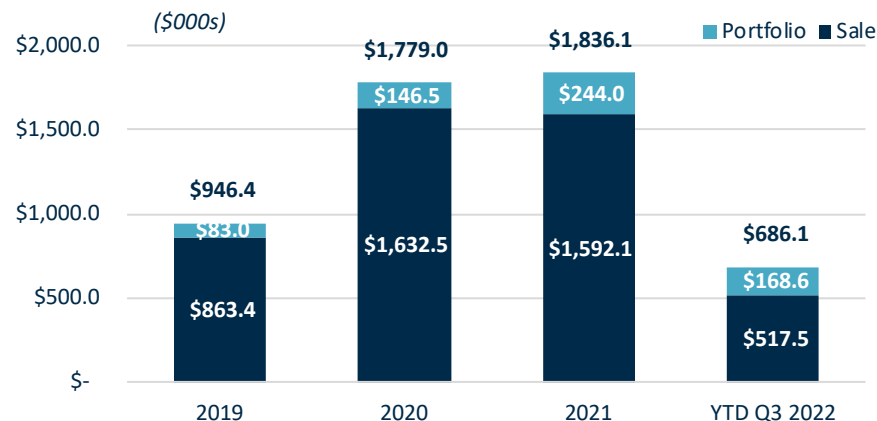
- 1st and 2nd mortgage product offerings through centralized mortgage operations in Minneapolis, Minnesota
- Our Twin Cities originators averaged \$58+ million in annual volume over the last three years
- YTD 1,763 loans closed, approximately 87% purchase originations, with approximately 92% sourced from the Twin Cities MSA
- Q3 2022 98% pull through on secondary market
- ONE ALERUS SYNERGIES**
 - Through enhanced technology, digital applications total approximately 90%. Paperless environment eliminated nearly 200,000+ pages printed on a monthly basis
 - As of September 30, 2022, residential real estate first mortgages excluding construction mortgages totaled \$608 million

QUARTERLY RESULTS

(\$000s)	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Origination and Sale	\$ 12,925	\$ 9,812	\$ 4,935	\$ 5,821	\$ 5,028
Fair Value Changes	(1,810)	(1,846)	(4)	217	(1,246)
Total	\$ 11,115	\$ 7,966	\$ 4,931	\$ 6,038	\$ 3,782
Net income ⁽¹⁾	\$ 3,151	\$ 1,329	\$ 620	\$ 1,387	\$ (308)
Profit Margin	28.3%	16.7%	12.6%	23.0%	(8.1%)
Gain on Sale Margin	3.6%	3.2%	2.8%	3.4%	2.6%

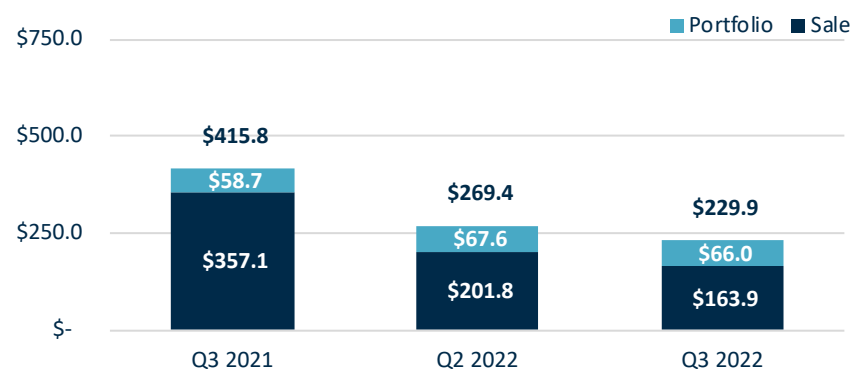
1 – Net income before tax and indirect allocations.

YEARLY MORTGAGE ORIGINATIONS



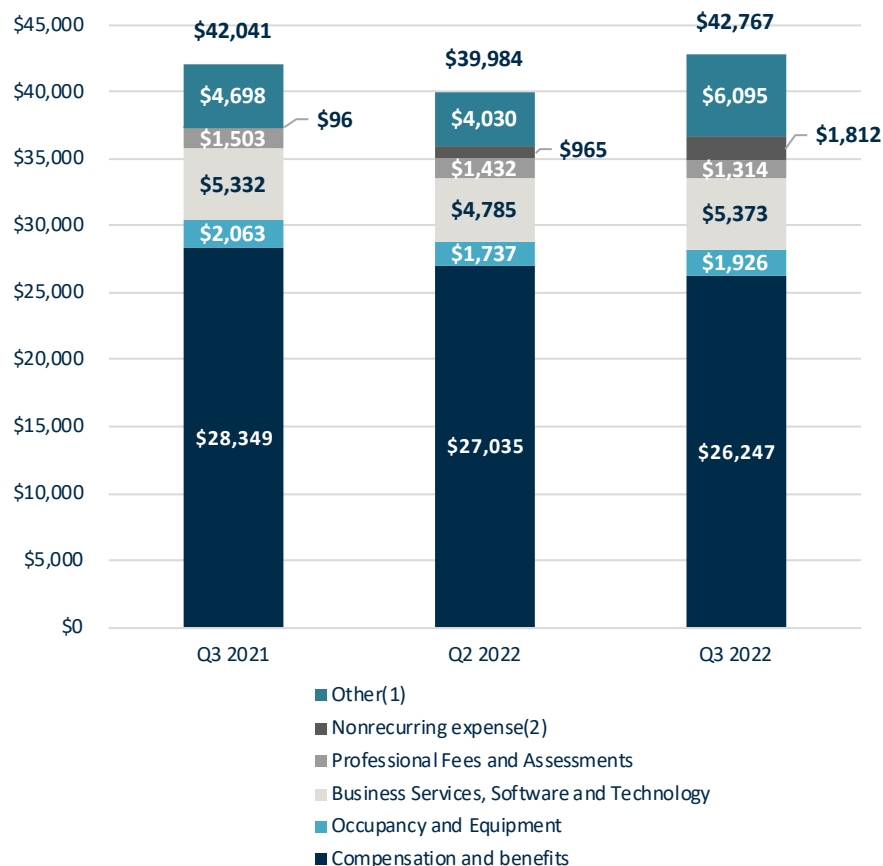
Purchase:	71.2%	45.2%	51.2%	87.6%
Refinance:	28.8%	54.8%	48.8%	12.4%

QUARTERLY ORIGINATIONS



Purchase:	67.5%	94.2%	94.0%
Refinance:	32.5%	5.8%	6.0%

NONINTEREST EXPENSE



Noninterest Expense 7.0% Linked quarter
1.7% Year-over-year

QUARTERLY HIGHLIGHTS

- Professional fees and assessments increased \$588 thousand due to \$1.8 million in merger related expenses associated with Metro Phoenix Bank acquisition.
- Other noninterest expense increased due to a \$1.2 million increase in the provision for unused commitments.
- Employee benefits expense decreased, driven by a decrease in health insurance claims.

YEAR OVER YEAR HIGHLIGHTS

- Compensation and benefits decreased due to the decrease in mortgage originations.
- Professional fees and assessments increased due to \$1.8 million in merger and acquisition expenses associated with the Metro Phoenix Bank acquisition.
- Other noninterest expense increased due to a \$841 thousand increase in the provision for unused commitments.

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

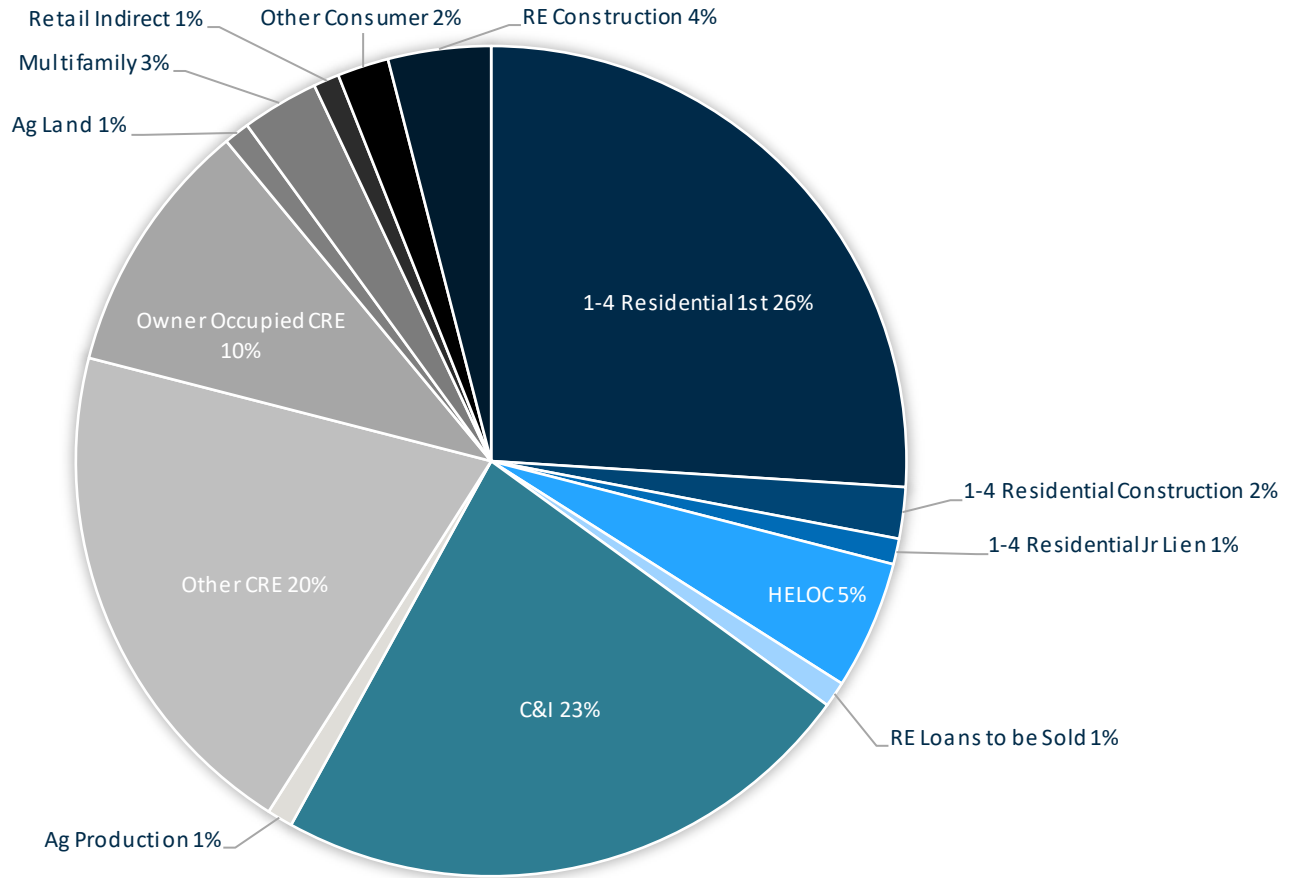
2 – Nonrecurring expenses consists of merger & acquisition expense and 1x executive recruiting expense.

APPENDIX



WELL DIVERSIFIED LOAN PORTFOLIO

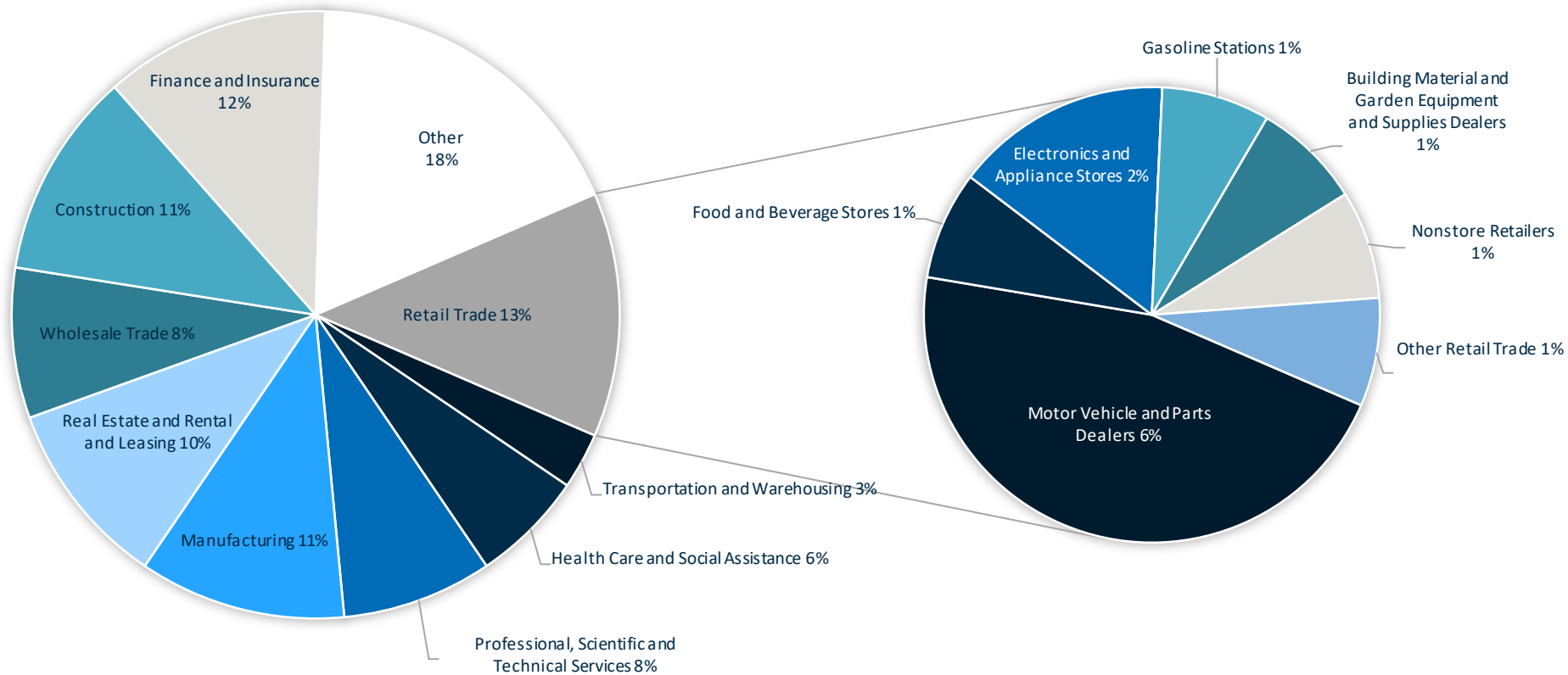
BY OUTSTANDING BALANCES



As of 09/30/2022

SUMMARY BY INDUSTRY TYPE

TOTAL COMMITMENT COMMERCIAL & INDUSTRIAL¹



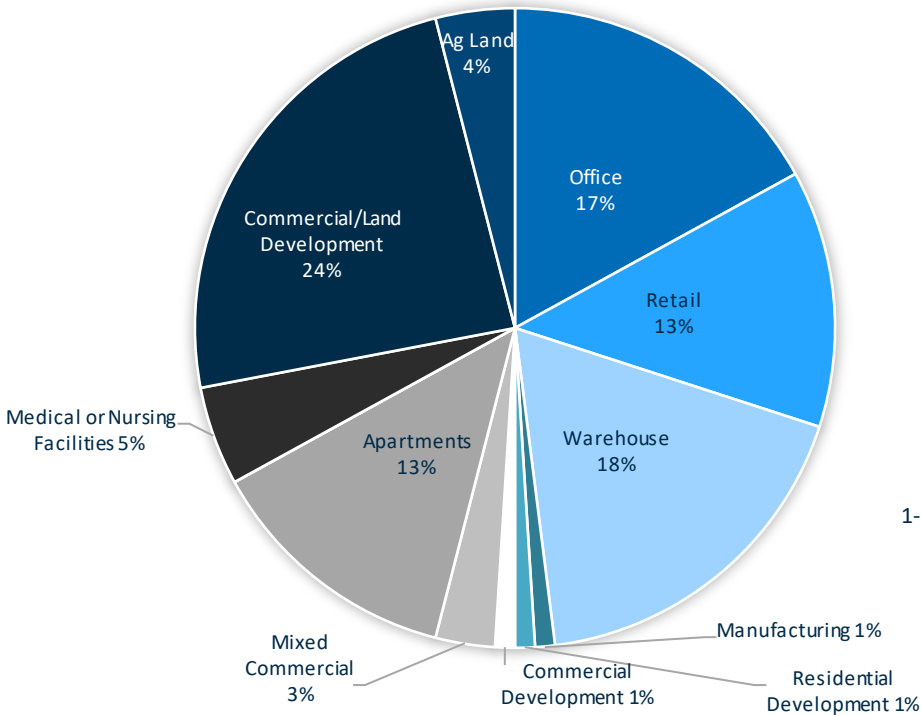
¹ – Commercial and industrial loans includes C & I, loans to public entities, and other loans. It excludes PPP and ag production loans.

"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.

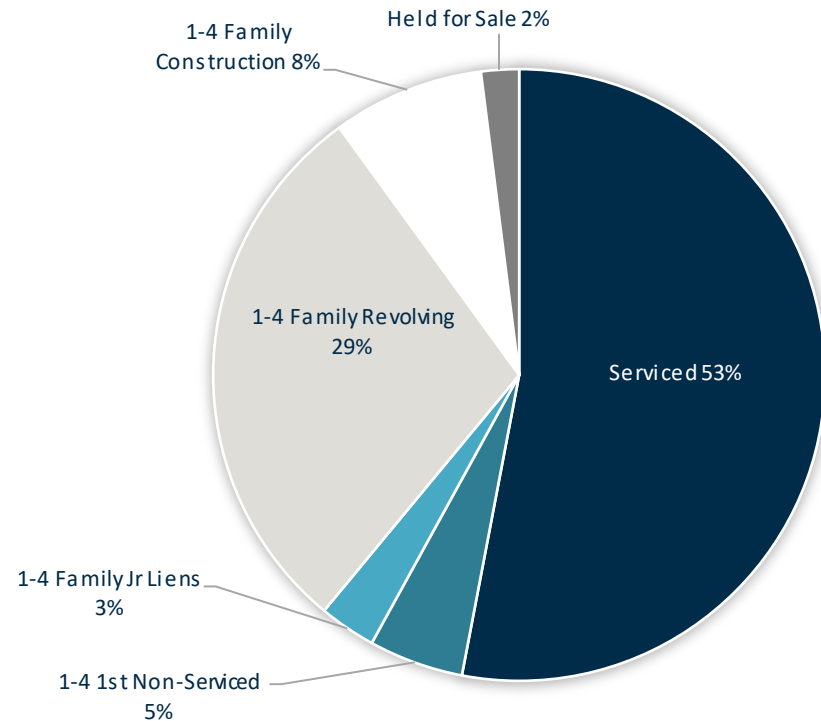
"Other Retail Trade" includes the following sub-industries within Retail Trade: (1) Miscellaneous Store Retailers, (2) Furniture and Home Furnishings Stores, (3) Sporting Goods, Hobby, Musical Instrument, and Book Stores, (4) Clothing and Clothing Accessories Stores, and (5) General Merchandise Stores.

LOANS SECURED BY REAL ESTATE

TOTAL COMMITMENT COMMERCIAL REAL ESTATE¹



TOTAL COMMITMENT RESIDENTIAL REAL ESTATE

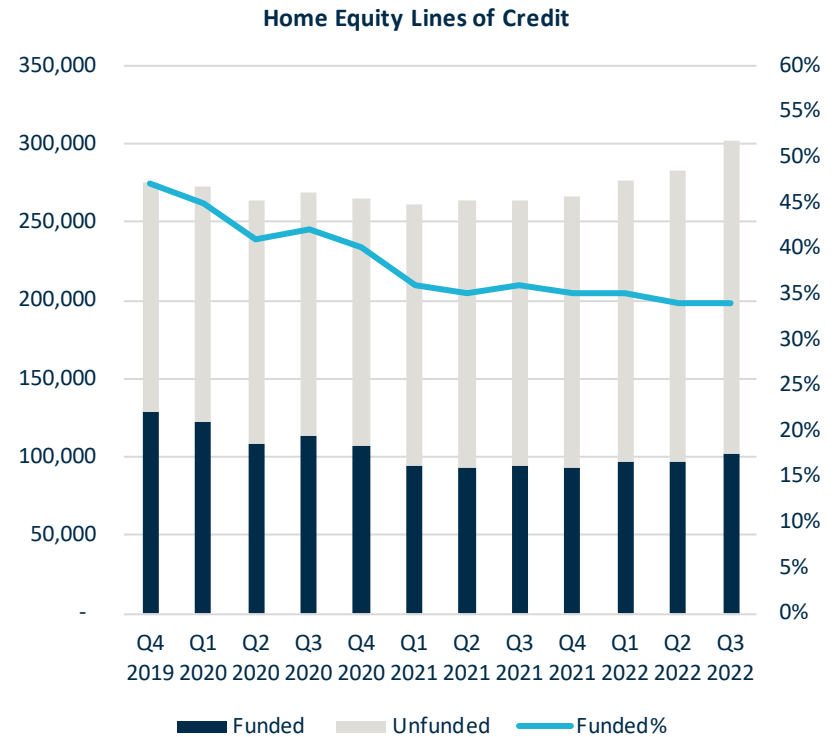
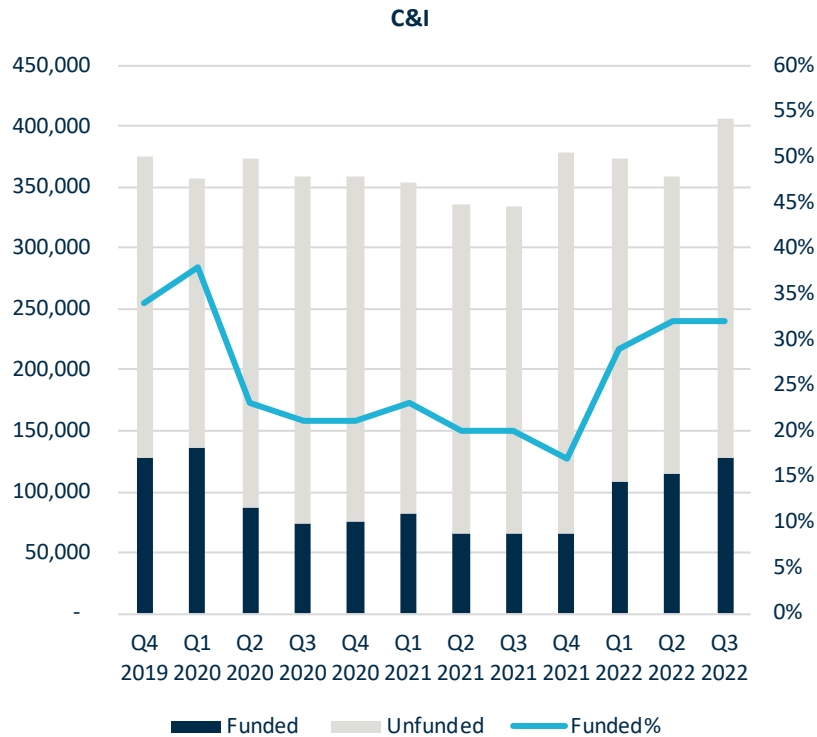


Portfolio	Avg FICO	Avg LTV
Serviced	758	66%
Non-Serviced	796	31%
Junior	762	76%
HELOC	796	74%

¹ – Loans secured by commercial real estate include multifamily loans, ag land, other CRE, owner occupied CRE, and ag production.

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, PPP and loans to public entities.

ALLOWANCE FOR LOAN LOSSES

CHANGES IN THE ALL BY PORTFOLIO SEGMENT

Nine months ended September 30, 2022

	Beginning Balance	Provision for Loan Losses	Loan Charge-offs	Loan Recoveries	Ending Balance
<i>(dollars in thousands)</i>					
Commercial					
Commercial and industrial	\$ 8,925	\$ 1,011	\$ (1,336)	\$ 321	\$ 8,921
Real estate construction	783	473	—	76	1,332
Commercial real estate	12,376	(229)	—	123	12,270
Total commercial	22,084	1,255	(1,336)	520	22,523
Consumer					
Residential real estate first mortgage	6,532	(941)	—	—	5,591
Residential real estate junior lien	1,295	(151)	—	221	1,365
Other revolving and installment	481	65	(130)	121	537
Total consumer	8,308	(1,027)	(130)	342	7,493
Unallocated	1,180	(228)	—	—	952
Total	\$ 31,572	\$ —	\$ (1,466)	\$ 862	\$ 30,968

ALLOWANCE FOR LOAN LOSSES

ALLOCATION BY PORTFOLIO SEGMENT

	September 30, 2022		December 31, 2021	
	Allocated Allowance	Percentage of loans to total loans	Allocated Allowance	Percentage of loans to total loans
<i>(dollars in thousands)</i>				
Commercial and industrial	\$ 8,921	24.4%	\$ 8,925	24.8%
Real estate construction	1,332	3.8%	783	2.3%
Commercial real estate	12,270	35.4%	12,376	34.1%
Residential real estate first mortgage	5,591	28.0%	6,532	29.1%
Residential real estate junior lien	1,365	6.2%	1,295	7.1%
Other revolving and installment	537	2.2%	481	2.6%
Unallocated	952	—	1,180	—
Total loans	<u>\$ 30,968</u>	<u>100.0%</u>	<u>\$ 31,572</u>	<u>100.0%</u>

ALLOWANCE FOR LOAN LOSSES

ALLOCATION BY RISK SEGMENT (DOLLARS IN THOUSANDS)

Risk Level	Total Loans	Unguaranteed Balance ¹	Reserve Amount	Reserve/ Unguaranteed Loans	Reserve/Total Loans
Pass	\$ 2,300,624	\$ 2,017,705	\$ 28,674	1.4%	1.3%
Special Mention	3,902	3,902	160	4.1%	4.1%
Substandard	8,628	7,900	918	11.6%	10.6%
Total Loans Evaluated Collectively	2,313,154	2,029,507	29,752	1.5%	1.3%
Total Loans Evaluated Individually	5,077	4,852	264	5.4%	5.2%
Unallocated	—	—	952	—	—
Total	2,318,231	2,034,359	30,968	1.5%	1.3%

As of 9/30/2022.

1 - Unguaranteed balances exclude PPP loans as well as loans that are guaranteed by another government agency.

FINANCIAL HIGHLIGHTS

<i>(dollars in thousands, except where otherwise noted)</i>	Quarterly					Nine months ended	
	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	September 30, 2022	September 30, 2021
Total Assets	\$ 3,175,169	\$ 3,392,691	\$ 3,336,199	\$ 3,295,065	\$ 3,691,253	\$ 3,691,253	\$ 3,175,169
Total Loans	1,800,386	1,758,020	1,818,042	1,890,243	2,318,231	2,318,231	1,800,386
Total Deposits	2,713,088	2,920,551	2,892,266	2,619,550	2,961,811	2,961,812	2,713,088
Tangible Common Equity ¹	300,401	307,663	277,818	258,310	275,000	275,000	300,401
Net Income	\$ 13,067	\$ 12,705	\$ 10,184	\$ 9,293	\$ 9,619	\$ 29,096	\$ 39,976
ROAA (%)	1.62	1.50	1.26	1.14	1.02	1.13	1.71
ROATCE(%) ¹	18.13	17.36	14.72	15.25	13.89	14.59	19.44
Net Interest Margin (FTE) (%)	2.16	2.84	2.83	2.98	3.21	3.02	2.92
Efficiency Ratio (FTE) (%) ¹	71.49	71.06	72.25	74.72	74.76	73.94	69.69
Non-Int. Income/Op. Rev. (%)	63.04	59.67	57.62	56.20	48.82	54.08	63.87
Earnings per common share - diluted	\$ 0.74	\$ 0.72	\$ 0.57	\$ 0.52	\$ 0.47	\$ 1.56	\$ 2.26
Total Equity/Total Assets (%)	11.12	10.59	9.85	9.32	9.34	9.34	11.12
Tang. Cmn. Equity/Tang. Assets (%) ¹	9.62	9.21	8.46	7.96	7.59	7.59	9.62
Loans/Deposits (%)	66.36	60.19	62.86	72.16	78.27	78.27	66.36
NPLs/Loans (%)	0.35	0.12	0.23	0.23	0.23	0.23	0.35
NPAs/Assets (%)	0.22	0.09	0.15	0.16	0.17	0.17	0.22
Allowance/NPLs (%)	514.79	1,437.05	752.38	717.92	583.97	583.97	514.79
Allowance/Loans (%)	1.78	1.80	1.74	1.66	1.34	1.34	1.78
NCOs/Average Loans (%)	(0.06)	(0.22)	(0.03)	0.07	0.07	0.04	0.01

¹ Represents a non-GAAP financial measure. See "Non-GAAP Disclosure Reconciliation".

FINANCIAL HIGHLIGHTS

<i>(dollars in thousands, except where otherwise noted)</i>	Annual					17-'21
	2017	2018	2019	2020	2021	CAGR
Total Assets	\$ 2,136,081	\$ 2,179,070	\$ 2,356,878	\$ 3,013,771	\$ 3,392,691	12.3%
Total Loans	1,574,474	1,701,850	1,721,279	1,979,375	1,758,020	2.8%
Total Deposits	1,834,962	1,775,096	1,971,316	2,571,993	2,920,551	12.3%
Tangible Common Equity ¹	125,154	147,152	240,008	274,043	307,663	25.2%
Net Income	\$ 15,001	\$ 25,866	\$ 29,540	\$ 44,675	\$ 52,681	36.9%
ROAA (%)	0.75	1.21	1.34	1.61	1.66	
ROATCE(%) ¹	18.04	21.02	17.46	17.74	18.89	
Net Interest Margin (FTE) (%)	3.74	3.84	3.65	3.22	2.90	
Efficiency Ratio (FTE) (%) ¹	75.36	73.80	73.22	68.40	70.02	
Non-Int. Income/Op. Rev. (%)	60.36	57.73	60.50	64.05	62.86	
Earnings per common share - diluted	1.07	1.84	1.91	2.52	2.97	
Total Equity/Total Assets (%)	8.41	9.04	12.12	10.96	10.59	
Tang. Cmn. Equity/Tang. Assets (%) ¹	6.01	6.91	10.38	9.27	9.21	
Loans/Deposits (%)	85.80	95.87	87.32	76.96	60.19	
NPLs/Loans (%)	0.37	0.41	0.45	0.26	0.12	
NPAs/Assets (%)	0.30	0.33	0.33	0.17	0.09	
Allowance/NPLs (%)	282.04	318.45	305.66	674.13	1,437.05	
Allowance/Loans (%)	1.05	1.30	1.39	1.73	1.80	
NCOs/Average Loans (%)	0.16	0.18	0.33	0.03	(0.04)	

¹ Represents a non-GAAP financial measure. See "Non-GAAP Disclosure Reconciliation".

NON-GAAP DISCLOSURE RECONCILIATION

(\$000s, except where otherwise noted)	Quarterly					Nine months ended	
	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	September 30, 2022	September 30, 2021
Tangible common equity to tangible assets							
Total common stockholders' equity	\$ 353,195	\$ 359,403	\$ 328,505	\$ 307,158	\$ 344,839	\$ 344,839	\$ 353,195
Less: Goodwill	30,201	31,490	31,490	31,337	46,060	46,060	30,201
Less: Other intangible assets	22,593	20,250	19,197	17,511	23,779	23,779	22,593
Tangible common equity (a)	300,401	307,663	277,818	258,310	275,000	275,000	300,401
Total assets	3,175,169	3,392,691	3,336,199	3,295,065	3,691,253	3,691,253	3,175,169
Less: Goodwill	30,201	31,490	31,490	31,337	46,060	46,060	30,201
Less: Other intangible assets	22,593	20,250	19,197	17,511	23,779	23,779	22,593
Tangible assets (b)	3,122,375	3,340,951	3,285,512	3,246,217	3,621,414	3,621,414	3,122,375
Tangible common equity to tangible assets (a)/(b)	9.62%	9.21%	8.46%	7.96%	7.59%	7.59%	9.62%
Tangible common equity per common share							
Total stockholders' equity	\$ 353,195	\$ 359,403	\$ 328,505	\$ 307,158	\$ 344,839	\$ 344,839	\$ 353,195
Less: Goodwill	30,201	31,490	31,490	31,337	46,060	46,060	30,201
Less: Other intangible assets	22,593	20,250	19,197	17,511	23,779	23,779	22,593
Tangible common equity (c)	300,401	307,663	277,818	258,310	275,000	275,000	300,401
Common shares outstanding (d)	17,208	17,213	17,289	17,306	19,987	19,987	17,208
Tangible common equity per common share (c)/(d)	\$ 17.46	\$ 17.87	\$ 16.07	\$ 14.93	\$ 13.76	\$ 13.76	\$ 17.46
Return on average tangible common equity							
Net income	\$ 13,067	\$ 12,705	\$ 10,184	\$ 9,293	\$ 9,619	\$ 29,096	\$ 39,976
Add: Intangible amortization expense (net of tax)	860	832	832	832	1,046	2,710	2,628
Net income, excluding intangible amortization (e)	13,927	13,537	11,016	10,125	10,665	31,806	42,604
Average total equity	353,196	357,084	350,545	312,515	372,274	345,192	342,344
Less: Average goodwill	30,201	30,930	31,490	31,488	48,141	37,101	30,201
Less: Average other intangible assets (net of tax)	18,272	16,843	15,569	14,737	19,466	16,605	19,124
Average tangible common equity (f)	304,723	309,311	303,486	266,290	304,667	291,486	293,019
Return on average tangible common equity (e)/(f)	18.13%	17.36%	14.72%	15.25%	13.89%	14.59%	19.44%
Efficiency Ratio							
Noninterest expense	\$ 42,041	\$ 41,276	\$ 38,071	\$ 39,984	\$ 42,767	\$ 120,822	\$ 127,633
Less: Intangible amortization expense	1,088	1,053	1,053	1,053	1,324	3,430	3,327
Adjusted noninterest expense (i)	40,953	40,223	37,018	38,931	41,443	117,392	124,306
Net interest income	21,132	22,789	21,673	22,776	28,316	72,765	64,310
Noninterest income	36,040	33,718	29,470	29,226	27,010	85,706	113,669
Tax-equivalent adjustment	115	99	94	100	112	306	392
Total tax-equivalent revenue (j)	57,287	56,606	51,237	52,102	55,438	158,777	178,371
Efficiency ratio (i)/(j)	71.49%	71.06%	72.25%	74.72%	74.76%	73.94%	69.69%

NON-GAAP DISCLOSURE RECONCILIATION

(dollars in thousands, except where otherwise noted)

	Annual				
	2017	2018	2019	2020	2021
Tangible common equity to tangible assets					
Total common stockholders' equity	\$ 179,594	\$ 196,954	\$ 285,728	\$ 330,163	\$ 359,403
Less: Goodwill	27,329	27,329	27,329	30,201	31,490
Less: Other intangible assets	27,111	22,473	18,391	25,919	20,250
Tangible common equity (a)	125,154	147,152	240,008	274,043	307,663
Total assets	2,136,081	2,179,070	2,356,878	3,013,771	3,392,691
Less: Goodwill	27,329	27,329	27,329	30,201	31,490
Less: Other intangible assets	27,111	22,473	18,391	25,919	20,250
Tangible assets (b)	2,081,641	2,129,268	2,311,158	2,957,651	3,340,951
Tangible common equity to tangible assets (a)/(b)	6.01%	6.91%	10.38%	9.27%	9.21%
Tangible common equity per common share					
Total stockholders' equity	\$ 179,594	\$ 196,954	\$ 285,728	\$ 330,163	\$ 359,403
Less: Goodwill	27,329	27,329	27,329	30,201	31,490
Less: Other intangible assets	27,111	22,473	18,391	25,919	20,250
Tangible common equity (c)	125,154	147,152	240,008	274,043	307,663
Common shares outstanding (d)	13,699	13,775	17,050	17,125	17,213
Tangible common equity per common share (c)/(d)	\$ 9.14	\$ 10.68	\$ 14.08	\$ 16.00	\$ 17.87
Return on average tangible common equity					
Net income	\$ 15,001	\$ 25,866	\$ 29,540	\$ 44,675	\$ 52,681
Add: Intangible amortization expense (net of tax)	3,655	3,664	3,224	3,129	3,460
Remeasurement due to tax reform	4,818	—	—	—	—
Net income, excluding intangible amortization (e)	23,474	29,530	32,764	47,804	56,141
Average total equity	176,779	187,341	231,084	310,208	346,059
Less: Average goodwill	27,329	27,329	27,329	27,439	30,385
Less: Average other intangible assets (net of tax)	19,358	19,522	16,101	13,309	18,548
Average tangible common equity (f)	130,092	140,490	187,654	269,460	297,126
Return on average tangible common equity (e)/(f)	18.04%	21.02%	17.46%	17.74%	18.89%
Efficiency Ratio					
Noninterest expense	\$ 134,920	\$ 136,325	\$ 142,537	\$ 163,799	\$ 168,909
Less: Intangible amortization expense	5,623	4,638	4,081	3,961	4,380
Adjusted noninterest expense (g)	129,297	131,687	138,456	159,838	164,529
Net interest income	67,670	75,224	74,551	83,846	87,099
Noninterest income	103,045	102,749	114,194	149,371	147,387
Tax equivalent adjustment	865	462	347	455	492
Total tax equivalent revenue (h)	171,580	178,435	189,092	233,672	234,978
Efficiency ratio (g)/(h)	75.36%	73.80%	73.22%	68.40%	70.02%